



**VILLAGE OF BETHESDA
BELMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF BETHESDA
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Bethesda
Belmont County
P.O. Box 36
Bethesda, Ohio 43719

To the Village Council:

We have audited the accompanying financial statements of the Village of Bethesda, Belmont County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 audit 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Bethesda, Belmont County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2000, 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 grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 11, 2000

**VILLAGE OF BETHESDA
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$16,267	\$65,595	\$		\$81,862
Intergovernmental Receipts	106,980	72,018		\$9,179	188,177
Charges for Services	3,415	56,231			59,646
Fines, Licenses, and Permits	3,584				3,584
Earnings on Investments	17,309			93	17,402
Miscellaneous	1,740	581		107	2,428
Total Cash Receipts	<u>149,295</u>	<u>194,425</u>	<u>0</u>	<u>9,379</u>	<u>353,099</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	48,481	72,607			121,088
Public Health Services	2,960				2,960
Leisure Time Activities	13,922				13,922
Transportation	15,448	84,663			100,111
General Government	43,008	200			43,208
Debt Service:					
Principal Payments		14,000	5,368		19,368
Interest Payments		7,906	316		8,222
Capital Outlay				6,231	6,231
Total Cash Disbursements	<u>123,819</u>	<u>179,376</u>	<u>5,684</u>	<u>6,231</u>	<u>315,110</u>
Total Receipts Over/(Under) Disbursements	<u>25,476</u>	<u>15,049</u>	<u>(5,684)</u>	<u>3,148</u>	<u>37,989</u>
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets		25,000		263,014	288,014
Transfers-In		9,946	5,700	23,000	38,646
Transfers-Out	(28,953)	(15,000)			(43,953)
Total Other Financing Receipts/(Disbursements)	<u>(28,953)</u>	<u>19,946</u>	<u>5,700</u>	<u>286,014</u>	<u>282,707</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,477)	34,995	16	289,162	320,696
Fund Cash Balances, January 1	46,127	61,982	103	20,429	128,641
Fund Cash Balances, December 31	<u>\$42,650</u>	<u>\$96,977</u>	<u>\$119</u>	<u>\$309,591</u>	<u>\$449,337</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF BETHESDA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$414,293
Interest	1,056
Miscellaneous	<u>900</u>
Total Operating Cash Receipts	<u>416,249</u>
Operating Cash Disbursements:	
Personal Services	74,965
Travel Transportation	22,116
Contractual Services	164,738
Supplies and Materials	58,299
Miscellaneous	<u>15,749</u>
Total Operating Cash Disbursements	<u>335,867</u>
Operating Income/(Loss)	<u>80,382</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>128,725</u>
Total Non-Operating Cash Disbursements	<u>128,725</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(48,343)
Transfers-In	<u>5,307</u>
Net Receipts Over/(Under) Disbursements	(43,036)
Fund Cash Balances, January 1	<u>232,565</u>
Fund Cash Balances, December 31	<u><u>\$189,529</u></u>
Reserves for Encumbrances, December 31	<u><u>\$0</u></u>

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

**VILLAGE OF BETHESDA
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$15,858	\$62,249	\$		\$78,107
Intergovernmental Receipts	75,037	74,630		\$14,724	164,391
Charges for Services	1,140	16,037			17,177
Fines, Licenses, and Permits	5,000	65			5,065
Earnings on Investments	7,980			3,106	11,086
Miscellaneous	17,279	8		806	18,093
	<u>122,294</u>	<u>152,989</u>	<u>0</u>	<u>18,636</u>	<u>293,919</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	38,789	47,299			86,088
Public Health Services	3,248				3,248
Leisure Time Activities	15,346				15,346
Transportation	928	46,386			47,314
General Government	34,829				34,829
Debt Service:					
Principal Payments		14,000	5,368		19,368
Interest Payments		4,300	311	1,958	6,569
Capital Outlay		10,134		218,392	228,526
	<u>93,140</u>	<u>122,119</u>	<u>5,679</u>	<u>220,350</u>	<u>441,288</u>
Total Receipts Over/(Under) Disbursements	<u>29,154</u>	<u>30,870</u>	<u>(5,679)</u>	<u>(201,714)</u>	<u>(147,369)</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds				172,000	172,000
Transfers-In		4,000	5,775		9,775
Transfers-Out	(10,090)				(10,090)
Other Uses				(3,352)	(3,352)
Total Other Financing Receipts/(Disbursements)	<u>(10,090)</u>	<u>4,000</u>	<u>5,775</u>	<u>168,648</u>	<u>168,333</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,064	34,870	96	(33,066)	20,964
Fund Cash Balances, January 1	27,063	27,112	7	53,495	107,677
Fund Cash Balances, December 31	<u>\$46,127</u>	<u>\$61,982</u>	<u>\$103</u>	<u>\$20,429</u>	<u>\$128,641</u>
Reserves for Encumbrances, December 31	<u>\$350</u>	<u>\$551</u>	<u>\$0</u>	<u>\$0</u>	<u>\$901</u>

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

**VILLAGE OF BETHESDA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$408,225
Interest	7,609
Miscellaneous	<u>955</u>
Total Operating Cash Receipts	<u>416,789</u>
Operating Cash Disbursements:	
Personal Services	70,826
Travel Transportation	14,648
Contractual Services	122,311
Supplies and Materials	26,944
Miscellaneous	<u>12,541</u>
Total Operating Cash Disbursements	<u>247,270</u>
Operating Income/(Loss)	<u>169,519</u>
Non-Operating Cash Receipts:	
Sale of Fixed Assets	<u>400</u>
Total Non-Operating Cash Receipts	<u>400</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>128,711</u>
Total Non-Operating Cash Disbursements	<u>128,711</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	41,208
Transfers-In	<u>315</u>
Net Receipts Over/(Under) Disbursements	41,523
Fund Cash Balances, January 1	<u>191,042</u>
Fund Cash Balances, December 31	<u><u>\$232,565</u></u>
Reserves for Encumbrances, December 31	<u><u>\$279</u></u>

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

VILLAGE OF BETHESDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Bethesda, Belmont County, (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 is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), fire and emergency medical services and police services.

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

B. 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.

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. 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. The Village had the following significant Special Revenue Funds:

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

Fire Levy Fund - This fund receives property tax revenues and proceeds of fire contracts to provide these services to Village residents and other political subdivisions.

**VILLAGE OF BETHESDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Funds:

Street Truck Debt Service Fund - Funds are transferred from the General Fund to this fund to pay the street truck debt payments.

4. Capital Project Funds

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

Fire Truck Purchase Fund - This fund received proceeds from a debt issuance to purchase a new fire truck.

Bethesda Grade School Fund - This fund received proceeds from the sale of the old Bethesda school building and will be used to finance the construction of a new municipal building.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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.

**VILLAGE OF BETHESDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. 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.

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. 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.

G. 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. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 388,866	\$ 361,206
Certificates of deposit	250,000	0
Total deposits	\$ 638,866	\$ 361,206

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

VILLAGE OF BETHESDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 146,400	\$ 149,295	\$ 2,895
Special Revenue	189,220	229,371	40,151
Debt Service	5,700	5,700	0
Capital Projects	295,193	295,393	200
Enterprise	413,779	421,556	7,777
Total	<u>\$ 1,050,292</u>	<u>\$ 1,101,315</u>	<u>\$ 51,023</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 163,674	\$ 152,772	\$ 10,902
Special Revenue	210,500	194,376	16,124
Debt Service	5,803	5,684	119
Capital Projects	308,179	6,231	301,948
Enterprise	638,352	464,592	173,760
Total	<u>\$ 1,326,508</u>	<u>\$ 823,655</u>	<u>\$ 502,853</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,932	\$ 122,294	\$ 35,362
Special Revenue	157,333	156,989	(344)
Debt Service	5,700	5,775	75
Capital Projects	172,000	190,636	18,636
Enterprise	385,460	417,504	32,044
Total	<u>\$ 807,425</u>	<u>\$ 893,198</u>	<u>\$ 85,773</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 115,000	\$ 103,580	\$ 11,420
Special Revenue	159,988	122,670	37,318
Debt Service	5,700	5,679	21
Capital Projects	228,494	223,702	4,792
Enterprise	576,584	376,260	200,324
Total	<u>\$ 1,085,766</u>	<u>\$ 831,891</u>	<u>\$ 253,875</u>

**VILLAGE OF BETHESDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX

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

5. DEBT

Debt outstanding at December 31, 1999, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$1,115,432	5%
Fire Truck Bond	<u>144,000</u>	5%
Total	<u>\$1,259,432</u>	

The Ohio Water Development Authority (OWDA) loans relate to utility system improvements and will be repaid from utility system revenues.

The Fire Truck Bond was issued for the purchase of a new fire truck. This debt will be repaid from Fire Truck Levy proceeds.

Amortization of the above debt, including interest of \$364,744 and \$34,200, respectively, is scheduled as follows:

<u>Year ending December 31:</u>	<u>OWDA Loans</u>	<u>Fire Truck Bond</u>
2000	\$64,355	\$22,200
2001	128,711	22,450
2002	128,711	22,650
2003	128,711	21,800
2004	128,711	21,950
2005-2009	643,555	67,150
2010-2011	<u>257,422</u>	<u>0</u>
Total	<u>\$1,480,176</u>	<u>\$178,200</u>

VILLAGE OF BETHESDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and 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 postretirement healthcare, 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Public Employee Dishonesty
- Forgery or Alteration

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability
- Automobile
- Property - Building/Contents
- Inland Marine



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Bethesda
Belmont County
P.O. Box 36
Bethesda, Ohio 43719

To the Village Council:

We have audited the accompanying financial statements of the Village of Bethesda, Belmont County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 11, 2000. We conducted our audit in accordance with 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'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 audit 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* which are described in the accompanying Schedule of Findings as items 1999-31007-001 through 1999-31007-007. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 11, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village'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 operations of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 1999-31007-008 and 1999-31007-009.

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. However, we believe none of the reportable conditions describe above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 11, 2000.

This report is intended for the information and use of the management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 11, 2000

**VILLAGE OF BETHESDA
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-31007-001

Findings Repaid Under Audit

Chief of Police, Timothy A. Zdanski's annual salary was set by Village of Bethesda Ordinance Number 1223, at \$21,218.08. The Clerk/Treasurer divided his annual salary by 26 to derive the bi-weekly payroll amount; however, 1998 had 27 payroll periods occurring within the year and the Clerk/Treasurer paid him 27 times the bi-weekly payroll amount. This resulted in an overpayment of eight hundred sixteen dollars and eight cents (\$816.08).

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for monies illegally expended is hereby issued against Timothy A. Zdanski, Chief of Police, Ruth Saffell, Village of Bethesda Clerk/Treasurer and the Hartford Fire Insurance Company and Ohio Farmers Insurance Company, Mr. Zdanski's and Ms. Saffell's bonding companies, respectively, jointly and severally, in the amount of eight hundred sixteen dollars and eight cents (\$816.08), in favor of the Village of Bethesda General Fund. On May 25, 2000, the Village of Bethesda adopted Resolution Number 542 which states the Village elects to treat all overpayments as bonuses releasing the Clerk and employee Zdanski from any liability to the Village for the recovery of the said finding amount.

FINDING NUMBER 1999-31007-002

Findings Repaid Under Audit

Water/Sewer Superintendent Charles Edward Medley's pay rate was set at \$17.30 per hour plus 1.50 times his regular payroll rate for each hour of overtime worked, by a February 25, 1999, motion of Village of Bethesda Council. Input errors were made by the Clerk/Treasurer on three payroll periods, which resulted in Mr. Medley being overpaid by three hundred thirty-seven dollars and sixty-five cents (\$337.65). However, in 1998, Mr. Medley was underpaid by one hundred eighty-seven dollars and forty-eight cents (\$187.48), resulting in a net overpayment of one hundred fifty dollars and seventeen cents (\$150.17).

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for monies illegally expended is hereby issued against Charles Edward Medley, Water/Sewer Superintendent, Ruth Saffell, Village of Bethesda Clerk/Treasurer and the Ohio Farmers Insurance Company, Ms. Saffell's bonding company, jointly and severally, in the amount of one hundred fifty dollars and seventeen cents (\$150.17), in favor of the Village of Bethesda Water and Sewer Operating Funds. On May 25, 2000, the Village of Bethesda adopted Resolution Number 542 which states the Village elects to treat all overpayments as bonuses releasing the Clerk and employee Medley from any liability to the Village for the recovery of the said finding amount.

FINDING NUMBER 1999-31007-003

Findings Repaid Under Audit

Water/Sewer employee Toby Clark McFarland's pay rate was set at \$9.94 per hour plus 1.50 times his regular payroll rate for each hour of overtime worked, by a February 25, 1999, motion of Village of Bethesda Council. Input errors were made by the Clerk/Treasurer on three payroll periods, which resulted in Mr. McFarland being overpaid by three hundred thirty-three dollars and fifteen cents (\$333.15).

**VILLAGE OF BETHESDA
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-31007-003 (Continued)

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for monies illegally expended is hereby issued against Toby Clark McFarland, Water/Sewer employee, Ruth Saffell, Village of Bethesda Clerk/Treasurer and the Ohio Farmers Insurance Company, Ms. Saffell's bonding company, jointly and severally, in the amount of three hundred thirty-three dollars and fifteen cents (\$333.15), in favor of the Village of Bethesda Water and Sewer Operating Funds. On May 25, 2000, the Village of Bethesda adopted Resolution Number 542 which states the Village elects to treat all overpayments as bonuses releasing the Clerk and employee McFarland from any liability to the Village for the recovery of the said finding amount.

FINDING NUMBER 1999-31007-004

Findings for Adjustment

Ohio Rev. Code Section 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which the monies were received.

In 1998, the Clerk/Treasurer recorded a Gasoline Cents per Gallon receipt into the General Fund in the amount of \$1,411, which should have been receipted into the Street Construction, Maintenance and Repair Fund.

A finding for adjustment is hereby issued against the General Fund of the Village of Bethesda in the amount of \$1,411, in favor of the Street Construction, Maintenance and Repair Fund. The Clerk/Treasurer has posted this adjustment to her records, and this adjustment is reflected in the accompanying 1998 financial statements.

FINDING NUMBER 1999-31007-005

Ohio Rev. Code Section 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which the monies were received.

In 1998, the Clerk/Treasurer recorded Trailer Tax Settlements and Trailer Tax Homestead monies into the Street Construction, Maintenance and Repair Fund in the amount of \$528, which should have been receipted into the Fire Truck Levy Fund.

A finding for adjustment is hereby issued against the Street Construction, Maintenance and Repair Fund of the Village of Bethesda in the amount of \$528, in favor of the Fire Truck Levy Fund. The Clerk/Treasurer has posted this adjustment to her records, and this adjustment is reflected in the accompanying 1998 financial statements.

**VILLAGE OF BETHESDA
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-31007-006

Ohio Rev. Code Section 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which the monies were received.

In 1999, the Clerk/Treasurer recorded a Gasoline Cents per Gallon receipt into the General Fund in the amount of \$684, which should have been receipted into the Street Construction, Maintenance and Repair Fund.

A finding for adjustment is hereby issued against the General Fund of the Village of Bethesda in the amount of \$684, in favor of the Street Construction, Maintenance and Repair Fund. The Clerk/Treasurer has posted this adjustment to her records, and this adjustment is reflected in the accompanying 1999 financial statements.

FINDING NUMBER 1999-31007-007

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

All of the obligations paid by the Village had a statement attached indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate fund, free from any previous encumbrance; however, this certification was dated subsequent to incurring the obligation for only 40% of 1999 transactions and 40% of 1998 transactions tested.

We recommend the Village monitor the use of purchase orders more carefully to help ensure expenditures are certified as to the availability of funds prior to incurring the obligation.

**VILLAGE OF BETHESDA
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-31007-008

Reportable Conditions

Posting of Receipts and Disbursements

Numerous receipts and disbursements were not posted into accurate receipt and appropriation classifications, based on the source of receipt or nature of disbursement. As a result of this, it was necessary to prepare numerous reclassification entries and create new financial statements for the Village, which also resulted in additional costs to be incurred by the Village.

We recommend the Clerk/Treasurer consult the Ohio Administrative Code when monies are received and bills are to be paid, to insure these transactions are posted to appropriate receipt and appropriation classifications and accurate financial statements are prepared.

FINDING NUMBER 1999-31007-009

Reportable Condition

Payroll Ordinances

Formal actions were not always taken by Council authorizing the hiring of employees and setting their rates of compensation. This could result in employees not receiving the correct rate of compensation and might lead to questions regarding their employment status.

We recommend that Village Council annually pass an Ordinance setting forth each employee's name, position and their rate of compensation.



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OFFICE OF THE AUDITOR

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VILLAGE OF BETHESDA

BELMONT 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
AUGUST 22, 2000