

Village of Bethel

Clermont County

Regular Audit

January 1 , 2000 Through December 31, 2001

Fiscal Years Audited Under GAGAS: 2000 & 2001

BALESTRA & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

528 South West Street, P.O. Box 687

Piketon, Ohio 45661



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OFFICE OF THE AUDITOR

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Members of Council
Village of Bethel
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We have reviewed the Independent Auditor's Report of the Village of Bethel, Clermont County, prepared by Balestra & Company, for the audit period January 1, 2000 through December 31, 2001. 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 Bethel is responsible for compliance with these laws and regulations.

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

JIM PETRO
Auditor of State

June 18, 2002

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VILLAGE OF BETHEL
CLERMONT COUNTY

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INDEPENDENT AUDITOR'S REPORT

Members of Council
Village of Bethel
120 North Main Street
Bethel, Ohio 45106

We have audited the accompanying general purpose financial statements of the Village of Bethel, Clermont County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000, 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 general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America.

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 Bethel, Clermont County, Ohio, as of December 31, 2001 and 2000, 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 April 26, 2002 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. 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 audit.

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

Balestra & Company
Balestra & Company

April 26, 2002

VILLAGE OF BETHEL
CLERMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
Cash receipts						
Local taxes	\$99,522	\$80,085	\$0	\$0	\$6,817	\$186,424
Intergovernmental	\$281,142	\$89,874	\$0	\$38,725	\$932	\$410,673
Charges for services	\$5,834	\$11,305	\$0	\$495	\$0	\$17,634
Fines, licenses, and permits	\$43,684	\$5,472	\$0	\$0	\$0	\$49,156
Interest	\$47,169	\$5,213	\$0	\$0	\$0	\$52,382
Rental Income	\$78,000	\$0	\$0	\$0	\$0	\$78,000
Miscellaneous	\$592	\$837	\$7,100	\$850	\$16,877	\$26,256
Total cash receipts	\$555,943	\$192,786	\$7,100	\$40,070	\$24,626	\$820,525
Cash Disbursements						
Current						
Security of persons and property	\$220,442	\$30,868	\$0	\$0	\$23,807	\$275,117
Public health services	\$4,806	\$0	\$0	\$0	\$1,891	\$6,697
Leisure Time Activities	\$18,620	\$0	\$0	\$0	\$320	\$18,940
Community Environment	\$2,989	\$0	\$0	\$0	\$61,925	\$64,914
Transportation	\$30,026	\$135,221	\$0	\$0	\$0	\$165,247
General government	\$130,940	\$46,391	\$0	\$0	\$1,024	\$178,355
Capital Outlay	\$0	\$0	\$0	\$11,475	\$0	\$11,475
Debt Service	\$0	\$0	\$361,346	\$0	\$87,856	\$449,202
Total program disbursements	\$407,823	\$212,480	\$361,346	\$11,475	\$176,823	\$1,169,947
Total receipts over/(under) program disbursements	\$148,120	(\$19,694)	(\$354,246)	\$28,595	(\$152,197)	(\$349,422)
Other financing receipts/(disbursements):						
Sale of notes	\$0	\$0	\$145,000	\$0	\$63,000	\$208,000
Sale of bonds	\$0	\$0	\$165,000	\$0	\$0	\$165,000
Sale of fixed assets	\$0	\$8,035	\$0	\$0	\$0	\$8,035
Transfers-in	\$25,521	\$0	\$37,916	\$18,000	\$16,939	\$98,376
Transfers-out	(\$33,910)	\$0	\$0	(\$62,984)	(\$454)	(\$97,348)
Advances-In	\$248,440	\$0	\$146,136	\$0	\$75,304	\$469,880
Advances-Out	(\$248,440)	\$0	(\$146,136)	\$0	(\$75,304)	(\$469,880)
Other sources	\$0	\$7,200	\$0	\$0	\$0	\$7,200
Other uses	\$0	\$0	\$0	(\$14,441)	\$0	(\$14,441)
Total other financing receipts/(disbursements)	(\$8,389)	\$15,235	\$347,916	(\$59,425)	\$79,485	\$374,822
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	\$139,731	(\$4,459)	(\$6,330)	(\$30,830)	(\$72,712)	\$25,400
Fund cash balances, January 1, 2001	\$257,338	\$251,954	\$19,612	\$73,673	\$100,837	\$703,414
Fund cash balances, December 31, 2001	\$397,069	\$247,495	\$13,282	\$42,843	\$28,125	\$728,814
Reserve for encumbrances, December 31, 2001	\$3,043	\$165	\$0	\$20,531	\$159	\$23,898

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

VILLAGE OF BETHEL
CLERMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts				
Charges for services	\$2,776,717	\$0	\$0	\$2,776,717
Miscellaneous	<u>\$33,340</u>	<u>\$241,905</u>	<u>\$0</u>	<u>\$275,245</u>
Total operating cash receipts	\$2,810,057	\$241,905	\$0	\$3,051,962
Operating Cash Disbursements				
Personal services	\$736,591	\$0	\$0	\$736,591
Contractual services	\$1,719,406	\$10,742	\$0	\$1,730,148
Supplies and materials	\$246,437	\$0	\$0	\$246,437
Capital outlay	<u>\$23,074</u>	<u>\$0</u>	<u>\$0</u>	<u>\$23,074</u>
Total operating cash disbursements	<u>\$2,725,508</u>	<u>\$10,742</u>	<u>\$0</u>	<u>\$2,736,250</u>
Operating income	\$84,549	\$231,163	\$0	\$315,712
Non-operating cash receipts				
Miscellaneous	\$11,808	\$0	\$0	\$11,808
Other non-operating revenues	<u>\$2,608</u>	<u>\$0</u>	<u>\$43,634</u>	<u>\$46,242</u>
Total non-operating cash receipts	\$14,416	\$0	\$43,634	\$58,050
Non-operating cash disbursements				
Debt service	\$113,252	\$0	\$0	\$113,252
Other non-operating cash disbursements	<u>\$154,956</u>	<u>\$188,746</u>	<u>\$43,634</u>	<u>\$387,336</u>
Total non-operating cash disbursements	\$268,208	\$188,746	\$43,634	\$500,588
Excess of receipts over/(under) disbursements before interfund transfers and advances	(\$169,243)	\$42,417	\$0	(\$126,826)
Transfers-in	\$145,765	\$0	\$0	\$145,765
Advances-in	\$27,000	\$0	\$0	\$27,000
Advances-out	(\$27,000)	\$0	\$0	(\$27,000)
Transfers-out	<u>(\$146,793)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$146,793)</u>
Net receipts over/(under) disbursements	(\$170,271)	\$42,417	\$0	(\$127,854)
Fund cash balances, January 1, 2001	<u>\$386,025</u>	<u>\$1,117,801</u>	<u>\$0</u>	<u>\$1,503,826</u>
Fund cash balances, December 31, 2001	<u>\$215,754</u>	<u>\$1,160,218</u>	<u>\$0</u>	<u>\$1,375,972</u>
Reserve for encumbrances, December 31, 2001	<u>\$14,813</u>	<u>\$0</u>	<u>\$0</u>	<u>\$14,813</u>

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

VILLAGE OF BETHEL
CLERMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 2000

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Totals (Memorandum Only)
Cash receipts						
Local taxes	\$42,233	\$52,021	\$0	\$0	\$6,335	\$100,589
Intergovernmental	\$254,408	\$269,148	\$0	\$20,910	\$937	\$545,403
Charges for services	\$5,854	\$1,170	\$0	\$3,731	\$0	\$10,755
Fines, licenses, and permits	\$44,205	\$5,589	\$0	\$0	\$317	\$50,111
Rental Income	\$78,300	\$0	\$0	\$0	\$0	\$78,300
Interest	\$52,158	\$10,201	\$0	\$0	\$0	\$62,359
Miscellaneous	\$1,257	\$528	\$0	\$0	\$24,314	\$26,099
Total cash receipts	\$478,415	\$338,657	\$0	\$24,641	\$31,903	\$873,616
Cash Disbursements						
Current						
Security of persons and property	\$237,677	\$23,056	\$0	\$0	\$22,733	\$283,466
Public health services	\$4,830	\$0	\$0	\$0	\$0	\$4,830
Leisure time activities	\$18	\$3,958	\$0	\$0	\$34,144	\$38,120
Community environment	\$3,601	\$0	\$0	\$0	\$22,007	\$25,608
Transportation	\$14,234	\$142,995	\$0	\$0	\$6,826	\$164,055
General government	\$127,953	\$16,366	\$0	\$0	\$0	\$144,319
Debt Service	\$0	\$0	\$265,615	\$0	\$0	\$265,615
Capital outlay	\$35,000	\$0	\$0	\$137,972	\$0	\$172,972
Total program disbursements	\$423,313	\$186,375	\$265,615	\$137,972	\$85,710	\$1,098,985
Total receipts over/(under) program disbursements	\$55,102	\$152,282	(\$265,615)	(\$113,331)	(\$53,807)	(\$225,369)
Other financing receipts/(disbursements):						
Sale of notes	\$0	\$0	\$225,000	\$0	\$83,000	\$308,000
Transfers-in	\$5,849	\$0	\$10,944	\$51,579	\$15,742	\$84,114
Transfers-out	(\$33,742)	(\$5,500)	(\$5,849)	(\$5,444)	\$0	(\$50,535)
Other sources	\$0	\$6,900	\$0	\$0	\$0	\$6,900
Other uses	\$0	\$0	\$0	(\$37,134)	\$0	(\$37,134)
Total other financing receipts/(disbursements)	(\$27,893)	\$1,400	\$230,095	\$9,001	\$98,742	\$311,345
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	\$27,209	\$153,682	(\$35,520)	(\$104,330)	\$44,935	\$85,976
Fund cash balances, January 1, 2000 (as restated - See Note 8)	\$230,129	\$98,272	\$55,132	\$178,003	\$55,902	\$617,438
Fund cash balances, December 31, 2000	\$257,338	\$251,954	\$19,612	\$73,673	\$100,837	\$703,414
Reserve for encumbrances, December 31, 2000	\$113	\$4,850	\$0	\$0	\$74,297	\$79,260

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

VILLAGE OF BETHEL
CLERMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts				
Charges for services	\$2,573,590	\$0	\$0	\$2,573,590
Miscellaneous	\$6,115	\$190,849	\$0	\$196,964
Total operating cash receipts	\$2,579,705	\$190,849	\$0	\$2,770,554
Operating Cash Disbursements				
Personal services	\$674,072	\$0	\$0	\$674,072
Contractual services	\$1,402,854	\$11,034	\$0	\$1,413,888
Supplies and materials	\$228,984	\$0	\$0	\$228,984
Capital outlay	\$54,254	\$0	\$0	\$54,254
Total operating cash disbursements	\$2,360,164	\$11,034	\$0	\$2,371,198
Operating income	\$219,541	\$179,815	\$0	\$399,356
Non-operating cash receipts				
Miscellaneous	\$7,141	\$62,003	\$0	\$69,144
Other non-operating revenues	\$0	\$0	\$43,116	\$43,116
Total non-operating cash receipts	\$7,141	\$62,003	\$43,116	\$112,260
Non-operating cash disbursements				
Debt service	\$120,244	\$0	\$0	\$120,244
Other non-operating cash disbursements	\$85,324	\$154,299	\$43,116	\$282,739
Total non-operating cash disbursements	\$205,568	\$154,299	\$43,116	\$402,983
Excess of receipts over/(under) disbursements before interfund transfers	\$21,114	\$87,519	\$0	\$108,633
Transfers-in	\$119,141	\$0	\$0	\$119,141
Transfers-out	(\$152,720)	\$0	\$0	(\$152,720)
Net receipts over/(under) disbursements	(\$12,465)	\$87,519	\$0	\$75,054
Fund cash balances, January 1, 2000 (as restated - See Note 8)	\$398,490	\$1,030,282	\$0	\$1,428,772
Fund cash balances, December 31, 2000	\$386,025	\$1,117,801	\$0	\$1,503,826
Reserve for encumbrances, December 31, 2000	\$235	\$0	\$0	\$235

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

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Bethel, Clermont County, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. A Village Clerk is responsible for fiscal control of the resources of the Village. The Village provides general governmental services, including water, electric utilities, park operations (leisure time activities) 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. INVESTMENTS AND INACTIVE FUNDS

The Village Clerk invests all available funds of the Village. Village funds are invested in certificates of deposit, government backed securities, money market accounts, and equity securities. The Village pools its cash for investment purposes to capture the highest rate of return. Investment income is distributed to Village funds based upon the Ohio Revised Code. Investments are valued at cost or amortized cost plus accrued interest, where applicable.

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:

GOVERNMENTAL FUND TYPE:

General Fund

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

Special Revenue Funds

To account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified 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.

Street and Bridge Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village bridges.

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. FUND ACCOUNTING (continued)

GOVERNMENTAL FUND TYPE: (continued)

Debt Service Funds

To account for the accumulation of resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Road Equipment Debt - This fund is used to pay the road equipment debt the Village has incurred.

Sidewalk Debt - This fund is used to pay the sidewalk assessment debt the Village has incurred in repairing and replacing sidewalks.

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:

Issue 2/ Waterline Replacement Fund - Received Issue 2 funding from the Ohio Public Works Commission. The funding is for the project entitled South Charity Street Waterline Modification.

PROPRIETARY FUND TYPE:

Enterprise Funds

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

Water Works Revenue Fund - Receives charges for services from residents to cover the cost of providing this utility.

Electric Revenue Fund - Receives charges for services from residents to cover the cost of providing electricity to customers.

FIDUCIARY FUND TYPES (Trust and Agency Funds):

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Agency funds are used to report resources held by the Village in a purely custodial capacity. The Village had the following significant fiduciary funds:

Police Disability and Pension Fund - An expendable trust fund for the accumulation and payment of member contribution and employer share of pension funds.

Burke Donation Fund - An expendable trust fund composed of interest and yearly bequest from the Burke Trust to spend on Village projects.

Scholarship Fund - An expendable trust fund established to provide scholarships for students from the Village.

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. FUND ACCOUNTING (continued)

FIDUCIARY FUND TYPES (Trust and Agency Funds): (continued)

Cemetery Trust Fund - An expendable trust fund composed of interest from savings accounts established to maintain specific Village cemetery plots.

Burke Trust Fund - A non-expendable trust fund composed of the corpus of the Edmund G. Burke Community Trust and the earnings not distributed to the Burke Donation Fund, an expendable trust fund. The trust agreement limits the distribution from the Trust in any fiscal year to earned income (less expenses of the Trust). In addition to the earned income of the trust, not more than \$10,000 of the corpus of the Trust may be expended in any year. The Village has not expended any of the corpus to date. The earnings of the Burke Trust fund are transferred to the Burke Donation Fund for use as approved by the trustees. The funds in the non-expendable trust fund are not available for appropriation.

Mayor's Court - An agency fund that accounts for activity in mayor's court bank account.

E. BUDGETARY PROCESS

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

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. Appropriations lapse at year end.

Estimated Resources

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

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.

A summary of 2001 and 2000 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.

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. 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.

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>2001</u>	<u>2000</u>
Demand Deposits	\$ 231,410	\$ 160,182
Savings Accounts	<u>2,719</u>	<u>2,623</u>
Total Deposits	<u>234,129</u>	<u>162,805</u>
Repurchase Agreement	89,408	512,355
Money Market Mutual Funds	767,000	565,000
Fixed Income Mutual Funds	642,495	621,634
Equity Securities	<u>419,838</u>	<u>429,154</u>
Total Investments	<u>1,918,741</u>	<u>2,128,143</u>
Total Deposits and Investments	<u>\$2,152,870</u>	<u>\$2,290,948</u>
Reconciling Items	<u>(48,084)</u>	<u>(83,708)</u>
Carrying Amount	<u>\$2,104,786</u>	<u>\$ 2,207,240</u>

Deposits were either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution or the Village, or (3) collateralized by the financial institution's public entity deposit pool.

Equity Securities (Stocks) are held by the Bank (Trustee) in the name of the Edmund G. Burke Community Trust. Investments in mutual funds are unclassified since they are not evidenced by securities that exist in physical or book-entry form. Repurchase agreements are uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent but not in the Village's name.

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 were as follows:

2001 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 799,940	\$ 829,904	\$ 29,964
Special Revenue	204,042	208,021	3,979
Debt Service	525,074	525,074	0
Capital Projects	58,070	58,070	0
Enterprise	2,953,792	2,997,238	43,446
Expendable Trust	<u>278,026</u>	<u>179,869</u>	<u>(98,157)</u>
Total	<u>\$4,818,944</u>	<u>\$4,798,176</u>	<u>\$ (20,768)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,057,113	\$ 693,216	\$ 363,897
Special Revenue	454,689	212,645	242,044
Debt Service	553,771	531,404	22,367
Capital Projects	122,806	109,431	13,375
Enterprise	3,337,626	3,182,322	155,304
Expendable Trust	<u>378,720</u>	<u>252,740</u>	<u>125,980</u>
Total	<u>\$5,904,725</u>	<u>\$ 4,981,758</u>	<u>\$ 922,967</u>

2000 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 480,428	\$ 484,264	\$ 3,836
Special Revenue	341,453	345,557	4,104
Debt Service	284,944	284,944	0
Capital Projects	496,395	76,220	(420,175)
Enterprise	2,722,587	2,705,987	(16,600)
Expendable Trust	<u>132,555</u>	<u>130,645</u>	<u>(1,910)</u>
Total	<u>\$4,458,362</u>	<u>\$4,027,617</u>	<u>\$ (430,745)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 665,486	\$ 457,168	\$ 208,318
Special Revenue	439,320	196,725	242,595
Debt Service	320,464	320,464	0
Capital Projects	320,772	180,550	140,222
Enterprise	3,105,851	2,718,687	387,164
Expendable Trust	<u>189,152</u>	<u>160,007</u>	<u>29,145</u>
Total	<u>\$5,041,045</u>	<u>\$ 4,033,601</u>	<u>\$1,007,444</u>

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

3. BUDGETARY ACTIVITY (continued)

In 2000, the Village had appropriations that exceeded estimated resources in the amount of \$28,553 in the Road Equipment Debt Retirement Fund. This was a violation of Ohio Revised Code Section 5705.39, which prohibits appropriations from exceeding estimated resources.

4. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payments, 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, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Pavilion Note	\$ 63,000	4.20%
Sidewalk Replacement Bonds	165,000	4.125%
Other Mortgage Revenue Bonds	<u>985,000</u>	varies
Total	<u>\$1,213,000</u>	

The Pavilion Note was for the construction of a pavilion for the Burke Park. This note is dated September 24, 2001, and bears an interest rate of 4.20% per annum payable at maturity on September 26, 2002.

The Sidewalk Replacement Bond issue relates to the sidewalk improvement project. The bonds are dated October 22, 2001 and bears an interest rate of 4.125% per annum payable at maturity on November 1, 2007.

The Mortgage Revenue Bonds is a First Mortgage Waterworks System Revenue Refunding Bond. The issue was dated July 1, 1998, bears a variable interest rate, and matures December 1, 2015.

The Special Assessment Note issue dated August 25, 1999 and General Obligation Notes dated November 12, 1999 were fully retired during calendar year 2001.

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

5. DEBT

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

<u>Year ending December 31</u>	<u>Pavilion Note</u>	<u>Sidewalk Replacement Bonds</u>	<u>Mortgage Revenue Bonds</u>
2002	\$ 65,646	\$ 31,806	\$ 100,035
2003		30,775	102,785
2004		29,744	100,255
2005		33,713	102,670
2006		32,475	99,790
2007-2011		31,238	504,725
2012-2015			<u>397,250</u>
Total	<u>\$ 65,646</u>	<u>\$189,751</u>	<u>\$1,407,510</u>

6. RETIREMENT SYSTEM

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 postretirement 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 2001 and 2000, 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 13.31% of participants' gross salaries. The Village has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Village contracted self insurance with the Ohio Municipal League Risk Pool during 2000 and the Public Employee Risk Pool during 2001 for the following risks:

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

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. RESTATED FUND BALANCE

Correction of accounting errors in the prior year required that certain adjustments be recorded to the January 1, 2000 fund balances as previously reported. The restatements to the opening fund balances are as follows:

<u>Fund Type</u>	<u>Previously Stated Balance 1/1/2000</u>	<u>Adjustment</u>	<u>Restated Balance 1/1/2000</u>
Expendable Trust	\$ 47,834	\$ 8,068	\$ 55,902
Non-Expendable Trust	\$ 1,034,916	\$(4,634)	\$ 1,030,282

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

Members of Council
Village of Bethel
120 North Main Street
Bethel, Ohio 45106

We have audited the accompanying general purpose financial statements of the Village of Bethel, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 26, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 an instance of noncompliance that is required to be reported under *Governmental Auditing Standards*. The reportable citation is described in the accompanying schedule of findings as item 2001-01. We also noted certain immaterial instances of noncompliance which we have reported to the management of the Village of Bethel in a separate letter dated April 26, 2002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the Village in a separate letter dated April 26, 2002.

This report is intended solely for the information and use of the audit committee, management, Board of Public Affairs and members of Council and is not intended to be and should not be used by anyone other than these specified parties.

Balestra & Company
Balestra & Company

April 26, 2002

**VILLAGE OF BETHEL
CLERMONT COUNTY
DECEMBER 31, 2001 & 2000**

SCHEDULE OF FINDINGS

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

Finding Number	2001-001
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Ohio Revised Code Section 5705.39 states that appropriations may not exceed estimated resources in any fund.

For the year ended December 31, 2000, appropriations exceeded estimated resources in the Road Equipment Retirement Debt Fund in the material amount of \$28,553.

We recommend the Village review budgetary information on a regular basis to ensure appropriations have not exceeded estimated resources.

**VILLAGE OF BETHEL
CLERMONT COUNTY
DECEMBER 31, 2001 & 2000**

CORRECTIVE ACTION PLAN

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-001	The Village Clerk will monitor appropriations to ensure that estimated resources will not be exceeded.	12/31/2001	William Elliott

**VILLAGE OF BETHEL
CLERMONT COUNTY
DECEMBER 31, 2001 & 2000**

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Findings No Longer Valid; <i>Explain:</i>
1998-1999-001	ORC, Section 5705.41(B)	Yes	



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OFFICE OF THE AUDITOR

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VILLAGE OF BETHEL

CLERMONT 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
JULY 2, 2002**