
Village of Bethel

Clermont County

Regular Audit

January 1, 1998 Through December 31, 1999

Fiscal Years Audited Under GAGAS: 1998 & 1999

Village of Bethel

Clermont County

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MICHAEL A. BALESTRA, CPA, INC.
CERTIFIED PUBLIC ACCOUNTANTS
528 SOUTH WEST STREET, P.O. BOX 687
PIKETON, OHIO 45661

VILLAGE OF BETHEL
CLERMONT COUNTY

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

We have reviewed the Independent Auditor's Report of the Village of Bethel, Clermont County, prepared by Michael Balestra, CPA, Inc. for the audit period January 1, 1998 to December 31, 1999. 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.



JIM PETRO
Auditor of State

June 15, 2000

MICHAEL A. BALESTRA, CPA, INC.
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Independent Auditors' Report

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

We have audited the accompanying financial statements of the Village of Bethel, Clermont County, as of and for the years ended December 31, 1998 and 1999. 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 of Bethel 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 of the Village of Bethel, as of December 31, 1998 and 1999, 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 June 7, 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 the officials authorized to receive this report under Section 117.26, Ohio Revised Code. However, this report is a public record, and is available upon specific request.

Michael A. Balestra, CPA, INC.
Michael A. Balestra, CPA, INC.

June 7, 2000

Village of Bethel
Clermont County

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund
Cash Balances - All Governmental Fund Types & Expendable Trust Funds
For the Year Ended December 31, 1999

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
Cash Receipts						
Local Taxes	\$40,320	\$55,070	\$0	\$0	\$6,048	\$101,438
Intergovernmental	\$263,945	\$82,232	\$0	\$0	\$952	\$347,129
Charges for Services	\$24,193	\$1,468	\$0	\$0	\$0	\$25,661
Fines, Licenses, and Permits	\$23,545	\$3,933	\$0	\$0	\$0	\$27,478
Miscellaneous	\$31,636	\$14,552	\$0	\$4,588	\$45,508	\$96,284
Total Cash Receipts	\$383,639	\$157,255	\$0	\$4,588	\$52,508	\$597,990
Cash Disbursements						
Current						
Security of Persons and Property	\$212,494	\$22,117	\$0	\$0	\$21,780	\$256,391
Public Health Services	\$4,958	\$0	\$0	\$0	\$0	\$4,958
Leisure Time Activities	\$26,900	\$8,526	\$0	\$0	\$1,125	\$36,551
Community Environment	\$3,238	\$0	\$0	\$0	\$18,394	\$21,632
Transportation	\$10,700	\$105,797	\$0	\$0	\$105	\$116,602
General Government	\$94,217	\$11,300	\$0	\$0	\$555	\$106,072
Capital Outlay	\$0	\$0	\$0	\$150,524	\$0	\$150,524
Debt Service	\$0	\$0	\$246,917	\$0	\$0	\$246,917
Total Cash Disbursements	\$352,507	\$147,740	\$246,917	\$150,524	\$41,959	\$939,647
Total Receipts Over/Under Disbursements	\$31,132	\$9,515	(\$246,917)	(\$145,936)	\$10,549	(\$341,657)
Other Financing Receipts/(Disbursements):						
Sale of Notes	\$0	\$0	\$225,000	\$75,000	\$0	\$300,000
Sale of Fixed Assets	\$0	\$0	\$0	\$4,500	\$0	\$4,500
Transfers-In	\$89,787	\$0	\$70,533	\$71,750	\$14,855	\$246,925
Transfers-Out	(\$34,137)	(\$5,500)	\$0	\$0	(\$89,787)	(\$129,424)
Other Sources	\$78,000	\$7,200	\$0	\$0	\$0	\$85,200
Other Uses	(\$1,978)	\$0	\$0	(\$190)	\$0	(\$2,168)
Total Other Financing Receipts/(Disbursements)	\$131,672	\$1,700	\$295,533	\$151,060	(\$74,932)	\$505,033
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$162,804	\$11,215	\$48,616	\$5,124	(\$64,383)	\$163,376
Fund Cash Balances, January 1, 1999	\$67,325	\$87,057	\$6,516	\$172,878	\$112,217	\$445,994
Fund Cash Balances, December 31, 1999	\$230,129	\$98,272	\$55,132	\$178,003	\$47,834	\$609,370

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, 1999

	Enterprise	Non-Expendable Trust	Agency	Total (Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$2,544,398	\$0	\$0	\$2,544,398
Miscellaneous	\$15,589	\$415,369	\$0	\$430,958
Total Operating Cash Receipts	\$2,559,987	\$415,369	\$0	\$2,975,356
Operating Cash Disbursements				
Personal Services	\$642,553	\$0	\$0	\$642,553
Contractual Services	\$1,542,938	\$10,663	\$0	\$1,553,601
Supplies & Materials	\$213,462	\$24,395	\$0	\$237,857
Capital Outlay	\$36,000	\$0	\$0	\$36,000
Total Cash Disbursements	\$2,434,953	\$35,058	\$0	\$2,470,011
Operating Income/(Loss)	\$125,034	\$380,311	\$0	\$505,345
Non-Operating Cash Receipts				
Sale of Fixed Assets	\$0	\$0	\$0	\$0
Miscellaneous	\$12,702	\$0	\$0	\$12,702
Other Non-Operating Revenues	\$6,582	\$0	\$39,173	\$45,755
Total Non-Operating Cash Receipts	\$19,284	\$0	\$39,173	\$58,457
Non-Operating Cash Disbursements				
Debt Service	\$104,613	\$0	\$0	\$104,613
Other Non-Operating Cash Disbursements	\$13,586	\$166,320	\$39,173	\$219,079
Total Non-Operating Cash Disbursements	\$118,199	\$166,320	\$39,173	\$323,692
Excess of Revenues Over/(Under) Expenses Before Interfund Transfers and Advances	\$26,119	\$213,991	\$0	\$240,110
Transfers-In	\$140,613	\$0	\$0	\$140,613
Transfers-Out	(\$258,113)	\$0	\$0	(\$258,113)
Net Receipts Over/(Under) Disbursements	(\$91,381)	\$213,991	\$0	\$122,610
Fund Cash Balances, January 1, 1999	\$489,871	\$820,925	\$0	\$1,310,796
Fund Cash Balances, December 31, 1999	\$398,490	\$1,034,916	\$0	\$1,433,406

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 & Expendable Trust Funds
For the Year Ended December 31, 1998

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
Cash Receipts						
Local Taxes	\$41,047	\$56,949	\$0	\$0	\$6,157	\$104,153
Intergovernmental	\$216,078	\$81,861	\$0	\$0	\$868	\$298,807
Charges for Services	\$7,635	\$1,120	\$0	\$7,945	\$0	\$16,700
Fines, Licenses, and Permits	\$41,896	\$14,350	\$0	\$0	\$0	\$56,246
Miscellaneous	\$27,472	\$29,818	\$0	\$3,509	\$77,496	\$138,295
Total Cash Receipts	\$334,128	\$184,098	\$0	\$11,454	\$84,521	\$614,201
Cash Disbursements						
Current						
Security of Persons and Property	\$229,627	\$22,274	\$0	\$0	\$24,927	\$276,828
Public Health Services	\$4,976	\$0	\$0	\$0	\$1,995	\$6,971
Leisure Time Activities	\$3,996	\$2,405	\$0	\$0	\$65,788	\$72,189
Community Environment	\$1,995	\$0	\$0	\$0	\$18,153	\$20,148
Transportation	\$18,612	\$112,462	\$0	\$0	\$0	\$131,074
General Government	\$94,883	\$12,637	\$0	\$0	\$16,540	\$124,060
Debt Service	\$0	\$0	\$164,270	\$105,145	\$0	\$269,415
Total Cash Disbursements	\$354,089	\$149,778	\$164,270	\$105,145	\$127,403	\$900,685
Total Receipts Over/Under Disbursements	(\$19,961)	\$34,320	(\$164,270)	(\$93,691)	(\$42,882)	(\$286,484)
Other Financing Receipts/(Disbursements):						
Sale of Notes	\$0	\$0	\$100,000	\$225,000	\$0	\$325,000
Sale of Fixed Assets	\$0	\$0	\$0	\$500	\$0	\$500
Transfers-In	\$0	\$0	\$15,930	\$18,000	\$15,046	\$48,976
Transfers-Out	(\$36,256)	\$0	(\$8)	\$0	\$0	(\$36,262)
Other Sources	\$106,541	\$0	\$0	\$0	\$89,787	\$196,328
Other Uses	(\$498)	\$0	\$0	(\$41,246)	\$0	(\$41,744)
Total Other Financing Receipts/(Disbursements)	\$69,787	\$0	\$115,924	\$202,254	\$104,833	\$492,798
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$49,826	\$34,320	(\$48,346)	\$108,563	\$61,951	\$206,314
Fund Cash Balances, January 1, 1998	\$17,499	\$52,737	\$54,862	\$64,316	\$50,266	\$239,680
Fund Cash Balances, December 31, 1998	\$87,325	\$87,057	\$6,516	\$172,879	\$112,217	\$445,994

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, 1998

	Enterprise	Non-Expendable Trust	Agency	Total (Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$2,427,310	\$0	\$0	\$2,427,310
Miscellaneous	\$865	\$152,286	\$0	\$153,151
Total Operating Cash Receipts	\$2,428,175	\$152,286	\$0	\$2,580,461
Operating Cash Disbursements				
Personal Services	\$632,065	\$0	\$0	\$632,065
Contractual Services	\$1,416,863	\$32,122	\$0	\$1,448,985
Supplies & Materials	\$166,026	\$0	\$0	\$166,026
Capital Outlay	\$60,810	\$0	\$0	\$60,810
Total Cash Disbursements	\$2,275,764	\$32,122	\$0	\$2,307,886
Operating Income/(Loss)	\$152,411	\$120,164	\$0	\$272,575
Non-Operating Cash Receipts				
Sale of Fixed Assets	\$272	\$0	\$0	\$272
Sale of Bonds	\$1,170,000	\$0	\$0	\$1,170,000
Miscellaneous	\$42,490	\$0	\$0	\$42,490
Other Non-Operating Revenues	\$5,433	\$0	\$47,390	\$52,823
Total Non-Operating Cash Receipts	\$1,218,195	\$0	\$47,390	\$1,265,585
Non-Operating Cash Disbursements				
Debt Service	\$1,310,460	\$0	\$0	\$1,310,460
Other Non-Operating Cash Disbursements	\$61,200	\$10,000	\$47,390	\$118,590
Total Non-Operating Cash Disbursements	\$1,371,660	\$10,000	\$47,390	\$1,429,050
Excess of Revenues Over/(Under) Expenses Before Interfund Transfers and Advances	(\$1,054)	\$110,164	\$0	\$109,110
Transfers-In	\$177,466	\$0	\$0	\$177,466
Transfers-Out	(\$190,180)	\$0	\$0	(\$190,180)
Net Receipts Over/(Under) Disbursements	(\$13,768)	\$110,164	\$0	\$96,396
Fund Cash Balances, January 1, 1998	\$503,639	\$710,761	\$0	\$1,214,400
Fund Cash Balances, December 31, 1998	\$489,871	\$820,925	\$0	\$1,310,796

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

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

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.

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. FUND ACCOUNTING (continued)

GOVERNMENTAL FUND TYPE: (continued)

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.

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:

Truck Bond Retirement - This fund is used to pay the Ohio Vehicle Acquisition Bond debt the Village has incurred.

Water System Improvement Note Fund - This fund is used to pay the debt the Village has incurred in developing and expanding its water system.

Traffic Control Debt - This fund is used to pay the Traffic Control Equipment Bond Anticipation Note of the Village.

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/Clearwell Filter Wash Fund - Received Issue 2 funding from the Ohio Public Works Commission. The funding is for the project entitled Filter Surface Wash and Clearwell/Chlorine Tank Modifications.

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. FUND ACCOUNTING (continued)

GOVERNMENTAL FUND TYPE: (continued)

Capital Project Funds (continued)

Issue 2/Charity Street Waterline 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. 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
(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, and 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.

Cemetery Donation Trust Fund - A non-expendable trust fund composed of the corpus of savings accounts established to maintain specific Village cemetery plots.

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.

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS (continued)

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 1996 and 1997 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.

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.

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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	\$ 397,224	\$ 430,368
Certificates of Deposit	0	125,000
Savings Accounts	<u>0</u>	<u>9,796</u>
Total Deposits	<u>397,224</u>	<u>\$ 565,164</u>
Repurchase Agreement	404,522	358,275
Money Market Mutual Funds	565,000	400,000
Fixed Income Mutual Funds	631,885	478,707
Equity Securities	<u>356,939</u>	<u>311,427</u>
Total Investments	<u>1,958,346</u>	<u>1,548,409</u>
Total Deposits and Investments	<u>\$2,355,570</u>	<u>\$2,113,573</u>
Reconciling Items	<u>(312,794)</u>	<u>(356,783)</u>
Carrying Amount	<u>\$2,042,776</u>	<u>\$1,756,790</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
(continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1996 and 1997 were as follows:

1998 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 429,329	\$ 440,669	\$ 11,340
Special Revenue	156,621	184,098	27,477
Debt Service	15,930	115,930	100,000
Capital Projects	252,975	254,954	1,979
Enterprise	2,608,385	3,823,836	1,215,451
Expendable Trust	127,385	189,354	61,969
Non-Expendable Trust	<u>61,830</u>	<u>152,286</u>	<u>90,456</u>
Total	<u>\$3,652,455</u>	<u>\$5,161,127</u>	<u>\$1,508,672</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 446,828	\$ 390,843	\$ 55,985
Special Revenue	209,354	149,778	59,576
Debt Service	78,306	164,276	(85,970)
Capital Projects	309,778	146,391	163,387
Enterprise	3,112,018	3,837,604	(725,586)
Expendable Trust	146,149	127,403	18,746
Non-Expendable Trust	<u>99,941</u>	<u>32,122</u>	<u>67,819</u>
Total	<u>\$4,402,374</u>	<u>\$4,848,417</u>	<u>\$(446,043)</u>

1999 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 401,756	\$ 551,426	\$ 149,670
Special Revenue	155,174	164,455	9,281
Debt Service	45,180	295,533	250,353
Capital Projects	36,000	155,838	119,838
Enterprise	2,734,938	2,719,884	(15,054)
Expendable Trust	41,430	67,363	25,933
Non-Expendable Trust	<u>21,722</u>	<u>415,369</u>	<u>393,647</u>
Total	<u>\$3,436,200</u>	<u>\$4,369,868</u>	<u>\$933,668</u>

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(continued)

3. BUDGETARY ACTIVITY (continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 535,969	\$ 388,622	\$ 147,347
Special Revenue	234,590	153,240	81,350
Debt Service	497,634	246,917	250,717
Capital Projects	354,229	150,714	203,515
Enterprise	3,252,878	2,811,265	441,613
Expendable Trust	167,680	131,746	35,934
Non-Expendable Trust	<u>19,590</u>	<u>201,378</u>	<u>(181,788)</u>
Total	<u>\$5,062,570</u>	<u>\$4,083,882</u>	<u>\$ 978,688</u>

In 1998, the Village had disbursements exceeding appropriations of \$92,990 in the Sidewalk Debt Fund and \$1,170,000 in the Water 1st Mortgage 1990 Fund. In 1999, the Village had disbursements exceeding appropriations of \$189,805 in the Burke Trust Fund. This was in violation of Ohio Revised Code Section 5705.41B, which prohibits the expenditure of funds unless they have been properly appropriated.

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.

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(continued)

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Special Assessment Note	\$ 175,000	4.30%
General Obligation Notes	125,000	4.00%
Other Mortgage Revenue Bonds	<u>1,077,900</u>	varies
Total	<u>\$1,377,900</u>	

The General Obligation Notes are for General Waterworks Improvements. These notes are dated November 12, 1999, bear an interest rate of 4.00% per annum payable at maturity on November 10, 2000.

The Special Assessment Note issue relates to the sidewalk improvement project. This note is dated August 25, 1999 and bears an interest rate of 4.3% per annum payable at maturity on August 24, 2000.

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.

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

<u>Year ending</u> <u>December 31</u>	<u>Special</u> <u>Assessment</u> <u>Note</u>	<u>General</u> <u>Obligation</u> <u>Notes</u>	<u>Mortgage</u> <u>Revenue</u> <u>Bonds</u>
2000	\$ 182,525	\$ 130,000	\$ 99,123
2001			102,210
2002			100,035
2003			102,785
2004			100,255
2005-2009			503,097
2010-2014			501,350
2015			<u>99,988</u>
Total	<u>\$ 182,525</u>	<u>\$ 130,000</u>	<u>\$1,608,843</u>

VILLAGE OF BETHEL
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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 rate are also prescribed by the Ohio Revised Code. For 1998 and 1999, 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, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance 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. CONTINGENCIES

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Village's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Village.

MICHAEL A. BALESTRA, CPA, INC.
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Ohio Society of Certified Public Accountants

Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*

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

We have audited the financial statements of the Village of Bethel, Clermont County, as of and for the years ended December 31, 1998 and 1999, and have issued our report thereon dated June 7, 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 of Bethel'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 item 1998-1999-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Bethel'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.

Village Council
Village of Bethel

Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.

Page 2

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, that do not require inclusion in this report, that we have reported to the Village's management in a separate letter dated June 7, 2000.

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

Michael A. Balestra, CPA, INC.
Michael A. Balestra, CPA, INC.

June 7, 2000

VILLAGE OF BETHEL
 CLERMONT COUNTY
 DECEMBER 31, 1998 & 1999

SCHEDULE OF FINDINGS

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

Finding Number	1998-1999-001
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Ohio Revised Code Section 5705.41(B) prohibits a subdivision from making a disbursement unless it has been properly appropriated.

For the year ended December 31, 1999, actual disbursements exceeded appropriations; as follows:

1999 Budgeted vs. Actual Budgetary Basis Expenditures.

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
Burke Trust Fund	\$ 9,786	\$ 199,591	\$ 189,805

For the year ended December 31, 1998, actual disbursements exceeded appropriations; as follows:

1998 Budgeted vs. Actual Budgetary Basis Expenditures.

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
Sidewalk Debt Fund	\$ 7,514	\$ 100,504	\$ 92,990
Water 1 st Mortgage 1990 Fund	33,156	1,203,156	1,170,000

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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.

By: *Susan Babbitt*

Date: JUNE 29, 2000