



Dave Yost • Auditor of State

VILLAGE OF BETHESDA
BELMONT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Bethesda
Belmont County
P.O. Box Box 95
Bethesda, Ohio 43719

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Bethesda, Belmont County, Ohio (the Village), have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2011 and 2010, including mayor's court receipts, disbursements and balances, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to provide attest services to the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to perform this engagement, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to perform attest services for Ohio governments.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2009 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2011 and 2010 fund cash balances reported in the Fund Status Reports. The amounts agreed.

Cash and Investments (Continued)

4. We confirmed the December 31, 2011 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 bank reconciliation:
 - a. We traced each debit to the financial institution's website. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We tested interbank account transfers occurring in December of 2011 and 2010 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2011 and December 31, 2010 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2011 and one from 2010:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The property tax receipts for 2011 and 2010 were posted at net instead of gross. We recommend the Village post tax settlements at gross instead of net. Because we did not test all property tax postings, our report provides no assurance whether or not other similar errors occurred.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2011 and 2010:
 - a. Two personal property tax reimbursement/replacement receipts.
 - b. Two real estate tax receipts.

We noted the Receipts Register Report included the proper number of tax settlement receipts for each year.

3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2011 and five from 2010. We also selected five receipts from the County Auditor's DTLs from 2011 and five from 2010.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

EMS Billings

1. We obtained the December 31, 2011 and 2010 Credit Summary Reports submitted by Ohio Billings, the agency contractually responsible for billing EMS runs on behalf of the Village. We agreed the total EMS collected billing amounts per year to the Village's Receipt Register Report. The only exceptions were the result of timing issues in the year-end postings.
2. We selected five EMS runs from the EMS Daily Log Run Sheets maintained by the Village Fire Department during 2011 and five from 2010.
 - a. We compared the run number maintained by the Village to the run number on the Credit Detail Report from Ohio Billings to ensure the completeness of EMS runs being billed. We found no exceptions.
3. We determined whether the collections from the EMS run billed in item #2 was recorded in the year received. We found no exceptions.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2011 and 10 collection cash receipts from the year ended 2010 recorded in the Payment Detail Report and determined whether the:
 - a. Receipt amount per the Payment Detail Report agreed to the amount recorded on the payment stub. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the credit to the customer's account per the Customer Record Report. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period. We noted that two out-of-town customer accounts, who used in excess of the minimum gallons (4,000), were overbilled by .00018 cents per gallon (18 cents per thousand gallons used). Ordinance #1259 states that water customers outside the Village will be charged a premium of 10%. Ordinance #1259 was later amended by Ordinance #1308 to increase water rates, starting in November 2009. The water/sewer accounts outside of the Village were a minority of the billed accounts for the Village as a whole. The residential accounts outside of the Village accounted for only 8% of all utility customer accounts billed. We recommend the Village make the necessary changes to the utility billing software to accurately bill water/sewer customers outside the Village corporation limits to agree with the legislatively-passed utility rates. We also recommend the Village contact their legal counsel in regards to water customers outside the Village corporation limits that were improperly billed and consider a resolution to address the over-billing of services since November 2009. Because we did not test all utility billings, our report provides no assurance whether or not other similar errors occurred.

Also, Ordinance #1259 required adding a monthly surcharge in the amount of \$4.00 to every water system customer's bill for each housing unit served/represent by that water bill. The Ordinance reads that the Bethesda Board of Public Affairs will administer the collection and disbursement of these funds for the sole purpose of upgrading the water system Capacity and Storage. The Village co-mingled these collected restricted fees with other water revenue sources in one Water Fund. We recommend that these restricted revenues be recorded in a separate and distinct Enterprise Fund type to allow better accountability over those restricted revenues. In addition, the Village should update the Ordinance to reflect the position of Village administrator will administer the collection and disbursement of these funds, due to the elimination of the Board of Public Affairs since passing the Ordinance.

Water and Sewer Fund (Continued)

- c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We read the Utility Adjustment Report.
 - a. We selected five adjustments from 2011 and five adjustments from 2010, and noted that the Village Administrator approved each adjustment. We found no exceptions.

Debt

1. From the prior audit report, we noted the following loans outstanding as of December 31, 2009. These amounts agreed to the Villages January 1, 2010 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2009:
OWDA Loan	\$183,825
Municipal Building Loan	\$56,950

2. We inquired of management, and scanned the minutes, Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of note debt activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedules to General Fund, Fire Levy Fund, Water Operating Fund and Sewer Debt Service Fund payments reported in the Payment Register by Vendor Report. We also compared the date these debt payments were due to the date the Village made the payments. We found no exceptions. We did note that the amounts posted as principal and interest to the Payment Register by Vendor Report did not agree to the actual principal and interest amounts paid. During 2011, for the General Fund, the principal payments were short by \$14,316 and the interest payments were over by \$209; for the Fire Levy Fund, the principal payments were short by \$2,052; and for the Water Operating Fund, the principal payments were short by \$3,925. During 2010, for the General Fund, the interest payments were short by \$171.
4. For new debt issued during 2011 and 2010, we inspected the debt legislation, noting the Village must use the proceeds to demolish a clock tower and use the proceeds for improvements to the firehouse. We scanned the Payment Register Detail Report and noted the Village made payments to contractors concerning the demolition of the clock tower and improvements to the firehouse.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2011 and one payroll check for five employees from 2010 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files and minute record was consistent with the information used to compute gross and net pay related to this check:
 - a. Name.
 - b. Authorized salary or pay rate.
 - c. Department(s) and fund(s) to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.).

We found no exceptions related to steps a. – f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2011 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2011. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2012	January 3, 2012	\$1,833.00	\$1,833.00
State income taxes	January 15, 2012	December 31, 2011	\$311.00	\$311.00
OPERS retirement	January 30, 2012	December 31, 2011	\$4,529.11	\$4,529.11

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2011 and ten from the year ended 2010 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found eight total instances in 2011 and 2010 where disbursements requiring certification were not certified where the certificate date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Mayor's Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2011 and December 31, 2010 bank reconciliations and cash balances in Mayor's Court cash book. We found no exceptions. We did note that the Village Mayor shredded the December reconciliations after agreeing the bank to the book. Ohio Rev. Code Section 149.351(A) provides, that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the record commission provided under Section 149.38 to 149.42 of the Revised Code. We recommend the Village Mayor maintain all documentation as required by the Ohio Revised Code. Because we did not test all Mayor's Court reconciliations, our report provides no assurance whether or not additional similar errors occurred.
2. We compared the reconciled cash totals as of December 31, 2011 and December 31, 2010 to the Mayor's Court cash balance reported in the Mayor's Court cash book. The balances agreed.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2011 and 2010 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balance with the Mayor's Court financial institution. The balances agreed. We also agreed the confirmed balance to the amounts appearing in the December 31, 2011 bank reconciliation and Mayor's Court cash book without exception.
5. We haphazardly selected five cases from the Mayor's Court cashbook and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)

The amounts recorded in the cashbook, duplicate receipt book and docket agreed.

6. From the Mayor's Court cash book, we will haphazardly select one month from the year ended December 31, 2011 and one month from the year ended 2010 and determine whether:
 - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
 - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the cashbook.

Compliance – Budgetary

1. We compared the total amounts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Levy and EMS Run Funds for the years ended December 31, 2011 and 2010. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund in 2011 and the General and EMS Run Funds in 2010. The Revenue Status Report recorded budgeted (i.e., certified) resources for the General Fund of \$180,714 for 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$213,096. The Revenue Status Report recorded budgeted (i.e., certified) resources at \$165,752 and \$308,000 in the General and EMS Run Funds, respectively, for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$166,847 and \$203,903, respectively. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.

Compliance – Budgetary (Continued)

2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General, Street Levy and EMS Run Funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions. We did note the appropriation measures were certified by the County Auditor; however, they were not formally approved by the legislative authority in the minutes. Ohio Rev. Code Section 5705.38 requires that on or about the first day of each fiscal year, the appropriation is to be passed. We recommend the Village Council pass the appropriation measure on or about the first day, unless the Village Council wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2011 and 2010 for the following funds: General, Street Levy and EMS Runs Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report except for the General and EMS Funds in 2011 and 2010. The Appropriation Status Report recorded appropriations at \$191,873 and \$248,516 in the General and EMS Run Funds, respectively, for 2011. However, the final appropriations certified by the County Auditor reflected \$213,488 and \$358,619, respectively. The Appropriation Status Report recorded appropriations at \$172,258 and \$348,111 in the General and EMS Run Funds, respectively, for 2010. However, the final appropriations certified by the County Auditor reflected \$172,981 and \$349,078, respectively. The Fiscal Officer should periodically compare the amounts recorded in the appropriation resolutions to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Levy and EMS Run Funds for the years ended December 31, 2011 and 2010. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2011 and 2010 for the General, Street Levy and EMS Run Funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2011 and 2010. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the SPII (Sexual Predator Internet Initiative) Fund, Special Revenue Fund type to segregate grant activity receipts and disbursements in compliance with Ohio Rev. Code Section 5705.09.
7. We scanned the 2011 and 2010 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$500 which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2011 and 2010 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified a project in excess of \$25,000, for demolition of a clock tower, in which the Village paid Nemo's, Inc., \$29,160 for labor. The project was not bid because it was passed by the legislative authority as an emergency measure.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2011 and 2010 to determine if the Village proceeded by force account (i.e., used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Dave Yost
Auditor of State

March 1, 2012



Dave Yost • Auditor of State

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
MARCH 15, 2012