

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

***FINANCIAL STATEMENTS
(AUDITED)***

**FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

BILL GILPIN, FISCAL OFFICER



Dave Yost • Auditor of State

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 Julian & Grube, Inc., for the audit period January 1, 2013 through December 31, 2014. 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 that reads "Dave Yost".

Dave Yost
Auditor of State

September 16, 2015

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**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

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Julian & Grube, Inc.
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Independent Auditor's Report

Village of Bethel
Clermont County
120 North Main Street
Bethel, Ohio 45106

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements and the discretely presented component unit and related notes of the Village of Bethel, Clermont County, Ohio, as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Bethel's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village of Bethel's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we have obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village of Bethel prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy requirements.

Although the effects on the financial statements of the variances between regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village of Bethel does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America the financial position of the Village of Bethel as of December 31, 2014 and 2013, or changes in the financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and the discretely presented component unit of the Village of Bethel, Clermont County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2015, on our consideration of the Village of Bethel's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Bethel's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 4, 2015

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Governmental Fund Types			Total (Memorandum Only)	Component Unit Burke Trust
	General	Special Revenue	Capital Projects		
Cash receipts:					
Property and local taxes	\$ 163,636	\$ 173,864	\$ -	\$ 337,500	\$ -
Intergovernmental	87,816	128,692	130,318	346,826	-
Charges for services	153,187	2,980	-	156,167	-
Fines, licenses, and permits	109,877	9,300	-	119,177	-
Interest	16,564	1,156	-	17,720	62,517
Miscellaneous	9,826	9,225	-	19,051	-
Total cash receipts	<u>540,906</u>	<u>325,217</u>	<u>130,318</u>	<u>996,441</u>	<u>62,517</u>
Cash disbursements:					
Current:					
Security of persons and property	290,940	127,502	-	418,442	-
Public health services	5,636	-	-	5,636	-
Leisure time activities	6,091	2,127	-	8,218	-
Community environment	10,578	-	-	10,578	-
Transportation	-	195,484	-	195,484	-
General government	119,231	29,376	-	148,607	-
Capital outlay	-	15,870	141,715	157,585	-
Other - Scholarship and Grants	-	-	-	-	20,488
Total cash disbursements	<u>432,476</u>	<u>370,359</u>	<u>141,715</u>	<u>944,550</u>	<u>20,488</u>
Excess of receipts over/(under) disbursements	<u>108,430</u>	<u>(45,142)</u>	<u>(11,397)</u>	<u>51,891</u>	<u>42,029</u>
Other financing receipts/(disbursements):					
Proceeds from sale of assets	-	10,500	-	10,500	-
Other Financing Sources	-	-	-	-	35
Other Financing Sources - Gain on Sale of Investment	-	-	-	-	563,410
Other Financing Sources - Capital Gain on Fixed Income Mutual Funds	-	-	-	-	6,037
Other Financing Uses	-	(524)	-	(524)	-
Other Financing Uses - Loss on Sale of Investment	-	-	-	-	(407,542)
Other Financing Uses - Trust Funds Administrative Fees	-	-	-	-	(14,519)
Other Financing Uses - Capital Loss on Fixed Income Mutual Funds	-	-	-	-	(5,139)
Total other financing receipts/(disbursements)	<u>-</u>	<u>9,976</u>	<u>-</u>	<u>9,976</u>	<u>142,282</u>
Net Change in Fund Cash Balances	108,430	(35,166)	(11,397)	61,867	184,311
Fund cash balances, January 1, 2014	<u>289,623</u>	<u>327,122</u>	<u>11,397</u>	<u>628,142</u>	<u>1,243,153</u>
Fund cash balances, December 31, 2014					
Restricted	-	291,181	-	291,181	-
Committed	-	775	-	775	-
Assigned	3,166	-	-	3,166	-
Unassigned	394,887	-	-	394,887	-
Fund cash balances, December 31, 2014	<u>\$ 398,053</u>	<u>\$ 291,956</u>	<u>\$ -</u>	<u>\$ 690,009</u>	<u>\$ 1,427,464</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES AND
SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Proprietary Fund Type	Fiduciary Fund Type		Total (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
Operating cash receipts:				
Charges for services	\$ 3,949,670	\$ -	\$ -	\$ 3,949,670
Fines, Licenses and Permits	1,533	-	-	1,533
Other miscellaneous	18,507	-	-	18,507
Total operating cash receipts	<u>3,969,710</u>	<u>-</u>	<u>-</u>	<u>3,969,710</u>
Operating cash disbursements:				
Personal services	499,892	-	-	499,892
Employee fringe benefits	222,177	-	-	222,177
Contractual services	2,309,784	-	-	2,309,784
Supplies and material	102,435	-	-	102,435
Miscellaneous	582,294	-	-	582,294
Total operating cash disbursements	<u>3,716,582</u>	<u>-</u>	<u>-</u>	<u>3,716,582</u>
Operating income/(loss)	<u>253,128</u>	<u>-</u>	<u>-</u>	<u>253,128</u>
Nonoperating cash receipts/(disbursements):				
Property and other local	106,488	-	-	106,488
Intergovernmental	13,908	-	-	13,908
Proceeds of notes	1,892,063	-	-	1,892,063
Miscellaneous receipts	-	20,487	108,947	129,434
Capital outlay	(1,984,520)	-	-	(1,984,520)
Principal retirement	(73,892)	-	-	(73,892)
Interest and other fiscal charges	(6,327)	-	-	(6,327)
Other financing disbursements	-	(23,465)	(108,947)	(132,412)
Total nonoperating cash receipts/(disbursements)	<u>(52,280)</u>	<u>(2,978)</u>	<u>-</u>	<u>(55,258)</u>
Income/(loss) before operating transfers	200,848	(2,978)	-	197,870
Transfers in	455,671	-	-	455,671
Transfers out	<u>(455,671)</u>	<u>-</u>	<u>-</u>	<u>(455,671)</u>
Net Change in Fund Balances	200,848	(2,978)	-	197,870
Cash fund balances, January 1, 2014	<u>2,241,648</u>	<u>25,030</u>	<u>-</u>	<u>2,266,678</u>
Cash fund balances, December 31, 2014	<u>\$ 2,442,496</u>	<u>\$ 22,052</u>	<u>\$ -</u>	<u>\$ 2,464,548</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Fund Types			Total (Memorandum Only)	Component Unit Burke Trust
	General	Special Revenue	Capital Projects		
Cash receipts:					
Property and local taxes	\$ 157,348	\$ 163,287	\$ -	\$ 320,635	\$ -
Intergovernmental	112,655	130,199	-	242,854	-
Charges for services	152,417	2,915	-	155,332	-
Fines, licenses, and permits	84,969	6,448	-	91,417	-
Interest	15,877	1,072	-	16,949	47,784
Miscellaneous	7,806	5,170	-	12,976	-
Total cash receipts	<u>531,072</u>	<u>309,091</u>	<u>-</u>	<u>840,163</u>	<u>47,784</u>
Cash disbursements:					
Current:					
Security of persons and property	264,141	113,936	-	378,077	-
Public health services	7,005	-	-	7,005	-
Leisure time activities	8,726	8,650	-	17,376	-
Community environment	8,601	-	-	8,601	-
Transportation	-	90,013	-	90,013	-
General government	91,184	26,592	-	117,776	-
Capital outlay	-	40,965	-	40,965	-
Debt service:					
Principal retirement	5,880	-	-	5,880	-
Other - Scholarship and Grants	-	-	-	-	23,000
Total cash disbursements	<u>385,537</u>	<u>280,156</u>	<u>-</u>	<u>665,693</u>	<u>23,000</u>
Excess of receipts over/(under) disbursements	<u>145,535</u>	<u>28,935</u>	<u>-</u>	<u>174,470</u>	<u>24,784</u>
Other financing receipts/(disbursements):					
Sale of capital assets	-	1,716	-	1,716	-
Other Financing Sources	-	-	10,300	10,300	60
Other Financing Sources - Gain on Sale of Investment	-	-	-	-	103,240
Other Financing Sources - Capital Gain on Fixed Income Mutual Funds	-	-	-	-	3,047
Other Financing Uses	-	(910)	-	(910)	-
Other Financing Uses - Loss on Sale of Investment	-	-	-	-	(72,055)
Other Financing Uses - Trust Fund Administrative Fees	-	-	-	-	(13,459)
Other Financing Uses - Capital Loss on Fixed Income Mutual Funds	-	-	-	-	(2,515)
Total other financing receipts/(disbursements)	<u>-</u>	<u>806</u>	<u>10,300</u>	<u>11,106</u>	<u>18,318</u>
Net Change in Fund Cash Balances	145,535	29,741	10,300	185,576	43,102
Fund cash balances, January 1, 2013	<u>144,088</u>	<u>297,381</u>	<u>1,097</u>	<u>442,566</u>	<u>1,200,051</u>
Fund cash balances, December 31, 2013					
Restricted	-	325,822	11,397	337,219	-
Committed	-	1,300	-	1,300	-
Assigned	5,339	-	-	5,339	-
Unassigned	284,284	-	-	284,284	-
Fund cash balances, December 31, 2013	<u>\$ 289,623</u>	<u>\$ 327,122</u>	<u>\$ 11,397</u>	<u>\$ 628,142</u>	<u>\$ 1,243,153</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES AND
SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Proprietary Fund Type	Fiduciary Fund Type		Total (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
Operating cash receipts:				
Charges for services	\$ 3,562,870	\$ -	\$ -	\$ 3,562,870
Fines, Licenses and Permits	781	-	-	781
Other miscellaneous	8,720	-	-	8,720
Total operating cash receipts	<u>3,572,371</u>	<u>-</u>	<u>-</u>	<u>3,572,371</u>
Operating cash disbursements:				
Personal services	499,834	-	-	499,834
Employee fringe benefits	190,128	-	75	190,203
Contractual services	2,217,391	-	-	2,217,391
Supplies and material	104,625	-	-	104,625
Miscellaneous	367,110	-	-	367,110
Total operating cash disbursements	<u>3,379,088</u>	<u>-</u>	<u>75</u>	<u>3,379,163</u>
Operating income/(loss)	<u>193,283</u>	<u>-</u>	<u>(75)</u>	<u>193,208</u>
Nonoperating cash receipts/(disbursements):				
Property and other local	103,597	-	-	103,597
Intergovernmental	13,349	-	-	13,349
Sale of assets	2,610	-	-	2,610
Miscellaneous receipts	1,310	23,000	93,741	118,051
Capital outlay	(33,604)	-	-	(33,604)
Principal retirement	(84,218)	-	-	(84,218)
Interest and other fiscal charges	(16,750)	-	-	(16,750)
Other financing disbursements	-	(23,086)	(93,716)	(116,802)
Total nonoperating cash receipts/(disbursements)	<u>(13,706)</u>	<u>(86)</u>	<u>25</u>	<u>(13,767)</u>
Income/(loss) before operating transfers	179,577	(86)	(50)	179,441
Transfers in	352,825	-	-	352,825
Transfers out	<u>(352,825)</u>	<u>-</u>	<u>-</u>	<u>(352,825)</u>
Net change in fund cash balances	179,577	(86)	(50)	179,441
Cash fund balances, January 1, 2013	<u>2,062,071</u>	<u>25,116</u>	<u>50</u>	<u>2,087,237</u>
Cash fund balances, December 31, 2013	<u>\$ 2,241,648</u>	<u>\$ 25,030</u>	<u>\$ -</u>	<u>\$ 2,266,678</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 - DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bethel, Clermont County, Ohio (the "Village"), as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides water, electric, and garbage utilities, park operations, and police services. The Village contracts with Tate Township to provide fire protection service. The Edmund G. Burke Community Trust is a discretely presented component unit of the Village of Bethel (See Note 10).

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

B. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values donated common stock, preferred stock, fixed income equity securities and mutual funds at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

C. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets (2014 and 2013).

Street and Bridge Fund - This fund receives property tax money for the purpose of general construction, reconstruction, resurfacing and repair of streets, roads and bridges (2014 and 2013).

Police Levy Fund - This fund receives real estate tax monies for Village police protection (2014 and 2013).

3. Capital Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditures or capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Funds:

Police Cruiser Fund - This fund receives funding from various sources and is used to account for the purchase of police cruisers (2014 and 2013).

OPWC Plane Street Improvements Fund - This fund receives grant funding from the Ohio Public Works Commission for the purpose of major improvements to Plane Street (2014).

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility (2014 and 2013).

Electric Fund - This fund receives charges for services from residents to cover the cost of providing this utility (2014 and 2013).

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund is for the benefit of scholarship recipients.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for mayor's court.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be appropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 4.

E. Property, Plant and Equipment

The Village records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General fund report all fund balances as *assigned* unless they are restricted or committed. In the General fund, *assigned* amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the General fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

H. Interfund Transactions

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Residual equity transfers are nonrecurring or non-routine transfers of equity between funds.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 3 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2014</u>	<u>2013</u>
Demand Deposits	\$ 1,944,045	\$ 1,936,318
Total Deposits	<u>1,944,045</u>	<u>1,936,318</u>
Certificates of Deposit	1,203,572	951,565
STAR Ohio	<u>6,940</u>	<u>6,937</u>
Total Investments	<u>1,210,512</u>	<u>958,502</u>
Total Deposits and Investments	<u>\$ 3,154,557</u>	<u>\$ 2,894,820</u>

Component Unit - Equity in Pool Deposits and Investments

	<u>2014</u>	<u>2013</u>
Mutual Funds	\$ 380,218	\$ 334,760
Fixed Income Equity Securities	653,475	554,617
Money Market Mutual Funds	32,773	32,015
Common Stock	<u>360,998</u>	<u>321,761</u>
Total Investments	<u>\$ 1,427,464</u>	<u>\$ 1,243,153</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 4 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 528,174	\$ 540,906	\$ 12,732
Special Revenue	329,617	335,717	6,100
Capital Projects	130,318	130,318	-
Enterprise	6,408,712	6,437,840	29,128
Private Purpose Trust	20,488	20,487	(1)
Total	\$ 7,417,309	\$ 7,465,268	\$ 47,959

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 502,730	\$ 435,642	\$ 67,088
Special Revenue	483,311	372,518	110,793
Capital Projects	141,715	141,715	-
Enterprise	7,049,512	6,268,183	781,329
Private Purpose Trust	32,000	23,465	8,535
Total	\$ 8,209,268	\$ 7,241,523	\$ 967,745

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 517,854	\$ 531,072	\$ 13,218
Special Revenue	305,771	310,807	5,036
Capital Projects	10,300	10,300	-
Enterprise	4,034,379	4,046,062	11,683
Private Purpose Trust	23,025	23,000	(25)
Total	\$ 4,891,329	\$ 4,921,241	\$ 29,912

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 433,246	\$ 390,876	\$ 42,370
Special Revenue	374,011	303,394	70,617
Capital Projects	1,097	-	1,097
Enterprise	4,678,940	3,916,079	762,861
Private Purpose Trust	47,500	23,161	24,339
Total	\$ 5,534,794	\$ 4,633,510	\$ 901,284

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 5 - PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

NOTE 6 - DEBT

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Water System Improvements Loan	1,892,063	1.50%

The OWDA Water System Improvements Loan is for various upgrades to the Village's water system. As of December 31, 2014, the terms of the OWDA Water System Improvements Loan have not been finalized.

In 1988, the Village issued Water First Mortgage 1988 Bonds for the purchase and installation of new water lines. The debt is paid for through water collections.

The First Mortgage Waterworks System Revenue Refunding Bonds debt agreement required the Village to establish a Bond Account maintained by a custodian bank. Monthly, the Village is to pay an amount equal to one-sixth of the interest due on all outstanding Bonds on the next ensuing interest payment date and one-twelfth of the principal due on the next ensuing principal payment. Moneys in the Custodial Bond Account shall be used to pay principal and interest on bonds on their regularly scheduled maturity dates. During 2013 and 2014, the Village paid \$100,968 (principal of \$84,218 and interest of \$16,750) and \$80,219 (principal of \$73,892 and interest of \$6,327), respectively, into the Custodial Bond Account. During 2014, an early bond payment was made from the Custodial Bond Account to pay the remaining balance. At December 31, 2014, the amount outstanding was \$0.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 7 - RETIREMENT SYSTEMS

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For OP&F from January 1, 2013 thru July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary. From July 2, 2013 thru June 30, 2014, OP&F plan members were required to contribute 11.5% of their covered salary. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

NOTE 8 - RISK MANAGEMENT

The Village belongs to the Ohio Plan Risk Management, Inc. (the "OPRM") formerly known as the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (the "Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its Members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each Member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the Member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012, the Plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from Member to Member. OPRM had 767 and 774 Members as of December 31, 2012 and 2013, respectively.

Plan Members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a Member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former Member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 8 - RISK MANAGEMENT - (Continued)

Settlement amounts did not exceed insurance coverage for the past three years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2013, the latest information available.

	<u>2012</u>	<u>2013</u>
Assets	\$ 13,100,381	\$ 13,774,304
Liabilities	<u>(6,687,193)</u>	<u>(7,968,395)</u>
Members' Equity	<u>\$ 6,413,188</u>	<u>\$ 5,805,909</u>

You can read the complete auditing financial statements for OPRM at the Plan's website, www.ohioplan.org.

NOTE 9 - OTHER FINANCING SOURCES

The other financing sources in the capital projects fund in 2013 consists of a reimbursement from an insurance company for a police cruiser.

**NOTE 10 - THE EDMUND G. BURKE COMMUNITY TRUST - DISCRETELY PRESENTED
COMPONENT UNIT**

By will dated February 2, 1965, Edmund Glenn Burke established a trust for the Village of Bethel, for the benefit of the People of the Village of Bethel, in the amount of \$500,000. The trust stipulated that Mr. Burke's sister would act as trustee for a period of twenty-one (21) years. Mr. Burke's sister administered the trust under the provisions set forth in Mr. Burke's Will, which provided for the distribution of accumulated interest to the Village of Bethel as requested by Bethel Council. Total distributions in any fiscal year shall be limited to earned income (less expenses of the trust). In addition, the trust contained a provision permitting invasion of the principal up to ten percent (10%). At that point, no further distributions could be made until the invaded principal had been repaid.

Upon the termination of this trust in 1986, the Council of the Village of Bethel created a new trust to be known as the Edmund Glenn Burke Community Trust to be administered by a financial institution as trustee. On November 21, 1986, \$546,845 in funds were transferred from Mr. Burke's sister as original trustee to the Society National Bank as trustee.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

**NOTE 10 - THE EDMUND G. BURKE COMMUNITY TRUST - DISCRETELY PRESENTED
COMPONENT UNIT - (Continued)**

The provisions of the 1986 trust were the same as the 1965 trust described above with two exceptions - (1) requests for distribution of interest would have to be approved by a trust commission; and (2) the principal may be invaded up to \$10,000 without affecting distributions. The purposes of the distributions from the trust were as follows:

- (1) to provide for the general welfare of the people;
- (2) to provide for the care and maintenance of the historic OLD CEMETERY otherwise known as The Early Settlers Burial Ground in the Village of Bethel, together with the constructions, acquisition and maintenance of suitable improvements and additions;
- (3) to provide for the care of maintenance of BURKE PARK in the Village of Bethel, together with the construction, acquisition and maintenance of suitable improvements and additions;
- (4) to provide for any and all municipal and Village purposes in the Village of Bethel, whenever such purposes and projections are approved by the governing body of the Village and certified by the highest official of the Village of Bethel, such as but not limited to public parks, schools, nurseries, hospitals, churches or any other public use; and
- (5) to provide scholarships for worthy and/or needy students from the Village of Bethel, as well as from other parts of Clermont County. The selection of the recipients of said scholarships shall be in the absolute discretion of the Council of the Village of Bethel.

The Commission created by the Trust consists of nine (9) members, four (4) of whom are appointed by Village Council and five (5) appointed by the Village Mayor with a term of 5 years each. These members cannot be removed by Council or the Mayor. Replacement of a Commission member occurs when a member ceases to attend the monthly meetings for any reason. The replacement is appointed by either Council or the Mayor dependent upon who originally appointed the member. Neither the Mayor nor a member of the Village Council may serve on the Commission.

A request for funds is first submitted to Council for their approval, then to the Burke Trust Commission for review and approval or rejection. Council cannot override the decision of the Burke Trust Commission.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 11 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the Village's operating transfers for 2014 and 2013:

<u>2014</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Enterprise Funds:</u>		
Water Operating	\$ -	\$ 311,671
Electric Operating	-	144,000
Water Enterprise Improvement Fund	135,720	-
Electric Enterprise Improvement Fund	144,000	-
Water Mortgage Debt	67,951	-
Water Infrastructure Replacement	108,000	-
Total Enterprise Funds	<u>\$ 455,671</u>	<u>\$ 455,671</u>
<u>2013</u>		
<u>Enterprise Funds:</u>		
Water Operating	\$ -	\$ 208,825
Electric Operating	-	144,000
Water Enterprise Improvement Fund	103,825	-
Electric Enterprise Improvement Fund	144,000	-
Water Mortgage Debt	105,000	-
Total Enterprise Funds	<u>\$ 352,825</u>	<u>\$ 352,825</u>

All transfers made in 2014 and 2013 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.



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**Independent Auditor's Report on Internal Controls Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Village of Bethel
Clermont County
120 North Main Street
Bethel, Ohio 45106

To the Members of Council and Mayor:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards* the financial statements and the discretely presented component unit of the Village of Bethel, Clermont County, Ohio, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 4, 2015, wherein we noted the Village of Bethel followed financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of Bethel's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Bethel's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting, that we consider to be a material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Bethel's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings and responses to be a material weakness.

Members of Council and Mayor
Village of Bethel

Compliance and Other Matters

As part of reasonably assuring whether the Village of Bethel's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village of Bethel's Responses to Findings

The Village of Bethel's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Bethel's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village of Bethel's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Bethel's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
June 4, 2015

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2014-001

Material Weakness - Financial Reporting

A critical part of financial reporting is to maintain internal controls to help ensure the proper reporting of financial statement amounts.

We identified misstatements in the financial statements for the years under audit that were not initially identified by the Village's internal control.

The Village had the following audit adjustments necessary to properly record activity in 2014.

Capital Project Fund Type:

Capital Improvement Fund

Increase intergovernmental receipts and increase capital outlay disbursements in 2014 in the amount of \$130,318 to properly reflect on behalf payments made by the Ohio Public Works Commission.

Enterprise Fund Type:

Water Fund

Increase proceeds of notes receipts and capital outlay disbursements in 2014 in the amount of \$1,642,518 to properly reflect on behalf payments made by the Ohio Water Development Authority.

Increase capital outlay disbursements and decrease other debt service disbursements in 2014 in the amount of \$249,545 to properly reflect on behalf payments made by the Ohio Water Development Authority.

The Village's records have been adjusted to reflect these adjustments.

Proper posting of Village receipts and disbursements is a crucial part of the Village's financial statements as potential users may rely on the statements to make decisions that could have an impact on the Village. In addition, improper posting of receipts could mislead the Members of Council and Village citizens during the year and additionally may misrepresent individual fund balances and possibly misrepresent budget and planning reports.

We recommend that the Village implement additional internal controls to help ensure receipts and disbursements are properly recorded and reflected in the Village's records. We further recommend the Village implement additional internal controls over financial reporting to help ensure accurate financial reports throughout the year and at year end. We also recommend the Village consult their auditors, local government services or UAN for proper posting of transactions if questions arise.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-001 - (Continued)

Client Response: The Village intended to post these on behalf payments upon completion of the projects in 2015. The Village will attempt to properly post all transactions in the future. The Fiscal Officer will consult the Village Handbook and/or Local Government Services when unusual or infrequent transactions occur.

**VILLAGE OF BETHEL
CLERMONT COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid</u>
2012-VOB-001	<p><u>Material Weakness/Noncompliance</u> - Ohio Revised Code Section 9.38 requires that deposits of public money be made in a timely manner. Public money must be deposited to the public office or to a designated depository the business day following the day of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. Funds collected by the Mayor's Court and the utility department were held without being deposited within the required time.</p>	Yes	N/A
2012-VOB-002	<p><u>Material Weakness/Noncompliance</u> - Ohio Revised Code Section 733.40 requires disbursements to be done by the first Monday of each month and a monthly Mayor's Court report to be provided at the first monthly meeting of Council stating the money received, from whom and for what purposes received, and when paid into the treasury. The Mayor's Court clerk did not submit payment to the Village by the first Monday of the month for 8 out of the 12 months for 2012 and 9 out of the 12 months for 2011.</p>	Yes	N/A



Dave Yost • Auditor of State

VILLAGE OF BETHEL

CLEMONT 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
SEPTEMBER 29, 2015