



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF BETHEL
CLERMONT COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and the discretely presented component unit, and related notes of the Village of Bethel, Clermont County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

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'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's internal control. Accordingly, we express no such 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 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 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 these requirements.

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

Though the Village 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 discussed 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 as of December 31, 2018 and 2017, and the respective changes in financial position 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 cash balances, receipts and disbursements by fund type, and the discretely presented component unit, and related notes of the Village of Bethel, Clermont County as of December 31, 2018 and 2017, 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) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2019, 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 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's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

September 4, 2019

Village of Bethel, Ohio
Clermont County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	Governmental Fund Types			Component Unit	
	General	Special Revenue	Capital Projects	Totals (Memorandum Only)	Burke Trust
Cash Receipts					
Property and Other Local Taxes	\$168,158	\$113,055	\$0	\$281,213	\$0
Municipal Income Tax	290,524	0	0	290,524	0
Intergovernmental	92,471	117,619	105,621	315,711	0
Charges for Services	164,921	0	0	164,921	0
Fines, Licenses and Permits	99,095	12,288	0	111,383	0
Earnings on Investments	38,469	3,029	0	41,498	53,585
Miscellaneous	5,505	7,758	0	13,263	0
<i>Total Cash Receipts</i>	<u>859,143</u>	<u>253,749</u>	<u>105,621</u>	<u>1,218,513</u>	<u>53,585</u>
Cash Disbursements					
Current:					
Security of Persons and Property	0	546,675	0	546,675	0
Public Health Services	5,699	0	0	5,699	0
Leisure Time Activities	8,401	3,670	0	12,071	0
Community Environment	11,523	0	0	11,523	0
Transportation	0	192,985	0	192,985	0
General Government	245,446	18,252	0	263,698	0
Capital Outlay	0	0	105,621	105,621	0
Other - Grants and Scholarships	0	0	0	0	56,950
<i>Total Cash Disbursements</i>	<u>271,069</u>	<u>761,582</u>	<u>105,621</u>	<u>1,138,272</u>	<u>56,950</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>588,074</u>	<u>(507,833)</u>	<u>0</u>	<u>80,241</u>	<u>(3,365)</u>
Other Financing Receipts (Disbursements)					
Gain on Sale of Investment	0	0	0	0	591,892
Loss on Sale of Investment	0	0	0	0	(491,346)
Trust Funds Administrative Fees	0	0	0	0	(15,504)
Capital Gain on Fixed Income Mutual Funds	0	0	0	0	18,442
Capital Loss on Fixed Income Mutual Funds	0	0	0	0	(24,707)
Sale of Capital Assets	0	826	0	826	0
Transfers In	0	535,500	0	535,500	0
Transfers Out	(535,500)	0	0	(535,500)	0
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(535,500)</u>	<u>536,326</u>	<u>0</u>	<u>826</u>	<u>78,777</u>
<i>Net Change in Fund Cash Balances</i>	<u>52,574</u>	<u>28,493</u>	<u>0</u>	<u>81,067</u>	<u>75,412</u>
<i>Fund Cash Balances, January 1</i>	<u>590,697</u>	<u>554,743</u>	<u>0</u>	<u>1,145,440</u>	<u>1,452,192</u>
Fund Cash Balances, December 31					
Restricted	0	583,236	0	583,236	1,527,604
Unassigned (Deficit)	643,271	0	0	643,271	0
<i>Fund Cash Balances, December 31</i>	<u>\$643,271</u>	<u>\$583,236</u>	<u>\$0</u>	<u>\$1,226,507</u>	<u>\$1,527,604</u>

See accompanying notes to the basic financial statements

Village of Bethel, Ohio

Clermont County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2018

	Proprietary Fund Types	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$3,861,477	\$0	\$0	\$3,861,477
Fines, Licenses and Permits	765	0	0	765
Miscellaneous	22,388	0	29,000	51,388
<i>Total Operating Cash Receipts</i>	<u>3,884,630</u>	<u>0</u>	<u>29,000</u>	<u>3,913,630</u>
Operating Cash Disbursements				
Personal Services	507,007	0	0	507,007
Employee Fringe Benefits	268,829	0	0	268,829
Contractual Services	2,762,523	0	0	2,762,523
Supplies and Materials	60,842	0	0	60,842
Other	244,271	0	0	244,271
<i>Total Operating Cash Disbursements</i>	<u>3,843,472</u>	<u>0</u>	<u>0</u>	<u>3,843,472</u>
<i>Operating Income (Loss)</i>	<u>41,158</u>	<u>0</u>	<u>29,000</u>	<u>70,158</u>
Non-Operating Receipts (Disbursements)				
Property and Other Local Taxes	103,718	0	0	103,718
Intergovernmental	14,449	0	0	14,449
Sale of Capital Assets	1,652	0	0	1,652
Other Non-Operating Receipts	0	84,702	0	84,702
Capital Outlay	(13,110)	0	0	(13,110)
Principal Retirement	(119,848)	0	0	(119,848)
Interest and Other Fiscal Charges	(35,242)	0	0	(35,242)
Other Non-Operating Disbursements	0	(83,565)	0	(83,565)
Other Financing Uses	0	0	(28,122)	(28,122)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(48,381)</u>	<u>1,137</u>	<u>(28,122)</u>	<u>(75,366)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>(7,223)</u>	<u>1,137</u>	<u>878</u>	<u>(5,208)</u>
Transfers In	288,000	0	0	288,000
Transfers Out	(288,000)	0	0	(288,000)
<i>Net Change in Fund Cash Balances</i>	<u>(7,223)</u>	<u>1,137</u>	<u>878</u>	<u>(5,208)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,048,656</u>	<u>5,672</u>	<u>19,539</u>	<u>2,073,867</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,041,433</u>	<u>\$6,809</u>	<u>\$20,417</u>	<u>\$2,068,659</u>

See accompanying notes to the basic financial statements

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Bethel (the Village), Clermont County, 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. A publicly-elected six-member Council directs the Village. The Village provides water, garbage and electric utilities, park operations, and police services. The Edmund G. Burke Community Trust is a discretely presented component unit of the Village of Bethel (See Note 11).

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

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 property tax money for the purpose of general construction, reconstruction, resurfacing and repair of streets, roads and bridges.

Police Operating Fund – This fund receives monies transferred from the general fund for Village police protection.

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:

OPWC Projects Fund - This fund receives grant funding from the Ohio Public Works Commission for the purpose of major improvements throughout the village infrastructure.

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

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

Garbage Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Water Infrastructure Replacement Fund – This fund receives monies from the water operating fund that is used to service principal and interest payments for the OWDA loan.

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.

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 Board 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.

Budgetary Process

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

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 approve estimated resources.

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 reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

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. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

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:

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

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.

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.

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$843,134	\$859,143	\$16,009
Special Revenue	789,567	790,075	508
Capital Projects	105,621	105,621	0
Enterprise	4,264,238	4,292,449	28,211
Private Purpose Trust	29,000	29,000	0
Total	\$6,031,560	\$6,076,288	\$44,728

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$921,400	\$807,296	\$114,104
Special Revenue	932,170	765,173	166,997
Capital Projects	105,621	105,621	0
Enterprise	4,923,684	4,299,672	624,012
Private Purpose Trust	70,160	28,122	42,038
Total	\$6,953,035	\$6,005,884	\$947,151

Note 4 – 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:

	2018
Demand deposits	\$1,862,498
Certificates of deposit	717,755
Total deposits	2,580,253
STAR Ohio	714,913
Total investments	714,913
Total deposits and investments	\$3,295,166

Burke Trust Component Unit – Equity in Pool Deposits and Investments

	2018
Mutual Funds	\$ 365,714
Fixed Income Equity Securities	737,710
Money Market Mutual Funds	52,220
Common Stock	371,962
Total Investments	\$1,527,606

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, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Taxes

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.

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

Income Taxes

At the beginning of the year the Village had a municipal income tax of 0.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The municipal income tax was repealed by voter initiative in November 2018 and went out of effect on December 2, 2018.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village through the Regional Income Tax Agency either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 (“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. Until November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from Member to Member. OPRM had 764 members as of December 31, 2017.

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017

	<u>2017</u>
Assets	\$14,853,260
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$5,292,512</u>

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All employees except full time police officers belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2018.

Ohio Police and Fire Retirement System

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	2,259,439	1.50%
Total	\$2,259,439	

The Ohio Water Development Authority (OWDA) Water System Improvements Loan is for various upgrades to the Village’s water system.

The Village established a fund to service the OWDA loan. The balance in the Water Infrastructure Replacement Fund at December 31, 2018 is \$176,435.

Amortization

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

Year ending December 31:	OWDA Loan
2019	155,090
2020	155,090
2021	155,090
2022	155,090
2023	155,090
2024-2028	775,450
2029-2033	775,450
2034-2035	232,635
Total	\$2,558,985

Note 10 – Public Entity Risk Pool

The Village participates in the Compmangement group rating program (GRP) for worker’s compensation. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 11 – 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.

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

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 seven (7) members, three (3) of whom are appointed by Village Council and four (4) 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.

Note 12 – Interfund Transactions

The following is a summarized breakdown of the Village's operating transfers for 2018:

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

	Transfers In	Transfers Out
<u>General Fund</u>		\$ 535,500
<u>Special Revenue Funds</u>		
Police Operating Fund	\$ 535,500	
<u>Enterprise Funds:</u>		
Water Operating	-	228,000
Electric Operating	-	60,000
Water Enterprise Improvement Fund	72,000	-
Electric Enterprise Improvement Fund	60,000	-
Water Infrastructure Replacement	156,000	-
Total Enterprise Funds	<u>\$ 823,500</u>	<u>\$ 823,500</u>

All transfers made in 2018 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Village of Bethel, Ohio
Clermont County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	Governmental Fund Type			Component Unit	
	General	Special Revenue	Capital Projects	Totals (Memorandum Only)	Burke Trust
Cash Receipts					
Property and Other Local Taxes	\$145,495	\$109,798	\$0	\$255,293	\$0
Municipal Income Tax	265,260	0	0	265,260	0
Intergovernmental	87,669	119,091	11,069	217,829	0
Charges for Services	160,615	1,730	0	162,345	0
Fines, Licenses and Permits	115,200	7,288	0	122,488	0
Earnings on Investments	21,872	1,583	0	23,455	54,325
Miscellaneous	7,134	5,596	0	12,730	152
<i>Total Cash Receipts</i>	<u>803,245</u>	<u>245,086</u>	<u>11,069</u>	<u>1,059,400</u>	<u>54,477</u>
Cash Disbursements					
Current:					
Security of Persons and Property	3,500	492,619	0	496,119	0
Public Health Services	5,633	0	0	5,633	0
Leisure Time Activities	5,355	3,533	0	8,888	0
Community Environment	10,920	0	0	10,920	0
Transportation	0	110,271	0	110,271	0
General Government	153,206	25,649	0	178,855	0
Capital Outlay	0	2,034	11,069	13,103	0
Other - Grants and Scholarships	0	0	0	0	53,207
<i>Total Cash Disbursements</i>	<u>178,614</u>	<u>634,106</u>	<u>11,069</u>	<u>823,789</u>	<u>53,207</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>624,631</u>	<u>(389,020)</u>	<u>0</u>	<u>235,611</u>	<u>1,270</u>
Other Financing Receipts (Disbursements)					
Gain on Sale of Investment	0	0	0	0	115,496
Loss on Sale of Investment	0	0	0	0	(84,179)
Trust Funds Administrative Fees	0	0	0	0	(15,163)
Capital Loss on Fixed Income Mutual Funds	0	0	0	0	(8,940)
Sale of Capital Assets	0	30,000	0	30,000	0
Transfers In	0	525,000	0	525,000	0
Transfers Out	(525,000)	0	0	(525,000)	0
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(525,000)</u>	<u>555,000</u>	<u>0</u>	<u>30,000</u>	<u>7,214</u>
<i>Net Change in Fund Cash Balances</i>	<u>99,631</u>	<u>165,980</u>	<u>0</u>	<u>265,611</u>	<u>8,484</u>
<i>Fund Cash Balances, January 1</i>	<u>491,066</u>	<u>388,763</u>	<u>0</u>	<u>879,829</u>	<u>1,443,708</u>
Fund Cash Balances, December 31					
Restricted	0	554,743	0	554,743	1,452,192
Unassigned (Deficit)	590,697	0	0	590,697	0
<i>Fund Cash Balances, December 31</i>	<u>\$590,697</u>	<u>\$554,743</u>	<u>\$0</u>	<u>\$1,145,440</u>	<u>\$1,452,192</u>

See accompanying notes to the basic financial statements

Village of Bethel, Ohio

Clermont County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2017

	Proprietary Fund Types	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$3,629,568	\$0	\$0	\$3,629,568
Fines, Licenses and Permits	1,250	0	0	1,250
Miscellaneous	7,505	0	0	7,505
<i>Total Operating Cash Receipts</i>	<u>3,638,323</u>	<u>0</u>	<u>0</u>	<u>3,638,323</u>
Operating Cash Disbursements				
Personal Services	491,773	0	0	491,773
Employee Fringe Benefits	247,323	0	0	247,323
Contractual Services	2,541,854	0	0	2,541,854
Supplies and Materials	65,054	0	0	65,054
Other	334,662	0	0	334,662
<i>Total Operating Cash Disbursements</i>	<u>3,680,666</u>	<u>0</u>	<u>0</u>	<u>3,680,666</u>
<i>Operating Income (Loss)</i>	<u>(42,343)</u>	<u>0</u>	<u>0</u>	<u>(42,343)</u>
Non-Operating Receipts (Disbursements)				
Property and Other Local Taxes	97,568	0	0	97,568
Intergovernmental	41,792	0	0	41,792
Sale of Capital Assets	45,000	0	0	45,000
Miscellaneous Receipts	0	0	58,120	58,120
Other Non-Operating Receipts	0	109,982	0	109,982
Capital Outlay	(18,787)	0	0	(18,787)
Principal Retirement	(106,950)	0	0	(106,950)
Interest and Other Fiscal Charges	(37,019)	0	0	(37,019)
Other Non-Operating Disbursements	0	(112,702)	0	(112,702)
Other Financing Uses	0	0	(52,257)	(52,257)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>21,604</u>	<u>(2,720)</u>	<u>5,863</u>	<u>24,747</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>(20,739)</u>	<u>(2,720)</u>	<u>5,863</u>	<u>(17,596)</u>
Transfers In	365,250	0	0	365,250
Transfers Out	(365,250)	0	0	(365,250)
<i>Net Change in Fund Cash Balances</i>	<u>(20,739)</u>	<u>(2,720)</u>	<u>5,863</u>	<u>(17,596)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,069,395</u>	<u>8,392</u>	<u>13,676</u>	<u>2,091,463</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,048,656</u>	<u>\$5,672</u>	<u>\$19,539</u>	<u>\$2,073,867</u>

See accompanying notes to the basic financial statements

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Bethel (the Village), Clermont County, 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. A publicly-elected six-member Council directs the Village. The Village provides water, garbage and electric 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 11).

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

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 property tax money for the purpose of general construction, reconstruction, resurfacing and repair of streets, roads and bridges.

Police Operating Fund – This fund receives monies transferred from the general fund for Village police protection.

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:

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.

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

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

Garbage Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Water Infrastructure Replacement Fund – This fund receives monies from the water operating fund that is used to service principal and interest payments for the OWDA loan.

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.

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 Board 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.

Budgetary Process

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

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 approve estimated resources.

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 reappropriated.

A summary of 2017 budgetary activity appears in Note 3.

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. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

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:

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

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.

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.

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$801,557	\$803,242	\$1,685
Special Revenue	794,760	800,086	5,326
Capital Projects	11,069	11,069	0
Enterprise	4,160,805	4,187,930	27,125
Private Purpose Trust	58,120	58,120	0
Total	\$5,826,311	\$5,860,447	\$34,136

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$748,525	\$704,710	\$43,815
Special Revenue	854,285	642,277	212,008
Capital Projects	11,069	11,069	0
Enterprise	4,819,060	4,229,036	590,024
Private Purpose Trust	74,253	56,310	17,943
Total	\$6,507,192	\$5,643,402	\$863,790

Note 4 – 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:

	2017
Demand deposits	\$2,001,730
Certificates of deposit	1,210,517
Total deposits	3,212,247
STAR Ohio	7,059
Total investments	7,059
Total deposits and investments	\$3,219,306

The Burke Trust Component Unit – Equity in Pool Deposits and Investments

	2017
Mutual Funds	\$ 347,561
Fixed Income Equity Securities	668,949
Money Market Mutual Funds	62,958
Common Stock	372,726
Total Investments	\$1,452,194

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, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Taxes

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.

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

Income Taxes

The Village levies a municipal income tax of 0.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village through the Regional Income Tax Agency either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 (“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. Until November 1, 2016, the OPRM retained 47% 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from Member to Member. OPRM had 762 members as of December 31, 2016.

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016

	2016
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$5,234,206</u>

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All employees except full time police officers belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2017.

Ohio Police and Fire Retirement System

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	2,379,287	1.50%
Total	\$2,379,287	

The Ohio Water Development Authority (OWDA) Water System Improvements Loan is for various upgrades to the Village’s water system.

The Village established a fund to service the OWDA loan. The balance in the Water Infrastructure Replacement Fund at December 31, 2017 is \$175,525.

Amortization

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

Year ending December 31:	OWDA Loan
2018	\$155,090
2019	155,090
2020	155,090
2021	155,090
2022	155,090
2023-2027	775,450
2028-2032	775,450
2033-2035	387,725
Total	\$2,714,075

Note 10 – Public Entity Risk Pool

The Village participates in the Compmanagement group rating program (GRP) for worker’s compensation. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 11 – 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.

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

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 seven (7) members, three (3) of whom are appointed by Village Council and four (4) 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.

Note 12 – Interfund Transactions

The following is a summarized breakdown of the Village's operating transfers for 2017:

Village of Bethel, Ohio
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

	Transfers In	Transfers Out
<u>General Fund</u>		\$ 525,000
<u>Special Revenue Funds</u>		
Police Operating Fund	\$ 525,000	
<u>Enterprise Funds:</u>		
Water Operating	-	245,250
Electric Operating	-	120,000
Water Enterprise Improvement Fund	90,000	-
Electric Enterprise Improvement Fund	120,000	-
Water Infrastructure Replacement	155,250	-
Total Enterprise Funds	<u>\$ 890,250</u>	<u>\$ 890,250</u>

All transfers made in 2017 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL 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 Village Council:

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 of the cash balances, receipts, and disbursements by fund type of the Village of Bethel, Clermont County, (the Village) and the discretely presented component unit as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2019 wherein we noted the Village followed financial reporting provisions 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's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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*.

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's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

September 4, 2019

**VILLAGE OF BETHEL
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING 2018-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in the Village's internal controls over financial reporting, the following conditions related to the Village's financial statements were identified:

2018					
Transaction as Posted (incorrect)			Correct Transaction Posting		
Fund	Account	Amount	Fund	Account	Amount
Burke Trust Discretely Presented Component Unit	Not Posted		Burke Trust Discretely Presented Component Unit	Beginning Fund Balance Interest Receipts Other Disbursements Other Financing Sources Other Financing Uses Ending Fund Balance	\$1,452,192 \$53,585 \$56,950 \$610,334 \$531,557 \$1,527,604
Village did not report Burke Trust Discretely Presented Component Unit financial activity on the 2018 financial statements.					
Mayor's Court Agency Fund	Not Posted		Mayor's Court Agency Fund	Beginning Fund Balance Other Non-Operating Receipts Other Non-Operating Disbursement Ending Fund Balance	\$5,672 \$84,702 \$83,565 \$6,809
Village did not report Mayor's Court Agency Fund financial activity on the 2018 financial statements					
Unclaimed Monies – Agency Fund	Fund Balance	\$4,133	General Fund	Fund Balance	\$4,133
Village incorrectly reported the unclaimed monies fund in the agency fund rather than with the General Fund in accordance with Governmental Accounting Standards Board Statement No. 54.					
OPWC Project Fund	Charges for Services	\$105,621	OPWC Project Fund	Intergovernmental Receipts	\$105,621
Village incorrectly posted Ohio Public Works Commission receipts to Charges for Services receipts rather than to Intergovernmental Receipts.					

**FINDING 2018-001
 (Continued)**

2017					
Transaction as Posted (incorrect)			Correct Transaction Posting		
Fund	Account	Amount	Fund	Account	Amount
Burke Trust Discretely Presented Component Unit	Not Posted		Burke Trust Discretely Presented Component Unit	Beginning Fund Balance Interest Receipts Other Disbursements Other Financing Sources Other Financing Uses Ending Fund Balance	\$1,443,708 \$54,324 \$53,207 \$115,648 \$108,281 \$1,452,192
Village did not report Burke Trust Discretely Presented Component Unit financial activity on the 2017 financial statements.					
Mayor's Court Agency Fund	Not Posted		Mayor's Court Agency Fund	Beginning Fund Balance Other Non-Operating Receipts Other Non-Operating Disbursement Ending Fund Balance	\$8,392 \$109,982 \$112,702 \$5,672
Village did not report Mayor's Court Agency Fund financial activity on the 2017 financial statements					
Enterprise	Beginning Fund Balance	\$10,836	Enterprise	Reduction of Expense	\$10,836
Village understated beginning fund balance by posting the voiding of old stale dated checks to fund balance rather than as a reduction of an expense.					
OPWC Project Fund	Charges for Services	\$11,069	OPWC Project Fund	Intergovernmental Receipts	\$11,069
Village incorrectly posted Ohio Public Works Commission receipts to Charges for Services receipts rather than to Intergovernmental Receipts.					

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$150 to \$1,594 that we have brought to the Village's attention. The financial statements and accounting records have been adjusted for these errors.

The Village did not have procedures in place for effective monitoring of the Village's financial activity, and the accuracy of accounting and financial reporting. The Village Fiscal Officer has sole responsibility over accounting and reporting. Due to the small size of the Village, it is important that Council take an active role in monitoring the posting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

We recommend due care be exercised when posting entries to the financial records and financial statement preparation. The Village officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

We did not receive a response from Officials to the finding reported above.

VILLAGE OF BETHEL
CLERMONT COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Financial reporting posting errors	Not Corrected	Repeating as Finding 2018-001

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BETHEL

CLERMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 26, 2019**