

**VILLAGE OF BETHESDA
BELMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022



GUEYE & ASSOCIATES, CPA, INC.

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KEITH FABER



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Village Council
Village of Bethesda
112 S. Main St.
Bethesda, OH 43719-0095

We have reviewed the *Independent Auditor's Report* of the Village of Bethesda, Belmont County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2022 through December 31, 2023. 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 Bethesda is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

June 12, 2024

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**VILLAGE OF BETHESDA
BELMONT COUNTY
DECEMBER 31, 2023 AND 2022
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INDEPENDENT AUDITOR'S REPORT

Village of Bethesda
Belmont County
112 South Main Street
Bethesda, OH 43719

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Bethesda, Belmont County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023, and December 31, 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type, and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and December 31, 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2023, and December 31, 2022, or the changes in financial position, or where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

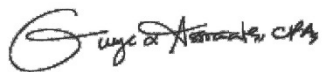
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Columbus, Ohio
May 31, 2024

VILLAGE OF BETHESDA, BELMONT COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Taxes	\$ 40,600	\$ 130,132	\$ 170,732
Intergovernmental	70,420	250,015	320,435
Charges for Services	2,240	377,062	379,302
Fines, Licenses and Permits	20,376	-	20,376
Earnings on Investments	12,509	2,816	15,325
Miscellaneous	144,745	12,787	157,532
<i>Total Cash Receipts</i>	<u>290,890</u>	<u>772,812</u>	<u>1,063,702</u>
Cash Disbursements			
Current:			
Security of Persons & Property	62,382	575,024	637,406
Public Health Services	3,189	-	3,189
Leisure Time Activities	-	23,322	23,322
Basic Utility Services	-	4,525	4,525
Transportation	-	119,680	119,680
General Government	353,747	-	353,747
<i>Total Cash Disbursements</i>	<u>419,318</u>	<u>722,551</u>	<u>1,141,869</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(128,428)</u>	<u>50,261</u>	<u>(78,167)</u>
Non-Operating Receipts (Disbursements)			
Transfers In	-	46,655	46,655
Transfers Out	(46,655)	-	(46,655)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(46,655)</u>	<u>46,655</u>	<u>-</u>
<i>Special Item</i>			
<i>Extraordinary Item</i>	<u>103,587</u>	<u>-</u>	<u>103,587</u>
<i>Net Change in Fund Cash Balances</i>	(71,496)	96,916	25,420
<i>Fund Cash Balances, January 1</i>	<u>333,010</u>	<u>1,030,577</u>	<u>1,363,587</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 261,514</u>	<u>\$ 1,127,493</u>	<u>\$ 1,389,007</u>

See accompanying notes to the basic financial statements

VILLAGE OF BETHESDA, BELMONT COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund
Balances (Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2023

	Proprietary Funds Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 511,447
<i>Total Operating Cash Receipts</i>	511,447
Operating Cash Disbursements	
Personal Services	164,220
Employee Fringe Benefits	21,604
Contractual Services	199,664
Supplies and Materials	15,534
Other	109,509
<i>Total Operating Cash Disbursements</i>	510,531
<i>Operating Income (Loss)</i>	916
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	585
Special Assessment	132,007
Miscellaneous Receipts	88,255
Principal Retirement	(145,838)
Interest and Other Fiscal Charges	(1,311)
<i>Total Non-Operating Receipts (Disbursements)</i>	73,698
<i>Net Change in Fund Cash Balances</i>	74,614
<i>Fund Cash Balances, January 1</i>	95,872
<i>Fund Cash Balances, December 31</i>	\$ 170,486

See accompanying notes to the basic financial statements

VILLAGE OF BETHESDA, BELMONT COUNTY
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Fiduciary Fund Types

For the Year Ended December 31, 2023

	Fiduciary Funds Type
	Other Custodial
Additions	
Other Amounts Collected for Distribution	24,586
<i>Total Additions</i>	24,586
Deductions	
Distributions to Other Governments	5,317
Distributions to Other Funds (Primary Gov't)	18,914
Other Distributions	162
<i>Total Deductions</i>	24,393
<i>Net Change in Fund Balances</i>	193
<i>Fund Cash Balances, January 1</i>	2,448
<i>Fund Cash Balances, December 31</i>	\$2,641

See accompanying notes to the basic financial statements

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bethesda, Belmont County, (the Village) as a body corporate and politic. A publicly elected, six-member Council directs the Village. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police and fire services.

The Village participates in a public entity risk pool. The Public Entities Pool of Ohio (PEP) is a risk sharing pool available to Ohio small governments. Note 6 to the financial statements provides additional information for that entity.

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 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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

B. 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:

1. **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.
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:

Street Construction, Maintenance and Repair Fund - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Levy Fund - The Fire Levy Fund is used to support purchases for the Village's Volunteer Fire Department and to record contracts in which the fire department provides to other entities such as :Union Township and Goshen Township.

EMS Run Fund - The EMS Run Fund is used to support payroll receipts and expenses for the operations of the EMS department. The village has a paid EMS department that provides emergency service to the Village as well and contracts with Barnesville Hospital to provide transport services.

Police Levy Fund - The Police Levy Fund supports the police department payroll, receipts, and expenses. The police department provides police protection to Bethesda only.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2023

3. **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:

Water Fund - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

4. **Fiduciary Funds** - Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Village's only fiduciary fund is the following custodial fund:

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the activities of the Mayor's Court.

C. 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 (C). 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 (C) permit.

D. Budgetary Process

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

1. **Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.
2. **Estimated Resources** - Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled and reappropriated in the subsequent year.

A summary of 2023 budgetary activity appears in Note 3.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2023

E. 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 U.S. Treasury Notes and common stock at cost. Money market mutual funds 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.

F. 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.

G. 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.

H. 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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonspendable portion of the corpus in permanent funds.
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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.
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.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$626,830	\$394,477	(\$232,353)
Special Revenue	966,894	819,467	(147,427)
Enterprise	712,559	732,294	19,735
Total	\$2,306,283	\$1,946,238	(\$360,045)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$959,839	\$465,973	\$493,866
Special Revenue	1,997,471	722,551	1,274,920
Enterprise	808,423	657,680	150,743
Total	\$3,765,733	\$1,846,204	\$1,919,529

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2023
Cash Management Pool:	
Demand deposits	\$1,332,183
Total deposits	1,332,183
U.S. Treasury Notes	83,293
Government Agency Bonds	25,000
STAR Ohio	7,287
Marketable CDs	109,975
Money Markets	4,396
Total investments	229,951
Total Deposits and Investments	1,562,134

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

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

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Note 6 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

No significant changes in coverage from the prior year. Claims have not exceeded coverage in any of the past three years.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$15,724,479

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System -

All Village employees other than full time police participate in 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries, and the Village contributed an amount equaling 14% percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

Description	Principal	Interest Rate
OPWC Paving Loan # 1	\$ 66,167	0%
OPWC Paving Loan # 2	35,857	0%
OPWC Sewer Loan	27,661	0%
USDA Street Truck Bonds	54,600	2%
LGIF Street Sweeper Loan	59,483	0%
OWDA Loan	1,721,093	0%
Total	\$ 1,964,861	

The Ohio Water Development Authority (OWDA) loan relates to a water system replacement project that was completed in 2014 which replaced 80% of the water lines within the village. The Village is repaying the loans in semiannual installments of \$40,978, including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The two OPWC loans refer to two paving projects in which a majority of the village streets were repaved after the water system replacement project tore up a majority of the village streets. The Village is repaying the loans in semiannual installments of \$13,233 and \$7,171, including interest, over 10 years. The Village's taxing authority collateralized the loans.

The OPWC Sewer Loan relates to the Sewer Ultra-Violet Disinfection System project that was completed in 2017. The Village is repaying the loans in semiannual installments of \$988 including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The LGIF loan is a joint loan with The Village of Belmont (Bethesda is the owner of the debt, Belmont and Bethesda have a MOU for payments, Belmont pays half). The Village is repaying the loan in annual installments of \$13,996, including interest. The Village's taxing authority collateralized the loans.

The USDA Bonds were issued in 2021 to purchase three new street trucks for the public works department. The village received a USDA loan/grant to purchase three new street department vehicles. The Village is repaying the loans in annual installments of \$8,417, including interest over 9 years. The Village's taxing authority collateralized the loans.

Amortization

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

Year Ending December 31:	OPWC Loans	USDA Street Truck Bonds	OWDA Loan	Street Cleaner Loan LGIF
2024	\$ 42,785	\$ 8,460	\$ 81,981	\$ 13,996
2025	42,785	8,504	81,981	13,996
2026	22,381	8,445	81,981	13,996
2027	1,976	8,483	81,981	13,996
2028	9,879	8,518	81,981	3,499
2029-2033	9,879	16,925	409,784	-
2034-2038	-	-	409,784	-
2039-2043	-	-	409,784	-
2044-2048	-	-	81,981	-
2049-2053	-	-	-	-
Total	<u>\$ 129,685</u>	<u>\$ 59,335</u>	<u>\$1,721,238</u>	<u>\$ 59,483</u>

Note 10 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines. The village did not receive or expend any COVID Fund monies.

VILLAGE OF BETHESDA, BELMONT COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Taxes	\$ 40,626	\$ 129,885	\$ 170,511
Intergovernmental	60,059	187,280	247,339
Charges for Services	3,400	368,259	371,659
Fines, Licenses and Permits	19,195	-	19,195
Earnings on Investments	2,728	3,410	6,138
Miscellaneous	254,680	69,112	323,792
<i>Total Cash Receipts</i>	<u>380,688</u>	<u>757,946</u>	<u>1,138,634</u>
Cash Disbursements			
Current:			
Security of Persons & Property	53,377	511,988	565,365
Public Health Services	2,199	-	2,199
Leisure Time Activities	-	23,303	23,303
Basic Utility Services	-	5,419	5,419
Transportation	-	106,521	106,521
General Government	277,489	-	277,489
Principal Retirement	92,608	207,148	299,756
Interest and Fiscal Charges	1,175	5,581	6,756
<i>Total Cash Disbursements</i>	<u>426,848</u>	<u>859,960</u>	<u>1,286,808</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(46,160)</u>	<u>(102,014)</u>	<u>(148,174)</u>
Non-Operating Receipts (Disbursements)			
Transfers In	-	34,780	34,780
Transfers Out	(34,780)	-	(34,780)
Advances In	10,000	-	10,000
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(24,780)</u>	<u>34,780</u>	<u>10,000</u>
Extraordinary Item	85,471		85,471
<i>Net Change in Fund Cash Balances</i>	14,531	(67,234)	(52,703)
<i>Fund Cash Balances, January 1</i>	<u>318,479</u>	<u>1,097,811</u>	<u>1,416,290</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 333,010</u>	<u>\$ 1,030,577</u>	<u>\$ 1,363,587</u>

See accompanying notes to the basic financial statements

VILLAGE OF BETHESDA, BELMONT COUNTY
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2022

	Proprietary Funds Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 398,275
<i>Total Operating Cash Receipts</i>	398,275
Operating Cash Disbursements	
Personal Services	170,080
Employee Fringe Benefits	20,287
Contractual Services	197,341
Supplies and Materials	8,602
Other	71,712
<i>Total Operating Cash Disbursements</i>	468,022
<i>Operating Income (Loss)</i>	(69,747)
Non-Operating Receipts (Disbursements)	
Special Assessment	130,661
Miscellaneous Receipts	82,185
Principal Retirement	(176,824)
Interest and Other Fiscal Charges	(3,347)
<i>Total Non-Operating Receipts (Disbursements)</i>	32,675
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(37,072)
<i>Advances Out</i>	(10,000)
<i>Net Change in Fund Cash Balances</i>	(47,072)
<i>Fund Cash Balances, January 1</i>	142,944
<i>Fund Cash Balances, December 31</i>	\$ 95,872

See accompanying notes to the basic financial statements

VILLAGE OF BETHESDA, BELMONT COUNTY
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2022

	Fiduciary Funds Type
	Other Custodial
Additions	
Other Amounts Collected for Distribution	26,095
<i>Total Additions</i>	26,095
Deductions	
Distributions to Other Governments	5,741
Distributions to Other Funds (Primary Gov't)	18,972
<i>Total Deductions</i>	24,713
<i>Net Change in Fund Balances</i>	1,382
<i>Fund Cash Balances, January 1</i>	1,066
<i>Fund Cash Balances, December 31</i>	\$ 2,448

See accompanying notes to the basic financial statements

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bethesda, Belmont County, (the Village) as a body corporate and politic. A publicly elected, six-member Council directs the Village. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police and fire services.

The Village participates in a public entity risk pool. The Public Entities Pool of Ohio (PEP) is a risk sharing pool available to Ohio small governments. Note 6 to the financial statements provides additional information for that entity.

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 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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

B. 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:

1. **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.
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:

Street Construction, Maintenance and Repair Fund - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Levy Fund - The Fire Levy Fund is used to support purchases for the Village's Volunteer Fire Department and to record contracts in which the fire department provides to other entities such as: Union Township and Goshen Township.

EMS Run Fund - The EMS Run Fund is used to support payroll receipts and expenses for the operations of the EMS department. The village has a paid EMS department that provides emergency service to the Village as well and contracts with Barnesville Hospital to provide transport services.

Police Levy Fund - The Police Levy Fund supports the police department payroll, receipts, and expenses. The police department provides police protection to Bethesda only.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

3. **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:

Water Fund - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

4. **Fiduciary Funds** - Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Village's only fiduciary fund is the following custodial fund:

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the activities of the Mayor's Court.

C. 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 (C). 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 (C) permit.

D. Budgetary Process

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

1. **Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.
2. **Estimated Resources** - Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

E. 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 U.S. Treasury Notes and common stock at cost. Money market mutual funds 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.

F. 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.

G. 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.

H. 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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.
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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.
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.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$593,400	\$466,159	(\$127,241)
Special Revenue	1,045,726	792,726	(253,000)
Enterprise	709,950	611,121	(98,829)
Total	\$2,349,076	\$1,870,006	(\$479,070)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$915,879	\$461,628	\$454,251
Special Revenue	2,143,537	859,960	1,283,577
Enterprise	842,894	648,193	194,701
Total	\$3,902,310	\$1,969,781	\$1,932,529

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2022
Cash Management Pool:	
Demand deposits	\$1,234,771
Total deposits	1,234,771
U.S. Treasury Notes	24,919
Government Agency Bonds	99,954
STAR Ohio	6,917
Marketable CDs	84,976
Money Markets	10,370
Total investments	227,136
Total Deposits and Investments	1,461,907

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

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

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Note 6 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

No significant changes in coverage from the prior year. Claims have not exceeded coverage in any of the past three years.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$15,724,479

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System -

All Village employees other than full time police participate in 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries, and the Village contributed an amount equaling 14% percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2022, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2022, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

Description	Principal	Interest
OPWC Paving Loan # 1	\$ 92,633	0.00%
OPWC Paving Loan # 2	50,200	0.00%
OPWC Sewer Loan	29,637	0.00%
USDA Street Truck Bonds	61,700	2.25%
LGIF Street Sweeper Loan	73,479	0.00%
OWDA Loan	1,803,050	0.00%
Total	\$ 2,110,699	

The Ohio Water Development Authority (OWDA) loan relates to a water system replacement project that was completed in 2014 which replaced 80% of the water lines within the village. The Village is repaying the loans in semiannual installments of \$40,978, including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The two OPWC loans refer to two paving projects in which a majority of the village streets were repaved after the water system replacement project tore up a majority of the village streets. The Village is repaying the loans in semiannual installments of \$13,233 and \$7,171, including interest, over 10 years. The Village's taxing authority collateralized the loans.

The OPWC Sewer Loan relates to the Sewer Ultra-Violet Disinfection System project that was completed in 2017. The Village is repaying the loans in semiannual installments of \$988 including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The LGIF loan is a joint loan with The Village of Belmont (Bethesda is the owner of the debt, Belmont and Bethesda have a MOU for payments, Belmont pays half). The Village is repaying the loan in annual installments of \$13,996, including interest. The Village's taxing authority collateralized the loans.

The USDA Bonds were issued in 2021 to purchase three new street trucks for the public works department. The village received a USDA loan/grant to purchase three new street department vehicles. The Village is repaying the loans in annual installments of \$8,417, including interest over 9 years. The Village's taxing authority collateralized the loans.

Amortization

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

Year Ending December 31	OPWC Loans	USDA Street Truck Bonds	OWDA Loan	Street Cleaner Loan LGIF
2023	\$ 42,785	\$ 8,411	\$ 81,981	\$ 13,996
2024	42,785	8,460	81,981	13,996
2025	42,785	8,504	81,981	13,996
2026	22,381	8,445	81,981	13,996
2027	1,976	8,483	81,981	13,996
2028-2032	9,879	25,443	409,784	3,499
2033-2037	9,879		409,784	
2038-2042	-		409,784	
2043-2047	-		163,793	
2048-2052	-		-	
totals	\$ 172,470	\$ 67,746	\$ 1,803,050	\$ 73,479

Note 10 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Village of Bethesda, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2022. Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines. The village did not receive or expend any COVID Fund monies.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Bethesda
Belmont County
112 South Main Street
Bethesda, OH 43719

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental, the proprietary fund type, and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Bethesda, Belmont County (the Village) and have issued our report thereon dated May 31, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items No. 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

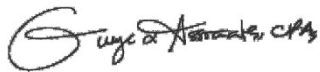
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as Item No. 2023-03.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Columbus, Ohio
May 31, 2024

VILLAGE OF BETHESDA
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2023 and 2022

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

FINDING NUMBER 2023-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, 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.

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Village Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

The Village did not properly post all receipts and expenditures. Amounts were not always posted to the correct fund and/or line item. The following errors were noted:

We noted the following in 2022:

- Rollback revenues of \$3,864, \$1,919, \$4,137, and \$5,426 were recorded as property taxes in lieu of intergovernmental revenues in the General, Street Levy, Police Levy, and Fire Levy funds, respectively.
- Intergovernmental revenues of \$14,631 were incorrectly recorded as miscellaneous revenues in the General fund.

We noted the following in 2023:

- Rollback revenues of \$3,817, \$1,894, \$4,083, and \$5,355 were recorded as property taxes in lieu of intergovernmental revenues in the General, Street Levy, Police Levy, and Fire Levy funds, respectively.
Intergovernmental revenues of \$23,579 were incorrectly recorded as miscellaneous revenues in the General fund.

Audit adjustments and reclassifications, which were agreed by management, are reflected in the financial statements and in the accounting, records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

We will review and properly classify intergovernmental revenues in the future.

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 and 2022
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-002

Material Weakness: Unrecorded Mayor's Court Activities

In our audit engagement letter, as required by AU-C Section 210, 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.

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Village Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Village did not always accurately classify receipts and disbursements to the correct account classification.

For the year ended December 31, 2023, and 2022 the following errors were noted:

- The Mayor's Court financial activity was not being included in the Village's accounting system.
- In addition, the Village did not accurately report the receipts and disbursements resulting from the Mayor's Court activities in accordance with GASB 84 classifications in its filed Hinkle Report.

The reclassifications above, with which management agrees, are reflected in the accompanying financial statements.

The Village did not have procedures in place to accurately post receipts, disbursements, and fund balance in the correct classification to the accounting system.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Village's financial position and operations.

The Fiscal Officer should refer to the Ohio Village Handbook, and AOS Bulletin 2000-08 for proper receipt, expenditure, fund balance classifications, and on-behalf receipts and expenditures, and take additional care in posting transactions to the Village ledgers in order to ensure the Village's year-end financial statements reflect the appropriate sources and uses of the Village's financial resources.

Officials' Response:

We will set up a fiduciary fund for the Mayor's Court and start recording the activities.

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 and 2022
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-003

Non-Compliance: Prior Certification

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

- A. "Then and Now" Certificate - If the chief fiscal officer can certify that both at the time the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
- B. Blanket Certificate - Fiscal Officer may prepare "blanket" certificates for a certain sum of money not to excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line-item account over a period not running beyond the end of the current fiscal. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriations.
- C. Super Blanket Certificate - The Village may also make expenditures and contract for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certificate may, but need not, be limited to a specific vendor. This certificate is noted to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any one-line item appropriation.

The Village did not properly certify the availability of funds prior to the purchase commitment for 14 out of 43 purchases or 32.55%, and 12 out of 36 or 33.33% of transactions tested in 2023 and 2022, respectively, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 and 2022
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-003 (Continued)

Noncompliance: Prior Certification (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used. The Village should also implement procedures to ensure expenditure does not exceed available resources, thus avoiding negative fund balance situations and enabling the Village to properly certify the availability of funds for purchases.

Officials' Response:

We will ensure prior certifications are made prior to ordering expenditures.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BETHESDA

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/25/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov