



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF BETHESDA
BELMONT COUNTY

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OFFICE OF THE AUDITOR

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Bethesda
Belmont County
P.O. Box 36
Bethesda, Ohio 43719

To the Village Council:

We have audited the accompanying financial statements of the Village of Bethesda, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Bethesda, Belmont County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2002, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

April 12, 2002

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$22,718	\$78,206	\$	\$	\$100,924
Miscellaneous	1,420	3,925			5,345
Charges for Services	3,135	92,383			95,518
Fines, Licenses, and Permits	15,448				15,448
Earnings on Investments	26,131	184			26,315
Intergovernmental Receipts	66,746	57,997			124,743
Total Cash Receipts	135,598	232,695	0	0	368,293
Cash Disbursements:					
Current:					
Security of Persons and Property	52,183	203,410			255,593
Public Health Services	2,495	1,324			3,819
Leisure Time Activities	13,046	1,182			14,228
Transportation	1,996	48,780			50,776
General Government	37,116	843			37,959
Debt Service:					
Principal Payments		16,000			16,000
Interest Payments		6,427			6,427
Capital Outlay				6,953	6,953
Total Cash Disbursements	106,836	277,966	0	6,953	391,755
Total Cash Receipts Over/(Under) Cash Disbursements	28,762	(45,271)	0	(6,953)	(23,462)
Other Financing Receipts/(Disbursements):					
Sale of Notes		26,981			26,981
Transfers-In	119	18,077			18,196
Transfers-Out	(23,030)	(181)	(119)		(23,330)
Total Other Financing Receipts/(Disbursements)	(22,911)	44,877	(119)	0	21,847
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,851	(394)	(119)	(6,953)	(1,615)
Fund Cash Balances, January 1	41,187	169,453	119	304,592	515,351
Fund Cash Balances, December 31	\$47,038	\$169,059	\$0	\$297,639	\$513,736

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

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$293,629
Miscellaneous	6,407
	300,036
Operating Cash Disbursements:	
Personal Services	74,494
Fringe Benefits	17,841
Contractual Services	151,676
Supplies and Materials	29,600
Capital Outlay	13,483
Miscellaneous	5,455
	292,549
Total Operating Cash Disbursements	292,549
Operating Income	7,487
Non-Operating Cash Receipts:	
Special Assessments	123,842
	123,842
Total Non-Operating Cash Receipts	123,842
Non-Operating Cash Disbursements:	
Debt Service:	
Debt Service - Principal	77,590
Debt Service - Interest	51,121
	128,711
Total Non-Operating Cash Disbursements	128,711
Excess of Receipts Over Disbursements Before Interfund Transfers	2,618
Transfers-In	5,134
	7,752
Net Receipts Over Disbursements	7,752
Fund Cash Balances, January 1	167,127
	167,127
Fund Cash Balances, December 31	\$174,879

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

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$17,485	\$72,606	\$	\$	\$90,091
Intergovernmental Receipts	83,012	62,538			145,550
Charges for Services	2,453	91,050			93,503
Fines, Licenses, and Permits	8,302	9			8,311
Earnings on Investments	34,806	379			35,185
Miscellaneous	6,431	13,280			19,711
Total Cash Receipts	152,489	239,862	0	0	392,351
Cash Disbursements:					
Current:					
Security of Persons and Property	62,650	120,865			183,515
Public Health Services	1,286				1,286
Leisure Time Activities	10,128				10,128
Transportation	1,279	44,403			45,682
General Government	57,512	521			58,033
Debt Service:					
Principal Payments		16,066			16,066
Interest Payments		7,210			7,210
Capital Outlay				5,000	5,000
Total Cash Disbursements	132,855	189,065	0	5,000	326,920
Total Cash Receipts Over/(Under) Cash Disbursements	19,634	50,797	0	(5,000)	65,431
Other Financing Receipts/(Disbursements):					
Transfers-In		21,565			21,565
Transfers-Out	(21,565)				(21,565)
Total Other Financing Receipts/(Disbursements)	(21,565)	21,565	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,931)	72,362	0	(5,000)	65,431
Fund Cash Balances January 1	43,118	97,091	119	309,592	449,920
Fund Cash Balances, December 31	\$41,187	\$169,453	\$119	\$304,592	\$515,351

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

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$254,773
Miscellaneous	1,510
	<u>256,283</u>
 Total Operating Cash Receipts	 <u>256,283</u>
Operating Cash Disbursements:	
Personal Services	80,570
Fringe Benefits	16,505
Contractual Services	157,731
Supplies and Materials	42,361
Miscellaneous	13,225
	<u>310,392</u>
 Total Operating Cash Disbursements	 <u>310,392</u>
 Operating (Loss)	 <u>(54,109)</u>
Non-Operating Cash Receipts:	
Special Assessments	160,203
	<u>160,203</u>
 Total Non-Operating Cash Receipts	 <u>160,203</u>
Non-Operating Cash Disbursements:	
Debt Service:	
Debt Service - Principal	73,851
Debt Service - Interest	54,860
	<u>128,711</u>
 Total Non-Operating Cash Disbursements	 <u>128,711</u>
 Net Receipts (Under) Disbursements	 <u>(22,617)</u>
 Fund Cash Balances, January 1	 <u>189,744</u>
 Fund Cash Balances, December 31	 \$167,127

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

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Bethesda, Belmont County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, fire and emergency medical services, and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAROhio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Police Levy Fund - This fund receives property tax revenues to provide police protection for the Village residents.

Fire Levy Fund - This fund receives property tax revenues and proceeds from fire contracts to provide fire protection to Village residents and other political subdivisions.

Fire Truck Levy Fund - This fund receives property tax revenues to purchase a fire truck for the Village fire department.

EMS Run Fund - This fund receives charges for services from residents and insurance companies to cover the cost of providing emergency medical services.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Street Truck Debt Service Fund - This fund accumulated resources to pay the street truck debt payments. This debt was paid off in 1998; therefore the balance of this fund was transferred to the General Fund during 2001.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

Bethesda Grade School Fund - This fund received proceeds from the sale of the old Bethesda school building to be used to finance the construction of a new municipal building.

5. Enterprise Funds

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

VILLAGE OF BETHESDA
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. **Fund Accounting (Continued)**

5. **Enterprise Funds (Continued)**

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

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

Sewer Debt Service Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a sewage treatment plant. This loan will be repaid from utility charges for services.

E. **Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

1. **Appropriations**

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

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 also approve estimated resources.

3. **Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. **Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. **Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$58,330	\$38,117
Certificates of deposit		20,000
Total deposits	58,330	58,117
STAROhio	5,190	324,294
Repurchase agreement	625,095	300,067
Total investments	630,285	624,361
Total deposits and investments	\$688,615	\$682,478

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000, follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$139,421	\$135,717	(\$3,704)
Special Revenue	253,136	277,753	24,617
Enterprise	420,700	429,012	8,312
Total	\$813,257	\$842,482	\$29,225

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$145,797	\$129,866	\$15,931
Special Revenue	315,548	278,147	37,401
Debt Service	119	119	0
Capital Projects	304,591	6,953	297,638
Enterprise	503,399	421,260	82,139
Total	<u>\$1,269,454</u>	<u>\$836,345</u>	<u>\$433,109</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$142,975	\$152,489	\$9,514
Special Revenue	305,230	261,427	(43,803)
Capital Projects	10,103	0	(10,103)
Enterprise	440,732	416,486	(24,246)
Total	<u>\$899,040</u>	<u>\$830,402</u>	<u>(\$68,638)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$180,765	\$154,420	\$26,345
Special Revenue	292,656	189,065	103,591
Capital Projects	50,000	5,000	45,000
Enterprise	501,953	439,103	62,850
Total	<u>\$1,025,374</u>	<u>\$787,588</u>	<u>\$237,786</u>

Contrary to Ohio law, appropriations exceeded estimated receipts in the Police Levy Fund by \$11,279 for the year ended December 31, 2000.

4. PROPERTY TAX

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

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX (Continued)

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

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

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

5. DEBT

Debt outstanding at December 31, 2001, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$963,990	5.00%
General Obligation Bonds - Fire Truck	113,000	5.00%
General Obligation Notes - EMS Squad Car	26,981	4.75%
Lease - Police Cruiser	15,104	0.00%
Total	<u>\$1,119,075</u>	

The Ohio Water Development Authority (OWDA) loan relates to utility system improvements. The OWDA has approved up to \$1,615,512 in loans to the Village for these improvements. The loans will be repaid in semiannual installments of \$64,356, including interest, over 20 years. The scheduled payment amount below assumes that \$1,615,512 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The General Obligation Bonds and Notes are collateralized by the Village's taxing authority.

The Police Cruiser Lease will be repaid from local government revenues from the County Auditor.

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

	<u>OWDA Loan</u>	<u>General Obligation Bonds</u>	<u>General Obligation Notes</u>	<u>Police Cruiser Lease</u>
Year ending December 31:				
2002	\$128,711	\$22,650	\$6,125	\$6,250
2003	128,711	21,800	6,125	6,250
2004	128,711	21,950	6,125	2,604
2005	128,711	23,050	6,125	
2006	128,711	22,050	6,125	
2007 – 2011	579,200	22,050		
Total	<u>\$1,222,755</u>	<u>\$133,550</u>	<u>\$30,625</u>	<u>\$15,104</u>

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEMS

A. Ohio Police and Fire Pension Funds and Public Employees Retirement System

The Village's law enforcement officer belongs to the Ohio Police and Fire Pension Funds (OP&F). Other full-time and part-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

B. Social Security System

As of December 31, 2001, all part-time emergency medical technicians and members of the fire department were required to pay into the Social Security System.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporations.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

VILLAGE OF BETHESDA
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: (the latest information available)

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$17,112,129	\$15,295,389
Liabilities	<u>7,715,035</u>	<u>6,636,543</u>
Retained Earnings	<u>\$9,397,094</u>	<u>\$8,658,846</u>
<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$1,575,614	\$1,118,222
Liabilities	<u>281,561</u>	<u>279,871</u>
Retained Earnings	<u>\$1,294,053</u>	<u>\$838,351</u>



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Bethesda
Belmont County
P.O. Box 36
Bethesda, Ohio 43719

To the Village Council:

We have audited the accompanying financial statements of the Village of Bethesda, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 12, 2002. We conducted our audit 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 by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-31007-001 and 2001-31007-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 12, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2001-31007-003.

Village of Bethesda
Belmont County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 12, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

April 12, 2002

**VILLAGE OF BETHESDA
BELMONT COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-31007-001

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which the monies were received.

In 2000, the Clerk/Treasurer recorded Local Government revenue into the Street Construction, Maintenance and Repair Fund in the amount of \$4,140 and into the State Highway Fund in the amount of \$3,225 which should have been receipted into the General Fund.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 5705.10, a Finding for Adjustment is hereby issued against the Street Construction, Maintenance and Repair Fund in the amount of \$4,140 and against the State Highway Fund in the amount of \$3,225, in favor of the General Fund.

The Clerk/Treasurer has posted this adjustment to his records, and this adjustment is reflected in the accompanying 2000 financial statements.

FINDING NUMBER 2001-31007-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states the total appropriation from each fund should not exceed the total estimated revenue.

At December 31, 2000, the Village's Police Levy Fund had total appropriations which exceeded total estimated revenue as follows:

<u>Estimated Revenue</u>	<u>Appropriations</u>	<u>Excess</u>
\$26,036	\$37,315	(\$11,279)

We recommend the Village develop procedures to ensure that appropriations do not exceed total estimated revenue.

FINDING NUMBER 2001-31007-003

Reportable Condition - Posting of Receipts and Disbursements

Receipts and disbursements should be posted to the fund and line item accounts as established by the Ohio Revised Code and Ohio Administrative Code.

Numerous receipts and disbursements were not posted into the correct fund or receipt and appropriation classifications based on the source of receipt or nature of disbursement. As a result, several reclassifications and adjustments to the financial statements were required.

We recommend the Clerk/Treasurer consult the Ohio Revised Code and Ohio Administrative Code when monies are received and bills are paid, to help ensure these transactions are posted to the correct receipt and appropriation classifications.

**VILLAGE OF BETHESDA
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-31007-001	Finding for recovery for overpayment of wages.	Yes	Finding for recovery for overpayment of wages was repaid under the 1998-1999 audit.
1999-31007-002	Finding for recovery for overpayment of wages.	Yes	Finding for recovery for overpayment of wages was repaid under the 1998-1999 audit.
1999-31007-003	Finding for recovery for overpayment of wages.	Yes	Finding for recovery for overpayment of wages was repaid under the 1998-1999 audit.
1999-31007-004	Finding for Adjustment	Yes	Finding for adjustment was posted to the Village's financial statements as an adjustment to the January 1, 2000, beginning balance.
1999-31007-005	Finding for Adjustment	Yes	Finding for adjustment was posted to the Village's financial statements as an adjustment to the January 1, 2000, beginning balance.
1999-31007-006	Finding for Adjustment	Yes	Finding for adjustment was posted to the Village's financial statements as an adjustment to the January 1, 2000, beginning balance.
1999-31007-007	Ohio Rev. Code Section 5705.41(D), the Village did not certify the availability of funds prior to incurring expenditures.	Yes	N/A
1999-31007-008	Numerous receipts and disbursements were not posted to the correct line item accounts.	No	This reportable condition has been reissued as item 2001-31007-003 on the Schedule of Findings.
1999-31007-009	Council did not adopt an ordinance establishing pay rates.	Yes	The Village adopted Ordinance #1243 which established each employee's rate of pay.



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OFFICE OF THE AUDITOR

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VILLAGE OF BETHESDA

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 4, 2002**