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Certified Public Accountants, A.C.

**VILLAGE OF BETHESDA  
BELMONT COUNTY  
Regular Audit**

**For the Years Ended December 31, 2015 and 2014**

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Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Village Council  
Village of Bethesda  
PO Box 95  
Bethesda, Ohio 43719

We have reviewed the *Independent Auditor's Report* of the Village of Bethesda, Belmont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. 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 "Dave Yost".

Dave Yost  
Auditor of State

July 28, 2016

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VILLAGE OF BETHESDA  
BELMONT COUNTY

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## INDEPENDENT AUDITOR'S REPORT

June 10, 2016

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **the Village of Bethesda**, Belmont County, (the Village) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



***...“bringing more to the table”***

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

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Bethesda, Belmont County, as of December 31 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**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, 2015**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 43,684	\$ 90,773	\$ 134,457
Intergovernmental	52,691	115,437	168,128
Special Assessments	752	-	752
Charges for Services	-	279,934	279,934
Fines, Licenses and Permits	15,732	-	15,732
Earnings on Investments	2,806	1,516	4,322
Miscellaneous	253,657	58,284	311,941
<i>Total Cash Receipts</i>	<u>369,322</u>	<u>545,944</u>	<u>915,266</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	47,434	460,600	508,034
Basic Utility Services	-	2,075	2,075
Transportation	-	67,382	67,382
General Government	195,791	-	195,791
Debt Service:			
Principal Retirement	1,674	8,666	10,340
Interest and Fiscal Charges	1,980	1,875	3,855
<i>Total Cash Disbursements</i>	<u>246,879</u>	<u>540,598</u>	<u>787,477</u>
<i>Excess of Receipts Over Disbursements</i>	<u>122,443</u>	<u>5,346</u>	<u>127,789</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	7,697	100,000	107,697
Sale of Capital Assets	35,000	-	35,000
Transfers In	-	3,500	3,500
Transfers Out	(3,500)	-	(3,500)
Advances In	-	1,000	1,000
Advances Out	(1,000)	-	(1,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>38,197</u>	<u>104,500</u>	<u>142,697</u>
<i>Net Change in Fund Cash Balances</i>	160,640	109,846	270,486
<i>Fund Cash Balances, January 1</i>	<u>272,315</u>	<u>526,808</u>	<u>799,123</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	636,654	636,654
Assigned	45,992	-	45,992
Unassigned	386,963	-	386,963
<i>Fund Cash Balances, December 31</i>	<u>\$ 432,955</u>	<u>\$ 636,654</u>	<u>\$ 1,069,609</u>

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

**VILLAGE OF BETHESDA  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 575,237	\$ -	\$ 575,237
<i>Total Operating Cash Receipts</i>	<u>575,237</u>	<u>-</u>	<u>575,237</u>
<b>Operating Cash Disbursements</b>			
Personal Services	129,260	-	129,260
Employee Fringe Benefits	57,501	-	57,501
Contractual Services	165,886	-	165,886
Supplies and Materials	112,596	-	112,596
Other	23,919	-	23,919
<i>Total Operating Cash Disbursements</i>	<u>489,162</u>	<u>-</u>	<u>489,162</u>
<i>Operating Income</i>	<u>86,075</u>	<u>-</u>	<u>86,075</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Debt Proceeds	126,319	-	126,319
Sale of Capital Assets	75	-	75
Capital Outlay	(151,491)	-	(151,491)
Principal Retirement	(83,655)	-	(83,655)
Interest and Other Fiscal Charges	(1,980)	-	(1,980)
Other Non-Operating Cash Receipts	-	7,085	7,085
Other Non-Operating Cash Disbursements	-	(6,735)	(6,735)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(110,732)</u>	<u>350</u>	<u>(110,382)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(24,657)</u>	<u>350</u>	<u>(24,307)</u>
<i>Fund Cash Balances, January 1</i>	<u>137,632</u>	<u>1,650</u>	<u>139,282</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 112,975</u>	<u>\$ 2,000</u>	<u>\$ 114,975</u>

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

**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, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 44,619	\$ 67,438	\$ 112,057
Intergovernmental	62,581	128,634	191,215
Charges for Services	-	281,577	281,577
Fines, Licenses and Permits	13,959	-	13,959
Earnings on Investments	756	205	961
Miscellaneous	4,464	16,504	20,968
	<b>Total Cash Receipts</b>	<b>494,358</b>	<b>620,737</b>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	39,406	441,727	481,133
Basic Utility Services	-	4,000	4,000
Transportation	-	70,661	70,661
General Government	161,199	-	161,199
	<b>Total Cash Disbursements</b>	<b>516,388</b>	<b>716,993</b>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(74,226)</i>	<i>(22,030)</i>	<i>(96,256)</i>
<b>Other Financing Receipts</b>			
Other Debt Proceeds	100,000	-	100,000
Sale of Capital Assets	-	6,938	6,938
Transfers In	-	14,500	14,500
Transfers Out	(14,500)	-	(14,500)
Advances In	35,500	8,000	43,500
Advances Out	(35,000)	(8,500)	(43,500)
	<b>Total Other Financing Receipts</b>	<b>20,938</b>	<b>106,938</b>
<i>Net Change in Fund Cash Balances</i>	<i>11,774</i>	<i>(1,092)</i>	<i>10,682</i>
<i>Fund Cash Balances, January 1</i>	<i>260,541</i>	<i>527,900</i>	<i>788,441</i>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	526,808	526,808
Assigned	829	-	829
Unassigned	271,486	-	271,486
	<b>Fund Cash Balances, December 31</b>	<b>\$ 526,808</b>	<b>\$ 799,123</b>
	<b>\$ 272,315</b>	<b>\$ 526,808</b>	<b>\$ 799,123</b>

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

**VILLAGE OF BETHESDA  
BELMONT COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 572,036	\$ -	\$ 572,036
<i>Total Operating Cash Receipts</i>	<u>572,036</u>	<u>-</u>	<u>572,036</u>
<b>Operating Cash Disbursements</b>			
Personal Services	137,414	-	137,414
Employee Fringe Benefits	46,869	-	46,869
Contractual Services	162,757	-	162,757
Supplies and Materials	46,181	-	46,181
Other	113,451	-	113,451
<i>Total Operating Cash Disbursements</i>	<u>506,672</u>	<u>-</u>	<u>506,672</u>
<i>Operating Income</i>	<u>65,364</u>	<u>-</u>	<u>65,364</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	906,420	-	906,420
Other Debt Proceeds	2,228,835	-	2,228,835
Miscellaneous Receipts	689	-	689
Capital Outlay	(3,103,088)	-	(3,103,088)
Other Non-Operating Cash Receipts	-	6,895	6,895
Other Non-Operating Cash Disbursements	-	(6,441)	(6,441)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>32,856</u>	<u>454</u>	<u>33,310</u>
<i>Income before Advances</i>	98,220	454	98,674
Advances In	27,000	-	27,000
Advances Out	(27,000)	-	(27,000)
<i>Net Change in Fund Cash Balances</i>	98,220	454	98,674
<i>Fund Cash Balances, January 1</i>	<u>39,412</u>	<u>1,196</u>	<u>40,608</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 137,632</u>	<u>\$ 1,650</u>	<u>\$ 139,282</u>

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

**VILLAGE OF BETHESDA  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the 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. Note 7 to the financial statements provides additional information for this entity.

Public Entity Risk Pool:

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members").

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

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

**VILLAGE OF BETHESDA  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**D. Fund Accounting (Continued)**

**1. General Fund**

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

**2. Special Revenue Funds**

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

Fire Levy Fund – This fund receives a property tax levy to support a volunteer fire department and to provide fire protection services.

Emergency Medical Services (EMS) Run Fund – This fund receives charges for services from residents and insurance companies to cover the cost of providing emergency medical services.

**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. The Village had the following significant Enterprise Funds:

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

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

**4. Fiduciary Funds (Agency Funds)**

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

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

**VILLAGE OF BETHESDA  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. The Village did not properly encumber all commitments as required by Ohio law.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**F. 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.

**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.

VILLAGE OF BETHESDA  
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant and Equipment

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

H. 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.

**VILLAGE OF BETHESDA  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS**

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

	<b>2015</b>	<b>2014</b>
Demand deposits	\$ 257,760	\$ 194,384
Other time deposits	920,462	737,665
Total deposits	1,178,222	932,049
 STAR Ohio	6,362	6,356
Total deposits and investments	\$ 1,184,584	\$ 938,405

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 190,200	\$ 412,019	\$ 221,819
Special Revenue	543,700	649,444	105,744
Enterprise	938,970	701,631	(237,339)
Total	\$ 1,672,870	\$ 1,763,094	\$ 90,224

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 377,599	\$ 296,370	\$ 81,229
Special Revenue	1,066,678	544,677	522,001
Enterprise	1,047,441	728,342	319,099
Total	\$ 2,491,718	\$ 1,569,389	\$ 922,329

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 218,942	\$ 226,379	\$ 7,437
Special Revenue	532,813	515,796	(17,017)
Enterprise	4,149,780	3,707,980	(441,800)
Total	\$ 4,901,535	\$ 4,450,155	\$ (451,380)

**VILLAGE OF BETHESDA  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 392,883	\$ 215,935	\$ 176,948
Special Revenue	1,054,360	519,927	534,433
Enterprise	4,189,191	3,611,764	577,427
Total	\$ 5,636,434	\$ 4,347,626	\$ 1,288,808

Contrary to Ohio law, the Village did not properly encumber all commitments.

**4. PROPERTY TAXES**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
6504 OWDA – Water System Replacement	\$ 2,376,724	0.00%
2014 Garage Building Loan	95,833	4.00%
2015 Fire Truck Loan	91,334	2.875%
2015 OPWC – Street Resurfacing	12,760	0.00%
Total	\$ 2,576,651	

The Ohio Water Development Authority (OWDA) Loan #1573 was for the construction, maintenance, and improvements on a water system completed in 2015. The original loans were for \$2,228,835 and \$39,275, respectively. The loan will be repaid in semi-annual installments of \$40,991, respectively, including interest, over 30 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements, and has added a surcharge to sewer rates to retire this debt.

The 2014 Garage Building Loan relates to the cost of acquiring and renovating a building for use by the Village's Street Department. The original loan was for \$100,000. The loan will be repaid in monthly installments of \$609, including interest of 4%, over 20 years.

**VILLAGE OF BETHESDA  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Continued)**

**5. DEBT (Continued)**

The 2015 Fire Truck Loan relates to the cost of acquiring a new Fire Truck for use by the Village's Fire Department. The original loan was for \$100,000. The loan will be repaid in monthly installments of \$1,317.67, including interest of 2.875%, over 7 years.

The 2015 OPWC loan relates to a street resurfacing improvement project. The Village received \$12,760 of the loan in 2015. The full approved amount of the loan will total \$239,600. The remainder of the loan proceeds will be received by the Village in 2016. The first payment is due on the last business day in January or July following the date of project completion, whichever date occurs first.

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

Year Ended	OWDA #6504	2014 Building Loan	2015 Fire Truck Loan
2016	\$ 81,982	\$ 7,308	\$ 15,812
2017	81,982	7,308	15,812
2018	81,982	7,308	15,812
2019	81,982	7,308	15,812
2020	81,982	7,308	15,812
2021-2025	409,910	36,540	16,339
2026-2030	409,910	36,540	-
2031-2035	409,910	27,402	-
2036-2040	409,910	-	-
2041-2044	327,928	-	-
<b>Total</b>	<b>\$ 2,377,478</b>	<b>\$ 137,022</b>	<b>\$ 95,399</b>

**6. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10.0% of their gross salaries, and the Village contributed an amount equaling 14.0% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

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

**VILLAGE OF BETHESDA  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014 (the latest information available).

	<b>2013</b>	<b>2014</b>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	\$5,805,909	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**VILLAGE OF BETHESDA  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Continued)**

**9. JOINTLY GOVERNED ORGANIZATION**

Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all governments in a four county region comprised of Belmont county, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by each local government within Belmont County. The Mayor of the Village of Bethesda serves as the Village's representative on the Board and a Councilman serves as the Village's alternate. The Council is not dependent upon the Village of Bethesda for its continued existence, no debt exists, and the Village does not maintain an equity interest. The Village paid Bel-O-Mar Regional council \$414 for 2014 and 2015 fees.



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave.  
Parkersburg, WV 26101  
304.422.2203

104 South Sugar St.  
St. Clairsville, OH 43950  
740.695.1569

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

June 10, 2016

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Bethesda**, Belmont County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 10, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.



**...“bringing more to the table”**

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
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Members: American Institute of Certified Public Accountants

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• Association of Certified Anti - Money Laundering Specialists •



### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* as findings 2015-002 and 2015-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 10, 2016.

### **Entity's Response to Findings**

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

### **Purpose of this Report**

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



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF BETHESDA  
BELMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2015-001**

**Material Weakness**

**Posting Receipts, Disbursements and Fund Balances**

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be classified in accordance with GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions.

During 2015 and 2014, several receipts, disbursements and fund balances were not posted to accurate classifications. The following posting errors were noted:

- Debt Proceeds were improperly posted as an Extraordinary Item in 2014.
- Grants for Fire Services were improperly posted as Charges for Services instead of Intergovernmental in 2014 and 2015.
- Cable Franchise Fee receipts were improperly recorded as Miscellaneous instead of Fines, Licenses, and Permits in 2014 and 2015
- Surcharge Revenue from Water and Sewer were improperly posted as Miscellaneous instead of Charges for Services in 2014 and 2015.
- Surcharge Revenue from Water and Sewer receipts were improperly recorded as Special Assessment Revenue instead of Charges for Services in 2014 and 2015.
- General Fund outstanding encumbrances were incorrectly classified as Unassigned instead of Assigned in 2014 and 2015.
- Payments on construction were improperly recorded as Discount on Debt instead of Capital Outlay Disbursements in 2014 and 2015.
- OWDA loan proceeds were improperly recorded as Intergovernmental Revenue instead of Debt Proceeds in 2014 and 2015.
- OPWC loan proceeds were improperly recorded as Miscellaneous Revenue instead of Debt Proceeds in 2015.
- Principal and Interest debt payments were improperly recorded as Security of Persons and Property disbursements in 2015.
- In 2014 and 2015, the Village did not record their Mayor's Court account activity to the accounting system.

Not posting revenues, disbursements, and fund balances accurately resulted in the financial statements requiring several reclassifications. The accompanying financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt accounts. We also recommend the Fiscal Officer refer to Auditor of State Technical Bulletin 2011-004 for assistance in classifying fund balances.

**Management's Response** – The Village will review the expense and income accounts that are in the system and create the proper accounts so that revenue and charges can be classified properly going forward.

VILLAGE OF BETHESDA  
BELMONT COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-002

**Noncompliance**

**Ohio Revised Code 733.40** requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the mayor, or which in any manner come into his or her hands, or which are due to such mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such mayor for the use of such municipal corporation, shall be paid by clerk into the Village's treasury on the first Monday of each month.

Our review of the Village's Mayor's Court disclosed the following:

- Mayor's Court remittances were not made timely to the Village's General Fund.

This weakness could allow recording errors and irregularities to occur and remain undetected.

We recommend the Village distribute the correct fines collected by the Village's Mayor's Court to the Village's General Fund by the required dates.

**Management's Response** – The Village will change the Mayor's Court dates to ensure that the deposits are made timely and that the transfer of funds to the main account recorded to the General Fund will be made at month end instead of the following month.

FINDING NUMBER 2015-003

**Noncompliance**

**Ohio Revised Code Section 5705.41(D)(1)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a Fiscal Officer'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 Revised Code.

VILLAGE OF BETHESDA  
BELMONT COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2014-003 (Continued)

Noncompliance (Continued)

1. "Then and Now" certificate - If the Fiscal Officer can certify that both at the time that 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 taxing authority (Village Council) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the 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 a 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.
2. Blanket Certificate – The Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in 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 year. 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 particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts 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, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

73% of the disbursements tested in 2015 and 43% of disbursements tested in 2014 were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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 assure that 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, we recommend that the Fiscal Officer certify that 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.

**Management's Response** – We did not receive a response from management to the finding above.

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# Dave Yost • Auditor of State

VILLAGE OF BETHESDA

BELMONT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST 9, 2016