



Dave Yost • Auditor of State

VILLAGE OF BETHESDA
BELMONT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Applying Agreed-Upon Procedures	1

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Bethesda, Belmont County, Ohio (the Village), have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2013 and 2012, including mayor's court receipts, disbursements and balances, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2013 and 2012 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2013 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2013 bank reconciliation without exception.
5. We selected five outstanding checks haphazardly from the December 31, 2013 bank reconciliation:
 - a. We traced each outstanding check to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the outstanding checks were dated prior to December 31. We noted no exceptions.

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Cash and Investments (Continued)

6. We tested interbank account transfers occurring in December of 2013 and 2012 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2013 and December 31, 2012 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2013 and one from 2012:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report for 2013 and Receipt Register Report for 2012. The amounts agreed for 2013. The Village Clerk recorded the net receipts from the Statement in the Receipt Register Report for 2012, thus understating receipts and disbursements for the County Auditor's deductions in the General Fund by \$15, Fire Levy Fund by \$12 and Police Levy Fund by \$10. We recommend the Village Clerk post tax settlements at gross instead of net. Because we did not test all property tax postings, our report provides no assurance whether or not other similar errors occurred.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Detail Report for 2013 and Receipt Register Report for 2012 to determine whether it included two real estate tax receipts for 2013 and 2012. We noted the Receipt Detail Report for 2013 and Receipts Register Report for 2012 included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2013 and five from 2012. We also selected five receipts from the County Auditor's Cross Reference Report by Vendor from 2013 and five from 2012.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report for 2013 and Receipt Register Report for 2012. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (Continued)

4. We confirmed the amounts paid from the Ohio Water Development Authority (the Authority) to the Village during 2013 with the Authority.
 - a. We determined whether these receipts were allocated to the proper fund. We noted Drinking Water Assistance Fund grant receipts and loan principal forgiveness disbursements of \$113,373 were posted to the Water Operating Fund instead of the Water System Replacement Fund.
 - b. We determined whether the receipts were recorded in the proper year. We noted 1 exception in that Drinking Water Assistance Fund grant receipts and loan principal forgiveness disbursements of \$54,889 were not posted to the Village's accounting system. We recommend the Village Clerk develop internal control procedures to ensure grant receipts and disbursements made on-behalf of the Village are recorded to the accounting system.

Emergency Medical Services (EMS) Billings

We haphazardly selected 10 EMS run receipts from the year ended December 31, 2013 and 10 EMS run receipts from the year ended 2012 recorded in the Ohio Billing Cash Detail Report and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Detail Report for 2013 and Receipt Register Report for 2012. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper fund and was recorded in the proper year. We found no exceptions.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2013 and 10 Water and Sewer Fund collection cash receipts from the year ended 2012 recorded in the Payment Detail Report and determined whether the:
 - a. Receipt amount per the Payment Detail Report agreed to the amount recorded on the payment stub. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the credit to the customer's account per the Customer Record Report. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. The Village could not provide an accounts receivable report as of December 31, 2013 and 2012. The Village does not have an accounts receivable system. Without accounts receivable information, the Village lacks reliable information on overdue amounts and information upon which to judge whether the Village should write off or follow up on uncollectible amounts. We recommend the Village consider acquiring an accounts receivable system.

Water and Sewer Fund (Continued)

3. We read the Utility Adjustment Report.
 We selected five non-cash adjustments from 2013 and five non-cash adjustments from 2012, and noted that the Village Administrator did not approve the adjustments. We recommend the Village Administrator or Village Council approve each non-cash adjustment to ensure unauthorized adjustments are not made to customer accounts.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following note and loans outstanding as of December 31, 2011. These amounts agreed to the Villages January 1, 2012 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2011:
Fire House Improvement Loan	\$18,468
Municipal Building Promissory Note	\$24,597
OWDA Water Improvement Loan	\$153,075

2. We inquired of management, and scanned the Receipt Detail Report for 2013 and the Receipt Register Report for 2012 and Payment Register Detail Report for 2013 and 2012 for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of note and loans debt activity for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedules to General, Fire Levy, and Water Operating Funds payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Water System Replacement Fund per the Receipt Detail Report. We noted the Village did not record OWDA Drinking Water Assistance Fund debt proceeds in the amount of \$108,613 during 2013.
5. For new debt issued during 2013, we inspected the debt legislation, noting the Village must use the proceeds for a water line extension and replacement project. We scanned the Payment Register Detail Report and noted the Village did not record the capital outlay expenditures for the water line extension and replacement project in the amount of \$108,613 as these amounts are paid directly to the vendor on-behalf of the Village. Per scan of the Encumbrance and Disbursement Detail Report (from OWDA), the monies were spent in part on OWDA fees and the planning loan of this project. We recommend the Village Clerk develop internal control procedures to ensure OWDA loan proceeds and capital outlay expenditures made on-behalf of the Village are recorded to the accounting system.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2013 from the Wage Detail Report and one payroll check for five employees from 2012 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report for 2013 and Employee Detail Adjustment Report for 2013 to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2013. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	1/31/14	12/27/13	\$3,156.84	\$3,156.84
State income taxes	1/15/14	12/23/13	\$501.67	\$501.67
OPERS retirement	1/30/14	12/23/13	\$7,436.48	\$7,436.48

Non-Payroll Cash Disbursements

- We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2013 and ten from the year ended 2012 and determined whether:
- a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Mayor's Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2013 and December 31, 2012 bank reconciliations. We noted the Village did not complete Mayor's Court bank reconciliations during 2013 or 2012. We recommend the Village perform monthly Mayor's Court bank account reconciliations to the cash book balance. These reconciliations should be reviewed and approved by Village Council.

Mayor's Court Transactions and Cash Balances (Continued)

2. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)

The amounts recorded in the cash book, receipts book and docket agreed.

3. From the cash book, we haphazardly selected one month from the year ended December 31, 2013 and one month from the year ended 2012 and determined whether:
 - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
 - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the cash book.

Compliance – Budgetary

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Fire Levy and EMS Runs Funds for the years ended December 31, 2013 and 2012. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Fire Levy and EMS Runs Funds of \$490,400, \$81,500 and \$262,000, respectively, for 2013. However, the final Amended Official Certificate of Estimated Resources reflected \$629,968, \$71,585 and \$263,888, respectively for 2013. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Fire Levy and EMS Runs Funds of \$177,250, \$49,500 and \$175,000, respectively, for 2012. However, the final Amended Official Certificate of Estimated Resources reflected \$210,422, \$51,478 and \$178,265, respectively, for 2012. The Village Clerk should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Village Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2013 and 2012 to determine whether, for the General, Fire Levy and EMS Runs Funds, the Village Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We noted the Village adopted appropriations at the fund level for 2013 and 2012. We recommend the Village adopt its annual appropriations at the legal level of control as required by Ohio Rev. Code Section 5705.38(C).

Compliance – Budgetary (Continued)

3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2013 and 2012 for the following funds: General, Fire Levy and EMS Runs Funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status report. The Appropriation Status Report for 2013 recorded appropriations for the General, Fire Levy and EMS Runs Funds of \$339,711, \$214,200 and \$341,500, respectively. However, the Appropriation Resolution reflected \$191,562, \$278,855 and \$523,726 for the General, Fire Levy, and EMS Runs Funds, respectively. The Appropriation Status Report for 2012 recorded appropriations for the General, Fire Levy and EMS Runs Funds of \$65,879, \$14,678 and \$118,794, respectively. However, the Appropriation Resolution reflected \$219,110, \$216,508 and \$355,145 for the General, Fire Levy, and EMS Runs Funds, respectively. The Village Clerk should periodically compare the amounts recorded in the appropriation resolutions to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Fire Levy and EMS Runs Funds for the years ended December 31, 2013 and 2012. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2013 and 2012 for the General, Fire Levy and EMS Runs Funds, as recorded in the Appropriation Status Report. We noted that General Fund expenditures for 2013 exceeded total appropriations by \$109,059, contrary to Ohio Rev. Code Section 5705.41(B). The Village Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Village Clerk may request the Village Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Detail Report for 2013 and Receipt Register Report for 2012 for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the Water System Replacement Fund during 2013 to segregate Drinking Water Assistance Fund grant receipts and disbursements, in compliance with Section 5705.09.
7. We scanned the 2013 and 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2013 and 2012 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 2012 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 17, 2014



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
OCTOBER 7, 2014**