



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF BETHEL  
CLERMONT COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type, and the discretely presented component unit, as of and for the year ended December 31, 2019, and related notes of the Village of Bethel, Clermont County, Ohio (the Village).

### ***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(C) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

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

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), 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(C) 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, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type and the discretely presented component unit as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matters***

As discussed in Note 14 to the financial statements, during 2020, the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

As discussed in Note 15 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

We did not modify our opinion regarding these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, 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.

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

Keith Faber  
Auditor of State  
Columbus, Ohio  
September 25, 2023

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**Village of Bethel, Ohio**  
*Clermont County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$157,315	\$112,639	\$0	\$269,954
Municipal Income Tax	0	223,970	0	223,970
Intergovernmental	103,693	412,361	174,383	690,437
Charges for Services	161,926	0	0	161,926
Fines, Licenses and Permits	113,733	8,822	0	122,555
Earnings on Investments	21,564	2,229	0	23,793
Miscellaneous	34,560	169,224	0	203,784
<i>Total Cash Receipts</i>	<u>592,791</u>	<u>929,245</u>	<u>174,383</u>	<u>1,696,419</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	0	756,742	0	756,742
Public Health Services	6,183	7,616	0	13,799
Community Environment	11,700	0	0	11,700
Transportation	0	176,358	174,383	350,741
General Government	153,144	32,665	0	185,809
Capital Outlay	0	81,717	0	81,717
<i>Total Cash Disbursements</i>	<u>171,027</u>	<u>1,055,098</u>	<u>174,383</u>	<u>1,400,508</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>421,764</u>	<u>(125,853)</u>	<u>0</u>	<u>295,911</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	193,316	0	193,316
Transfers Out	(193,316)	0	0	(193,316)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(193,316)</u>	<u>193,316</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	228,448	67,463	0	295,911
<i>Fund Cash Balances, January 1</i>	<u>536,234</u>	<u>699,123</u>	<u>0</u>	<u>1,235,357</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$764,682</u></u>	<u><u>\$766,586</u></u>	<u><u>\$0</u></u>	<u><u>\$1,531,268</u></u>

*See accompanying notes to the basic financial statements*

**Village of Bethel, Ohio**  
*Clermont County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2020*

	Proprietary Fund Types
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$3,723,566
Fines, Licenses and Permits	199
Miscellaneous	73,570
<i>Total Operating Cash Receipts</i>	<u>3,797,335</u>
<b>Operating Cash Disbursements</b>	
Personal Services	479,550
Employee Fringe Benefits	248,793
Contractual Services	2,581,623
Supplies and Materials	57,432
Claims	0
Other	198,991
<i>Total Operating Cash Disbursements</i>	<u>3,566,389</u>
<i>Operating Income (Loss)</i>	<u>230,946</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	95,913
Intergovernmental	15,016
Sale of Capital Assets	35
Principal Retirement	(123,485)
Interest and Other Fiscal Charges	(31,605)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(44,126)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	186,820
Transfers In	323,100
Transfers Out	(323,100)
<i>Net Change in Fund Cash Balances</i>	186,820
<i>Fund Cash Balances, January 1</i>	<u>2,045,448</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,232,268</u></u>

*See accompanying notes to the basic financial statements*

**Village of Bethel, Ohio***Clermont County**Combined Statement of Additions, Deductions  
and Changes in Fund Balances (Regulatory Cash Basis)**All Fiduciary Fund Types**For the Year Ended December 31, 2020*

	Fiduciary Fund Types		Totals
	Private Purpose Trust	Custodial Other Custodial	(Memorandum Only)
<b>Additions</b>			
Fines, Licenses and Permits for Distribution	0	104,322	104,322
Earnings on Investments (trust funds only)	0	38,114	38,114
Gifts and Donations (trust funds only)	62,417	0	62,417
Net Gain on Sale of Investment	0	71,156	71,156
Net Gain (Loss) on Fixed Income Funds	0	(747)	(747)
<i>Total Additions</i>	<u>62,417</u>	<u>212,845</u>	<u>275,262</u>
<b>Deductions</b>			
Distributions to Other Governments	0	82,480	82,480
Distributions to Other Funds (Primary Gov't)	0	85,297	85,297
Other Distributions	58,132	15,861	73,993
<i>Total Deductions</i>	<u>58,132</u>	<u>183,638</u>	<u>241,770</u>
<i>Net Change in Fund Balances</i>	4,285	29,207	33,492
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>21,367</u>	<u>1,527,778</u>	<u>1,549,145</u>
<i>Fund Cash Balances, December 31</i>	<u>\$25,652</u>	<u>\$1,556,985</u>	<u>\$1,582,637</u>

*See accompanying notes to the basic financial statements*

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**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 - Reporting Entity**

The Village of Bethel (the Village), Clermont County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, garbage and electric utilities, park operations, and police services. The Edmund G. Burke Community Trust is a fiduciary component unit of the Village of Bethel (See Note 11).

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

Street and Bridge Fund – This fund receives property tax money for the purpose of general construction, reconstruction, resurfacing and repair of streets, roads and bridges.

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

Coronavirus Relief Fund - This fund received monies from a federal grant program to help offset unbudgeted expenses and public safety payroll related to COVID-19

***Capital Projects Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Funds:

**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

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

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

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

Water Infrastructure Replacement Fund – This fund receives money transferred from the water operating fund to pay principal and interest on an OWDA loan for water main replacement and water tower construction.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Village’s private purpose trust fund is for the benefit of scholarship recipients.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village disburses these funds as directed by the individual, organization or other government. The Village’s custodial fund accounts for mayor’s court and the activity of the Burke Trust (see Note 11).

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

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

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

**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Budgetary Process***

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

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

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury Notes and common stock at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
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***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

***Interfund Transactions***

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Residual equity transfers are nonrecurring or non-routine transfers of equity between funds.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2020 follows:



**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**2020 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$562,827	\$592,791	\$29,964
Special Revenue	1,118,615	1,122,561	3,946
Capital Projects	174,383	174,383	0
Enterprise	4,206,066	4,231,399	25,333
Private Purpose Trust	62,417	62,417	0
Total	<u>\$6,124,308</u>	<u>\$6,183,551</u>	<u>\$59,243</u>

**2020 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$596,183	\$364,800	\$231,383
Special Revenue	1,496,319	1,059,193	437,126
Capital Projects	174,383	174,383	0
Enterprise	5,083,609	4,050,066	1,033,543
Private Purpose Trust	78,197	58,132	20,065
Total	<u>\$7,428,691</u>	<u>\$5,706,574</u>	<u>\$1,722,117</u>

**Note 4 – Deposits and Investments**

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

	<u>2020</u>
Demand deposits	\$2,437,161
Certificates of deposit	208,918
Total deposits	<u>2,646,079</u>
STAR Ohio	1,145,103
Total investments	1,145,103
Total deposits and investments	<u>\$3,791,182</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is holding \$ 10,038.76 in unremitted payroll withholdings.

**Village of Bethel, Ohio**  
*Clermont County*  
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*For the Year Ended December 31, 2020*

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**Burke Trust Fiduciary Component Unit – Equity in Pool Deposits and Investments**

	<u>2020</u>		
Common Stock	\$ 268,330		
Mutual Funds	\$ 174,452		
Non-US Common Stock	\$ 21,287		
Non-US Mutual Funds	\$ 221,272		
Total Equity	\$ 685,341		
Fixed Income Mutual Funds	\$ 392,598		
Common Stock/Collective Funds	\$ 409,929		
Non-US Mutual Funds	\$ 15,714		
Total Fixed Income	\$ 818,241		
Money Market Mutual Funds	\$ 28,183		
Total Investments	\$ 1,531,765		
Cash and Cash Equivalents	\$ 23,226		
Total Burke Trust	\$ 1,554,991		

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution’s public entity deposit pool.

***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

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

**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

***Income Taxes***

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

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

**Note 6 - Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2020.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during the calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during the calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	2,014,301	1.50%
Total	\$2,014,301	

**Village of Bethel, Ohio**  
*Clermont County*  
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*For the Year Ended December 31, 2020*

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The Ohio Water Development Authority (OWDA) Water System Improvements Loan is for various upgrades to the Village’s water system. The Village will repay the loan in semiannual payments of \$ 77,545 including interest over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village established a fund to service the OWDA loan. The balance in the Water Infrastructure Replacement Fund at December 31, 2020 is \$14,910.

***Amortization***

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

2021	155,090				
2022	155,090				
2023	155,090				
2024	155,090				
2025	155,090				
2026-2030	775,450				
2031-2035	697,905				
Total	\$0	\$2,248,805	\$0	\$0	\$0

**Note 10 – Public Entity Risk Pool**

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

**Note 11 – Fiduciary Component Unit**

By will dated February 2, 1965, Edmund Glenn Burke established a trust for the Village of Bethel, for the benefit of the People of the Village of Bethel, in the amount of \$500,000. The trust stipulated that Mr. Burke’s sister would act as trustee for a period of twenty-one (21) years. Mr. Burke’s sister administered the trust under the provisions set forth in Mr. Burke’s Will, which provided for the distribution of accumulated interest to the Village of Bethel as requested by Bethel Council. Total distributions in any fiscal year shall be limited to earned income (less expenses of the trust). In addition, the trust contained a provision permitting invasion of the principal up to ten percent (10%). At that point, no further distributions could be made until the invaded principal had been repaid.

Upon the termination of this trust in 1986, the Council of the Village of Bethel created a new trust to be known as the Edmund Glenn Burke Community Trust to be administered by a financial institution as trustee. On November 21, 1986, \$546,845 in funds were transferred from Mr. Burke’s sister as original trustee to the Society National Bank as trustee.

The provisions of the 1986 trust were the same as the 1965 trust described above with two exceptions - (1) requests for distribution of interest would have to be approved by a trust commission; and (2) the principal may be invaded up to \$10,000 without affecting distributions. The purposes of the distributions from the

**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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trust were as follows:

- (1) to provide for the general welfare of the people;
- (2) to provide for the care and maintenance of the historic OLD CEMETERY otherwise known as The Early Settlers Burial Ground in the Village of Bethel, together with the constructions, acquisition and maintenance of suitable improvements and additions;
- (3) to provide for the care of maintenance of BURKE PARK in the Village of Bethel, together with the construction, acquisition and maintenance of suitable improvements and additions;
- (4) to provide for any and all municipal and Village purposes in the Village of Bethel, whenever such purposes and projections are approved by the governing body of the Village and certified by the highest official of the Village of Bethel, such as but not limited to public parks, schools, nurseries, hospitals, churches or any other public use; and
- (5) to provide scholarships for worthy and/or needy students from the Village of Bethel, as well as from other parts of Clermont County. The selection of the recipients of said scholarships shall be in the absolute discretion of the Council of the Village of Bethel.

The Distribution Commission shall consist of seven residents of the Village or Tate Township, selected for their knowledge of the needs of the inhabitants of the community. Members of said Commission shall be appointed by the Mayor and Village Council as follows:

- a. Upon the initial formation of the Trust, Village Council and the Mayor shall each alternately appoint one member to the Commission until all seven members are selected. Each member of the Commission shall serve a term of five (5) years, however, upon the initial formation of the Commission, the first two members so appointed shall serve a term of two (2) years, the third and fourth members appointed shall serve a term of three (3) years, the fifth and sixth members so appointed shall serve a term of four (4) years, and the seventh member so appointed shall serve a term of five (5) years.
- b. Upon the expiration of the term of each member, the Mayor and Village Council shall appoint one member to fill such expired term. Members may serve no more than two (2) five (5) year terms following his or her initial term, if such initial term is less than five (5) years.

Vacancies shall be filled for the unexpired term by the authority authorized to make the original appointment for such term. Should any member of the Distribution Commission cease to reside in the Village or Tate Township; said membership shall be deemed vacant. In the event any member of the Commission shall fail to attend meetings or actively participate in the proceedings of the Commission for a period of one year, then, upon a majority vote of the Commission, said member may be deemed as having resigned from the Distribution Commission.

The Distribution Commission shall keep complete minutes and records of its proceedings and of its instructions for applying the funds of the Trust, which shall be filed with the Clerk of the Village and open to inspection at all reasonable times. All meetings of the Distribution Commission shall be held at the Village Municipal Building, shall be publicly posted in the same manner as meetings of Village Council, and shall be open to the public unless a majority of the members determine that the subject matter of the

**Village of Bethel, Ohio**  
*Clermont County*  
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*For the Year Ended December 31, 2020*

meeting requires confidentiality. Nothing in the foregoing shall be construed to imply that the Distribution Commission is a public body subject to the provisions of R.C. 121.22. Neither the Mayor nor a member of Village Council may serve on the Distribution Commission.

The Distribution Commission shall affirmatively vote on all distributions or grants from the Trust, which shall be taken by roll call vote and recorded in the meeting minutes. The Bank Trustee is authorized to act only upon written authorization of the Chairperson of the Distribution Commission. The Distribution Commission shall meet at least once per year with the Bank Trustee to review the financial status of the Trust funds. The Distribution Commission shall give notice of such meeting to the Fiscal Officer of the Village, who may attend and participate in such meeting.

**NOTE 12 - INTERFUND TRANSACTIONS**

The following is a summarized breakdown of the Village’s operating transfers for 2020:

<u>2019</u>			<b>Transfers In</b>		<b>Transfers Out</b>
<u>General Fund</u>					\$193,316.00
<u>Restricted Funds</u>					
Police Operating Fund			\$ 193,316.00		
<u>Enterprise Funds:</u>					
Water Operating			\$ -		\$ 263,100
Electric Operating			-		60,000
Water Enterprise Improvement Fund			108,000		-
Electric Enterprise Improvement Fund			60,000		-
Water Infrastructure Replacement			155,100		-
Total Enterprise Funds			\$ 516,416		\$ 516,416

All transfers made in 2020 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 13 – FUND BALANCES**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

**Village of Bethel, Ohio**  
*Clermont County*  
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*For the Year Ended December 31, 2020*

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Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Nonspendable:						\$0
Unclaimed Monies	\$4,133					4,133
Corpus						0
Outstanding Encumbrances	456	4,095	0	0	5,488	10,039
<i>Total</i>	<u>\$4,589</u>	<u>\$4,095</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,488</u>	<u>\$14,172</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLES**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. The effect of this change restated beginning cash balance in the Discrete Component Unit – Burke Trust from \$1,522,0136 to \$0, and in the Fiduciary Fund – Other Custodial Type from \$5,764 to \$1,527,778.

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. (*customize as needed*) In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



**Village of Bethel, Ohio**  
*Clermont County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	Governmental Fund Types			Component Unit
	General	Special Revenue	Totals (Memorandum Only)	Burke Trust
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$156,075	\$113,953	\$270,028	\$0
Municipal Income Tax	84,553	64,509	149,062	0
Intergovernmental	97,472	131,856	229,328	0
Charges for Services	169,195	0	169,195	0
Fines, Licenses and Permits	99,474	6,460	105,934	0
Earnings on Investments	48,480	3,630	52,110	44,305
Miscellaneous	3,143	15,311	18,454	79
<i>Total Cash Receipts</i>	<u>658,392</u>	<u>335,719</u>	<u>994,111</u>	<u>44,384</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	0	548,090	548,090	0
Public Health Services	5,700	0	5,700	0
Leisure Time Activities	21,373	0	21,373	0
Community Environment	11,217	0	11,217	0
Transportation	0	102,206	102,206	0
General Government	256,148	25,856	282,004	0
Capital Outlay	0	19,174	19,174	0
Other - Grants and Scholarships	0	0	0	73,740
<i>Total Cash Disbursements</i>	<u>294,438</u>	<u>695,326</u>	<u>989,764</u>	<u>73,740</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>363,954</u>	<u>(359,607)</u>	<u>4,347</u>	<u>(29,356)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Gain on Sale of Investment	0	0	0	260,132
Loss on Sale of Investment	0	0	0	(219,465)
Trust Funds Administrative Fees	0	0	0	(15,176)
Loss on Fixed Income	0	0	0	(1,725)
Sale of Capital Assets	0	4,503	4,503	0
Transfers In	0	470,991	470,991	0
Transfers Out	(470,991)	0	(470,991)	0
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(470,991)</u>	<u>475,494</u>	<u>4,503</u>	<u>23,766</u>
<i>Net Change in Fund Cash Balances</i>	<u>(107,037)</u>	<u>115,887</u>	<u>8,850</u>	<u>(5,590)</u>
<i>Fund Cash Balances, January 1</i>	<u>643,271</u>	<u>583,236</u>	<u>1,226,507</u>	<u>1,527,604</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	0	0	0	0
Restricted	0	699,123	699,123	1,522,014
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned (Deficit)	536,234	0	536,234	0
<i>Fund Cash Balances, December 31</i>	<u>\$536,234</u>	<u>\$699,123</u>	<u>\$1,235,357</u>	<u>\$1,522,014</u>

See accompanying notes to the basic financial statements

**Village of Bethel, Ohio**

Clermont County

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

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2019

	Proprietary Fund Types		Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)	
<b>Operating Cash Receipts</b>					
Charges for Services	\$3,797,572	\$0	\$0	\$3,797,572	
Fines, Licenses and Permits	1,500	88,916	0	90,416	
Miscellaneous	13,905	0	0	13,905	
<i>Total Operating Cash Receipts</i>	<u>3,812,977</u>	<u>88,916</u>	<u>0</u>	<u>3,901,893</u>	
<b>Operating Cash Disbursements</b>					
Personal Services	468,188	0	0	468,188	
Employee Fringe Benefits	269,727	0	0	269,727	
Contractual Services	2,693,488	0	0	2,693,488	
Supplies and Materials	76,843	0	0	76,843	
Claims	0	0	0	0	
Other	258,895	89,961	0	348,856	
<i>Total Operating Cash Disbursements</i>	<u>3,767,141</u>	<u>89,961</u>	<u>0</u>	<u>3,857,102</u>	
<i>Operating Income (Loss)</i>	<u>45,836</u>	<u>(1,045)</u>	<u>0</u>	<u>44,791</u>	
<b>Non-Operating Receipts (Disbursements)</b>					
Property and Other Local Taxes	100,306	0	0	100,306	
Intergovernmental	14,171	0	0	14,171	
Miscellaneous Receipts	0	0	101,690	101,690	
Capital Outlay	(1,208)	0	0	(1,208)	
Principal Retirement	(121,653)	0	0	(121,653)	
Interest and Other Fiscal Charges	(33,437)	0	0	(33,437)	
Other Financing Uses	0	0	(100,740)	(100,740)	
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(41,821)</u>	<u>0</u>	<u>950</u>	<u>(40,871)</u>	
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>4,015</u>	<u>(1,045)</u>	<u>950</u>	<u>3,920</u>	
Transfers In	323,000	0	0	323,000	
Transfers Out	(323,000)	0	0	(323,000)	
<i>Net Change in Fund Cash Balances</i>	<u>4,015</u>	<u>(1,045)</u>	<u>950</u>	<u>3,920</u>	
<i>Fund Cash Balances, January 1</i>	<u>2,041,433</u>	<u>6,809</u>	<u>20,417</u>	<u>2,068,659</u>	
<i>Fund Cash Balances, December 31</i>	<u>\$2,045,448</u>	<u>\$5,764</u>	<u>\$21,367</u>	<u>\$2,072,579</u>	

See accompanying notes to the basic financial statements

**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 - Reporting Entity**

The Village of Bethel (the Village), Clermont County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, garbage and electric utilities, park operations, and police services. The Edmund G. Burke Community Trust is a discretely presented component unit of the Village of Bethel (See Note 11).

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

Street and Bridge Fund – This fund receives property tax money for the purpose of general construction, reconstruction, resurfacing and repair of streets, roads and bridges.

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

***Capital Projects Funds***

These funds account for and report financial resources that are restricted, committed, or assigned to expenditures or capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Funds:

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

**Village of Bethel, Ohio**  
*Clermont County*  
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***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

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

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

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

The Village’s private purpose trust fund is for the benefit of scholarship recipients.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village’s agency funds account for mayor’s court.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

**Village of Bethel, Ohio**  
*Clermont County*  
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**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

**Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values donated common stock, preferred stock, fixed income equity securities and mutual funds at cost. Money market mutual funds (including Star Ohio) are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Capital Assets**

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

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

**Restricted** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

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

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

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

***Interfund Transactions***

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Residual equity transfers are nonrecurring or non-routine transfers of equity between funds.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$646,700	\$658,392	\$11,692
Special Revenue	810,875	811,213	338
Enterprise	4,233,234	4,250,454	17,220
Private Purpose Trust	101,690	101,690	0
Total	\$5,792,499	\$5,821,749	\$29,250

**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$924,262	\$765,886	\$158,376
Special Revenue	946,074	733,146	212,928
Enterprise	4,879,990	4,258,549	621,441
Private Purpose Trust	125,589	100,740	24,849
Total	\$6,875,915	\$5,858,321	\$1,017,594

**Note 4 – Deposits and Investments**

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

	2019
Demand deposits	\$1,967,109
Certificates of deposit	203,808
Total deposits	2,170,917
STAR Ohio	1,137,019
Total investments	1,137,019
Total deposits and investments	\$3,307,936

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

	2019	
Mutual Funds	\$ 382,391	
Fixed Income Equity Securities	\$ 740,982	
Money Market Mutual Funds	\$ 65,137	
Common Stock	\$ 333,504	
Total Investments	\$ 1,522,014	

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Village of Bethel, Ohio**  
*Clermont County*  
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***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

Beginning July 1, 2019, the Village had a municipal income tax of 0.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 - Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property



**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

**Note 8 - Postemployment Benefits**

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

**Village of Bethel, Ohio**  
*Clermont County*  
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*For the Year Ended December 31, 2019*

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	2,137,785	1.50%
Total	\$2,137,785	

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

The Village established a fund to service the OWDA loan. The balance in the Water Infrastructure Replacement Fund at December 31, 2019 is \$156,345.

***Amortization***

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

2020	155,090				
2021	155,090				
2022	155,090				
2023	155,090				
2024	155,090				
2025-2029	775,450				
2030-2034	775,450				
2035	77,545				
Total	\$0	\$2,403,895	\$0	\$0	\$0

**Note 10 – Public Entity Risk Pool**

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

**Note 11 – Discretely Presented Component Unit**

By will dated February 2, 1965, Edmund Glenn Burke established a trust for the Village of Bethel, for the benefit of the People of the Village of Bethel, in the amount of \$500,000. The trust stipulated that Mr. Burke’s sister would act as trustee for a period of twenty-one (21) years. Mr. Burke’s sister administered the trust under the provisions set forth in Mr. Burke’s Will, which provided for the distribution of accumulated interest to the Village of Bethel as requested by Bethel Council. Total distributions in any fiscal year shall be limited to earned income (less expenses of the trust). In addition, the trust contained a provision permitting invasion of the principal up to ten percent (10%). At that point, no further distributions could be made until the invaded principal had been repaid.

**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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Upon the termination of this trust in 1986, the Council of the Village of Bethel created a new trust to be known as the Edmund Glenn Burke Community Trust to be administered by a financial institution as trustee. On November 21, 1986, \$546,845 in funds were transferred from Mr. Burke's sister as original trustee to the Society National Bank as trustee.

The provisions of the 1986 trust were the same as the 1965 trust described above with two exceptions - (1) requests for distribution of interest would have to be approved by a trust commission; and (2) the principal may be invaded up to \$10,000 without affecting distributions. The purposes of the distributions from the trust were as follows:

- (1) to provide for the general welfare of the people;
- (2) to provide for the care and maintenance of the historic OLD CEMETERY otherwise known as The Early Settlers Burial Ground in the Village of Bethel, together with the constructions, acquisition and maintenance of suitable improvements and additions;
- (3) to provide for the care of maintenance of BURKE PARK in the Village of Bethel, together with the construction, acquisition and maintenance of suitable improvements and additions;
- (4) to provide for any and all municipal and Village purposes in the Village of Bethel, whenever such purposes and projections are approved by the governing body of the Village and certified by the highest official of the Village of Bethel, such as but not limited to public parks, schools, nurseries, hospitals, churches or any other public use; and
- (5) to provide scholarships for worthy and/or needy students from the Village of Bethel, as well as from other parts of Clermont County. The selection of the recipients of said scholarships shall be in the absolute discretion of the Council of the Village of Bethel.

The Distribution Commission shall consist of seven residents of the Village or Tate Township, selected for their knowledge of the needs of the inhabitants of the community. Members of said Commission shall be appointed by the Mayor and Village Council as follows:

- a. Upon the initial formation of the Trust, Village Council and the Mayor shall each alternately appoint one member to the Commission until all seven members are selected. Each member of the Commission shall serve a term of five (5) years, however, upon the initial formation of the Commission, the first two members so appointed shall serve a term of two (2) years, the third and fourth members appointed shall serve a term of three (3) years, the fifth and sixth members so appointed shall serve a term of four (4) years, and the seventh member so appointed shall serve a term of five (5) years.
- b. Upon the expiration of the term of each member, the Mayor and Village Council shall appoint one member to fill such expired term. Members may serve no more than two (2) five (5) year terms following his or her initial term, if such initial term is less than five (5) years.

Vacancies shall be filled for the unexpired term by the authority authorized to make the original appointment for such term. Should any member of the Distribution Commission cease to reside in the Village or Tate Township; said membership shall be deemed vacant. In the event any member of the Commission shall fail to attend meetings or actively participate in the proceedings of the Commission for

**Village of Bethel, Ohio**  
*Clermont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

a period of one year, then, upon a majority vote of the Commission, said member may be deemed as having resigned from the Distribution Commission.

The Distribution Commission shall keep complete minutes and records of its proceedings and of its instructions for applying the funds of the Trust, which shall be filed with the Clerk of the Village and open to inspection at all reasonable times. All meetings of the Distribution Commission shall be held at the Village Municipal Building, shall be publicly posted in the same manner as meetings of Village Council, and shall be open to the public unless a majority of the members determine that the subject matter of the meeting requires confidentiality. Nothing in the foregoing shall be construed to imply that the Distribution Commission is a public body subject to the provisions of R.C. 121.22. Neither the Mayor nor a member of Village Council may serve on the Distribution Commission.

The Distribution Commission shall affirmatively vote on all distributions or grants from the Trust, which shall be taken by roll call vote and recorded in the meeting minutes. The Bank Trustee is authorized to act only upon written authorization of the Chairperson of the Distribution Commission. The Distribution Commission shall meet at least once per year with the Bank Trustee to review the financial status of the Trust funds. The Distribution Commission shall give notice of such meeting to the Fiscal Officer of the Village, who may attend and participate in such meeting.

**NOTE 12 - INTERFUND TRANSACTIONS**

The following is a summarized breakdown of the Village's operating transfers for 2019:

<b>2019</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<u>General Fund</u>		\$470,991.00
<u>Restricted Funds</u>		
Police Operating Fund	\$ 470,991.00	
<u>Enterprise Funds:</u>		
Water Operating	\$ -	\$ 243,000
Electric Operating	-	80,000
Water Enterprise Improvement Fund	108,000	-
Electric Enterprise Improvement Fund	80,000	-
Water Infrastructure Replacement	135,000	-
Total Enterprise Funds	<u>\$ 793,991</u>	<u>\$ 793,991</u>

All transfers made in 2019 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and of each governmental, proprietary and fiduciary fund type and the discretely presented component unit as of and for the year ended December 31, 2019 of the Village of Bethel, Clermont County, (the Village), and the related notes to the financial statements and have issued our report thereon dated September 25, 2023, 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. We also noted the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

**Village's Response to Finding**

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
September 25, 2023

VILLAGE OF BETHEL  
CLERMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-001

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatements, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

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

- In 2020, an Ohio Public Works Commission (OPWC) grant was classified as Charges for Services instead of Intergovernmental Revenue in the amount of \$174,383 in the Capital Projects Fund.
- In 2020, a park grant reimbursement was classified as Miscellaneous Revenue instead of Intergovernmental in the amount of \$20,000 in the General Fund.
- In 2020, CARES Act Fund expenditures were classified as Other Financing Uses instead of into the proper expenditure classifications totaling \$253,665.
- In 2019, the Burke Trust Fund Component Unit activity was omitted from the financial statements as a discretely presented component unit. The following line items were understated:

Opening Fund Balance - \$1,527,604, Interest Revenue - \$44,304, Miscellaneous Revenue - \$79, Gain on Sale of Investments - \$260,132, Other Expenditures - Grants and Scholarships - \$73,740, Loss of Sale of Investments - \$219,465, Capital Loss on Fixed Income Funds - \$1,725, and Trust Funds Administrative Fees \$15,176.

- In 2020, Unclaimed funds were included in fiduciary funds instead of the General Fund as required by Governmental Accounting Standards Board Statement 54, understating the General Fund balance and overstating the Fiduciary fund balance by \$4,133.
- In 2020, the Burke Trust Fund Component Unit activity was omitted from the financial statements as a Fiduciary Component Unit. The Fiduciary Funds were understated as follows:

Opening Fund Balance - \$1,522,013, Additions - Interest Revenue - \$38,115, Deductions - Other - Grants and Scholarships - \$59,685, Additions - Net Gain on Sale of Investments - \$71,155, Additions - Net Loss on Sale of Fixed Income - \$748, and Deductions - Trust Funds Administrative Fees - \$15,861.

The financial statements and accounting records, where applicable, have been adjusted for these errors.

The Village did not have procedures in place for effective monitoring of the Village's financial activity, and the accuracy of accounting and financial reporting. The Village Fiscal Officer has sole responsibility over accounting and reporting. Due to the small size of the Village, it is important that Council take an active role

**FINDING NUMBER 2020-001**  
**(continued)**

in monitoring the posting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

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

**Officials' Response:**

UAN shows that the OPWC revenue in 2020 was recorded on line 4201-519 for general government contracts. The reasoning was that the OPWC pays the contractors directly and the fund is used to show the value of the grant on the annual financial report.

It appears that the UAN system does not have the capability to include the Burke Trust component unit with the annual financial report, which I was not aware of. I did complete the component unit information for both 2019 and 2020 in the UAN, which is all I can do.



VILLAGE OF BETHEL  
CLERMONT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2018-001	Financial Reporting Errors	No	Not Corrected; Repeated as Finding 2020-001



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF BETHEL**

**CLERMONT COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/17/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)