



Mary Taylor, CPA
Auditor of State

**VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY**

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CUYAHOGA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Bentleyville
Cuyahoga County
6253 Chagrin River Road
Bentleyville, Ohio 44022

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Bentleyville, Cuyahoga County, Ohio (the Village), as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Bentleyville, Cuyahoga County, Ohio, as of December 31, 2008 and December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General and Street Construction, Maintenance and Repair Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

November 20, 2009

**VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY
Management's Discussion and Analysis
December 31, 2008 and 2007
Unaudited**

This discussion and analysis of the financial performance of the Village of Bentleyville, Cuyahoga County, Ohio, (the Village) provides an overall review of the Village's financial activities for the years ended December 31, 2008 and December 31, 2007, within the limitations of the Village's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2008 and 2007 are as follows:

- Net assets of governmental activities increased \$6,915 or .5 percent during 2007 and increased \$211,301 or 14 percent during 2008. While 2007 saw a minimal change, the most significant increase in 2008 cash and cash equivalents was the General Fund, which had an increase in fund balance of \$90,032, while the Other Governmental Funds had an \$118,737 increase in fund balance during 2008. However, this increase was the result of a transfer from the General fund.
- The Village's general receipts are primarily property and income taxes. During 2008 and 2007, these receipts represent 74 and 78 percent, respectively, of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**VILLAGE OF BENTLEYVILLE
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(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village performed financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we express the Village's activities as the following:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds, not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General and Street Construction, Maintenance and Repair funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**VILLAGE OF BENTLEYVILLE
 CUYAHOGA COUNTY
 Management's Discussion and Analysis
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 (Continued)**

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 and 2007 compared to 2006 on a cash basis:

(Table 1)
Governmental Net Assets

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,727,646</u>	<u>\$1,516,345</u>	<u>\$1,509,430</u>
Total Assets	<u><u>\$1,727,646</u></u>	<u><u>\$1,516,345</u></u>	<u><u>\$1,509,430</u></u>
Net Assets			
Restricted for:			
Debt Service	\$189,349	\$61,110	\$105,655
Capital Projects	91,722	96,842	52,639
Other Purposes	277,893	279,743	283,651
Unrestricted	<u>1,168,682</u>	<u>1,078,650</u>	<u>1,067,485</u>
Total Net Assets	<u><u>\$1,727,646</u></u>	<u><u>\$1,516,345</u></u>	<u><u>\$1,509,430</u></u>

Net assets of governmental activities increased \$6,915 or .5 percent during 2007 and increased \$211,301 or 14 percent during 2008. The primary reason contributing to the increases in cash balances during 2007 and 2008 was due to the increase of income tax revenue and the reduction of expenditures over the 2 year period.

**VILLAGE OF BENTLEYVILLE
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 Management's Discussion and Analysis
 December 31, 2008 and 2007
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Table 2 reflects components of the changes in net assets in 2008, 2007 and 2006.

(Table 2)
Changes in Governmental Net Assets

	2008	2007	2006
Receipts:			
Program Receipts:			
Charges for Services	\$54,153	\$34,957	\$48,264
Operating Grants and Contributions	56,986	1,200	0
Capital Grants and Special Assessments	123,576	120,787	117,159
Total Program Receipts	<u>234,715</u>	<u>156,944</u>	<u>165,423</u>
General Receipts:			
Property Taxes	430,028	427,447	398,246
Municipal Income Taxes	1,113,442	951,798	933,441
Grants and Entitlements Not Restricted to Specific Programs	162,352	121,654	115,789
Interest	64,192	72,940	60,275
Miscellaneous	67,871	26,833	22,005
Total General Receipts	<u>1,837,885</u>	<u>1,600,672</u>	<u>1,529,756</u>
Total Receipts	<u>2,072,600</u>	<u>1,757,616</u>	<u>1,695,179</u>
Disbursements:			
General Government	581,470	427,659	379,129
Security of Persons and Property	613,367	639,540	676,749
Leisure Time Activities	5,153	3,345	5,769
Basic Utilities	65,711	61,072	58,401
Transportation	235,117	220,227	162,351
Capital Outlay	143,294	174,087	137,422
Principal Retirement	147,495	146,070	139,723
Interest and Fiscal Charges	69,692	78,700	85,513
Total Disbursements	<u>1,861,299</u>	<u>1,750,700</u>	<u>1,645,057</u>
Increase (Decrease) in Net Assets	211,301	6,916	50,122
Net Assets, January 1	<u>1,516,345</u>	<u>1,509,429</u>	<u>1,459,308</u>
Net Assets, December 31	<u>\$1,727,646</u>	<u>\$1,516,345</u>	<u>\$1,509,430</u>

Program receipts of governmental activities represent 9 percent in 2007 and 11 percent in 2008 of total receipts and are primarily comprised of building permits and inspection fees and special assessments.

General receipts of governmental activities represent 91 percent in 2007 and 89 percent in 2008 of the Village's total receipts, and of these amounts, 86 percent and 84 percent are property taxes and income taxes, for 2007 and 2008, respectively. State and federal grants and entitlements make up the balance of the Village's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of mayor, council and finance departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

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Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of maintaining the parks and playing fields; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on pages 10 and 18, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Security of Persons and Property; General Government; and Transportation. The next three columns of the Statement, titled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers and other sources. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost Of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2008	2008	2007	2007	2006	2006
General Government	\$581,470	(\$564,693)	\$427,659	(\$396,148)	\$379,129	(\$378,858)
Security of Persons and Prop.	613,367	(576,891)	639,540	(636,094)	676,749	(638,173)
Public Health Services	0	0	0	0	0	7,657
Leisure Time Activities	5,153	(5,153)	3,345	(3,345)	5,769	(5,769)
Community Environment	0	0	0	1,200	0	0
Basic Utilities	65,711	(64,211)	61,072	(61,072)	58,401	(56,901)
Transportation	235,117	(235,117)	220,227	(220,227)	162,351	(162,091)
Capital Outlay	143,294	(86,908)	174,087	(174,087)	137,422	(137,422)
Principal Retirement	147,495	(23,919)	146,070	(25,283)	139,723	(22,564)
Interest and Fiscal Charges	69,692	(69,692)	78,700	(78,700)	85,513	(85,513)
Total Expenses	\$1,861,299	(\$1,626,584)	\$1,750,700	(\$1,593,756)	\$1,645,057	(\$1,479,634)

The dependence upon property and income tax receipts is apparent as 83 percent of governmental activities were supported through these general receipts during 2008 and 79 percent during 2007.

**VILLAGE OF BENTLEYVILLE
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The Government's Funds

In 2008, total governmental funds had receipts of \$2,072,600 and disbursements of \$1,861,299 resulting in an increase of \$211,301. The greatest change within governmental funds occurred within the General fund. The fund balance of the General fund increased \$295,813 as the result of an increase in income tax revenue.

In 2007, total governmental funds had general receipts of \$1,757,616 and disbursements of \$1,750,700 resulting in an increase of \$6,916. The greatest change was in the Other Governmental funds as the result of the purchase of a police vehicle.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2008 and 2007, the Village amended its General Fund budget to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

During 2008, final General fund disbursements were budgeted at \$1,504,456 while actual disbursements were \$1,495,827. During 2007, final General fund disbursements were budgeted at \$1,390,644 while actual disbursements were \$1,378,619. The Village kept spending fairly close to budgeted amounts as demonstrated by the minor reported variances.

Capital Assets and Debt Administration

Capital Assets

The Village maintains a listing of its capital assets and infrastructure for insurance purposes. These records are not required to be presented in the financial statements.

Debt

At December 31, 2008 and December 31, 2007, the Village's outstanding debt was \$1,200,851 and \$1,348,346, respectively, consisting of general obligation bonds, special assessment bonds, Ohio Water Development Authority loans, and Ohio Public Works Commission loans. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Bernice Schreiber, Fiscal Officer, Village of Bentleyville, 6253 Chagrin River Road, Bentleyville, Ohio 44022.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,727,646</u>
<i>Total Assets</i>	<u><u>\$1,727,646</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$189,349
Debt Service	91,722
Other Purposes	277,893
Unrestricted	<u>1,168,682</u>
<i>Total Net Assets</i>	<u><u>\$1,727,646</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Special Assessments	Governmental Activities
Governmental Activities					
General Government	\$581,470	\$16,777			(\$564,693)
Security of Persons and Property	613,367	35,876	\$600		(576,891)
Leisure Time Activities	5,153				(5,153)
Basic Utility Services	65,711	1,500			(64,211)
Transportation	235,117				(235,117)
Capital Outlay	143,294		56,386		(86,908)
Debt Service:					
Principal Retirement	147,495			\$123,576	(23,919)
Interest and Fiscal Charges	69,692				(69,692)
Total Governmental Activities	<u>\$1,861,299</u>	<u>\$54,153</u>	<u>\$56,986</u>	<u>\$123,576</u>	<u>(1,626,584)</u>
		General Receipts:			
		Property Taxes Levied for:			
		General Purposes			430,028
		Municipal Income Taxes			1,113,442
		Grants and Entitlements not Restricted to Specific Programs			162,352
		Interest			64,192
		Miscellaneous			67,871
		Total General Receipts			<u>1,837,885</u>
		Change in Net Assets			211,301
		<i>Net Assets, Beginning of Year</i>			<u>1,516,345</u>
		<i>Net Assets, End of Year</i>			<u>\$1,727,646</u>

See accompanying notes to the basic financial statements

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Street Construction, Maintenance and Repair Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,168,682	\$175,729	\$383,235	\$1,727,646
<i>Total Assets</i>	<u>\$1,168,682</u>	<u>\$175,729</u>	<u>\$383,235</u>	<u>\$1,727,646</u>
Fund Balances				
Unreserved:				
Undesignated Reported in:				
General Fund	\$1,168,682			\$1,168,682
Special Revenue Funds		\$175,729	\$102,164	277,893
Debt Service Fund			91,722	91,722
Capital Projects Funds			189,349	189,349
<i>Total Fund Balances</i>	<u>\$1,168,682</u>	<u>\$175,729</u>	<u>\$383,235</u>	<u>\$1,727,646</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY**

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2008

	General	Street Construction, Maintenance and Repair Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$1,113,442			\$1,113,442
Property and Other Local Taxes	380,685	\$49,343		430,028
Charges for Services	3,593		\$1,500	5,093
Fines, Licenses and Permits	49,060			49,060
Intergovernmental	121,914	40,438	56,986	219,338
Special Assessments			123,576	123,576
Interest	55,575	8,617		64,192
Miscellaneous	67,371		500	67,871
<i>Total Receipts</i>	<u>1,791,640</u>	<u>98,398</u>	<u>182,562</u>	<u>2,072,600</u>
Disbursements				
Current:				
General Government	576,758		4,712	581,470
Security of Persons and Property	613,367			613,367
Community Environment			5,153	5,153
Basic Utility Services	65,711			65,711
Transportation	216,830	18,287		235,117
Capital Outlay	23,161	77,579	42,554	143,294
Debt Service:				
Principal Retirement			147,495	147,495
Interest and Fiscal Charges			69,692	69,692
<i>Total Disbursements</i>	<u>1,495,827</u>	<u>95,866</u>	<u>269,606</u>	<u>1,861,299</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>295,813</u>	<u>2,532</u>	<u>(87,044)</u>	<u>211,301</u>
Other Financing Sources (Uses)				
Transfers In			252,245	252,245
Transfers Out	(252,245)			(252,245)
Other Financing Sources	46,464			46,464
Other Financing Uses			(46,464)	(46,464)
<i>Total Other Financing Sources (Uses)</i>	<u>(205,781)</u>	<u>0</u>	<u>205,781</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	90,032	2,532	118,737	211,301
<i>Fund Balances, Beginning of Year</i>	<u>1,078,650</u>	<u>173,197</u>	<u>264,498</u>	<u>1,516,345</u>
<i>Fund Balances, End of Year</i>	<u>\$1,168,682</u>	<u>\$175,729</u>	<u>\$383,235</u>	<u>\$1,727,646</u>

See accompanying notes to the basic financial statements

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$883,516	\$906,707	\$1,113,442	\$206,735
Property and Other Local Taxes	294,503	302,236	380,685	78,449
Charges for Services	2,805	2,878	3,593	715
Fines, Licenses and Permits	37,865	38,859	49,060	10,201
Intergovernmental	98,168	100,745	121,914	21,169
Interest	43,468	45,224	55,575	10,351
Miscellaneous	42,072	42,569	67,371	24,802
<i>Total receipts</i>	<u>1,402,397</u>	<u>1,439,218</u>	<u>1,791,640</u>	<u>352,422</u>
Disbursements				
Current:				
General Government	470,091	580,191	576,758	3,433
Security of Persons and Property	639,889	614,890	613,367	1,523
Basic Utility Services	68,000	67,000	65,711	1,289
Transportation	204,875	217,375	216,830	545
Capital Outlay	25,000	25,000	23,161	1,839
<i>Total Disbursements</i>	<u>1,407,855</u>	<u>1,504,456</u>	<u>1,495,827</u>	<u>8,629</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,458)</u>	<u>(65,238)</u>	<u>295,813</u>	<u>361,051</u>
Other Financing Sources (Uses)				
Transfers Out	(102,272)	(252,245)	(252,245)	
Advances In	46,464	46,464	46,464	
<i>Total Other Financing Sources (Uses)</i>	<u>(55,808)</u>	<u>(205,781)</u>	<u>(205,781)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(61,266)	(271,019)	90,032	361,051
<i>Fund Balance Beginning of Year</i>	1,053,650	1,053,650	1,053,650	
Prior Year Encumbrances Appropriated	25,000	25,000	25,000	
<i>Fund Balance End of Year</i>	<u>\$1,017,384</u>	<u>\$807,631</u>	<u>\$1,168,682</u>	<u>\$361,051</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street, Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$41,203	\$44,115	\$49,343	\$5,228
Intergovernmental	33,124	35,465	40,438	4,973
Interest	6,463	6,920	8,617	1,697
<i>Total receipts</i>	<u>80,790</u>	<u>86,500</u>	<u>98,398</u>	<u>11,898</u>
Disbursements				
Current:				
Transportation	34,375	18,335	18,287	48
Capital Outlay	146,546	77,786	77,579	207
<i>Total Disbursements</i>	<u>180,921</u>	<u>96,121</u>	<u>95,866</u>	<u>255</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(100,131)</u>	<u>(9,621)</u>	<u>2,532</u>	<u>12,153</u>
<i>Net Change in Fund Balance</i>	(100,131)	(9,621)	2,532	12,153
<i>Fund Balance, Beginning of Year</i>	168,397	168,397	168,397	
Prior Year Encumbrances Appropriated	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	
<i>Fund Balance, End of Year</i>	<u><u>\$73,066</u></u>	<u><u>\$163,576</u></u>	<u><u>\$175,729</u></u>	<u><u>\$12,153</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2008

Assets	
Equity in Pooled Cash and Cash Equivalents	\$84,712
<i>Total Assets</i>	<u>\$84,712</u>
Net Assets	
Unrestricted	<u>\$84,712</u>

See accompanying notes to the basic financial statements

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VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,516,345</u>
<i>Total Assets</i>	<u><u>\$1,516,345</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$61,110
Debt Service	96,842
Other Purposes	279,743
Unrestricted	<u>1,078,650</u>
<i>Total Net Assets</i>	<u><u>\$1,516,345</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Special Assessments	Governmental Activities
Governmental Activities					
General Government	\$427,659	\$31,511			(\$396,148)
Security of Persons and Property	639,540	3,446			(636,094)
Leisure Time Activities	3,345				(3,345)
Community Environment			\$1,200		1,200
Basic Utility Services	61,072				(61,072)
Transportation	220,227				(220,227)
Capital Outlay	174,087				(174,087)
Debt Service:					
Principal Retirement	146,070			\$120,787	(25,283)
Interest and Fiscal Charges	78,700				(78,700)
Total Governmental Activities	\$1,750,700	\$34,957	\$1,200	\$120,787	(1,593,756)
General Receipts					
Property Taxes Levied for:					
					427,447
					951,798
					121,654
					72,940
					26,833
					Total General Receipts
					1,600,672
					6,916
					Net Assets, Beginning of Year
					1,509,429
					Net Assets, End of Year
					\$1,516,345

See accompanying notes to the basic financial statements

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,078,650	\$173,197	\$264,498	\$1,516,345
<i>Total Assets</i>	<u>\$1,078,650</u>	<u>\$173,197</u>	<u>\$264,498</u>	<u>\$1,516,345</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$25,000	\$4,800	\$29,583	\$59,383
Undesignated (Deficit), Reported in:				
General Fund	1,053,650			1,053,650
Special Revenue Funds		168,397	103,075	271,472
Debt Service Fund			96,842	96,842
Capital Projects Funds			34,998	34,998
<i>Total Fund Balances</i>	<u>\$1,078,650</u>	<u>\$173,197</u>	<u>\$264,498</u>	<u>\$1,516,345</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007*

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$951,798			\$951,798
Property and Other Local Taxes	378,839	\$48,608		427,447
Charges for Services	4,369			4,369
Fines, Licenses and Permits	30,588			30,588
Intergovernmental	75,599	46,055	\$1,200	122,854
Special Assessments			120,787	120,787
Interest	63,168	9,772		72,940
Miscellaneous	26,833			26,833
<i>Total Receipts</i>	<u>1,531,194</u>	<u>104,435</u>	<u>121,987</u>	<u>1,757,616</u>
Disbursements				
Current:				
General Government	427,659			427,659
Security of Persons and Property	639,540			639,540
Leisure Time Activities			3,345	3,345
Basic Utility Services	61,072			61,072
Transportation	189,304	30,923		220,227
Capital Outlay	36,044	43,319	94,724	174,087
Debt Service:				
Principal Retirement			146,070	146,070
Interest and Fiscal Charges			78,700	78,700
<i>Total Disbursements</i>	<u>1,353,619</u>	<u>74,242</u>	<u>322,839</u>	<u>1,750,700</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>177,575</u>	<u>30,193</u>	<u>(200,852)</u>	<u>6,916</u>
Other Financing Sources (Uses)				
Transfers In			119,946	119,946
Transfers Out	(119,946)			(119,946)
Other Financing Sources			46,464	46,464
Other Financing Uses	(46,464)			(46,464)
<i>Total Other Financing Sources (Uses)</i>	<u>(166,410)</u>	<u>0</u>	<u>166,410</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	11,165	30,193	(34,442)	6,916
<i>Fund Balances, Beginning of Year</i>	<u>1,067,485</u>	<u>143,004</u>	<u>298,940</u>	<u>1,509,429</u>
<i>Fund Balances, End of Year</i>	<u>\$1,078,650</u>	<u>\$173,197</u>	<u>\$264,498</u>	<u>\$1,516,345</u>

See accompanying notes to the basic financial statements

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$960,600	\$960,600	\$951,798	(\$8,802)
Property and Other Local Taxes	381,214	381,214	378,839	(2,375)
Charges for Services	4,575	4,575	4,369	(206)
Fines, Licenses and Permits	27,752	27,752	30,588	2,836
Intergovernmental	76,243	76,243	75,599	(644)
Interest	60,994	60,994	63,168	2,174
Miscellaneous	13,419	13,419	26,833	13,414
<i>Total Receipts</i>	<u>1,524,797</u>	<u>1,524,797</u>	<u>1,531,194</u>	<u>6,397</u>
Disbursements				
Current:				
General Government	419,169	432,000	427,659	4,341
Security of Persons and Property	712,163	668,000	664,540	3,460
Basic Utility Services	61,072	62,000	61,072	928
Transportation	175,970	192,600	189,304	3,296
Capital Outlay	36,044	36,044	36,044	
<i>Total Disbursements</i>	<u>1,404,418</u>	<u>1,390,644</u>	<u>1,378,619</u>	<u>12,025</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>120,379</u>	<u>134,153</u>	<u>152,575</u>	<u>18,422</u>
Other Financing Sources (Uses)				
Transfers Out	(95,171)	(119,946)	(119,946)	
Advances Out		(46,464)	(46,464)	
<i>Total Other Financing Sources (Uses)</i>	<u>(95,171)</u>	<u>(166,410)</u>	<u>(166,410)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	25,208	(32,257)	(13,835)	18,422
<i>Fund Balance, Beginning of Year</i>	<u>1,067,485</u>	<u>1,067,485</u>	<u>1,067,485</u>	
<i>Fund Balance, End of Year</i>	<u>\$1,092,693</u>	<u>\$1,035,228</u>	<u>\$1,053,650</u>	<u>\$18,422</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction Maintenance and Repair Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$54,288	\$54,288	\$48,608	(\$5,680)
Intergovernmental	29,500	29,500	46,055	16,555
Interest			9,772	9,772
<i>Total Receipts</i>	<u>83,788</u>	<u>83,788</u>	<u>104,435</u>	<u>20,647</u>
Disbursements				
Current:				
Transportation	102,000	80,000	79,042	958
<i>Total Disbursements</i>	<u>102,000</u>	<u>80,000</u>	<u>79,042</u>	<u>958</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,212)</u>	<u>3,788</u>	<u>25,393</u>	<u>21,605</u>
<i>Net Change in Fund Balance</i>	(18,212)	3,788	25,393	21,605
<i>Fund Balance, Beginning of Year</i>	<u>143,004</u>	<u>143,004</u>	<u>143,004</u>	
<i>Fund Balance, End of Year</i>	<u>\$124,792</u>	<u>\$146,792</u>	<u>\$168,397</u>	<u>\$21,605</u>

See accompanying notes to the basic financial statements

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$72,421
<i>Total Assets</i>	<u>\$72,421</u>
Net Assets	
Unrestricted	<u>\$72,421</u>

See accompanying notes to the basic financial statements

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VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007

Note 1 – Reporting Entity

The Village of Bentleyville, Cuyahoga County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general government services, including maintenance of roads, sanitary sewer/storm sewer facilities, building, zoning, safety services, and police protection. The Village contracts with the Village of Chagrin Falls to provide fire protection and police dispatch services.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, including maintenance of roads, sanitary sewer/storm sewer facilities, building, zoning, safety services, and police protection. The Village appropriates general fund money to support a volunteer fire department.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village has no component units.

C. Joint Venture, Jointly Governed Organization and Public Entity Risk Pool

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures. The Village does not have a joint venture.

The Village participates in a jointly governed organization and a public entity risk pool. Notes 13 and 14 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

Northeast Ohio Public Energy Council
Valley Enforcement Regional Council of Governments

Public Entity Risk Pool:

Ohio Government Risk Management Plan

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

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the governmental funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and fiduciary.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

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

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

Other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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 has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village maintains two agency funds, the Contractors' Bond and the Fines and Costs funds. The Contractors' Bond fund is used to account for the deposits received from contractors to ensure performance. The Fines and Costs fund is used to account for the fines and fees collected from waiverable offenses.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, level for the General fund and the fund level for the other funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior year for 2007. For 2008, the Village cancelled all outstanding purchase orders at year end. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

Village records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2008 and 2007, the Village invested in savings accounts, overnight sweep account, certificates of deposit, STAR Ohio and U.S. government securities. All investments are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 and 2007 were \$55,575 and \$63,168 respectively.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditures are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Fund Balance Reserves

Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

N. Interfund Transactions

Interfund transfers are reported as other financing sources/uses in governmental funds.

Note 3 – Change in Accounting Principles and Compliance

A. Change in Accounting Principles

For 2007, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding a plan. The implementation of this statement did not result in any change to the Village's financial statements.

B. Compliance

A review of expenditures in fiscal years 2008 and 2007 disclosed that 13 out of 84 (or \$140,550 out of \$781,057 reviewed) were not encumbered in accordance with Ohio Revised Code Section 5705.41(D).

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained as cash in the Village treasury, in commercial accounts, payable or available for withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 4 – Deposits and Investments (Continued)

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end 2008 and 2007, the Village had book balances of \$967,469 and \$267,092 respectively. Of the Village's 2008 bank balance of \$1,006,641, \$668,505 was uninsured and uncollateralized. Of the Village's 2007 bank balance of \$296,265, \$196,265 was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 4 – Deposits and Investments (Continued)

With respect to custodial risk, the Village follows State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturity
StarOhio	\$ 229,629	35 days
FNMA	498,103	14 months
FHLB	199,969	9 months
FHLMC	98,468	31 Months
Overnight Repurchase	295,505	1 day
Total	\$ 1,321,674	

The weighted average maturity is 9 months.

As of December 31, 2008, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturity
StarOhio	\$ 778,498	35 days
Overnight Repurchase	66,391	1 day
Total	\$ 844,889	

The weighted average maturity is 1 days.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates as a Charter village, the Village's investment policy limits Treasury investments to maturities of no more than ten years and Agency investments that its investment manager reasonably believes will have an average life of no more than ten years.

Credit Risk: The Village's investments were rated AAA, Aaa and AAAM by Standard & Poor's and Moody's Investor Services, respectively.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Risk: The Village places no limit on the amount that may be invested in any one issuer. The Village investments in Star Ohio, and Overnight Repurchases represent 92% and 8% respectively, in 2008. The Village investments in FNMA, FHLB, and FHLMC securities, STAROhio and Overnight Repurchases represent 39%, 15%, 7%, 17% and 22% respectively, in 2007.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General and Street Construction, Maintenance and Repair funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end 2007 (budgetary basis) amounted to \$25,000 and \$4,800 for the General and Street Construction, Maintenance and Repair funds, respectively. These funds did not have any encumbrances outstanding at year end 2008.

Note 6 – Income Taxes

The Village levies a 1 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village with residents working outside the Village receiving .25 credit on income earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 (2008) represent the collection of 2006 (2007) taxes. Real property taxes received in 2007 (2008) were levied after October 1, 2006 (2007), on the assessed values as of January 1, 2006 (2007), the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due January 31, with the remainder payable by July. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 (2006) represent the collection of 2006 (2007) taxes. Public utility real and tangible personal property taxes received in 2007 (2008) became a lien on December 31, 2006 (2007), were levied after October 1, 2006 (2007), and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

2007 (2008) tangible property taxes are levied after October 1, 2006 (2007), on the value as of December 31, 2006 and (2007). Collections are made in 2007 (2008). Tangible personal property assessments are being phased out – reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 7 – Property Taxes (Continued)

The full tax rate for all Village operations for the year ended December 31, 2008 (2007), was \$8.90 (\$8.90) per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 (2007) property tax receipts were based are as follows:

	<u>2008</u>		<u>2007</u>
Real Property		Real Property	
Residential/Agricultural	\$64,308,700	Residential/Agricultural	\$64,219,780
Commercial	0	Commercial	59,090
Tangible Personal Property		Tangible Personal Property	
Public Utility	425,340	Public Utility	448,550
Business	42,020	Business	162,070
Total Assessed Value	\$64,776,060	Total Assessed Value	\$64,889,490

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll. The Village’s contribution rate for 2008 was 14 percent. For 2008, a portion of the Village’s contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll. The Village’s contribution rate for 2007 was 13.85 percent. For 2007, a portion of the Village’s contribution equal to 5 percent of covered payroll from January 1 through June 30, and 6 percent from July 1 through December 31 was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 8 – Defined Benefit Pension Plans (Continued)

A. Ohio Public Employees Retirement System (Continued)

State statute sets a maximum contribution rate of the Village of 14 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$27,187, \$27,369, and \$26,879 respectively. The full amount has been contributed for 2008, 2007 and 2006. The Village made no contributions to the member-directed plan for 2008 and 2007.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. For 2008 and 2007, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2008, 2007, and 2006 were \$23,455, \$34,847, and \$34,835. The full amount has been contributed for 2008, 2007 and 2006.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System: OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan. For qualifying members of the Traditional Pension and Combined Plans, this plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement. Those belonging to the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEN benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement benefits.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 9 - Postemployment Benefits (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, local government employer units contributed at 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits.

For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5.0% and 6.0% of covered payroll, respectively. The Village's actual contributions for 2008 and 2007 which were used to fund post-employment benefits were \$27,186 and \$18,028, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which allowed additional funds to be allocated to the healthcare plan.

Ohio Police and Fire Pension Fund: The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple employer defined post-employment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependants.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at the rate expressed as percentages of the payroll of active pension plan members, currently 19.50% of covered payroll for police employers. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of the covered payroll for police employer units. Active members do not make contributions to the OPEB plan.

OP&F maintains funds for health care in two separate accounts: One for health care benefits under IRS Code Section 115 trust and the other for Medicare Part B reimbursements administered under the Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 9 - Postemployment Benefits (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008 and 2007, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The portion of the Village's contributions that was used to pay post-employment benefits for 2008, 2007 and 2006 was \$12,417, \$18,449, \$22,976, for police respectively.

Social Security: Council members have elected to contribute to Social Security. The contribution rate for 2008 was 6.2%.

Note 10 – Debt

The Village's long-term debt activity for the years ended December 31, 2007 and December 31, 2008, was as follows:

<u>December 31, 2007</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Amount of Original Issuance</u>	<u>Debt Outstanding 1/1/2007</u>	<u>Debt Proceeds</u>	<u>Principal Paid</u>	<u>Ending Principal 12/31/2007</u>	<u>Due Within One Year</u>
General Obligation Bonds	1994	5.35%	\$775,000	\$140,000	\$0	\$70,000	70,000	\$70,000
Ohio Public Works Commission Loan	2003	0.00%	127,645	98,925	0	6,382	92,543	6,382
Ohio Water Development Authority Loan	1996	5.77%	736,400	510,491	0	24,688	485,803	26,113
Special Assessment Bond - CVT Project	2004	5.25%	835,000	745,000	0	45,000	700,000	45,000
Total				\$1,494,416	\$0	\$146,070	\$1,348,346	\$147,495

<u>December 31, 2008</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Amount of Original Issuance</u>	<u>Debt Outstanding 1/1/2008</u>	<u>Debt Proceeds</u>	<u>Principal Paid</u>	<u>Ending Principal 12/31/2008</u>	<u>Due Within One Year</u>
General Obligation Bonds	1994	5.35%	\$775,000	\$70,000	\$0	\$70,000	0	\$0
Ohio Public Works Commission Loan	2003	0.00%	127,645	92,543	0	6,382	86,161	6,382
Ohio Water Development Authority Loan	1996	5.77%	736,400	485,803	0	26,113	459,690	27,620
Special Assessment Bond - CVT Project	2004	5.25%	835,000	700,000	0	45,000	655,000	45,000
Total				\$1,348,346	\$0	\$147,495	\$1,200,851	\$79,002

The Ohio Water Development Authority loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments of \$27,073, including interest, over 25 years. The Ohio Public Works Commission interest free Loan relates to the Chagrin River Slope Stabilization project. This loan will be repaid in semiannual installments of \$6,382. The General Obligation Bond relates to the construction of the Village Hall complex in 1994. The bond was issued in the amount of \$775,000 and was repaid in semi-annual varying principal and interest payments over 15 years with the final payment in 2008.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 10 – Debt (Continued)

The Special Assessment Bond relates to the Chagrin Valley Trail (CVT) road improvement project. The bond was issued in the amount of \$835,000 and will be repaid over 20 years in annual varying principal and interest payments.

The following is a summary of the Village's future annual debt service requirements:

Year	OWDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest
2009	\$27,620	\$26,526	\$6,382	\$0
2010	29,213	24,933	6,382	0
2011	30,899	23,248	6,382	0
2012	32,681	21,465	6,382	0
2013	34,567	19,579	6,382	0
2014-2018	205,157	65,575	31,912	0
2019-2023	99,553	8,689	22,339	0
2024-2026	0	0	0	0
Total	\$459,690	\$190,015	\$86,161	\$0

Year	S.A. CVT Project		Total	
	Principal	Interest	Principal	Interest
2009	\$45,000	\$35,200	\$79,002	\$61,726
2010	45,000	32,838	80,595	57,771
2011	45,000	30,475	82,281	53,723
2012	45,000	28,000	84,063	49,465
2013	45,000	25,800	85,949	45,379
2014-2018	200,000	96,000	437,069	161,575
2019-2023	200,000	41,450	321,892	50,139
2024-2026	40,000	2,050	40,000	2,050
Total	\$665,000	\$291,813	\$1,210,851	\$481,828

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$6,801,486 and an unvoted debt margin of \$3,562,683. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$6,813,396 and an unvoted debt margin of \$3,568,922.

Note 11 – Interfund Transfers

During 2008 the Village transferred \$1,642, \$74,092, \$19,111, \$7,400 and \$150,000 from the General Fund to the Bentleyville Park, Village Hall Debt Service, CVT Special Assessment, Other Capital Projects and Major Capital Projects Funds for payments of debt and other services and were done in accordance with budgetary authorizations.

Also, in 2007 the Village transferred \$11,616, \$78,120, \$13,159, and \$17,051 from the General Fund to the Bentleyville Park, Village Hall Debt Service, Other Capital Projects and CVT Special Assessment Funds for payments of debt and other services and were done in accordance with budgetary authorizations.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 12 – Contingent Liabilities

The Village is defendant in several lawsuits. Based on the representation of the Village's legal counsel, management cannot presently determine the outcome of these suits and the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 13 – Jointly Governed Organizations

Northeast Ohio Public Energy Council

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and gas. NOPEC is currently comprised over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity and gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2006. Financial information can be obtained by contacting NOPEC at 583 East Aurora Road, Macedonia, Ohio 44056.

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments ("VERCOG"), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group ("VEG"), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four (4) or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. During 2008 and 2007, the Village paid \$4,000 and 3,000 respectively to VERCOG.

Note 14 – Public Entity Risk Pool

Risk Pool Membership

In 2007, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 14 – Public Entity Risk Pool (Continued)

Risk Pool Membership (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

Note 15 – Engineering Services

The Village contracted with Chagrin Valley Engineering to provide services in connection with the construction of public improvements. The Village Engineer is an employee of Chagrin Valley Engineering. The Village paid \$70,771 and \$22,037 during 2008 and 2007, respectively.

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and DECEMBER 31, 2007
(CONTINUED)

Note 16 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the Village left the Ohio Government Risk Management Plan and contracted for various types of insurance coverage with a private carrier as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Fireman's Fund Insurance Company	Commercial Property	\$1,368,872
Fireman's Fund Insurance Company	General Liability	2,000,000
Fireman's Fund Insurance Company	Commercial Umbrella	5,000,000
Fireman's Fund Insurance Company	Vehicle	1,000,000
Fireman's Fund Insurance Company	Employee Benefits	1,000,000
Darwin Select Insurance Company	Public Officials	5,000,000
Darwin Select Insurance Company	Police Professional	5,000,000

Settled claims exceeded coverage by \$3,375 in 2008 for legal fees paid under the Public Officials policy. The deductible for public officials' coverage was increased to \$25,000 for each occurrence in 2008.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Village's employee health care is provided by Medical Mutual of Ohio. The Village pays a monthly premium for single and married coverage.

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Mary Taylor, CPA

Auditor of State

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

Village of Bentleyville
Cuyahoga County
6253 Chagrin River Road
Bentleyville, Ohio 44022

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Bentleyville, Cuyahoga County, (the Village) as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiency described above, we believe finding number 2008-001 is also material weaknesses.

We noted certain matters that we reported to the Village's management in a separate letter dated November 20, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-002.

We also noted certain noncompliance or other matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 20, 2009.

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

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 20, 2009

**VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND DECEMBER 31, 2007**

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

FINDING NUMBER 2008-001

Financial Reporting – Significant Deficiency/Material Weakness

Sound financial reporting is the responsibility of the Treasurer, Finance Manager, and the Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Financial reports and revenue and expense ledgers should be reviewed to ensure they accurately reflect the financial activity of the Village. In addition, revenue and expense ledgers should be updated to reflect the amendments to the estimated revenue reported on the Official Amended Certificates of Estimated Resources and all appropriations measures approved by the Village Council.

We noted several line items on the Village's annual financial report filed with the Auditor of State for fiscal years 2008 and 2007 that did not agree to the system-generated revenue and expense ledgers. These variances inhibit management's and Council's ability to determine the accuracy and completeness of the Village's financial reporting.

We noted the revenue and expense ledgers were not in agreement with the Village's Official Amended Certificates of Estimated Resources and the current Council-approved appropriations measures during 2008 and 2007. Failure to update the Village's ledgers for current budgetary information could result in the Village appropriating or spending more money than is actually available for expenditure.

The following weaknesses were noted and subsequent adjustments made to the financial statements and, where applicable, to the Villages accounting records:

The Village did not properly present original and final budgeted amounts for receipts on their 2008 and 2007 annual financial report. Also, the Village didn't included reserve for encumbrance amounts with budgeted disbursements on 2007 annual report and incorrectly included encumbrances on the Statement of Cash Receipts, Disbursements and Changes in Fund Balances.

In addition, we noted the following reporting errors which required audit adjustments:

An adjusting entry of \$6,805 in the Street Construction, Maintenance Repair Fund to correct an understatement of Intergovernmental Revenue and to reduce overstated Property and other Local Taxes in 2007.

Also, an adjusting entry was made in the amount of \$50,000 in the General Fund to correct the netting of insurance proceeds and the subsequent insurance settlement payment in 2008.

We recommend the Village take appropriate measures to ensure that all financial reports and system-generated ledgers are in agreement and reflect the actual financial activity of the Village. Further, the Village should update the revenue and expense ledgers for all amendments to the estimated revenue reported on the Official Amended Certificates of Estimated Resources and all appropriations measures approved by the Village Council.

MANAGEMENT'S RESPONSE:

The Village Fiscal Officer will review the financial statements to ensure all that all financial reports and system generated ledgers are in agreement with the actual budgeted and actual financial activity of the Village.

VILLAGE OF BENTELYVILLE
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND DECEMBER 31, 2007
(Continued)

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

FINDING NUMBER 2008-002

Noncompliance Citation

Purchase Order Certification

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision from making any contract or ordering any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

A review of expenditures disclosed that 13 out of 84 transactions reviewed (or \$140,550 out of \$781,057 reviewed) were not encumbered prior to the purchase commitment. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND DECEMBER 31, 2007
(Continued)**

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

FINDING NUMBER 2008-002 (Continued)

Noncompliance Citation (Continued)

Purchase Order Certification (Continued)

We recommend the Village certify the availability of funds prior to entering into any expenditure commitment. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

MANAGEMENT'S RESPONSE:

The Village Fiscal Officer will work closely with all department heads to make sure all purchase orders are filed in accordance with the above Ohio Revised Code section.

**VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Financial Reporting	No	Re-issued as finding 2008-001
2006-002	Expenditures Plus Encumbrances Exceeding Appropriations	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF BENTLEYVILLE

CUYAHOGA 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
DECEMBER 10, 2009**