

***VILLAGE OF BENTLEYVILLE***

***CUYAHOGA COUNTY, OHIO***

**AUDIT REPORT**

**For the Years Ended December 31, 2012 and 2011**







# Dave Yost • Auditor of State

Village Council  
Village of Bentleyville  
6253 Chagrin River Road  
Bentleyville, Ohio 44022

We have reviewed the *Independent Auditor's Report* of the Village of Bentleyville, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Bentleyville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 16, 2013

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**VILLAGE OF BENTLEYVILLE**  
**CUYAHOGA COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2012 and 2011**

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**INDEPENDENT AUDITORS' REPORT**

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

To Village Council:

***Report on the Financial Statements***

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, 2011 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

### ***Opinion***

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, 2011 and 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund and the Street, Construction, Maintenance and Repair Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

### ***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Village restated its 2010 fund balances of the Governmental Funds due to a change in fund structure. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Supplemental and Other Information***

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position and governmental activities. These tables provide additional analysis and are not a required part of the basic financial statements.

These tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Charles E. Harris Associates*

***Charles E. Harris & Associates, Inc.***

June 14, 2013

VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Years Ended December 31, 2012 and 2011  
Unaudited

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This discussion and analysis of the Village of Bentleyville financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2012 and 2011, within the limitations of the Village's cash basis 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 2012 and 2011 are as follows:

Net position of governmental activities increased \$148,000, or about 12% in 2012 primarily due to the receipt of a \$127,966 estate tax settlement. This increase in cash is also due to diligent expense monitoring and management.

During 2011 net position decreased about \$97,471 or about 7.3% primarily due to the funding of the Cannon Road Project.

### **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 position 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.

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.

VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Years Ended December 31, 2012 and 2011  
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**Reporting the Village as a Whole**

The statement of net position and the statement of activities reflect how the Village did financially during 2012 and 2011, within the limitations of the cash basis accounting. The statement of net position presents the cash balances and investments 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 are 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 position and the statement of activities, we express the Village's activities as the following:

Governmental activities. The Village's basic services are reported here, including police, 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 non-major 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, Street Construction Maintenance and Repair, and Capital Expenditures and Major Repair and Capital Project Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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.

VILLAGE OF BENTLEYVILLE  
 CUYAHOGA COUNTY  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2012 and 2011  
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**The Government as a Whole**

Table 1 provides a summary of the Village's net position for 2012 and 2011 and compared to 2010 on a cash basis:

(Table 1)  
 Governmental Net position

	Governmental		
	Activities		
	2012	2011	2010
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,386,853	\$ 1,238,853	\$ 1,336,313
<i>Total Assets</i>	<u>1,386,853</u>	<u>1,238,853</u>	<u>1,336,313</u>
<b>Net Position:</b>			
Restricted			
Capital Projects	-	10,541	177,433
Debt Service	82,698	79,582	81,857
Other Purposes	205,295	289,750	201,488
Unrestricted	1,098,860	858,980	875,535
<i>Total Net Position</i>	<u>\$ 1,386,853</u>	<u>\$ 1,238,853</u>	<u>\$ 1,336,313</u>

There are several factors which affect the Village's cash balance at December 31, 2012 and 2011.

- The Village received a \$127,966 estate tax settlement in 2012
- Careful monitoring of expenses resulted in operating expenses about \$57,000 less than budgeted amounts in 2012
- 2011 payments on the Cannon Road Project

Table 2 reflects components of the changes in net position in 2012, 2011 and 2010.

VILLAGE OF BENTLEYVILLE  
 CUYAHOGA COUNTY  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2012 and 2011  
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(Table 2)  
**Changes in Governmental Net position**

	Governmental Activities		
	2012	2011	2010
<b>Receipts:</b>			
Program Receipts:			
Charges for Services and Sales	\$ 43,279	\$ 16,966	\$ 33,917
Operating Grants and Contributions	1,584	34,150	100
Capital Grants and Assessments	362,591	175,757	578,657
General Receipts:			
Property Taxes	551,521	420,525	438,878
Municipal Income Taxes	861,353	944,361	640,168
Intergovernmental	118,258	117,719	122,290
Earnings on Investments	6,877	11,161	19,524
Miscellaneous	31,288	22,131	27,811
<b>Total Receipts</b>	<b>1,976,751</b>	<b>1,742,770</b>	<b>1,861,345</b>
<b>Disbursements:</b>			
Current:			
Security of Persons and Property	684,479	663,511	670,909
Public Health Services	1,780	-	-
Leisure Time Activities	1,454	1,397	2,706
Basic Utility Services	59,546	61,888	69,218
Transportation	311,110	217,412	347,537
General Government	373,627	406,639	416,620
Capital Outlay	261,949	352,201	191,887
Debt Service:			
Principal	84,156	82,281	80,595
Interest	50,650	54,912	59,011
<b>Total Disbursements</b>	<b>1,828,751</b>	<b>1,840,241</b>	<b>1,838,483</b>
<b>Changes in Net Position</b>	<b>\$ 148,000</b>	<b>\$ (97,471)</b>	<b>\$ 22,862</b>

Program receipts represent 21 percent in 2012 and 13 percent in 2011 of total receipts and are primarily comprised of building permits and inspection fees, the NOPEC grant, and special assessments in 2011 and also reimbursement for capital projects in 2012.

General receipts of government's activities represent 79 percent in 2012 and 87 percent in 2011 of the Village's total receipts, and of these amounts, 86 percent and 89 percent are property taxes and income taxes, for 2012 and 2011, respectively. 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 council and the finance department, which includes internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

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

VILLAGE OF BENTLEYVILLE  
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**Governmental Activities**

If you look at the Statement of Activities on pages 11 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 disbursements for governmental activities are for security of persons and property and general government, which account for 57 and 58 percent of all governmental disbursements, respectively. The next 3 columns of the Statement entitled Program Cash 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 (Disbursements) Receipts 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. 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)

	<u>Governmental Activities</u>		<u>Governmental Activities</u>	
	2012		2011	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Security of Persons and Property	\$ 684,479	\$ (673,447)	\$ 663,511	\$ (658,141)
Public Health Services	1,780	(1,780)	-	-
Leisure Time Activities	1,454	(1,454)	1,397	(1,397)
Basic Utility Services	59,546	(59,546)	61,888	(61,888)
Transportation	311,110	(311,110)	217,412	(217,412)
General Government	373,627	(318,151)	406,639	(360,893)
Capital Outlay	261,949	(41,249)	352,201	(296,362)
Debt Service:				
Principal	79,063	41,182	82,281	37,637
Interest	55,743	(55,743)	54,912	(54,912)
<b>Total Disbursements</b>	<b><u>\$ 1,828,751</u></b>	<b><u>\$ (1,421,298)</u></b>	<b><u>\$ 1,840,241</u></b>	<b><u>\$ (1,613,368)</u></b>

	<u>Governmental Activities</u>	
	2010	
	Total Cost of Service	Net Cost of Service
Security of Persons and Property	\$ 670,909	\$ (663,732)
Leisure Time Activities	2,706	(2,606)
Basic Utility Services	69,218	(67,218)
Transportation	347,537	(347,537)
General Government	416,620	(391,880)
Capital Outlay	191,887	261,645
Debt Service:		
Principal	80,595	44,530
Interest	59,011	(59,011)
<b>Total Disbursements</b>	<b><u>\$ 1,838,483</u></b>	<b><u>\$ (1,225,809)</u></b>

VILLAGE OF BENTLEYVILLE  
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Management's Discussion and Analysis  
For the Years Ended December 31, 2012 and 2011  
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The dependence upon property and income tax receipts is apparent as over 77 percent in 2012 and 87 percent in 2011 of governmental activities were supported through these general receipts.

**The Government's Funds**

In 2011, the governmental funds had receipts of \$1,742,770 and disbursements of \$1,840,241 resulting in a decrease of \$97,471. The greatest change occurred in the General Fund which advanced \$125,000 to the Capital Project Fund for the Cannon Road Construction Project. This fund balance was reimbursed in 2012 when the county reimbursed the Village for its portion of the project.

In 2012 the governmental funds had receipts of \$1,976,751 and disbursements of \$1,828,751 resulting in an increase of \$148,000. The greatest change within government funds occurred in the General Fund due to the receipt of an estate tax payment.

**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 2012 and 2011, the Village amended its General Fund budget to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

During 2012, final General fund disbursements were budgeted at \$1,362,732 while actual disbursements were \$1,355,221. During 2011, final General fund disbursements were budgeted at \$1,430,787 while actual disbursements were \$1,357,947. 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. These records are not required to be presented in the financial statements.

**Debt**

At December 31, 2012, the Village's outstanding debt was \$879,958, consisting of 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 Village'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 Leonard Spremulli, Mayor, Village of Bentleyville, 6253 Chagrin River Road, Bentleyville, Ohio 44022.

**Village of Bentleyville, Cuyahoga County**

*Statement of Net Position - Cash Basis*

*December 31, 2012*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	<u>\$ 1,386,853</u>
<i>Total Assets</i>	<u><u>\$ 1,386,853</u></u>
<b>Net Position</b>	
Restricted for:	
Debt Service	\$ 82,698
Other Purposes	205,295
Unrestricted	<u>1,098,860</u>
<i>Total Net Position</i>	<u><u>\$ 1,386,853</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, 2012

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
Security of Persons and Property	\$ 684,479	\$ 9,336	\$ 900	\$ 796	\$ (673,447)
Public Health Services	1,780	-	-	-	(1,780)
Leisure Time Activities	1,454	-	-	-	(1,454)
Basic Utility Services	59,546	-	-	-	(59,546)
Transportation	311,110	-	-	-	(311,110)
General Government	373,627	33,943	684	20,850	(318,150)
Capital Outlay	261,949	-	-	220,700	(41,249)
Debt Service:					
Principal Retirement	79,063	-	-	120,245	41,182
Interest and Fiscal Charges	55,743	-	-	-	(55,743)
<b>Total</b>	<u>\$ 1,828,751</u>	<u>\$ 43,279</u>	<u>\$ 1,584</u>	<u>\$ 362,591</u>	<u>\$ (1,421,297)</u>
General Receipts:					
Property Taxes Levied for:					
General Purposes					\$ 551,521
Grants and Entitlements not Restricted to Specific Programs					118,258
Income Taxes					861,353
Sale of Capital Assets					1,000
Cable Franchise Fees					16,105
Earnings on Investments					6,877
Miscellaneous					14,183
<i>Total General Receipts</i>					<u>1,569,297</u>
Change in Net Position					148,000
<i>Net Position Beginning of Year</i>					<u>1,238,853</u>
<i>Net Position End of Year</i>					<u>\$ 1,386,853</u>

See accompanying notes to the basic financial statements

**Village of Bentleyville, Cuyahoga County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2012*

	General	Street Construction Maintenance and Repair Fund	Capital Projects Fund	Capital Expenditures and Major Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Investments	\$ 889,543	\$ 104,107	\$ -	\$ 209,317	\$ 183,886	\$ 1,386,853
<i>Total Assets</i>	<u>\$ 889,543</u>	<u>\$ 104,107</u>	<u>\$ -</u>	<u>\$ 209,317</u>	<u>\$ 183,886</u>	<u>\$ 1,386,853</u>
<b>Fund Balances</b>						
Restricted	-	\$ 104,107	-	-	\$ 183,886	\$ 287,993
Committed	-	-	-	\$ 209,317	-	209,317
Unassigned	\$ 889,543	-	-	-	-	889,543
<i>Total Fund Balances</i>	<u>\$ 889,543</u>	<u>\$ 104,107</u>	<u>\$ -</u>	<u>\$ 209,317</u>	<u>\$ 183,886</u>	<u>\$ 1,386,853</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, 2012

	General	Street Construction Maintenance and Repair Fund	Capital Projects Fund	Capital Expenditures and Major Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Municipal Income Taxes	\$ 861,353	-	-	-	-	\$ 861,353
Property Taxes	502,025	\$ 49,496	-	-	-	551,521
Intergovernmental	78,848	39,410	\$ 220,700	-	\$ 900	339,858
Special Assessments	-	-	-	-	120,245	120,245
Charges for Services	9,336	-	-	-	-	9,336
Fines, Licenses and Permits	33,943	-	-	-	-	33,943
Earnings on Investments	5,772	1,105	-	-	-	6,877
Miscellaneous	52,618	-	-	-	-	52,618
<i>Total Receipts</i>	<u>1,543,895</u>	<u>90,011</u>	<u>220,700</u>	<u>-</u>	<u>121,145</u>	<u>1,975,751</u>
<b>Disbursements</b>						
Current:						
Security of Persons and Property	684,479	-	-	-	-	684,479
Public Health Services	-	-	-	-	1,780	1,780
Leisure Time Activities	1,454	-	-	-	-	1,454
Basic Utility Services	59,546	-	-	-	-	59,546
Transportation	186,822	124,288	-	-	-	311,110
General Government	373,627	-	-	-	-	373,627
Capital Outlay	49,293	-	107,867	104,789	-	261,949
Debt Service:						
Principal Retirement	-	-	-	-	79,063	79,063
Interest and Fiscal Charges	-	-	-	-	55,743	55,743
<i>Total Disbursements</i>	<u>1,355,221</u>	<u>124,288</u>	<u>107,867</u>	<u>104,789</u>	<u>136,586</u>	<u>1,828,751</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	188,674	(34,277)	112,833	(104,789)	(15,441)	147,000
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	1,000	-	-	-	-	1,000
Transfers In	-	-	1,626	150,000	17,676	169,302
Transfers Out	(169,302)	-	-	-	-	(169,302)
Advances In	125,000	-	-	-	-	125,000
Advances Out	-	-	(125,000)	-	-	(125,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(43,302)</u>	<u>-</u>	<u>(123,374)</u>	<u>150,000</u>	<u>17,676</u>	<u>1,000</u>
<i>Net Change in Fund Balances</i>	145,372	(34,277)	(10,541)	45,211	2,235	148,000
<i>Fund Balances Beginning of Year</i>	744,171	138,384	10,541	164,106	181,651	1,238,853
<i>Fund Balances End of Year</i>	<u>\$ 889,543</u>	<u>\$ 104,107</u>	<u>\$ -</u>	<u>\$ 209,317</u>	<u>\$ 183,886</u>	<u>\$ 1,386,853</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, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Municipal Income Taxes	\$ 831,000	\$ 831,000	\$ 861,353	\$ 30,353
Property Taxes	378,000	378,000	502,025	124,025
Intergovernmental	79,530	78,530	78,848	318
Charges for Services	4,000	4,000	9,336	5,336
Fines, Licenses and Permits	12,000	15,000	33,943	18,943
Earnings on Investments	7,500	5,500	5,772	272
Miscellaneous	27,200	27,200	52,618	25,418
<i>Total Receipts</i>	<u>1,339,230</u>	<u>1,339,230</u>	<u>1,543,895</u>	<u>204,665</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	678,413	693,413	684,479	8,934
Basic Utility Services	62,000	62,000	59,546	2,454
Transportation	208,398	208,398	186,822	21,576
General Government	389,234	389,234	366,671	22,563
Capital Outlay	-	49,694	49,293	401
<i>Total Disbursements</i>	<u>1,338,045</u>	<u>1,402,739</u>	<u>1,346,811</u>	<u>55,928</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	1,185	(63,509)	197,084	260,593
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	1,000	1,000
Transfers Out	(17,000)	(169,302)	(169,302)	-
Advances In	125,000	125,000	125,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>108,000</u>	<u>(44,302)</u>	<u>(43,302)</u>	<u>1,000</u>
<i>Net Change in Fund Balance</i>	109,185	(107,811)	153,782	261,593
<i>Unencumbered Fund Balance Beginning of Year</i>	684,774	684,774	684,774	-
Prior Year Encumbrances Appropriated	49,297	49,297	49,297	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 843,256</u>	<u>\$ 626,260</u>	<u>\$ 887,853</u>	<u>\$ 261,593</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, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$ 48,500	\$ 48,500	\$ 49,496	\$ 996
Intergovernmental	34,650	37,650	39,410	1,760
Earnings on Investments	1,000	1,000	1,105	105
<i>Total Receipts</i>	<u>84,150</u>	<u>87,150</u>	<u>90,011</u>	<u>2,861</u>
<b>Disbursements</b>				
Current:				
Transportation	<u>187,000</u>	<u>187,000</u>	<u>124,288</u>	<u>62,712</u>
<i>Total Disbursements</i>	<u>187,000</u>	<u>187,000</u>	<u>124,288</u>	<u>62,712</u>
<i>Net Change in Fund Balance</i>	(102,850)	(99,850)	(34,277)	65,573
<i>Unencumbered Fund Balance Beginning of Year</i>	131,384	131,384	131,384	-
Prior Year Encumbrances Appropriated	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 35,534</u>	<u>\$ 38,534</u>	<u>\$ 104,107</u>	<u>\$ 65,573</u>

See accompanying notes to the basic financial statements

**Village of Bentleyville, Cuyahoga County**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2012*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 103,197
	<u>103,197</u>
<b>Net Position</b>	
Unrestricted	\$ 103,197
	<u>103,197</u>

See accompanying notes to the basic financial statements

**Village of Bentleyville, Cuyahoga County**

*Statement of Net Position - Cash Basis*

*December 31, 2011*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	<u>\$ 1,238,853</u>
<i>Total Assets</i>	<u><u>\$ 1,238,853</u></u>
<b>Net Position</b>	
Restricted for:	
Capital Projects	\$ 10,541
Debt Service	79,582
Other Purposes	289,750
Unrestricted	<u>858,980</u>
<i>Total Net Position</i>	<u><u>\$ 1,238,853</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, 2011

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
Security of Persons and Property	\$ 663,511	\$ 5,370	-	-	\$ (658,141)
Leisure Time Activities	1,397	-	-	-	(1,397)
Basic Utility Services	61,888	-	-	-	(61,888)
Transportation	217,412	-	-	-	(217,412)
General Government	406,639	11,596	\$ 34,150	-	(360,893)
Capital Outlay	352,201	-	-	\$ 55,839	(296,362)
Debt Service:					
Principal Retirement	82,281	-	-	119,918	37,637
Interest and Fiscal Charges	54,912	-	-	-	(54,912)
<b>Total</b>	<b>\$ 1,840,241</b>	<b>\$ 16,966</b>	<b>\$ 34,150</b>	<b>\$ 175,757</b>	<b>\$ (1,613,368)</b>
General Receipts:					
Property Taxes Levied for:					
General Purposes					\$ 420,525
Income Taxes					944,361
Grants and Entitlements not Restricted to Specific Programs					117,719
Sale of Capital Assets					1,000
Cable Franchise Fees					14,764
Earnings on Investments					11,161
Miscellaneous					6,367
<i>Total General Receipts</i>					<u>1,515,897</u>
Change in Net Position					(97,471)
<i>Net Position Beginning of Year</i>					<u>1,336,324</u>
<i>Net Position End of Year</i>					<u>\$ 1,238,853</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, 2011*

	General	Street Construction. Maintenance and Repair Fund	Capital Projects Fund	Capital Expenditures and Major Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Investments	\$ 744,171	\$ 138,384	\$ 10,541	\$ 164,106	\$ 181,651	\$ 1,238,853
<i>Total Assets</i>	<u>\$ 744,171</u>	<u>\$ 138,384</u>	<u>\$ 10,541</u>	<u>\$ 164,106</u>	<u>\$ 181,651</u>	<u>\$ 1,238,853</u>
<b>Fund Balances</b>						
Restricted	-	\$ 138,384	\$ 10,541	-	\$ 181,651	\$ 330,576
Committed	-	-	-	\$ 164,106	-	164,106
Assigned	\$ 49,297	-	-	-	-	49,297
Unassigned	694,874	-	-	-	-	694,874
<i>Total Fund Balances</i>	<u>\$ 744,171</u>	<u>\$ 138,384</u>	<u>\$ 10,541</u>	<u>\$ 164,106</u>	<u>\$ 181,651</u>	<u>\$ 1,238,853</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, 2011*

	General	Street Construction, Maintenance and Repair Fund	Capital Projects Fund	Capital Expenditures and Major Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Municipal Income Taxes	\$ 944,361	-	-	-	-	\$944,361
Property Taxes	372,599	\$ 47,926	-	-	-	420,525
Intergovernmental	79,228	38,489	\$ 55,839	-	-	173,556
Special Assessments	-	-	-	-	\$ 119,918	119,918
Charges for Services	6,111	-	-	-	-	6,111
Fines, Licenses and Permits	25,619	-	-	-	-	25,619
Earnings on Investments	9,927	1,234	-	-	-	11,161
Miscellaneous	40,519	-	-	-	-	40,519
<i>Total Receipts</i>	<u>1,478,364</u>	<u>87,649</u>	<u>55,839</u>	<u>-</u>	<u>119,918</u>	<u>1,741,770</u>
<b>Disbursements</b>						
Current:						
Security of Persons and Property	663,511	-	-	-	-	663,511
Leisure Time Activities	1,397	-	-	-	-	1,397
Basic Utility Services	61,888	-	-	-	-	61,888
Transportation	175,217	42,195	-	-	-	217,412
General Government	406,639	-	-	-	-	406,639
Capital Outlay	-	-	272,361	79,840	-	352,201
Debt Service:						
Principal Retirement	-	-	-	-	82,281	82,281
Interest and Fiscal Charges	-	-	-	-	54,912	54,912
<i>Total Disbursements</i>	<u>1,308,652</u>	<u>42,195</u>	<u>272,361</u>	<u>79,840</u>	<u>137,193</u>	<u>1,840,241</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	169,712	45,454	(216,522)	(79,840)	(17,275)	(98,471)
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	1,000	-	-	-	-	1,000
Transfers In	-	-	143,575	125,000	15,000	283,575
Transfers Out	(283,575)	-	-	-	-	(283,575)
Advances In	100,000	-	125,000	-	-	225,000
Advances Out	(125,000)	-	(100,000)	-	-	(225,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(307,575)</u>	<u>-</u>	<u>168,575</u>	<u>125,000</u>	<u>15,000</u>	<u>1,000</u>
<i>Net Change in Fund Balances</i>	(137,863)	45,454	(47,947)	45,160	(2,275)	(97,471)
<i>Fund Balances Beginning of Year</i>	<u>882,034</u>	<u>92,930</u>	<u>58,488</u>	<u>118,946</u>	<u>183,926</u>	<u>1,336,324</u>
<i>Fund Balances End of Year</i>	<u>\$ 744,171</u>	<u>\$ 138,384</u>	<u>\$ 10,541</u>	<u>\$ 164,106</u>	<u>\$ 181,651</u>	<u>\$ 1,238,853</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, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Municipal Income Taxes	\$ 944,000	\$ 944,000	\$ 944,361	\$ 361
Property Taxes	477,617	369,988	372,599	2,611
Intergovernmental	79,200	79,200	79,228	28
Charges for Services	6,000	6,000	6,111	111
Fines, Licenses and Permits	10,871	10,500	25,619	15,119
Earnings on Investments	9,900	9,900	9,927	27
Miscellaneous	50,200	50,200	35,519	(14,681)
<i>Total Receipts</i>	<u>1,577,788</u>	<u>1,469,788</u>	<u>1,473,364</u>	<u>3,576</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	640,553	675,553	663,511	12,042
Basic Utility Services	68,000	68,000	61,888	6,112
Transportation	196,072	196,072	175,217	20,855
General Government	426,162	486,162	455,934	30,228
<i>Total Disbursements</i>	<u>1,330,787</u>	<u>1,425,787</u>	<u>1,356,550</u>	<u>69,237</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	247,001	44,001	116,814	72,813
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	1,000	1,000
Transfers Out	(252,000)	(377,000)	(283,575)	93,425
Advances In	-	-	100,000	100,000
Advances Out	-	(125,000)	(125,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(252,000)</u>	<u>(502,000)</u>	<u>(307,575)</u>	<u>194,425</u>
<i>Net Change in Fund Balance</i>	(4,999)	(457,999)	(190,761)	267,238
<i>Unencumbered Fund Balance Beginning of Year</i>	873,882	873,882	873,882	-
Prior Year Encumbrances Appropriated	1,653	1,653	1,653	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 870,536</u>	<u>\$ 417,536</u>	<u>\$ 684,774</u>	<u>\$ 267,238</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, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$ 53,741	\$ 47,000	\$ 47,926	\$ 926
Intergovernmental	30,909	37,650	38,489	839
Earnings on Investments	1,000	1,000	1,234	234
<i>Total Receipts</i>	<u>85,650</u>	<u>85,650</u>	<u>87,649</u>	<u>1,999</u>
<b>Disbursements</b>				
Current:				
Transportation	149,112	149,112	49,195	99,917
<i>Total Disbursements</i>	<u>149,112</u>	<u>149,112</u>	<u>49,195</u>	<u>99,917</u>
<i>Net Change in Fund Balance</i>	(63,462)	(63,462)	38,454	101,916
<i>Unencumbered Fund Balance Beginning of Year</i>	74,018	74,018	74,018	-
Prior Year Encumbrances Appropriated	18,911	18,911	18,911	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 29,467</u>	<u>\$ 29,467</u>	<u>\$ 131,383</u>	<u>\$ 101,916</u>

See accompanying notes to the basic financial statements

**Village of Bentleyville, Cuyahoga County**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2011*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	<u>\$ 103,857</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 103,857</u>

See accompanying notes to the basic financial statements

VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY  
Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011

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**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.

**C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools**

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.

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

Jointly Governed Organizations:

*Northeast Ohio Public Energy Council  
Valley Enforcement Regional Council of Governments  
Chagrin Valley Dispatch Council of Governments*

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, 2012 and 2011

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

As discussed further in Note 2.C, 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. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Village follows GASB guidance as applicable to its government-wide statements.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position 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 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. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Village has no business-type activities.

The statement of net position 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 and enterprise 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.

**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, 2012 and 2011

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**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 non exchange 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.

Capital Expenditures and Major Repair Fund – This fund is used to account for capital expenditures not related to projects. It is used for the purchase and maintenance/repair of machinery and other equipment.

Capital Projects Fund – Records major capital projects. The Cannon Road Construction Project was paid for from this fund.

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 Cost funds. The Contractors' Bond fund is used to account for the deposits received from contractors to ensure performance. The Fines and Cost 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, 2012 and 2011

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**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 appropriation 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, and object levels for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Treasurer. 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 certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriation 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. 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 2012 and 2011, the Village invested in savings accounts, overnight sweep account, certificates of deposit, and STAR Ohio. All investments are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2012 and 2011.

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 2012 and 2011 were \$5,772 and \$9,927 respectively.

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**Note 2 – Summary of Significant Account 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 liability under the Village's cash basis of accounting.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognized 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 another financing source nor capital outlay expenditures is reported at inception. Lease payments are reported when paid.

**L. Net Position**

Net position is 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 apply restricted resource when an obligation is incurred for purposed for which both restricted and unrestricted net positions are available.

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**Note 2 – Summary of Significant Accounting Policies** (continued)

M. Interfund Transactions

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

N. Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

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**Note 3 - Changes in Accounting Principle and Restatement of Net Position and Fund Balance**

For 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Village's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

For 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had the following effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

	<u>General</u>	Nonmajor Governmental <u>Funds</u>
Fund Balance at December 31, 2010	\$ 875,535	\$ 190,425
GASB 54 Change in Fund Structure	<u>6,499</u>	<u>(6,499)</u>
Adjusted Fund Balance at December 31, 2010	<u>\$ 882,034</u>	<u>\$ 183,926</u>

**Note 4 – Deposits and Investments**

Monies held by the Village are classified by State statute in to 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 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.

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**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 market 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 or deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market account 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 specific 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 2012 and 2011, the Village had book balances of \$30,682 and \$52,910, respectively. The entire Village's 2012 bank balance of \$67,537 and 2011 bank balance of \$75,180 were insured by the FDIC.

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.

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**Note 4 – Deposits and Investments** (continued)

**Investments**

As of December 31, 2012, the Village had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturity</u>
StarOhio	\$ 501,272	58 days
Money Market	667,084	35 days
CDARS	291,012	2 years
Total	<u>\$ 1,459,368</u>	

As of December 31, 2011, the Village had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturity</u>
StarOhio	\$ 1,007	61 days
Money Market	1,000,684	35 days
CDARS	288,109	2 years
Total	<u>\$ 1,289,800</u>	

*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 10 years and Agency investments that its investment manager reasonably believes will have an average life of no more than ten years.

*Credit Risk:* STAR Ohio carries a rating of AAA by Standard and Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Village’s Money Market was rated Aaa by Standard & Poor’s.

*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 of 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 investment in StarOhio was 34% and less than 1% in 2012 and 2011, respectively. Its investment in the Money Market account was 46% and 78% in 2012 and 2011, respectively. The CDARS represented 20% and 22% in 2012 and 2011, respectively. The CDARS are spread between two banks and both certificates are fully insured by the FDIC.

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**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 Fund 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 which are treated as cash disbursements (Budgetary basis) rather than restricted, committed or assigned fund balance (cash basis). There were no outstanding encumbrances in 2012. The encumbrances outstanding at year end 2011 (budgetary basis) amounted to \$49,297 for the general fund and \$7,000 for the Street Construction, Maintenance and Repair Fund.

The balance of the Recreation and the Parks Funds that are excluded from the General Fund budgetary activity are \$10,100 in 2011 and \$1,690 in 2012.

**Note 6– Income Taxes**

The Village levies a 1 percent income tax whose proceeds are placed in 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 credits on income earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit to the Regional Income Tax Agency (RITA) on behalf of the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a 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 2011 (2012) represent the collection of 2010 (2011) taxes. Real property taxes received in 2011 (2012) were levied after October 2, 2010 (2011), on the assessed values as of January 2, 2010 (2011), 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 on the third Wednesday in January. If paid semiannually the first payment is due on the third Wednesday in January with the remainder payable in July.

Public utility property tax receipts in 2010 (2011) represent the collection of 2011 (2012) taxes. Public utility real and tangible personal property taxes received in 2010 (2011) became a lien on December 31, 2010 (2011) were levied after October 1, 2010 (2011) 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.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2011 (2012) represent the collection of 2011 (2012) taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 (2012) were levied April 1, 2010 (2011) on the values listed as of December 31, 2009 (2010). Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Cuyahoga County Treasurer collects property taxes on behalf of the Village. The Cuyahoga County Auditor remits the collected taxes to the Village. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

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**Note 7 – Property Taxes** (Continued)

The full tax rate for all Village operations for the year ended December 31, 2012 (2011), 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 2012 (2011) property tax receipts were based are as follow:

2012	
Real Property	
Residential and Agricultural	\$ 64,818,340
Tangible Personal Property	
General	61,780
Public Utility	498,370
Total Assessed Value	\$ 65,378,490
2011	
Real Property	
Residential and Agricultural	\$ 64,017,040
Tangible Personal Property	
General	66,580
Public Utility	516,010
Total Assessed Value	\$ 64,599,630

**Note 8 – Defined Benefit Pension Plans**

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value member and (vested) employer contributions plus any investment earnings; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invest employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustment to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans.

The 2012 member contribution rates were 10.0% of covered payroll for members in state and local classifications. The 2012 employer contribution rate for state and local employers was 14.0% of covered payroll. State statute sets a maximum contribution rate of the Village of 14.0%.



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**Note 8 – Defined Benefit Pension Plans** (continued)

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011 and 2010 were \$58,911, \$57,955 and \$62,556 respectively. The full amount has been contributed for 2012, 2011 and 2010. The Village made no contributions to the member-directed plan for 2012 and 2011.

In June 2012, the Government Accounting Standards Board (GASB) issued GASB Statement No.68, Accounting and Financial Reporting for Pensions. This accounting standard replaces GASB Statement 27, and it is effective for employer fiscal years beginning after June 15, 2014.

**B. Ohio Police and Fire Pension Fund**

The Village of Bentleyville contributes to the Ohio Police and Fire Pensions 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The Village of Bentleyville's contributions to OP&F for the years ending December 31, 2012, 2011 and 2010 were \$54,075, \$40,598 and \$40,418 respectively, 100% of the Village's required contribution.

**Note 9 – Postemployment Benefits**

**Ohio Public Employees Retirement System**

Plan Description: Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Plan B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of 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 health care 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 the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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**Note 9 – Postemployment Benefits** (continued)

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as established rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's actual contribution for 2012, 2011 and 2010 which were used to fund post-employment benefits were \$16,831, \$16,558 and \$2,725, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions towards the health care fund after the end of the transition period.

**Ohio Police and Fire Pension Fund**

Plan Description: 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 dependents.

OP&F provides access to post-retirement health care coverage for any eligible 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 health care 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 is codified in Chapter 742 of the Ohio Revised Code. The 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy: 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 rates expressed as percentages of the payroll of active pension plan members, currently 19.50% of covered payroll for police. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

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**Note 9 – Postemployment Benefits** (continued)

OP&F maintains funds for health care in two separate accounts: one for health care benefits under and IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an 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.

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, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension are adequately funded is limited by the provisions of Sections 115 and 401(h).

OP & F Board of Trustees is also authorized to establish requirements for contributions to the health care 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 Village's contributions to OP&F for the years ending December 31, 2012, 2011 and 2010 to fund healthcare were \$18,710, \$14,047, and \$13,985, respectively.

Social Security: Three Council members have elected to contribute to Social Security. The contribution rate for 2012 was 6.2%.

**Note 10- Debt**

The Village's long-term debt activity for the years ended December 31, 2012 and December 31, 2011 were as follows:

	<u>Interest Rates</u>	<u>Balance at 1/1/2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/2012</u>	<u>Due in one year</u>
O.P.W.C Loan	0%	\$ 67,013	\$ -	\$ 6,382	\$ 60,631	\$ 3,191
O.W.D.A Loan	5.77%	372,009	-	32,681	339,327	34,567
CVT Project	5.25%	520,000	-	40,000	480,000	40,000
Total		<u>\$ 959,022</u>	<u>\$ -</u>	<u>\$ 79,063</u>	<u>\$ 879,958</u>	<u>\$ 77,758</u>

	<u>Interest Rates</u>	<u>Balance at 1/1/2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/2011</u>	<u>Due in one year</u>
O.P.W.C Loan	0%	\$ 73,396	\$ -	\$ 6,383	\$ 67,013	\$ 6,382
O.W.D.A Loan	5.77%	402,908	-	30,899	372,009	32,681
CVT Project	5.25%	565,000	-	45,000	520,000	40,000
Total		<u>\$ 1,041,304</u>	<u>\$ -</u>	<u>\$ 82,282</u>	<u>\$ 959,022</u>	<u>\$ 79,063</u>

OWDA debt was restated by \$51 from last year.

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 Interest Free Loan relates to the Chagrin River Slope Stabilization Project. This loan will be repaid in semiannual installments of \$3,191.

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**Note 10- Debt** (continued)

The Special Assessment Bond relates to the Chagrin Valley Trail (CVT) road improvement project. The bond 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 future annual debt service requirements:

Year Ending December 31:	O.W.D.A		O.P.W.C		CVT Project	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 34,567	\$ 19,579	\$ 6,382	\$ -	\$ 40,000	\$ 25,800
2014	36,562	17,585	6,382	-	40,000	23,600
2015	38,671	15,475	6,382	-	40,000	21,400
2016	40,903	13,244	6,382	-	40,000	19,200
2017	43,263	10,884	6,382	-	40,000	17,000
2018-2022.	145,362	17,076	28,721	-	200,000	52,150
2023-2024	-	-	-	-	80,000	6,150
<b>Total</b>	<b>\$ 339,327</b>	<b>\$ 93,843</b>	<b>\$ 60,631</b>	<b>\$ -</b>	<b>\$ 480,000</b>	<b>\$ 165,300</b>

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 21, 2012 were an overall debt margin of \$5,828,369 and an unvoted debt margin of \$3,597,272. The effects of the debt limitations at December 31, 2011, were an overall debt margin of \$5,822,475 and an unvoted debt margin of \$3,595,817.

**Note 11 – Interfund Activity**

In 2012, the Village transferred \$150,000, \$1,626, \$9,583, \$3,000 and \$5,093 from the General Fund to the Capital Expenditures and Major Repair Fund, Capital Projects Fund, CVT Special Assessment Fund, Waterline Debt Service Fund and the Cannon Road Debt Fund for payments of debt and other service and were done in accordance with budgetary authorizations.

In 2011, the Village transferred \$125,000, \$143,575, \$14,000, and \$1,000 from the General Fund to the Capital Expenditures and Major Repair Fund, Capital Projects Fund, CVT Special Assessment Fund, and the Waterline Debt Service Fund for payments of debt and other service and were done in accordance with budgetary authorizations.

In 2011, an advance was made from the General Fund to the Capital Projects Fund for \$125,000. This advance was repaid to the general fund in 2012.

In 2011, the Capital Projects fund returned a \$100,000 advance to the General Fund. These funds had been advanced in 2010.

**Note 12 – Contingent Liabilities**

There were no lawsuits against the Village as of December 31, 2012.

**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 priced 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 2011-2012. 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) of 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 purpose. During 2012 and 2011, the Village paid \$7,000 to VERCOG each year.

**Chagrin Valley Dispatch Council of Governments**

The Village is a member of the Chagrin Valley Dispatch Council of Governments (CVDCOG), a jointly governed organization. CVDCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. CVDCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. CVDCOG is currently comprised of seven communities located within the Chagrin Valley who jointly operate and maintain the former Chagrin Falls radio and dispatch center for the benefit of all member communities. CVDCOG is authorized to acquire and own police and fire dispatch and radio equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purpose. During 2012, the Village paid \$12,540 to CVDCOG.

**Note 14 – 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 \$33,548 and \$50,486 during 2012 and 2011, respectively.

The Village contracted with Municipal Building Inspection to provide services in connection with electrical building inspections. The Village Engineer is an owner of Municipal Building Inspection. The Village paid Municipal Building Inspection \$419 in 2012.

VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY  
Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011

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**Note 15 – Risk Management**

The Village is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2012 and 2011, the Village 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>
U.S. Specialty Insurance	Commercial Property	\$1,621,195
U.S. Specialty Insurance	General Liability	1,000,000
U.S. Specialty Insurance	Commercial Umbrella	8,000,000
U.S. Specialty Insurance	Vehicle	1,000,000
U.S. Specialty Insurance	Employee Benefits	1,000,000
U.S. Specialty Insurance	Public Officials	1,000,000
U.S. Specialty Insurance	Police Professional	1,000,000

Settled claims have not exceeded this commercial coverage in any of the last three years. There were no reductions of coverage from last year.

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.

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Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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INDEPENDENT AUDITORS' 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, OH 44022

To Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the 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, 2011 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 14, 2013. We noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

***Internal Control Over Financial Reporting***

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

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

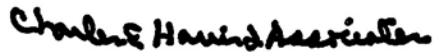
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

***Purpose of this Report***

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



***Charles E. Harris and Associates, Inc.***  
June 14, 2013



**VILLAGE OF BENTLEYVILLE  
 CUYAHOGA COUNTY, OHIO  
 For the Years Ended December 31, 2012 and 2011**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
<b>2010-001</b>	<b>ORC 5705.39, total appropriations from each fund not exceed total estimated fund resources</b>	<b>Yes</b>	<b>Finding no longer valid.</b>

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# Dave Yost • 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  
AUGUST 29, 2013