



**Mary Taylor, CPA**  
Auditor of State



**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY**

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**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Bentleyville, Cuyahoga County, Ohio (the Village), as of and for the years ended December 31, 2006 and December 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Bentleyville, Cuyahoga County, Ohio, as of December 31, 2006 and December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General and Street Construction Maintenance and Repair Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Mary Taylor, CPA**  
Auditor of State

October 11, 2007

**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
December 31, 2006 and 2005  
Unaudited**

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This discussion and analysis of the financial performance of the Village of Bentleyville, Cuyahoga County, Ohio, (the Village) provides an overall review of the Village's financial activities for the years ended December 31, 2006 and December 31, 2005, within the limitations of the Village's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2006 and 2005 are as follows:

- Net assets of governmental activities increased \$50,122 or 3.43 percent during 2006 and decreased \$18,093 or 1.22 percent during 2005. The fund most affected by the increase in cash and cash equivalents in 2006 was the General Fund, which had an increase in fund balance of \$170,129, while the Other Governmental Funds had a \$76,633 decrease in fund balance during 2005.
- The Village's general receipts are primarily property and income taxes. During 2006 and 2005, these receipts represent 78.56 and 78.08 percent, respectively, of the total cash received for governmental activities during the year.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

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

**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
December 31, 2006 and 2005  
Unaudited  
(Continued)**

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

**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

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

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

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

**Reporting the Village's Most Significant Funds**

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

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

**VILLAGE OF BENTLEYVILLE  
 CUYAHOGA COUNTY  
 Management's Discussion and Analysis  
 December 31, 2006 and 2005  
 Unaudited  
 (Continued)**

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

**The Government as a Whole**

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 and 2005 compared to 2004 on a cash basis:

(Table 1)  
**Governmental Net Assets**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,509,430</u>	<u>\$1,459,308</u>	<u>\$1,477,401</u>
Total Assets	<u><u>\$1,509,430</u></u>	<u><u>\$1,459,308</u></u>	<u><u>\$1,477,401</u></u>
<b>Net Assets</b>			
Restricted for:			
Debt Service	\$105,655	\$209,884	\$237,343
Capital Projects	52,639	46,808	132,453
Other Purposes	283,651	305,260	213,342
Unrestricted	<u>1,067,485</u>	<u>897,356</u>	<u>894,263</u>
Total Net Assets	<u><u>\$1,509,430</u></u>	<u><u>\$1,459,308</u></u>	<u><u>\$1,477,401</u></u>

Net assets of governmental activities increased \$50,122 or 3.43 percent during 2006 and decreased \$18,093 or 1.22 percent during 2005. The primary reason contributing to the increase in cash balances during 2006 was due to the increase of income tax revenue and the primary reason contributing to the decrease in cash balances during 2005 was due to the purchase of a truck for the service department.

**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
December 31, 2006 and 2005  
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Table 2 reflects components of the changes in net assets in 2006, 2005 and 2004.

	2006	2005	2004
<b>Changes in Governmental Net Assets</b>			
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$48,264	\$34,785	\$47,779
Operating Grants and Special Assessments	0	2,100	58,132
Capital Grants and Contributions	117,159	167,492	91,129
Total Program Receipts	165,423	204,377	197,040
General Receipts:			
Property Taxes	398,246	401,054	407,760
Municipal Income Taxes	933,441	881,225	899,430
Grants and Entitlements Not Restricted to Specific Programs	115,789	109,705	107,742
Bonds Issued	0	0	861,046
Interest	60,275	43,451	13,551
Miscellaneous	22,005	2,501	25,718
Total General Receipts	1,529,756	1,437,936	2,315,247
Total Receipts	1,695,179	1,642,313	2,512,287
Disbursements:			
General Government	379,129	350,254	332,945
Security of Persons and Property	676,749	636,606	610,698
Leisure Time Activities	5,769	12,676	7,097
Basic Utilities	58,401	56,506	55,904
Transportation	162,351	204,353	270,007
Capital Outlay	137,422	172,904	0
Principal Retirement	139,723	133,450	712,246
Interest and Fiscal Charges	85,513	93,657	86,150
Total Disbursements	1,645,057	1,660,406	2,075,047
Increase (Decrease) in Net Assets	50,122	(18,093)	437,240
Net Assets, January 1	1,459,308	1,477,401	1,040,161
Net Assets, December 31	\$1,509,430	\$1,459,308	\$1,477,401

Program receipts of governmental activities represent 9.76 percent in 2006 and 12.44 percent in 2005 of total receipts and are primarily comprised of building permits and inspection fees and special assessments.

General receipts of governmental activities represent 90.24 percent in 2006 and 87.56 percent in 2005 of the Village's total receipts, and of these amounts, 87.05 percent and 89.17 percent are property taxes and income taxes, respectively. State and federal grants and entitlements make up the balance of the Village's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
December 31, 2006 and 2005  
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(Continued)**

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, treasurer, and finance departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

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

**Governmental Activities**

If you look at the Statement of Activities on pages 10 and 20, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property; general government; and Transportation. The next three columns of the Statement, titled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers and other sources. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>					
	Total Cost Of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2006	2006	2005	2005	2004	2004
General Government	\$379,129	(\$378,858)	\$350,254	(\$350,254)	\$332,945	(\$311,445)
Security of Persons and Prop.	676,749	(638,173)	636,606	(606,532)	610,698	(570,207)
Public Health Services	0	7,657	0	6,451	0	2,144
Leisure Time Activities	5,769	(5,769)	12,676	37,324	7,097	(7,097)
Basic Utilities	58,401	(56,901)	56,506	(56,506)	55,904	1,000
Transportation	162,351	(162,091)	204,353	(204,115)	270,007	(194,006)
Capital Outlay	137,422	(137,422)	172,904	(172,904)	0	0
Principal Retirement	139,723	(22,564)	133,450	(15,958)	712,246	(712,246)
Interest and Fiscal Charges	85,513	(85,513)	93,657	(93,657)	86,150	(86,150)
<b>Total Expenses</b>	<b>\$1,645,057</b>	<b>(\$1,479,634)</b>	<b>\$1,660,406</b>	<b>(\$1,456,151)</b>	<b>\$2,075,047</b>	<b>(\$1,878,007)</b>

The dependence upon property and income tax receipts is apparent as nearly 81 percent of governmental activities were supported through these general receipts during 2006 and over 77 percent during 2005.

**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
December 31, 2006 and 2005  
Unaudited  
(Continued)**

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**The Government's Funds**

In 2006, total governmental funds had receipts of \$1,909,917 and disbursements of \$1,859,795 resulting in an increase of \$50,122. The greatest change within governmental funds occurred within the General fund. The fund balance of the General fund increased \$170,129 as the result of an increase in income tax revenue.

In 2005, total governmental funds had general receipts of \$1,773,354 and disbursements of \$1,791,447 resulting in a decrease of \$18,093. The greatest change was in the Other Governmental funds as the result of the purchase of a vehicle for the service department.

**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 2006 and 2005, the Village amended its General Fund budget to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

During 2006, final General fund disbursements were budgeted at \$1,428,156 while actual disbursements were \$1,392,252. During 2005, final General fund disbursements were budgeted at \$1,416,150 while actual disbursements were \$1,383,437. 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, 2006 and December 31, 2005, the Village's outstanding debt was \$1,494,416 and \$1,634,190, respectively, consisting of general obligation bonds, special assessment bonds, OWDA loans, and OPWC loans. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

**Contacting the Government's Financial Management**

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

**VILLAGE OF BENTLEYVILLE**  
**CUYAHOGA COUNTY**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,509,430
<i>Total Assets</i>	<i>\$1,509,430</i>
 <b>Net Assets</b>	
Restricted for:	
Capital Projects	\$52,639
Debt Service	105,655
Other Purposes	283,651
Unrestricted	1,067,485
<i>Total Net Assets</i>	<i>\$1,509,430</i>

See accompanying notes to the basic financial statements

**VILLAGE OF BENTLEYVILLE**  
**CUYAHOGA COUNTY**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2006*

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Capital Grants and Special Assessments</u>	<u>Total Governmental Activities</u>
<b>Governmental Activities</b>				
General Government	\$379,129	\$271	\$0	(\$378,858)
Security of Persons and Property	676,749	38,576	0	(638,173)
Public Health Services	0	7,657	0	7,657
Leisure Time Activities	5,769	0	0	(5,769)
Basic Utility Services	58,401	1,500	0	(56,901)
Transportation	162,351	260	0	(162,091)
Capital Outlay	137,422	0	0	(137,422)
Principal Retirement	139,723	0	117,159	(22,564)
Interest and Fiscal Charges	85,513	0	0	(85,513)
<i>Total Governmental Activities</i>	<u>\$1,645,057</u>	<u>\$48,264</u>	<u>\$117,159</u>	<u>(1,479,634)</u>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				398,246
Municipal Income Taxes				933,441
Grants and Entitlements				
not Restricted to Specific Programs				115,789
Interest				60,275
Miscellaneous				22,005
<i>Total General Receipts</i>				<u>1,529,756</u>
Change in Net Assets				50,122
<i>Net Assets Beginning of Year</i>				<u>1,459,308</u>
<i>Net Assets End of Year</i>				<u>\$1,509,430</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, 2006*

	General	Street Construction Maintenance and Repair	Chagrin River Rd. Slope Stabilization Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,067,485	\$143,004	\$98,925	\$200,016	\$1,509,430
<i>Total Assets</i>	<u>\$1,067,485</u>	<u>\$143,004</u>	<u>\$98,925</u>	<u>\$200,016</u>	<u>\$1,509,430</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$0	\$0	\$0	\$0	\$0
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	1,067,485	0	0	0	1,067,485
Special Revenue Funds	0	143,004	0	140,647	283,651
Debt Service Fund	0	0	98,925	6,730	105,655
Capital Projects Funds	0	0	0	52,639	52,639
<i>Total Fund Balances</i>	<u>\$1,067,485</u>	<u>\$143,004</u>	<u>\$98,925</u>	<u>\$200,016</u>	<u>\$1,509,430</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BENTLEYVILLE**  
**CUYAHOGA COUNTY**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Assets of Governmental Activities*  
*December 31, 2006*

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<b>Total Governmental Fund Balances</b>	<u>\$1,509,430</u>
<i>Net Assets of Governmental Activities</i>	<u>\$1,509,430</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, 2006*

	General	Street Construction Maintenance and Repair	Chagrin Road Slope Stabilization Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Municipal Income Taxes	\$933,441	\$0	\$0	\$0	\$933,441
Property and Other Local Taxes	350,768	47,479	0	0	398,247
Special Assessments	0	0	0	117,159	117,159
Charges for Services	5,973	0	0	1,500	7,473
Fines, Licenses and Permits	50,240	260	0	0	50,500
Intergovernmental	74,130	43,618	0	0	117,748
Interest	54,204	6,071	0	0	60,275
Miscellaneous	5,680	0	0	4,656	10,336
<i>Total Receipts</i>	<u>1,474,436</u>	<u>97,428</u>	<u>0</u>	<u>123,315</u>	<u>1,695,179</u>
<b>Disbursements</b>					
Current:					
General Government	379,129	0	0	0	379,129
Security of Persons and Property	676,749	0	0	0	676,749
Leisure Time Activities	0	0	0	5,769	5,769
Basic Utility Services	58,401	0	0	0	58,401
Transportation	138,959	23,392	0	0	162,351
Capital Outlay	12,221	83,631	0	41,570	137,422
Debt Service:					
Principal Retirement	0	0	6,382	133,341	139,723
Interest and Fiscal Charges	0	0	0	85,513	85,513
<i>Total Disbursements</i>	<u>1,265,459</u>	<u>107,023</u>	<u>6,382</u>	<u>266,193</u>	<u>1,645,057</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>208,977</u>	<u>(9,595)</u>	<u>(6,382)</u>	<u>(142,878)</u>	<u>50,122</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	87,945	0	0	126,793	214,738
Transfers Out	(126,793)	0	(87,945)	0	(214,738)
<i>Total Other Financing Sources (Uses)</i>	<u>(38,848)</u>	<u>0</u>	<u>(87,945)</u>	<u>126,793</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	170,129	(9,595)	(94,327)	(16,085)	50,122
<i>Fund Balances Beginning of Year</i>	<u>897,356</u>	<u>152,599</u>	<u>193,252</u>	<u>216,101</u>	<u>1,459,308</u>
<i>Fund Balances End of Year</i>	<u>\$1,067,485</u>	<u>\$143,004</u>	<u>\$98,925</u>	<u>\$200,016</u>	<u>\$1,509,430</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended December 31, 2006*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<u>\$50,122</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$50,122</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$907,990	\$909,791	\$933,441	\$23,650
Property and Other Local Taxes	338,013	338,684	350,768	12,084
Charges for Services	5,810	5,822	5,973	151
Fines, Licenses and Permits	48,870	48,967	50,240	1,273
Intergovernmental	75,299	75,449	74,130	(1,319)
Interest	52,726	52,831	54,204	1,373
Miscellaneous	5,525	5,536	5,680	144
<i>Total receipts</i>	<u>1,434,233</u>	<u>1,437,080</u>	<u>1,474,436</u>	<u>37,356</u>
<b>Disbursements</b>				
Current:				
General Government	395,794	389,884	379,129	10,755
Security of Persons and Property	706,497	695,946	676,749	19,197
Basic Utility Services	60,968	60,058	58,401	1,657
Transportation	145,067	142,901	138,959	3,942
Capital Outlay	12,758	12,568	12,221	347
<i>Total Disbursements</i>	<u>1,321,085</u>	<u>1,301,356</u>	<u>1,265,459</u>	<u>35,897</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>113,148</u>	<u>135,724</u>	<u>208,977</u>	<u>73,253</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	87,945	87,945
Transfers Out	(160,223)	(126,800)	(126,793)	7
<i>Total Other Financing Sources (Uses)</i>	<u>(160,223)</u>	<u>(126,800)</u>	<u>(38,848)</u>	<u>87,952</u>
<i>Net Change in Fund Balance</i>	(47,075)	8,924	170,129	161,205
<i>Fund Balance Beginning of Year</i>	<u>895,800</u>	<u>895,800</u>	<u>895,800</u>	<u>0</u>
Prior Year Encumbrances Appropriated	1,556	1,556	1,556	0
<i>Fund Balance End of Year</i>	<u>\$850,281</u>	<u>\$906,280</u>	<u>\$1,067,485</u>	<u>\$161,205</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$41,400	\$41,400	\$47,479	\$6,079
Fines, Licenses and Permits	212	212	260	48
Intergovernmental	32,901	32,901	43,618	10,717
Interest	4,952	4,952	6,071	1,119
<i>Total receipts</i>	<u>79,465</u>	<u>79,465</u>	<u>97,428</u>	<u>17,963</u>
<b>Disbursements</b>				
Current:				
Transportation	39,782	23,651	23,392	259
Capital Outlay	142,228	84,559	83,631	928
<i>Total Disbursements</i>	<u>182,010</u>	<u>108,210</u>	<u>107,023</u>	<u>1,187</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(102,545)</u>	<u>(28,745)</u>	<u>(9,595)</u>	<u>19,150</u>
<i>Net Change in Fund Balance</i>	(102,545)	(28,745)	(9,595)	19,150
<i>Fund Balance Beginning of Year</i>	<u>135,133</u>	<u>135,133</u>	<u>135,133</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>17,466</u>	<u>17,466</u>	<u>17,466</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$50,054</u></u>	<u><u>\$123,854</u></u>	<u><u>\$143,004</u></u>	<u><u>\$19,150</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF BENTLEYVILLE**  
**CUYAHOGA COUNTY**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2006*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$64,513
<i>Total Assets</i>	<u>\$64,513</u>
<b>Net Assets</b>	
Unrestricted	<u>\$64,513</u>

See accompanying notes to the basic financial statements

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**VILLAGE OF BENTLEYVILLE**  
**CUYAHOGA COUNTY**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2005*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,459,308</u>
<i>Total Assets</i>	<u><u>\$1,459,308</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$46,808
Debt Service	209,884
Other Purposes	305,260
Unrestricted	<u>897,356</u>
<i>Total Net Assets</i>	<u><u>\$1,459,308</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, 2005*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants	Capital Grants and Special Assessments	Total Governmental Activities
<b>Governmental Activities</b>					
General Government	\$350,254	\$122	\$0	\$0	(\$350,132)
Security of Persons and Property	636,606	27,974	2,100	0	(606,532)
Public Health Services	0	6,451	0	0	6,451
Leisure Time Activities	12,676	0	0	50,000	37,324
Basic Utility Services	56,506	0	0	0	(56,506)
Transportation	204,353	238	0	0	(204,115)
Capital Outlay	172,904	0	0	0	(172,904)
Principal Retirement	133,450	0	0	117,492	(15,958)
Interest and Fiscal Charges	93,657	0	0	0	(93,657)
<i>Total Governmental Activities</i>	<u>\$1,660,406</u>	<u>\$34,785</u>	<u>\$2,100</u>	<u>\$167,492</u>	<u>(1,456,029)</u>

**General Receipts**

Property Taxes Levied for:	
General Purposes	401,054
Municipal Income Taxes	881,225
Grants and Entitlements	
not Restricted to Specific Programs	109,705
Interest	43,451
Miscellaneous	2,501
<i>Total General Receipts</i>	<u>1,437,936</u>
Change in Net Assets	(18,093)
<i>Net Assets Beginning of Year</i>	<u>1,477,401</u>
<i>Net Assets End of Year</i>	<u><u>\$1,459,308</u></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, 2005*

	General	Street Construction Maintenance and Repair	Chagrin River Rd. Slope Stabilization Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$897,356	\$152,599	\$193,252	\$216,101	\$1,459,308
<i>Total Assets</i>	<u>\$897,356</u>	<u>\$152,599</u>	<u>\$193,252</u>	<u>\$216,101</u>	<u>\$1,459,308</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$1,556	\$17,466	\$0	\$29,835	\$48,857
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	895,800	0	0	0	895,800
Special Revenue Funds	0	135,133	0	152,661	287,794
Debt Service Fund	0	0	193,252	16,632	209,884
Capital Projects Funds	0	0	0	16,973	16,973
<i>Total Fund Balances</i>	<u>\$897,356</u>	<u>\$152,599</u>	<u>\$193,252</u>	<u>\$216,101</u>	<u>\$1,459,308</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BENTLEYVILLE**  
**CUYAHOGA COUNTY**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Assets of Governmental Activities*  
*December 31, 2005*

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<b>Total Governmental Fund Balances</b>	<u>\$1,459,308</u>
<i>Net Assets of Governmental Activities</i>	<u>\$1,459,308</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, 2005*

	General	Street Construction Maintenance and Repair	Chagrin River Rd. Slope Stabilization Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Municipal Income Taxes	\$881,225	\$0	\$0	\$0	\$881,225
Property and Other Local Taxes	353,799	47,255	0	0	401,054
Special Assessments	0	0	0	117,492	117,492
Charges for Services	6,573	0	0	0	6,573
Fines, Licenses and Permits	27,974	238	0	0	28,212
Intergovernmental	71,605	38,100	0	52,100	161,805
Interest	39,947	3,504	0	0	43,451
Miscellaneous	2,501	0	0	0	2,501
<i>Total Receipts</i>	<u>1,383,624</u>	<u>89,097</u>	<u>0</u>	<u>169,592</u>	<u>1,642,313</u>
<b>Disbursements</b>					
Current:					
General Government	347,417	0	0	2,837	350,254
Security of Persons and Property	634,935	0	0	1,671	636,606
Leisure Time Activities	0	0	0	12,676	12,676
Basic Utility Services	56,506	0	0	0	56,506
Transportation	182,857	21,496	0	0	204,353
Capital Outlay	30,475	12,155	0	130,274	172,904
Debt Service:					
Principal Retirement	0	0	6,382	127,068	133,450
Interest and Fiscal Charges	0	0	0	93,657	93,657
<i>Total Disbursements</i>	<u>1,252,190</u>	<u>33,651</u>	<u>6,382</u>	<u>368,183</u>	<u>1,660,406</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>131,434</u>	<u>55,446</u>	<u>(6,382)</u>	<u>(198,591)</u>	<u>(18,093)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	6,383	121,958	128,341
Transfers Out	(128,341)	0	0	0	(128,341)
Advances In	1,350	0	0	1,350	2,700
Advances Out	(1,350)	0	0	(1,350)	(2,700)
<i>Total Other Financing Sources (Uses)</i>	<u>(128,341)</u>	<u>0</u>	<u>6,383</u>	<u>121,958</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	3,093	55,446	1	(76,633)	(18,093)
<i>Fund Balances Beginning of Year</i>	<u>894,263</u>	<u>97,153</u>	<u>193,251</u>	<u>292,734</u>	<u>1,477,401</u>
<i>Fund Balances End of Year</i>	<u>\$897,356</u>	<u>\$152,599</u>	<u>\$193,252</u>	<u>\$216,101</u>	<u>\$1,459,308</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended December 31, 2005*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<u>(\$18,093)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>(\$18,093)</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, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$935,966	\$881,917	\$881,225	(\$692)
Property and Other Local Taxes	375,777	354,077	353,799	(278)
Charges for Services	6,981	6,578	6,573	(5)
Fines, Licenses and Permits	29,712	27,996	27,974	(22)
Intergovernmental	76,053	71,661	71,605	(56)
Interest	42,428	39,978	39,947	(31)
Miscellaneous	2,656	2,503	2,501	(2)
<i>Total receipts</i>	<u>1,469,573</u>	<u>1,384,710</u>	<u>1,383,624</u>	<u>(1,086)</u>
<b>Disbursements</b>				
Current:				
General Government	365,346	357,182	348,953	8,229
Security of Persons and Property	664,784	649,929	634,955	14,974
Basic Utility Services	59,161	57,839	56,506	1,333
Transportation	191,447	187,169	182,857	4,312
Capital Outlay	31,907	31,194	30,475	719
<i>Total Disbursements</i>	<u>1,312,644</u>	<u>1,283,313</u>	<u>1,253,746</u>	<u>29,567</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>156,929</u>	<u>101,397</u>	<u>129,878</u>	<u>28,481</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(140,487)	(131,487)	(128,341)	3,146
Advances In	0	1,350	1,350	0
Advances Out	0	(1,350)	(1,350)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(140,487)</u>	<u>(131,487)</u>	<u>(128,341)</u>	<u>3,146</u>
<i>Net Change in Fund Balance</i>	16,442	(30,090)	1,537	31,627
<i>Fund Balance Beginning of Year</i>	<u>893,275</u>	<u>893,275</u>	<u>893,275</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>988</u>	<u>988</u>	<u>988</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$910,705</u></u>	<u><u>\$864,173</u></u>	<u><u>\$895,800</u></u>	<u><u>\$31,627</u></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, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$40,251	\$45,581	\$47,255	\$1,674
Fines, Licenses and Permits	202	230	238	8
Intergovernmental	32,453	36,750	38,100	1,350
Interest	2,985	3,380	3,504	124
<i>Total receipts</i>	<u>75,891</u>	<u>85,941</u>	<u>89,097</u>	<u>3,156</u>
<b>Disbursements</b>				
Current:				
Transportation	19,344	21,867	21,496	371
Capital Outlay	26,656	30,133	29,621	512
<i>Total Disbursements</i>	<u>46,000</u>	<u>52,000</u>	<u>51,117</u>	<u>883</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>29,891</u>	<u>33,941</u>	<u>37,980</u>	<u>2,273</u>
<i>Net Change in Fund Balance</i>	29,891	33,941	37,980	2,273
<i>Fund Balance Beginning of Year</i>	<u>87,653</u>	<u>87,653</u>	<u>87,653</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>9,500</u>	<u>9,500</u>	<u>9,500</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$127,044</u></u>	<u><u>\$131,094</u></u>	<u><u>\$135,133</u></u>	<u><u>\$2,273</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF BENTLEYVILLE**  
**CUYAHOGA COUNTY**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2005*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$53,090
<i>Total Assets</i>	<u>\$53,090</u>
<b>Net Assets</b>	
Unrestricted	<u>\$53,090</u>

See accompanying notes to the basic financial statements

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VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005

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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 fire department.

**B. Component Units**

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

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

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

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

Jointly Governed Organization:  
Northeast Ohio Public Energy Council  
Public Entity Risk Pool:  
Ohio Government Risk Management Plan

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

VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
(CONTINUED)

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

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**B. Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and fiduciary.

VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
(CONTINUED)

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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 nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

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

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

Chagrin River Road Slope Stabilization Debt Service Fund – This fund is used to pay the Ohio Public Works Commission no interest loan related to the Chagrin River Road Slope Stabilization

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

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village maintains two agency funds, the Contractors' Bond and the Fines and Costs funds. The Contractors' Bond fund is used to account for the deposits received from contractors to ensure performance. The Fines and Costs fund is used to account for the fines and fees collected from waiverable offenses.

C. Basis of Accounting

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

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

VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
(CONTINUED)

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Finance Manager. 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 appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. 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 2006 and 2005, the Village invested in savings accounts, STAR Ohio and U.S. government securities. All investments are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 and 2005 was \$54,204 and \$39,947 respectively.

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FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
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**Note 2 – Summary of Significant Accounting Policies** (Continued)

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

Inventories resulting from cash transactions are presented at cost on a first-in, first-out basis and are reported as disbursements when used. Prepaid items are reported as disbursements when consumed.

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

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

L. Net Assets

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

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

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FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
(CONTINUED)

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

M. Fund Balance Reserves

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

N. Interfund Transactions

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

**Note 3 – Compliance**

**A. Expenditures Plus Encumbrances Exceeding Appropriations**

As of October 31, 2005 the following funds had expenditures plus encumbrances in excess of appropriations in violation of Ohio Revised Code Section 5705.41(B):

<u>Fund</u>	<u>Annual Appropriations as of October 31, 2005</u>	<u>Expenditures Plus Encumbrances as of October 31, 2005</u>	<u>Variance</u>
<b>Special Revenue Funds:</b>			
Street Construction Maintenance Repair Fund	\$51,700	\$62,489	(\$10,789)
Bentleyville Park Fund	16,300	26,914	(10,614)

**B. Encumbrance of Funds**

A review of expenditures in fiscal years 2006 and 2005 disclosed that 7 out of 73 (or \$73,173 out of \$793,725 reviewed) were not encumbered in accordance with Ohio Revised Code Section 5705.41(D).

**Note 4 – Deposits and Investments**

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
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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 marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end 2006 and 2005, the Village had book balances of \$429,135 and \$295,728 respectively. Of the Village's 2006 bank balance of \$473,969, \$373,969 was uninsured and uncollateralized. Of the Village's 2005 bank balance of \$344,504, \$244,504 was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 4 – Deposits and Investments** (Continued)

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

**Investments**

As of December 31, 2006, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturity
StarOhio	\$ 218,354	35 days
FNMA	400,001	8 months
FHLB	399,969	11 months
Overnight Repurchase	126,484	1 day
Total	<u>\$ 1,144,808</u>	

The weighted average maturity is 9 months.

As of December 31, 2005, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturity
StarOhio	\$ 207,975	35 days
FNMA	599,180	8 months
FHLB	299,595	18 months
Overnight Repurchase	109,920	1 day
Total	<u>\$ 1,216,670</u>	

The weighted average maturity is 17 months.

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

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

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

*Concentration of Risk:* The Village places no limit on the amount that may be invested in any one issuer. The Village investments in Star Ohio, FHLB and FNMA securities and Overnight Repurchases represent 19%, 35%, 35% and 11% respectively, in 2006. The Village investments in Star Ohio, FHLB and FNMA securities and Overnight Repurchases represent 17%, 24%, 49% and 10% respectively, in 2005.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
(CONTINUED)

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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 funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end 2005 (budgetary basis) amounted to \$1,556 and \$17,466 for the General and Street Construction Maintenance and Repair funds, respectively. These funds did not have any encumbrances outstanding at year end 2006.

**Note 6 – Income Taxes**

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

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 (2006) represent the collection of 2004 (2005) taxes. Real property taxes received in 2005 (2006) were levied after October 1, 2004 (2005), on the assessed values as of January 1, 2004 (2005), 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 December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by July 1. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 (2006) represent the collection of 2004 (2005) taxes. Public utility real and tangible personal property taxes received in 2005 (2006) became a lien on December 31, 2004 (2005), were levied after October 1, 2004 (2005), 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.

Tangible personal property tax receipts received in 2005 (2006) (other than public utility property) represent the collection of 2005 (2006) taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004 (2005), on the true value as of December 31, 2004 (2005). Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

VILLAGE OF BENTLEYVILLE  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
(CONTINUED)

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

The full tax rate for all Village operations for the year ended December 31, 2005 (2006), 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 2005 (2006) property tax receipts were based are as follows:

	<u>2006</u>		<u>2005</u>
Real Property		Real Property	
Residential/Agricultural	\$64,219,780	Residential/Agricultural	\$59,458,460
Commercial/Industrial/Mineral	59,090	Commercial/Industrial/Mineral	0
Tangible Personal Property		Tangible Personal Property	
Public Utility	448,550	Public Utility	482,940
Business	108,052	Business	206,840
Total Assessed Value	\$64,835,472	Total Assessed Value	\$60,148,240

**Note 8 – Defined Benefit Pension Plans**

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The Village's contribution rate for pension benefits for 2006 was 9.2 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 12.43 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
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**Note 8 – Defined Benefit Pension Plans** (Continued)

A. Ohio Public Employees Retirement System (Continued)

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were members in law enforcement contributed 10.1 percent. The employer contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement. For those classifications, the employer's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$26,879, \$27,647 and \$25,383 respectively; 100 percent has been contributed for 2006, 2005 and 2004.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 11.75 percent for police officers. Contributions are authorized by State statute. The Village's contributions to the Fund as of December 31, 2006, 2005 and 2004 was \$34,835, \$33,125 and \$32,067 respectively. 100 percent has been contributed for 2006, 2005 and 2004.

**Note 9 – Postemployment Benefits**

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

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FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
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**Note 9 – Postemployment Benefits** (Continued)

A. Ohio Public Employees Retirement System (Continued)

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$13,147. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. Police and Firemen's Disability and Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2006 that were used to fund postemployment benefits were \$22,976 for police. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
(CONTINUED)

**Note 10 – Debt**

The Village's long-term debt activity for the years ended December 31, 2005 and December 31, 2006, was as follows:

<u>December 31, 2005</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Amount of Original Issuance</u>	<u>Debt Outstanding 1/1/2005</u>	<u>Debt Proceeds</u>	<u>Principal Paid</u>	<u>Ending Principal 12/31/2005</u>	<u>Due Within One Year</u>
General Obligation Bonds	1994	5.35%	\$775,000	\$265,000	\$0	\$60,000	205,000	\$65,000
Ohio Public Works Commission Loan	2003	0.00%	127,645	111,689	0	6,382	105,307	6,382
Ohio Water Development Authority Loan	1996	5.77%	736,400	555,951	0	22,068	533,883	23,341
Special Assessment Bond - CVT Project	2004	5.25%	835,000	835,000	0	45,000	790,000	45,000
<b>Total</b>				<b>\$1,767,640</b>	<b>\$0</b>	<b>\$133,450</b>	<b>\$1,634,190</b>	<b>\$139,723</b>

<u>December 31, 2006</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Amount of Original Issuance</u>	<u>Debt Outstanding 1/1/2006</u>	<u>Debt Proceeds</u>	<u>Principal Paid</u>	<u>Ending Principal 12/31/2006</u>	<u>Due Within One Year</u>
General Obligation Bonds	1994	5.35%	\$775,000	\$205,000	\$0	\$65,000	140,000	\$70,000
Ohio Public Works Commission Loan	2003	0.00%	127,645	105,307	0	6,382	98,925	6,382
Ohio Water Development Authority Loan	1996	5.77%	736,400	533,833	0	23,342	510,491	24,688
Special Assessment Bond - CVT Project	2004	5.25%	835,000	790,000	0	45,000	745,000	45,000
<b>Total</b>				<b>\$1,634,140</b>	<b>\$0</b>	<b>\$139,724</b>	<b>\$1,494,416</b>	<b>\$146,070</b>

The Ohio Water Development Authority loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments of \$27,073, including interest, over 25 years. The Ohio Public Works Commission interest free Loan relates to the Chagrin River Slope Stabilization project. This loan will be repaid in semiannual installments of \$6,382. The General Obligation Bond relates to the construction of the Village Hall complex in 1994. The bond was issued in the amount of \$775,000 and will be repaid in semi-annual varying principal and interest payments over 15 years. The Special Assessment Bond relates to the Chagrin Valley Trail (CVT) road improvement project. The bond was issued in the amount of \$835,000 and will be repaid over 20 years in annual varying principal and interest payments.

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(CONTINUED)

**Note 10 – Debt (Continued)**

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

Year	1994 G.O. Bonds		OWDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$70,000	\$2,013	\$24,688	\$29,458	\$6,382	\$0
2008	70,000	2,048	26,112	28,034	6,382	0
2009	0	0	27,620	26,527	6,382	0
2010	0	0	29,213	24,933	6,382	0
2011	0	0	30,899	23,248	6,382	0
2012-2016	0	0	183,334	87,348	31,912	0
2017-2021	0	0	188,625	27,960	31,911	0
2022-2026	0	0	0	0	3,192	0
<b>Total</b>	<b>\$140,000</b>	<b>\$4,061</b>	<b>\$510,491</b>	<b>\$247,508</b>	<b>\$98,925</b>	<b>\$0</b>

Year	S.A. CVT Project		Total	
	Principal	Interest	Principal	Interest
2007	\$45,000	\$39,925	\$146,070	\$71,396
2008	45,000	37,563	147,494	67,645
2009	45,000	35,200	79,002	61,727
2010	45,000	32,838	80,595	57,771
2011	45,000	30,475	82,281	53,723
2012-2016	200,000	119,000	415,246	206,348
2017-2021	200,000	63,000	420,536	90,960
2022-2026	120,000	12,310	123,192	12,310
<b>Total</b>	<b>\$745,000</b>	<b>\$370,311</b>	<b>\$1,494,416</b>	<b>\$621,880</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 31, 2006, were an overall debt margin of \$6,807,725 and an unvoted debt margin of \$3,565,951. The effects of the debt limitations at December 31, 2005, were an overall debt margin of \$6,315,565 and an unvoted debt margin of \$3,308,153.

**Note 11 – Interfund Transfers**

During 2006 and 2005 the Village transferred \$126,793 and \$128,341 from the General Fund to the Debt Service and Capital Projects Fund for payments of debt and other services and were done in accordance with budgetary authorizations.

Also, in 2006 the Village transferred \$87,945 from the Chagrin River Road Slope Stabilization Fund to the General Fund in accordance with budgetary authorizations and approval from the Court of Common Pleas as the project had been completed and the monies were no longer needed in that fund.

**Note 12 – Contingent Liabilities**

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

VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
(CONTINUED)

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**Note 13 – Jointly Governed Organization**

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2006 and 2005. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 175 South Main Street, Akron, Ohio 44308.

**Note 14 – Public Entity Risk Pool**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

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

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

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2006 and 2005 (the latest information available):

	<b><u>2005</u></b>	<b><u>2006</u></b>
Assets	\$8,219,430	\$9,620,148
Liabilities	<u>(2,748,639)</u>	<u>(3,229,620)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$6,290,528</u>

VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 and DECEMBER 31, 2005  
(CONTINUED)

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**Note 14 – Public Entity Risk Pool** (Continued)

For the years ended December 31, 2006 and December 31, 2005, the Village paid \$36,161 and \$35,011, respectively, in premiums to the Ohio Government Management Risk Plan. Financial information can be obtained by contacting the plan's administrator, Hylant Administrative Services, LLC., 811 Madison Avenue, Toledo, Ohio 43624.

Management believes that the cash reserves for unpaid losses is adequate for current needs but that they may be required to increase the cash contribution in the future, if determined as necessary.

**Note 15 – Engineering Services**

The Village contracted with Chagrin Valley Engineering to provide services in connection with the construction of public improvements. The Village Engineer is an employee of Chagrin Valley Engineering. The Village paid \$23,664 and \$24,475 during 2005 and 2006, respectively.

**Note 16 – Risk Management**

**A. Property and Liability**

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Village has contracted with the Ohio Government Risk Management Plan, a not-for-profit organization, for the purpose of obtaining property, liability, and vehicle insurance and providing for a formalized jointly administered self insurance fund. The Village pays an annual premium to Love Insurance for its insurance coverage. The coverage is paid from the general fund.

There has not been a significant reduction in coverage from the prior year and claims have not exceeded coverage provided by the Ohio Government Risk Management Plan in any of the last three years.

**B. Worker's Compensation**

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.

**Note 17 – Subsequent Event**

On July 11, 2007 the Village Council approved the issuance of a \$75,000 Ohio Public Works Commission non-interest bearing note for the purpose of financing the Liberty Road Project. The Village was also approved for a \$75,000 grant from the Ohio Public Works Commission and a \$509,600 federal grant from ODOT for the Liberty Road Project. Construction is to begin towards the end of 2008.



# Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Bentleyville, Cuyahoga County (the Village) as of and for the years ended December 31, 2006 and December 31, 2005, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding number 2006-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated October 11, 2007.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-002.

We also noted certain noncompliance matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 11, 2007.

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

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



**Mary Taylor, CPA**  
Auditor of State

October 11, 2007

**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Financial Reporting – Significant Deficiency/Material Weakness**

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

We noted several line items on the Village's annual financial report filed with the Auditor of State for fiscal years 2005 and 2006 that did not agree to the system-generated revenue and expense ledgers. Also, the system-generated revenue and expense ledgers did not agree to the system-generated fund balance report as of December 31, 2006. These variances inhibit management's and Council's ability to determine the accuracy and completeness of the Village's financial reporting.

In addition, we noted the revenue and expense ledgers were not in agreement with the Village's Official Amended Certificates of Estimated Resources and the current Council-approved appropriations measures during 2005 and 2006. Failure to update the Village's ledgers for current budgetary information could result in the Village appropriating or spending more money than is actually available for expenditure.

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

- When fund balances are pooled for investments, interest income should be posted according to the fund balances and the percentage of the pool they represent. The Village did not post interest income according to the month end fund balances. The misposting resulted in the following errors:
  - Interest income was overstated in the General fund and understated in the Street Construction, Maintenance, and Repair special revenue fund by \$2,924 in fiscal year 2005.
  - Interest income was overstated in the General fund and understated in the Street Construction, Maintenance, and Repair special revenue fund by \$4,935 in fiscal year 2006.
- Homestead and rollback revenue was not distributed between the General fund and the Street Construction, Maintenance, and Repair special revenue fund according to the Cuyahoga County Statements of Semi-Annual Apportionment of Taxes during 2006. As a result of the misposting, intergovernmental revenue was overstated in the General fund and understated in the Street Construction, Maintenance, and Repair fund by \$3,280.
- Special assessment revenue was not distributed between the Water Line Special Assessment and CVT Special Assessment debt service funds according to the Cuyahoga County Fund Settlement Report (obtained with the Statement of Semi-Annual Apportionment of Taxes) during 2006. As a result of the misposting, special assessment revenue was overstated in the CVT Special Assessment fund and understated in the Water Line Special Assessment fund by \$8,210.
- In 2005, investment fees in the amount of \$2,706 were not posted to the Village's system. As a result, general government disbursements were understated by this amount.

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

**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-001 (Continued)**

**Financial Reporting – Significant Deficiency/Material Weakness (Continued)**

**Management’s Response**

In 2007, the ledgers are updated as soon as the approved revised appropriations or revised Official Amended Certificates of Estimated Resources are received from the County Auditor. These documents are submitted to the County Auditor within two days of council meetings and usually returned to the Village within two weeks. No changes are made to the accounting system until approval is received by the County Auditor.

The line items mentioned regarding the Auditor of State report above represent two transactions which the Finance Manager posted to the wrong account in November, 2006. Due to her inexperience at that time, she was not certain how to correct the misposting in the accounting system. She was aware that she was out of balance by this immaterial amount. She assumed that the State Auditor’s Office would provide guidance on this issue.

The Village uses accounting software provided by Software Solutions, Inc. When the system was custom configured for the Village in 2004, the Treasurer and Finance Manager requested that all void checks and correcting entries be flagged and reported as additional debits and credits in all reports. For example, if a check for \$100 is voided, and re-entered for \$100, the system reports two debits for \$100 each and a credit for \$100, netting to a debit of \$100. The State Auditors were looking for a report which would list debits of \$100 only to match fund balance reports. Due to the manner in which the Bentleyville system was set-up, these reports are not available. There were several months in both 2005 and 2004 when checks were voided that this situation occurred. Software Solutions, Inc. can change the Village’s system set-up going forward to report the net transactions only, if the Village requests this change.

The Village has allocated interest between the General Fund and the Street Fund using a formula based on revenues and expenses and a Sky Bank monthly interest rate. The formula will be adjusted to utilize the fund balance, instead, if this is more appropriate. Homestead, rollback and special assessment revenues were posted based on verbal advice from the Cuyahoga County Treasurer’s Office. In 2007, this revenue is correctly posted based on the Statement of Semi-Annual Apportionment of Taxes.

The investment expenses noted above were not recorded for the year ended December 31, 2005. This amount represents an expense incurred when the Sky Bank Investment account was opened in January 2005.

**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
(Continued)**

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

**FINDING NUMBER 2006-002**

**Expenditures Plus Encumbrances Exceeding Appropriations – Material Noncompliance/Significant Deficiency**

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated. Budgetary expenditures (that is, disbursements and encumbrances) as enacted by the Village may not exceed appropriations at the legal level of control for all funds.

The following funds had expenditures plus encumbrances in excess of appropriations as of October 31, 2005:

<u>Fund</u>	<u>Appropriations as of October 31, 2005</u>	<u>Expenditures Plus Encumbrances as of October 31, 2005</u>	<u>Variance</u>
<b>Special Revenue Funds:</b>			
Street Construction Maintenance and Repair	\$51,700	\$62,489	(\$10,789)
Bentleyville Park	16,300	26,914	(10,614)

Also, expenditure ledgers should be updated for any adjustments to the appropriations. During 2005 and 2006, the expenditure ledgers were not in agreement with the final approved appropriations measure.

We recommend the Village compare appropriations to expenditures in all funds which are legally required to be budgeted, at the legal level of control, and make all necessary adjustments to the amounts appropriated to ensure compliance with the above requirements. This comparison, and amendment if necessary, should be completed on a monthly basis at a minimum. In addition, we recommend that the Village update expenditure ledgers for all amendments made to appropriations throughout the year.

**Management’s Response**

In 2007, the ledgers are updated as soon as the approved revised appropriations were received from the County Auditor. Currently, the Finance Committee and the Finance Manager complete a comparison of expenditures versus budgeted amounts on a monthly basis.

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**VILLAGE OF BENTLEYVILLE  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	Ohio Revised Code Section 5705.39 – Appropriations Exceeding Estimated Resources	Yes	ORC 5705.39, No Longer Valid





**Mary Taylor, CPA**  
Auditor of State

VILLAGE OF BENTLEYVILLE

CUYAHOGA COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 29, 2007