



Dave Yost • Auditor of State

VILLAGE OF BENTLEYVILLE
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2016.....	5
Statement of Receipts, Disbursements and Changes in Fund Balance (Cash Basis) Fiduciary Fund Type For the Year Ended December 31, 2016.....	6
Notes to the Financial Statements – For the Year Ended December 31, 2016	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2015.....	17
Statement of Receipts, Disbursements and Changes in Fund Balance (Cash Basis) Fiduciary Fund Type For the Year Ended December 31, 2015.....	18
Notes to the Financial Statements – For the Year Ended December 31, 2015	19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Bentleyville, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Bentleyville, Cuyahoga County, Ohio as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

September 29, 2017

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Village of Bentleyville
Cuyahoga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$379,010	\$49,144			\$428,154
Municipal Income Tax	878,942				878,942
Intergovernmental	80,264	39,313			119,577
Special Assessments			\$118,487		118,487
Charges for Services	9,217				9,217
Fines, Licenses and Permits	86,265				86,265
Earnings on Investments	4,341	628			4,969
Miscellaneous	48,744				48,744
<i>Total Cash Receipts</i>	<u>1,486,783</u>	<u>89,085</u>	<u>118,487</u>		<u>1,694,355</u>
Cash Disbursements					
Current:					
Security of Persons and Property	742,060				742,060
Basic Utility Services	52,992	121,384			174,376
Transportation	208,762				208,762
General Government	373,673				373,673
Capital Outlay				\$51,437	51,437
Debt Service:					
Principal Retirement			87,286	10,448	97,734
Interest and Fiscal Charges			27,185		27,185
<i>Total Cash Disbursements</i>	<u>1,377,487</u>	<u>121,384</u>	<u>114,471</u>	<u>61,885</u>	<u>1,675,227</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>109,296</u>	<u>(32,299)</u>	<u>4,016</u>	<u>(61,885)</u>	<u>19,128</u>
Other Financing Receipts (Disbursements)					
Transfers In		25,000			25,000
Transfers Out	(25,000)				(25,000)
Other Financing Sources				6,591	6,591
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(25,000)</u>	<u>25,000</u>		<u>6,591</u>	<u>6,591</u>
<i>Net Change in Fund Cash Balances</i>	84,296	(7,299)	4,016	(55,294)	25,719
<i>Fund Cash Balances, January 1</i>	<u>654,736</u>	<u>128,267</u>	<u>80,394</u>	<u>180,798</u>	<u>1,044,195</u>
Fund Cash Balances, December 31					
Restricted		120,968	927,195		1,048,163
Committed				125,504	125,504
Assigned	30				30
Unassigned (Deficit)	739,002		(842,785)		(103,783)
<i>Fund Cash Balances, December 31</i>	<u>\$739,032</u>	<u>\$120,968</u>	<u>\$84,410</u>	<u>\$125,504</u>	<u>\$1,069,914</u>

See accompanying notes to the basic financial statements

Village of Bentleyville
Cuyahoga County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2016

	<u>Fiduciary Fund Type</u>
	Agency
Cash Receipts	
Miscellaneous	\$43,802
Cash Disbursements	
Other	43,017
<i>Net Change in Fund Cash Balances</i>	785
<i>Fund Cash Balances, January 1</i>	102,343
<i>Fund Cash Balances, December 31</i>	\$103,128

See accompanying notes to the basic financial statements

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Bentleyville, Cuyahoga County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides the following services to its citizens: police protection, sewer/storm sewer facilities, park operations, building inspection, maintenance of roads and refuse collection. The Village appropriates general fund money to support a volunteer fire department.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in three jointly governed organizations. Note 10 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Chagrin Valley Trails Road Improvement Fund- This fund is used to record property tax assessments and General Fund transfers used to pay the Bentleyville, Ohio Street Improvement Bond. All principal and interest payments for this Bond are paid from this fund.

Water Line Special Assessment Debt Fund- This fund is used to record property tax assessments and General Fund transfers used to pay the Ohio Water Development Authority Bond. All principal and interest payments for this Bond are paid from this fund.

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

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

Capital Projects Fund - This fund records major capital projects. The Solon Road project was paid from this fund.

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

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

Contractor' Bond Fund- The Contractors' Bond Fund is used to account for the deposits received from contractors to ensure performance.

The Fines and Cost Fund- The Fines and Cost Fund is used to account for the fines and fees collected from waiverable offenses.

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

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

The investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 3 - Budgetary Activity

Budgetary activity for the year ended 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,460,988	\$1,486,783	\$25,795
Special Revenue	133,974	114,085	(19,889)
Debt Service	237,743	118,487	(119,256)
Capital Projects	0	6,591	6,591
Total	\$1,832,705	\$1,725,946	(\$106,759)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,501,101	\$1,402,517	\$98,584
Special Revenue	156,517	121,384	35,133
Debt Service	119,783	114,471	5,312
Capital Projects	63,589	61,885	1,704
Total	\$1,840,990	\$1,700,257	\$140,733

Note 4 – Deposits and Investments

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

	2016
Deposits:	
Demand deposits	\$238,248
Certificates of deposit	251,781
Total deposits	490,029
Investments:	
STAR Ohio	1,011
Repurchase agreement	682,002
Total investments	683,013
Total deposits and investments	\$1,173,042

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments – (Continued)

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

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

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village, as well as certain income of residents earned outside of the Village, with residents working outside the Village receiving .25% credit on income earned outside the Village.

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

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. 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 (if material).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Note 8 - Postemployment Benefits

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

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$35,100	0%
Special Assessment Bonds	320,000	5.25%
Ohio Water Development Authority Loan	188,624	5.77%
Capital Lease	19,022	6.50%
Total	<u>\$562,746</u>	

The Ohio Public Works (OPWC) Interest Free Loan relates to the Chagrin River slope Stabilization Project. This loan will be repaid in semiannual installments of \$3,191.

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

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The Village will repay the loans in semiannual installments of \$27,073, including interest, over 25 years.

The capital lease was entered into during 2016 to acquire a Ford Police Interceptor Utility vehicle. The lease is for three years, and the required a per annum payment is \$10,445. The stated interest rate is 6.5%. The Village disbursed \$10,448 to pay lease costs for the year ended December 31, 2016.

Amortization

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

		Special Assessment		
Year ending December 31:	<u>OPWC Loan</u>	<u>Bonds</u>	<u>OWDA Loan</u>	<u>Capital Lease</u>
2017	\$3,191	\$57,000	\$54,147	\$10,448
2018	6,382	54,800	54,146	10,448
2019	6,382	52,600	54,146	
2020	6,382	50,400	54,145	
2021	6,382	48,200		
2022-2025	6,381	132,300		
Total	<u>\$35,100</u>	<u>\$395,300</u>	<u>\$216,584</u>	<u>\$20,896</u>

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 10 – Jointly Governed Organizations

Northeast Ohio Public Energy Council

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and gas. NOPEC is currently comprised of 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 2016. Financial information can be obtained by contacting NOPEC at 583 East Aurora Road, Macedonia, Ohio 44056.

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments (“VERCOG”), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (“VEG”), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purpose. During 2016, the Village paid \$7,000 to VERCOG.

Chagrin Valley Dispatch Council of Governments Regional Council of Governments

The Village is a member of the Chagrin Valley Dispatch Council of Governments (CVDCOG), a jointly governed organization. CVDCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. CVDCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. CVDCOG is currently comprised of ten communities located within the Chagrin Valley who jointly operate and maintain the former Chagrin Falls radio and dispatch center for the benefit of all member communities. CVDCOG is authorized to acquire and own police and fire dispatch and radio equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purpose. During 2016, the Village paid \$69,909 to CVDCOG.

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Village of Bentleyville
Cuyahoga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$382,117	\$49,619			\$431,736
Municipal Income Tax	781,239				781,239
Intergovernmental	75,986	42,033			118,019
Special Assessments			\$121,178		121,178
Charges for Services	9,293				9,293
Fines, Licenses and Permits	93,921				93,921
Earnings on Investments	5,383	1,366			6,749
Miscellaneous	24,144				24,144
<i>Total Cash Receipts</i>	<u>1,372,083</u>	<u>93,018</u>	<u>121,178</u>		<u>1,586,279</u>
Cash Disbursements					
Current:					
Security of Persons and Property	729,907				729,907
Basic Utility Services	53,008				53,008
Transportation	225,551	341,370			566,921
General Government	401,045				401,045
Capital Outlay				\$8,478	8,478
Debt Service:					
Principal Retirement			85,053	8,181	93,234
Interest and Fiscal Charges			38,075	532	38,607
<i>Total Cash Disbursements</i>	<u>1,409,511</u>	<u>341,370</u>	<u>123,128</u>	<u>17,191</u>	<u>1,891,200</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(37,428)</u>	<u>(248,352)</u>	<u>(1,950)</u>	<u>(17,191)</u>	<u>(304,921)</u>
Other Financing Receipts (Disbursements)					
Transfers In		185,000			185,000
Transfers Out	(185,000)				(185,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(185,000)</u>	<u>185,000</u>			
<i>Net Change in Fund Cash Balances</i>	<u>(222,428)</u>	<u>(63,352)</u>	<u>(1,950)</u>	<u>(17,191)</u>	<u>(304,921)</u>
<i>Fund Cash Balances, January 1</i>	<u>877,164</u>	<u>191,619</u>	<u>82,344</u>	<u>197,989</u>	<u>1,349,116</u>
Fund Cash Balances, December 31					
Restricted		128,267	863,328		991,595
Committed				180,798	180,798
Assigned	92,320				92,320
Unassigned (Deficit)	562,416		(782,934)		(220,518)
<i>Fund Cash Balances, December 31</i>	<u>\$654,736</u>	<u>\$128,267</u>	<u>\$80,394</u>	<u>\$180,798</u>	<u>\$1,044,195</u>

See accompanying notes to the basic financial statements

Village of Bentleyville
Cuyahoga County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2015

	<u>Fiduciary Fund Type</u>
	Agency
Cash Receipts	
Miscellaneous	\$44,228
Cash Disbursements	
Other	36,014
<i>Net Change in Fund Cash Balances</i>	8,214
<i>Fund Cash Balances, January 1</i>	94,129
<i>Fund Cash Balances, December 31</i>	\$102,343

See accompanying notes to the basic financial statements

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting Entity

The Village of Bentleyville, Cuyahoga County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides the following services to its citizens: police protection, sewer/storm sewer facilities, park operations, building inspection, maintenance of roads and refuse collection. The Village appropriates general fund money to support a volunteer fire department.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in three jointly governed organizations. Note 10 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Chagrin Valley Trails Road Improvement Fund- This fund is used to record property tax assessments and General Fund transfers used to pay the Bentleyville, Ohio Street Improvement Bond. All principal and interest payments for this Bond are paid from this fund.

Water Line Special Assessment Debt Fund- This fund is used to record property tax assessments and General Fund transfers used to pay the Ohio Water Development Authority Bond. All principal and interest payments for this Bond are paid from this fund.

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

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

Capital Projects Fund - This fund records major capital projects. The Solon Road project was paid from this fund.

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

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

Contractor' Bond Fund- The Contractors' Bond Fund is used to account for the deposits received from contractors to ensure performance.

The Fines and Cost Fund- The Fines and Cost Fund is used to account for the fines and fees collected from waiverable offenses.

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2015 budgetary activity appears in Note 3.

Deposits and Investments

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

The investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 3 - Budgetary Activity

Budgetary activity for the year ended 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,442,415	\$1,372,083	(\$70,332)
Special Revenue	269,150	278,018	8,868
Debt Service	236,028	121,178	(114,850)
Capital Projects	0	0	0
Total	\$1,947,593	\$1,771,279	(\$176,314)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,688,440	\$1,595,011	\$93,429
Special Revenue	361,822	364,170	(2,348)
Debt Service	124,129	123,128	1,001
Capital Projects	25,919	19,064	6,855
Total	\$2,200,310	\$2,101,373	\$98,937

Note 4 – Deposits and Investments

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

	2015
Deposits:	
Demand deposits	\$278,372
Certificates of deposit	249,379
Total deposits	527,751
Investments:	
STAR Ohio	1,006
Repurchase agreement	617,781
Total investments	618,787
Total deposits and investments	\$1,146,538

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 4 – Deposits and Investments – (Continued)

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

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

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village, as well as certain income of residents earned outside of the Village, with residents working outside the Village receiving .25% credit on income earned outside the Village.

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

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 6 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. 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 (if material).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2015.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Note 8 - Postemployment Benefits

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

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 9 – Debt

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$41,483	0%
Special Assessment Bonds	360,000	5.25%
Ohio Water Development Authority Loan	229,527	5.77%
Total	<u>\$631,010</u>	

The Ohio Public Works (OPWC) Interest Free Loan relates to the Chagrin River slope Stabilization Project. This loan will be repaid in semiannual installments of \$3,191.

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

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The Village will repay the loans in semiannual installments of \$27,073, including interest, over 25 years.

Amortization

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

	<u>OPWC Loan</u>	<u>Special Assessment Bonds</u>	<u>OWDA Loan</u>
Year ending December 31:			
2016	\$3,191	\$59,200	\$50,084
2017	6,382	57,000	50,808
2018	6,382	54,800	51,574
2019	6,382	52,600	52,383
2020	6,382	50,400	53,240
2021-2025	12,762	180,500	
Total	<u>\$41,481</u>	<u>\$454,500</u>	<u>\$258,089</u>

Village of Bentleyville, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 10 – Jointly Governed Organizations

Northeast Ohio Public Energy Council

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and gas. NOPEC is currently comprised of 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 2015. Financial information can be obtained by contacting NOPEC at 583 East Aurora Road, Macedonia, Ohio 44056.

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments (“VERCOG”), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (“VEG”), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purpose. During 2015, the Village paid \$7,000 to VERCOG.

Chagrin Valley Dispatch Council of Governments Regional Council of Governments

The Village is a member of the Chagrin Valley Dispatch Council of Governments (CVDCOG), a jointly governed organization. CVDCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. CVDCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. CVDCOG is currently comprised of ten communities located within the Chagrin Valley who jointly operate and maintain the former Chagrin Falls radio and dispatch center for the benefit of all member communities. CVDCOG is authorized to acquire and own police and fire dispatch and radio equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purpose. During 2015, the Village paid \$65,313 to CVDCOG.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 Road
Bentleyville, Ohio 44022

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Bentleyville, Cuyahoga County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated September 29, 2017 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

September 29, 2017



Dave Yost • Auditor of State

VILLAGE OF BENTLEYVILLE

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 17, 2017