



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF BENTON RIDGE  
HANCOCK COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Benton Ridge  
Hancock County  
100 Main Street  
P.O. Box 5  
Benton Ridge, Ohio 45816-0005

To the Village Council:

We have audited the accompanying financial statements of the Village of Benton Ridge, Hancock County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 21, 2001

**VILLAGE OF BENTON RIDGE  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$4,624	\$1,584		\$6,208
Special Assessments		7,971		7,971
Intergovernmental Receipts	66,365	8,434		74,799
Charges for Services		500	\$30,772	31,272
Earnings on Investments	2,897	150		3,047
Miscellaneous	412	1,695		2,107
	<u>74,298</u>	<u>20,334</u>	<u>30,772</u>	<u>125,404</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	2,480	6,775		9,255
Public Health Services	914			914
Leisure Time Activities	12,771	10,880		23,651
Basic Utility Services	1,935			1,935
Transportation		1,967		1,967
General Government	18,228	20		18,248
Capital Outlay	44,661			44,661
	<u>80,989</u>	<u>19,642</u>		<u>100,631</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	(6,691)	692	30,772	24,773
Fund Cash Balances, January 1	70,412	35,235	38,126	143,773
<b>Fund Cash Balances, December 31</b>	<u><u>\$63,721</u></u>	<u><u>\$35,927</u></u>	<u><u>\$68,898</u></u>	<u><u>\$168,546</u></u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF BENTON RIDGE  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$4,729	\$1,613		\$6,342
Special Assessments		7,865		7,865
Intergovernmental Receipts	52,895	8,781		61,676
Charges for Services		450	\$28,932	29,382
Earnings on Investments	1,378	154		1,532
Miscellaneous	1,010	1,167		2,177
	<u>60,012</u>	<u>20,030</u>	<u>28,932</u>	<u>108,974</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	2,503	6,682		9,185
Public Health Services	682			682
Leisure Time Activities	22,761	3,169		25,930
Basic Utility Services	1,872		165	2,037
Transportation		2,413		2,413
General Government	22,619	21		22,640
	<u>50,437</u>	<u>12,285</u>	<u>165</u>	<u>62,887</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over Disbursements	9,575	7,745	28,767	46,087
Fund Cash Balances, January 1	60,837	27,490	9,359	97,686
<b>Fund Cash Balances, December 31</b>	<u><b>\$70,412</b></u>	<u><b>\$35,235</b></u>	<u><b>\$38,126</b></u>	<u><b>\$143,773</b></u>

*The notes to the financial statements are an integral part of this statement.*



**VILLAGE OF BENTON RIDGE  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Benton Ridge, Hancock County, (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 governmental services, including sewer utilities and park operations (leisure time activities). The Village contracts with Blanchard Township for fire protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposits are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 disbursements, respectively.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. 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.

**VILLAGE OF BENTON RIDGE  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

*Park Fund* - This fund receives property tax revenues to fund the operations of the Village Park.

*Street Lighting Fund* - This fund receives assessments for street lights within the Village.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

*Sewer Construction Fund* - This fund receives user fees to be used for future construction of a new sanitary sewer system within the Village.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**VILLAGE OF BENTON RIDGE  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$94,970	\$136,273
Certificates of deposit	7,500	7,500
Total deposits	102,470	143,773
 STAR Ohio	 66,076	 
Total deposits and investments	\$168,546	\$143,773

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,711	\$74,298	\$19,587
Special Revenue	17,612	20,334	2,722
Capital Projects	28,800	30,772	1,972
Total	\$101,123	\$125,404	\$24,281

**VILLAGE OF BENTON RIDGE  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,123	\$80,989	\$44,134
Special Revenue	52,847	19,642	33,205
Capital Projects	66,926	66,926	-
Total	<u>\$244,896</u>	<u>\$100,631</u>	<u>\$144,265</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,453	\$60,012	\$8,559
Special Revenue	15,843	20,030	4,187
Capital Projects	32,640	28,932	(3,708)
Total	<u>\$99,936</u>	<u>\$108,974</u>	<u>\$9,038</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,290	\$50,437	\$61,853
Special Revenue	43,332	12,285	31,047
Capital Projects	41,999	165	41,834
Total	<u>\$197,621</u>	<u>\$62,887</u>	<u>\$134,734</u>

**4. COMPLIANCE**

The Village Clerk/Treasurer did not certify funds as required by Ohio Revised Code § 5705.41(D).

**5. PROPERTY TAX**

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

**VILLAGE OF BENTON RIDGE  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**6. RETIREMENT SYSTEM**

All elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- Real and personal property; and
- Miscellaneous property.

**8. INTERGOVERNMENTAL AGREEMENT**

The Village has entered into an intergovernmental agreement with the Villages of Rawson and Mt. Cory for the construction of a waste water treatment facility. The facility will be built and owned by the Village of Rawson, with planned construction sometime in 2001. The facility will then be leased to the Villages of Benton Ridge and Mt. Cory for a minimum of 40 years. The facility will be built upon the aggregate population of all three villages, and the costs will be shared in proportion to their populations. Benton Ridge's share is estimated at 31%. Each village will have a representative on the management board of the facility.

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OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Benton Ridge  
Hancock County  
100 Main Street  
P.O. Box 5  
Benton Ridge, Ohio 45816-0005

To the Village Council:

We have audited the accompanying financial statements of the Village of Benton Ridge, Hancock County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 21, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2000-30232-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 21, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted an instance involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-30232-002.

Village of Benton Ridge  
Hancock County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 21, 2001.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 21, 2001



**VILLAGE OF BENTON RIDGE  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-30232-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of the Council, if such expenditure is otherwise valid.

Eighty five percent of the transactions tested were not certified by the Clerk/Treasurer. This procedure is not only required by Ohio law but is also a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by Council.

To improve controls over disbursements it is recommended that all Village disbursements, receive prior certification of the Clerk/Treasurer and that Council periodically review the expenditures made to ensure they are within appropriations adopted by Council certified by the Clerk/Treasurer and recorded against appropriation.

**FINDING NUMBER 2000-30232-002**

**Reportable Condition - Financial Monitoring**

- 1) The annual financial reports submitted to the Auditor of State were not supported by the Village's appropriation ledger, receipts ledger or cash journal,
- 2) Amounts posted to the receipts and appropriations ledger did not reconcile to the amounts posted to the cash journal,
- 3) STAR Ohio investments were not included in the fund balance in the cash journal,
- 4) Funds received by the Village were only being deposited once or twice per month,
- 5) Utility records did not include the amount billed, receipt date or outstanding balances,
- 6) There was no indication that Council reviewed or approved the monthly financial reports prepared by the Clerk,
- 7) there was no evidence of Council approval of employee pay rates, and
- 9) Estimated receipts, appropriations and encumbrances were not posted to the ledgers and as a result Council was not provided with budget vs. actual comparisons for receipts or disbursements.

**FINDING NUMBER 2000-30232-002**  
**(Continued)**

All of these deficiencies indicate a lack of or insufficient monitoring of financial activity by the Village Council. Monitoring of finances by Council is a key control to ensure Village funds are not wasted, misused or stolen. To ensure the records are up to date, accurate and in balance Council should: 1) review the records to ensure all amounts are posted in a timely manner, posted to the proper fund and account, in the proper period and that the receipts and appropriations ledgers agree with the cash journal, 2) ensure annual reports are complete, accurate and filed timely, 3) ensure the books are reconciled with the bank monthly, and include all funds on deposit, including STAR Ohio, 4) ensure that all revenues are deposited as received, and 5) approve all pay rates. To assist the Council with their review the Clerk/Treasurer should provide them with monthly financial statements that include comparisons of budget and actual receipts and disbursements, all bills to be paid along with supporting documentation and the monthly reconciliation of the books to the bank along with documentation to support all reconciling items. In addition, the Village's utility records should be modified to include amounts billed, date and amount paid, penalties assessed and outstanding balances. The Village could gain efficiencies in both financial accounting and reporting if Council would consider investing in additional training for the Clerk/Treasurer.

**VILLAGE OF BENTON RIDGE  
HANCOCK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2000 AND 1999**

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>
1998-30232-001	<b>ORC § 5705.41(D)</b> certification of expenditures.	No	This finding has been repeated in this report.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF BENTON RIDGE**

**HANCOCK 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  
JULY 17, 2001**