



Dave Yost • Auditor of State

VILLAGE OF BENTON RIDGE
HANCOCK COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Enterprise Funds - For the Year Ended December 31, 2012	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Enterprise Funds - For the Year Ended December 31, 2011	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	21

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Village of Benton Ridge, Hancock County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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 opinion.

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

As described in Note 1B 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2012 and 2011, 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 combined cash balances of the Village of Benton Ridge, Hancock County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements 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 permit, described in Note 1B.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 24, 2013

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$4,831			\$4,831
Intergovernmental	28,889	\$39,786		68,675
Special Assessments		8,850		8,850
Charges for Services		3,453		3,453
Earnings on Investments	254	81		335
Miscellaneous	634			634
<i>Total Cash Receipts</i>	<u>34,608</u>	<u>52,170</u>		<u>86,778</u>
Cash Disbursements				
Current:				
Security of Persons and Property	2,809	9,365		12,174
Public Health Services	1,159			1,159
Leisure Time Activities	2,529	20,361		22,890
Basic Utility Services	519			519
Transportation		33,423		33,423
General Government	30,836			30,836
Capital Outlay			\$4,175	4,175
<i>Total Cash Disbursements</i>	<u>37,852</u>	<u>63,149</u>	<u>4,175</u>	<u>105,176</u>
<i>Net Change in Fund Cash Balances</i>	(3,244)	(10,979)	(4,175)	(18,398)
<i>Fund Cash Balances, January 1</i>	<u>32,610</u>	<u>88,063</u>	<u>271,652</u>	<u>392,325</u>
Fund Cash Balances, December 31				
Restricted		52,685	267,477	320,162
Committed		24,399		24,399
Unassigned	29,366			29,366
<i>Fund Cash Balances, December 31</i>	<u>\$29,366</u>	<u>\$77,084</u>	<u>\$267,477</u>	<u>\$373,927</u>

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

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$71,249
Operating Cash Disbursements	
Personal Services	12,450
Employee Fringe Benefits	1,959
Contractual Services	7,628
Supplies and Materials	1,304
<i>Total Operating Cash Disbursements</i>	23,341
<i>Operating Income</i>	47,908
Non-Operating Disbursements	
Capital Outlay	(2,800)
Principal Retirement	(15,443)
Interest and Other Fiscal Charges	(34,671)
<i>Total Non-Operating Disbursements</i>	(52,914)
<i>Net Change in Fund Cash Balances</i>	(5,006)
<i>Fund Cash Balances, January 1</i>	45,226
<i>Fund Cash Balances, December 31</i>	\$40,220

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

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$4,861			\$4,861
Intergovernmental	40,646	\$33,706		74,352
Special Assessments		5,639		5,639
Charges for Services		3,447		3,447
Earnings on Investments	576	41		617
Miscellaneous	214			214
<i>Total Cash Receipts</i>	<u>46,297</u>	<u>42,833</u>		<u>89,130</u>
Cash Disbursements				
Current:				
Security of Persons and Property	2,800	8,298		11,098
Public Health Services	1,420			1,420
Leisure Time Activities	805	12,013		12,818
Basic Utility Services	857			857
Transportation		5,573		5,573
General Government	30,727			30,727
Capital Outlay			\$8,015	8,015
<i>Total Cash Disbursements</i>	<u>36,609</u>	<u>25,884</u>	<u>8,015</u>	<u>70,508</u>
<i>Net Change in Fund Cash Balances</i>	9,688	16,949	(8,015)	18,622
<i>Fund Cash Balances, January 1</i>	<u>22,922</u>	<u>71,114</u>	<u>279,667</u>	<u>373,703</u>
Fund Cash Balances, December 31				
Restricted		64,734	271,652	336,386
Committed		23,329		23,329
Unassigned	32,610			32,610
<i>Fund Cash Balances, December 31</i>	<u>\$32,610</u>	<u>\$88,063</u>	<u>\$271,652</u>	<u>\$392,325</u>

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

VILLAGE OF BENTON RIDGE
HANCOCK COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$75,040</u>
Operating Cash Disbursements	
Personal Services	11,665
Employee Fringe Benefits	1,842
Contractual Services	10,375
Supplies and Materials	<u>132</u>
<i>Total Operating Cash Disbursements</i>	<u>24,014</u>
<i>Operating Income</i>	<u>51,026</u>
Non-Operating Disbursements	
Capital Outlay	(3,945)
Principal Retirement	(15,346)
Interest and Other Fiscal Charges	<u>(35,108)</u>
<i>Total Non-Operating Disbursements</i>	<u>(54,399)</u>
<i>Net Change in Fund Cash Balances</i>	(3,373)
<i>Fund Cash Balances, January 1</i>	<u>48,599</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$45,226</u></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, 2012 AND 2011**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Benton Ridge, Hancock County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities and park operations. The Village contracts with Blanchard Township to receive fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. 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 Village values certificates of deposit at cost.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Funds:

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

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Lighting Fund – This fund receives monies from special assessment on property owners to pay for street lighting.

Park Fund – This fund receives grants, other subdivision's support and usage fees to fund maintenance and upkeep of the park.

3. 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 Fund:

Sewer Construction Fund – This fund received grant and loan proceeds for the construction of the sanitary sewer system within the Village.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

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 Village 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

A summary of 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

The Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. This change has no effect on the previously stated fund balances.

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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. 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.

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

G. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

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

	2012	2011
Demand deposits	\$64,147	\$87,551
Certificates of deposit	350,000	350,000
Total deposits	\$414,147	\$437,551

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,296	\$34,608	(\$688)
Special Revenue	17,950	52,170	34,220
Enterprise	65,000	71,249	6,249
Total	\$118,246	\$158,027	\$39,781

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,000	\$37,852	\$7,148
Special Revenue	71,500	63,149	8,351
Capital Projects	20,000	4,175	15,825
Enterprise	79,146	76,255	2,891
Total	\$215,646	\$181,431	\$34,215

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,028	\$46,297	(\$731)
Special Revenue	30,331	42,833	12,502
Enterprise	68,000	75,040	7,040
Total	\$145,359	\$164,170	\$18,811

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,400	\$36,609	\$8,791
Special Revenue	61,500	25,884	35,616
Capital Projects	100,000	8,015	91,985
Enterprise	82,500	78,413	4,087
Total	\$289,400	\$148,921	\$140,479

4. Property Tax

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.

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.

5. Debt

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
USDA Bonds	\$653,000	4.25%
Village of Rawson Mortgage Revenue Bond	143,924	4.50%
Village of Rawson OPWC Loan	45,140	
Total	\$842,064	

The Village has entered into an agreement with United States Department of Agriculture Rural Development in the amount of \$683,000 in bonds. The bonds were used to extinguish an OWDA loan the Village entered into for the construction of a waste water treatment facility. The Village has agreed to set utility rates sufficient to cover the mortgage revenue bond debt service requirements.

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

5. Debt (Continued)

The USDA bond covenant requires the Village to establish and fund a sewer debt service reserve fund, which is included as an enterprise fund. The balance in the fund at December 31, 2012 is \$36,200.

The Village has entered into an intergovernmental agreement with the Villages of Rawson and Mt. Cory to pay back Mortgage Revenue Bonds for \$159,500 for the construction of a wastewater treatment facility. The facility has been built and is owned by the Village of Rawson. The facility will be leased to the Villages of Benton Ridge and Mt. Cory for a minimum of 40 years. The facility was built based on the aggregated population of the three villages, and the cost will be shared in proportion to their populations. The Village of Benton Ridge's share of the debt is 31% of the bond with an interest rate of 4.5%. In addition, the Village is responsible for the reserve balance requirement for their portion of the debt payment, \$8,838, payable over 10 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the mortgage revenue bond debt service requirements.

The Village has entered into an intergovernmental agreement with the Villages of Rawson and Mt. Cory to pay back Ohio Public Works Commission Loan CT31B for \$277,350 for the construction of a wastewater treatment facility. The facility has been built and is owned by the Village of Rawson. The facility will be leased to the Villages of Benton Ridge and Mt. Cory for a minimum of 40 years. The facility was built based on the aggregated population of the three villages, and the cost will be shared in proportion to their populations. The Village of Benton Ridge's share of the debt is 31% of this interest free loan. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

Year ending December 31:	USDA Loan	Village of Rawson USDA Loan	Village of Rawson USDA Reserve	Village of Rawson OPWC Loan
2013	\$35,752	\$8,838	\$884	\$4,299
2014	36,413	8,838	884	4,299
2015	36,030	8,838	884	4,299
2016	36,647	8,838		4,299
2017	36,223	8,838		4,299
2018-2022	180,440	44,190		21,494
2023-2027	181,393	44,190		2,151
2028-2032	181,242	44,190		
2033-2037	180,438	44,190		
2038-2042	181,000	44,053		
2043-2047	180,995			
Total	<u>\$1,266,573</u>	<u>\$265,003</u>	<u>\$2,652</u>	<u>\$45,140</u>

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Retirement System

The Village's 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. For 2012 and 2011, 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, 2012.

7. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011.

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

VILLAGE OF BENTON RIDGE
HANCOCK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)

7. Risk Management (Continued)

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. Subsequent Events

In February 2013, the Village received three checks for insurance claims in the amounts of \$34,688 for storm damage to buildings and bleachers, \$25,500 for a partial tree damage, and \$19,118 for repairs by Sidney Electric. All of the damage resulted from a July 2012 storm.



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 Benton Ridge
Hancock County
P.O. Box 5
Benton Ridge, Ohio 45816-0005

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 Village of Benton Ridge, Hancock County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon date September 24, 2013 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Section 117-2-03 permit, and the Village adopted Government Accounting Standards Board Statement No. 54 in 2011.

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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2012-002 described in the accompanying schedule of findings to be a material weakness.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-001.

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.



Dave Yost
Auditor of State

Columbus, Ohio

September 24, 2013

VILLAGE OF BENTON RIDGE
HANCOCK COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-001

Noncompliance Citation

Ohio Revised Code, § 5705.41(D)(1), provides in part that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

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

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

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

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Of the transactions tested, 80% were not certified by the Fiscal Officer at the time the commitments were incurred, and there was no evidence Council followed the aforementioned exceptions. Rather, for these instances, the Fiscal Officer signed the fiscal certificate after the goods or services had been ordered or an invoice already received. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2012-001
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Fiscal Officer should certify the full purchase amounts to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires for the authorization of disbursements. The Fiscal Officer should sign the certification prior to incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2012-002

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the fiscal officer and council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The following adjustments and reclassifications are included in the accompanying 2012 and 2011 financial statements and the Village's accounting records:

- In 2011, interest income was posted to the Sewer fund and should have been posted to the General fund in the amount of \$205.
- Revenue and expenditure account adjustments in the General Fund in 2011 ranging from \$30 to \$13,267 resulting in an increase in ending fund balance in the amount of \$12,812.
- Revenue and expenditure account adjustments in the Special Revenue Funds in 2011 ranging from \$13 to \$13,828 resulting in a decrease in ending fund balance in the amount of \$2,372.
- The January 1, 2011 balance for the Capital Project Funds was adjusted in the amount of \$40. In addition, an expenditure account adjustment in the Capital Project Fund in 2011 in the amount of \$8,015 resulting in a decrease in ending fund balance in the amount of \$7,975.
- The January 1, 2011 balance for the Enterprise Funds was adjusted in the amount of (\$40). In addition, revenue and expenditure account adjustments in the Enterprise Fund in 2011 ranging from \$30 to \$50,454 resulting in an increase in ending fund balance in the amount of \$9,894.
- The January 1, 2012 balance for the General Fund was adjusted in the amount of \$1,578. In addition, revenue and expenditure account adjustments in the General Fund in 2012 ranging from \$1 to \$537 resulting in an increase in ending fund balance in the amount of \$1,694.
- The January 1, 2012 balance for the Special Revenue Funds was adjusted in the amount of (\$596). In addition, revenue and expenditure account adjustments in the Special Revenue Fund in 2012 ranging from \$66 to \$55,048 resulting in an increase in ending fund balance in the amount of \$30,283.

FINDING NUMBER 2012-002
(Continued)

- The January 1, 2012 balance for the Capital Project Funds was adjusted in the amount of \$3,000. In addition, expenditure account adjustments in the Capital Project Fund in 2012 ranging from \$672 to \$4,175 resulting in a decrease in ending fund balance in the amount of \$503.
- The January 1, 2012 balance for the Enterprise Funds was adjusted in the amount of (\$3,982). In addition, revenue and expenditure account adjustments in the Enterprise Fund in 2012 ranging from \$136 to \$50,114 resulting in a decrease in ending fund balance in the amount of \$2,621.
- In addition, there were reclassifications to ending fund balance in 2011 and 2012 to the General, Special Revenue, and Capital Project funds in the classification of fund balance in accordance with GASB 54.

We recommend the Village adopt policies and procedures, including a final review of the statements by the Fiscal Officer and Village Council, to identify and correct errors and omissions. The Fiscal Officer should also review the Village Handbook's chart of accounts to ensure all accounts are being properly posted to the financial statements.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

This page intentionally left blank.

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Revised Code § 5705.41(D) for improper certification of funds.	No	Not corrected. Reissued as Finding 2012-001.
2010-002	Recommendation to improve financial reporting.	No	Not corrected. Reissued as Finding 2012-002.
2010-003	Ohio Revised Code § 5705.10(D) for posting errors to improper funds.	Yes	

This page intentionally left blank.



Dave Yost • Auditor of State

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
OCTOBER 8, 2013**