



Mary Taylor, CPA
Auditor of State

VILLAGE OF BENTON RIDGE
HANCOCK COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

September 15, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Benton Ridge, Hancock County, (the Village) as of and for the years ended December 31, 2008 and 2007. 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 audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Benton Ridge, Hancock County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

September 15, 2009

**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, 2008**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$5,730	\$55		\$5,785
Intergovernmental	43,751	29,405	\$17,300	90,456
Special Assessments		9,770		9,770
Charges for Services		3,443		3,443
Earnings on Investments	2,946	598		3,544
Miscellaneous	3,522	3		3,525
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	55,949	43,274	17,300	116,523
Cash Disbursements:				
Current:				
Security of Persons and Property	3,122	7,540		10,662
Public Health Services	1,272			1,272
Leisure Time Activities	4,277	9,188		13,465
Basic Utility Service	888		19,811	20,699
Transportation		55,630		55,630
General Government	36,158			36,158
Debt Service:				
Redemption of Principal	946	10,000	4,197	15,143
Interest and Fiscal Charges	1,321		5,525	6,846
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	47,984	82,358	29,533	159,875
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	7,965	(39,084)	(12,233)	(43,352)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	(3,329)	76,808	276,995	350,474
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$4,636	\$37,724	\$264,762	\$307,122
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>
	\$756	\$756	\$756	\$756

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 - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$76,598
Earnings on Investments	2,512
Miscellaneous	535
Total Operating Cash Receipts	79,645
Operating Cash Disbursements:	
Basic Utility Service	27,579
Operating Income	52,066
Non-Operating Cash Receipts:	
Intergovernmental	36,200
Non-Operating Cash Disbursements:	
Capital Outlay	
Redemption of Principal	4,299
Interest and Other Fiscal Charges	26,960
Total Non-Operating Cash Disbursements	31,259
Net Receipts Over Disbursements	57,007
Fund Cash Balances, January 1	
Fund Cash Balances, December 31	\$57,007

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, 2007**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$5,756	\$28		\$5,784
Intergovernmental	47,009	30,874	\$543,831	621,714
Special Assessments		10,042		10,042
Charges for Services		3,260	74,189	77,449
Earnings on Investments	704	78		782
Miscellaneous	3,933			3,933
	57,402	44,282	618,020	719,704
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	2,926	8,031		10,957
Public Health Services	1,209			1,209
Leisure Time Activities	2,698	3,545		6,243
Basic Utility Service		1,009	6,265	7,274
General Government	54,685		7,465	62,150
Debt Service:				
Redemption of Principal		4,551	727,002	731,553
Interest and Fiscal Charges		2,007	5,525	7,532
Capital Outlay			441,178	441,178
	61,518	19,143	1,187,435	1,268,096
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(4,116)	25,139	(569,415)	(548,392)
Other Financing Receipts:				
Sale of Bonds			683,000	683,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(4,116)	25,139	113,585	134,608
Fund Cash Balances, January 1	787	51,669	163,410	215,866
Fund Cash Balances, December 31	(\$3,329)	\$76,808	\$276,995	\$350,474

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, 2008 AND 2007**

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, (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 participates in one a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. This organization is:

The Public Entity Risk Pool:

The Ohio Government Risk Management Plan is a risk management insurance plan.

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 that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports 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, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. 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.

Park Fund – This fund receives grants and usage fees to fund maintenance and upkeep of the park

3. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing 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 received USDA grants and bond proceeds for the construction of the sanitary sewer system within the Village.

4. Enterprise Fund

This fund accounts 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 level for 2007 and fund, function or object level of control for 2008, 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. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. 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 2008 and 2007 budgetary activity appears in Note 3.

F. 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:

	2008	2007
Demand deposits	\$14,129	\$345,474
Certificates of deposit	350,000	5,000
Total deposits	\$364,129	\$350,474

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, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,103	\$55,949	\$2,846
Special Revenue	36,555	43,274	6,719
Capital Projects	4,000	17,300	13,300
Enterprise	106,200	115,845	9,645
Total	\$199,858	\$232,368	\$32,510

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,147	\$47,984	\$10,163
Special Revenue	99,938	83,114	16,824
Capital Projects	113,842	29,533	84,309
Enterprise	106,200	58,838	47,362
Total	<u>\$378,127</u>	<u>\$219,469</u>	<u>\$158,658</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,801	\$57,402	\$601
Special Revenue	22,893	44,282	21,389
Capital Projects	36,450	1,301,020	1,264,570
Total	<u>\$116,144</u>	<u>\$1,402,704</u>	<u>\$1,286,560</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,832	\$61,518	\$1,314
Special Revenue	74,563	19,143	55,420
Capital Projects	363,270	1,187,435	(824,165)
Total	<u>\$500,665</u>	<u>\$1,268,096</u>	<u>(\$767,431)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects Sewer Construction Fund by \$824,165 and the Special Revenue Park Fund by \$3,513 during 2007. Also contrary to Ohio law, at December 31, 2007, the General Fund had a cash deficit balance of \$3,329.

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

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. Property Tax (Continued)

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, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Bonds	\$683,000	4.25%
Village of Rawson Mortgage Revenue Bond	151,104	4.5%
Village of Rawson OPWC Loan	62,336	
Total	<u>\$896,440</u>	

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.

The USDA bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2008 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 bond with an interest rate of 4.5%. 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.

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. Debt (Continued)

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

Year ending December 31:	USDA Bonds	Village of Rawson Revenue Bonds	Village of Rawson OPWC Loan
2009	\$36,027	\$9,722	\$2,150
2010	35,730	9,722	4,299
2011	36,433	9,722	4,299
2012	36,093	9,722	4,299
2013	35,753	9,722	4,299
2014-2018	181,110	48,610	21,495
2019-2023	181,059	48,610	21,495
2024-2028	181,418	48,610	
2029-2033	180,587	48,610	
2034-2038	180,975	48,610	
2039-2043	180,475	48,610	
2044-2047	145,195	9,722	
Total	<u>\$1,410,855</u>	<u>\$349,992</u>	<u>\$62,336</u>

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 the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 13.85, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

7. Risk Management

Risk Pool Membership

The Government belongs to 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 over 550 Ohio governments ("Members").

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

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000

VILLAGE OF BENTON RIDGE
HANCOCK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)

7. Risk Management (Continued)

of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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: 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.



Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of Village of Benton Ridge, Hancock County, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 15, 2009 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We believe the significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated September 15, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 through 2008-003.

We also noted a certain noncompliance matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 15, 2009.

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



Mary Taylor, CPA
Auditor of State

September 15, 2009

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Noncompliance Citation - Material Weakness

Ohio Revised Code § 5705.10(D) states all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

During our testing the following transactions were found to be posted to the incorrect fund:

- In 2007 special assessments for the Street Lighting Fund and delinquent sewer bills for the Capital Projects Sewer Construction Fund in the amounts of \$4,612 and \$3,040, respectively were posted to the General Fund.

The accompanying financial statement and the Village's accounting records were adjusted to reflect these amounts in the proper funds.

In addition to the incorrect fund postings mentioned above we encountered the following transactions that required reclassification and the accompanying financial statements reflect these amounts:

- In 2008, principal and interest debt service payments were reported as leisure time activity in the General and Park funds and as basic utility services in the Capital Projects Sewer Construction and Enterprise Sewer funds in the amounts of \$2,267, \$10,000, \$9,722 and \$31,259, respectively.
- In 2008, charges for services were reported as miscellaneous revenue in the Enterprise Sewer and Park funds in the amounts of \$1,146 and \$603, respectively and intergovernmental revenues were reported as miscellaneous revenue in the Sewer Debt Reserve, Capital Projects Sewer Construction and Park funds in the amounts of \$36,200, \$17,300 and \$4,400, respectively.
- In 2007, principal and interest debt service payments were reported as leisure time activity in the amount of \$6,558 in the Park fund and as basic utility services, general government and capital outlay in the amount of \$386,189 in the General fund.
- In 2007, charges for services were reported as miscellaneous revenue in the Park fund in the amount of \$2,660; intergovernmental revenues were reported as miscellaneous revenue in the Park and Capital Projects Sewer Construction funds in the amounts of \$16,210 and \$446,459, respectively; and bond proceeds were reported as miscellaneous revenue in the Capital Projects Sewer Construction fund in the amount of \$683,000.
- In 2007, OPWC grant was paid on behalf of the Village in the amount of \$26,000 to pay off OWDA loan and was not reported as intergovernmental revenue or principal debt payment. In addition, an OPWC grant was paid on behalf of the Village directly to the vendors in the amount of \$70,372 and was not reported as intergovernmental revenue or capital outlay.
- In 2007, special assessment revenue was reported as taxes in the Street Lighting fund in the amount of \$5,430.
- In 2007, the August settlement was reported at net in the amount of \$611 in the General fund.

Accurate financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Audit Committee, to identify and correct errors and omissions.

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in this section.

Actual expenditures exceeded approved appropriations by \$824,165 in the Capital Projects Sewer Construction Fund and \$3,513 in the Special Revenue Park Fund in 2007.

The Village Clerk Treasurer and Village Council should review appropriations prior to processing and approving expenditures. Expenditures should only be made for which there are sufficient appropriations. Appropriations should be increased as needed, and if necessary amend the corresponding estimated resources.

FINDING NUMBER 2008-003

Noncompliance Citation

Ohio Revised Code § 5705.10(H) states that money paid into any fund shall be used only for the purpose for which such fund was established. The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay the obligations of the fund or funds carrying the deficit balance.

As of December 31, 2007 the Village had a deficit cash balance of \$3,329 in the General Fund.

We recommend as part of the monitoring process, Village Council should review financial records to make sure the amounts are reflected in the appropriate funds and there are sufficient funds to pay obligations.

Official's Response: We did not receive a response from officials to the findings reported above.

**VILLAGE OF BENTON RIDGE
HANCOCK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Finding for Recovery for Council Members who were over paid	Yes	
2006-002	ORC § 5705.41(B) expenditures in excess of appropriations.	No	Repeated as finding 2008-002 in this report.
2006-003	ORC § 5705.41(D)(1) certification of expenditures	Yes	
2006-004	Deficiencies noted with expenditures	Yes	
2006-005	Deficiency in Financial Monitoring	No	Repeated as finding 2008-001 in this report.
2006-006	Deficiency in Sewer billings and collections	Yes	



Mary Taylor, CPA
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 13, 2009**