

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

Basic Financial Statements
(Audited)

For The Year Ended
December 31, 2008

PAMELA JACKSON, FISCAL OFFICER



Mary Taylor, CPA
Auditor of State

Village Council
Village of Beverly
919 Mitchell Avenue
Beverly, Ohio 45715

We have reviewed the *Independent Auditor's Report* of the Village of Beverly, Washington County, prepared by Julian & Grube, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Beverly is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 19, 2009

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**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Members of Council and Mayor
Village of Beverly
919 Mitchell Ave.
Beverly, Ohio 45715

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Beverly, Washington County, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the Village of Beverly's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Beverly's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 that our audit provides a reasonable basis for our opinions.

As disclosed in Note 2, the Village of Beverly prepares its financial statements and notes on the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Beverly, Washington County, Ohio, as of December 31, 2008, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund and Major Special Revenue fund: Street Construction Maintenance and Repair, thereof and for the year then ended in conformity with the basis of accounting as described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2009, on our consideration of the Village of Beverly's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report
Village of Beverly
Page Two

The management's discussion and analysis on pages 3 through 13 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 24, 2009

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

The management's discussion and analysis of the Village of Beverly's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2008, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- The total net cash assets of the Village increased \$70,959. Net cash assets of governmental activities decreased \$36,247, which represents a 7.63% decrease over fiscal year 2007. Net cash assets of business-type activities increased \$107,206 or 41.74% from fiscal year 2007.
- General cash receipts accounted for \$653,379 or 72.40% of total governmental activities cash receipts. Program specific cash receipts accounted for \$249,123 or 27.60% of total governmental activities cash receipts.
- The Village had \$938,749 in cash disbursements related to governmental activities; \$249,123 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes and grants and entitlements) of \$653,379 were not adequate to provide for these programs.
- The Village's major funds are the General Fund, Street Construction, Maintenance and Repair Fund, Note Retirement Swimming Pool Fund, Note Retirement Fire Department Fund, Water Fund, Sewer Fund, and Utility Improvements Fund. The General Fund had cash receipts and other financing sources of \$626,639 in 2008. The cash disbursements and other financing uses of the General Fund totaled \$664,749 in 2008. The General Fund's cash balance decreased \$38,110 from 2007 to 2008.
- The Street Construction, Maintenance and Repair Fund, a Village major fund, had cash receipts of \$44,903 in 2008. The Street Construction, Maintenance and Repair Fund had cash disbursements of \$20,384 in 2008. The fund's cash balance increased \$24,519 from 2007 to 2008.
- The Note Retirement Swimming Pool Fund, a Village major fund, had cash receipts and other financing sources of \$248,476 in 2008. The Note Retirement Swimming Pool Fund had cash disbursements of \$243,477 in 2008. The fund's cash balance increased \$4,999 from 2007 to 2008.
- The Note Retirement Fire Department Fund, a Village major fund, had cash receipts and other financing sources of \$90,599 in 2008. The Note Retirement Fire Department Fund had cash disbursements of \$94,375 in 2008. The fund's cash balance decreased \$3,776 from 2007 to 2008.
- Net cash assets for the Water enterprise fund increased in 2008 by \$8,953 or 10.61%. The net cash assets for the Sewer enterprise fund increased in 2008 by \$78,201 or 57.92%. The net cash assets for the Utility Improvements enterprise fund increased in 2008 by \$18,890 or 80.02%.

Using this Cash Basis Basic Financial Statements (BFS)

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
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The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole Village, presenting an aggregate view of the Village's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Village, there are four major governmental funds. The General Fund is the largest major fund.

Reporting the Village as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2008?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Village's net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Village as a whole, the cash basis financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis, the Village is divided into two distinct kinds of activities: Governmental Activities, where most of the Village's programs and services are reported including human services, health, public safety, public works and general government; and business-type activities which account for services provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The Village's water, sewer, utility improvement and guaranteed deposits enterprise funds are reported as business-type activities.

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis can be found on pages 14-16 of this report.

Reporting the Village's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**VILLAGE OF BEVERLY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Village's most significant funds. The Village's major governmental funds are the General Fund, Street Construction, Maintenance and Repair Fund, Note Retirement Swimming Pool Fund, and the Note Retirement Fire Department Fund. The analysis of the Village's major governmental funds begins on page 10.

Governmental Funds

Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Village's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Village programs. Since the Village is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross cash receipts and cash disbursements on the Fund Financial Statements to the Statement of Activities - Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities - Cash Basis. The governmental fund statements can be found on pages 17 - 18 of this report.

The Village's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General Fund and Street Construction, Maintenance and Repair Fund are presented to demonstrate the Village's compliance with annually adopted budgets. The budgetary statements can be found on pages 19 - 20 of this report.

Proprietary Funds

The Village maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the Village as a whole. The Village uses enterprise funds to account for its water, sewer, utility improvements, and guaranteed deposits. The enterprise fund statements can be found on pages 21 - 22 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village's fiduciary fund is an agency fund. The fiduciary fund statement can be found on page 23 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 24 - 43 of this report.

Government-Wide Financial Analysis

Recall that the Statement of Net Assets - Cash Basis provides the perspective of the Village as a whole.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

The table below provides a summary of the Village's net cash assets for 2008 compared to 2007.

Net Cash Assets

| | Governmental Activities <u>2008</u> | Business-type Activities <u>2008</u> | Governmental Activities <u>2007</u> | Business-type Activities <u>2007</u> | 2008 <u>Total</u> | 2007 <u>Total</u> |
|--|---|--|---|--|----------------------|----------------------|
| <u>Assets</u> | | | | | | |
| Equity in pooled cash and cash equivalents | \$ 399,308 | \$ 364,028 | \$ 440,498 | \$ 256,822 | \$ 763,336 | \$ 697,320 |
| Cash and cash equivalents with fiscal agents | <u>39,287</u> | <u>-</u> | <u>34,344</u> | <u>-</u> | <u>39,287</u> | <u>34,344</u> |
| Total assets | <u>438,595</u> | <u>364,028</u> | <u>474,842</u> | <u>256,822</u> | <u>802,623</u> | <u>731,664</u> |
| <u>Net Assets</u> | | | | | | |
| Restricted for: | | | | | | |
| Street Construction, Maintenance and Repair | 86,522 | - | 62,003 | - | 86,522 | 62,003 |
| Note Retirement Swimming Pool | 6,686 | - | 1,687 | - | 6,686 | 1,687 |
| Note Retirement Fire Department | 14,077 | - | 17,853 | - | 14,077 | 17,853 |
| Other Debt Service | 35,805 | - | 36,735 | - | 35,805 | 36,735 |
| Other Capital Projects | 1,691 | - | 941 | - | 1,691 | 941 |
| Other Purposes | 58,949 | - | 82,648 | - | 58,949 | 82,648 |
| Unrestricted | <u>234,865</u> | <u>364,028</u> | <u>272,975</u> | <u>256,822</u> | <u>598,893</u> | <u>529,797</u> |
| Total net assets | <u>\$ 438,595</u> | <u>\$ 364,028</u> | <u>\$ 474,842</u> | <u>\$ 256,822</u> | <u>\$ 802,623</u> | <u>\$ 731,664</u> |

The total net cash assets of the Village increased \$70,959. Net cash assets of governmental activities decreased \$36,247, which represents a 7.63% decrease over fiscal year 2007. Net cash assets of business-type activities increased \$107,206 or 41.74% from fiscal year 2007.

The balance of governmental activities unrestricted net cash assets of \$234,865 may be used to meet the government's ongoing obligations to citizens and creditors.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
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The table below shows the change in net assets for fiscal years 2008 and 2007. 2007 amounts have been restated to be consistent with current year.

| | Change in Net Cash Assets | | | | | |
|---|------------------------------------|--|--|--|-------------------|-------------------|
| | Governmental Activities 2008 | Business Type Activities 2008 | Governmental Activities 2007 (Restated) | Business Type Activities 2007 | Total 2008 | Total 2007 |
| Cash Receipts: | | | | | | |
| Program cash receipts: | | | | | | |
| Charges for services and sales | \$ 167,301 | \$ 393,354 | \$ 181,644 | \$ 396,640 | \$ 560,655 | \$ 578,284 |
| Operating grants and contributions | 64,726 | - | 55,226 | - | 64,726 | 55,226 |
| Capital grants and contributions | 17,096 | - | 23,325 | - | 17,096 | 273,505 |
| Total program cash receipts | 249,123 | 393,354 | 260,195 | 396,640 | 642,477 | 907,015 |
| General cash receipts: | | | | | | |
| Property and other taxes | 51,545 | - | 48,287 | - | 51,545 | 48,287 |
| Income tax | 272,981 | - | 263,032 | - | 272,981 | 263,032 |
| Unrestricted grants | 111,458 | - | 93,200 | - | 111,458 | 93,200 |
| Sale of notes | 205,976 | 446,131 | 339,514 | - | 652,107 | 339,514 |
| Sale of assets | 3,296 | - | 4,237 | - | 3,296 | 4,237 |
| Investment earnings | 7,516 | 4,534 | 8,942 | 92 | 12,050 | 9,034 |
| Other | 607 | - | 12,127 | 146 | 607 | 12,273 |
| Total general cash receipts | 653,379 | 450,665 | 769,339 | 238 | 1,104,044 | 769,577 |
| Total cash receipts | 902,502 | 844,019 | 1,029,534 | 396,878 | 1,746,521 | 1,676,592 |
| Cash Disbursements: | | | | | | |
| Security of persons and property | 230,780 | - | 170,882 | - | 230,780 | 170,882 |
| Public health services | 29,619 | - | 18,982 | - | 29,619 | 18,982 |
| Leisure time activities | 68,207 | - | 48,190 | - | 68,207 | 48,190 |
| Community environment | 5,160 | - | 1,200 | - | 5,160 | 1,200 |
| General government | 205,596 | - | 200,063 | - | 205,596 | 200,063 |
| Transportation | 47,487 | - | 21,628 | - | 47,487 | 21,628 |
| Capital outlay | - | - | 113,049 | - | - | 113,049 |
| Debt service | 351,900 | - | 365,438 | - | 351,900 | 365,438 |
| Water | - | 123,177 | - | 93,137 | 123,177 | 93,137 |
| Sewer | - | 593,854 | - | 155,926 | 593,854 | 155,926 |
| Utility improvement | - | 15,880 | - | 34,886 | 15,880 | 34,886 |
| Guaranteed deposits | - | 3,902 | - | 4,165 | 3,902 | 4,165 |
| Total cash disbursements | 938,749 | 736,813 | 939,432 | 288,114 | 1,675,562 | 1,227,546 |
| Change in net cash assets | (36,247) | 107,206 | 90,102 | 108,764 | 70,959 | 449,046 |
| Net cash assets at beginning of year | 474,842 | 256,822 | 384,740 | 148,058 | 731,664 | 532,798 |
| Net cash assets at end of year | \$ 438,595 | \$ 364,028 | \$ 474,842 | \$ 256,822 | \$ 802,623 | \$ 981,844 |

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

Governmental Activities

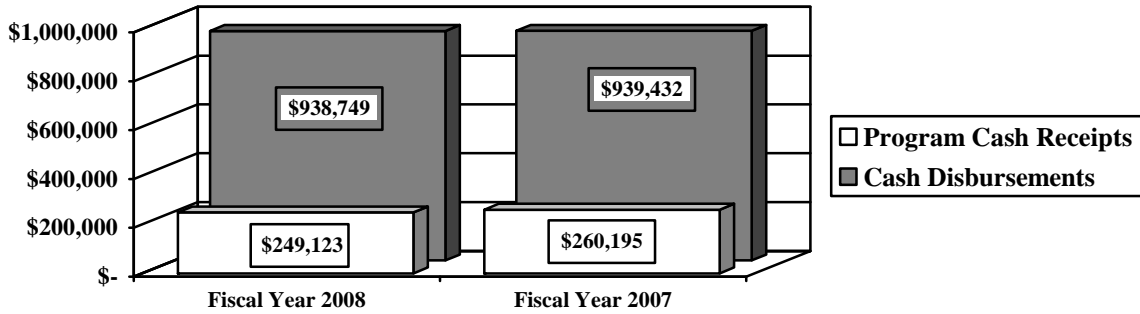
Governmental cash assets decreased by \$36,247 in 2008 from 2007.

General government represents activities related to the governing body as well as activities that directly support Village programs. In 2008, general government cash disbursements totaled \$205,596, or 21.90% of total governmental cash disbursements. General government programs were supported by \$27,118 in direct charges to users for services.

The Village program, security of persons and property, accounted for \$230,780 or 24.59% of total governmental cash disbursements. Security of persons and property programs were supported by \$113,676 in direct charges to users for services.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2008 and 2007. That is, it identifies the cost of these services supported by tax receipts and unrestricted State grants and entitlements.

Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements



**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

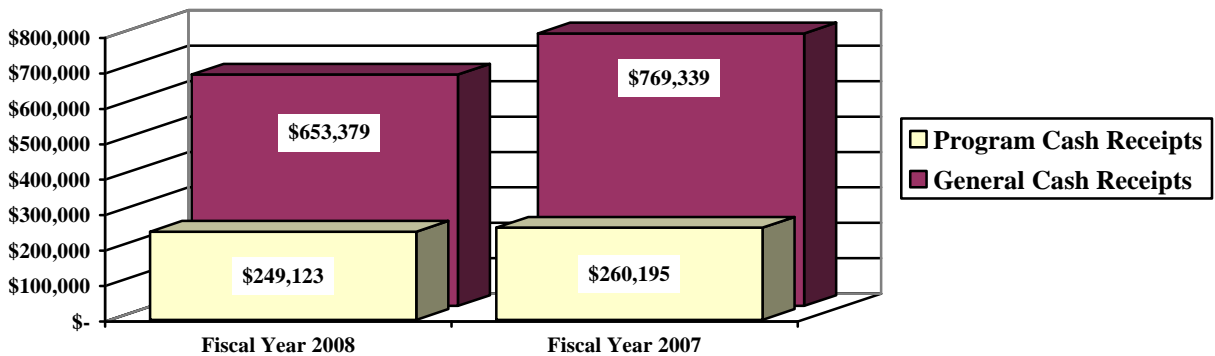
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

The following table shows, for governmental activities, the total cost of services and the net cost of services for 2008 and 2007. 2007 amounts have been restated to be consistent with current year.

| | Governmental Activities | | Governmental Activities | |
|----------------------------------|--------------------------------|-------------------------|--------------------------------|----------------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| | <u>2008</u> | <u>2008</u> | <u>2007</u> | <u>2007</u> <u>(Restated)</u> |
| Cash disbursements: | | | | |
| Current: | | | | |
| Security of persons and property | \$ 230,780 | \$ 117,104 | \$ 170,882 | \$ 32,954 |
| Public health services | 29,619 | 21,817 | 18,982 | 12,607 |
| Leisure time activities | 68,207 | 24,504 | 48,190 | (3,165) |
| Community environment | 5,160 | 4,275 | 1,200 | (45) |
| General government | 205,596 | 178,478 | 200,063 | 184,272 |
| Transportation | 47,487 | (8,452) | 21,628 | (25,873) |
| Capital outlay | - | - | 113,049 | 113,049 |
| Debt service: | | | | |
| Principal retirement | 339,834 | 339,834 | 350,706 | 350,706 |
| Interest and fiscal charges | 12,066 | 12,066 | 14,732 | 14,732 |
| Total | <u>\$ 938,749</u> | <u>\$ 689,626</u> | <u>\$ 939,432</u> | <u>\$ 679,237</u> |

The dependence upon general cash receipts for governmental activities is apparent; with 73.46% of cash disbursements supported through taxes and other general cash receipts during 2008. The following graph below presents the Village's governmental activities receipts for 2008 and 2007:

Governmental Activities - General and Program Cash Receipts



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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Business-Type Activities

The Water, Sewer and Utility Improvement funds are the Village's three major enterprise funds. These programs had cash receipts of \$132,130, \$672,055 and \$34,770, respectively, and cash disbursements of \$123,177, \$593,854 and \$15,880, respectively, for fiscal year 2008. The net cash assets of the Water, Sewer and Utility Improvements programs increased \$8,953, \$78,201 and \$18,890, respectively, from 2007 to 2008.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Village's governmental funds are accounted for using the cash basis of accounting.

The Village's governmental funds reported a combined fund cash balance of \$438,595, which is \$36,247 below last year's total of \$474,842. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2008 and December 31, 2007, for all major and nonmajor governmental funds.

| | <u>Fund Cash Balance</u> <u>December 31, 2008</u> | <u>Fund Cash Balance</u> <u>December 31, 2007</u> | <u>Increase</u> <u>(Decrease)</u> |
|---|--|--|--------------------------------------|
| Major Funds: | | | |
| General | \$ 234,865 | \$ 272,975 | \$ (38,110) |
| Street Construction, Maintenance & Repair | 86,522 | 62,003 | 24,519 |
| Note Retirement Swimming Pool | 6,686 | 1,687 | 4,999 |
| Note Retirement Fire Department | 14,077 | 17,853 | (3,776) |
| Other Nonmajor Governmental Funds | <u>96,445</u> | <u>120,324</u> | <u>(23,879)</u> |
| Total | <u>\$ 438,595</u> | <u>\$ 474,842</u> | <u>\$ (36,247)</u> |

General Fund

The general fund had cash receipts of \$610,554 in 2008. The cash disbursements of the general fund totaled \$522,539 in 2008. Other financing sources and uses of the general fund totaled \$16,085 and \$142,210, respectively, in 2008. The general fund's cash balance decreased \$38,110 from 2007 to 2008.

**VILLAGE OF BEVERLY
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The table that follows assists in illustrating the cash receipts of the general fund.

| | <u>2008</u> <u>Amount</u> | <u>2007</u> <u>Amount</u> | <u>Percentage</u> <u>Change</u> |
|------------------------------|------------------------------|------------------------------|------------------------------------|
| <u>Cash Receipts:</u> | | | |
| Taxes | \$ 324,526 | \$ 311,319 | 4.24 % |
| Intergovernmental | 106,514 | 89,061 | 19.60 % |
| Charges for services | 152,789 | 177,108 | (13.73) % |
| Fines, licenses and permits | 12,528 | 10,317 | 21.43 % |
| Interest | 7,112 | 8,482 | (16.15) % |
| Miscellaneous | <u>7,085</u> | <u>12,127</u> | (41.58) % |
| Total | <u>\$ 610,554</u> | <u>\$ 608,414</u> | 0.35 % |

Interest cash receipts decreased due to the slowing economy along with the timing of the maturity of certain certificates of deposit. Intergovernmental revenue increased due to an increase in money that was received from inheritance tax. Charges for services decreased due to the swimming pool having less in attendance during 2008. Miscellaneous decreased due to less donations received during 2008. All other revenue remained comparable to 2007.

The table that follows assists in illustrating the expenditures of the general fund.

| | <u>2008</u> <u>Amount</u> | <u>2007</u> <u>Amount</u> | <u>Percentage</u> <u>Change</u> |
|-----------------------------------|------------------------------|------------------------------|------------------------------------|
| <u>Cash Disbursements:</u> | | | |
| Security of persons and property | \$ 226,282 | \$ 170,882 | 32.42 % |
| Public health services | 17,294 | 12,692 | 36.26 % |
| Leisure time activities | 68,207 | 48,190 | 41.54 % |
| Community environment | 5,160 | 1,200 | 330.00 % |
| General government | <u>205,596</u> | <u>200,063</u> | 2.77 % |
| Total | <u>\$ 522,539</u> | <u>\$ 433,027</u> | 20.67 % |

Overall, cash disbursements increased \$89,512 from 2007.

Street Construction, Maintenance and Repair Fund

The Street Construction, Maintenance and Repair Fund, a Village major fund, had cash receipts of \$44,903 in 2008. The Street Construction, Maintenance and Repair Fund had cash disbursements of \$20,384 in 2008. The fund's cash balance increased \$24,519 from 2007 to 2008.

Note Retirement Swimming Pool Fund

The Note Retirement Swimming Pool Fund, a Village major fund, had cash receipts and other financing sources of \$248,476 in 2008. The Note Retirement Swimming Pool Fund had cash disbursements of \$243,477 in 2008. The fund's cash balance increased \$4,999 from 2007 to 2008.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

Note Retirement Fire Department Fund

The Note Retirement Fire Department Fund, a Village major fund, had cash receipts and other financing sources of \$90,599 in 2008. The Note Retirement Fire Department Fund had cash disbursements of \$94,375 in 2008. The fund's cash balance decreased \$3,776 from 2007 to 2008.

Budgeting Highlights - General Fund

The Village's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, actual cash receipts and other financing sources of \$626,639 were more than final budget estimates by \$76,639. The actual budgetary basis disbursements and other financing uses of \$664,749 were \$137,171 less than final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The Village does not record capital assets in the accompanying cash basis financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements of \$446,131 during fiscal year 2008.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2008 and 2007:

| | Governmental Activities 2008 | Governmental Activities 2007 |
|---|------------------------------------|------------------------------------|
| | <u>2008</u> | <u>2007</u> |
| 2004 Backhoe note | \$ 8,161 | \$ 18,757 |
| 2005 OPWC note - Wellfield Improvements | 84,083 | 89,639 |
| 2006 Swimming Pool notes | - | 217,976 |
| 2007 Firehouse note | 100,000 | 190,000 |
| 2007 OPWC note - WWTP Improvements | 475,684 | 29,553 |
| 2008 Swimming Pool notes | <u>186,566</u> | <u>-</u> |
| Total long-term obligations | <u>\$ 854,494</u> | <u>\$ 545,925</u> |

Economic Factors and Next Year's Budgets and Rates

The following economic factors were taken into consideration in preparing the budget for fiscal year 2009.

State funding is uncertain due to budgetary shortfalls at the State level. It appears Local Government Revenue and Local Government Revenue Assistance Funds may be cut in the next biennial State budget. Municipal Income Tax and Property Tax revenues are expected to remain consistent as well as expenditures for fiscal year 2009.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

Despite the uncertainty of the Local Government Revenue and Local Government Revenue Assistance Funds, the income tax seems to be consistent.

The Village has applied for various grants. Approval is pending with expectations for receipt of funds in 2009 and/or 2010.

The Village's financial position is anticipated to remain stable as the Village continues conservative financial management.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Pamela Jackson, Fiscal Officer, Village of Beverly, 919 Mitchell Avenue, Beverly, Ohio, 45715.

**CASH BASIS
FINANCIAL STATEMENTS**

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|-------------------|
| Assets: | | | |
| Equity in pooled cash and cash equivalents | \$ 399,308 | \$ 364,028 | \$ 763,336 |
| Restricted assets: | | | |
| Cash with fiscal agent | 39,287 | - | 39,287 |
| Total assets | 438,595 | 364,028 | 802,623 |
| Net assets: | | | |
| Restricted for: | | | |
| Street Construction, Maintenance and Repair. | 86,522 | - | 86,522 |
| Note Retirement Swimming Pool. | 6,686 | - | 6,686 |
| Note Retirement Fire Department | 14,077 | - | 14,077 |
| Other Debt service. | 35,805 | - | 35,805 |
| Other Capital projects | 1,691 | - | 1,691 |
| Other purposes | 58,949 | - | 58,949 |
| Unrestricted | 234,865 | 364,028 | 598,893 |
| Total net assets | \$ 438,595 | \$ 364,028 | \$ 802,623 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

| | Cash Disbursements | Program Cash Receipts | | |
|---|-----------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| Security of persons and property. | \$ 230,780 | \$ 108,120 | \$ 960 | \$ 4,596 |
| Public health services | 29,619 | 7,802 | - | - |
| Leisure time activities | 68,207 | 30,453 | 750 | 12,500 |
| Community environment | 5,160 | 885 | - | - |
| General government | 205,596 | 20,041 | 7,077 | - |
| Transportation | 47,487 | - | 55,939 | - |
| Debt service | | | | |
| Principal retirement | 339,834 | - | - | - |
| Interest and fiscal charges | 12,066 | - | - | - |
| Total governmental activities. | <u>938,749</u> | <u>167,301</u> | <u>64,726</u> | <u>17,096</u> |
| Business-Type activities: | | | | |
| Water | 123,177 | 130,710 | - | - |
| Sewer | 593,854 | 222,810 | - | - |
| Utility improvements | 15,880 | 34,770 | - | - |
| Guaranteed deposits | 3,902 | 5,064 | - | - |
| Total business-type activities | <u>736,813</u> | <u>393,354</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 1,675,562</u> | <u>\$ 560,655</u> | <u>\$ 64,726</u> | <u>\$ 17,096</u> |

General Cash Receipts:

Property taxes levied for:

- General purposes
- Income taxes
- Grants and entitlements not restricted to specific programs
- Sale of notes
- Sale of assets.
- Investment receipts
- Miscellaneous

Total general cash receipts

Change in net cash assets

Net cash assets at beginning of year

Net cash assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|--------------------|
| \$ (117,104) | \$ - | \$ (117,104) |
| (21,817) | - | (21,817) |
| (24,504) | - | (24,504) |
| (4,275) | - | (4,275) |
| (178,478) | - | (178,478) |
| 8,452 | - | 8,452 |
| (339,834) | - | (339,834) |
| (12,066) | - | (12,066) |
| <u>(689,626)</u> | <u>-</u> | <u>(689,626)</u> |
| - | 7,533 | 7,533 |
| - | (371,044) | (371,044) |
| - | 18,890 | 18,890 |
| - | 1,162 | 1,162 |
| <u>-</u> | <u>(343,459)</u> | <u>(343,459)</u> |
| <u>(689,626)</u> | <u>(343,459)</u> | <u>(1,033,085)</u> |
| 51,545 | - | 51,545 |
| 272,981 | - | 272,981 |
| 111,458 | - | 111,458 |
| 205,976 | 446,131 | 652,107 |
| 3,296 | - | 3,296 |
| 7,516 | 4,534 | 12,050 |
| 607 | - | 607 |
| <u>653,379</u> | <u>450,665</u> | <u>1,104,044</u> |
| (36,247) | 107,206 | 70,959 |
| <u>474,842</u> | <u>256,822</u> | <u>731,664</u> |
| <u>\$ 438,595</u> | <u>\$ 364,028</u> | <u>\$ 802,623</u> |

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

| | General | Street Construction, Maintenance and Repair | Note Retirement Swimming Pool | Note Retirement Fire Department | Other Governmental Funds | Total Governmental Funds |
|--|------------|--|--|--|--------------------------------|--------------------------------|
| Cash assets: | | | | | | |
| Equity in pooled cash and cash equivalents | \$ 234,865 | \$ 86,522 | \$ 6,686 | \$ 14,077 | \$ 57,158 | \$ 399,308 |
| Restricted assets: | | | | | | |
| Cash with fiscal agent | - | - | - | - | 39,287 | 39,287 |
| Total assets | 234,865 | 86,522 | 6,686 | 14,077 | 96,445 | 438,595 |
| Fund cash balances: | | | | | | |
| Unreserved, undesignated, reported in: | | | | | | |
| General fund | 234,865 | - | - | - | - | 234,865 |
| Special revenue funds | - | 86,522 | - | - | 58,949 | 145,471 |
| Capital projects fund | - | - | - | - | 1,691 | 1,691 |
| Debt service funds | - | - | 6,686 | 14,077 | 35,805 | 56,568 |
| Total fund cash balances | \$ 234,865 | \$ 86,522 | \$ 6,686 | \$ 14,077 | \$ 96,445 | \$ 438,595 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

| | General | Street Construction, Maintenance, and Repair | Note Retirement Swimming Pool | Note Retirement Fire Department | Other Governmental Funds | Total Governmental Funds |
|---|-------------------|---|--|--|--------------------------------|--------------------------------|
| Cash receipts: | | | | | | |
| Municipal income taxes | \$ 272,981 | \$ - | \$ - | \$ - | \$ - | \$ 272,981 |
| Property taxes and other local taxes | 51,545 | - | - | - | - | 51,545 |
| Intergovernmental | 106,514 | 44,813 | 12,500 | 4,596 | 17,029 | 185,452 |
| Charges for services | 152,789 | - | - | - | 1,800 | 154,589 |
| Fines, licenses and permits. | 12,528 | - | - | - | 184 | 12,712 |
| Interest. | 7,112 | 90 | - | - | 314 | 7,516 |
| Miscellaneous | 7,085 | - | - | - | 1,350 | 8,435 |
| Total cash receipts | <u>610,554</u> | <u>44,903</u> | <u>12,500</u> | <u>4,596</u> | <u>20,677</u> | <u>693,230</u> |
| Cash disbursements: | | | | | | |
| Current: | | | | | | |
| Security of persons and property | 226,282 | - | - | - | 4,498 | 230,780 |
| Public health services | 17,294 | - | - | - | 12,325 | 29,619 |
| Leisure time activities | 68,207 | - | - | - | - | 68,207 |
| Community environment. | 5,160 | - | - | - | - | 5,160 |
| Transportation | - | 20,384 | - | - | 27,103 | 47,487 |
| General government | 205,596 | - | - | - | - | 205,596 |
| Debt service: | | | | | | |
| Principal retirement | - | - | 237,386 | 90,000 | 12,448 | 339,834 |
| Interest and fiscal charges | - | - | 6,091 | 4,375 | 1,600 | 12,066 |
| Total cash disbursements | <u>522,539</u> | <u>20,384</u> | <u>243,477</u> | <u>94,375</u> | <u>57,974</u> | <u>938,749</u> |
| Excess (deficiency) of cash receipts over (under) cash disbursements | <u>88,015</u> | <u>24,519</u> | <u>(230,977)</u> | <u>(89,779)</u> | <u>(37,297)</u> | <u>(245,519)</u> |
| Other financing sources (uses): | | | | | | |
| Sale of assets | 3,296 | - | - | - | - | 3,296 |
| Sale of notes | - | - | 205,976 | - | - | 205,976 |
| Advances in | 12,789 | - | - | - | 12,789 | 25,578 |
| Advances out | (12,789) | - | - | - | (12,789) | (25,578) |
| Transfers in. | - | - | 30,000 | 86,003 | 13,418 | 129,421 |
| Transfers out | (129,421) | - | - | - | - | (129,421) |
| Total other financing sources (uses). | <u>(126,125)</u> | <u>-</u> | <u>235,976</u> | <u>86,003</u> | <u>13,418</u> | <u>209,272</u> |
| Net change in fund cash balances | (38,110) | 24,519 | 4,999 | (3,776) | (23,879) | (36,247) |
| Cash basis balances | | | | | | |
| at beginning of year | 272,975 | 62,003 | 1,687 | 17,853 | 120,324 | 474,842 |
| at end of year | <u>\$ 234,865</u> | <u>\$ 86,522</u> | <u>\$ 6,686</u> | <u>\$ 14,077</u> | <u>\$ 96,445</u> | <u>\$ 438,595</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Negative)</u> |
| Budgetary basis receipts: | | | | |
| Municipal income taxes | \$ 275,101 | \$ 275,101 | \$ 272,981 | \$ (2,120) |
| Property and other local taxes | 52,993 | 52,993 | 51,545 | (1,448) |
| Intergovernmental. | 59,253 | 59,253 | 106,514 | 47,261 |
| Charges for services | 149,603 | 149,603 | 152,789 | 3,186 |
| Fines, licenses and permits | 5,050 | 5,050 | 12,528 | 7,478 |
| Interest | 5,000 | 5,000 | 7,112 | 2,112 |
| Miscellaneous | 2,000 | 2,000 | 7,085 | 5,085 |
| Total budgetary basis receipts | <u>549,000</u> | <u>549,000</u> | <u>610,554</u> | <u>61,554</u> |
| Budgetary basis disbursements: | | | | |
| Current: | | | | |
| Security of persons and property | 262,050 | 266,679 | 226,282 | 40,397 |
| Public health services. | 18,475 | 20,525 | 17,294 | 3,231 |
| Leisure time activities | 68,365 | 77,258 | 68,207 | 9,051 |
| Community environment. | 5,160 | 5,160 | 5,160 | - |
| General government | 239,750 | 265,298 | 205,596 | 59,702 |
| Total budgetary basis disbursements. | <u>593,800</u> | <u>634,920</u> | <u>522,539</u> | <u>112,381</u> |
| Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements. | <u>(44,800)</u> | <u>(85,920)</u> | <u>88,015</u> | <u>173,935</u> |
| Other financing sources/(uses): | | | | |
| Sale of assets | 1,000 | 1,000 | 3,296 | 2,296 |
| Transfers out | (189,000) | (154,000) | (129,421) | 24,579 |
| Advances in | - | - | 12,789 | 12,789 |
| Advances out | (13,000) | (13,000) | (12,789) | 211 |
| Total other financing sources/(uses) | <u>(201,000)</u> | <u>(166,000)</u> | <u>(126,125)</u> | <u>39,875</u> |
| Net change in fund cash balance | (245,800) | (251,920) | (38,110) | 213,810 |
| Cash basis balance at beginning of year | <u>272,975</u> | <u>272,975</u> | <u>272,975</u> | <u>-</u> |
| Cash basis balance at end of year. | <u>\$ 27,175</u> | <u>\$ 21,055</u> | <u>\$ 234,865</u> | <u>\$ 213,810</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
STREET CONSTRUCTION, MAINTENANCE, AND REPAIR
FOR THE YEAR ENDED DECEMBER 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary basis receipts: | | | | |
| Intergovernmental | \$ 39,900 | \$ 39,900 | \$ 44,813 | \$ 4,913 |
| Interest | 100 | 100 | 90 | (10) |
| Total budgetary basis receipts | <u>40,000</u> | <u>40,000</u> | <u>44,903</u> | <u>4,903</u> |
| Budgetary basis disbursements: | | | | |
| Current: | | | | |
| Transportation | 39,500 | 39,700 | 20,384 | 19,316 |
| Total budgetary basis disbursements. | <u>39,500</u> | <u>39,700</u> | <u>20,384</u> | <u>19,316</u> |
| Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements. | <u>500</u> | <u>300</u> | <u>24,519</u> | <u>24,219</u> |
| Other financing uses: | | | | |
| Transfers out | (1,000) | (1,000) | - | 1,000 |
| Total other financing uses | <u>(1,000)</u> | <u>(1,000)</u> | <u>-</u> | <u>1,000</u> |
| Net change in fund cash balance | (500) | (700) | 24,519 | 25,219 |
| Cash basis balance at beginning of year | <u>62,003</u> | <u>62,003</u> | <u>62,003</u> | <u>-</u> |
| Cash basis balance at end of year | <u>\$ 61,503</u> | <u>\$ 61,303</u> | <u>\$ 86,522</u> | <u>\$ 25,219</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2008

| | Business-type Activities - Enterprise Funds | | | | | Total |
|--|--|--------------|---------------------------------|-----------------------------|-------------------|--------------|
| | Water | Sewer | Utility Improvements | Other Enterprise | Enterprise | |
| Cash Assets: | | | | | | |
| Equity in pooled cash and cash equivalents | \$ 93,334 | \$ 213,224 | \$ 42,497 | \$ 14,973 | \$ 364,028 | 364,028 |
| Total cash assets | 93,334 | 213,224 | 42,497 | 14,973 | 364,028 | 364,028 |
| Net cash assets: | | | | | | |
| Unrestricted. | 93,334 | 213,224 | 42,497 | 14,973 | 364,028 | 364,028 |
| Total net cash assets. | \$ 93,334 | \$ 213,224 | \$ 42,497 | \$ 14,973 | \$ 364,028 | 364,028 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

| | Business-Type Activities - Enterprise Funds | | | | |
|--|--|-------------------|---------------------------------|-----------------------------|-------------------|
| | Water | Sewer | Utility Improvements | Other Enterprise | Total |
| Operating cash receipts: | | | | | |
| Charges for services | \$ 130,710 | \$ 222,810 | \$ 34,770 | \$ 5,064 | \$ 393,354 |
| Total operating cash receipts | <u>130,710</u> | <u>222,810</u> | <u>34,770</u> | <u>5,064</u> | <u>393,354</u> |
| Operating cash disbursements: | | | | | |
| Personal services | 42,036 | 60,386 | - | - | 102,422 |
| Fringe benefits | 25,601 | 30,696 | - | - | 56,297 |
| Contractual services | 45,613 | 36,587 | 15,880 | - | 98,080 |
| Materials and supplies | 9,927 | 14,594 | - | - | 24,521 |
| Other | - | - | - | 3,902 | 3,902 |
| Total operating cash disbursements | <u>123,177</u> | <u>142,263</u> | <u>15,880</u> | <u>3,902</u> | <u>285,222</u> |
| Operating cash receipts over/(under) operating cash disbursements | <u>7,533</u> | <u>80,547</u> | <u>18,890</u> | <u>1,162</u> | <u>108,132</u> |
| Nonoperating cash receipts (disbursements): | | | | | |
| Earnings on investment | 1,420 | 3,114 | - | - | 4,534 |
| Sale of notes | - | 446,131 | - | - | 446,131 |
| Capital Outlay | - | (446,131) | - | - | (446,131) |
| Debt Service: | | | | | |
| Principal | - | (3,704) | - | - | (3,704) |
| Interest and other fiscal charges | - | (1,756) | - | - | (1,756) |
| Total nonoperating cash receipts (disbursements) | <u>1,420</u> | <u>(2,346)</u> | <u>-</u> | <u>-</u> | <u>(926)</u> |
| Changes in net cash assets | 8,953 | 78,201 | 18,890 | 1,162 | 107,206 |
| Net cash assets at beginning of year | <u>84,381</u> | <u>135,023</u> | <u>23,607</u> | <u>13,811</u> | <u>256,822</u> |
| Net cash assets at end of year | <u>\$ 93,334</u> | <u>\$ 213,224</u> | <u>\$ 42,497</u> | <u>\$ 14,973</u> | <u>\$ 364,028</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS
FIDUCIARY FUND
DECEMBER 31, 2008

| | Fiduciary Fund |
|-------------------------------------|-----------------------|
| | Agency |
| Cash assets: | |
| Cash in segregated account. | \$ 967 |
| Total cash assets | 967 |
| Net cash assets: | |
| Unrestricted. | 967 |
| Total net cash assets. | \$ 967 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 1 - REPORTING ENTITY

The Village of Beverly, Washington County, Ohio, (the “Village”) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, and maintenance of Village roads, park operations, and police services. The Village entered into a contract with Waterford Township and Jackson Township (only those citizens residing in the 984 exchange) in Noble County for providing fire protection for the amount provided by tax levy revenues.

B. Component Units

There are no component organizations for which the Village is financially accountable.

C. Joint Ventures

The Village of Beverly did not participate in any joint ventures in 2008.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village’s accounting policies.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Basis of Presentation

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

Government-wide Statement of Activities - Cash Basis - This statement displays information about the Village as a whole, except for fiduciary funds. The statement distinguishes between those activities of the Village that are governmental and those that are considered business-type activities.

The government-wide statement of activities - cash basis compares disbursements with program receipts for each segment of the business-type activities of the Village and for each function or program of the Village's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Village. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the Village.

B. Fund Accounting

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

Fund Financial Statements - Fund financial statements report detailed information about the Village. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the Village's proprietary funds are charges for sales and services, and include personnel and other disbursements related to the operations of the enterprise activity. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose. The following are the Village's major governmental funds:

General Fund - This fund is used to account for all financial resources of the Village except those required to be accounted for in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Note Retirement Swimming Pool Fund - This fund accounts for all debt activity relating to the debt issued for improvements related to the Village's swimming pool.

Note Retirement Fire Department Fund - This fund accounts for all debt activity relating to the debt issued for the construction of the Village's fire department.

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

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Village does not have internal service funds.

Enterprise Funds

The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Village is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Village had the following major enterprise funds:

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Utility Improvements Fund - The utility improvements fund receives water and sewer surcharges from residents to fund utility equipment improvements.

The Village's only nonmajor enterprise fund is used to account for guaranteed deposits.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village does not have any Trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's only agency fund is Mayor's Court.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the General Fund and Street Construction, Maintenance, and Repair Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances and are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). Also, outstanding year end advances are treated as another financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). There were no outstanding encumbrances at year end.

E. Cash and Cash Equivalents, Cash with Fiscal Agent and Cash in Segregated Accounts

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". Cash with fiscal agent that is held separately in an account at the Washington County Treasurer's office for constructing, maintaining and repairing Village streets is reported as "Cash with Fiscal Agent". An account segregated from the general account of the Village is used to account for Mayor's Court monies and is reported as "Cash in Segregated Accounts".

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2008, the Village invested in nonnegotiable certificates of deposit.

Interest earnings are allocated to Village funds according to State Statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$7,112 which includes \$2,365 assigned from other Village funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent cash held in an account at the Washington County Treasurer's Office for constructing, maintaining and repairing Village streets.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for the employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other capital projects include resources restricted for capital improvements to the Village's swimming pool. Net assets restricted for debt services include resources for the Waste Water Treatment Plant and Land, Buildings and Equipment note retirement. Net assets restricted for other purposes include resources restricted for State Highway, Cemetery, Law Enforcement, Enforcement and Education and Permissive Motor Vehicle License Tax.

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

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Village had neither type of transaction during 2008.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies held by the Village may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Village or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash with Fiscal Agent - At year end, the Village had \$39,287 on deposit with the Washington County Treasurer for permissive funds collected, but not yet distributed to the Village. The data regarding insurance and collateralization can be obtained from the Washington County's financial statements. This amount is not included in the Village's depository balance reported below.

Cash in Segregated Account - At year end, the Village had \$967 deposited with a financial institution for monies related to the Mayor's Court which is reported as an agency fund. These amounts were covered by the FDIC and are not included in the Village's depository balance detailed below.

At December 31, 2008, the carrying amount of all Village deposits was \$763,336. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, \$273,689 of the Village's bank balance of \$773,689 was exposed to custodial risk as discussed below, while \$500,000 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Village's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

Investments

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. The Village had no investments during or at the year ended December 31, 2008.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 4 - INCOME TAXES

The Village levies a one percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or one percent of the one percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The Village collected \$272,981 in income tax receipts which are receipted directly into the General Fund.

NOTE 5 - PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31, if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, State Statute permits later payment dates to be established.

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

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, was 12.5% for 2007. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 5 - PROPERTY TAXES - (Continued)

The full tax rate for all Village operations for the year ended December 31, 2008, was \$3.40 per \$1,000 of assessed value. The assessed values of real property, public utility property and tangible personal property, upon which 2008 property tax receipts were \$15,827,030.

| | |
|-------------------------------|--------------------------|
| Real Property | |
| Agricultural/ Residential | \$ 10,510,580 |
| Commercial/Industrial Mineral | 4,574,510 |
| Public Utility Property | |
| Personal | 506,730 |
| Tangible Personal Property | <u>235,210</u> |
| Total Assessed Value | <u>\$ 15,827,030</u> |

NOTE 6 - CAPITAL ASSETS

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

NOTE 7 - RISK MANAGEMENT

Risk Pool Membership

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity.

The Plan provides property, liability, errors and omissions, law enforcement, automobile, excessive liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 7 - RISK MANAGEMENT - (Continued)

The Plan's audited financial statements conform with accounting principles generally accepted in the United States of America and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007:

| | 2008 | 2007 |
|-----------------|--------------|---------------|
| Assets | \$10,471,114 | \$ 11,136,455 |
| Liabilities | (5,286,781) | (4,273,553) |
| Members' Equity | \$ 5,184,333 | \$ 6,862,902 |

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

Settled claims, resulting from these risks, have not exceeded commercial insurance in any of the past three years. There has been no significant reduction in insurance coverage from prior years.

NOTE 8 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS' administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 8 - PENSION PLANS - (Continued)

OPERS' provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2008 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

The Village's contribution rate for 2008 was 14.00%, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 17.40% of covered payroll. For 2008, a portion equal to 7.00% of covered payroll was allocated to fund the post-employment health care plan.

The Village's contribution rate for pension benefits for 2008 was 7.00%, except for those plan members in law enforcement and public safety. For those classifications, the Village's pension contributions were 10.40% of covered payroll. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2008, 2007 and 2006 were \$18,667, \$17,551 and \$16,673, respectively; 100% has been contributed for 2008, 2007 and 2006.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the Village is required to contribute 19.50% for police officers. The Village's required contributions for pension obligations to OP&F for police officers for the years ended December 31, 2008, 2007, and 2006 were \$10,477, \$11,372 and \$9,912, respectively. 100% has been contributed for 2008, 2007 and 2006.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 9 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00% of covered payroll (17.40% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2008 was 7.00% of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$18,667, \$11,561 and \$8,156, respectively. 100% has been contributed for 2008, 2007 and 2006.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 9 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% of covered payroll for police. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 9 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to the OP&F health care plan for the years ending December 31, 2008, 2007 and 2006 were \$5,547, \$3,935 and \$3,935, respectively.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - DEBT OBLIGATIONS

At December 31, 2008, debt obligations consisted of the following issuances:

| <u>Debt Service Funds:</u> | <u>Balance 12/31/2008</u> |
|---|-------------------------------|
| 2004 note for the purpose of purchasing equipment, due in annual installments of \$10,000 bearing interest of 4.65% due in 2009. | \$ 8,161 |
| 2005 Ohio Public Works Commission (OPWC) note for the financing of Wellfield Improvements, due in semiannual payments of \$2,730 bearing interest of 2% due in 2027. | 84,083 |
| 2007 Ohio Public Works Commission (OPWC) note for the financing of Waste Water Treatment Plant (WWTP) improvements, due in semiannual payments of \$7,928 beginning July 1, 2009; bearing no interest, due in 2039. | 475,684 |
| 2007 note for the purpose of refinancing 2005 notes issued for the construction of the firehouse in 2005, due in monthly installments of \$2,712 bearing interest of 3.7% due in 2012. | 100,000 |
| 2008 note for the purpose of refinancing 2006 notes issued for the improvements to the swimming pool in 2006, due in monthly installments of \$2,056 bearing interest of 3.7% due in 2018. | <u>186,566</u> |
| Balance at December 31, 2008 | <u>\$ 854,494</u> |

Transactions for the total year ended December 31, 2008 are summarized as follows:

| | <u>Fund Type</u> | <u>Balance 12/31/07</u> | <u>Proceeds</u> | <u>Payments</u> | <u>Balance 12/31/08</u> | <u>Amounts Due in One Year</u> |
|---|-------------------------|-----------------------------|-------------------|---------------------|-----------------------------|--|
| 2004 Backhoe note | Debt Service | \$ 18,757 | \$ - | \$ (10,596) | \$ 8,161 | \$ 8,161 |
| 2005 OPWC note - Wellfield Improvements | Debt Service/Enterprise | 89,639 | - | (5,556) | 84,083 | 3,797 |
| 2006 Swimming pool note | Debt Service | 117,976 | - | (117,976) | - | - |
| 2006 Swimming pool note | Debt Service | 80,000 | - | (80,000) | - | - |
| 2006 Swimming pool note | Debt Service | 20,000 | - | (20,000) | - | - |
| 2007 Firehouse note | Debt Service | 190,000 | - | (90,000) | 100,000 | 26,115 |
| 2007 OPWC note - WWTP Improvements | Debt Service | 29,553 | 446,131 | - | 475,684 | 7,928 |
| 2008 Swimming pool note | Debt Service | - | 205,976 | (19,410) | 186,566 | 17,618 |
| Total All Funds | | <u>\$ 545,925</u> | <u>\$ 652,107</u> | <u>\$ (343,538)</u> | <u>\$ 854,494</u> | <u>\$ 63,619</u> |

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - DEBT OBLIGATIONS - (Continued)

| Year Ending December 31, | Backhoe Note | | Firehouse Note (\$225,000) | | OPWC Note (\$89,639) | |
|-----------------------------|-----------------|-----------------|----------------------------|------------------|----------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009 | \$ 8,161 | \$ 1,839 | \$ 26,115 | \$ 6,429 | \$ 3,797 | \$ 1,663 |
| 2010 | - | - | 27,098 | 5,446 | 3,874 | 1,586 |
| 2011 | - | - | 28,118 | 4,426 | 3,952 | 1,508 |
| 2012 | - | - | 18,669 | 3,027 | 4,031 | 1,429 |
| 2013 | - | - | - | - | 4,112 | 1,348 |
| 2014 - 2018 | - | - | - | - | 21,833 | 5,467 |
| 2019 - 2023 | - | - | - | - | 24,116 | 3,184 |
| 2024 - 2028 | - | - | - | - | 18,368 | 742 |
| Totals | <u>\$ 8,161</u> | <u>\$ 1,839</u> | <u>\$ 100,000</u> | <u>\$ 19,328</u> | <u>\$ 84,083</u> | <u>\$ 16,927</u> |

| Year Ending December 31, | OPWC Note (\$475,684) | | Swimming Pool Note (\$205,976) | | Total | |
|-----------------------------|-----------------------|-------------|--------------------------------|------------------|-------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009 | \$ 7,928 | \$ - | \$ 17,618 | \$ 7,054 | \$ 63,619 | \$ 16,985 |
| 2010 | 15,857 | - | 18,281 | 6,391 | 65,110 | 13,423 |
| 2011 | 15,857 | - | 18,969 | 5,703 | 66,896 | 11,637 |
| 2012 | 15,857 | - | 19,668 | 5,004 | 58,225 | 9,460 |
| 2013 | 15,857 | - | 20,423 | 4,249 | 40,392 | 5,597 |
| 2014 - 2018 | 79,280 | - | 91,607 | 9,897 | 192,720 | 15,364 |
| 2019 - 2023 | 79,280 | - | - | - | 103,396 | 3,184 |
| 2024 - 2028 | 79,280 | - | - | - | 97,648 | 742 |
| 2029 - 2033 | 79,280 | - | - | - | 79,280 | - |
| 2034 - 2038 | 79,280 | - | - | - | 79,280 | - |
| 2039 | 7,928 | - | - | - | 7,928 | - |
| Totals | <u>\$ 475,684</u> | <u>\$ -</u> | <u>\$ 186,566</u> | <u>\$ 38,298</u> | <u>\$ 854,494</u> | <u>\$ 76,392</u> |

NOTE 11 - LEASES

The Village leases (non-exclusive) the building on 4th Street to the John Dodge Senior Citizens' for \$1 annually. The Village also leases (non-exclusive) the 4th Street building to the Washington and Morgan Community Action Organization for \$150 per month.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 12 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the Village's operating transfers and advances for 2008:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------------|---------------------|----------------------|
| <u>Major Funds:</u> | | |
| General Fund | \$ - | \$ 129,421 |
| Note Retirement Swimming Pool | 30,000 | - |
| Fire Department | 86,003 | - |
| <u>Nonmajor Governmental Funds:</u> | | |
| Cemetery | 2,100 | - |
| Note Retirement | | |
| Land, Buildings, and Equipment | <u>11,318</u> | <u>-</u> |
| Total | <u>\$ 129,421</u> | <u>\$ 129,421</u> |

The transfers in the year ended December 31, 2008 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

During the year ended December 31, 2008, the general fund made advances to the following funds, which were returned as of December 31, 2008:

| | |
|--------------------------------------|------------------|
| <u>Nonmajor Governmental Funds:</u> | |
| Permissive Motor Vehicle License Tax | \$ 4,978 |
| Cemetery | <u>7,811</u> |
| Total | <u>\$ 12,789</u> |

NOTE 13 - CONTINGENT LIABILITIES

The Village has no contingent liabilities.

NOTE 14 - SUBSEQUENT EVENT

As of May 29, 2009, Larry Kitts retired as the Village Fiscal Officer. As of June 1, 2009, Pamela Jackson assumed the duties of Village Fiscal Officer.



Julian & Grube, Inc.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of Council and Mayor
Village of Beverly
919 Mitchell Ave.
Beverly, Ohio 45715

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Beverly, Washington County, Ohio, as of and for the year ended December 31, 2008 and have issued our report thereon dated June 24, 2009, wherein we noted the Village of Beverly prepared its financial statements on the cash basis, a comprehensive basis of accounting other 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Beverly's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Beverly's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Beverly'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 to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 of Beverly'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 a misstatement of the Village of Beverly's financial statements that is more than inconsequential will not be prevented or detected by the Village of Beverly's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 2008-VOB-001 to be a significant deficiency in internal control over financial reporting.

Members of Council and Mayor
Village of Beverly

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Beverly's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above as item 2008-VOB-001 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Beverly's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Village of Beverly in a separate letter dated June 24, 2009.

The Village of Beverly's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Village of Beverly's response and accordingly we express no opinion on it.

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



Julian & Grube, Inc.
June 24, 2009

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

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

| FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS | |
|--|--------------|
| Finding Number | 2008-VOB-001 |

Significant Deficiency/Material Weakness

In May of 2006, the American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accountants, issued its Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters Identified in an Audit*. This standard became effective for audits of financial statements for periods ending on or after December 15, 2006.

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 112 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, SAS No. 112 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control

We identified misstatements in the financial statements for the year under audit that were not initially identified by the Village's internal control. Several audit adjustments and reclasses were necessary to correct errors in the Village's financial statements and had the following effect on fund balances:

Nonmajor Governmental Fund Type:

Permissive Motor Vehicle License Tax increased by \$4,943

Major Enterprise Fund Type:

Water increased by \$4,150

Sewer decreased by \$2,346

Utility Improvement increased by \$2,730

Fiduciary Fund Type:

Mayor's Court Agency increased by \$967

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

Client Response: In 2008 the Village was still getting accustomed to the switch from accounting software, Quickbooks, to the UAN system which took place in 2007. This was a proactive step to better conform to Auditor of State requirements. With this conversion, accounts were modified/revised which led to audit adjustments. The Fiscal Officer will continue to use the Village Handbook and the UAN manual.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

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

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|-----------------------|---|-------------------------|--|
| 2007-VOB-001 | <u>Significant Deficiency/Material Weakness</u> - Misstatements in the financial statements for the year under audit were not initially identified by the Village's internal control. The audit adjustments were necessary to correct errors in the Village's financial statements and notes. | No | Repeated as Finding 2008-VOB-001 |



Mary Taylor, CPA
Auditor of State

VILLAGE OF BEVERLY

WASHINGTON 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
SEPTEMBER 1, 2009