

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

*Financial Statements  
(Audited)*

For The Year Ended  
December 31, 2002

**LARRY KITTS, CLERK/TREASURER**





**Auditor of State  
Betty Montgomery**

Mayor and Members of Council  
Village of Beverly

We have reviewed the Independent Auditor's Report of the Village of Beverly, Washington County, prepared by Trimble, Julian & Grube, Inc., CPA for the audit period January 1, 2002 through December 31, 2002. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 16, 2003

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**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

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## Independent Auditor’s Report

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

We have audited the accompanying financial statements of the Village of Beverly, Washington County, Ohio, as of and for the year ended December 31, 2002, 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 an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the Village of Beverly prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than 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 combined cash fund balances of the Village of Beverly, Washington County, Ohio, as of December 31, 2002, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 13, 2003, 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 and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.  
June 13, 2003

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND  
BALANCES - ALL FUND TYPES  
DECEMBER 31, 2002

<u>Cash and Cash Equivalents</u>	<u>2002</u>
Cash and Cash Equivalents	<u>\$ 290,770</u>
Total Cash and Cash Equivalents	<u><u>\$ 290,770</u></u>
 <u>Cash Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 194,218
Special Revenue Funds	46,033
Debt Service	2,820
Capital Projects Fund	<u>82</u>
Total Governmental Fund Types	<u>243,153</u>
 <u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>(1,729)</u>
 <u>Fiduciary Fund Type:</u>	
Expendable Trust Funds	48,936
Agency Funds	<u>410</u>
Total Fiduciary Fund Type	<u>49,346</u>
Total Fund Balances	<u><u>\$ 290,770</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL  
FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts:						
Local taxes	\$ 43,798	\$ -	\$ -	\$ -	\$ 224,372	\$ 268,170
Intergovernmental	91,295	39,848	-	-	-	131,143
Charges for services	67,155	3,925	-	-	550	71,630
Fines, licenses, and permits	4,340	771	-	-	4,925	10,036
Interest	5,049	146	-	-	1,946	7,141
Rental income	-	-	2,400	-	-	2,400
Miscellaneous	4,882	-	-	-	-	4,882
Total cash receipts	<u>216,519</u>	<u>44,690</u>	<u>2,400</u>	<u>-</u>	<u>231,793</u>	<u>495,402</u>
Cash disbursements:						
Current:						
Security of persons and property	228,110	-	-	-	-	228,110
Public health services	3,479	10,090	-	-	-	13,569
Leisure time activities	7,707	-	-	3,900	-	11,607
Community environment	1,000	-	-	-	-	1,000
Transportation	-	55,380	-	-	-	55,380
General government	68,247	-	-	-	30,454	98,701
Capital outlay	83,605	13,329	-	-	-	96,934
Debt service:						
Principal retirement	-	-	60,000	-	-	60,000
Interest charges	-	-	3,193	-	-	3,193
Total cash disbursements	<u>392,148</u>	<u>78,799</u>	<u>63,193</u>	<u>3,900</u>	<u>30,454</u>	<u>568,494</u>
Total cash receipts over/(under) cash disbursements	<u>(175,629)</u>	<u>(34,109)</u>	<u>(60,793)</u>	<u>(3,900)</u>	<u>201,339</u>	<u>(73,092)</u>
Other financing receipts/(disbursements):						
Proceeds from sale of notes	60,000	-	40,000	-	-	100,000
Operating transfers in	185,000	30,500	23,613	-	-	239,113
Operating transfers out	(54,113)	-	-	-	(185,000)	(239,113)
Advances out	(48,900)	-	-	-	-	(48,900)
Total other financing receipts/(disbursements)	<u>141,987</u>	<u>30,500</u>	<u>63,613</u>	<u>-</u>	<u>(185,000)</u>	<u>51,100</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(33,642)	(3,609)	2,820	(3,900)	16,339	(21,992)
Cash fund balances, January 1, 2002	<u>227,860</u>	<u>49,642</u>	<u>-</u>	<u>3,982</u>	<u>32,597</u>	<u>314,081</u>
Cash fund balances, December 31, 2002	<u>\$ 194,218</u>	<u>\$ 46,033</u>	<u>\$ 2,820</u>	<u>\$ 82</u>	<u>\$ 48,936</u>	<u>\$ 292,089</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH FUND BALANCES/(DEFICITS) - PROPRIETARY  
FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 244,572	\$ -	\$ 244,572
Other miscellaneous	4,200	-	4,200
Total operating cash receipts	<u>248,772</u>	<u>-</u>	<u>248,772</u>
Operating cash disbursements:			
Personal services	152,010	-	152,010
Contractual services	54,536	-	54,536
Supplies and material	58,700	-	58,700
Capital outlay	50,372	-	50,372
Miscellaneous	3,090	-	3,090
Total operating cash disbursements	<u>318,708</u>	<u>-</u>	<u>318,708</u>
Operating (loss)	<u>(69,936)</u>	<u>-</u>	<u>(69,936)</u>
Nonoperating cash receipts/(disbursements):			
Interest	496	-	496
Fines collected	-	5,335	5,335
Fines disbursed	-	(4,959)	(4,959)
Total nonoperating cash disbursements	<u>496</u>	<u>376</u>	<u>872</u>
(Loss) income before advances:	<u>(69,440)</u>	<u>376</u>	<u>(69,064)</u>
Advances in	63,900	-	63,900
Advances out	(15,000)	-	(15,000)
Total advances	<u>48,900</u>	<u>-</u>	<u>48,900</u>
Net (loss) income	(20,540)	376	(20,164)
Cash fund balances, January 1, 2002	<u>18,811</u>	<u>34</u>	<u>18,845</u>
Cash fund balances/(deficits), December 31, 2002	<u>\$ (1,729)</u>	<u>\$ 410</u>	<u>\$ (1,319)</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Types	Receipts				Disbursements					Variance Favorable (Unfavorable)		
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total	Actual 2002 Disbursements		Encumbrances Outstanding at 12/31/02	
Governmental:												
General	\$ 227,860	\$ 315,650	\$ 543,510	\$ 461,519	\$ 145,869	\$ -	\$ 539,581	\$ 539,581	\$ 495,161	\$ -	\$ 495,161	\$ 44,420
Special Revenue	50,792	82,500	133,292	75,190	(7,310)	-	94,700	94,700	78,799	-	78,799	15,901
Debt Service	-	83,193	83,193	66,013	(17,180)	-	83,193	83,193	63,193	-	63,193	20,000
Capital Projects	3,982	-	3,982	-	-	-	3,982	3,982	3,900	-	3,900	82
Proprietary:												
Enterprise	18,811	343,900	362,711	312,672	(31,228)	-	355,900	355,900	333,708	-	333,708	22,192
Fiduciary:												
Expendable	31,447	190,000	221,447	231,793	41,793	-	222,900	222,900	215,454	-	215,454	7,446
Total (Memorandum Only)	\$ 332,892	\$ 1,015,243	\$ 1,348,135	\$ 1,147,187	\$ 131,944	\$ -	\$ 1,300,256	\$ 1,300,256	\$ 1,190,215	\$ -	\$ 1,190,215	\$ 110,041

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Village of Beverly (the "Village") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The most significant of the Village's accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village:

**General Fund**

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Village had the following significant special revenue fund:

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

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

Debt Service Funds

These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Village had the following significant debt service fund:

*General Obligation Debt Service* - This fund receives transfers from the general fund and note proceeds to retire outstanding Village notes which were used for various capital acquisitions.

Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The Village had the following significant capital projects fund:

*Basketball & Tennis Courts* – This fund received grants for the improvement of the Village’s basketball and tennis courts.

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 significant enterprise funds:

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Income Tax Fund* (Expendable Trust) - The Village has enacted an income tax, which is assessed against residents of the Village as well as persons working within the Village limits. This fund receives the proceeds of the Village income tax.

*Mayor's Court* (Agency) - This fund receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds are collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization, and general Village operations.

**B. BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

**C. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, (except for Agency funds) are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimate and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted several supplemental appropriations during the year ended December 31, 2002.

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2002.

**D. CASH AND CASH EQUIVALENTS**

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the treasurer is credited to the General Fund and allocated amongst funds as required. Interest income earned and received by the Village totaled \$7,637 for the year ended December 31, 2002.

**E. PROPERTY, PLANT AND EQUIPMENT**

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

**F. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

**G. UNPAID VACATION AND SICK LEAVE**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village.

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

**H. INTERFUND TRANSACTIONS**

During the course of normal operations, the Village had transactions between funds. The most significant include transfers and advances.

Transfers are intended to permanently reallocate money from one fund to another as authorized in the Ohio Revised Code Section 5705.14 to 5705.16. Advances are temporary loans to other funds which are ultimately going to be repaid.

**I. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**NOTE 3 - COMPLIANCE**

- A.** The following fund had appropriations in excess of estimated resources for the year ended December 31, 2002 in noncompliance with Ohio Revised Code Section 5705.39:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Fiduciary Fund Type</u>			
Expendable Trust Fund			
Income Tax	\$ 210,187	\$ 217,400	\$ 7,213

- B.** The following funds had negative fund balances at December 31, 2002, in noncompliance with Ohio Revised Code Section 5705.10:

<u>Fund Type/Fund</u>	<u>Cash Fund Balance</u>
<u>Proprietary Fund Type</u>	
Enterprise Funds	
Water	\$ (3,789)
Sewer	(7,195)

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 4 - INTERFUND TRANSACTIONS**

The following is a summarized breakdown of the Village's operating transfers for 2002:

	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ 185,000	\$ 54,113
<u>SPECIAL REVENUE FUNDS:</u>		
Street Construction, Maintenance and Repair	13,500	-
Cemetery	<u>17,000</u>	<u>-</u>
Total Special Revenue Funds	<u>30,500</u>	<u>-</u>
<u>DEBT SERVICE FUND:</u>		
General Obligation Debt Service	<u>23,613</u>	<u>-</u>
<u>EXPENDABLE TRUST FUND:</u>		
Income Tax	<u>-</u>	<u>185,000</u>
Totals	<u>\$ 239,113</u>	<u>\$ 239,113</u>

The transfers in the year ended December 31, 2002 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

The following is a summarized breakdown of the Village's advances for 2002:

	<u>Advance In</u>	<u>Advance Out</u>
GENERAL FUND	\$ -	\$ 48,900
<u>ENTERPRISE FUNDS:</u>		
Water	63,900	-
Sewer	<u>-</u>	<u>15,000</u>
Total Enterprise Funds	<u>63,900</u>	<u>15,000</u>
Totals	<u>\$ 63,900</u>	<u>\$ 63,900</u>

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 5 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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

	2002
Deposits	\$ <u>290,770</u>

Deposits: Deposits are either (1) insured by Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**NOTE 6 - DEBT OBLIGATIONS**

At December 31, 2002, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/02</u>
2002 Municipal Building bond anticipation note for the Village of Beverly Municipal Building, due in full in December 2003, bearing interest of 5.0%.	\$ 40,000
2002 Private note for the purpose of purchasing property to house the new fire station, due in annual installments of \$20,000, bearing interest of 5.0%.	<u>60,000</u>
Total Debt Obligations at December 31, 2002	<u>\$ 100,000</u>

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 6 - DEBT OBLIGATIONS - (Continued)**

Transactions for the year ended December 31, 2002, are summarized as follows:

	<u>Balance at</u> <u>01/01/02</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at</u> <u>12/31/02</u>
2002 Municipal Bldg. Note	\$ -	\$ 40,000	\$ -	\$ 40,000
2002 Firehouse Property	-	60,000	-	60,000
2001 Municipal Bldg. Note	<u>60,000</u>	<u>-</u>	<u>(60,000)</u>	<u>-</u>
Total Notes	<u>\$ 60,000</u>	<u>\$ 100,000</u>	<u>\$ (60,000)</u>	<u>\$ 100,000</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2002, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Municipal Bldg. Note</u>		<u>Firehouse Property</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 40,000	\$ 2,000	\$ 20,000	\$ 3,000
2004	-	-	20,000	2,000
2005	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>1,000</u>
Total	<u>\$ 40,000</u>	<u>\$ 2,000</u>	<u>\$ 60,000</u>	<u>\$ 6,000</u>

**NOTE 7 - PROPERTY TAX**

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

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

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

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

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 8 - RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.55% of their wages. OPERS' members contributed 8.5% of their gross wages. The Village contributed an amount equal to 13.55% of participants' gross wages. At December 31, 2002, the Village owed \$2,798 and \$4,164 for OPERS and OP&F, respectively.

**NOTE 9 - RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance coverage to full-time employees through a private carrier.

**NOTE 10 - INCOME TAX**

The Village levies a voted tax of one percent for general operations in the income of residents and/or employees who receive a W-2 form from an employer within the Village and on the net profits of businesses located in the Village. Employers of residents are required to withhold income tax on compensation and remit the amount directly to the Village. Taxpayers over the age of 18 are required to file an annual return. Income tax revenue is credited to the Income Tax fund (Expendable Trust) and amounted to \$224,372 for the year ended December 31, 2002.

**NOTE 11 - CONTINGENT LIABILITY**

LITIGATION

The Village is currently not involved in litigation.

# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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

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

We have audited the financial statements of the Village of Beverly, Washington County, Ohio, as of and for the year ended December 31, 2002, and have issued our report thereon dated June 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village of Beverly’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2002-VOB-001 and 2002-VOB-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Beverly in a separate letter dated June 13, 2003.

Members of Council and the Mayor  
Village of Beverly

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Beverly's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated June 13, 2003.

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

Trimble, Julian & Grube, Inc.  
June 13, 2003

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002**

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

Finding Number	2002-VOB-001
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Ohio Revised Code Section 5705.39 requires that no fund have appropriations in excess of estimated resources.

It was noted during the audit that the Village had appropriations in excess of estimated resources in the following fund for the year ending December 31, 2002.

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Fiduciary Fund Type</u>			
Expendable Trust Fund			
Income Tax	\$ 210,187	\$ 217,400	\$ 7,213

With appropriations exceeding estimated resources, the Village is appropriating monies that are not lawfully appropriated. This may result in expenditures exceeding cash in the treasury or in the process of collection for the particular fund which may ultimately result in a fund deficit.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget as necessary. If it is determined that estimated revenues will be greater than initially anticipated, the Village should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources.

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2002-VOB-002
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Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies.

It was noted during the audit that at December 31, 2002, the Village maintained negative cash fund balances in the following funds.

<u>Fund Type/Fund</u>	<u>Cash Fund Balance</u>
<u>Proprietary Fund Type</u>	
Enterprise Funds	
Water	\$ (3,789)
Sewer	(7,195)

The Village has spent monies not available to that fund and thus causing noncompliance. No fund should have a negative cash fund balance throughout the year or at year end. This causes funds to spend other funds balances.

We recommend that the Village properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the Village should advance or transfer funds from the General Fund with proper Council approval.

**VILLAGE OF BEVERLY  
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2001-VOB-001	Ohio Revised Code Section 5705.39 prohibits subdivisions from having appropriations in excess of estimated resources.	No	The Village Clerk/Treasurer is attempting to monitor appropriations and modify its estimated resources accordingly.
2001-VOB-002	Ohio Revised Code Section 5705.41(B) prohibits a subdivision from making expenditures unless it has been appropriated.	Yes	Finding no longer valid.





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**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  
AUGUST 12, 2003**