

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Year Ended
December 31, 2007

LARRY KITTS, FISCAL OFFICER



Mary Taylor, CPA
Auditor of State

Village Council
Village of Beverly
609 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, 2007 through December 31, 2007. 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

September 4, 2008

This Page is Intentionally Left Blank.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report.....	1 - 2
Management’s Discussion and Analysis.....	3 - 13
Government-Wide Financial Statements:	
Statement of Net Assets - Cash Basis.....	14
Statement of Activities - Cash Basis	15 - 16
Fund Financial Statements:	
Statement of Assets and Fund Balances Arising	
From Cash Transactions - Governmental Funds.....	17
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund	
Balances - Governmental Funds	18
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund	
Balance - Budget and Actual (Budgetary Basis) - General Fund.....	19
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund	
Balance - Budget and Actual (Budgetary Basis) - Street Construction,	
Maintenance, and Repair.....	20
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund	
Balance Budget and Actual (Budgetary Basis) - Permissive Motor Vehicle	
License Tax	21
Statement of Cash Basis Assets and Net Cash Assets - Enterprise Funds	22
Statement of Cash Receipts, Cash Disbursements and Changes in	
Net Cash Assets - Enterprise Funds	23
Statement of Cash Basis Assets and Net Cash Assets - Fiduciary Fund.....	24
Notes to the Basic Financial Statements	25 - 44
Report on Internal Control Over Financial Reporting and on Compliance	
and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance With <i>Government Auditing Standards</i>	45 - 46
Schedule of Findings and Responses	47 - 48

This Page is Intentionally Left Blank.



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, 2007, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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.

As disclosed in Note 3 to the basic financial statements, fund balances of the General Fund, Note Retirement Fire Department Fund and Note Retirement Land, Buildings and Equipment Fund (other governmental fund) have been restated due to misreporting of revenues and disbursements in prior years. Also, as disclosed in Note 3, the fund balance of the Permissive Motor Vehicle License Tax Fund was restated as well as the net assets of the governmental activities to properly state funds of the Village of Beverly on deposit with Washington County at December 31, 2006.

Independent Auditor's Report
Village of Beverly
Page Two

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, 2007, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund and Special Revenue funds: Street Construction Maintenance and Repair and Permissive Motor Vehicle License Tax, 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 16, 2008, 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.

The management's discussion and analysis is not a required part of the 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 16, 2008

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
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, 2007, 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 2007 are as follows:

- The total net cash assets of the Village increased \$198,866. Net cash assets of governmental activities increased \$90,102, which represents a 23.42% increase over fiscal year 2006. Net cash assets of business-type activities increased \$108,764 or 73.46% from fiscal year 2006.
- General cash receipts accounted for \$777,064 or 75.48% of total governmental activities cash receipts. Program specific cash receipts accounted for \$252,470 or 24.52% of total governmental activities cash receipts.
- The Village had \$939,432 in cash disbursements related to governmental activities; \$252,470 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 \$777,064 were adequate to provide for these programs.
- The Village's major funds are the general fund, Street Construction, Maintenance and Repair Fund, Permissive Motor Vehicle License Tax Fund, Capital Projects Wellfield Improvements Fund, Note Retirement Fire Department Fund, Water Fund and Sewer Fund. The general fund had cash receipts and other financing sources of \$612,651 in 2007. The cash disbursements and other financing uses of the general fund totaled \$582,483 in 2007. The general fund's cash balance increased \$30,168 from 2006 to 2007.
- The Street Construction, Maintenance and Repair Fund, a Village major fund, had cash receipts of \$44,040 in 2007. The Street Construction, Maintenance and Repair Fund had cash disbursements of \$20,621 in 2007. The fund's cash balance increased \$23,419 from 2006 to 2007.
- The Permissive Motor Vehicle License Tax Fund, a Village major fund, had cash receipts of \$11,864 in 2007. The Permissive Motor Vehicle License Tax Fund had no cash disbursements in 2007. The fund's cash balance increased \$11,864 from 2006 to 2007.
- The Capital Projects Wellfield Improvements Fund, a Village major fund, had other financing sources of \$84,961 in 2007. The Capital Projects Wellfield Improvements Fund had cash disbursements of \$84,961 in 2007. The fund's cash balance remained at zero from 2006 to 2007.
- The Note Retirement Fire Department Fund, a Village major fund, had cash receipts and other financing sources of \$335,516 in 2007. The Note Retirement Fire Department Fund had cash disbursements of \$317,663 in 2007. The fund's cash balance increased \$17,853 from 2006 to 2007.
- Net cash assets for the Water enterprise fund increased in 2007 by \$40,997 or 94.50%. The net cash assets for the Sewer enterprise fund increased in 2007 by \$66,343 or 96.60%.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

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.

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 five 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 2007?" 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 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.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

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.

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, Permissive Motor Vehicle License Tax Fund, Capital Projects Wellfield Improvements 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 you 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, Street Construction, Maintenance and Repair Fund and Permissive Motor Vehicle License Tax Fund are presented to demonstrate the Village's compliance with annually adopted budgets. The budgetary statements can be found on pages 19 - 21 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 22 - 23 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 24 of this report.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

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 25 - 44 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.

The table below provides a summary of the Village's net cash assets for 2007 compared to 2006.

	Net Cash Assets					
	Governmental	Business-type	Governmental		2007	2006
	Activities	Activities	Activities	Business-type	Total	Total
	<u>2007</u>	<u>2007</u>	(Restated)	<u>2006</u>	<u>Total</u>	<u>(Restated)</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 440,498	\$ 256,822	\$ 354,909	\$ 148,058	\$ 697,320	\$ 502,967
Cash and cash equivalents with fiscal agents	<u>34,344</u>	<u>-</u>	<u>29,831</u>	<u>-</u>	<u>34,344</u>	<u>29,831</u>
Total assets	<u>474,842</u>	<u>256,822</u>	<u>384,740</u>	<u>148,058</u>	<u>731,664</u>	<u>532,798</u>
<u>Net Assets</u>						
Restricted for:						
Capital Projects	941	-	25,929	-	941	25,929
Debt Service	56,275	-	4,877	-	56,275	4,877
Street Construction, Maintenance and Repair	62,003	-	38,584	-	62,003	38,584
Permissive Motor Vehicle License Tax	52,571	-	40,707	-	52,571	40,707
Other Purposes	30,077	-	31,836	-	30,077	31,836
Unrestricted	<u>272,975</u>	<u>256,822</u>	<u>242,807</u>	<u>148,058</u>	<u>529,797</u>	<u>390,865</u>
Total net assets	<u>\$ 474,842</u>	<u>\$ 256,822</u>	<u>\$ 384,740</u>	<u>\$ 148,058</u>	<u>\$ 731,664</u>	<u>\$ 532,798</u>

The total net cash assets of the Village increased \$198,866. Net cash assets of governmental activities increased \$90,102, which represents a 23.42% increase over fiscal year 2006. Net cash assets of business-type activities increased \$108,764 or 73.46% from fiscal year 2006.

The balance of governmental activities unrestricted net cash assets of \$272,975 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, 2007
UNAUDITED**

The table below shows the change in net assets for fiscal years 2007 and 2006.

	Change in Net Cash Assets					
	Governmental Activities 2007	Business Type Activities 2007	Governmental Activities 2006 (Restated)	Business Type Activities 2006	Total 2007	Total 2006 (Restated)
Cash Receipts:						
Program cash receipts:						
Charges for services and sales	\$ 194,144	\$ 396,640	\$ 133,675	\$ 341,013	\$ 590,784	\$ 474,688
Operating grants and contributions	55,226	-	59,348	-	55,226	59,348
Capital grants and contributions	3,100	-	273,505	-	3,100	273,505
Total program cash receipts	252,470	396,640	466,528	341,013	649,110	807,541
General cash receipts:						
Property and other taxes	48,287	-	50,530	-	48,287	50,530
Income tax	263,032	-	242,666	-	263,032	242,666
Unrestricted grants	100,925	-	98,927	-	100,925	98,927
Sale of notes	339,514	-	453,173	-	339,514	453,173
Sale of assets	4,237	-	32,500	-	4,237	32,500
Investment earnings	8,942	92	6,186	559	9,034	6,745
Other	12,127	146	-	-	12,273	-
Total general cash receipts	777,064	238	883,982	559	777,302	884,541
Total cash receipts	1,029,534	396,878	1,350,510	341,572	1,426,412	1,692,082
Cash Disbursements:						
Security of persons and property	170,882	-	170,349	-	170,882	170,349
Public health services	18,982	-	12,125	-	18,982	12,125
Leisure time activities	48,190	-	12,284	-	48,190	12,284
Community environment	1,200	-	1,675	-	1,200	1,675
General government	200,063	-	196,825	-	200,063	196,825
Transportation	21,628	-	24,231	-	21,628	24,231
Capital outlay	113,049	-	568,696	-	113,049	568,696
Debt service	365,438	-	442,586	-	365,438	442,586
Water	-	93,137	-	90,601	93,137	90,601
Sewer	-	155,926	-	156,181	155,926	156,181
Utility improvement	-	34,886	-	15,713	34,886	15,713
Guaranteed deposits	-	4,165	-	3,685	4,165	3,685
Total cash disbursements	939,432	288,114	1,428,771	266,180	1,227,546	1,694,951
Increase/(Decrease) in net assets before advances and transfers	90,102	108,764	(78,261)	75,392	198,866	(2,869)
Transfers	-	-	10,559	(10,559)	-	-
Change in net cash assets	90,102	108,764	(67,702)	64,833	198,866	(2,869)
Net cash assets at beginning of year (restated)	384,740	148,058	452,442	83,225	532,798	535,667
Net cash assets at end of year	\$ 474,842	\$ 256,822	\$ 384,740	\$ 148,058	\$ 731,664	\$ 532,798

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

Governmental Activities

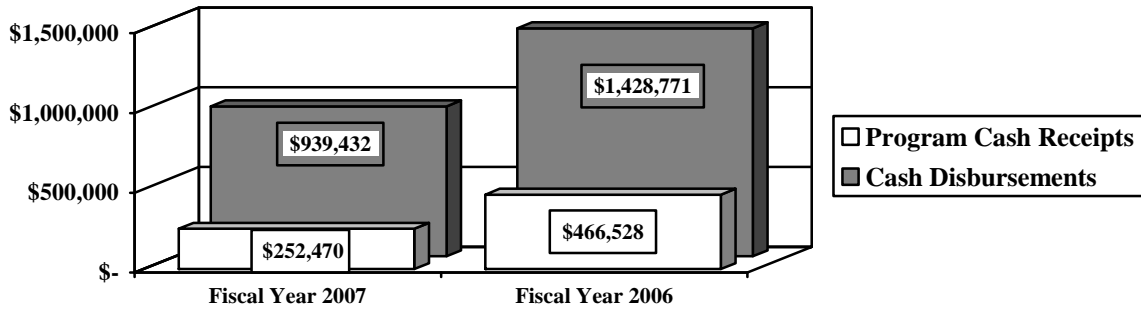
Governmental cash assets increased by \$90,102 in 2007 from 2006.

General government represents activities related to the governing body as well as activities that directly support Village programs. In 2007, general government cash disbursements totaled \$200,063, or 21.30% of total governmental cash disbursements. General government programs were supported by \$15,791 in direct charges to users for services.

The Village program, security of persons and property, accounted for \$170,882 or 18.19% of total governmental cash disbursements. Security of persons and property programs were supported by \$122,478 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 2007 and 2006. 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**

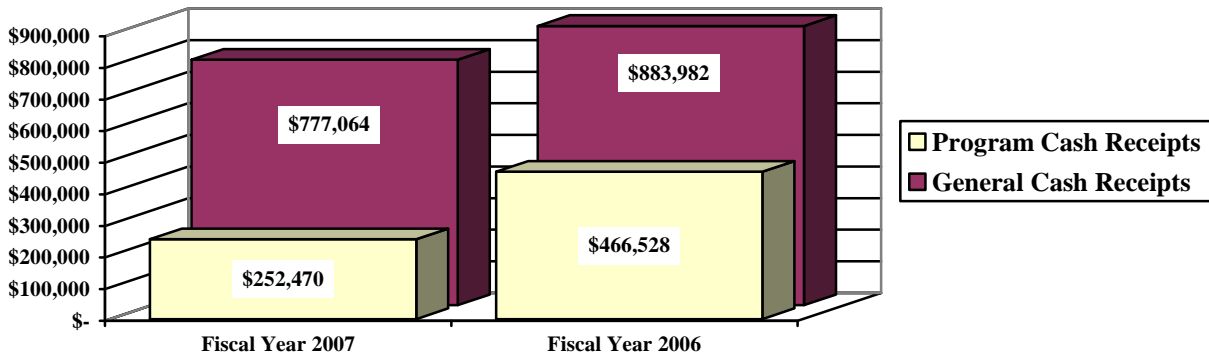
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

The following table shows, for governmental activities, the total cost of services and the net cost of services for 2007 and 2006.

	Governmental Activities		Governmental Activities	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
Cash disbursements:				
Current:				
Security of persons and property	\$ 170,882	\$ 40,679	\$ 170,349	\$ 45,446
Public health services	18,982	12,607	12,125	5,550
Leisure time activities	48,190	(3,165)	12,284	11,584
Community environment	1,200	(45)	1,675	1,675
General government	200,063	184,272	196,825	195,328
Transportation	21,628	(25,873)	24,231	(29,188)
Capital outlay	113,049	113,049	568,696	289,262
Debt service:				
Principal retirement	350,706	350,706	428,337	428,337
Interest and fiscal charges	<u>14,732</u>	<u>14,732</u>	<u>14,249</u>	<u>14,249</u>
Total	<u>\$ 939,432</u>	<u>\$ 686,962</u>	<u>\$ 1,428,771</u>	<u>\$ 962,243</u>

The dependence upon general cash receipts for governmental activities is apparent; with 73.13% of cash disbursements supported through taxes and other general cash receipts during 2007. The following graph below presents the Village's governmental activities receipts for 2007 and 2006:

Governmental Activities - General and Program Cash Receipts



**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

Business-Type Activities

The Water and Sewer funds are the Village's two major enterprise funds. These programs had cash receipts of \$134,134 and \$222,269, respectively, and cash disbursements of \$93,137 and \$155,926, respectively, for fiscal year 2007. The net cash assets of the Water and Sewer programs increased \$40,997 and \$66,343, respectively, from 2006 to 2007.

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 \$474,842, which is \$90,102 above last year's total of \$384,740. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2007 and December 31, 2006, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>December 31, 2007</u>	Fund Cash Balance (Restated) <u>December 31, 2006</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ 272,975	\$ 242,807	\$ 30,168
Street Construction, Maintenance & Repair	62,003	38,584	23,419
Permissive Motor Vehicle License Tax	52,571	40,707	11,864
Note Retirement Fire Department	17,853	-	17,853
Other Nonmajor Governmental Funds	<u>69,440</u>	<u>62,642</u>	<u>6,798</u>
Total	<u>\$ 474,842</u>	<u>\$ 384,740</u>	<u>\$ 90,102</u>

General Fund

The general fund had cash receipts of \$608,414 in 2007. The cash disbursements of the general fund totaled \$433,027 in 2007. Other financing sources and uses of the general fund totaled \$4,237 and \$149,456, respectively, in 2007. The general fund's cash balance increased \$30,168 from 2006 to 2007.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

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

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount (restated)</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 311,319	\$ 293,196	6.18 %
Intergovernmental	89,061	90,666	(1.77) %
Charges for services	177,108	143,229	23.65 %
Fines, licenses and permits	10,317	1,396	639.04 %
Interest	8,482	5,826	45.59 %
Miscellaneous	<u>12,127</u>	<u>2,441</u>	396.80 %
Total	<u>\$ 608,414</u>	<u>\$ 536,754</u>	13.35 %

Interest cash receipts increased due to higher interest earning investments and due to the timing of the maturity of certain certificates of deposit. Intergovernmental revenue decreased due to a decrease in money that was received from inheritance tax. Fines, licenses and permits increased due to mayor's court being held in 2007 and charges for services increased due to the swimming pool reopening in 2007. All other revenue remained comparable to 2006.

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

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements:</u>			
Security of persons and property	\$ 170,882	\$ 170,349	0.31 %
Public health services	12,692	12,125	4.68 %
Leisure time activities	48,190	12,284	292.30 %
Community environment	1,200	1,675	(28.36) %
General government	200,063	196,825	1.65 %
Capital outlay	<u>-</u>	<u>1,130</u>	(100.00) %
Total	<u>\$ 433,027</u>	<u>\$ 394,388</u>	9.80 %

Leisure time activities increased due to the swimming pool reopening in 2007 after being under construction in 2006.

Capital outlay expenditures decreased due to a decrease in capital asset acquisitions during the year. Overall, cash disbursements increased \$38,639 from 2006.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

Street Construction, Maintenance and Repair Fund

The Street Construction, Maintenance and Repair Fund, a Village major fund, had cash receipts of \$44,040 in 2007. The Street Construction, Maintenance and Repair Fund had cash disbursements of \$20,621 in 2007. The fund's cash balance increased \$23,419 from 2006 to 2007.

Permissive Motor Vehicle License Tax Fund

The Permissive Motor Vehicle License Tax Fund, a Village major fund, had cash receipts of \$11,864 in 2007. The Permissive Motor Vehicle License Tax Fund had no cash disbursements in 2007. The fund's cash balance increased \$11,864 from 2006 to 2007.

Capital Projects Wellfield Improvements Fund

The Capital Projects Wellfield Improvements Fund, a Village major fund, had other financing sources of \$84,961 in 2007. The Capital Projects Wellfield Improvements Fund had cash disbursements of \$84,961 in 2007. The fund's cash balance remained at zero from 2006 to 2007.

Note Retirement Fire Department Fund

The Note Retirement Fire Department Fund, a Village major fund, had cash receipts and other financing sources of \$335,516 in 2007. The Note Retirement Fire Department Fund had cash disbursements of \$317,663 in 2007. The fund's cash balance increased \$17,853 from 2006 to 2007.

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 \$612,651 were more than final budget estimates by \$112,651. The actual budgetary basis disbursements and other financing uses of \$582,483 were \$103,032 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 \$145,137 during fiscal year 2007.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2007 and 2006:

	Governmental Activities 2007	Governmental Activities 2006 (Restated)
2004 Backhoe note	\$ 18,757	\$ 27,439
2005 Firehouse notes	-	275,000
2005 OPWC note - Wellfield Improvements	89,639	4,678
2006 Swimming Pool notes	217,976	250,000
2007 Firehouse note	190,000	-
2007 OPWC note - WWTP Improvements	<u>29,553</u>	<u>-</u>
Total long-term obligations	<u>\$ 545,925</u>	<u>\$ 557,117</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 2008.

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 2008.

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

The Village's Administration is currently trying to build up reserves in the utility funds for the Waste Water Treatment Upgrade project that has been in the planning stages for the last few years. The Village will enter into new debt of about \$450,000 in 2008 to help with this project which should be completed before fall of 2008.

A Safe Routes to School grant has been approved for new sidewalks within the Village which will probably be started in the spring of 2009.

A playground improvement grant from Natureworks for Dodge Park is due to be completed in December of 2008.

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 Mr. Larry Kitts, 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, 2007

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 440,498	\$ 256,822	\$ 697,320
Cash with fiscal agent	34,344	-	34,344
Total assets	474,842	256,822	697,320
Net assets:			
Restricted for:			
Other purposes	30,077	-	30,077
Street Construction, Maintenance and Repair.	62,003	-	62,003
Permissive Motor Vehicle License Tax	52,571	-	52,571
Debt service.	56,275	-	56,275
Capital projects	941	-	941
Unrestricted	272,975	256,822	529,797
Total net assets	\$ 474,842	\$ 256,822	\$ 731,664

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, 2007

	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Program Cash Receipts</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Security of persons and property	\$ 170,882	\$ 122,478	\$ 7,725	\$ -
Public health services	18,982	6,375	-	-
Leisure time activities	48,190	48,255	-	3,100
Community environment	1,200	1,245	-	-
General government	200,063	15,791	-	-
Transportation	21,628	-	47,501	-
Capital outlay	113,049	-	-	-
Debt Service				
Principal retirement	350,706	-	-	-
Interest and fiscal charges	14,732	-	-	-
Total governmental activities	<u>939,432</u>	<u>194,144</u>	<u>55,226</u>	<u>3,100</u>
Business-Type activities:				
Water	93,137	133,896	-	-
Sewer	155,926	222,269	-	-
Utility improvement	34,886	34,762	-	-
Guaranteed deposits	4,165	5,713	-	-
Total business-type activities	<u>288,114</u>	<u>396,640</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,227,546</u>	<u>\$ 590,784</u>	<u>\$ 55,226</u>	<u>\$ 3,100</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 (restated)

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
\$ (40,679)	\$ -	\$ (40,679)
(12,607)	-	(12,607)
3,165	-	3,165
45	-	45
(184,272)	-	(184,272)
25,873	-	25,873
(113,049)	-	(113,049)
(350,706)	-	(350,706)
(14,732)	-	(14,732)
(686,962)	-	(686,962)
-	40,759	40,759
-	66,343	66,343
-	(124)	(124)
-	1,548	1,548
-	108,526	108,526
(686,962)	108,526	(578,436)
48,287	-	48,287
263,032	-	263,032
100,925	-	100,925
339,514	-	339,514
4,237	-	4,237
8,942	92	9,034
12,127	146	12,273
777,064	238	777,302
90,102	108,764	198,866
384,740	148,058	532,798
\$ 474,842	\$ 256,822	\$ 731,664

VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO

STATEMENT OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Street Construction, Maintenance and Repair	Permissive Motor Vehicle License Tax	Note Retirement Fire Department	Other Governmental Funds	Total Governmental Funds
Cash assets:						
Equity in pooled cash and cash equivalents	\$ 272,975	\$ 62,003	\$ 18,227	\$ 17,853	\$ 69,440	\$ 440,498
Cash with fiscal agent	-	-	34,344	-	-	34,344
Total assets	272,975	62,003	52,571	17,853	69,440	474,842
Fund cash balances:						
Unreserved, undesignated, reported in:						
General fund.	272,975	-	-	-	-	272,975
Special revenue funds	-	62,003	52,571	-	30,077	144,651
Capital projects funds	-	-	-	-	941	941
Debt service funds.	-	-	-	17,853	38,422	56,275
Total fund cash balances	\$ 272,975	\$ 62,003	\$ 52,571	\$ 17,853	\$ 69,440	\$ 474,842

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, 2007

	General	Street Construction, Maintenance, and Repair	Permissive Motor Vehicle License Tax	Capital Projects Wellfield Improvements	Note Retirement Fire Department	Other Governmental Funds	Total Governmental Funds
Cash receipts:							
Municipal income taxes	\$ 263,032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 263,032
Property taxes and other local taxes	48,287	-	-	-	-	-	48,287
Intergovernmental	89,061	43,938	11,864	-	7,725	3,563	156,151
Charges for services	177,108	-	-	-	-	6,601	183,709
Fines, licenses and permits.	10,317	-	-	-	-	118	10,435
Interest.	8,482	102	-	-	-	358	8,942
Miscellaneous	12,127	-	-	-	-	-	12,127
Contributions and donations	-	-	-	-	-	3,100	3,100
Total cash receipts	<u>608,414</u>	<u>44,040</u>	<u>11,864</u>	<u>-</u>	<u>7,725</u>	<u>13,740</u>	<u>685,783</u>
Cash disbursements:							
Current:							
Security of persons and property	170,882	-	-	-	-	-	170,882
Public health services	12,692	-	-	-	-	6,290	18,982
Leisure time activities	48,190	-	-	-	-	-	48,190
Community environment.	1,200	-	-	-	-	-	1,200
Transportation	-	20,621	-	-	-	1,007	21,628
General government	200,063	-	-	-	-	-	200,063
Capital outlay	-	-	-	84,961	-	28,088	113,049
Debt service:							
Principal retirement	-	-	-	-	310,000	40,706	350,706
Interest and fiscal charges	-	-	-	-	7,663	7,069	14,732
Total cash disbursements	<u>433,027</u>	<u>20,621</u>	<u>-</u>	<u>84,961</u>	<u>317,663</u>	<u>83,160</u>	<u>939,432</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>175,387</u>	<u>23,419</u>	<u>11,864</u>	<u>(84,961)</u>	<u>(309,938)</u>	<u>(69,420)</u>	<u>(253,649)</u>
Other financing sources (uses):							
Sale of assets	4,237	-	-	-	-	-	4,237
Sale of notes	-	-	-	84,961	225,000	29,553	339,514
Transfers in.	-	-	-	-	102,791	46,665	149,456
Transfers out	(149,456)	-	-	-	-	-	(149,456)
Total other financing sources (uses).	<u>(145,219)</u>	<u>-</u>	<u>-</u>	<u>84,961</u>	<u>327,791</u>	<u>76,218</u>	<u>343,751</u>
Net change in fund cash balances	30,168	23,419	11,864	-	17,853	6,798	90,102
Cash basis balances							
at beginning of year (restated)	242,807	38,584	40,707	-	-	62,642	384,740
at end of year	<u>\$ 272,975</u>	<u>\$ 62,003</u>	<u>\$ 52,571</u>	<u>\$ -</u>	<u>\$ 17,853</u>	<u>\$ 69,440</u>	<u>\$ 474,842</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Municipal income taxes	\$ 225,101	\$ 225,101	\$ 263,032	\$ 37,931
Property and other local taxes	52,993	52,993	48,287	(4,706)
Intergovernmental.	59,253	59,253	89,061	29,808
Charges for services	149,603	149,603	177,108	27,505
Fines, licenses and permits	5,050	5,050	10,317	5,267
Interest	5,000	5,000	8,482	3,482
Miscellaneous	2,000	2,000	12,127	10,127
Total budgetary basis receipts	<u>499,000</u>	<u>499,000</u>	<u>608,414</u>	<u>109,414</u>
Budgetary basis disbursements:				
Current:				
Security of persons and property	262,050	190,950	170,882	20,068
Public health services.	17,850	18,975	12,692	6,283
Leisure time activities	37,350	61,365	48,190	13,175
Community environment.	5,000	5,000	1,200	3,800
General government	204,250	234,225	200,063	34,162
Total budgetary basis disbursements.	<u>526,500</u>	<u>510,515</u>	<u>433,027</u>	<u>77,488</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements.	<u>(27,500)</u>	<u>(11,515)</u>	<u>175,387</u>	<u>186,902</u>
Other financing uses:				
Sale of assets	1,000	1,000	4,237	3,237
Transfers out	(200,000)	(175,000)	(149,456)	25,544
Total other financing uses	<u>(199,000)</u>	<u>(174,000)</u>	<u>(145,219)</u>	<u>28,781</u>
Net change in fund cash balance	(226,500)	(185,515)	30,168	215,683
Cash basis balance at beginning of year (restated)	<u>242,807</u>	<u>242,807</u>	<u>242,807</u>	<u>-</u>
Cash basis balance at end of year.	<u>\$ 16,307</u>	<u>\$ 57,292</u>	<u>\$ 272,975</u>	<u>\$ 215,683</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Intergovernmental	\$ 39,900	\$ 39,900	\$ 43,938	\$ 4,038
Interest	100	100	102	2
Total budgetary basis receipts	<u>40,000</u>	<u>40,000</u>	<u>44,040</u>	<u>4,040</u>
Budgetary basis disbursements:				
Current:				
Transportation	<u>39,500</u>	<u>31,500</u>	<u>20,621</u>	<u>10,879</u>
Total budgetary basis disbursements.	<u>39,500</u>	<u>31,500</u>	<u>20,621</u>	<u>10,879</u>
Net change in fund cash balance	500	8,500	23,419	14,919
Cash basis balance at beginning of year	<u>38,584</u>	<u>38,584</u>	<u>38,584</u>	<u>-</u>
Cash basis balance at end of year.	<u>\$ 39,084</u>	<u>\$ 47,084</u>	<u>\$ 62,003</u>	<u>\$ 14,919</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)
PERMISSIVE MOTOR VEHICLE LICENSE TAX
FOR THE YEAR ENDED DECEMBER 31, 2007

	<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	\$ 20,000	\$ 20,000	\$ 11,864	\$ (8,136)
Total budgetary basis receipts	<u>20,000</u>	<u>20,000</u>	<u>11,864</u>	<u>(8,136)</u>
Budgetary basis disbursements:				
Current:				
Transportation	22,500	22,500	-	22,500
Total budgetary basis disbursements	<u>22,500</u>	<u>22,500</u>	<u>-</u>	<u>22,500</u>
Net change in fund cash balance	(2,500)	(2,500)	11,864	14,364
Cash basis balance at beginning of year (restated). .	<u>40,707</u>	<u>40,707</u>	<u>40,707</u>	<u>-</u>
Cash basis balance at end of year	<u>\$ 38,207</u>	<u>\$ 38,207</u>	<u>\$ 52,571</u>	<u>\$ 14,364</u>

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Other Enterprise	Total
Cash Assets:				
Equity in pooled cash and cash equivalents	\$ 84,381	\$ 135,023	\$ 37,418	\$ 256,822
Total cash assets	<u>84,381</u>	<u>135,023</u>	<u>37,418</u>	<u>256,822</u>
Net cash assets:				
Unrestricted.	<u>84,381</u>	<u>135,023</u>	<u>37,418</u>	<u>256,822</u>
Total net cash assets.	<u><u>\$ 84,381</u></u>	<u><u>\$ 135,023</u></u>	<u><u>\$ 37,418</u></u>	<u><u>\$ 256,822</u></u>

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, 2007

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Other Enterprise	Total
Operating cash receipts:				
Charges for services	\$ 133,896	\$ 222,269	\$ 40,475	\$ 396,640
Other operating cash receipts	146	-	-	146
Total operating cash receipts	134,042	222,269	40,475	396,786
Operating cash disbursements:				
Personal services	37,095	51,556	-	88,651
Fringe benefits	21,571	26,461	-	48,032
Contractual services	27,883	37,763	20,310	85,956
Materials and supplies	6,588	18,751	3,883	29,222
Capital outlay	-	21,395	10,693	32,088
Other	-	-	4,165	4,165
Total operating cash disbursements	93,137	155,926	39,051	288,114
Operating cash receipts over operating cash disbursements	40,905	66,343	1,424	108,672
Nonoperating cash receipts (disbursements):				
Earnings on investment	92	-	-	92
Total nonoperating cash receipts (disbursements)	92	-	-	92
Changes in net cash assets	40,997	66,343	1,424	108,764
Net cash assets at beginning of year	43,384	68,680	35,994	148,058
Net cash assets at end of year	\$ 84,381	\$ 135,023	\$ 37,418	\$ 256,822

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, 2007

	Fiduciary Fund
	Agency
Cash Assets:	
Equity in pooled cash and cash equivalents.	\$ 10
Total cash assets	10
Net cash assets:	
Unrestricted.	10
Total net cash assets.	\$ 10

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, 2007**

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, 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 joint ventures in 2007.

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, 2007

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, 2007

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.

Permissive Motor Vehicle License Tax Fund - This fund receives permissive motor vehicle license tax for constructing, maintaining and repairing Village streets.

Capital Projects Wellfield Improvements Fund - This fund accounts for all transactions relating to the improvements of the Village's Wellfield.

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.

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.

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, 2007

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.

Other enterprise funds (nonmajor funds) of the Village are used to account for utility improvements and 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 the Mayor's Court account.

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, 2007

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, Street Construction, Maintenance, and Repair Fund and Permissive Motor Vehicle License Tax 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 and Cash with Fiscal Agent

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".

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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 2007, 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 2007 was \$8,482 which includes \$4,460 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.

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. The Village did not have advances during 2007.

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.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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 9 and 10, 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 capital projects include resources restricted for Capital Improvements to the Community Swimming Pool. Net assets restricted for debt services include resources for Fire Department, Swimming Pool, Wastewater Treatment Plant, and Land, Buildings and Equipment note retirement. Net assets restricted for other purposes include resources restricted for State Highway, Cemetery and Law Enforcement.

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.

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.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

The Village had no extraordinary items or 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.

NOTE 3 - ACCOUNTABILITY

The Village has restated its general fund, Note Retirement Fire Department Fund (major fund) and Note Retirement Land, Buildings and Equipment Fund (other governmental fund) fund balances at December 31, 2006, due to misreporting of revenues and disbursements in prior years. In addition, the fund balance of the Permissive Motor Vehicle License Tax Fund and the net cash assets of the governmental activities have been restated to properly state funds of the Village on deposit with Washington County at December 31, 2006. This resulted in the following changes to fund balances:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Permissive Motor Vehicle License Tax</u>	<u>Note Retirement Fire Department</u>	<u>Other Governmental</u>
December 31, 2006	\$ 230,956	\$ 10,876	\$ 12,280	\$ 62,213
Restatement	<u>11,851</u>	<u>29,831</u>	<u>(12,280)</u>	<u>429</u>
Restated Fund Balances				
January 1, 2007	<u>\$ 242,807</u>	<u>\$ 40,707</u>	<u>\$ -</u>	<u>\$ 62,642</u>

The effect on governmental activities' net cash assets at December 31, 2006 is as follows:

<u>Net Cash Assets</u>	<u>Governmental Activities</u>
December 31, 2006	\$ 354,909
Restatement	<u>29,831</u>
Restated January 1, 2007	<u>\$ 384,740</u>

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - 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.

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;

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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 \$34,344 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.

At December 31, 2007, the carrying amount of all Village deposits was \$697,330. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007, \$603,930 of the Village's bank balance of \$703,930 was exposed to custodial risk as discussed below, while \$100,000 was covered by 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.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2007.

NOTE 5 - 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 \$263,032 in income tax receipts which are receipted directly into the General Fund.

NOTE 6 - 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.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. 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 18.75% for 2006. This percentage was reduced to 12.5% for 2007 and will be reduced to 6.25% for 2008 and 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.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$3.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were \$15,094,600.

Real Property	
Agricultural/ Residential	\$ 9,314,340
Commercial/Industrial Mineral	4,513,260
Public Utility Property	
Personal	435,680
Tangible Personal Property	<u>831,320</u>
 Total Assessed Value	 <u><u>\$ 15,094,600</u></u>

NOTE 7 - 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.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 8 - 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.

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, 2007 and 2006:

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

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

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.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and 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, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement under the traditional plan, were required to contribute 9.5% of their annual covered salaries. Members participating in the traditional plan that were in law enforcement contributed 10.1% of their annual covered salary. The Village's contribution rate for pension benefits for 2007 was 8.85% for the period January 1, 2007 through June 30, 2007 and 7.85% for the period July 1, 2007 through December 31, 2007, except for those plan members in law enforcement and public safety. For those classifications, the Village's pension contributions were 12.17% of covered payroll for the period January 1, 2007 through December 31, 2007. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$29,112, \$24,829, and \$27,092, respectively; 100% has been contributed for 2007, 2006, and 2005.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

	January-June 2007	July-December 2007	Totals
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Total contributions for 2007	\$ 14,556	\$ 14,556	\$ 29,112
Percentage to fund health care	<u>0.3610</u>	<u>0.4332</u>	<u>0.3971</u>
Amount of contribution to fund health care	<u>\$ 5,255</u>	<u>\$ 6,306</u>	<u>\$ 11,561</u>
Portion to fund pension	<u>\$ 9,301</u>	<u>\$ 8,250</u>	<u>\$ 17,551</u>

B. Ohio Police and Fire Pension Fund

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 Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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 portion of the Village's contributions to fund pension obligations was 12.75% for police officers. The Village's total contributions for pension obligations to OP&F for the years ended December 31, 2007, 2006, and 2005 were \$11,372, \$9,912, and \$13,513, respectively; 100% has been contributed for 2007, 2006, and 2005.

	<u>Police</u>
Total contributions for 2007	\$ 11,372
Percentage to fund health care	<u>0.346</u>
Amount of contribution to fund health care	<u>\$ 3,935</u>
Amount of contribution to fund pension	<u>\$ 7,437</u>

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 10 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State Statute. The 2007 local government employer contribution rate was 13.85% of covered payroll (17.17% for public safety and law enforcement); 5.00% of covered payroll was the portion that was used to fund health care for the period January 1, 2007 through June 30, 2007 and 6.00% of covered payroll was the portion that was used to fund health care for the period July 1, 2007 through December 31, 2007.

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4.00%) plus and an additional factor ranging from .50% to 6.00% for the next eight years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4.00%.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007. The Village's actual employer contributions for 2007 which were used to fund postemployment benefits were \$11,561. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006 (the latest information available) were \$12.0 billion. At December 31, 2006 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 10 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement 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. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll, of which 6.75% of covered payroll was applied to the postemployment health care program during 2007. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2007 that were used to fund postemployment benefits was \$3,935 for police officers. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120.374 million, which was net of member contributions of \$58.533 million. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006 (the latest information available), was 14,120 for police and 10,563 for firefighters.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 - DEBT OBLIGATIONS

At December 31, 2007, debt obligations consisted of the following issuances:

<u>Debt Service Funds:</u>	<u>Balance at 12/31/2007</u>
2004 note for the purpose of purchasing equipment, due in annual installments of \$10,000 bearing interest of 4.65% due in 2009.	\$ 18,757
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. There were no required payments during 2007.	89,639
2006 note for the purpose of financing the improvements to the swimming pool in 2006, due in monthly installments of \$1,498 bearing interest of 3.7% due in 2016.	117,976
2006 note for the purpose of financing the improvements to the swimming pool in 2006, due in one payment in 2008, bearing no interest.	80,000
2006 note for the purpose of financing the improvements to the swimming pool in 2006, due in one payment in 2008, bearing no interest.	20,000
2007 Ohio Public Works Commission (OPWC) note for the financing of Waste Water Treatment Plant (WWTP) improvements, due in semiannual payments of \$8,230 beginning July 1, 2008; bearing no interest, due in 2038. All funds have not yet been disbursed and there were no payments made during 2007.	29,553
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 2015.	<u>190,000</u>
Balance at December 31, 2007	<u>\$ 545,925</u>

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 - DEBT OBLIGATIONS - (Continued)

	Fund Type	Balance 12/31/2006 (Restated)	Proceeds	Payments	Balance 12/31/07	Amounts Due in One Year
2004 Backhoe note	Debt Service	\$ 27,439	\$ -	\$ (8,682)	\$ 18,757	\$ 9,128
2005 Firehouse note	Debt Service	50,000	-	(50,000)	-	-
2005 Firehouse note	Debt Service	225,000	-	(225,000)	-	-
2005 OPWC note - Wellfield Improvements	Capital Projects	4,678	84,961	-	89,639	3,686
2006 Swimming pool note	Debt Service	150,000	-	(32,024)	117,976	13,095
2006 Swimming pool note	Debt Service	80,000	-	-	80,000	80,000
2006 Swimming pool note	Debt Service	20,000	-	-	20,000	20,000
2007 Firehouse note	Debt Service	-	225,000	(35,000)	190,000	25,147
2007 OPWC note - WWTP Improvements	Debt Service	-	29,553	-	29,553	8,230
Total All Funds		<u>\$ 557,117</u>	<u>\$ 339,514</u>	<u>\$ (350,706)</u>	<u>\$ 545,925</u>	<u>\$ 159,286</u>

The beginning balance for the 2005 OPWC note issue was restated to properly reflect the outstanding balance at December 31, 2006.

Year Ending December 31,	Backhoe Note		Firehouse Note (\$225,000)		OPWC Note (\$89,639)	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 9,128	\$ 872	\$ 25,147	\$ 7,397	\$ 3,686	\$ 1,774
2009	9,629	371	26,115	6,429	3,760	1,700
2010	-	-	27,098	5,446	3,835	1,625
2011	-	-	28,118	4,426	3,912	1,548
2012	-	-	29,166	3,378	3,991	1,469
2013-2017	-	-	54,356	2,596	21,191	6,109
2018-2022	-	-	-	-	23,407	3,893
2023-2027	-	-	-	-	25,857	1,443
Totals	<u>\$ 18,757</u>	<u>\$ 1,243</u>	<u>\$ 190,000</u>	<u>\$ 29,672</u>	<u>\$ 89,639</u>	<u>\$ 19,561</u>

Year Ending December 31,	Swimming Pool Note (\$150,000)		Swimming Pool Note (\$80,000)		Swimming Pool Note (\$20,000)	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 13,095	\$ 4,881	\$ 80,000	\$ -	\$ 20,000	\$ -
2009	13,602	4,374	-	-	-	-
2010	14,114	3,862	-	-	-	-
2011	14,645	3,331	-	-	-	-
2012	15,188	2,788	-	-	-	-
2013-2017	47,332	2,647	-	-	-	-
2018-2022	-	-	-	-	-	-
2023-2027	-	-	-	-	-	-
Totals	<u>\$ 117,976</u>	<u>\$ 21,883</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 - DEBT OBLIGATIONS - (Continued)

Year Ending December 31,	OPWC Note (\$29,553)		Total	
	Principal	Interest	Principal	Interest
2008	\$ 8,230	\$ -	\$ 159,286	\$ 14,924
2009	8,230	-	61,336	12,874
2010	8,230	-	53,277	10,933
2011	4,863	-	51,538	9,305
2012	-	-	48,345	7,635
2013-2017	-	-	122,879	11,352
2018-2022	-	-	23,407	3,893
2023-2027	-	-	25,857	1,443
Totals	<u>\$ 29,553</u>	<u>\$ -</u>	<u>\$ 545,925</u>	<u>\$ 72,359</u>

NOTE 12 - 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. The Village leases a room in the Municipal building to GK Quest for \$400 per month.

NOTE 13 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the Village's operating transfers for 2007:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds:</u>		
General Fund	\$ -	\$ 149,456
Note Retirement Fire Department	102,791	-
<u>Nonmajor Governmental Funds:</u>		
Cemetery	1,500	-
Note Retirement		
Land, Buildings, and Equipment	7,799	-
Swimming Pool	33,976	-
Wastewater Treatment Plant	3,390	-
	<u>\$ 149,456</u>	<u>\$ 149,456</u>

The transfers in the year ended December 31, 2007 were made in accordance with Ohio Revised Code Section 5705.14, 5705.15 and 5705.16.

NOTE 14 - CONTINGENT LIABILITIES

The Village has no contingent liabilities.



Julian & Grube, Inc.
Serving Ohio Local Governments

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

**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, 2007, and have issued our report thereon dated June 16, 2008, 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. As disclosed in Note 3 to the basic financial statements, fund balances of the General Fund, Note Retirement Fire Department Fund and Note Retirement Land, Buildings and Equipment Fund (other governmental fund) have been restated due to misreporting of revenues and disbursements in prior years. Also, as disclosed in Note 3, the fund balance of the Permissive Motor Vehicle License Tax Fund was restated as well as the net assets of the governmental activities to properly state funds of the Village of Beverly on deposit with Washington County at December 31, 2006. 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.

Members of Council and Mayor
Village of Beverly

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 2007-VOB-001 to be a significant deficiency in internal control over financial reporting.

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 2007-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*.

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.

We noted certain matters that we reported to the management of the Village of Beverly in a separate letter dated June 16, 2008.

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 16, 2008

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2007-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 new 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. The audit adjustments were necessary to correct errors in the Village's financial statements and notes. A description of each adjustment follows:

Prior Period Restatement - The Village has restated its general fund, Permissive Motor Vehicle License Tax Fund (major fund), Note Retirement Fire Department (major fund) and other governmental funds fund balances at December 31, 2006. At December 31, 2006 the general fund and other governmental funds were understated by \$11,851 and \$429, respectively, while the Note Retirement Fire Department fund was overstated by \$12,280. This was a result of misreporting of revenues and disbursements in prior years. In addition, the Permissive Motor Vehicle License Tax Fund was understated by \$29,831. This was a result of the Village not recording permissive tax money held with Washington County.

Utility Improvement Fund - The Village implemented the use of the Uniform Accounting Network (UAN), the Auditor of State's software, in February 2007. The Village created the Utility Improvement fund however, specific line items were not created to record the different types of expenditures and revenues, thus amounts were recorded in the defaulted line items. As a result, Capital Outlay and Materials and Supplies were understated by \$10,693 and \$3,883, respectively. In addition, the Village recorded an interest payment of \$608 within the same fund that should have been applied to the Note Retirement Waste Water Treatment Plant fund causing cash in the Utility Improvement fund to be understated and the cash in the Retirement Waste Water Treatment Plant fund to be overstated by \$608. The cumulative effect of such misstatements caused the Utility Improvement fund Contractual Services to be overstated by \$15,184. Adjustments were made to reflect the proper amounts.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2007-VOB-001 - (Continued)

Permissive Tax - The Village received permissive tax funds of \$7,351 and receipted the funds into the Other Local Taxes line item. An adjustment was made to properly record the monies as intergovernmental receipts. In addition, the Village received \$4,513 in permissive tax that was held by a fiscal agent and not recorded by the Village. An adjustment was made to properly record the cash with the fiscal agent and intergovernmental receipts.

Waterford Fire Contract - The Village contracts with Waterford Township for fire services. The amount of \$7,943 was receipted into the Property Tax Allocation line item. An adjustment was made to properly record the monies as Charges for Services.

Village of Beverly Volunteer Fire Department Contribution - The Village of Beverly Volunteer Fire Department has committed to paying the interest related to the Fire Department Note issued for the construction of the firehouse. The Village recorded the revenue of \$7,725 in miscellaneous revenue. An adjustment was made to properly record the monies.

OPWC Debt (Wellfield Improvements) - The Village received \$84,961 in loan proceeds during 2007, of which the Village recorded in the miscellaneous line item. In addition, the note did not reflect the actual beginning balance for the OPWC note of \$4,678. An adjustment was necessary to record the proceeds of notes in Other Financing Sources in accordance with the Village Handbook and the beginning balance of the OPWC note issue was restated to properly reflect the outstanding balance at December 31, 2006.

OPWC Debt (Waste Water Treatment Plant) - The Village received \$29,553 in loan proceeds during 2007 that was recorded as intergovernmental revenue. An adjustment was made to properly record the receipts as proceeds of notes.

Fire Department Note - The Village's 2005 Fire Department notes were retired in 2007 and reissued as a new note. An audit adjustment was made to reflect the loan payoff of \$225,000 and the subsequent re-issuance.

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 2007 the Village switched its accounting software from Quickbooks to the UAN system. 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.



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 16, 2008**