

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Year Ended
December 31, 2004

LARRY KITTS, CLERK/TREASURER



**Auditor of State
Betty Montgomery**

Members of Council
Village of Beverly

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, 2004 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the AOS permits.

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

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

BETTY MONTGOMERY
Auditor of State

July 15, 2005

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**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Combined Statement of Cash Fund Balances - All Fund Types December 31, 2004.....	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types and Similar Fiduciary Fund Type - For the Year Ended December 31, 2004.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type and Similar Fiduciary Fund Type - For the Year Ended December 31, 2004.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual For the Year Ended December 31, 2004.....	5
Notes to the Financial Statements.....	6 - 15
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>	16 - 17
Schedule of Prior Audit Findings	18

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“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Village of Beverly, (the “Village”), Washington County, Ohio, as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Village’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the Village prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Beverly, Washington County, Ohio, as of December 31, 2004, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2005, on our consideration of the Village’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
June 21, 2005

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2004

<u>Cash and Cash Equivalents</u>	<u>2004</u>
Cash and Cash Equivalents	\$ 322,197
Total Cash and Cash Equivalents	<u>\$ 322,197</u>
 <u>Cash Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 123,475
Special Revenue Funds	63,331
Debt Service Funds	43,392
Capital Projects Funds	<u>82</u>
Total Governmental Funds	<u>230,280</u>
 <u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>78,538</u>
 <u>Fiduciary Fund Types:</u>	
Expendable Trust Funds	13,289
Agency Funds	<u>90</u>
Total Fiduciary Funds	<u>13,379</u>
Total Fund Balances	<u>\$ 322,197</u>

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL
FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts:						
Property and other local taxes	\$ 46,297	\$ -	\$ -	\$ -	\$ -	\$ 46,297
Municipal income taxes	216,729	-	-	-	-	216,729
Intergovernmental	67,790	47,827	-	-	-	115,617
Rental income	-	-	5,700	-	-	5,700
Charges for services	75,039	5,862	-	-	2,338	83,239
Fines, licenses, and permits	3,426	12	-	-	-	3,438
Interest	2,947	62	-	-	116	3,125
Donations and contributions	5,584	-	-	-	-	5,584
Total cash receipts	417,812	53,763	5,700	-	2,454	479,729
Cash disbursements:						
Current:						
Security of persons and property	242,265	-	-	-	-	242,265
Public health services	3,999	10,449	-	-	-	14,448
Leisure time activities	5,804	-	-	-	-	5,804
Community environment	2,150	-	-	-	-	2,150
Transportation	-	31,472	-	-	-	31,472
General government	134,481	-	-	-	-	134,481
Capital outlay	79,414	-	-	-	-	79,414
Debt service:						
Principal retirement	-	-	40,000	-	-	40,000
Interest and fiscal charges	-	-	2,534	-	-	2,534
Total cash disbursements	468,113	41,921	42,534	-	-	552,568
Total cash receipts over/(under) cash disbursements	(50,301)	11,842	(36,834)	-	2,454	(72,839)
Other financing receipts/(disbursements):						
Proceeds from sale of notes	43,715	-	-	-	-	43,715
Operating transfers in	-	4,000	65,913	-	-	69,913
Operating transfers out	(75,013)	-	-	-	-	(75,013)
Total other financing receipts/(disbursements)	(31,298)	4,000	65,913	-	-	38,615
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(81,599)	15,842	29,079	-	2,454	(34,224)
Cash fund balances, January 1, 2004	157,975	47,489	14,313	82	57,934	277,793
Residual equity transfer in	47,099	-	-	-	-	47,099
Residual equity transfer out	-	-	-	-	(47,099)	(47,099)
Cash fund balances, December 31, 2004	\$ 123,475	\$ 63,331	\$ 43,392	\$ 82	\$ 13,289	\$ 243,569

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - PROPRIETARY
FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating cash receipts:			
Charges for services	\$ 338,375	\$ -	\$ 338,375
Other miscellaneous	5,110	-	5,110
Total operating cash receipts	<u>343,485</u>	<u>-</u>	<u>343,485</u>
Operating cash disbursements:			
Personal services	145,803	-	145,803
Contractual services	87,845	-	87,845
Supplies and material	53,272	-	53,272
Capital outlay	1,000	-	1,000
Miscellaneous	3,953	-	3,953
Total operating cash disbursements	<u>291,873</u>	<u>-</u>	<u>291,873</u>
Operating income	<u>51,612</u>	<u>-</u>	<u>51,612</u>
Nonoperating cash receipts/(disbursements):			
Fines collected	-	2,825	2,825
Interest	243	-	243
Fines disbursed	-	(2,905)	(2,905)
Total nonoperating cash receipts/(disbursements)	<u>243</u>	<u>(80)</u>	<u>163</u>
Income/(loss) before operating transfers	51,855	(80)	51,775
Transfers in	<u>5,100</u>	<u>-</u>	<u>5,100</u>
Net Income/(loss)	56,955	(80)	56,875
Cash fund balances, January 1, 2004	<u>21,583</u>	<u>170</u>	<u>21,753</u>
Cash fund balances, December 31, 2004	<u>\$ 78,538</u>	<u>\$ 90</u>	<u>\$ 78,628</u>

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

VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2004 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2004 Appropriations	Total	Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 231,877	\$ 409,650	\$ 641,527	\$ 461,527	\$ 51,877	\$ -	\$ 637,850	\$ 637,850	\$ 543,126	\$ -	\$ 543,126	\$ 94,724
Special Revenue	47,488	65,000	112,488	57,763	(7,237)	-	82,850	82,850	41,921	-	41,921	40,929
Debt Service	14,313	73,000	87,313	71,613	(1,387)	-	45,000	45,000	42,534	-	42,534	2,466
Capital Projects	82	-	82	-	-	-	-	-	-	-	-	-
Proprietary:												
Enterprise	(52,318)	388,000	335,682	348,585	(39,415)	-	317,900	317,900	291,873	-	291,873	26,027
Fiduciary:												
Expendable	57,935	201,500	259,435	2,454	(199,046)	-	186,500	186,500	-	-	-	186,500
Total (Memorandum Only)	\$ 299,377	\$ 1,137,150	\$ 1,436,527	\$ 941,942	\$ (195,208)	\$ -	\$ 1,270,100	\$ 1,270,100	\$ 919,454	\$ -	\$ 919,454	\$ 350,646

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

General Fund

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

Special Revenue Funds

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

The Village had the following significant special revenue fund:

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

Debt Service Funds

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

The Village had the following significant debt service fund:

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

Capital Projects Funds

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

Basketball & Tennis Courts - This fund received grants for the improvement of the Village's basketball and tennis courts.

Enterprise Funds

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

The Village had the following significant enterprise funds:

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

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

Fiduciary Funds (Trust and Agency)

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

Cemetery Trust (Expendable Trust) - The Village maintains a fund for the maintenance of the cemetery. This fund receives a percentage of the proceeds from the sale of grave sites.

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

B. BASIS OF ACCOUNTING

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

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

C. BUDGETARY PROCESS

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

Estimated Resources:

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

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted several supplemental appropriations during the year ended December 31, 2004.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

Encumbrances:

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

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2004.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the treasurer is credited to the General Fund and allocated amongst funds as required. Interest income earned and received by the Village totaled \$3,368 for the year ended December 31, 2004.

E. PROPERTY, PLANT AND EQUIPMENT

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

F. INTERGOVERNMENTAL REVENUES

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

G. UNPAID VACATION AND SICK LEAVE

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Residual equity transfers are nonrecurring or non-routine transfers of equity between funds.

Transfers are intended to permanently reallocate money from one fund to another as authorized in the Ohio Revised Code Section 5705.14 to 5705.16.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE 3 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the Village's operating transfers for 2004:

	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ <u> -</u>	\$ <u> 75,013</u>
<u>SPECIAL REVENUE FUND:</u>		
Cemetery	<u> 4,000</u>	<u> -</u>
<u>DEBT SERVICE FUND:</u>		
General Obligation Debt Service	<u> 65,913</u>	<u> -</u>
<u>ENTERPRISE FUND:</u>		
Pool	<u> 5,100</u>	<u> -</u>
Totals	<u> \$ 75,013</u>	<u> \$ 75,013</u>

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 3 - INTERFUND TRANSACTIONS - (Continued)

The Village had the following residual equity transfer for the year ended December 31, 2004:

	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ 47,099	\$ -
<u>EXPENDABLE TRUST FUND:</u>		
Income Tax Fund	-	47,099
Total	<u>\$ 47,099</u>	<u>\$ 47,099</u>

In 2004, the Expendable Trust fund was reclassified to the General fund via a residual equity transfer.

The transfers in the year ended December 31, 2004 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2004</u>
Deposits	<u>\$ 322,197</u>

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 5 - DEBT OBLIGATIONS

At December 31, 2004, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/04</u>
2004 note for the purpose of purchasing equipment, due in annual installments of \$10,000 bearing interest of 4.65% due in 2009.	\$ 43,715
2002 Private note for the purpose of purchasing property to house the new fire station, due in annual installments of \$20,000, bearing interest of 5.0% due in 2005.	<u>20,000</u>
Total debt obligations	<u>\$ 63,715</u>

Transactions for the year ended December 31, 2004, are summarized as follows:

	<u>Balance at 01/01/04</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at 12/31/04</u>
2002 Municipal Bldg. Note	\$ 20,000	\$ -	\$ (20,000)	\$ -
2004 Firehouse Property	-	43,715	-	43,715
2002 Firehouse Property	<u>40,000</u>	<u>-</u>	<u>(20,000)</u>	<u>20,000</u>
Total Notes	<u>\$ 60,000</u>	<u>\$ 43,715</u>	<u>\$ (40,000)</u>	<u>\$ 63,715</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2004, are as follows:

<u>Year Ending December 31</u>	<u>Firehouse Property</u>		<u>Equipment</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 20,000	\$ 1,000	\$ 7,967	\$ 2,033
2006	-	-	8,338	1,662
2007	-	-	8,725	1,275
2008	-	-	9,131	869
2009	<u>-</u>	<u>-</u>	<u>9,554</u>	<u>-</u>
Total	<u>\$ 20,000</u>	<u>\$ 1,000</u>	<u>\$ 43,715</u>	<u>\$ 5,839</u>

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 6 - PROPERTY TAX

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

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

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

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

NOTE 7 - RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.55% of their wages. OPERS' members contributed 8.5% of their gross wages. The Village contributed an amount equal to 13.55% of participants' gross wages. At December 31, 2004, the Village had no unpaid liability for OPERS and OP&F.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 8 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

NOTE 9 - INCOME TAX

The Village levies a voted tax of one percent for general operations in the income of residents and/or employees who receive a W-2 form from an employer within the Village and on the net profits of businesses located in the Village. Employers of residents are required to withhold income tax on compensation and remit the amount directly to the Village. Taxpayers over the age of 18 are required to file an annual return. Income tax revenue is credited to the General Fund and amounted to \$216,729 for the year ended December 31, 2004.

LITIGATION

The Village is currently not involved in litigation.

JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Telephone 614.846.1899
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the financial statements of the Village of Beverly, Washington County, Ohio, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 21, 2005, wherein we noted the Village of Beverly followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Beverly's internal control over financial reporting in order to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village of Beverly in a separate letter dated June 21, 2005.

Members of Council and the Mayor
Village of Beverly

Compliance and Other Matters

As part of reasonably assuring about whether the Village of Beverly's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. However, we noted other a certain immaterial instance of noncompliance that we have reported to the management of the Village of Beverly in a separate letter dated June 21, 2005.

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



Julian & Grube, Inc.
June 21, 2005

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-VOB-001	Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.	Yes	N/A



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

VILLAGE OF BEVERLY

WASHINGTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 4, 2005**