



Dave Yost • Auditor of State

VILLAGE OF BEVERLY
WASHINGTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Beverly
Washington County
919 Mitchell Avenue
Beverly, Ohio 45715

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Beverly, Washington County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis of Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Beverly, Washington County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

July 13, 2016

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$52,649	\$0	\$0	\$0	\$52,649
Municipal Income Tax	296,494	0	0	0	296,494
Intergovernmental	43,697	55,323	0	40,000	139,020
Charges for Services	180,384	0	6,601	0	186,985
Fines, Licenses and Permits	28,533	0	0	0	28,533
Earnings on Investments	7,875	44	0	0	7,919
Miscellaneous	6,359	500	0	0	6,859
<i>Total Cash Receipts</i>	<u>615,991</u>	<u>55,867</u>	<u>6,601</u>	<u>40,000</u>	<u>718,459</u>
Cash Disbursements					
Current:					
Security of Persons and Property	280,491	595	0	0	281,086
Public Health Services	14,194	0	0	0	14,194
Leisure Time Activities	50,920	0	0	0	50,920
Community Environment	600	0	0	0	600
Transportation	0	120,916	0	0	120,916
General Government	188,693	0	0	0	188,693
Capital Outlay	0	0	0	54,500	54,500
Debt Service:					
Principal Retirement	0	0	179,538	0	179,538
Interest and Fiscal Charges	0	0	19,099	0	19,099
<i>Total Cash Disbursements</i>	<u>534,898</u>	<u>121,511</u>	<u>198,637</u>	<u>54,500</u>	<u>909,546</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>81,093</u>	<u>(65,644)</u>	<u>(192,036)</u>	<u>(14,500)</u>	<u>(191,087)</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	1,075	187,750	14,500	203,325
Transfers Out	(116,973)	0	0	(32,316)	(149,289)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(116,973)</u>	<u>1,075</u>	<u>187,750</u>	<u>(17,816)</u>	<u>54,036</u>
<i>Net Change in Fund Cash Balances</i>	<u>(35,880)</u>	<u>(64,569)</u>	<u>(4,286)</u>	<u>(32,316)</u>	<u>(137,051)</u>
<i>Fund Cash Balances, January 1</i>	<u>232,944</u>	<u>205,319</u>	<u>91,173</u>	<u>33,879</u>	<u>563,315</u>
Fund Cash Balances, December 31					
Restricted	0	140,750	86,887	1,563	229,200
Unassigned (Deficit)	197,064	0	0	0	197,064
<i>Fund Cash Balances, December 31</i>	<u>\$197,064</u>	<u>\$140,750</u>	<u>\$86,887</u>	<u>\$1,563</u>	<u>\$426,264</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Types		Fiduciary Fund	Totals
	Enterprise	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$647,542	\$0	\$0	\$647,542
Fines, Licenses and Permits	0	0	34,224	34,224
Miscellaneous	1,121	0	0	1,121
<i>Total Operating Cash Receipts</i>	<u>648,663</u>	<u>0</u>	<u>34,224</u>	<u>682,887</u>
Operating Cash Disbursements				
Personal Services	111,419	0	0	111,419
Employee Fringe Benefits	72,330	3,750	0	76,080
Contractual Services	87,658	0	0	87,658
Supplies and Materials	43,883	0	0	43,883
Other	4,910	0	34,224	39,134
<i>Total Operating Cash Disbursements</i>	<u>320,200</u>	<u>3,750</u>	<u>34,224</u>	<u>358,174</u>
<i>Operating Income (Loss)</i>	<u>328,463</u>	<u>(3,750)</u>	<u>0</u>	<u>324,713</u>
Non-Operating Receipts (Disbursements)				
Earnings on Investments	283	0	0	283
Capital Outlay	(78,685)	0	0	(78,685)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(78,402)</u>	<u>0</u>	<u>0</u>	<u>(78,402)</u>
<i>Income (Loss) before Transfers</i>	<u>250,061</u>	<u>(3,750)</u>	<u>0</u>	<u>246,311</u>
Transfers In	32,316	0	0	32,316
Transfers Out	(86,352)	0	0	(86,352)
<i>Net Change in Fund Cash Balances</i>	<u>196,025</u>	<u>(3,750)</u>	<u>0</u>	<u>192,275</u>
<i>Fund Cash Balances, January 1</i>	<u>705,710</u>	<u>17,200</u>	<u>0</u>	<u>722,910</u>
<i>Fund Cash Balances, December 31</i>	<u>\$901,735</u>	<u>\$13,450</u>	<u>\$0</u>	<u>\$915,185</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$54,148	\$0	\$0	\$0	\$54,148
Municipal Income Tax	294,061	0	0	0	294,061
Intergovernmental	41,875	55,335	0	5,036	102,246
Charges for Services	172,570	0	6,601	0	179,171
Fines, Licenses and Permits	21,091	0	0	0	21,091
Earnings on Investments	5,424	63	0	0	5,487
Miscellaneous	15,024	634	0	0	15,658
<i>Total Cash Receipts</i>	<u>604,193</u>	<u>56,032</u>	<u>6,601</u>	<u>5,036</u>	<u>671,862</u>
Cash Disbursements					
Current:					
Security of Persons and Property	257,479	620	0	0	258,099
Public Health Services	14,225	6,000	0	0	20,225
Leisure Time Activities	56,478	0	0	0	56,478
Community Environment	1,800	0	0	0	1,800
Transportation	0	78,414	0	0	78,414
General Government	203,942	0	0	0	203,942
Capital Outlay	0	0	578,170	0	578,170
Debt Service:					
Principal Retirement	0	0	89,501	0	89,501
Interest and Fiscal Charges	0	0	19,974	0	19,974
<i>Total Cash Disbursements</i>	<u>533,924</u>	<u>85,034</u>	<u>687,645</u>	<u>0</u>	<u>1,306,603</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>70,269</u>	<u>(29,002)</u>	<u>(681,044)</u>	<u>5,036</u>	<u>(634,741)</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	0	0	460,000	0	460,000
Transfers In	0	2,500	192,643	0	195,143
Transfers Out	(131,643)	0	0	(12,000)	(143,643)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(131,643)</u>	<u>2,500</u>	<u>652,643</u>	<u>(12,000)</u>	<u>511,500</u>
<i>Net Change in Fund Cash Balances</i>	<u>(61,374)</u>	<u>(26,502)</u>	<u>(28,401)</u>	<u>(6,964)</u>	<u>(123,241)</u>
<i>Fund Cash Balances, January 1</i>	<u>294,318</u>	<u>231,821</u>	<u>119,574</u>	<u>40,843</u>	<u>686,556</u>
Fund Cash Balances, December 31					
Restricted	0	205,319	91,173	33,879	330,371
Unassigned (Deficit)	232,944	0	0	0	232,944
<i>Fund Cash Balances, December 31</i>	<u>\$232,944</u>	<u>\$205,319</u>	<u>\$91,173</u>	<u>\$33,879</u>	<u>\$563,315</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$611,152	\$0	\$0	\$611,152
Fines, Licenses and Permits	0	0	25,157	25,157
Miscellaneous	6,418	0	0	6,418
<i>Total Operating Cash Receipts</i>	<u>617,570</u>	<u>0</u>	<u>25,157</u>	<u>642,727</u>
Operating Cash Disbursements				
Personal Services	115,281	0	0	115,281
Employee Fringe Benefits	71,421	2,694	0	74,115
Contractual Services	88,387	0	0	88,387
Supplies and Materials	42,600	0	0	42,600
Other	5,675	0	25,157	30,832
<i>Total Operating Cash Disbursements</i>	<u>323,364</u>	<u>2,694</u>	<u>25,157</u>	<u>351,215</u>
<i>Operating Income (Loss)</i>	<u>294,206</u>	<u>(2,694)</u>	<u>0</u>	<u>291,512</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous Receipts	2,631	0	0	2,631
Capital Outlay	(105,041)	0	0	(105,041)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(102,410)</u>	<u>0</u>	<u>0</u>	<u>(102,410)</u>
<i>Income (Loss) before Transfers</i>	<u>191,796</u>	<u>(2,694)</u>	<u>0</u>	<u>189,102</u>
Transfers Out	(51,500)	0	0	(51,500)
<i>Net Change in Fund Cash Balances</i>	<u>140,296</u>	<u>(2,694)</u>	<u>0</u>	<u>137,602</u>
<i>Fund Cash Balances, January 1</i>	<u>565,414</u>	<u>19,894</u>	<u>0</u>	<u>585,308</u>
<i>Fund Cash Balances, December 31</i>	<u>\$705,710</u>	<u>\$17,200</u>	<u>\$0</u>	<u>\$722,910</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Beverly, Washington County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and maintenance of Village streets. The Village contracts with the Washington County Sheriff's department to provide security of persons and property. The Village contracts with Waterford Township (Washington County) and Jackson Township (Noble County) for fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits

The Village invests all available funds in an interest-bearing checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Note Retirement Fire Department Fund - This fund accounts for all debt activity relating to the debt issued for capital expenditures by the Beverly Volunteer Fire Department.

Note Retirement Waterline Replacement - This fund accounts for all debt activity relating to the debt issued for replacement of waterlines.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Fund:

Waterline Replacement Capital Project Fund - This fund accounts for all revenues and expenditures relating to the waterline replacement capital project.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

6. Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

Mayor's Court - This fund accounts for the Mayor's Court activity of the Village. The Mayor's Court is no longer active; however, the fund was left open in case Mayor's Court is reinstated in the future.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

7. Internal Service Fund

This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Village Medical Fund - This fund receives transfers from other funds to pay qualifying employee medical insurance deductibles to employees enrolled in the health insurance plan.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into two classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Equity in Pooled Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2015	2014
Demand deposits	\$612,556	\$994,076
Certificates of deposit	728,893	292,148
Total deposits	\$1,341,449	\$1,286,224

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$591,200	\$615,991	\$24,791
Special Revenue	57,360	56,942	(418)
Debt Service	200,101	194,351	(5,750)
Capital Projects	55,000	54,500	(500)
Enterprise	637,316	681,262	43,946
Internal Service	5,000	0	(5,000)
Total	\$1,545,977	\$1,603,046	\$57,069

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. Budgetary Activity (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$777,573	\$651,871	\$125,702
Special Revenue	202,200	121,511	80,689
Debt Service	241,600	198,637	42,963
Capital Projects	87,316	86,816	500
Enterprise	664,750	485,237	179,513
Internal Service	10,000	3,750	6,250
Total	<u>\$1,983,439</u>	<u>\$1,547,822</u>	<u>\$435,617</u>

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$576,000	\$604,193	\$28,193
Special Revenue	51,545	58,532	6,987
Debt Service	663,969	659,244	(4,725)
Capital Projects	0	5,036	5,036
Enterprise	558,000	620,201	62,201
Internal Service	0	0	0
Total	<u>\$1,849,514</u>	<u>\$1,947,206</u>	<u>\$97,692</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$800,941	\$665,567	\$135,374
Special Revenue	217,850	85,034	132,816
Debt Service	721,550	687,645	33,905
Capital Projects	12,000	12,000	0
Enterprise	652,100	479,905	172,195
Internal Service	10,000	2,694	7,306
Total	<u>\$2,414,441</u>	<u>\$1,932,845</u>	<u>\$481,596</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. Local Income Tax

The Village levies a municipal income tax of one percent (1%) on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Income tax generated \$296,494 in General Fund receipts during 2015 and \$294,060 during 2014.

6. Debt

Debt outstanding at December 31, 2015, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission - Wellfield	\$55,844	2.0%
Ohio Public Works Commission - WWTP	364,691	0.0%
Ohio Public Works Commission - Waterline	590,644	0.0%
Ohio Water Development Authority - Waterline	584,368	2.0%
Citizens Bank - Fire Truck	295,784	1.74%
Total	\$1,891,331	

Ohio Public Works Commission (OPWC) - Wellfield loan relates to the 2007 improvements made the Village wellfield. The original loan amount was \$89,639. The Village will repay the loan in semi-annual installments of \$2,730, including interest, over 20 years.

Ohio Public Works Commission (OPWC) - WWTP loan relates to the 2009 upgrade to the Village's wastewater treatment plant. The original interest-free loan amount was \$475,684. The Village will repay the loan in semi-annual installments of \$7,928 over 30 years.

Ohio Public Works Commission (OPWC) - Waterline loan relates to the 2014 waterline replacement project. The original interest-free loan amount was \$632,833. The Village will repay the loan in semi-annual installments of \$10,547 over 30 years.

The Ohio Water Development Authority (OWDA) - Waterline loan relates to the 2014 waterline replacement project. The original interest-free loan amount was \$623,298. The Village will repay the loan in semi-annual installments of \$13,865, including interest, over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village obtained an unsecured loan in 2014 from Citizens Bank Company in the amount of \$460,000 for the purchase of a 2014 Fire Truck. The Village will repay the loan in monthly installments of \$5,000 over 5 years.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

6. Debt (Continued)

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

Year Ending December 31:	OPWC Wellfield	OPWC WWTP	OPWC Waterline	OWDA Waterline	Fire Truck	Totals
2016	\$5,460	\$15,856	\$21,094	\$27,730	\$60,000	\$130,140
2017	5,460	15,856	21,094	27,730	60,000	130,140
2018	5,460	15,856	21,094	27,730	60,000	130,140
2019	5,460	15,856	21,094	27,730	60,000	130,140
2020	5,460	15,856	21,094	27,730	69,180	139,320
2021-2025	27,300	79,280	105,470	138,650		350,700
2026-2030	7,190	79,280	105,470	138,650		330,590
2031-2035		79,280	105,470	138,650		323,400
Total	<u>\$61,790</u>	<u>\$317,120</u>	<u>\$421,880</u>	<u>\$554,600</u>	<u>\$309,180</u>	<u>\$1,664,570</u>

7. Retirement Systems

The Village's certified full-time police officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). Both plans are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes both the plans' benefits, which include postretirement healthcare, survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.5 percent through July 11, 2015 and 12.25 percent from July 1, 2015 through December 31, 2015. For 2015, the Village contributed to OP&F an amount equal to 19.5 percent of full-time police member's wages. For 2015, OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equal to 14 percent of participants' gross salaries. The Village has paid all contributions through December 31, 2015.

8. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to § 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

8. Risk Management (Continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. Leases

The Village leases (non-exclusive) the building on Fourth Street to the John Dodge Senior Citizens for \$1.00, annually.

The Village also leases (non-exclusive) the Fourth Street building to the Washington and Morgan Counties Community Action Program for \$150.00 per month.

L&P Services rents the back office in the Village Municipal Building at 919 Mitchell Avenue for \$400.00 per month.

10. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes refunds would be immaterial.



Dave Yost • Auditor of State

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

Village of Beverly
Washington County
919 Mitchell Avenue
Beverly, Ohio 45715

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Beverly, Washington County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated July 13, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2015-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2015-001.

Entity's Response to Findings

The Village's response to the Finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

July 13, 2016

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-001

Noncompliance and Material Weakness

Ohio Admin Code § 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

For the year ended December 31, 2014, the Fiscal Officer misposted installment loan proceeds of \$460,000 as proceeds from the sale of bonds rather than as other debt proceeds. Also in 2014, the Fiscal Officer misposted the \$578,170 expenditure relating to the purchase of the fire truck as other debt service expenditures rather than as capital outlay.

These adjustments, with which the Village's management agrees, are reflected in the accompanying financial statements.

The Fiscal Officer should refer to the Village Officer's Handbook Appendix A-2 for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the financial statements reflect the appropriate sources of the receipts.

Official's Response: I, Pamela L. Jackson, Fiscal Officer for the Village of Beverly, understand that installment loan proceeds of \$460,000 in the 3401 Debt Retirement Fund (Fire Department) was misposted as proceeds from the sale of bonds rather than as other debt proceeds.

I also understand that expenditures of \$578,170 in the 3401 Debt Retirement Fund (Fire Department) was misposted as debt service expenditures rather than capital outlay expenditures.

Please be assured, in moving forward, the Village will make every effort to properly classify transactions to the Village ledgers to reflect accurate financial statements.

Thank you for your assistance with corrections.

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Dave Yost • 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
JULY 26, 2016