

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

AUDIT REPORT

YEAR ENDED DECEMBER 31, 2010

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Beverly, Washington County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 27, 2011

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**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Beverly
Washington County
919 Mitchell Avenue
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 as of and for the year ended December 31, 2010, which collectively comprised the Village's basic financial statements. 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 has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Beverly, Washington County, as of December 31, 2010, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund, Street Construction, Maintenance & Repair Fund and Permissive Motor Vehicle License Fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 23, 2011, on our consideration of the Village of Beverly's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 23, 2011

**VILLAGE OF BEVERLY, WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

This discussion and analysis of the Village of Beverly's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, within the limitations of the Village's cash basis 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 financial statements and notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2010 are as follows:

Net assets of governmental activities decreased \$19,595, or 4.6 percent, a minor change from the prior year. This was due to a decrease in municipal tax and intergovernmental receipts.

The Village's general receipts are primarily property taxes, municipal taxes and intergovernmental receipts. These receipts represent respectively 5, 28, and 16 percent of total cash received for governmental activities.

The Village's business-type activities are water and sewer charges. Charges for services increased by \$1,763 or .4 percent due to an increase in collections. The Village's total receipts for business-type activities decreased by \$2,012 a minor increase.

In 2010, the Village purchased a fire truck for \$252,679.

Using the Basic Financial Statements

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

Report Components

The statement of net assets and statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**VILLAGE OF BEVERLY, WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village.

The statements of net assets and statement of activities for 2010 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function and business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's tax base, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and real estate taxes.

In the statement of net assets and the statement of activities, we divide the government into two types of activities.

Governmental activities. Most of the Village's basic services are reported here, including human services, health, public safety, public works and general government activity. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**VILLAGE OF BEVERLY, WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

Business-Type Activities. The Village has two business-type activities, the provision of water and sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2010 are the General Fund, Street Construction Maintenance & Repair and Permissive Motor Vehicle License. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Village reports on the cash basis.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has four enterprise funds. The major enterprise funds are Water Operating Fund, Sewer Operating Fund, Utility Improvement Fund. The other enterprise fund is presented in total in a single column.

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.

**VILLAGE OF BEVERLY, WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2010 and 2009 on the cash basis:

Table 1
NET ASSETS

	Governmental Activities 2010	Business-Type Activities 2010	Governmental Activities 2009	Business-Type Activities 2009	Total 2010	Total 2009
Assets:						
Cash	\$ 402,528	\$ 527,379	\$ 422,123	\$ 452,003	\$ 929,907	\$ 874,126
Total Assets	<u>\$ 402,528</u>	<u>\$ 527,379</u>	<u>\$ 422,123</u>	<u>\$ 452,003</u>	<u>\$ 929,907</u>	<u>\$ 874,126</u>
Net Assets						
Restricted For:						
Other Purposes	\$ 185,123	\$ -	\$ 149,191	\$ -	\$ 185,123	\$ 149,191
Capital Projects	526	-	16,005	-	526	16,005
Debt Service	75,501	-	53,451	-	75,501	53,451
Unrestricted	141,378	527,379	203,476	452,003	668,757	655,479
Total Net Assets	<u>\$ 402,528</u>	<u>\$ 527,379</u>	<u>\$ 422,123</u>	<u>\$ 452,003</u>	<u>\$ 929,907</u>	<u>\$ 874,126</u>

The total net assets of the Village increased by \$55,781. Net assets of governmental activities decreased by \$19,595 or 4.6% from 2009 and net assets of business type activities increased by \$75,376 or 16.6%.

**VILLAGE OF BEVERLY, WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

Table 2 reflects the changes in net assets in 2010 and 2009:

Table 2
CHANGES IN NET ASSETS

	Governmental Activities 2010	Business-Type Activities 2010	Governmental Activities 2009	Business-Type Activities 2009	Totals 2010	Totals 2009
Receipts:						
Program Receipts						
Charges for Services	\$ 135,773	\$ 382,653	\$ 175,399	\$ 380,890	\$ 518,426	\$ 556,289
Operating Grants	53,939		95,798	-	53,939	95,798
Capital Grants	5,212	-	15,968	-	5,212	15,968
Total Program Receipts	<u>194,924</u>	<u>382,653</u>	<u>287,165</u>	<u>380,890</u>	<u>577,577</u>	<u>668,055</u>
General Receipts:						
Property and Other Tax	50,785	-	49,102	-	50,785	49,102
Municipal Income Tax	265,008	-	272,541	-	265,008	272,541
Grants and Entitlements not Restricted	69,863	-	125,200	-	69,863	125,200
Debt Proceeds	200,000	-	-	-	200,000	-
Sale of Assets	-	-	250	-	-	250
Interest Income	8,272	-	10,435	-	8,272	10,435
Transfers	5,500	(5,500)	-	-	-	-
Miscellaneous	157,039	895	66,743	646	157,934	67,389
Total General Receipts	<u>756,467</u>	<u>(4,605)</u>	<u>524,271</u>	<u>646</u>	<u>751,862</u>	<u>524,917</u>
Total Receipts	<u>951,391</u>	<u>378,048</u>	<u>811,436</u>	<u>381,536</u>	<u>1,329,439</u>	<u>1,192,972</u>
Disbursements:						
Sec. of Persons & Prop.	256,408	-	225,831	-	256,408	225,831
Public Health Services	16,356	-	15,866	-	16,356	15,866
Leisure Time Activities	65,533	-	57,818	-	65,533	57,818
Community Environ.	3,700	-	700	-	3,700	700
Transportation	21,613	-	103,195	-	21,613	103,195
General Government	203,957	-	233,654	-	203,957	233,654
Capital Outlay	254,370	-	20,654	-	254,370	20,654
Miscellaneous	-	-	20,487	-	-	20,487
Debt Service:	149,049	-	149,703	-	149,049	149,703
Water	-	132,008	-	133,216	132,008	133,216
Sewer	-	158,105	-	156,865	158,105	156,865
Utility Improvement	-	7,464	-	-	7,464	-
Guaranteed Deposits	-	5,095	-	3,480	5,095	3,480
Total Disbursements	<u>970,986</u>	<u>302,672</u>	<u>827,908</u>	<u>293,561</u>	<u>1,273,658</u>	<u>1,121,469</u>
Increase/(Decrease) In Net Assets	(16,472)	75,376	(16,472)	87,975	55,781	71,503
Net Assets, January 1	<u>422,123</u>	<u>452,003</u>	<u>438,595</u>	<u>364,028</u>	<u>874,126</u>	<u>802,623</u>
Net Assets, December 31	<u>\$ 402,528</u>	<u>\$ 527,379</u>	<u>\$ 422,123</u>	<u>\$ 452,003</u>	<u>\$ 929,907</u>	<u>\$ 874,126</u>

Program receipts represent 20% and 56% of total receipts for 2010 and 2009. They are primarily comprised of water and sewer user fees. Intergovernmental receipts such as motor vehicle license and gas tax money, licenses and permits and charges to local governments are included.

General receipts represent 80% and 44% of the Village's total receipts for 2010 and 2009. Local taxes represent 35% and 52% of the general receipts for 2010 and 2009. Grants and entitlements make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

**VILLAGE OF BEVERLY, WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, mayor, village administrator, solicitor, clerk, and community environment departments as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of maintaining the parks; and Transportation is the cost of maintaining roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village of Beverly. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property, general government and capital outlay, which account for 26, 21, and 26 percent of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village of Beverly that must be used to provide a specific service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost for 2010 and 2009 is presented in Table 3.

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Security of Persons and Property	\$ 256,408	\$ 189,947	\$ 225,831	\$ 83,255
Public Health Services	16,356	10,956	15,866	6,916
Leisure Time Activities	65,533	36,236	57,818	33,814
Community Environment	3,700	2,675	700	(875)
Transportation	21,613	(32,455)	103,195	7,709
General Government	203,957	165,284	233,654	219,080
Other	-	-	20,487	20,487
Debt Service - Principal	139,468	139,468	140,965	140,965
Debt Service - Interest	9,581	9,581	8,738	8,738
Capital Outlay	254,370	254,370	20,654	20,654
Total Expenses	<u>\$ 970,986</u>	<u>\$ 776,062</u>	<u>\$ 827,908</u>	<u>\$ 540,743</u>

The dependence upon property and income tax is apparent as over 41% and 63% for 2010 and 2009 of governmental activities are supported through these general receipts.

**VILLAGE OF BEVERLY, WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

Business-Type Activities

The Water, Sewer and Utility Improvement funds of the Village of Beverly are the three major enterprise funds. These funds had cash receipts of \$125,757, \$216,727 and \$34,274, respectively, and cash disbursements of \$137,508, \$158,105 and \$7,464, respectively for 2010. The net cash assets of the Water, Sewer and Utility Improvement Fund increased/(decreased) \$(11,751), \$58,622 and \$26,810, respectively, from 2009 to 2010.

The Government's Funds

Total governmental funds had receipts of \$996,018 and \$940,860 for 2010 and 2009 and disbursements of \$1,023,535 and \$972,191 for 2010 and 2009. The most significant change from the prior year in receipts is the decrease in debt proceeds. The decrease in disbursements is a decrease in debt payments.

General Fund receipts were less than disbursements indicating the General Fund is not in a surplus in its spending situation.

Fund Budgeting Highlights

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

During 2010 and 2009, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were similar to original budgeted receipts for 2010 and 2009. The difference between final budgeted receipts and actual receipts was not significant after council certified to amend resources.

Final budgeted disbursements for 2010 and 2009 were \$1,010,759 and \$829,555. Actual disbursements for 2010 and 2009 were \$849,682 and \$697,925. The Village kept spending close to budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Village of Beverly does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

**VILLAGE OF BEVERLY, WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

Debt Administration

At December 31, 2010, the Village had \$520,385 in loans with the Ohio Public Works Commission, with \$19,808 due within one year for improvements to water and sewer utilities. The 2005 loan is paid from governmental activities and the 2007 loan from business-type activities and governmental activities. The Village had \$229,892 in loans with the Citizens National Bank, with \$19,887 due within one year for swimming pool improvements and \$49,252 due within one year for the fire truck loan. These loans are paid from governmental activities. See footnote #11 for more detail.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes and we are currently trying to increase the tax rate to help cover general expenses. The local industries have increased over the last five years and we predict that the increase will stay steady, if not grow even more.

Contacting the Government'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 reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Pamela Jackson, Fiscal Officer, Village of Beverly, 919 Mitchell Avenue, Beverly, Ohio 45715.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2010**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 402,528	\$ 527,379	\$ 929,907
Total Assets	<u>\$ 402,528</u>	<u>\$ 527,379</u>	<u>\$ 929,907</u>
NET ASSETS:			
Restricted for:			
Other Purposes	185,123	-	185,123
Capital Projects	526	-	526
Debt Service	75,501	-	75,501
Unrestricted	<u>141,378</u>	<u>527,379</u>	<u>668,757</u>
Total Net Assets	<u><u>\$ 402,528</u></u>	<u><u>\$ 527,379</u></u>	<u><u>\$ 929,907</u></u>

See notes to basic financial statements.

VILLAGE OF BEVERLY
WASHINGTON COUNTY

STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Governmental Activities:							
Security of Persons and Property	\$ 256,408	\$ 61,249	\$ -	\$ 5,212	\$ (189,947)	\$ -	\$ (189,947)
Public Health Services	16,356	5,400	-	-	(10,956)	-	(10,956)
Leisure Time Activities	65,533	29,297	-	-	(36,236)	-	(36,236)
Community Environment	3,700	1,025	-	-	(2,675)	-	-
Transportation	21,613	129	53,939	-	32,455	-	32,455
General Government	203,957	38,673	-	-	(165,284)	-	(165,284)
Debt Service - Principal	139,468	-	-	-	(139,468)	-	(139,468)
Debt Service-Interest	9,581	-	-	-	(9,581)	-	(9,581)
Capital Outlay	254,370	-	-	-	(254,370)	-	(254,370)
Total Governmental Activities	970,986	135,773	53,939	5,212	(776,062)	-	(776,062)
Business Type Activities							
Water	132,008	125,717	-	-	-	(6,291)	(6,291)
Sewer	158,105	215,872	-	-	-	57,767	57,767
Utility Improvement	7,464	34,274	-	-	-	26,810	26,810
Guaranteed Deposits	5,095	6,790	-	-	-	1,695	1,695
Total Business Type Activities	302,672	382,653	-	-	-	79,981	79,981
Total	\$ 1,273,658	\$ 518,426	\$ 53,939	\$ 5,212	(776,062)	79,981	(696,081)
			General Receipts:				
			Property Taxes		50,785	-	50,785
			Municipal Income Tax		265,008	-	265,008
			Grants and Entitlements not Restricted to Specific Programs		69,863	-	69,863
			Debt Proceeds		200,000	-	200,000
			Earnings on Investments		8,272	-	8,272
			Transfers		5,500	(5,500)	-
			Miscellaneous		157,039	895	157,934
			Total General Receipts		756,467	(4,605)	751,862
			Change in Net Assets		(19,595)	75,376	55,781
			Net Assets Beginning of Year		422,123	452,003	874,126
			Net Assets End of Year		\$ 402,528	\$ 527,379	\$ 929,907

See notes to the basic financial statements.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2010**

	General	Street Construction Maint. Rep.	Permissive Motor Vehicle License	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Equity in Pooled Cash and cash Equivalents	\$ 118,597	\$ 92,894	\$ 59,955	\$ 108,301	\$ 379,747
Total Assets	\$ 118,597	\$ 92,894	\$ 59,955	\$ 108,301	\$ 379,747
Fund Balances:					
Unreserved:					
General Fund	\$ 118,597	\$ -	\$ -	\$ -	\$ 118,597
Special Revenue Fund	-	92,894	59,955	32,274	185,123
Debt Service	-	-	-	75,501	75,501
Capital Projects Fund	-	-	-	526	526
Total Fund Balances	\$ 118,597	\$ 92,894	\$ 59,955	\$ 108,301	\$ 379,747

Amounts reported for governmental activities in the statement of net assets are different because:

An internal service fund is used by management to charge the costs of insurance to individual funds. The net assets of the internal service fund are included in governmental activities in the statement of net assets

	22,781
Net Assets of Governmental Activities	\$ 402,528

See notes to basic financial statements.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Street Construction Maint. Rep.</u>	<u>Permissive Motor Vehicle License</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS					
Property and Other Local Taxes	\$ 50,785	\$ -	\$ -	\$ -	\$ 50,785
Municipal Income Tax	265,008	-	-	-	265,008
Intergovernmental	90,994	42,338	7,278	9,534	150,144
Special Assessment	-	-	-	-	-
Charges for Services	95,947	-	-	6,201	102,148
Fines, Licenses, Permits	10,656	-	-	1,840	12,496
Earnings on Investments	8,143	86	-	43	8,272
Miscellaneous	15,929	1,111	-	115,198	132,238
Total Receipts	<u>537,462</u>	<u>43,535</u>	<u>7,278</u>	<u>132,816</u>	<u>721,091</u>
CASH DISBURSEMENTS:					
Current:					
Security of Persons and Property	254,908	-	-	1,500	256,408
Public Health Services	16,356	-	-	-	16,356
Leisure Time Activities	65,533	-	-	-	65,533
Community Environment	3,700	-	-	-	3,700
Transportation	-	20,150	-	1,463	21,613
General Government	199,345	-	-	-	199,345
Debt Service					
Principal Retirement	-	-	-	139,468	139,468
Interest and Fiscal Charges	-	-	-	9,581	9,581
Capital Outlay	252,679	-	-	1,691	254,370
Total Disbursements	<u>792,521</u>	<u>20,150</u>	<u>-</u>	<u>153,703</u>	<u>966,374</u>
Excess of Receipts Over (Under) Disbursements	(255,059)	23,385	7,278	(20,887)	(245,283)
Other Cash Financing Sources (Uses)					
Debt Proceeds	200,000	-	-	-	200,000
Transfers In	-	-	-	50,126	50,126
Advances In	19,000	-	-	-	19,000
Other Financing Sources	23,200	-	-	1,601	24,801
Transfers Out	(57,161)	-	-	-	(57,161)
Advances Out	-	-	-	(19,000)	(19,000)
Other Financing Uses	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>185,039</u>	<u>-</u>	<u>-</u>	<u>32,727</u>	<u>217,766</u>
Net Change in Fund Balance	(70,020)	23,385	7,278	11,840	(27,517)
Cash Fund Balances Beginning of Year	<u>188,617</u>	<u>69,509</u>	<u>52,677</u>	<u>96,461</u>	<u>407,264</u>
Cash Fund Balances End of Year	<u>\$ 118,597</u>	<u>\$ 92,894</u>	<u>\$ 59,955</u>	<u>\$ 108,301</u>	<u>\$ 379,747</u>

See notes to basic financial statements.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 50,000	\$ 50,000	\$ 50,785	\$ 785
Municipal Income Tax	270,000	270,000	265,008	(4,992)
Intergovernmental	129,000	129,000	90,994	(38,006)
Charges for Services	156,000	161,000	95,947	(65,053)
Fines, Licenses, Permits	10,000	10,000	10,656	656
Earnings on Investments	5,000	5,000	8,143	3,143
Miscellaneous	20,000	20,000	15,929	(4,071)
Total Receipts	<u>640,000</u>	<u>645,000</u>	<u>537,462</u>	<u>(107,538)</u>
CASH DISBURSEMENTS:				
Current:				
Security of Persons and Property	295,350	300,475	254,908	45,567
Public Health Services	20,525	20,525	16,356	4,169
Leisure Time Activities	76,230	77,730	65,533	12,197
Community Environment	5,000	5,000	3,700	1,300
General Government	243,850	252,350	199,345	53,005
Capital Outlay	-	252,679	252,679	-
Total Disbursements	<u>640,955</u>	<u>908,759</u>	<u>792,521</u>	<u>116,238</u>
Excess of Receipts Over (Under) Disbursements	(955)	(263,759)	(255,059)	8,700
Other Cash Financing Sources (Uses)				
Debt Proceeds	-	200,000	200,000	-
Advances In	-	-	19,000	19,000
Other Financing Sources	-	-	23,200	23,200
Other Financing (Uses)	-	(25,000)	-	(25,000)
Advances Out	(25,000)	-	-	-
Transfer Out	(152,000)	(77,000)	(57,161)	19,839
Total Other Financing Sources (Uses)	<u>(177,000)</u>	<u>98,000</u>	<u>185,039</u>	<u>87,039</u>
Net Change in Fund Balance	(177,955)	(165,759)	(70,020)	95,739
Cash Fund Balances Beginning of Year	<u>188,617</u>	<u>188,617</u>	<u>188,617</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 10,662</u>	<u>\$ 22,858</u>	<u>\$ 118,597</u>	<u>\$ 95,739</u>

See notes to basic financial statements.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION, MAINTENANCE, REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 37,000	\$ 37,000	\$ 42,338	\$ 5,338
Earnings on Investments	-	-	86	86
Miscellaneous	3,000	3,000	1,111	(1,889)
Total Receipts	<u>40,000</u>	<u>40,000</u>	<u>43,535</u>	<u>3,535</u>
CASH DISBURSEMENTS:				
Current:				
Transportation	41,500	41,500	20,150	21,350
Total Disbursements	<u>41,500</u>	<u>41,500</u>	<u>20,150</u>	<u>21,350</u>
Net Change in Fund Balance	(1,500)	(1,500)	23,385	24,885
Cash Fund Balances Beginning of Year	<u>69,509</u>	<u>69,509</u>	<u>69,509</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 68,009</u>	<u>\$ 68,009</u>	<u>\$ 92,894</u>	<u>\$ 24,885</u>

See notes to basic financial statements.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
PERMISSIVE MOTOR VEHICLE LICENSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 7,500	\$ 7,500	\$ 7,278	\$ (222)
Total Receipts	<u>7,500</u>	<u>7,500</u>	<u>7,278</u>	<u>(222)</u>
CASH DISBURSEMENTS:				
Current:				
Transportation	25,000	25,000	-	25,000
Total Disbursements	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net Change in Fund Balance	(17,500)	(17,500)	7,278	24,778
Cash Fund Balances Beginning of Year	<u>52,677</u>	<u>52,677</u>	<u>52,677</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 35,177</u>	<u>\$ 35,177</u>	<u>\$ 59,955</u>	<u>\$ 24,778</u>

See notes to basic financial statements.

VILLAGE OF BEVERLY
WASHINGTON COUNTY

STATEMENT OF FUND NET ASSETS-CASH BASIS
PROPRIETARY FUNDS
December 31, 2010

	<u>Water</u>	<u>Sewer</u>	<u>Utility Improvement</u>	<u>Other Nonmajor Enterprise</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service</u>
ASSETS:						
Equity in Pooled Cash and cash Equivalents	\$ 75,934	\$ 329,126	\$ 103,806	\$ 18,513	\$ 527,379	\$ 22,781
Total Assets	<u>\$ 75,934</u>	<u>\$ 329,126</u>	<u>\$ 103,806</u>	<u>\$ 18,513</u>	<u>\$ 527,379</u>	<u>\$ 22,781</u>
Net Assets:						
Restricted for:						
Debt Service	-	-	-		-	-
Unrestricted	75,934	329,126	103,806	18,513	527,379	22,781
Total Net Assets	<u>\$ 75,934</u>	<u>\$ 329,126</u>	<u>\$ 103,806</u>	<u>\$ 18,513</u>	<u>\$ 527,379</u>	<u>\$ 22,781</u>

See notes to basic financial statements.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS-CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Water</u>	<u>Sewer</u>	<u>Utility Improvement</u>	<u>Other Nonmajor Enterprise</u>	<u>Enterprise Total</u>	<u>Governmental Activities Internal Service</u>
OPERATING CASH RECEIPTS						
Charges for Services	\$ 125,717	\$ 215,872	\$ 34,274	\$ 6,790	\$ 382,653	\$ -
Other Operating Receipts	40	855	-	-	895	-
Total Operating Receipts	<u>125,757</u>	<u>216,727</u>	<u>34,274</u>	<u>6,790</u>	<u>383,548</u>	<u>-</u>
OPERATING CASH DISBURSEMENTS:						
Personal Services	52,635	54,388	-	-	107,023	-
Employee Fringe Benefits	19,829	24,401	-	-	44,230	4,612
Contractual Services	39,588	44,785	7,464	-	91,837	-
Supplies and Materials	11,314	14,564	-	-	25,878	-
Other	-	-	-	5,095	5,095	-
Total Operating Disbursements	<u>123,366</u>	<u>138,138</u>	<u>7,464</u>	<u>5,095</u>	<u>274,063</u>	<u>4,612</u>
Operating Income (Loss)	2,391	78,589	26,810	1,695	109,485	(4,612)
Non-operating Cash Receipts (Disbursements)						
Transfers In	-	-	-	-	-	12,535
Transfers Out	(5,500)	-	-	-	(5,500)	-
Debt Service	-	(7,928)	-	-	(7,928)	-
Capital Outlay	(8,642)	(12,039)	-	-	(20,681)	-
Total non-operating Cash Receipts (Disbursements)	<u>(14,142)</u>	<u>(19,967)</u>	<u>-</u>	<u>-</u>	<u>(34,109)</u>	<u>12,535</u>
Change in Net Assets	(11,751)	58,622	26,810	1,695	75,376	7,923
Cash Fund Balances Beginning of Year	<u>87,685</u>	<u>270,504</u>	<u>76,996</u>	<u>16,818</u>	<u>452,003</u>	<u>14,858</u>
Cash Fund Balances End of Year	<u>\$ 75,934</u>	<u>\$ 329,126</u>	<u>\$ 103,806</u>	<u>\$ 18,513</u>	<u>\$ 527,379</u>	<u>\$ 22,781</u>

See notes to basic financial statements.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS
FIDUCIARY FUND
December 31, 2010**

	<u>Agency</u>
ASSETS:	
Cash in segregated account	<u>\$ 791</u>
Total Assets	<u><u>\$ 791</u></u>
Net Assets:	
Unrestricted	<u>791</u>
Total Net Assets	<u><u>\$ 791</u></u>

See notes to basic financial statements.

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 1 – Reporting Entity

The Village of Beverly, Washington County, Ohio, 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 were 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 and bridges, park operations, and police services. The Village enters into contract with Waterford Township and the 984 extension of Jackson Township in Noble County for providing fire protection for the amount provided by tax levy revenues.

B. Component Units

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

C. Joint Ventures

The Village of Beverly did not participate in any Joint Ventures in 2010.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a 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.

A. Basis of Presentation

The Village's basic 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.

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. 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. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

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.

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

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 Village's major governmental funds are the General Fund, Street Construction, Maintenance & Repair Fund and Permissive Motor Vehicle License Fund. 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 motor vehicle license tax money for planning, constructing, improving, maintaining and repairing public highways.

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 - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

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

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

Utility Improvement Fund – This fund receives water and sewer surcharges from residents to fund utility improvements.

Internal Service Fund - The Village Medical Insurance is the only Internal Service Fund.

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 has no private purpose trust fund accounts for programs. 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.

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of 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.

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 certificated 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 Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

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 and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as “Cash and Cash Equivalents with Fiscal Agents.”

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 2010, 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 2010 was \$8,143.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent all funds except the General Fund. There are no restricted assets.

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 of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their 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 other purposes include resources restricted for Capital Improvements to the Community Swimming Pool donations.

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. There are no fund balance reserves.

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

O. Interfund Transactions

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

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

P. Extraordinary and Special Items

The Village has no extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

Q. Estimates

The village does not make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Note 3 – Accountability and Compliance

A. Compliance

Contrary to ORC 5705.36, the Village had appropriations greater than actual receipts and unencumbered fund cash balances for various funds in 2010.

Contrary to ORC 5705.41(D), a 3.8% of disbursements were not properly certified.

Note 4 – Budgetary Basis of Accounting

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 is (*and any major special revenue fund are*) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no outstanding encumbrances at year end.

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 5 – 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 can be deposited or invested in the following securities:

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

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 5 - Deposits and Investments (continued)

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.

At year end, the Village did not have any undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$688,904 of the Village's bank balance of \$938,904 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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 investments of the Village consist of \$273,568 in certificates of deposit.

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 5 - Deposits and Investments (continued)

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the Village' investment policy requires that the investment portfolio remain sufficiently liquid to enable the Village to meet all operating requirements by investing in adequate amount of short-term investments in the portfolio to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily.

Credit Risk

The underlying security of the repurchase agreement is Federal Home Loan Mortgage Corporation Notes, which carry a credit rating of AAA by Moody's. The Village's investment policy limits investments to those authorized by State statute. State statute only addresses credit risk by limiting the investments that may be purchased to those offered by specifically identified issuers.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Corporation Notes related to the repurchase agreement are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk

The Village places no limit on the amount it may invest in any one issuer. Of the Village's total investments, 100 percent is invested in certificates of deposit.

Note 6 – 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 of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2010 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Tangible personal property is currently assessed at 6.25 percent of true value for capital assets and 6.25 percent for inventory. 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.

The full tax rate for all Village operations for the year ended December 31, 2010, was \$3.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential	\$ 10,541,880
Commercial/Industrial/Mineral	4,688,150
Public Utility Property	
Personal	624,960
Total Assessed Value	<u>\$ 15,854,990</u>

Note 8 – Risk Management

The Village belongs to the Ohio Plan, and is administered and operated by Hylant Group. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2010 generally protect against individual losses exceeding \$5,000.

Property coverage contracts protect against losses, subject to a deductible of \$5,000, limited to an annual aggregate loss of \$5,000.

The Village healthcare insurance provider is currently Anthem Blue Cross Blue Shield.

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

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 percent 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 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2010, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 11.1 percent of their annual covered salary; members in public safety contributed 10.5percent. The employer contribution rate for pension benefits for 2010 was 14.00 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 17.87 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$29,595, \$32,168, and \$37,334, respectively. The full amount has been contributed for 2010, 2009 and 2008.

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 9 – Defined Benefit Pension Plans (continued)

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 information 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 percent of their annual covered salary to fund pension benefits while the employer is required to contribute 19.50 percent for police officers and 24.0 percent for firefighters. Contributions are authorized by State statute. The Village's contributions to OP&F for police and firefighters for the years ended December 31, 2010, 2009, and 2008 were \$20,076, \$12,367, and \$16,003, respectively. The full amount has been contributed for 2010, 2009 and 2008.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description-The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The Traditional Pension Plan-a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan-a defined contribution plan; and the Combined Plan-a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, aged and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 800-222-7377.

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 10 - Postemployment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

Funding Policy-The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contributions to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 17.87%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll for state and local employer units and 18.10% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 2010 and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and their coverage selected.

The Village's contributions for health care to the OPERS for the years ending December 31, 2010, 2009, and 2008 were \$12,131, \$11,473 and \$11,802, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1, of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

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

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 10 - Postemployment Benefits (Continued)

B. Ohio Police and Fire Pension Fund (Continued)

The Ohio Revised Code permits, but does not mandate OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy-The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F . Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.50% of covered payroll for police employers units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Village's actual contributions for 2010, 2009 and 2008 that were used to fund post-employment benefits were \$6,434, \$5,601 and \$6,018, respectfully, for police.

Note 11 - Debt

The Village's long-term debt activity for the year ended December 31, 2010, was as follows:

	Balance January 1 2010	Additions	Deductions	Balance December 31 2010	Amount Due Within One Year
<u>Governmental Activities</u>					
2005 OPWC Wellfield	\$ 80,286	\$ -	\$ 3,873	\$ 76,413	\$ 3,952
2008 Swimming Pool Note	157,559	-	87,318	70,241	19,887
2010 Fire Truck Note	-	200,000	40,349	159,651	49,252
Total Gov. Activities	<u>237,845</u>	<u>200,000</u>	<u>131,630</u>	<u>306,305</u>	<u>73,091</u>
<u>Business-Type Activities</u>					
2007 OPWC WWTP	\$ 459,828	\$ -	\$ 15,856	\$ 443,972	\$ 15,856
Total Business-Type	<u>\$ 459,828</u>	<u>\$ -</u>	<u>\$ 15,856</u>	<u>\$ 443,972</u>	<u>\$ 15,856</u>

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 11 – Debt (Continued)

2005 Ohio Public Works Commission (OPWC) note for the financing of Wellfield Improvements, due in semi-annual payments of \$2,730 bearing interest of 2% due in 2027.

2007 Ohio Public Works Commission (OPWC) note for the financing of WWTP Improvements, due in semi-annual payments of \$7,928 bearing interest of 0% due in 2039.

2008 note for the purpose of refinancing 2006 notes issued for the improvements to the swimming pool in 2006, due in monthly installments of \$2,056 bearing interest of 3.7% due in 2018.

2010 Fire Truck loan was for the purpose of purchasing a fire truck. This loan will be paid back in monthly installments of \$4,390 bearing interest of 2.5% due in 2014

The following is the amortization of the above debt:

Year	2005 OPWC		2007 OPWC		Total OPWC	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 3,952	\$1,508	\$15,856	\$-	\$19,808	\$1,508
2012	4,031	1,429	15,856	-	19,887	1,429
2013	4,112	1,348	15,856	-	18,968	1,348
2014	4,195	1,265	15,856	-	20,051	1,265
2015	4,279	1,181	15,856	-	20,135	1,181
2016-2020	22,719	4,580	79,280	-	101,999	4,580
2021-2025	25,097	2,203	79,280	-	104,377	2,203
2026-2030	8,028	161	79,280	-	87,308	161
2031-2035	-	-	79,280	-	79,280	-
2036-2040	-	-	47,572	-	47,572	-
Total	\$76,413	\$13,675	\$443,972	\$-	\$520,385	\$13,675

Year	Swimming Pool Note		Fire Truck Note	
	Principal	Interest	Principal	Interest
2011	\$ 19,887	\$4,789	\$49,252	\$3,429
2012	20,636	4,041	50,498	2,184
2013	21,412	3,264	51,775	907
2014	8,306	3,458	8,126	23
Total	\$70,241	\$14,552	\$159,651	\$6,543

Note 12 - Leases

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

The Village of Beverly
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 13 – Interfund Transfers

The following is a summary of transfers in and out for all funds:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 57,161
Other Governmental Fund	50,126	-
Internal Service Fund	12,535	-
Total Governmental Fund	62,661	57,161
Water Fund	-	5,500
Total Proprietary Fund	-	5,500
Totals	\$ 62,661	\$ 62,661

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers out of the Water Fund to the Internal Service Fund was to transfer costs of health insurance.

Note 14 – Construction and Contractual Commitments

The Village has no construction and contractual commitments.

Note 15 – Contingent Liabilities

The Village has no contingent Liabilities

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' 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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Beverly as of and for the years ended December 31, 2010, and have issued our report thereon dated April 23, 2011, wherein we noted the Village followed the cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Village of Beverly's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 Standard*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Village of Beverly in a separate letter dated April 23, 2011.

This report is intended for the information of the Village's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 23, 2011

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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 7, 2011