

VILLAGE OF FOREST
HARDIN COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Village Council
Village of Forest
211 West Lima Street
Forest, Ohio 45843

We have reviewed the Independent Auditor's Report of the Village of Forest, Hardin County, prepared by Holbrook & Manter, for the audit period January 1, 2000 to December 31, 2001. 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 Forest is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

September 9, 2002

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of Forest
Hardin County
211 West Lima Street
Forest, Ohio 45843

We have audited the accompanying financial statements of the Village of Forest, Hardin County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Forest, as of December 31, 2001 and December 31, 2000 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2002 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 grants.

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

Certified Public Accountants

July 8, 2002
Marion, Ohio

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MEMBERS
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VILLAGE OF FOREST
HARDIN COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2001

	GOVERNMENT FUND TYPES				(Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	Total
Cash receipts:					
Local taxes	\$ 287,614	\$ 0	\$ 0	\$ 0	\$ 287,614
Intergovernmental	53,564	48,193	0	0	101,757
Charges for services	0	8,619	0	0	8,619
Fines, licenses, and permits	5,202	0	0	0	5,202
Miscellaneous	39,207	598	0	0	39,805
Total cash receipts	385,587	57,410	0	0	442,997
Cash disbursements:					
Current:					
Security of persons and property	152,787	0	0	0	152,787
Public health services	6,654	0	0	0	6,654
Leisure time activities	350	60,283	0	0	60,633
Community Environment	11,000	0	0	0	11,000
Transportation	0	54,167	0	0	54,167
General government	92,932	0	0	0	92,932
Debt Service	0	0	753	23,531	24,284
Total cash disbursements	263,723	114,450	753	23,531	402,457
Total receipts over/(under) cash disbursements	121,864	(57,040)	(753)	(23,531)	40,540
Other financing receipts/(disbursements):					
Transfers - in	0	48,970	0	60,685	109,655
Transfers - out	(109,655)	0	0	0	(109,655)
Other sources	2,914	0	0	0	2,914
Total other financing receipts/(disbursements)	(106,741)	48,970	0	60,685	2,914
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	15,123	(8,070)	(753)	37,154	43,454
Fund cash balances January 1, 2001	129,298	106,125	753	96,945	333,121
Fund cash balances, December 31, 2001	\$ 144,421	\$ 98,055	\$ 0	\$ 134,099	\$ 376,575
Reserve for encumbrances, December 31, 2001	\$ 45,155	\$ 1,701	\$ 0	\$ 0	\$ 46,856

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

VILLAGE OF FOREST
HARDIN COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGE IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE-
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund
	Enterprise
Operating cash receipts:	
Charges for services	\$ 444,508
Miscellaneous	1,086
Total operating cash receipts	<u>445,594</u>
Operating cash disbursements:	
Personal services	148,633
Contractual services	120,250
Supplies and materials	59,372
Capital outlay	37,174
Total operating cash disbursements	<u>365,429</u>
Operating income	<u>80,165</u>
Non-operating cash receipts:	
Miscellaneous	1,000
Other non-operating revenues	443,320
Total non-operating cash receipts	<u>444,320</u>
Non-operating cash disbursements:	
Debt service	24,143
Other non-operating cash disbursements	352,621
Total non-operating cash disbursements	<u>376,764</u>
Excess of receipts over disbursements before interfund transfers and advances	<u>147,721</u>
Net receipts over disbursements	<u>147,721</u>
Fund cash balances, January 1, 2001	<u>321,075</u>
Fund cash balances, December 31, 2001	\$ <u>468,796</u>
Reserve for encumbrances, December 31, 2001	\$ <u>886,009</u>

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

**VILLAGE OF FOREST
HARDIN COUNTY**
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2000**

	GOVERNMENT FUND TYPES				(Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	Total
Cash receipts:					
Local taxes	\$ 286,752	\$ 5,397	\$ 0	\$ 0	\$ 292,149
Intergovernmental	67,303	49,021	0	0	116,324
Charges for services	0	9,754	0	0	9,754
Fines, licenses, and permits	3,725	0	0	0	3,725
Miscellaneous	40,172	892	0	0	41,064
Total cash receipts	397,952	65,064	0	0	463,016
Cash disbursements:					
Current:					
Security of persons and property	137,145	0	0	0	137,145
Public health services	5,440	0	0	0	5,440
Leisure time activities	350	79,815	0	0	80,165
Community Environment	10,878	0	0	0	10,878
Transportation	0	56,482	0	0	56,482
General government	85,624	0	0	0	85,624
Capital outlay	0	0	0	65,251	65,251
Total cash disbursements	239,437	136,297	0	65,251	440,985
Total receipts over/(under) cash disbursements	158,515	(71,233)	0	(65,251)	22,031
Other financing receipts/(disbursements):					
Transfers - in	0	49,372	750	68,371	118,493
Transfers - out	(118,495)	0	0	0	(118,495)
Other sources	7,809	22,112	23,576	0	53,497
Other uses	0	0	(23,573)	0	(23,573)
Total other financing receipts/(disbursements)	(110,686)	71,484	753	68,371	29,922
Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements	47,829	251	753	3,120	51,953
Fund cash balances January 1, 2000	81,469	105,874	0	93,826	281,169
Fund cash balances, December 31, 2000	\$ 129,298	\$ 106,125	\$ 753	\$ 96,946	\$ 333,122
Reserve for encumbrances, December 31, 2000	\$ 9,358	\$ 1,670	\$ 0	\$ 0	\$ 11,028

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

VILLAGE OF FOREST
HARDIN COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGE IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE-
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund
	Enterprise
Operating cash receipts:	
Charges for services	\$ 409,793
Miscellaneous	1,550
Total operating cash receipts	<u>411,343</u>
Operating cash disbursements:	
Personal services	146,168
Contractual services	83,296
Supplies and materials	64,899
Capital outlay	75,428
Total operating cash disbursements	<u>369,791</u>
Operating income	<u>41,552</u>
Non-operating cash receipts:	
Miscellaneous	1,471
Other non-operating revenues	8,306
Total non-operating cash receipts	<u>9,777</u>
Non-operating cash disbursements:	
Debt service	24,143
Other non-operating cash disbursements	1,139
Total non-operating cash disbursements	<u>25,282</u>
Excess of receipts over disbursements before interfund transfers and advances	<u>26,047</u>
Net receipts over disbursements	<u>26,047</u>
Fund cash balances, January 1, 2000	<u>295,027</u>
Fund cash balances, December 31, 2000	\$ <u>321,074</u>
Reserve for encumbrances, December 31, 2000	\$ <u>23,051</u>

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

VILLAGE OF FOREST
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. Description of the Entity** – The Village of Forest, Hardin County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police and fire protection.

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

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

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

- C. Cash and Investments** – Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

- 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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund

This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

State Highway Improvement Fund

This fund receives gasoline and motor vehicle tax money for constructing, maintaining and repairing state highways within the Village.

Park and Recreation Fund

This fund receives grants and income tax receipts to fund operations of the park and pool.

VILLAGE OF FOREST
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness.

Fire House and City Building Fund

This fund receives proceeds from the Capital Projects Fund and is used to pay the debt on the Fire House and City Building.

Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Fire House and City Building Fund

This fund receives proceeds of income tax and is transferred to the Debt Service Fund.

Fire Truck Fund

This fund receives transfers other funds for the purchase of a Fire Truck.

Enterprise Funds

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

Water Fund

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

Sewer Fund

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

Solid Waste

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

Sewer Mortgage Debt Service Fund

This fund receives bond and note proceeds to fund a utility plant expansion.

- E. Budgetary Process** - The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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 must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

VILLAGE OF FOREST
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Estimated Resources

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

Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

- F. Property, Plant and Equipment** - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements
- G. Unpaid Vacation and Sick Leave** – Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$ 396,089	\$ 221,796
Certificate of deposit	<u>25,000</u>	<u>25,000</u>
Total deposits	<u>421,089</u>	<u>246,796</u>
STAR Ohio	424,282	407,400
Total investments	<u>424,282</u>	<u>407,400</u>
Total deposits and investments	<u>\$ 845,371</u>	<u>\$ 654,196</u>

Deposits - The Village's deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) covered by specific collateral held by third party trustees.

VILLAGE OF FOREST
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2001 was as follows:

2001 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 433,058	\$ 388,501	\$ (44,557)
Special Revenue	157,345	106,380	(50,965)
Debt Service	46,000	0	(46,000)
Capital Project	33,330	60,685	27,355
Enterprise	<u>1,749,865</u>	<u>889,914</u>	<u>(859,951)</u>
Total	<u>\$ 2,419,598</u>	<u>\$ 1,445,480</u>	<u>\$ (974,118)</u>

2001 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 470,328	\$ 416,513	\$ 53,815
Special Revenue	181,690	116,151	65,539
Debt Service	760	753	7
Capital Projects	23,535	23,531	4
Enterprise	<u>1,819,621</u>	<u>1,628,802</u>	<u>190,819</u>
Total	<u>\$ 2,495,934</u>	<u>\$ 2,185,750</u>	<u>\$ 310,184</u>

VILLAGE OF FOREST
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 3 - BUDGETARY ACTIVITY:-(continued)

Budgetary activity for the year ending December 31, 2000 was as follows:

2000 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 360,133	\$ 405,761	\$ 45,628
Special Revenue	136,000	136,548	548
Debt Service	45,000	24,326	(20,674)
Capital Project	45,050	68,371	23,321
Enterprise	416,875	421,120	4,245
Total	<u>\$ 1,003,058</u>	<u>\$ 1,056,126</u>	<u>\$ 53,068</u>

2000 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 437,672	\$ 367,290	\$ 70,382
Special Revenue	155,081	137,967	17,114
Debt Service	45,000	23,573	21,427
Capital Projects	65,252	65,251	1
Enterprise	461,833	418,104	43,729
Total	<u>\$ 1,164,838</u>	<u>\$ 1,012,185</u>	<u>\$ 152,653</u>

VILLAGE OF FOREST
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 4 – PROPERTY TAX:-

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

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

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

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

NOTE 5 - DEBT:-

Debt outstanding at December 31, 2001, was as follows:

	Principal Balance <u>12/31/01</u>
Ohio Water Development Authority Loan 7.21%	\$ 184,400
Total	\$ <u>184,400</u>

The Ohio Water Development Authority (OWDA) loan relates to a water line replacement project. The loan will be repaid in semiannual installments of \$12,071.65, including interest over 20 years.

During 2001 the Village entered into a new loan agreement with OWDA for a sewer construction project. The total loan amount is for \$902,063.89 with an interest rate of 1.5% and will be paid back over 20 years, with the first payment due on January 1, 2003 and final payment due July 1, 2022. As of December 31, 2001 the Village has drawn \$407,633.39 on the loan.

VILLAGE OF FOREST
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 5 - DEBT:- (continued)

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

Year Ending December 31	OWDA Loan
2002	\$ 24,143
2003	24,143
2004	24,143
2005	24,143
2006	24,143
Subsequent	<u>156,933</u>
Total	277,650
Less: Interest Expense	<u>93,250</u>
	<u>\$ 184,400</u>

NOTE 6 - LEASE OBLIGATIONS:-

In 1999, the Village acquired a new GMC Refuse Truck through Associates Commercial Corporation and entered into a lease agreement. The lease agreement was for \$83,549. The lease is accounted for as a capital lease.

The capital lease obligation for the village for year ended December 31, 2001 is as follows:

	Balance 12/31/01
GMC Refuse Truck	\$ <u>40,777</u>

The outstanding lease obligation is payable in sixty monthly installments. The annual requirements to pay the lease balance outstanding as of December 31, 2001, are as follows.

Year	Principal	Interest	Total
2002	\$ 17,382	\$ 2,165	\$ 19,547
2003	18,561	986	19,547
2004	<u>4,834</u>	<u>53</u>	<u>4,888</u>
	<u>\$ 40,777</u>	<u>\$ 3,204</u>	<u>\$ 43,982</u>

VILLAGE OF FOREST
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 7 – LOCAL INCOME TAXES:-

This locally levied tax of 1.25 percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Forest and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to net income of business organizations operating within Forest. The tax receipts are credited to the General Fund and amounted to \$265,060.68 in 2001 and \$264,689.08 in 2000.

NOTE 8 – RETIREMENT SYSTEMS:-

The Villages law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salary through June 30, 2000. PERS temporarily reduced the employer contribution to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

NOTE 9 – RISK MANAGEMENT:-

The Village has participated in the Ohio Government Risk Management Plan, an alternative to the commercial insurance, and has obtained separated commercial insurance for the Village Fire Department for the following risks:

- Comprehensive property and general ability
- Errors and Omissions
- Vehicles
- Inland Marine

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

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Report on Compliance and on Internal Control Required by Government Auditing Standards

Village Council
 Village of Forest
 Hardin County
 211 West Lima Street
 Forest, Ohio 45843

We have audited the accompanying financial statements of the Village of Forest, Hardin County, Ohio (the Village), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated July 8, 2002. We conducted our audits 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 that is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the Management of the Village in a separate letter dated July 8, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the Management of the Village in a separate letter dated July 8, 2002.

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

Holbrook & Mantel

Certified Public Accountants

July 8, 2002
 Marion, Ohio

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MEMBERS
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 OHIO SOCIETY OF
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STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF FOREST

HARDIN 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
OCTOBER 15, 2002**