

VILLAGE OF FOREST

REGULAR AUDIT

January 1, 1998 - December 31, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Village of Forest
Forest, Ohio 45843

We have reviewed the Independent Auditor's Report of the Village of Forest, Hardin County, prepared by Reichert & Associates, CPA's, for the audit period January 1, 1998 to December 31, 1999. 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 11, 2000

**VILLAGE OF FOREST
HARDIN COUNTY, OHIO**

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REICHERT & ASSOCIATES, CPA'S

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Independent Auditor's Report

Village of Forest
211 West Lima Street
Forest, Ohio 45843

To the Members of the Village Council

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, 1999 and 1998. 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 generally accepted auditing standards 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 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-B, 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 generally accepted accounting principles.

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, Hardin County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1-B.

In accordance with Government Auditing Standards, we have also issued our report dated August 25, 2000 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 management, the Village Council, 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.

August 25, 2000
Findlay, Ohio

REICHERT & ASSOCIATES, CPA'S
Certified Public Accountants

**VILLAGE OF FOREST
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
Cash receipts:					
Local taxes	\$267,211	\$12,903	\$0	\$0	\$280,114
Intergovernmental	36,813	62,316	0	0	99,129
Interest Income	21,644	242	0	0	21,886
Charges for services	0	13,487	0	0	13,487
Fines, licenses, and permits	2,378	0	0	0	2,378
Miscellaneous	8,150	260	0	0	8,410
Total cash receipts	<u>336,196</u>	<u>89,208</u>	<u>0</u>	<u>0</u>	<u>425,404</u>
Cash disbursements:					
Current:					
Security of persons and property	121,326	0	0	0	121,326
Public health services	3,998	0	0	0	3,998
Leisure time activities	0	76,546	0	0	76,546
Community environment	8,550	0	0	0	8,550
Transportation	0	59,838	0	0	59,838
General government	92,027	0	0	0	92,027
Debt Service:					
Redemption of principal	0	0	125,000	0	125,000
Interest	0	0	5,006	0	5,006
Capital outlay	0	0	0	9,593	9,593
Total program disbursements	<u>225,901</u>	<u>136,384</u>	<u>130,006</u>	<u>9,593</u>	<u>501,884</u>
Total receipts over/(under) program disbursements	<u>110,295</u>	<u>(47,176)</u>	<u>(130,006)</u>	<u>(9,593)</u>	<u>(76,480)</u>
Other financing receipts/(disbursements):					
Proceeds from sale of public debt	0	0	85,000	0	85,000
Transfers-in	0	46,261	45,006	64,766	156,033
Transfers-out	(111,027)	0	0	(45,006)	(156,033)
Other Sources	4,268	67	0	0	4,335
Total other financing receipts/(disbursements)	<u>(106,759)</u>	<u>46,328</u>	<u>130,006</u>	<u>19,760</u>	<u>89,335</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	3,536	(848)	0	10,167	12,855
Fund cash balances January 1, 1999	<u>77,933</u>	<u>106,722</u>	<u>0</u>	<u>83,659</u>	<u>268,314</u>
Fund cash balances, December 31, 1999	<u>\$81,469</u>	<u>\$105,874</u>	<u>\$0</u>	<u>\$93,826</u>	<u>\$281,169</u>
Reserve for encumbrances, December 31, 1999	<u>\$14,270</u>	<u>\$5,893</u>	<u>\$0</u>	<u>\$0</u>	<u>\$20,163</u>

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

**VILLAGE OF FOREST
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Enterprise
Operating cash receipts:	
Charges for services	\$382,676
Miscellaneous	1,600
	<hr/>
Total operating cash receipts	384,276
	<hr/>
Operating cash disbursements:	
Personal services	142,062
Contractual services	63,610
Supplies and materials	64,770
Capital outlay	30,119
	<hr/>
Total operating cash disbursements	300,561
	<hr/>
Operating income/(loss)	83,715
	<hr/>
Non-operating cash receipts:	
Sale of fixed assets	1,496
Miscellaneous	7,600
	<hr/>
Total non-operating cash receipts	9,096
	<hr/>
Non-operating cash disbursements:	
Debt service - Principal	(9,110)
Debt service - Interest Expense	(15,993)
Other non-operating cash disbursements	(942)
	<hr/>
Total non-operating cash disbursements	(26,045)
	<hr/>
Excess of receipts over/(under) disbursements	66,766
	<hr/>
Fund cash balances, January 1, 1999	228,261
	<hr/>
Fund cash balances, December 31, 1999	\$295,027
	<hr/>
Reserve for encumbrances, December 31, 1999	\$12,666
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The notes to the financial statements are an integral part of this statement.

**VILLAGE OF FOREST
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
Cash receipts:					
Local taxes	\$264,282	\$3,669	\$0	\$0	\$267,951
Intergovernmental	38,743	46,983	0	0	85,726
Interest Income	21,350	304	0	0	21,654
Charges for services	0	16,360	0	0	16,360
Fines, licenses, and permits	2,850	0	0	0	2,850
Miscellaneous	21,295	0	0	0	21,295
	<u>348,520</u>	<u>67,316</u>	<u>0</u>	<u>0</u>	<u>415,836</u>
Total cash receipts					
Cash disbursements:					
Current:					
Security of persons and property	126,455	0	0	0	126,455
Public health services	3,650	0	0	0	3,650
Leisure time activities	0	52,738	0	0	52,738
Community environment	8,245	0	0	0	8,245
Transportation	0	48,438	0	0	48,438
General government	107,251	0	0	0	107,251
Debt Service:					
Redemption of principal	0	0	135,000	0	135,000
Interest	0	0	5,893	0	5,893
Capital outlay	0	0	0	2,001	2,001
	<u>245,601</u>	<u>101,176</u>	<u>140,893</u>	<u>2,001</u>	<u>489,671</u>
Total program disbursements					
Total receipts over/(under) program disbursements	<u>102,919</u>	<u>(33,860)</u>	<u>(140,893)</u>	<u>(2,001)</u>	<u>(73,835)</u>
Other financing receipts/(disbursements):					
Proceeds from sale of public debt					
Sale of notes	0	0	125,000	0	125,000
Transfers-in	0	46,253	15,893	32,471	94,617
Transfers-out	(111,005)	0	0	(15,893)	(126,898)
Other sources	2,702	55	0	0	2,757
	<u>(108,303)</u>	<u>46,308</u>	<u>140,893</u>	<u>16,578</u>	<u>95,476</u>
Total other financing receipts/(disbursements)					
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(5,384)	12,448	0	14,577	21,641
Fund cash balances January 1, 1998	<u>83,317</u>	<u>94,274</u>	<u>0</u>	<u>69,082</u>	<u>246,673</u>
Fund cash balances, December 31, 1998	<u>\$77,933</u>	<u>\$106,722</u>	<u>\$0</u>	<u>\$83,659</u>	<u>\$268,314</u>
Reserve for encumbrances, December 31, 1998	<u>\$6,479</u>	<u>\$15,951</u>	<u>\$0</u>	<u>\$9,165</u>	<u>\$31,595</u>

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

**VILLAGE OF FOREST
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998

	Enterprise
Operating cash receipts:	
Charges for services	\$315,973
Miscellaneous	<u>1,800</u>
Total operating cash receipts	<u>317,773</u>
Operating cash disbursements:	
Personal services	145,558
Contractual services	51,335
Supplies and materials	84,428
Capital outlay	<u>66,720</u>
Total operating cash disbursements	<u>348,041</u>
Operating income/(loss)	<u>(30,268)</u>
Non-operating cash receipts:	
Sale of fixed assets	2,242
Intergovernmental Revenue	<u>25,600</u>
Total non-operating cash receipts	<u>27,842</u>
Non-operating cash disbursements:	
Debt service - Principal	(38,497)
Debt service - Interest Expense	(17,026)
Other non-operating cash disbursements	<u>(948)</u>
Total non-operating cash disbursements	(56,471)
Excess of receipts over/(under) disbursements before interfund transfers	(58,897)
Transfers-In	<u>32,281</u>
Excess of receipts over/(under) disbursements before interfund transfers and advances	(26,616)
Fund cash balances, January 1, 1998	<u>254,877</u>
Fund cash balances, December 31, 1998	<u><u>\$228,261</u></u>
Reserve for encumbrances, December 31, 1998	<u><u>\$23,830</u></u>

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

**VILLAGE OF FOREST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

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

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

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:

Governmental Funds

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:

**VILLAGE OF FOREST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998**

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

Park and Recreation Fund - This fund receives grants and income tax receipts to fund operations of the park and pool.

Debt Service Funds - The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

Fire House and City Building - 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 - Receives proceeds of income tax and is transferred to the Debt Service Fund.

Enterprise Funds - These funds 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 - Receives charges for services from residents to cover the cost of providing this utility.

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

Sewer Mortgage Debt Service Fund - Receives bond and note proceeds to fund a utility plant expansion.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998**

Estimated Resources:

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 1999 and 1998 budgetary activities 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment 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>1999</u>	<u>1998</u>
Demand deposits	\$ 168,333	\$ 156,325
Certificates of deposit	25,000	75,000
Total deposits	193,333	231,325
STAR Ohio	382,863	265,250
Total investments	382,863	265,250
Total deposits and investments	\$ 576,196	\$ 496,575

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

VILLAGE OF FOREST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 331,263	\$ 340,464	\$ 9,201
Special Revenue	149,615	135,536	(14,079)
Debt Service	130,006	130,006	-
Capital Projects	60,095	64,766	4,671
Enterprise	<u>423,038</u>	<u>393,372</u>	<u>(29,666)</u>
Total	<u>\$1,094,017</u>	<u>\$1,064,144</u>	<u>\$ 29,873</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 378,564	\$ 351,198	\$ 27,366
Special Revenue	195,091	142,277	52,814
Debt Service	130,006	130,006	-
Capital Project	61,165	54,599	6,566
Enterprise	<u>485,515</u>	<u>339,272</u>	<u>146,243</u>
Total	<u>\$ 1,250,341</u>	<u>\$ 1,017,352</u>	<u>\$ 232,989</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 426,769	\$ 351,222	\$ (75,547)
Special Revenue	144,659	113,624	(31,035)
Debt Service	141,210	140,893	(317)
Capital Projects	100,752	32,471	(68,281)
Enterprise	<u>415,258</u>	<u>377,896</u>	<u>(37,362)</u>
Total	<u>\$ 1,228,648</u>	<u>\$ 1,016,106</u>	<u>\$ (212,542)</u>

**VILLAGE OF FOREST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998**

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 458,746	\$ 363,085	\$ 95,661
Special Revenue	151,687	117,127	34,560
Debt Service	140,927	140,893	34
Capital Projects	102,792	27,059	75,733
Enterprise	<u>503,852</u>	<u>428,342</u>	<u>75,510</u>
Total	<u>\$ 1,358,004</u>	<u>\$ 1,076,506</u>	<u>\$281,498</u>

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 payments, 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.

5. DEBT

Debt outstanding at December 31, 1999, was as follows:

	<u>Principal Balance 12/31/99</u>
Ohio Water Development Authority Loan 7.21%	\$ 199,400
Bond Anticipation Note Municipal/Fire Building (4.55%)	<u>85,000</u>
Total	<u>\$ 284,400</u>

VILLAGE OF FOREST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998

The Ohio Water Development Authority (OWDA) loan relates to a water line replacement project. The loan will be repaid in semiannual installments of \$12,072, including interest over 20 years.

The bond anticipation note is for the financing of a new municipal/fire building. It has a one year maturity and is renewed annually at a lesser amount as the debt is reduced.

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

Year Ending	OWDA	Municipal/Fire
<u>December 31:</u>	<u>Loan</u>	<u>Note</u>
2000	\$ 24,144	\$88,867
2001	24,144	-
2002	24,144	-
2003	24,144	-
2004	24,144	-
Subsequent	<u>196,141</u>	<u>-</u>
Total	\$316,861	\$88,867
Less Interest Expense	<u>117,461</u>	<u>3,867</u>
	<u>\$199,400</u>	<u>\$85,000</u>

6. LEASE OBLIGATIONS

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

The capital lease obligation for the village for year ended December 31, 1999 follows:

	Balance
	<u>12/31/99</u>
GMC Refuse Truck	<u>\$ 72,299</u>

The outstanding lease obligation is payable in sixty monthly installments. The annual requirements to pay the lease balance outstanding as of December 31, 1999, are as follows.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 15,244	\$ 4,303	\$ 19,547
2001	16,278	3,269	19,547
2002	17,382	2,165	19,547
2003	18,560	987	19,547
2004	<u>4,835</u>	<u>53</u>	<u>4,888</u>
	<u>\$ 72,299</u>	<u>\$ 10,777</u>	<u>\$ 83,076</u>

VILLAGE OF FOREST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998

7. LOCAL INCOME TAXES

This locally levied tax of 1 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 \$247,043 in 1999 and \$240,835 in 1998.

8. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and 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 healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10 percent of their wages to the PFDPF. The Village contributed an amount equal to 19.5 percent of their wages.

PERS members contributed 8.5 percent of their gross salaries. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

9. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

REICHERT & ASSOCIATES, CPA'S

206 West Hardin Street
Findlay, Ohio 45840
419-422-6131

Report of Independent Accountants on Compliance and on Internal Control Required by Government Auditing Standards

Village of Forest
Forest, Ohio 45843

To the Members of the Village Council

We have audited the financial statements of the Village of Forest, Hardin County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998 and have issued our report dated August 25, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 its compliance with certain provisions of laws, regulations, contracts and grants, 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 audits 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*.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-001.

Village Council
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Page 2

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the one reportable condition described above is a material weakness. We also noted several immaterial weaknesses which were brought to management's attention in a separate letter dated August 25, 2000.

This report is intended solely for the information and use of management, the Village Council, 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.

August 25, 2000
Findlay, Ohio

REICHERT & ASSOCIATES, CPA'S
Certified Public Accountants

**VILLAGE OF FOREST
HARDIN COUNTY, OHIO**

SCHEDULE OF FINDINGS
DECEMBER 31, 1998 AND 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	1999-001
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Material Weakness

Condition: A cashbook was not kept by the park and recreation department for the swimming pool and concession stand as in previous years. A subsidiary ledger of swimming pool members was not kept for 1998. A cash register tape did not break out the different receipts totals to traced to the Clerk-Treasurer ledger accounts. Management reports showed losses for the concession stand probably due to personnel consuming inventory.

Effect: Extra time and expense was spent trying to determine if all receipts were on hand. Additional tests were performed to account for park and recreation revenue. Cash could have been taken and not discovered during the audit period.

Cause: Supervision and control on the recreation personnel in this areas was lacking.

Recommendation: We recommend a cashbook be kept by the Recreation Director showing concession stand sales, swimming pool admissions, swimming pool books that are sold, and pool parties. Cash register totals should also be broken down with the same categories.

Note: In calendar year 2000, the village contracted with an outside operator for the concession stand.

VILLAGE OF FOREST
HARDIN COUNTY, OHIO

**STATUS OF PRIOR AUDIT'S
FINDINGS, CITATIONS, AND RECOMMENDATIONS**

<u>Noncompliance Citation</u>	<u>Status</u>	<u>Explanation if not fully Implemented</u>
Ohio Revised Code 5705.41B shall not make any expenditure of money unless appropriated.	Corrected	N/A



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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
SEPTEMBER 26, 2000**