

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2000 and 1999

LARRY KITTS, CLERK/TREASURER



STATE OF OHIO
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Village of Beverly
Route 1, Box 13B
Beverly, Ohio 45715

We have reviewed the Independent Auditor's Report of the Village of Beverly, Washington County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1999 through December 31, 2000. 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.

JIM PETRO
Auditor of State

May 30, 2001

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**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

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Independent Auditor's Report

Members of Council and Mayor
Village of Beverly
Route 1, Box 13 B
Beverly, Ohio 45715

We have audited the accompanying financial statements of the Village of Beverly, Washington County, Ohio as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. These financial statements are the responsibility of the Village of Beverly's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 of Beverly prepares its financial statements on the basis of accounting prescribed or permitted by 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 balances of the Village of Beverly, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16, 2001, on our consideration of the Village of Beverly's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

This report is intended solely for the information and use of the Village of Beverly's 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.

Trimble, Julian & Grube, Inc.
April 16, 2001

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND
BALANCES - ALL FUND TYPES
DECEMBER 31, 2000 AND 1999

<u>Cash and Cash Equivalents</u>	2000	1999
Cash and Cash Equivalents	\$ 412,814	\$ 247,586
Total Cash and Cash Equivalents	\$ 412,814	\$ 247,586
<u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 209,529	\$ 108,592
Special Revenue Funds	72,631	57,069
Debt Service Funds	42,868	15,953
Capital Projects Funds	3,986	3,986
Total Governmental Fund Types	329,014	185,600
<u>Proprietary Fund Type:</u>		
Enterprise Funds	56,492	47,779
<u>Fiduciary Fund Types:</u>		
Expendable Trust Funds	27,303	14,082
Agency Funds	5	125
Total Fiduciary Fund Types	27,308	14,207
Total Fund Balances	\$ 412,814	\$ 247,586

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL
FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts:						
Local taxes	\$ 35,949	\$ -	\$ -	\$ -	\$ 174,358	\$ 210,307
Intergovernmental	204,603	88,495	-	-	-	293,098
Charges for services	80,409	6,475	-	-	-	86,884
Fines, licenses, and permits	3,716	280	-	-	-	3,996
Interest	10,563	136	-	-	753	11,452
Miscellaneous	7,819	-	-	-	-	7,819
Total cash receipts	<u>343,059</u>	<u>95,386</u>	<u>-</u>	<u>-</u>	<u>175,111</u>	<u>613,556</u>
Cash disbursements:						
Current:						
Security of persons and property	194,410	-	-	-	-	194,410
Public health services	-	8,350	-	-	2,265	10,615
Leisure time activities	22,092	-	-	-	-	22,092
Community environment	4,095	-	-	-	-	4,095
Transportation	-	70,324	-	-	-	70,324
General government	67,023	-	-	-	10,775	77,798
Debt service:						
Principal retirement	-	-	236,649	-	-	236,649
Interest charges	-	-	12,182	-	-	12,182
Total cash disbursements	<u>287,620</u>	<u>78,674</u>	<u>248,831</u>	<u>-</u>	<u>13,040</u>	<u>628,165</u>
Total cash receipts over/(under) cash disbursements	<u>55,439</u>	<u>16,712</u>	<u>(248,831)</u>	<u>-</u>	<u>162,071</u>	<u>(14,609)</u>
Other financing receipts/(disbursements):						
Proceeds from sale of notes	-	-	171,244	-	-	171,244
Operating transfers in	150,000	-	104,502	-	1,150	255,652
Operating transfers out	(104,502)	(1,150)	-	-	(150,000)	(255,652)
Total other financing receipts/(disbursements)	<u>45,498</u>	<u>(1,150)</u>	<u>275,746</u>	<u>-</u>	<u>(148,850)</u>	<u>171,244</u>
Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements	100,937	15,562	26,915	-	13,221	156,635
Cash fund balances, January 1, 2000	<u>108,592</u>	<u>57,069</u>	<u>15,953</u>	<u>3,986</u>	<u>14,082</u>	<u>199,682</u>
Cash fund balances, December 31, 2000	<u>\$ 209,529</u>	<u>\$ 72,631</u>	<u>\$ 42,868</u>	<u>\$ 3,986</u>	<u>\$ 27,303</u>	<u>\$ 356,317</u>

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY
FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 211,862	\$ -	\$ 211,862
Total operating cash receipts	<u>211,862</u>	<u>-</u>	<u>211,862</u>
Operating cash disbursements:			
Personal services	112,548	-	112,548
Contractual services	42,224	-	42,224
Supplies and material	42,041	-	42,041
Capital outlay	6,311	-	6,311
Total operating cash disbursements	<u>203,124</u>	<u>-</u>	<u>203,124</u>
Operating income	<u>8,738</u>	<u>-</u>	<u>8,738</u>
Nonoperating cash receipts/(disbursements):			
Other financing sources	1,750	3,749	5,499
Other financing uses	(1,775)	(3,869)	(5,644)
Total nonoperating cash receipts/(disbursements)	<u>(25)</u>	<u>(120)</u>	<u>(145)</u>
Net income(loss)	8,713	(120)	8,593
Cash fund balances, January 1, 2000	<u>47,779</u>	<u>125</u>	<u>47,904</u>
Cash fund balances, December 31, 2000	<u>\$ 56,492</u>	<u>\$ 5</u>	<u>\$ 56,497</u>

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2000

Fund Types	Receipts				Disbursements				Variance Favorable (Unfavorable)			
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2000 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2000 Appropriations	Total		Actual 2000 Disbursements	Encumbrances Outstanding at 12/31/00	Total
Governmental:												
General	\$ 105,235	\$ 355,972	\$ 461,207	\$ 493,059	\$ 137,087	\$ -	\$ 410,936	\$ 410,936	\$ 392,122	\$ -	\$ 392,122	\$ 18,814
Special Revenue	57,069	111,706	168,775	95,386	(16,320)	-	95,558	95,558	79,824	-	79,824	15,734
Debt Service	15,953	205,044	220,997	275,746	70,702	-	205,044	205,044	248,831	-	248,831	(43,787)
Capital Projects	3,986	21,750	25,736	-	(21,750)	-	1,250	1,250	-	-	-	1,250
Proprietary:												
Enterprise	47,779	233,500	281,279	213,612	(19,888)	-	244,283	244,283	204,899	-	204,899	39,384
Fiduciary:												
Expendable	14,082	182,150	196,232	176,261	(5,889)	-	173,315	173,315	163,040	-	163,040	10,275
Total (Memorandum Only)	\$ 244,104	\$ 1,110,122	\$ 1,354,226	\$ 1,254,064	\$ 143,942	\$ -	\$ 1,130,386	\$ 1,130,386	\$ 1,088,716	\$ -	\$ 1,088,716	\$ 41,670

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

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

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts:						
Local taxes	\$ 37,797	\$ -	\$ -	\$ -	\$ 182,528	\$ 220,325
Intergovernmental	87,711	66,527	-	-	-	154,238
Charges for services	80,826	7,700	-	-	-	88,526
Fines, licenses, and permits	6,327	708	-	-	-	7,035
Interest	8,344	113	-	-	329	8,786
Donations and contributions	15,000	-	-	-	-	15,000
Miscellaneous	4,211	-	-	-	-	4,211
Total cash receipts	<u>240,216</u>	<u>75,048</u>	<u>-</u>	<u>-</u>	<u>182,857</u>	<u>498,121</u>
Cash disbursements:						
Current:						
Security of persons and property	200,818	-	-	-	-	200,818
Public health services	2,960	8,306	-	-	1,568	12,834
Leisure time activities	5,785	-	-	-	-	5,785
Transportation	-	36,882	-	-	-	36,882
General government	72,426	36,303	-	-	10,465	119,194
Debt service:						
Principal retirement	-	-	288,000	-	-	288,000
Interest charges	-	-	15,057	-	-	15,057
Total cash disbursements	<u>281,989</u>	<u>81,491</u>	<u>303,057</u>	<u>-</u>	<u>12,033</u>	<u>678,570</u>
Total cash receipts over/(under) cash disbursements	<u>(41,773)</u>	<u>(6,443)</u>	<u>(303,057)</u>	<u>-</u>	<u>170,824</u>	<u>(180,449)</u>
Other financing receipts/(disbursements):						
Proceeds from sale of notes	-	-	236,649	-	-	236,649
Operating transfers in	165,000	-	65,567	-	1,925	232,492
Operating transfers out	(74,567)	(1,925)	-	-	(165,000)	(241,492)
Total other financing receipts/(disbursements)	<u>90,433</u>	<u>(1,925)</u>	<u>302,216</u>	<u>-</u>	<u>(163,075)</u>	<u>227,649</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	48,660	(8,368)	(841)	-	7,749	47,200
Cash fund balances, January 1, 1999	<u>59,932</u>	<u>65,437</u>	<u>16,794</u>	<u>3,986</u>	<u>6,333</u>	<u>152,482</u>
Cash fund balances, December 31, 1999	<u>\$ 108,592</u>	<u>\$ 57,069</u>	<u>\$ 15,953</u>	<u>\$ 3,986</u>	<u>\$ 14,082</u>	<u>\$ 199,682</u>

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY
FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 225,492	\$ -	\$ 225,492
Total operating cash receipts	<u>225,492</u>	<u>-</u>	<u>225,492</u>
Operating cash disbursements:			
Personal services	128,763	-	128,763
Contractual services	43,289	-	43,289
Supplies and material	51,446	-	51,446
Capital outlay	1,354	-	1,354
Total operating cash disbursements	<u>224,852</u>	<u>-</u>	<u>224,852</u>
Operating income	<u>640</u>	<u>-</u>	<u>640</u>
Nonoperating cash receipts/(disbursements):			
Other financing sources	2,150	5,800	7,950
Other financing uses	(1,895)	(6,539)	(8,434)
Total nonoperating cash receipts/(disbursements)	<u>255</u>	<u>(739)</u>	<u>(484)</u>
Income(loss) before operating transfers	895	(739)	156
Transfers in	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Net income(loss)	9,895	(739)	9,156
Cash fund balances, January 1, 1999	<u>37,884</u>	<u>864</u>	<u>38,748</u>
Cash fund balances, December 31, 1999	<u>\$ 47,779</u>	<u>\$ 125</u>	<u>\$ 47,904</u>

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999

Fund Types	Receipts				Disbursements						Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 1999 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	1999 Appropriations	Total	Actual 1999 Disbursements	Encumbrances Outstanding at 12/31/99		Total
Governmental:												
General	\$ 60,364	\$ 521,472	\$ 581,836	\$ 405,216	\$ (116,256)	\$ -	\$ 369,855	\$ 369,855	\$ 356,556	\$ -	\$ 356,556	\$ 13,299
Special Revenue	64,762	116,324	181,086	75,048	(41,276)	-	105,564	105,564	83,416	-	83,416	22,148
Debt Service	16,794	303,338	320,132	302,216	(1,122)	-	283,338	283,338	303,057	-	303,057	(19,719)
Capital Projects	3,986	2,000	5,986	-	(2,000)	-	-	-	-	-	-	-
Proprietary:												
Enterprise	37,884	243,500	281,384	236,642	(6,858)	-	220,950	220,950	226,747	-	226,747	(5,797)
Fiduciary:												
Expendable	6,577	172,150	178,727	184,782	12,632	-	181,000	181,000	177,033	-	177,033	3,967
Total (Memorandum Only)	\$ 190,367	\$ 1,358,784	\$ 1,549,151	\$ 1,203,904	\$ (154,880)	\$ -	\$ 1,160,707	\$ 1,160,707	\$ 1,146,809	\$ -	\$ 1,146,809	\$ 13,898

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

General Fund

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

Special Revenue Funds

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

The Village had the following significant special revenue funds:

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

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

Federal Emergency Management Agency (FEMA) Fund - This fund receives grant proceeds for disaster relief to restore Village facilities damaged in a flood.

Debt Service Funds

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

The Village had the following significant debt service funds:

Municipal Building Fund - This fund receives transfers from the general fund to retire bond anticipation notes whose proceeds are used to purchase a municipal building.

Fire Equipment Fund - This fund receives transfers from the general fund to retire bond anticipation notes used to purchase fire equipment.

Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The Village had no significant capital projects funds in 2000 and 1999.

Enterprise Funds

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

The Village had the following significant enterprise funds:

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

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

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

Fiduciary Funds

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

Income Tax Fund - The Village has enacted an income tax which is assessed against residents of the Village as well as persons working within the Village limits. This fund receives the proceeds of the Village income tax and is classified as an expendable trust fund.

Mayor's Court - This agency fund accounts for, and reports, the financial activity of the Mayor's Court of the Village.

B. BASIS OF ACCOUNTING

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

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

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

C. BUDGETARY PROCESS

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

Estimated Resources:

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

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted several supplemental appropriations during the years ended December 31, 2000 and 1999.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

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

Encumbrances:

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

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2000 and 1999.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the treasurer is credited to the General Fund and allocated amongst funds as required. Interest income earned and received by the Village totaled \$11,452 and \$8,786 for the years ended December 31, 2000 and 1999, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

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

F. INTERGOVERNMENTAL REVENUES

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

G. UNPAID VACATION AND SICK LEAVE

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

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

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

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include:

Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE 3 - COMPLIANCE

A. The following fund had appropriations in excess of estimated revenues and unencumbered cash for the year ended December 31, 1999 in noncompliance with Ohio Revised Code Section 5705.39:

<u>Fund Type/Fund</u>	<u>Unencumbered Cash Plus Estimated Revenues</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Expendable Trust</u>			
Income Tax	\$172,761	\$179,500	\$6,739

B. The following funds had expenditures in excess of appropriations in noncompliance with Ohio revised Code Section 5705.41 (B):

<u>2000</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Debt Service Funds:</u>			
Municipal Building	\$ 86,800	\$ 98,039	\$11,239
Fire Equipment	118,244	150,792	32,548

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTES 3 - COMPLIANCE - (Continued)

<u>1999</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Debt Service Fund:</u>			
Fire Equipment	\$ 30,622	\$ 50,620	\$19,998
<u>Enterprise Fund:</u>			
Sewer	116,450	128,273	11,823

Disclosure is presented at the fund level, rather than at the department and item level within the fund due to the practicality of determining these values.

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

Monies held by the Village are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demand 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.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Monies held by the Village which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities 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;

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. 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;
6. The State Treasurer's investment pool (STAR Ohio).

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations to the Village.

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 treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

DEPOSITS

For the years ended December 31, 2000 and 1999, the carrying amount of the Village's deposits, were \$412,814 and \$247,586, respectively, and the bank balances were \$434,629 and \$259,736, respectively. Of the bank balances:

1. \$197,400 and \$200,000 was covered by federal depository insurance for 2000 and 1999, respectively.
2. \$237,229 and \$59,736 for 2000 and 1999, respectively, was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

NOTE 5 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the Village's operating transfers for 2000:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$150,000	\$(104,502)
<u>Special Revenue Fund:</u>		
Cemetery		(1,150)
<u>Debt Service Funds:</u>		
Municipal Building	38,824	
Fire Equipment	<u>65,678</u>	
Total Debt Service	<u>104,502</u>	
<u>Expendable Trust Funds:</u>		
Cemetery Trust	1,150	
Income Tax	<u> </u>	(150,000)
Total Expendable Trust	<u>1,150</u>	<u>(150,000)</u>
Total	<u>\$255,652</u>	<u>\$(255,652)</u>

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 6 - DEBT OBLIGATIONS

<u>Description</u>	<u>Balance at December 31, 2000</u>
2000 Municipal Building bond anticipation note for the purpose of purchasing property to house the Village of Beverly Municipal Building, due in full in December 2001, bearing interest of 5.5% ²⁴	\$ 73,000
2000 Fire Truck bond anticipation note for the purpose of purchasing a fire truck, due in August 2001, bearing interest of 5.875%.	98,244
Total Debt Obligations at December 31, 2000	<u>\$171,244</u>

Transactions for the year ended December 31, 2000, are summarized as follows:

	<u>Balance at December 31, 1999</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31, 2000</u>
2000-Municipal Bldg. Note	\$ 92,983	\$ 73,000	\$ (92,983)	\$ 73,000
2000-Fire Truck Note	<u>143,666</u>	<u>98,244</u>	<u>(143,666)</u>	<u>98,244</u>
Total Notes	<u>\$236,649</u>	<u>\$171,244</u>	<u>\$(236,649)</u>	<u>\$171,244</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2000, are as follows:

<u>Year Ending December 31,</u>	<u>Municipal Bldg. Note</u>		<u>Fire Truck Note</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2001	<u>\$73,000</u>	<u>\$4,015</u>	<u>\$98,244</u>	<u>\$5,772</u>
Totals	<u>\$73,000</u>	<u>\$4,015</u>	<u>\$98,244</u>	<u>\$5,772</u>

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

NOTE 7 - PROPERTY TAX

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

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

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

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

NOTE 8 - RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other 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 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% to their wages. PERS members contributed 8.5% of their gross wages. The Village contributed an amount equal to 13.55% of participants' gross wages. The Village has paid all contributions required to PERS and PFDPF for 1999. At December 31, 2000, the Village owed \$3,073 and \$3,416 for PERS and PFDPF, respectively for 2000.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 9 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

NOTE 10 - INCOME TAX

The Village levies a voted tax of one percent for general operations in the income of residents and/or employees who receive a W-2 form from an employer within the Village and on the net profits of businesses located in the Village. Employers of residents are required to withhold income tax on compensation and remit the amount directly to the Village. Taxpayers over the age of 18 are required to file an annual return. Income tax revenue is credited to the Income Tax fund.

NOTE 11 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in any litigation.

NOTE 12 - SUBSEQUENT EVENT

As of the date of these financial statements the Bureau of Workers' Compensation has billed the Village \$35,513 for unpaid 1991, 1992 and 1994 liability. A credit of \$11,580 was given to the Village on April 4, 2001, making the adjusted liability \$23,933. The Village is currently contesting this charge.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING AS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Members of Council and Mayor
Village of Beverly
Route, 1 Box 13 B
Beverly, Ohio 45715

We have audited the financial statements of the Village of Beverly as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 16, 2001. We conducted our audit in accordance with generally accepted auditing standards and 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 of Beverly'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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 1999-VOB-001, 1999-VOB-002 and 2000-VOB-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Beverly in a separate letter dated April 16, 2001.

Members of Council and the Mayor
Village of Beverly

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Beverly's internal control over financial reporting in order to determine our auditing procedures 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 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 April 16, 2001.

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

Trimble, Julian & Grube, Inc.
April 16, 2001

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO
DECEMBER 31, 2000 AND 1999
STATUS OF PRIOR AUDIT FINDINGS**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	1999-VOB-001
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Ohio Revised Code Section 5705.39 requires that no subdivision is to appropriate more monies than estimated resources.

It was noted during the audit that the Village had expenditures exceeding appropriations in the following fund:

<u>Fund Type/Fund</u>	<u>Unencumbered Cash Plus Estimated Revenues</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Expendable Trust:</u>			
Income Tax	\$172,761	\$179,500	\$6,739

With appropriations exceeding resources, the Village is spending monies that are not lawfully appropriated for those purposes and thus could result in a fund deficit.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated revenues will be greater than initially anticipated, the Village should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources.

Finding Number	1999-VOB-002
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Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the Village had expenditures exceeding appropriations in the following funds:

<u>1999</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Debt Service:</u>			
Fire Equipment	\$ 30,622	\$ 50,620	\$19,998
<u>Enterprise:</u>			
Sewer	116,450	128,273	11,823

Disclosure is presented at the fund level, rather than at the department and item level within the fund due to the practicality of determining these values.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO
DECEMBER 31, 2000 AND 1999
STATUS OF PRIOR AUDIT FINDINGS**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	1999-VOB-002 - (Continued)
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With expenditures exceeding appropriations, the Village is unlawfully expending monies that have not been appropriated.

We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring their expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

Finding Number	2000-VOB-001
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Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the Village had expenditures exceeding appropriations in the following funds:

<u>2000</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Debt Service:</u>			
Municipal Building	\$ 86,800	\$ 98,039	\$11,239
Fire Equipment	118,244	150,792	32,548

Disclosure is presented at the fund level, rather than at the department and item level within the fund due to the practicality of determining these values.

With expenditures exceeding appropriations, the Village is unlawfully expending monies that have not been appropriated.

We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring their expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO
DECEMBER 31, 2000 AND 1999
STATUS OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-31084-001	Finding for recovery against Clerk /Treasurer.	Yes	N/A
1998-31084-002	Finding for adjustment against the General Fund in favor of Beverly Payroll Clearing Account.	Yes	N/A
1998-31084-003	Ohio Revised Code 5705.41(B) prohibiting a subdivision from making an expenditure unless it has been appropriated.	No	The Village Council is attempting to more closely monitor expenditures and modify appropriations accordingly.
1998-31084-004	Ohio Administrative Code Section 117-5-10 requiring the Village to post estimated receipts in the receipts ledger as certified by the County Budget Commissioner.	Yes	N/A
1998-31084-005	Ohio Administration Code Section 117-5-11 requiring the Village to post each appropriation account an amount equal to the amount appropriated for that account in the annual appropriation resolution.	Yes	N/A
1998-31084-006	Monitoring of budgetary activity procedures were not established to ensure and document that the Village complied with applicable legal requirements.	Yes	N/A

**VILLAGE OF BEVERLY
WASHINGTON COUNTY, OHIO
DECEMBER 31, 2000 AND 1999
STATUS OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-31084-007	Payroll account controls were not in place to monthly reconcile the balance to the liabilities outstanding to ensure that withholdings were reported or remitted in a timely manner, that net pay was in agreement with the payroll ledger and authorized pay rates, and that payroll account deposits and expenditures were proper.	Yes	N/A
1998-31084-008	Approval and review of individual vouchers was not indicated.	Yes	N/A
1998-31084-009	There was no documentation of a final review of the billing journal, delinquent list, and account adjustments for the utility department.	Yes	N/A



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
JUNE 7, 2001**