



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF PHILLIPSBURG
MONTGOMERY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Phillipsburg
Montgomery County
10868 Brookville-Phillipsburg Box 172
Phillipsburg, Ohio 45354

To the Village Council:

We have audited the accompanying financial statements of the Village of Phillipsburg, Montgomery 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 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 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 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 and Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

June 8, 2000

**VILLAGE OF PHILLIPSBURG
MONTGOMERY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$82,110	\$44,427	\$0	\$126,537
Special Assessments		10,862		10,862
Intergovernmental Receipts	91,084	117,503		208,587
Charges for Services		5,785		5,785
Fines, Licenses, and Permits	11,795	1,745		13,540
Earnings on Investments	10,329	214		10,543
Miscellaneous	3,970	683		4,653
Total Cash Receipts	199,288	181,219	0	380,507
Cash Disbursements:				
Current:				
Security of Persons and Property	4	88,741		88,745
Public Health Services		27,562		27,562
Leisure Time Activities		12,504		12,504
Community Environment	259			259
Transportation	21,755	8,294		30,049
General Government	43,522	4,050		47,572
Debt Service:				
Principal Payments			17,400	17,400
Interest Payments			10,158	10,158
Capital Outlay	11,210	118,536		129,746
Total Disbursements	76,750	259,687	27,558	363,995
Total Receipts Over/(Under) Disbursements	122,538	(78,468)	(27,558)	16,512
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes		98,500		98,500
Transfers-In			27,558	27,558
Other Uses	(11,326)	(11,222)		(22,548)
Other Sources	543	806		1,349
Transfers-Out	(10,072)	(18,121)		(28,193)
Total Other Financing Receipts/(Disbursements)	(20,855)	69,963	27,558	76,666
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	101,683	(8,505)	0	93,178
Fund Cash Balances January 1	94,589	140,650	0	235,239
Fund Cash Balances, December 31	\$196,272	\$132,145	\$0	\$328,417

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

**VILLAGE OF PHILLIPSBURG
MONTGOMERY COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Fines	\$0	\$17,349	\$17,349
Charges for Services	44,223		44,223
Miscellaneous	4,000		4,000
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	48,223	17,349	65,572
Operating Cash Disbursements:			
Personal Services	16,925		16,925
Distribution of Fine Monies		17,349	17,349
Contractual Services	14,718		14,718
Supplies and Materials	16,390		16,390
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	48,033	17,349	65,382
Operating Income/(Loss)	<hr/>	<hr/>	<hr/>
	190	0	190
Non-operating cash receipts/(disbursements):			
Other Non-Operating Receipts	75		75
Other Non-Operating Cash Disbursements	(2,009)		(2,009)
	<hr/>	<hr/>	<hr/>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(1,744)	0	(1,744)
Transfers-In	1,000		1,000
Transfers-Out	(365)		(365)
	<hr/>	<hr/>	<hr/>
Net Receipts Over/(Under) Disbursements	(1,109)	0	(1,109)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	29,521	0	29,521
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$28,412	\$0	\$28,412

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

**VILLAGE OF PHILLIPSBURG
MONTGOMERY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$77,107	\$142,964	\$0	\$220,071
Special Assessments		10,836		10,836
Intergovernmental Receipts	39,238	25,714		64,952
Charges for Services		7,020		7,020
Fines, Licenses, and Permits	14,330	1,465		15,795
Earnings on Investments	8,857	216		9,073
Miscellaneous	8,070	3,005		11,075
Total Cash Receipts	<u>147,602</u>	<u>191,220</u>	<u>0</u>	<u>338,822</u>
Cash Disbursements:				
Current:				
Security of Persons and Property		71,273		71,273
Public Health Services		19,159		19,159
Leisure Time Activities		10,911		10,911
Community Environment	493			493
Transportation	21,881	10,336		32,217
General Government	50,120	2,237		52,357
Debt Service:				
Principal Payments			17,300	17,300
Interest Payments			11,325	11,325
Capital Outlay	39,068	19,983		59,051
Total Disbursements	<u>111,562</u>	<u>133,899</u>	<u>28,625</u>	<u>274,086</u>
Total Receipts Over/(Under) Disbursements	<u>36,040</u>	<u>57,321</u>	<u>(28,625)</u>	<u>64,736</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	1,145			1,145
Transfers-In			28,625	28,625
Other Sources	25,275	92		25,367
Other Uses	(3,156)	(5,344)		(8,500)
Transfers-Out	(10,190)	(18,808)		(28,998)
Total Other Financing Receipts/(Disbursements)	<u>13,074</u>	<u>(24,060)</u>	<u>28,625</u>	<u>17,639</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>49,114</u>	<u>33,261</u>	<u>0</u>	<u>82,375</u>
Fund Cash Balances January 1	<u>45,475</u>	<u>107,390</u>	<u>0</u>	<u>152,865</u>
Fund Cash Balances, December 31	<u>\$94,589</u>	<u>\$140,651</u>	<u>\$0</u>	<u>\$235,240</u>

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

**VILLAGE OF PHILLIPSBURG
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Fines	\$0	\$21,550	\$21,550
Charges for Services	42,593		42,593
Miscellaneous	4,000		4,000
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	46,593	21,550	68,143
Operating Cash Disbursements:			
Personal Services	16,526		16,526
Distribution of Fine Monies		21,550	21,550
Contractual Services	13,352		13,352
Supplies and Materials	2,463		2,463
Capital Outlay	14,097		14,097
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	46,438	21,550	67,988
Operating Income/(Loss)	<hr/> 155	<hr/> 0	<hr/> 155
Non-Operating Cash Receipts/(Disbursements):			
Other Non-Operating Receipts	1,375		1,375
Other Non-Operating Cash Disbursements	(100)		(100)
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	1,430	0	1,430
Transfers-In	1,000		1,000
Transfers-Out	(627)		(627)
	<hr/>	<hr/>	<hr/>
Net Receipts Over/(Under) Disbursements	1,803	0	1,803
Fund Cash Balances, January 1	<hr/> 27,718	<hr/> 0	<hr/> 27,718
Fund Cash Balances, December 31	<hr/> <u>\$29,521</u>	<hr/> <u>\$0</u>	<hr/> <u>\$29,521</u>

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

**VILLAGE OF PHILLIPSBURG
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Phillipsburg, Montgomery 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 utilities, park operations (leisure time activities), police services and fire 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.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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:

Fire Fund - This fund receives levy monies for payment of personnel costs associated with the operation of the Village Fire Department.

**VILLAGE OF PHILLIPSBURG
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Rescue Fund - This fund receives levy monies and provides ambulance services to Village residents.

Police Fund - This fund accounts for the collection of levy monies and provides Police functions to Village residents.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village has one Debt Service Fund which accounts for the collection and disbursement of monies for bond issuances.

4. 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 Fund:

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

5. Fiduciary Funds (Trust and Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court - utilized for collection and disbursement of fines from Mayor's Court functions.

**VILLAGE OF PHILLIPSBURG
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 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.

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>1999</u>	<u>1998</u>
Demand deposits	\$ 131,829	\$ 39,761
Certificates of deposit	<u>225,000</u>	<u>225,000</u>
Total deposits and investments	<u>\$356,829</u>	<u>\$264,761</u>

**VILLAGE OF PHILLIPSBURG
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 199,831	\$ 199,831	\$ 0
Special Revenue	280,525	280,525	0
Debt Service	27,558	27,558	0
Enterprise	49,298	49,298	0
Total	\$ 557,212	\$ 557,212	\$ 0

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 261,028	\$ 96,148	\$ 164,880
Special Revenue	390,396	289,030	101,366
Debt Service	27,558	27,558	0
Enterprise	77,521	50,407	27,114
Total	\$ 756,503	\$ 463,143	\$ 293,360

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 174,022	\$ 174,022	\$ 0
Special Revenue	191,312	191,312	0
Debt Service	28,625	28,625	0
Enterprise	48,968	48,968	0
Total	\$ 442,927	\$ 442,927	\$ 0

**VILLAGE OF PHILLIPSBURG
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY(Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 148,638	\$ 124,908	\$ 23,730
Special Revenue	260,020	158,051	101,969
Debt Service	28,625	28,625	0
Enterprise	75,718	47,165	28,553
Total	\$ 513,001	\$ 358,749	\$ 154,252

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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Bonds-Building Improvement	\$ 40,000	7%
General Obligation Bonds-Fire Truck	50,000	7%
General Obligation Bonds-Maintenance Building	41,200	7%
General Obligation Bonds-Ambulance Purchase	98,500	6%
Total	\$ 229,700	

**VILLAGE OF PHILLIPSBURG
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

The General Obligation Bonds were issued to pay for Village building improvement, acquisition of a fire truck and ambulance and construction of a maintenance building.

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

Year ending December 31:	General Obligation Bonds
2000	\$ 40,326
2001	40,181
2002	39,111
2003	39,146
2004	37,352
Subsequent	<u>72,488</u>
Total	<u>\$ 268,604</u>

6. RETIREMENT SYSTEMS

The Village's employee belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



STATE OF OHIO
OFFICE OF THE AUDITOR

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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Phillipsburg
Montgomery County
10868 Brookville-Phillipsburg Box 172
Phillipsburg, Ohio 45354

To the Village Council:

We have audited the accompanying financial statements of the Village of Phillipsburg, Montgomery County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 8, 2000. 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.

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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated June 8, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 8, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 8, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF PHILLIPSBURG

MONTGOMERY 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
AUGUST 8, 2000**