

DISTRICT #3, GREENE COUNTY

30329-05-4070-00

VILLAGE OF YELLOW SPRINGS, OHIO

REPORT ON THE AUDITED

FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

DECEMBER 31, 1999





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Village Council
Village of Yellow Springs
Yellow Springs, Ohio

We have reviewed the Independent Auditor's Report of the Village of Yellow Springs, Greene County, prepared by Roth & Company, CPAs, for the audit period January 1, 1999 through 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 Yellow Springs is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Jim Petro".

JIM PETRO
Auditor of State

July 18, 2000

Village of Yellow Springs, Ohio - Greene County

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE(S)</u>
ELECTED AND APPOINTED OFFICIALS	3
INDEX OF FUNDS	4
AUDITOR'S OPINION	5-6
COMBINED STATEMENT OF CASH, CASH EQUIVALENTS AND FUND CASH BALANCES - ALL FUND TYPES	7
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS	8
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUNDS TYPES AND SIMILAR FIDUCIARY FUNDS	9
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL	10
COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY - ALL BUDGETARY FUNDS	11
NOTES TO FINANCIAL STATEMENTS	12-24
SUPPLEMENTAL INFORMATION	
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES - AGENCY FUND - YELLOW SPRINGS MAYOR'S COURT	26

Village of Yellow Springs, Ohio - Greene County

ELECTED AND APPOINTED OFFICIALS

Elected Officials

David Foubert	Mayor	November, 1995 to November, 2001
Joseph E. Lewis	Council President	November, 1997 to November, 1999
Don Hollister	Council Vice President	November, 1997 to November, 1999
Tony Arnett	Councilperson	November, 1997 to November, 2001
Stephanie Slowinski	Councilperson Council President	November, 1997 to November, 1999 November, 1999 to November, 2001
Chris Zurbuchen	Councilperson	November, 1997 to November, 1999
Trudy Abrahms	Councilperson	November, 1999 to November, 2001
Joan Horn	Council Vice President	November, 1999 to November, 2003
Bruce Rickenbach	Councilperson	November, 1999 to November, 2003

Appointed Officials

Alan Anderson	Solicitor
David Heckler	Village Manager
Barb Swigart/ Deborah Benning	Village Council Clerks
George Pitstick	Village Treasurer
Marilyn Berryman	Finance Director

These officials can be contacted at the following address:

Village of Yellow Springs
100 Dayton Street
Yellow Springs, Ohio 45387

Bonded Officials

The Buckeye Union Insurance Company provides a Faithful Performance Blanket Bond, Number 31-43-83, for each official of \$50,000 and each employee in the amount of \$50,000.

Village of Yellow Springs, Ohio - Greene County

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES

General Fund

Special Revenue Funds

Street Construction, Maintenance and Repair
State Highway Improvement
Municipal Income Tax
Parks and Recreation
Green Belt Operating
Motor Vehicle - Permissive Tax
COPS Grant
ODNR Grant
Mayor's Court Computer

Debt Service Fund
Bond Retirement

Capital Projects Fund
Vehicle Replacement
Cable T.V.

FIDUCIARY FUND TYPES

Expendable Trust Funds

Widows
Guarantee Deposits
Economic Development
Police Pension

Agency Funds

Mayor's Court

PROPRIETARY FUND TYPES

Enterprise Funds

Electric
Water
Sewer
Solid Waste

Village of Yellow Springs, Ohio - Greene County



Report of Independent Certified Public Accountants

Village Council
Village of Yellow Springs
Yellow Springs, Ohio

We have audited the accompanying financial statements of Village of Yellow Springs, Greene county as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the Government'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 described in Note A-1, the Village of Yellow Springs, Ohio 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 cash, and fund cash balances of the Village of Yellow Springs, Greene County, as of December 31, 1999, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note A-1.

In accordance with Government Auditing Standards, we have also issued our report dated May 19, 2000 on our consideration of Village of Yellow Spring's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the combined financial statements taken as a whole. The schedule of cash receipts, disbursements and changes in fund cash balances - agency fund - Yellow Springs Mayor's Court is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code. However, this report is a public record, and is available upon specific request.

A handwritten signature in black ink, appearing to read "Rath & Company". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Englewood, Ohio
May 19, 2000

Village of Yellow Springs, Ohio - Greene County
COMBINED STATEMENT OF CASH, CASH EQUIVALENTS AND
FUND CASH BALANCES - ALL FUND TYPES

December 31, 1999

Cash and cash equivalents \$1,583,460

FUND CASH BALANCES BY FUND CLASS

Governmental funds	
General fund	\$ 13,265
Special revenue funds	589,026
Debt service funds	26,516
Capital projects fund	96,197
Fiduciary funds	
Expendable trust funds	400,926
Agency funds	528
Proprietary funds	
Enterprise	<u>457,002</u>
Total	<u>\$1,583,460</u>

The accompanying notes are an integral part of this statement.

Village of Yellow Springs, Ohio - Greene County

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS

Year Ended December 31, 1999

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Expendable Trust Funds	Total (Memorandum Only)
REVENUE RECEIPTS						
Local Taxes	\$ 162,189	\$1,296,327	\$ -	\$ -	\$ 18,772	\$ 1,477,288
Intergovernmental Revenues	340,126	389,739	-	-	-	729,865
Special Assessments	-	-	6,616	-	-	6,616
Charges for Services	35,117	28,070	-	-	17,075	80,262
Fines, Licenses, Permits	26,104	2,345	-	-	-	28,449
Interest	99,521	-	-	-	1,165	100,686
Miscellaneous	2,958	558	-	-	-	3,516
	<u>666,015</u>	<u>1,717,039</u>	<u>6,616</u>	<u>-</u>	<u>37,012</u>	<u>2,426,682</u>
EXPENDITURE DISBURSEMENTS						
Security of Persons and Property	776,427	21,071	-	-	55,324	852,822
Leisure Time Activities	77,625	400,110	-	-	1,415	479,150
Community Environment	17,812	-	-	-	285	18,097
Transportation	-	304,682	-	-	-	304,682
General Government	280,149	481	-	-	-	280,630
Capital Outlay	178,315	883,295	-	-	-	1,061,610
Debt Service	-	-	142,538	-	-	142,538
	<u>1,330,328</u>	<u>1,609,639</u>	<u>142,538</u>	<u>-</u>	<u>57,024</u>	<u>3,139,529</u>
Revenue receipts over <under> expenditure disbursements	(664,313)	107,400	(135,922)	-	(20,012)	(712,847)
Other Financing Sources <Uses>						
Sale of Fixed Assets	-	7,740	-	-	-	7,740
Operating Transfers-In	807,172	633,245	142,538	50,197	39,796	1,672,948
Operating Transfers-Out	(208,649)	(1,424,871)	-	-	-	(1,633,520)
Other Financing <Uses> Sources	(149)	(535)	(332)	-	24,554	23,538
Total other financing sources <uses>	<u>598,374</u>	<u>(784,421)</u>	<u>142,206</u>	<u>50,197</u>	<u>64,350</u>	<u>70,706</u>
Excess of Receipts and Other Sources Over <Under> Disbursements and Other Uses:	(65,939)	(677,021)	6,284	50,197	44,338	(642,141)
Fund Cash Balance January 1, 1999	79,204	1,266,047	20,232	46,000	256,588	1,768,071
Fund Cash Balance December 31, 1999	<u>\$ 13,265</u>	<u>\$ 589,026</u>	<u>\$ 26,516</u>	<u>\$ 96,197</u>	<u>\$ 400,926</u>	<u>\$ 1,125,930</u>

The accompanying notes are an integral part of this statement.

Village of Yellow Springs, Ohio - Greene County

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES -
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES

Year Ended December 31, 1999

	PROPRIETARY FUND TYPE		FIDUCIARY FUND TYPE		TOTAL (Memorandum Only)
	Enterprise	Internal Service	Agency		
Operating Revenues					
Charges For Services	\$ 3,820,582	\$ -	\$ -		\$ 3,820,582
Miscellaneous	<u>10,635</u>	-	-		<u>10,635</u>
	3,831,217	-	-		3,831,217
Operating Expenses					
Personal Services	841,076	-	-		841,076
Travel Transportation	8,209	-	-		8,209
Contractual Services	2,589,519	-	-		2,589,519
Supplies and Materials	124,028	-	-		124,028
Capital Outlay	<u>112,715</u>	-	-		<u>112,715</u>
	3,675,547	-	-		3,675,547
Operating Income <Loss>	155,670	-	-		155,670
Non-Operating - Revenue and <Expenses>					
Other non-operating revenue	-	-	40,786		40,786
Debt service	<180,973>	-	-		<180,973>
Other Non-Operating Expenses	<2,730>	-	<41,951>		<44,681>
	<u><183,703></u>	-	<u><1,165></u>		<u><184,868></u>
Income <Loss> before Operating Transfers	<28,033>	-	<1,165>		(29,198)
Operating Transfers-In	5,000	-	-		5,000
Operating Transfers-Out	<40,634>	<2,411>	<1,384>		(44,429)
Net Income (Loss)	<63,667>	<2,411>	<2,549>		(68,627)
Fund Cash Balance January 1, 1999	<u>520,669</u>	<u>2,411</u>	<u>3,077</u>		<u>526,157</u>
Fund Cash Balance December 31, 1999	\$ <u>457,002</u>	\$ -	\$ <u>528</u>		\$ <u>457,530</u>

The accompanying notes are an integral part of this statement.

Village of Yellow Springs, Ohio - Greene County
 COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
 Year Ended December 31, 1999

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable <Unfavorable>
GOVERNMENTAL			
General	\$1,429,773	\$1,473,187	\$ 43,414
Special Revenue	1,935,248	2,358,024	422,776
Debt Service	149,154	149,154	-
Capital Projects	50,197	50,197	-
FIDUCIARY			
Trust Funds	123,235	101,362	(21,873)
PROPRIETARY			
Enterprise Funds	<u>3,901,000</u>	<u>3,836,217</u>	<u>(64,783)</u>
	<u>\$7,588,607</u>	<u>\$7,968,141</u>	<u>\$ 379,534</u>

The accompanying notes are an integral part of this statement.

Village of Yellow Springs, Ohio - Greene County

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
 COMPARED WITH EXPENDITURE AUTHORITY -
 ALL BUDGETARY FUNDS

Year Ended December 31, 1999

Fund Types/Funds	Prior Year Carryover Appropriations	1999		Actual 1999 Disbursements	Encumbrances Outstanding 12/31/99	Total	Variance Favorable <Unfavorable>
		Appropriations	Total				
GOVERNMENTAL							
General	\$ 8,000	\$1,560,977	\$1,568,977	\$1,539,126	\$ 3,000	\$1,542,126	\$ 26,851
Special Revenue	7,025	3,190,880	3,197,905	3,035,045	-	3,035,045	162,860
Debt Service	-	142,871	142,871	142,870	-	142,870	1
Capital projects	-	46,000	-	-	60,930	60,930	(14,930)
FIDUCIARY							
Trust Funds	-	118,021	118,021	57,024	-	57,024	60,997
PROPRIETARY							
Enterprise Fund	17,060	4,346,187	4,363,247	3,899,884	60,081	3,959,965	403,282
	\$ 32,085	\$9,404,936	\$9,437,021	\$8,673,949	\$ 124,011	\$8,797,960	\$ 639,061

The accompanying notes are an integral part of this statement.

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Yellow Springs is a political body incorporated in 1856. The Village adopted a home rule municipal charter for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio in 1950. Yellow Springs operates under a council-manager form of government. The Village provides the following services: public safety, public services, health, recreation and development. Education services are provided by Yellow Springs School District. Fire and emergency services are provided by Miami Township Fire Department. These Departments are separate governmental entities and their financial statements are not included in the financial statements presented in this report.

The Village has six major sources of revenue. They are, in order of importance, charges for services, local taxes, intergovernmental revenues, fines, licenses and permits, interest income and special assessments.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village Council has the ability to exercise direct operating control.

1. 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 Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. REPORTING ENTITY

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Village are not misleading.

The Yellow Springs Mayor's Court has been included in the Village's financial statements as an agency fund. The clerk of courts has a fiduciary responsibility for the collection and distribution of court fees and fines.

The primary government consists of all funds and departments which provide various services including police protection, parks and recreation, planning, zoning, street maintenance and repair, community development, public health and welfare, water, and sewer. Council and the Village Manager are directly responsible for these activities.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing body and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt or the levying of taxes.

The following potential component unit has been excluded from the Village's financial statements because the Village is not financially accountable for it nor is the entity fiscally dependent on the Village:

Yellow Springs School District is a distinct political subdivision of the State of Ohio operated under the direction of an elected school board which possesses its own budgeting and taxing authority and which is not fiscally dependent on the Village.

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. CASH AND CASH EQUIVALENTS

Cash balances of the Village's funds, except cash held by the fiscal agent, are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through Village records. Each fund's interest in the pooled bank account is presented on the Combined Statement of Cash, Cash Equivalents and Fund Cash Balances - All Fund Types. Investments are stated at cost which approximates market value.

The Village's cash management pool and investments with original maturities of three months or less are considered to be cash equivalents. Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned during 1999 amounted to \$100,686.

4. FUND ACCOUNTING

The Village of Yellow Springs maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the Village of Yellow Springs. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to disbursements for specific purposes.

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. FUND ACCOUNTING (CONTINUED)

GOVERNMENTAL FUNDS (CONTINUED)

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both proprietary and governmental funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

PROPRIETARY FUNDS

Enterprise Funds

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) 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 purpose.

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. FUND ACCOUNTING (CONTINUED)

PROPRIETARY FUNDS (CONTINUED)

Internal Service Funds

The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds

The Trust and Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust and agency funds.

5. BUDGETARY PROCESS

a. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period of January 1 to December 31 of the following year.

b. Estimated Resources

The County Budget Commission certifies its actions to the Village of Yellow Springs 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 this certificate is amended to include any unencumbered balances from the preceding year. 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.

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. BUDGETARY PROCESS (CONTINUED)

b. Estimated Resources (Continued)

The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

c. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 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 appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

d. Encumbrances

The Village of Yellow Springs by virtue of Ohio law is required to use the encumbrance method of accounting. Under this system, 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.

6. PROPERTY, PLANT AND EQUIPMENT

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. ACCUMULATED UNPAID VACATION AND SICK PAY

Accumulated unpaid vacation and sick pay are not accrued under the cash basis of accounting described in Note A-1. At December 31, 1999, management estimates that \$84,585 in sick leave and \$71,210 in vacation leave has been accumulated by the employees of the Village. All leaves will either be absorbed by time off from work or, within certain limitations, be paid to the employees. It is not practical to determine the actuarial value of these benefits as of December 31, 1999.

8. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE B - DEPOSITS AND INVESTMENTS

1. POLICIES AND PROCEDURES

Monies of substantially all funds of the Village are maintained or invested in a common group of bank accounts and in short-term investments. This is done in order to maximize the rate of interest that can be earned on invested funds. Interest income is distributed to the funds according to charter and statutory requirements.

The investment and deposit of Village monies are governed by the provisions of the Charter and Codified Ordinances of the Village and the Ohio Revised Code. In accordance with these provisions, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The provisions also permit the Village to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAR OHIO) and obligations of the United States government or certain agencies thereof. The Village may also enter into repurchase agreements with any eligible depository for a period not exceeding five years.

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE B - DEPOSITS AND INVESTMENTS

1. POLICIES AND PROCEDURES (CONTINUED)

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or may pledge a pool of government securities the face value of which is at least 110 percent of the total value of public monies on deposit at the institution.

2. DEPOSITS

At year end, the carrying amount of the Village's deposits were \$1,583,460 and the related bank balance was \$1,886,723. Of the bank balance, \$100,000 was covered by federal deposit insurance and the remaining amounts were uninsured and uncollateralized as defined by GASB Statement No. 3 because the securities held as collateral by the financial institutions or their trust departments or agents were held in an investments and securities pool but not in the financial institution's name. As authorized by state statute, the pledging bank has established an investment and securities pool to collateralize all public deposits.

3. INVESTMENTS

The Village investment in Star Ohio is unclassified and uncategorized since it is not evidenced by securities that exist in physical or book entry form.

	<u>Cash and Cash Equivalents</u>
Demand accounts	\$ (58,648)
Star Ohio	<u>1,642,108</u>
Total	<u>\$ 1,583,460</u>

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE C - DEBT OBLIGATIONS

Debt outstanding at December 31, 1999 consists of the following:

	<u>Balance at</u> <u>1/1/99</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at</u> <u>12/31/99</u>
General Obligation Bonds 6.30% to 7.25% - 1991 Bryan Center Renovation	\$ 1,430,000	\$ -	\$ 40,000	\$1,390,000
Ohio Water Development Authority Loan 7.11% - Cemetery Street Assessment	63,628	-	5,288	58,340
Ohio Water Development Authority Loan 7.11% - Waste Water Treatment Plant	949,227	-	78,886	870,341
Ohio Water Development Authority Loan 7.54% - Sewer Lift Station	120,439	-	5,774	114,665
Ohio Water Development Authority Loan 6.16% - Sewer System Improvements	<u>93,425</u>	<u>-</u>	<u>4,176</u>	<u>89,249</u>
Total Debt Obligations	<u>\$ 2,656,719</u>	<u>\$ -</u>	<u>\$ 134,124</u>	<u>\$2,522,595</u>

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE C - DEBT OBLIGATIONS (CONTINUED)

Outstanding general obligation bonds consist of government center improvements. General obligation bonds are direct obligations of the Village of Yellow Springs for which its full faith, credit and resources are pledged. These bonds are paid through the General Fund.

The Ohio Water Development Authority loans are for utility construction projects. Property and revenue of the utility facilities have been pledged to repay these debts.

The Village of Yellow Springs has utilized trustees to service all bonded debt. Payments to the trustees are recorded as disbursements in the year deposited with the trustees.

Total interest expense for debt obligations for the year ended December 31, 1999 was \$189,387.

As of December 31, 1999 the Village's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$8,490,496. Principal and interest requirements to retire the Village's debt obligations outstanding at December 31, 1999 are:

	<u>General Obligation Bonds</u>			
	<u>Principal</u>	<u>Interest</u>		
2000	\$ 45,000	\$ 100,018		
2001	50,000	97,138		
2002	50,000	93,888		
2003	55,000	90,263		
2004	60,000	86,275		
2005 - 2016	<u>1,130,000</u>	<u>599,577</u>		
	\$1,390,000	\$1,067,159		
	<u>Ohio Water Development Authority Loans</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2000	\$ 53,439	\$ 44,475	\$ 98,439	\$ 144,493
2001	104,606	76,367	154,606	173,505
2002	112,029	68,944	162,029	162,832
2003	119,979	60,994	174,979	151,257
2004	128,494	52,479	188,494	138,754
2005 - 2013	<u>614,048</u>	<u>125,971</u>	<u>1,744,048</u>	<u>725,548</u>
	<u>\$1,132,595</u>	<u>\$ 429,230</u>	<u>\$2,522,595</u>	<u>\$1,496,389</u>

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE D - PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last reappraisal was completed for tax year 1996.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20 of the following year. Under certain circumstances, state statutes permit later payment dates to be established.

The full tax rate applied to real property for the fiscal year ended December 31, 1999 was \$2.60 per \$1,000 of assessed valuation.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 1999 was \$2.60 per \$1,000 of assessed valuation.

Real Property - 1998 Valuation	
Residential/Agricultural	\$51,016,910
Commercial/Industrial	8,091,580
Tangible Personal Property - 1998 Valuation	
General	8,217,723
Public Utilities	<u>1,600,380</u>
Total Valuation	<u>\$68,926,593</u>

The Greene County Treasurer collects property tax on behalf of all taxing districts within the county. The Greene County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE E - LOCAL INCOME TAX

This locally levied tax of 1.5 percent applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village of Yellow Springs and to earnings of nonresidents (except certain transients) earned in the village. It also applies to net income of business entities operating within the Village of Yellow Springs. Tax receipts are credited to the Special Revenue Fund and amounted to \$1,296,326 in 1999.

NOTE F - INSURANCE

The Village of Yellow Springs maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured.

NOTE G - RETIREMENT COMMITMENTS

The employees of the Village of Yellow Springs are covered by the Public Employees Retirement System of Ohio. The State of Ohio accounts for the activities of the retirement system and the amount of that fund is not reflected in the accompanying financial statements. As of December 31, 1999, the Village of Yellow Springs employees' contributed 8.5% of their gross wages and the Village matches this with a contribution equal to 13.55% of employees gross wages. The police officers of the village are covered by the Police and Firemen's Disability Pension fund. This pension fund is accounted for by the State of Ohio, and is not reflected in the accompanying financial statements. During 1999 police officers contributed 10% of their gross wages to the plan. The village matched this contribution with a contribution equal to 19.5% of police officers' gross wages.

NOTE H - DEFERRED COMPENSATION PLAN

Village employees and elected officials may participate in a Deferred Compensation Plan offered by Aetna Life Insurance and Annuity Company. The plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE I - FRANCHISE FEE

The Village of Yellow Springs receives a 5 percent franchise fee from Warner Cable. In 1999, the Village received a franchise fee in the amount of \$18,732.

SUPPLEMENTAL INFORMATION

Village of Yellow Springs, Ohio - Greene County

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - AGENCY FUND -
YELLOW SPRINGS MAYOR'S COURT

Year Ended December 31, 1999

Operating Receipts	
Bail Bond	\$ 990
Fines and Court Costs	39,764
Interest	<u>32</u>
Total Operating Receipts	40,786
Operating Disbursements	
Bail Bond	865
Bond Forfeitures, Fines and Court Costs Remitted to Yellow Springs and the State of Ohio	<u>41,086</u>
Total Operating Disbursements	41,951
Excess of Receipts over Disbursements	(1,165)
Fund Cash Balance - January 1, 1999	<u>1,693</u>
Fund Cash Balance - December 31, 1999	\$ <u>528</u>

VILLAGE OF YELLOW SPRINGS, OHIO

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDIT STANDARDS

FOR THE PERIOD FROM JANUARY 1, 1999 THROUGH
DECEMBER 31, 1999

**Roth & Company**
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF YELLOW SPRINGS, OHIO

TABLE OF CONTENTS

	<u>Page</u>
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	3-4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	5
CONCLUSION STATEMENT	6



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Village Council,
Mayor and Village Manager
Village of Yellow Springs, Ohio

We have audited the combined financial statements of Village of Yellow Springs, Ohio, as of and for the year ended December 31, 1999, and have issued our report thereon dated May 19, 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 Village of Yellow Springs, Ohio's combined 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 an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 99-1. We also noted certain immaterial instances of noncompliance that we have reported to management of Village of Yellow Springs, Ohio, in a separate letter dated May 19, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Yellow Springs, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one 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 Village of Yellow Springs, Ohio's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-1.

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 general purpose 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.

However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of Village of Yellow Springs, Ohio in a separate letter dated May 19, 2000.

This report is intended solely for the information of the Village Council and management. However, this report is a matter of public record and is not intended to be and should not be used by anyone other than these specified parties.

Path & Company

Englewood, Ohio
May 19, 2000

Village of Yellow Springs, Ohio

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 1999

Purchase Orders

99-1 Condition: Ohio Revised Code Section 5705.41 (D) requires an fiscal officer, before entering into any contract or ordering the expenditure of money, to certify that the amount required to meet the obligation has been lawfully appropriated and is in the treasury or in process of collection and is free from any previous encumbrances. This certification is commonly found on purchase orders. If this certification is not made prior to such contract or expenditure, the fiscal officer may later certify that there was at the time of making of such contract or order and that there is also at the time of the execution of the certificate a sufficient sum appropriated and in the treasury or in process of collection and free from any previous encumbrances. If this certification is a then and now certificate of \$1,000 or more, the legislative authority must pass a resolution or ordinance within thirty days of the certification approving such expenditure. If, however, the amount involved is less than \$1,000 the fiscal officer may authorize such expenditure without the affirmation of the legislative authority if such expenditure is otherwise valid. The Village of Yellow Springs has a system requiring the use of purchase orders. However, purchase orders are not always preapproved.

Criteria: We found instances where the certification that funds are available does not take place at the proper time because purchase orders are not issued before orders for goods are placed or contracts are made. In addition, the Village does not utilize then and now certificates and purchases over \$1,000 are not approved by Council as the code requires.

Recommendation: The Village of Yellow Springs should properly use purchase orders or some process that includes the certification of the availability of funds.

Response:

We are presently working with the Department heads to correct the problem.

Village of Yellow Springs, Ohio

CONCLUSION STATEMENT

December 31, 1999

These Auditors' Reports were reviewed with and acknowledged by the following officials on June 19, 2000:

David Foell - Village Manager
Marilyn Berryman - Finance Director

These officials were informed that they had five days from the date of the post audit conference to respond to, or contest in writing, anything in these reports.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF YELLOW SPRINGS

GREENE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 3, 2000**