

VILLAGE OF YELLOW SPRINGS, OHIO

GREENE COUNTY

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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, CPA's, for the audit period January 1, 2000 to 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 Yellow Springs is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

August 1, 2001

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Village of Yellow Springs, Ohio - Greene County

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Village of Yellow Springs, Ohio - Greene County

INDEX OF FUNDS

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Special Revenue Funds

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State Highway Improvement
Municipal Income Tax
Parks and Recreation
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Motor Vehicle - Permissive Tax
COPS Grant
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Debt Service Fund
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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

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Roth & Company, CPA's
215 W. National Road
Englewood, Ohio 45322

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, Ohio as of and for the year ended December 31, 2000, as listed in the table of contents. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 accounting principles generally accepted in the United States of America.

In our opinion the financial statements referred to above present fairly in all material respects, the cash, and fund cash balances of the Village of Yellow Springs, Greene County, as of December 31, 2000, 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 21, 2001 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. 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.

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 management, the Village council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Roth & Company
Englewood, Ohio
May 21, 2001

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

December 31, 2000

Cash and cash equivalents \$1,521,975

FUND CASH BALANCES BY FUND CLASS

Governmental funds	
General fund	\$ 15,104
Special revenue funds	582,635
Debt service funds	27,692
Capital projects fund	212,745
Fiduciary funds	
Expendable trust funds	369,127
Agency funds	1,673
Proprietary funds	
Enterprise	<u>312,999</u>
Total	<u>\$1,521,975</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, 2000

	GOVERNMENTAL -	
	General Fund	Special Revenue Funds
CASH RECEIPTS		
Local Taxes	\$ 164,950	\$1,459,793
Intergovernmental Revenues	342,076	170,087
Special Assessments	-	-
Charges for Services	33,606	38,735
Fines, Licenses, Permits	41,427	2,910
Interest	122,303	-
Miscellaneous	<u>3,660</u>	<u>15,012</u>
	708,022	1,686,537
 CASH DISBURSEMENTS		
Security of Persons and Property	784,742	26,600
Leisure Time Activities	36,460	406,405
Community Environment	11,241	-
Transportation	-	297,154
General Government	343,870	1,266
Capital Outlay	14,328	112,882
Debt Service	<u>-</u>	<u>-</u>
	<u>1,190,641</u>	<u>844,307</u>
 Total receipts over <under> disbursements	 (482,619)	 842,230
 Other Financing Receipts <Disbursements>		
Operating Transfers-In	800,244	950,743
Operating Transfers-Out	(316,016)	(1,798,337)
Other Financing Receipts <Disbursements>	<u>230</u>	<u>(1,027)</u>
 Total other financing Receipts <Disbursements>	 <u>484,458</u>	 <u>(848,621)</u>
 Excess of Cash Receipts and Other Financing Receipts Over <Under> Cash Disbursements and Other financing Disbursements	 1,839	 (6,391)
 Fund Cash Balance January 1, 2000	 <u>13,265</u>	 <u>589,026</u>
 Fund Cash Balance December 31, 2000	 <u>\$ 15,104</u>	 <u>\$ 582,635</u>

The accompanying notes are an integral part of this statement.

<u>FUND TYPES</u>		-	<u>FIDUCIARY FUND TYPE</u>	
<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>		<u>Expendable Trust Funds</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -		\$ 18,965	\$1,643,708
-	-		-	512,163
6,501	-		-	6,501
-	-		16,775	89,116
-	-		-	44,337
-	-		910	123,213
-	-		<u>2,960</u>	<u>21,632</u>
<u>6,501</u>	-		39,610	2,440,670
-	-		96,678	908,020
-	-		800	443,665
-	-		35,249	46,490
-	-		-	297,154
-	-		-	345,136
-	174,216		-	301,426
<u>145,018</u>	-		-	<u>145,018</u>
<u>145,018</u>	<u>174,216</u>		<u>132,727</u>	<u>2,486,909</u>
(138,517)	<174,216>		<93,117>	<46,239>
140,018	310,764		78,800	2,280,569
-	<20,000>		-	<2,134,353>
<u>(325)</u>	-		<u><17,482></u>	<u><18,604></u>
<u>139,693</u>	<u>290,764</u>		<u>61,318</u>	<u>127,612</u>
1,176	116,548		<31,799>	81,373
<u>26,516</u>	<u>96,197</u>		<u>400,926</u>	<u>1,125,930</u>
<u>\$ 27,692</u>	<u>\$ 212,745</u>		<u>\$ 369,127</u>	<u>\$1,207,303</u>

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, 2000

	<u>PROPRIETARY</u> <u>FUND TYPE</u> <u>Enterprise</u>	<u>FIDUCIARY</u> <u>FUND TYPE</u> <u>Agency-</u>	TOTAL (Memorandum Only) -
Operating Cash Receipts			
Charges For Services	\$3,833,436	\$ -	\$3,833,436
Miscellaneous	<u>27,320</u>	<u>-</u>	<u>27,320</u>
	3,860,756	-	3,860,756
Operating Cash Disbursements			
Personal Services	870,544	-	870,544
Travel Transportation	13,887	-	13,887
Contractual Services	2,236,549	-	2,236,549
Supplies and Materials	118,761	-	118,761
Capital Outlay	<u>433,847</u>	<u>-</u>	<u>433,847</u>
	<u>3,673,588</u>	<u>-</u>	<u>3,673,588</u>
Operating Income <Loss>	187,168	-	187,168
Non-Operating Cash Receipts and <Disbursements>			
Other non-operating revenue	-	57,768	57,768
Debt service	<180,973>	-	<180,973>
Other Non-operating Expenses	<u><3,982></u>	<u><56,623></u>	<u><60,605></u>
	<u><184,955></u>	<u>1,145</u>	<u><183,810></u>
Excess of Receipts over <under> Disbursements before Operating Transfers	2,213	1,145	3,358
Operating Transfers-In	200,000	-	200,000
Operating Transfers-Out	<u><346,216></u>	<u>-</u>	<u><346,216></u>
Net Receipts over <under> Disbursements	<144,003>	1,145	<142,858>
Fund Cash Balance January 1, 2000	<u>457,002</u>	<u>528</u>	<u>457,530</u>
Fund Cash Balance December 31, 2000	<u>\$ 312,999</u>	<u>\$ 1,673</u>	<u>\$ 314,672</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, 2000

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable <Unfavorable>
GOVERNMENTAL			
General	\$ 620,245	\$1,508,496	\$ 888,251
Special Revenue	1,610,728	2,637,280	1,026,552
Debt Service	6,506	146,519	140,013
Capital Projects	-	310,764	310,764
FIDUCIARY			
Trust Funds	40,000	118,410	78,410
PROPRIETARY			
Enterprise Funds	<u>4,057,400</u>	<u>4,060,756</u>	<u>3,356</u>
	<u>\$6,334,879</u>	<u>\$8,782,225</u>	<u>\$2,447,346</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, 2000

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2000 Appropriations</u>	<u>Total -</u>
GOVERNMENTAL			
General	\$ 3,000	\$1,645,003	\$ 1,648,003
Special Revenue	-	3,075,059	3,075,059
Debt Service	-	145,519	145,519
Capital projects	60,930	211,700	272,630
FIDUCIARY			
Trust Funds	-	209,100	209,100
PROPRIETARY			
Enterprise Fund	<u>60,081</u>	<u>4,645,896</u>	<u>4,705,977</u>
	<u>\$ 124,011</u>	<u>\$9,932,277</u>	<u>\$10,056,288</u>

The accompanying notes are an integral part of this statement.

<u>Actual</u> 2000 <u>Disbursements</u>	<u>Encumbrances</u> <u>Outstanding</u> <u>12/31/99</u>	<u>Total</u>	<u>Variance</u> <u>Favorable</u> <u><Unfavorable></u>
\$1,506,657	\$ -	\$1,506,657	\$ 141,346
2,643,671	5,000	2,648,671	426,388
145,343	-	145,343	176
194,216	9,384	203,600	69,030
150,209	-	150,209	58,891
<u>4,204,759</u>	<u>101,518</u>	<u>4,306,277</u>	<u>399,700</u>
<u>\$8,844,855</u>	<u>\$ 115,902</u>	<u>\$8,960,757</u>	<u>\$1,095,531</u>

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

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, 2000

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, 2000

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 2000 amounted to \$123,593.

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, 2000

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, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. FUND ACCOUNTING (CONTINUED)

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, 2000

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, 2000 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 disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

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, 2000, management estimates that \$75,232 in sick leave and \$70,069 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.

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, 2000

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. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The carrying amount of cash and investments at December 31 was as follows:

Demand Deposits	\$ <u>75,320</u>
Total Deposits	<u>75,320</u>
STAR Ohio	<u>1,446,655</u>
Total Deposits and Investments	\$ <u>1,521,975</u>

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

NOTE C - DEBT OBLIGATIONS

Debt outstanding at December 31, 2000 consists of the following:

	<u>Balance at</u> <u>1/1/00</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at</u> <u>12/31/00</u>
General Obligation				
Bonds				
6.30% to 7.25% -				
1991 Bryan Center				
Renovation	\$ 1,390,000	\$ -	\$ 45,000	\$1,345,000
Ohio Water				
Development				
Authority Loan				
7.11% - Cemetery				
Street Assessment	58,340	-	5,664	52,676
Ohio Water				
Development				
Authority Loan				
7.11% - Waste				
Water Treatment				
Plant	870,341	-	84,495	785,846
Ohio Water				
Development				
Authority Loan				
7.54% - Sewer Lift				
Station	114,665	-	6,209	108,456
Ohio Water				
Development				
Authority Loan				
6.16% - Sewer				
System				
Improvements	<u>89,249</u>	<u>-</u>	<u>4,433</u>	<u>84,816</u>
Total Debt				
Obligations	<u>\$ 2,522,595</u>	<u>\$ -</u>	<u>\$ 145,801</u>	<u>\$2,376,794</u>

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

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, 2000 was \$180,190.

As of December 31, 2000 the Village's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$4,966,651. Principal and interest requirements to retire the Village's debt obligations outstanding at December 31, 2000 are:

	<u>General Obligation Bonds</u>			
	<u>Principal</u>	<u>Interest</u>		
2001	\$ 50,000	\$ 97,138		
2002	50,000	93,888		
2003	55,000	90,263		
2004	60,000	86,275		
2005	65,000	81,925		
2006 - 2016	<u>1,065,000</u>	<u>517,652</u>		
	<u>\$1,345,000</u>	<u>\$ 967,141</u>		
	<u>Ohio Water Development Authority Loans</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2001	\$ 57,244	\$ 40,670	\$ 107,244	\$ 137,808
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	137,614	43,360	202,614	125,285
2006 - 2013	<u>476,434</u>	<u>82,611</u>	<u>1,541,434</u>	<u>600,263</u>
	<u>\$1,031,794</u>	<u>\$ 349,058</u>	<u>\$2,376,794</u>	<u>\$1,316,199</u>

Village of Yellow Springs, Ohio - Greene County

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

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, 2000 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, 2000 was \$2.60 per \$1,000 of assessed valuation.

Real Property - 1999 Valuation	
Residential/Agricultural	\$55,173,380
Commercial/Industrial	7,872,760
Tangible Personal Property - 1999 Valuation	
General	8,799,764
Public Utilities	<u>1,588,550</u>
Total Valuation	<u>\$73,434,454</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, 2000

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 \$1,459,793 in 2000.

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, 2000, the Village of Yellow Springs employees' contributed 8.5% of their gross wages and the Village matches this with a contribution equal to 10.84% 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 2000 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, 2000

NOTE I - FRANCHISE FEE

The Village of Yellow Springs receives a 5 percent franchise fee from Warner Cable. In 2000, the Village received a franchise fee in the amount of \$18,306.

NOTE J - LITIGATION

On March 3, 2001, a lawsuit was filed by a former Village employee alleging discriminatory employment practices, among other actions. The suit is seeking an amount in excess of \$600,000 plus punitive and liquidated damages. The Village intends to vigorously defend this lawsuit. Since the litigation is in its early stages, outside counsel is not able to assess with any degree of accuracy the legitimacy of the claims which have been asserted.

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, 2000

Operating Receipts	
Bail Bond	\$ 2,630
Fines and Court Costs	54,503
Interest	35
Other court fees received	<u>600</u>
Total Operating Receipts	57,768
Operating Disbursements	
Bail Bond	2,060
Bond Forfeitures, Fines and Court Costs Remitted to Yellow Springs and the State of Ohio	53,963
Other court fees disbursed	<u>600</u>
Total Operating Disbursements	<u>56,623</u>
Excess of Receipts over Disbursements	1,145
Fund Cash Balance - January 1, 2000	<u>528</u>
Fund Cash Balance - December 31, 2000	<u>\$ 1,673</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, 2000 THROUGH
DECEMBER 31, 2000

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VILLAGE OF YELLOW SPRINGS, OHIO

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Roth & Company, CPA's
215 W. National Road
Englewood, Ohio 45322

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 accompanying financial statements of the Village of Yellow Springs, Ohio, as of and for the year ended December 31, 2000, and have issued our report thereon dated May 21, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Yellow Springs, Ohio'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 an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings as item 2000-1. 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 21, 2001.

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 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 the Village of Yellow Springs, Ohio's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-1.

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 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 21, 2001.

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

Roth & Company
Englewood, Ohio
May 21, 2001

Village of Yellow Springs, Ohio

SCHEDULE OF FINDINGS

Year Ended December 31, 2000

Purchase Orders

2000-1 Condition: Ohio Rev. Code 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides the following exception to the above requirement:

If no certificate is furnished as required, upon receipt of the certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

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.

Village of Yellow Springs, Ohio

SCHEDULE OF FINDINGS (CONTINUED)

Year Ended December 31, 2000

Response: As a result of your comments, I have decided to streamline the system so that we have more accountability. Starting immediately, the Finance Director will type and issue a purchase order, after a requisition form is completed. The requisition will take place by both the Department Supervisor and Village Manager. This should make the system more direct and give an opportunity for better monitoring.

Village of Yellow Springs, Ohio

CONCLUSION STATEMENT

December 31, 2000

These Auditors' Reports were reviewed with and acknowledged by the following officials on July 3, 2001:

Robert Hillard - 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

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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
AUGUST 16, 2001**