



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF SPRING VALLEY
GREENE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Spring Valley
7 West Main Street
Spring Valley, OH 45370

We have reviewed the *Independent Auditor's Report* of the Village of Spring Valley, Greene County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2022 through December 31, 2023. 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 Spring Valley is responsible for compliance with these laws and regulations.

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Keith Faber
Auditor of State
Columbus, Ohio

June 12, 2024

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GREENE COUNTY
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INDEPENDENT AUDITOR'S REPORT

Village of Spring Valley
Greene County
7 W Main Street
P.O. Box 418
Spring Valley, Ohio 45370

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Spring Valley, Greene County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2024, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
May 30, 2024

Village of Spring Valley, Ohio
Greene County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Combined Totals
Cash Receipts			
Property and Other Local Taxes	\$ 58,508	\$ 14,741	\$ 73,249
Intergovernmental	24,501	41,207	65,708
Charges for Services	10,500	-	10,500
Fines, Licenses and Permits	19,794	-	19,794
Miscellaneous	521	14,781	15,302
<i>Total Cash Receipts</i>	<u>113,824</u>	<u>70,729</u>	<u>184,553</u>
Cash Disbursements			
Current:			
Security of Persons and Property	12,839	7,107	19,946
Public Health Services	2,238	97	2,335
Community Environment	19,973	-	19,973
Basic Utility Services	4,114	14,880	18,994
Transportation	60,675	40,055	100,730
General Government	51,452	-	51,452
<i>Total Cash Disbursements</i>	<u>151,291</u>	<u>62,139</u>	<u>213,430</u>
<i>Net Change in Fund Cash Balances</i>	(37,467)	8,590	(28,877)
<i>Fund Cash Balances, January 1, As Restated, See Note 11</i>	<u>134,018</u>	<u>111,141</u>	<u>245,159</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 96,551</u>	<u>\$ 119,731</u>	<u>\$ 216,282</u>

See accompanying notes to the basic financial statements

Village of Spring Valley, Ohio
Greene County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund
For the Year Ended December 31, 2023

	Proprietary Fund
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 172,510
<i>Total Operating Cash Receipts</i>	<i>172,510</i>
Operating Cash Disbursements	
Personal Services	41,664
Employee Fringe Benefits	6,256
Contractual Services	41,084
Supplies and Materials	28,071
<i>Total Operating Cash Disbursements</i>	<i>117,075</i>
<i>Operating Income (Loss)</i>	<i>55,435</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	3,421
Capital Outlay	(65,513)
Principal Retirement	(24,354)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(86,446)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(31,011)</i>
<i>Fund Cash Balances, January 1</i>	<i>211,328</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 180,317</i>

See accompanying notes to the basic financial statements

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Spring Valley (the Village), Greene County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the Greene County Sheriff's department to provide security of persons and property.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Permissive Motor Vehicle License Tax The permissive motor vehicle license tax fund accounts for and reports tax money for construction, maintenance, and repairing Village roads.

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,408	\$113,824	\$6,416
Special Revenue	54,638	70,729	16,091
Enterprise	154,876	175,931	21,055
Total	\$316,922	\$360,484	\$43,562

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$208,325	\$156,474	\$51,851
Special Revenue	77,300	62,139	15,161
Enterprise	305,900	206,942	98,958
Total	\$591,525	\$425,555	\$165,970

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit accounts are as follows:

<i>Cash Management Pool:</i>	
Demand deposits	\$396,599
Total deposits	396,599
Total carrying amount of deposits and investments held in the Pool	396,599

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

Note 6 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022 (latest information available).

Assets	\$ 21,662,291
Liabilities	(18,158,351)
Members’ Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
OPWC Loan CK11H	\$79,663	0.00%
OPWC Loan CK04M	\$10,352	0.00%
Total	\$90,015	

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Ohio Public Works Commission Water system improvement plan is a 0% loan, with semi-annual payments on 07/01 and 01/01 each year. The original loan was \$455,222. With payments starting 06/01/2007. Semi-annual payments 07/01 and 01/01 of each year are \$11,381. The term of this loan will expire 07/01/2027.

The Ohio Public Works Commission Bellbrook Avenue Infrastructure Rehabilitation loan is a 0% interest loan, with semi-annual payments 07/01 and 01/01 of each year. The original loan amount was \$31,851, with payments starting 06/04/2010. Semi-annual payments 07/01 and 01/01 of each year are \$796. The term of this loan will expire 07/01/2030.

Amortization

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

Year Ending December 31:	OPWC 4441	OPWC 3145
2024	\$22,761	\$1,593
2025	\$22,761	\$1,593
2026	\$22,761	\$1,593
2027	\$11,380	\$1,593
2028	\$0	\$1,593
2029-2030	\$0	2,387
Total	\$79,663	\$10,352

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	5,183	0	5,183
<i>Total</i>	\$5,183	\$0	\$5,183

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Restatement of Beginning Balances

The beginning fund balances for the Village’s funds were restated as follows:

	<u>General Fund</u>
2023 Beginning Fund Balance	\$ 134,953
Reconciling Errors	<u>(935)</u>
2023 Restated Beginning Fund Balance	<u>\$ 134,018</u>

Village of Spring Valley, Ohio
Greene County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Combined Totals
Cash Receipts			
Property and Other Local Taxes	\$ 59,383	\$ 14,991	\$ 74,374
Intergovernmental	28,171	73,037	101,208
Charges for Services	10,500	-	10,500
Fines, Licenses and Permits	18,854	-	18,854
Miscellaneous	65	5,690	5,755
<i>Total Cash Receipts</i>	<u>116,973</u>	<u>93,718</u>	<u>210,691</u>
Cash Disbursements			
Current:			
Security of Persons and Property	578	7,832	8,410
Public Health Services	1,795	40	1,835
Community Environment	17,658	-	17,658
Basic Utility Services	4,826	-	4,826
Transportation	57,311	45,655	102,966
General Government	69,983	-	69,983
<i>Total Cash Disbursements</i>	<u>152,151</u>	<u>53,527</u>	<u>205,678</u>
<i>Net Change in Fund Cash Balances</i>	(35,178)	40,191	5,013
<i>Fund Cash Balances, January 1</i>	<u>170,131</u>	<u>70,950</u>	<u>241,081</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 134,953</u>	<u>\$ 111,141</u>	<u>\$ 246,094</u>

See accompanying notes to the basic financial statements

Village of Spring Valley, Ohio
Greene County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund
For the Year Ended December 31, 2022

	Proprietary Fund
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 126,182
<i>Total Operating Cash Receipts</i>	<i>126,182</i>
Operating Cash Disbursements	
Personal Services	35,517
Employee Fringe Benefits	4,790
Contractual Services	56,085
Supplies and Materials	25,316
<i>Total Operating Cash Disbursements</i>	<i>121,708</i>
<i>Operating Income (Loss)</i>	<i>4,474</i>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(16,425)
Principal Retirement	(36,530)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(52,955)</i>
<i>Net Change in Fund Cash Balance</i>	<i>(48,481)</i>
<i>Fund Cash Balances, January 1 As Restated, Note 11</i>	<i>259,809</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 211,328</i>

See accompanying notes to the basic financial statements

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Spring Valley (the Village), Greene County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, maintenance of village roads, and water utilities for the Village and Spring Valley Township. The Village contracts with the Greene County Sheriff's department to provide security of persons and property.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Permissive Motor Vehicle License Tax The permissive motor vehicle license tax fund accounts for and reports tax money for construction, maintenance, and repairing Village roads.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,775	\$116,973	(\$24,802)
Special Revenue	66,387	93,718	27,331
Enterprise	110,000	126,182	16,182
Total	\$318,162	\$336,873	\$18,711

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$212,000	\$166,782	\$45,218
Special Revenue	64,000	59,341	4,659
Enterprise	356,200	174,663	181,537
Total	\$632,200	\$400,786	\$231,414

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Cash Management Pool:

Demand deposits	<u>\$457,422</u>
Total deposits	<u>457,422</u>
Total carrying amount of deposits and investments held in the Pool	<u><u>457,422</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

Note 6 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	(18,158,351)
Members’ Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission CK11H	\$102,425	0.00%
Ohio Public Works Commission CK04M	\$11,944	0.00%
Total	\$114,369	

The Ohio Public Works Commission Water system improvement plan is a 0% loan, with semi-annual payments on 07/01 and 01/01 each year. The original loan was \$455,222. With payments starting 06/01/2007. Semi-annual payments 07/01 and 01/01 of each year are \$11,381. The term of this loan will expire 07/01/2027.

The Ohio Public Works Commission Bellbrook Avenue Infrastructure Rehabilitation loan is a 0% interest loan, with semi-annual payments 07/01 and 01/01 of each year. The original loan amount was \$31,851, with payments starting 06/04/2010. Semi-annual payments 07/01 and 01/01 of each year are \$796. The term of this loan will expire 07/01/2030.

Amortization

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

Year Ending		
December 31:	OPWC 4441	OPWC 3145
2023	\$22,761	\$1,593
2024	\$22,761	\$1,593
2025	\$22,761	\$1,593
2026	\$22,761	\$1,593
2027	\$11,381	\$1,593
2028-2030	\$0	3,979
Total	\$102,425	\$11,944

Village of Spring Valley, Ohio
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	14,631	5,814	20,445
<i>Total</i>	<u>\$14,631</u>	<u>\$5,814</u>	<u>\$20,445</u>

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Spring Valley
Greene County
7 West Main Street
P.O. Box 418
Spring Valley, Ohio 45370

To the Village Council:

We have audited, 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Spring Valley, Greene County, (the Village) and have issued our report thereon dated May 30, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
May 30, 2024

VILLAGE OF SPRING VALLEY
GREENE COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FINDING NUMBER 2023-001

Material Weakness – Internal Controls Related to Financial Reporting

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Material and immaterial misstatements were identified in the following areas:

- Intergovernmental receipts;
- Capital Outlay disbursements
- Personal Services disbursements
- Principal disbursements;
- Fund balances;
- Numerous corrections and updates to the notes to the financial statements were required.

Failure to accurately post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Village.

We recommend that the Village accurately record financial transactions. The Ohio Village Officer's Manual available on the Auditor of State's website should be consulted to ensure that proper funds and accounts are established and that amounts are properly recorded. Additionally, the Village should use the footnote shells published on the Auditor of State's website when preparing the notes to the financial statements.

Officials' Response: We did not receive a response from Officials to this finding.

**Village of Spring Valley, Ohio
Greene County
Summary Schedule of Prior Audit Findings
December 31, 2023 and 2022**

Finding Number	Finding Summary	Status	Additional Information:
2021-001	Material Weakness / Noncompliance – ORC 5705.41(D)	Corrected	
2021-002	Material Weakness –Financial Reporting	Not Corrected	Reissued as Finding 2023-001
2021-003	Material Weakness –Bank Reconciliations	Partially Corrected	Reissued in management letter

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SPRING VALLEY

GREENE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/25/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov