

VILLAGE OF YELLOW SPRINGS

GREENE COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2023**



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Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

We have reviewed the *Independent Auditor's Report* of the Village of Yellow Springs, Greene County, prepared by Julian & Grube, Inc., for the audit period January 1, 2023 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Partially Repaid

Ohio Rev. Code § 117.24 requires the Auditor of State to determine whether “public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . . .” Those determinations in an audit report constitute “findings for recovery.” Ohio Rev. Code § 9.24(H)(3).

Former Village Finance Director Matt Dillon was responsible for the timely and complete remittance of payroll withholdings to the appropriate authority. The following penalties were incurred and paid as a result of untimely and incomplete filings:

- \$4,657.30 for late filing of 1 Federal 941 Form;
- \$5,002.19 for 7 instances of failure to submit withholdings;
- \$9,520.00 for incorrect filing of 1 Form 1099; and
- \$332.91 for 7 instances of interest for failure to pay IRS penalties.

Additionally, former Village Manager, Josue Salmeron, and former Finance Director, Amy Kemper were responsible for submitting a portion of the aforementioned penalty payments in order to not continue accruing interest.

The failure to pay federal tax withholdings and submit forms timely is considered gross negligence. Late payment fees incurred through gross negligence are illegal expenditures which do not serve a proper public purpose. These charges would have been avoided had the funds and forms been remitted by the required due dates.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Matt Dillon in the amount of \$19,512.40 and their bonding company, The Cincinnati Insurance Company, jointly and severally, in the amount of \$19,512.40, Josue Salmeron, jointly and severally, in the amount of \$156.95, and Amy Kemper, jointly and severally, in the amount of \$136.13, and in favor of the Village of Yellow Springs General Fund.

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100 Dayton Street
Yellow Springs, Ohio 45387
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Finding for Recovery Partially Repaid (continued)

On February 21, 2025, Amy Kemper repaid \$136.13 on check number 348 that was posted to the General Fund. On February 28, 2025, Josue Salmeron repaid \$156.95 on check number 1129 that was posted to the General Fund. Therefore, the amount that Matt Dillon will be responsible for repaying is reduced to \$19,219.32.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Yellow Springs is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Keith Faber". The signature is fluid and cursive, with the first name "Keith" and last name "Faber" clearly distinguishable.

Keith Faber
Auditor of State
Columbus, Ohio

May 27, 2025

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

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Independent Auditor's Report

Village of Yellow Springs
Greene County
100 Dayton Street
Yellow Springs, Ohio 43587

To the Members of the Village Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Village of Yellow Springs, Greene County, Ohio, which comprises the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023, 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 and the fiduciary fund type combined total of the Village of Yellow Springs, as of and for the year ended December 31, 2023 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as 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 referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Yellow Springs, as of December 31, 2023, or changes in net position and, 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 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 of Yellow Springs 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 of Yellow Springs 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 a basis of accounting 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 GAAP, 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 these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 misstatements, 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 of Yellow Springs' 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 generally accepted auditing standards and *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 generally accepted auditing standards and *Government Auditing Standards*, we:

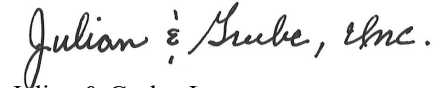
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 of Yellow Springs' 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 of Yellow Springs' 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.

Village of Yellow Springs
Greene County
Independent Auditor's Report

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2024 on our consideration of the Village of Yellow Springs' internal control over financial reporting and on 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 of Yellow Springs' 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 of Yellow Springs' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
July 30, 2024

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

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	Capital Projects	Total Governmental Funds
Cash Receipts:				
Property and other local taxes	\$ 1,257,422	\$ 55,099	\$ -	\$ 1,312,521
Municipal income taxes	2,285,935	-	-	2,285,935
Intergovernmental	285,559	554,274	10,000	849,833
Charges for services	276,069	-	-	276,069
Licenses and permits	10,783	-	-	10,783
Fines and forfeitures	76,745	4,246	-	80,991
Investment earnings	512,679	39,174	-	551,853
Contributions and donations	1,768	-	-	1,768
Miscellaneous	187,815	30,182	-	217,997
Total cash receipts	<u>4,894,775</u>	<u>682,975</u>	<u>10,000</u>	<u>5,587,750</u>
Cash Disbursements:				
Current:				
General government	1,086,596	439,082	-	1,525,678
Security of persons and property	1,095,439	118,325	-	1,213,764
Public health services	46,971	17,710	-	64,681
Leisure time activities	512,979	-	-	512,979
Community environment	210,534	-	-	210,534
Transportation	-	574,178	-	574,178
Capital outlay	-	613,876	199,483	813,359
Debt service:				
Principal retirement	32,300	-	-	32,300
Interest and fiscal charges	40,035	-	-	40,035
Total cash disbursements	<u>3,024,854</u>	<u>1,763,171</u>	<u>199,483</u>	<u>4,987,508</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,869,921</u>	<u>(1,080,196)</u>	<u>(189,483)</u>	<u>600,242</u>
Other financing sources (uses):				
Transfers in	-	501,500	106,000	607,500
Transfers (out)	(1,098,900)	-	-	(1,098,900)
Total other financing sources (uses)	<u>(1,098,900)</u>	<u>501,500</u>	<u>106,000</u>	<u>(491,400)</u>
Net change in fund balances	771,021	(578,696)	(83,483)	108,842
Fund cash balances, January 1	<u>3,777,429</u>	<u>1,792,686</u>	<u>258,488</u>	<u>5,828,603</u>
Fund cash balances, December 31	<u>\$ 4,548,450</u>	<u>\$ 1,213,990</u>	<u>\$ 175,005</u>	<u>\$ 5,937,445</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for services	\$ 7,499,350
Other operating receipts	<u>166,937</u>
Total operating cash receipts	<u>7,666,287</u>
Operating Cash Disbursements:	
Personal services	1,578,939
Travel and training	24,963
Contractual services	4,204,602
Materials and supplies	362,758
Other	<u>3,107</u>
Total operating cash disbursements	<u>6,174,369</u>
Operating income	<u>1,491,918</u>
Non-Operating Receipts (Disbursements):	
Capital outlay	(1,248,261)
Principal retirement	(270,629)
Interest and fiscal charges	<u>(173,601)</u>
Total non-operating receipts (disbursements)	<u>(1,692,491)</u>
Loss before transfers	(200,573)
Transfer in	<u>491,400</u>
Net change in fund cash balances	290,827
Fund cash balances, January 1	<u>5,162,461</u>
Fund cash balances, December 31	<u><u>\$ 5,453,288</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Fiduciary Fund Type
	Custodial
Additions:	
Collections of fines and fees	\$ 11,895
Total Additions	11,895
Deductions:	
Distribution of fines and fees	11,895
Total Deductions	11,895
Net change in fund cash balances	-
Fund cash balances, January 1	-
Fund cash balances, December 31	\$ -

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

1. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Yellow Springs, Greene County, Ohio, (the “Village”) as a body corporate and politic. The Village adopted a home rule municipal charter in 1950. A publicly elected five-member Council directs the Village. The Council appoints the Village Manager who is the chief executive officer and the head of the administrative agencies of the Village. The Village Manager appoints all department heads and employees. The Village provides water, sewer, solid waste and electric utilities, park operations, and police services. The Village contracts with Miami Township to receive fire protection and emergency medical services.

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

2. Summary of Significant Accounting Policies

A. 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 the proprietary fund type and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are all organized on a fund type basis.

B. Accounting Basis

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.

C. 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.

During 2023, the Village invested in STAR Ohio (the State Treasury Asset Reserve of Ohio), a Government Money Market Mutual Fund, U.S. Treasury Notes, federal agency securities (FHLMC) and negotiable certificates of deposit. The Government Money Market Mutual Fund is recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Other Village investments are measured at cost.

D. 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:

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

2. Summary of Significant Accounting Policies - (Continued)

1. 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.

2. 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 Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

American Rescue Plan Act Fund - This fund accounts for monies received from the federal government as part of the American Rescue Plan Act of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Funds:

Parks and Recreation Capital Improvement Fund - This fund is used for construction, maintenance and repair of the Village's parks and recreation facilities, including the swimming pool.

Facilities Capital Improvement Fund - This fund is used for repair and maintenance of the Bryan Center, Library, Train Depot, and Public Works Facility.

4. 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 Operating Fund - This fund receives charges for services from residents to cover the cost of water treatment and distribution throughout the Village.

Sewer Operating Fund - This fund receives charges for services from residents to cover the cost of sanitary sewer service throughout the Village.

Electric Operating Fund - This fund receives charges for services from residents to cover the cost of distributing electricity throughout the Village.

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

2. Summary of Significant Accounting Policies - (Continued)

5. Fiduciary Funds

Fiduciary Funds include Private Purpose Trust Funds and Custodial Funds. The Village does not have a Private Purpose Trust Fund.

Custodial Funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's Custodial Fund accounts for the Mayor's Court. For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed of fines and fees of the Village are identified on the statement of additions, deductions and changes in fund balances (regulatory basis) the fiduciary fund type.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except the Custodial Funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the Village's legal level of budgetary control, and appropriations may not exceed estimated resources. For the Village, the legal level of budgetary control is at the fund level, for all funds, with personal services and other expenditures appropriated separately by department. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. 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.

3. 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 re-appropriated.

A summary of 2023 budgetary activity appears in Note 6.

F. 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:

1. 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.

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

2. Summary of Significant Accounting Policies - (Continued)

2. 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.

3. 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.

4. 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.

5. 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, if any, are reduced first followed by assigned, if any, 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 15.

G. 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.

H. 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.

I. Leases

Accruals related to leases (as defined by GASB 87) are not reflected under the Village's regulatory basis of accounting. Lease receipts/disbursements are recognized when they are received/paid.

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

2. Summary of Significant Accounting Policies - (Continued)

J. Subscription Based Information Technology Arrangements

Accruals related to Subscription Based Information Technology Arrangement (SBITA) contracts (as defined by GASB 96) are not reflected under the Village's regulatory basis of accounting. SBITA disbursements are recognized when they are paid.

K. Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$3,826 are reflected as fines and forfeitures receipts in the OneOhio fund (Special revenue fund type) in the accompanying financial statements.

3. Accountability and Compliance

A. Compliance

The Village was in noncompliance with Ohio Revised Code sections 5705.39, 5075.36, and 5075.36(A)(4) due to appropriations exceeding actual and estimated resources in the Water Operating Fund (Enterprise Fund Type).

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**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has a segregated account for the mayor's court account that is not part of this pool. The carrying amount of deposits and investments at December 31, 2023 was as follows:

Demand Deposits	\$ 3,213,984
Total Deposits	<u>3,213,984</u>
STAR Ohio	6,345,178
Government Money Market Mutual Fund	107,466
U.S. Treasury Notes	497,569
FHLMC	499,186
Negotiable Certificates of Deposit	<u>727,350</u>
Total Investments	<u>8,176,749</u>
Total Deposits and Investments	<u><u>\$ 11,390,733</u></u>

The Village has a payroll clearing account that is held inside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings.

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.

Investments: Investments in STAR Ohio and the Government Money Market Mutual Fund are not evidenced by securities that exist in physical or book-entry form. The Federal Reserve holds the Village's U.S. Treasury Notes, Negotiable Certificates of Deposit and FHMLC in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

5. Property Tax

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

6. Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,989,792	\$ 4,894,775	\$ 904,983
Special Revenue	1,115,230	1,184,475	69,245
Capital Projects	106,000	116,000	10,000
Enterprise	6,760,690	8,157,687	1,396,997
Total	<u>\$ 11,971,712</u>	<u>\$ 14,352,937</u>	<u>\$ 2,381,225</u>

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

6. Budgetary Activity – (Continued)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,565,188	\$ 4,193,978	\$ 1,371,210
Special Revenue	2,117,251	1,777,552	339,699
Capital Projects	298,864	262,821	36,043
Enterprise	11,873,398	9,160,023	2,713,375
Total	<u>\$ 19,854,701</u>	<u>\$ 15,394,374</u>	<u>\$ 4,460,327</u>

On the financial statements, the General Fund receipts and disbursements include certain Special Revenue Funds activities in accordance with GASB 54. These Special Revenue Funds are included in the General Fund activity presented above.

7. Local Income Tax

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The Regional Income Tax Agency (R.I.T.A) collected and distributed income taxes for the Village.

8. Debt

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
Direct Borrowings:		
OWDA Loan 7279	\$4,915,229	2.75%
OWDA Loan 7136	403,932	3.15%
OWDA Loan 7035	270,360	2.91%
WPCLF/OWDA Loan 5326	392,689	2.75%
WPCLF/OWDA Loan 5844	60,844	3.45%
OPWC Loan CK12T	1,061,667	0.00%
WesBanco Loan	580,016	4.42%
Total	<u>\$7,684,737</u>	

At December 31, 2023, the Village had \$6,043,054 loans outstanding with the Ohio Water Development Authority (OWDA). All of these loans were used to finance improvements or expansion of the Village's water and sewer system's infrastructure. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the Village to pay any fines, penalties, interest or late charges associated with the default. Principal and interest payments are paid from the water and sewer funds (Enterprise fund type).

In 2017, the Village also received a loan from the Ohio Public Works Commission (OPWC) for their Water Treatment Plant Replacement project. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the Village for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the Village is located to pay the amount of the default from funds that would otherwise be appropriated to the Village from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable. Principal and interest payments are paid from the water and sewer funds (Enterprise fund type).

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

8. Debt – (Continued)

In 2022, the Village entered into a loan agreement with WesBanco Bank, Inc. for \$640,000 to finance the acquisition of the real property located at 10-12 Lawson Place. Principal and interest payments are paid from the General Fund. The loan carries an interest rate of 4.42% and matures on December 31, 2036.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Loan			OWDA Loans		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 43,333	\$ -	\$ 43,333	\$ 233,719	\$ 166,765	\$ 400,484
2025	43,333	-	43,333	240,327	160,191	400,518
2026	43,333	-	43,333	247,113	153,435	400,548
2027	43,334	-	43,334	254,101	146,484	400,585
2028	43,333	-	43,333	261,284	139,338	400,622
2029 - 2033	216,667	-	216,667	1,247,668	586,981	1,834,649
2034 - 2038	216,667	-	216,667	1,163,869	421,423	1,585,292
2039 - 2043	216,666	-	216,666	1,276,872	254,710	1,531,582
2044 - 2048	195,001	-	195,001	1,118,101	69,374	1,187,475
Total	<u>\$ 1,061,667</u>	<u>\$ -</u>	<u>\$ 1,061,667</u>	<u>\$ 6,043,054</u>	<u>\$ 2,098,701</u>	<u>\$ 8,141,755</u>

Year Ending December 31:	WesBanco Loan		
	Principal	Interest	Total
2024	\$ 33,757	\$ 24,927	\$ 58,684
2025	35,280	23,405	58,685
2026	36,871	21,813	58,684
2027	38,534	20,150	58,684
2028	40,272	18,412	58,684
2029 - 2033	230,304	63,117	293,421
2034 - 2036	164,998	11,413	176,411
Total	<u>\$ 580,016</u>	<u>\$ 183,237</u>	<u>\$ 763,253</u>

Conduit Debt

In 2002, the Village issued Health Care Facility Revenue Refunding and Improvement Bonds for improvements and acquisition of hospital facilities used by a private healthcare association. These bonds do not constitute general obligations, debtor bonded indebtedness or a pledge of the faith and credit of the Village. At December 31, 2023, the total of these bonds outstanding was \$0.

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

9. Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some of the Village's 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 postemployment healthcare and survivor and disability benefits.

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

Ohio Police and Fire Retirement System

The Village's certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

10. Postemployment Benefits

Both OPERS and OP&F offer 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. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. 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. OP&F contributes 0.5 percent to fund these benefits.

11. Risk Management

The Village has obtained commercial insurance for the following risks:

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

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Worker's Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

12. Joint Ventures with Equity Interest

The Village of Yellow Springs is a Non-Financing Participant and an Owner Participant with an ownership percentage of 1.05% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20-year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2023, the Village's net investment in OMEGA JV2 was a deficit of \$20,683. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2023 are:

Participants	KW Amount	Percent	Participants	KW Amount	Percent
Hamilton	32,000	23.87%	Grafton	1,056	0.79%
Bowling Green	19,198	14.32%	Brewster	1,000	0.75%
Niles	15,400	11.48%	Monroeville	764	0.57%
Cuyahoga Falls	10,000	7.46%	Milan	737	0.55%
Wadsworth	7,784	5.81%	Oak Harbor	737	0.55%
Painesville	7,000	5.22%	Elmore	364	0.27%
Dover	7,000	5.22%	Jackson Center	300	0.22%
Galion	5,753	4.29%	Napoleon	264	0.20%
Amherst	5,000	3.73%	Lodi	218	0.16%
St. Marys	4,000	2.98%	Genoa	199	0.15%
Montpelier	4,000	2.98%	Pemberville	197	0.15%
Shelby	2,536	1.89%	Lucas	161	0.12%
Versailles	1,660	1.24%	South Vienna	123	0.09%
Edgerton	1,460	1.09%	Bradner	119	0.09%
Yellow Springs	1,408	1.05%	Woodville	81	0.06%
Oberlin	1,217	0.91%	Haskins	73	0.05%
Pioneer	1,158	0.86%	Arcanum	44	0.03%
Seville	1,066	0.80%	Custar	4	0.00%
			Grand Total	134,081	100.00%

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

13. Segment Information

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) joint venture as described in Note 12. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Operating Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Operating Fund is presented below:

	2023
Total Fund Cash Balance	\$1,985,816
Condensed Operating Information:	
Operating Receipts	
Charges for Services	4,357,052
Other Operating Receipts	142,229
Total Operating Receipts	4,499,281
Operating Expenses	
Personal Services	530,718
Travel/Training	19,531
Contractual Services	3,429,026
Materials and Supplies	101,181
Other	3,272
Total Operating Expenses	4,083,728
Change in Fund Cash Balance	415,553
Beginning Fund Cash Balance	1,570,263
Ending Fund Cash Balance	\$1,985,816
Condensed Cash Flows Information:	
Net Cash Provided (Used) by:	
Operating Activities	\$415,553
Net Increase/(Decrease)	415,553
Beginning Fund Cash Balance	1,570,263
Ending Fund Cash Balance	\$1,985,816

14. Contingent Liabilities

A. Litigation

The Village is not involved in litigation, that, in the opinion of management, is expected to have a material adverse effect on the Village's financial condition.

B. Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

15. Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. 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>Capital Projects</u>	<u>Total</u>
Nonspendable:				
Unclaimed Monies	\$ 15,838	\$ -	\$ -	\$ 15,838
Outstanding Encumbrances	<u>70,224</u>	<u>14,381</u>	<u>63,338</u>	<u>147,943</u>
<i>Total</i>	<u>\$ 86,062</u>	<u>\$ 14,381</u>	<u>\$ 63,338</u>	<u>\$ 163,781</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects 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 Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Village of Yellow Springs
Greene County
100 Dayton Street
Yellow Springs, Ohio 43587

To the Members of the Village Council and Mayor:

We have audited, in accordance with the 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Yellow Springs, Greene County, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statements and have issued our report thereon dated July 30, 2024, wherein we noted the Village of Yellow Springs followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 of Yellow Springs' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Yellow Springs' internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Yellow Springs' 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 of Yellow Springs' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Village of Yellow Springs

Greene County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Village of Yellow Springs' 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 matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2023-001.

Village of Yellow Springs' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Yellow Springs' response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Village of Yellow Springs' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 of Yellow Springs' 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 of Yellow Springs' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

July 30, 2024

**VILLAGE OF YELLOW SPRINGS
GREENE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2023-001

Noncompliance

Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed total estimated resources. In addition, Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the last certified amended certificate. Ohio Revised Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

The Village did not request timely amended certificates of estimated resources throughout the year upon notice of increased or decreased resources and at year end, and therefore had total appropriations exceeding total estimated resources and had total appropriations in excess of actual resources, which consists of actual revenues and beginning unencumbered fund balances in the Water Operating Fund (Enterprise Fund Type).

With total appropriations exceeding total estimated resources and total appropriations exceeding total actual resources, the Village may spend more funds than in the Treasury or in process of collection which could cause fund deficits.

We recommend the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 and continually monitor appropriations versus estimated resources and actual resources. If it is determined that estimated resources will be different than initially anticipated, the Village should amend its certificate of estimated resources and also amend the appropriations as necessary.

Client Response: The Village Fiscal Director will more closely monitor its appropriations versus estimated resources and actual resources.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF YELLOW SPRINGS

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 6/10/2025

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