

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

Basic Financial Statements – Modified Cash Basis

December 31, 2004

with

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

Village Council
Village of Yellow Springs
100 Dayton St.
Yellow Springs, OH 45387

We have reviewed the *Independent Auditors' Report* of the Village of Yellow Springs, Greene County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 13, 2005

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

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS
www.cshco.com

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Village of Yellow Springs, Ohio (the Village) as of and for the year ended December 31, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Yellow Springs, Ohio, as of December 31, 2004, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund and the Street Construction and Repair Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2005, on our consideration of the Village's 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 to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Clark, Schaefer, Hachett & Co.

Springfield, Ohio

August 5, 2005

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)

The discussion and analysis of the Village of Yellow Springs' (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2004. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Key financial highlights for the year ended December 31, 2004 are as follows:

- Total net assets decreased by \$115,397; consisting of a decrease in Governmental Activities net assets of \$435,287 and an increase in the net assets of the Business-type Activities of \$319,890.
- Total cash receipts for 2004 were \$6,951,393 as compared to total program cash disbursements of \$7,066,790 for the year.
- Total Governmental Activities cash receipts for 2004 were \$2,449,221 with \$325,140 being classified as program cash receipts and the remaining \$2,124,081 reported as general receipts, transfers and special items. Total program cash disbursements totaled \$2,884,508 for the same period.
- Total Business-Type Activities program cash receipts for 2004 were \$4,546,348 as compared with program cash disbursements of \$4,182,282.

Using this Basic Financial Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Village's cash basis of accounting.

The Statement of Net Assets – Modified Cash Basis and Statement of Activities – Modified Cash Basis provide information about the activities of the Village as a whole, presenting an aggregate view of the Village's cash basis finances. Fund financial statements provide a more detailed presentation of the Village's cash basis finances. The fund financial statements presents the Village's most significant funds (major funds) separate from the less significant funds (non-major funds) for both governmental and proprietary funds. Non-major funds of the Village are presented in one total column. In the case of the Village of Yellow Springs, the major government funds are the General and the Street Construction and Repair Funds, while the Electric, Water, Sewer, and Solid Waste Funds are classified as major enterprise funds.

Reporting the Village as a Whole

Statement of Net Assets and the Statements of Activities

While this document contains the large number of funds used by the Village to provide programs and activities, the view of the Village as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include only net assets using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)

These two statements report the Village's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the Village as a whole, the cash basis financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's tax base, current property tax laws in Ohio restricting revenue growth, the condition of the Village's facility and infrastructure, and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets and the Statement of Activities, the Village is divided into two distinct kinds of activities:

Governmental Activities – These activities are those that are principally supported by taxes and intergovernmental revenues and include police and fire protection, recreation and parks, community environment, street repair and maintenance, and general government.

Business-Type Activities – These activities are those that where the user fees charged for these services are based upon the amount of usage and the intent is to recoup operational costs through the user fees. The Village currently has four business-type activities; electric, water, sewer and solid waste.

Reporting the Village's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about each major fund. The major funds of the Village include the General, Street Construction and Repair, Electric, Water, Sewer and Solid Waste funds. The Village uses many funds to account for a multitude of financial transactions. However, the focus of the fund financial statements is on the Village's most significant funds, and therefore only the major funds are presented in separate columns. All other funds are combined into one column for reporting purposes.

Governmental Funds

Most of the Village's activities are reported in governmental funds, which are essentially the same functions reported as governmental activities in the government-wide financial statements. The Village's major governmental funds are the General and the Street Construction and Repair Funds. The financial information of the other governmental funds is aggregated and reported in the non-major governmental funds column in the fund financial statements.

Proprietary Funds

When the Village charges citizens for the services it provides, with the intent of recouping operating costs, these services are generally reported in proprietary funds. The Village has four distinct operations which are classified as enterprise funds; Electric Distribution, Water Treatment and Distribution, Sewage Collection and Treatment, and Solid Waste Collection and Disposal. Each of these operations is reported as major funds in the fund financial statements.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)

Fiduciary Funds

The financial activity of custodial funds, for which the Village acts as the fiscal agent, is reported separately in the statement assets and liabilities. This financial activity is excluded from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring the assets reported in these funds are used for their intended purposes. The Village of Yellow Springs has four agency funds, including the payroll clearing, petty cash, mandatory deposits and Mayor's Court funds.

Government-Wide Financial Analysis

As noted earlier, net assets – modified cash basis may serve over time as a useful indicator of a government's financial position. This is the first year for the Village of Yellow Springs has elected to report its financial information on an Other Comprehensive Basis of Accounting, in a format similar to that required by Governmental Accounting Standards Board Statement No. 34. This statement requires a comparative analysis of government-wide data in the Management Discussion and Analysis (MD&A) section. Since this is the first year the financial information is presented in this format, comparative data is not available. In future years, comparative data will be presented.

Table 1 provides a summary of the Village's net assets for 2004:

Table 1			
Net Cash Assets			
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,489,213	\$ 2,006,917	\$ 3,496,130
Total Assets	1,489,213	2,006,917	3,496,130
Net Cash Assets			
Restricted	196,515	-	196,515
Unrestricted	1,292,698	2,006,917	3,299,615
Total Net Cash Assets	\$ 1,489,213	\$ 2,006,917	\$ 3,496,130

During 2004 the total Net Cash Assets decreased by \$115,397.

Table 2 shows the changes in Cash Net Assets for 2004. Since this is the first year the Village has prepared cash basis financial statements following GASB Statement No. 34, cash receipt and cash disbursement comparisons to fiscal year 2003 have not been compiled. In future years, when prior year information has been compiled, a comparative analysis will be presented.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)

Table 2
Changes in Net Cash Assets

	Governmental Activities	Business-Type Activities	Total
<u>Cash Receipts</u>			
<i>Program Cash Receipts</i>			
Charges for Services and Sales	\$ 167,563	\$ 4,546,348	\$ 4,713,911
Operating Grants and Contributions	157,577	-	157,577
<i>General Cash Receipts</i>			
Property Taxes	200,588	-	200,588
Municipal Income Taxes	1,406,437	-	1,406,437
Grants and Entitlements	276,951	-	276,951
Interest	30,731	-	30,731
Miscellaneous	69,198	-	69,198
Special Item – Proceeds from Sale of Land	96,000	-	96,000
Transfers In (Out)	<u>44,176</u>	<u>(44,176)</u>	<u>-</u>
Total Cash Receipts and Transfers	<u>2,449,221</u>	<u>4,502,172</u>	<u>6,951,393</u>
<u>Cash Disbursements</u>			
<i>Program Cash Disbursements</i>			
General Government	551,067	-	551,067
Security of Persons and Property	1,066,285	-	1,066,285
Public Health Services	10,123	-	10,123
Leisure Time Activities	315,534	-	315,534
Community Environment	311,976	-	311,976
Transportation	493,186	-	493,186
Debt Service	136,337	-	136,337
Electric	-	2,599,318	2,599,318
Water	-	745,981	745,981
Sewer	-	651,854	651,854
Solid Waste	<u>-</u>	<u>185,129</u>	<u>185,129</u>
Total Cash Disbursements	<u>2,884,508</u>	<u>4,182,282</u>	<u>7,066,790</u>
Increase (Decrease) in Net Cash Assets	(435,287)	319,890	(115,397)
Net Cash Assets, Beginning of Year	<u>1,924,500</u>	<u>1,687,027</u>	<u>3,611,527</u>
Net Cash Assets, End of Year	\$ <u>1,489,213</u>	\$ <u>2,006,917</u>	\$ <u>3,496,130</u>

As displayed in Table 2, total cash net assets of the Village as a whole, decreased by \$115,397 from 2003 to 2004. The decrease in governmental activities reported a decrease in net cash assets of \$435,287 which was offset by an increase in business type activities of \$319,890. The primary reasons for the decrease in the governmental funds include:

- A \$128,898 decrease in estate taxes received by the Village in 2004 compared with 2003 due to the timing in tax receipts and the nature of estate taxes.
- In 2003, the Village received \$170,000 in cash receipts associated with the demutualization of its insurance company. No such event occurred in 2004.
- A decrease of nearly \$66,000 in income tax receipts collected in 2004 as compared with 2003 due primarily to loss of businesses within the Village.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)

- The addition of a full-time zoning administrator position in 2004, as well as additional expenditures associated with attorney fees, contractual fees associated with income tax collection administration, and additional spending associated with capital outlay (storm water and street repaving projects).

The increase in cash net assets of the business type activities resulted from increased consumer fees collected in the electric and sewer funds and relatively level expenditures in those funds. The water fund of the Village was the only enterprise fund that reported a cash basis operating loss (\$145,501). In total, the enterprise funds reported cash basis operating income of \$566,694 which was offset by net debt service expenditures of \$202,628.

Governmental Activities

Table 3 shows the percentage of total expenditures each functional area comprises, the net cost of each functional area and the percentage of the functional area expenditures that are financed with general cash receipts.

TABLE 3
ANALYSIS OF PROGRAM EXPENDITURES
GOVERNMENTAL ACTIVITIES

	Percentage of Total Program Expenditures	Net Expenditures of Function	Percentage of Function Financed with General Cash Receipts
General Government	19.10 %	\$ 471,508	85.56 %
Security of Person & Property	36.97%	1,043,274	97.84 %
Public Health	0.35%	10,123	100.00 %
Leisure Time Activities	10.94 %	235,393	74.60 %
Community Environment	10.82%	311,976	100.00 %
Transportation	17.10 %	350,757	71.12 %
Debt Service	4.73 %	136,337	100.00 %
Total	100.00 %	\$ 2,559,368	88.73 %

As indicated by Table 3, expenditures associated with security of person and property account for nearly 37 percent of the total expenditures of the governmental activities and nearly 98 percent of these expenditures are financed with general revenue of the Village. Of the \$551,067 general government expenditures, program revenue covers nearly 14.5 percent with the remaining 85.5 percent being provided by general cash receipts. Expenditures associated with the repair and maintenance of the Village streets (transportation function) account for just over 17 percent of the Village's governmental activities. Operating grants from the State of Ohio offset nearly 29 percent of the transportation function expenditures in 2004.

Business-Type Activities

Overall, the Village's business-type activities had operating receipts of just over \$4.5 million in 2004 with total operating expenditures of approximately \$4.1 million. Of the four enterprise activities of the Village, the water fund was the only activity to report a cash basis operating loss (\$145,501). All other enterprise funds reported a net increase in net assets, with total net assets of the enterprise funds increasing by \$319,890. The ending net assets of the enterprise funds totaled just over \$2.0 million which is approximately 50% of the total operating disbursements reported in 2004. Increase in electric use and sewer rates in 2004 attributed to the increase in total net assets of the enterprise funds.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)

The Village's Funds

Information about the Village's major funds begins after the Statement of Activities. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$3,445,708 and cash disbursements and other financing uses of \$3,976,995. During 2004 the General Fund realized a net decrease in fund balance of \$258,031, as compared to a total decrease in fund balance of \$435,287 for all governmental funds. In addition, the total decrease in fund balance for all non-major governmental funds for the year was \$220,770.

General Fund Budgeting Highlights

The Village's budget is adopted at the object level within each department of a fund, the legal level of control. The Council reviews the detailed budgets of each department within the General Fund and other funds, and then adopts the budget at the legal level of control. During 2004, the Village amended its budgeted expenditures three times. Total cash receipts were \$50,671 less than the final budget amounts and cash expenditures were \$137,887 less than final budget amounts. On a budgetary basis, the General Fund ended 2004 with an unencumbered cash fund balance of \$619,065.

Capital Assets

The Village does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Debt Administration

Under the cash basis of accounting the Village does not report debt obligations, either long-term or short-term, in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about the Village's debt obligations. At December 31, 2004, the Village had \$1,150,000 in General Obligation Bonds and \$808,937 of Ohio Water Development Authority (OWDA) Loans outstanding. In addition, during 2004, the Village issued a \$475,000 Bond Anticipation Note (BAN) to partially refund the \$575,000 BAN which became due during the year.

Additional information regarding the Village's debt obligations can be found in Notes 10 and 11 to the basic financial statements.

Contacting the Village's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department at Village of Yellow Springs, Greene County, 100 Dayton Street, Yellow Springs, Ohio 45387 or call (937) 767-7204.

Village of Yellow Springs, Greene County
Statement of Net Assets - Modified Cash Basis
 December 31, 2004

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,489,213	\$ 2,006,917	\$ 3,496,130
<i>Total Assets</i>	<u>\$ 1,489,213</u>	<u>\$ 2,006,917</u>	<u>\$ 3,496,130</u>
Net Assets			
Restricted for:			
Debt Service	\$ 17,621	\$ -	\$ 17,621
Other Purposes	178,894	-	178,894
Unrestricted	<u>1,292,698</u>	<u>2,006,917</u>	<u>3,299,615</u>
<i>Total Net Assets</i>	<u>\$ 1,489,213</u>	<u>\$ 2,006,917</u>	<u>\$ 3,496,130</u>

See accompanying notes to the basic financial statements.

Village of Yellow Springs, Greene County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2004

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Current:						
General Government	\$ 551,067	\$ 72,098	\$ 7,461	\$ (471,508)	\$ -	\$ (471,508)
Security of Persons and Property	1,066,285	16,494	6,517	(1,043,274)	-	(1,043,274)
Public Health Services	10,123	-	-	(10,123)	-	(10,123)
Leisure Time Activities	315,534	78,971	1,170	(235,393)	-	(235,393)
Community Environment	311,976	-	-	(311,976)	-	(311,976)
Transportation	493,186	-	142,429	(350,757)	-	(350,757)
Debt Service:						
Principal Payments	78,727	-	-	(78,727)	-	(78,727)
Interest and Fiscal Charges	57,610	-	-	(57,610)	-	(57,610)
<i>Total Governmental Activities</i>	<u>2,884,508</u>	<u>167,563</u>	<u>157,577</u>	<u>(2,559,368)</u>	<u>-</u>	<u>(2,559,368)</u>
Business Type Activities						
Electric	2,599,318	2,949,342	-	-	350,024	350,024
Water	745,981	589,727	-	-	(156,254)	(156,254)
Sewer	651,854	790,952	-	-	139,098	139,098
Solid Waste	185,129	216,327	-	-	31,198	31,198
<i>Total Business Type Activities</i>	<u>4,182,282</u>	<u>4,546,348</u>	<u>-</u>	<u>-</u>	<u>364,066</u>	<u>364,066</u>
Total	<u>\$ 7,066,790</u>	<u>\$ 4,713,911</u>	<u>\$ 157,577</u>	<u>(2,559,368)</u>	<u>364,066</u>	<u>(2,195,302)</u>
General Receipts						
Property Taxes Levied for:						
General Purposes				177,443		177,443
Police Pension				23,145	-	23,145
Municipal Income Taxes				1,406,437	-	1,406,437
Grants and Entitlements not Restricted						
to Specific Programs				276,951	-	276,951
Interest				30,731	-	30,731
Miscellaneous				69,198	-	69,198
<i>Total General Receipts</i>				<u>1,983,905</u>	<u>-</u>	<u>1,983,905</u>
Special Item - Proceeds from Sale of Land				96,000	-	96,000
Transfers				44,176	(44,176)	-
Total General Receipts, Special Item and Transfers				<u>2,124,081</u>	<u>(44,176)</u>	<u>2,079,905</u>
Change in Net Assets				(435,287)	319,890	(115,397)
<i>Net Assets Beginning of Year - Restated</i>				<u>1,924,500</u>	<u>1,687,027</u>	<u>3,611,527</u>
<i>Net Assets End of Year</i>				<u>\$ 1,489,213</u>	<u>\$ 2,006,917</u>	<u>\$ 3,496,130</u>

See accompanying notes to the basic financial statements.

Village of Yellow Springs, Greene County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	<u>General</u>	<u>Street Construction and Repair Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 627,959	\$ 228,630	\$ 632,624	\$ 1,489,213
<i>Total Assets</i>	<u>\$ 627,959</u>	<u>\$ 228,630</u>	<u>\$ 632,624</u>	<u>\$ 1,489,213</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 8,894	\$ -	\$ -	\$ 8,894
Unreserved:				
Undesignated, Reported in:				
General Fund	619,065	-	-	619,065
Special Revenue Funds	-	228,630	550,428	779,058
Debt Service Fund	-	-	17,621	17,621
Capital Projects Funds	-	-	64,575	64,575
<i>Total Fund Balances</i>	<u>\$ 627,959</u>	<u>\$ 228,630</u>	<u>\$ 632,624</u>	<u>\$ 1,489,213</u>

See accompanying notes to the basic financial statements.

Village of Yellow Springs, Greene County
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2004

	General	Street Construction and Repair Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$ 1,406,439	\$ -	\$ -	\$ 1,406,439
Property and Other Local Taxes	177,443	-	23,145	200,588
Special Assessments	-	-	4,887	4,887
Charges for Services	-	-	37,594	37,594
Fines, Licenses and Permits	38,991	-	2,170	41,161
Intergovernmental	276,110	108,200	35,428	419,738
Interest	30,731	-	-	30,731
Miscellaneous	131,860	21,704	2,736	156,300
<i>Total Receipts</i>	<u>2,061,574</u>	<u>129,904</u>	<u>105,960</u>	<u>2,297,438</u>
Disbursements				
Current:				
General Government	547,651	-	3,416	551,067
Security of Persons and Property	989,942	-	76,343	1,066,285
Public Health Services	10,123	-	-	10,123
Leisure Time Activities	-	-	315,534	315,534
Community Environment	21	-	311,955	311,976
Transportation	-	487,716	5,470	493,186
Debt Service:				
Principal Retirement	-	-	78,727	78,727
Interest and Fiscal Charges	-	-	57,610	57,610
<i>Total Disbursements</i>	<u>1,547,737</u>	<u>487,716</u>	<u>849,055</u>	<u>2,884,508</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>513,837</u>	<u>(357,812)</u>	<u>(743,095)</u>	<u>(587,070)</u>
Other Financing Sources (Uses)				
Transfers In	175,417	401,326	559,920	1,136,663
Transfers Out	(1,043,285)	-	(49,202)	(1,092,487)
Other Financing Sources	-	-	11,607	11,607
<i>Total Other Financing Sources (Uses)</i>	<u>(867,868)</u>	<u>401,326</u>	<u>522,325</u>	<u>55,783</u>
Special Item				
Proceeds from Sale of Land	96,000	-	-	96,000
<i>Net Change in Fund Balances</i>	<u>(258,031)</u>	<u>43,514</u>	<u>(220,770)</u>	<u>(435,287)</u>
<i>Fund Balances Beginning of Year - Restated</i>	<u>885,990</u>	<u>185,116</u>	<u>853,394</u>	<u>1,924,500</u>
<i>Fund Balances End of Year</i>	<u>\$ 627,959</u>	<u>\$ 228,630</u>	<u>\$ 632,624</u>	<u>\$ 1,489,213</u>

See accompanying notes to the basic financial statements.

Village of Yellow Springs, Greene County
*Statement of Cash Receipts, Cash Disbursements,
and Changes in Fund Cash Balance (Budgetary Basis)*
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Municipal Income Taxes	\$ 3,111,525	\$ 1,417,000	\$ 1,406,439	\$ (10,561)
Property and Other Taxes	-	178,221	177,443	(778)
Intergovernmental	-	311,686	276,110	(35,576)
Fines, Licenses and Permits	-	39,828	38,991	(837)
Interest	-	35,000	30,731	(4,269)
Other	-	130,510	131,860	1,350
Total Revenues	<u>3,111,525</u>	<u>2,112,245</u>	<u>2,061,574</u>	<u>(50,671)</u>
Expenditures:				
Current:				
General Government	659,577	623,795	554,045	69,750
Security of Persons and Property	1,027,523	1,060,023	992,442	67,581
Public Health Services	10,500	10,500	10,123	377
Community Environment	-	200	21	179
Total Expenditures	<u>1,697,600</u>	<u>1,694,518</u>	<u>1,556,631</u>	<u>137,887</u>
Excess of Revenues Over(Under) Expenditures	<u>1,413,925</u>	<u>417,727</u>	<u>504,943</u>	<u>87,216</u>
Other Financing Sources (Uses):				
Transfers In	-	139,009	175,417	36,408
Transfers Out	(1,046,493)	(1,039,243)	(1,043,285)	(4,042)
Proceeds from the Sale of Land	-	-	96,000	96,000
Total Other Financing Sources (Uses)	<u>(1,046,493)</u>	<u>(900,234)</u>	<u>(771,868)</u>	<u>128,366</u>
Net Change in Fund Balance	<u>367,432</u>	<u>(482,507)</u>	<u>(266,925)</u>	<u>215,582</u>
Fund Balance at Beginning of Year	865,271	865,271	865,271	-
Prior Year Encumbrances Appropriated	20,719	20,719	20,719	-
Fund Balance at End of Year	<u>\$ 1,253,422</u>	<u>\$ 403,483</u>	<u>\$ 619,065</u>	<u>\$ 215,582</u>

See accompanying notes to the basic financial statements.

Village of Yellow Springs, Greene County
*Statement of Cash Receipts, Cash Disbursements,
and Changes in Fund Cash Balance (Budgetary Basis)*
Street Construction and Repair Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 88,568	\$ 88,568	\$ 108,200	\$ 19,632
Other	1,000	1,000	21,704	20,704
Total Revenues	89,568	89,568	129,904	40,336
Expenditures:				
Current:				
Transportation	490,894	595,794	487,716	108,078
Total Expenditures	490,894	595,794	487,716	108,078
Excess of Revenues Over(Under) Expenditures	(401,326)	(506,226)	(357,812)	148,414
Other Financing Sources (Uses):				
Transfers In	401,326	401,326	401,326	-
Total Other Financing Sources (Uses)	401,326	401,326	401,326	-
Net Change in Fund Balance	-	(104,900)	43,514	148,414
Fund Balance at Beginning of Year	185,116	185,116	185,116	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	\$ 185,116	\$ 80,216	\$ 228,630	\$ 148,414

See accompanying notes to the basic financial statements.

Village of Yellow Springs, Greene County
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2004

	Business-Type Activities				Total Enterprise Funds
	Electric Fund	Water Fund	Sewer Fund	Solid Waste Fund	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,357,227	\$ 357,824	\$ 225,085	\$ 66,781	\$ 2,006,917
<i>Total Assets</i>	<u>\$ 1,357,227</u>	<u>\$ 357,824</u>	<u>\$ 225,085</u>	<u>\$ 66,781</u>	<u>\$ 2,006,917</u>
Net Assets					
Unrestricted	<u>\$ 1,357,227</u>	<u>\$ 357,824</u>	<u>\$ 225,085</u>	<u>\$ 66,781</u>	<u>\$ 2,006,917</u>

See accompanying notes to the basic financial statements.

Village of Yellow Springs, Greene County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2004*

	Business-Type Activities				Total Enterprise Funds
	Electric Fund	Water Fund	Sewer Fund	Solid Waste Fund	
Operating Receipts					
Charges for Services	\$ 2,935,060	\$ 579,451	\$ 782,719	\$ 208,534	\$ 4,505,764
Other Operating Receipts	14,282	10,276	8,233	7,793	40,584
<i>Total Operating Receipts</i>	<u>2,949,342</u>	<u>589,727</u>	<u>790,952</u>	<u>216,327</u>	<u>4,546,348</u>
Operating Disbursements					
Personal Services	326,082	308,549	314,387	8,618	957,636
Contractual Services	2,036,601	75,268	193,783	176,162	2,481,814
Materials and Supplies	61,793	33,412	12,007	225	107,437
Other	9,489	2,498	1,469	124	13,580
Capital Outlay	57,348	315,501	45,134	-	417,983
<i>Total Operating Disbursements</i>	<u>2,491,313</u>	<u>735,228</u>	<u>566,780</u>	<u>185,129</u>	<u>3,978,450</u>
<i>Operating Income (Loss)</i>	458,029	(145,501)	224,172	31,198	567,898
Non-Operating Receipts (Disbursements)					
Proceeds from Sale of Bond Anticipation Notes	475,000	-	-	-	475,000
Debt Service:					
Principal Payments	(575,000)	(5,695)	(62,489)	-	(643,184)
Interest Payments	(8,005)	(5,058)	(22,585)	-	(35,648)
<i>Income (Loss) before Transfers</i>	350,024	(156,254)	139,098	31,198	364,066
Transfers In	164,042	-	-	-	164,042
Transfers Out	(196,843)	-	(11,375)	-	(208,218)
<i>Change in Net Assets</i>	317,223	(156,254)	127,723	31,198	319,890
<i>Net Assets Beginning of Year</i>	<u>1,040,004</u>	<u>514,078</u>	<u>97,362</u>	<u>35,583</u>	<u>1,687,027</u>
<i>Net Assets End of Year</i>	<u>\$ 1,357,227</u>	<u>\$ 357,824</u>	<u>\$ 225,085</u>	<u>\$ 66,781</u>	<u>\$ 2,006,917</u>

See accompanying notes to the basic financial statements.

Village of Yellow Springs, Greene County
Statement of Fiduciary Net Assets - Modified Cash Basis
As of December 31, 2004

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 29,922</u>
<i>Total Assets</i>	<u><u>\$ 29,922</u></u>
Net Cash Assets	<u><u>\$ 29,922</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1- DESCRIPTION OF THE VILLAGE AND REPORTING ENTITY:

The Village of Yellow Springs, Greene County, (the "Village") is a political body incorporated in 1856. The Village adopted a home rule municipal charter in 1950 for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a council-manager form of the government. The Village is directed by a publicly-elected five-member Council. The council appoints the Village Administrator who is the chief executive officer and the head of the administrative agencies of the Village. The Village Administrator appoints all department heads and employees.

Reporting Entity

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

The primary government consists of all funds and departments which provide various services including public safety, public services, health and recreation and development; fire and emergency services are provided by Miami Township Fire Department. Council and the Village Administrator are directly responsible for these activities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing body and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt or the levying of taxes. There are no component units included as part of this report.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Fund Accounting

The Village uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Village functions or activities. The operation of each fund is accounted for within a separate set of self-balancing set of accounts.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following are the Village's major governmental funds:

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

General Fund - This fund is the operating fund of the Village and is used to account for all financial resources except those required to be accounted for 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 and the Charter of the Village.

Street Construction and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

The other governmental funds of the Village account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Proprietary Funds

The proprietary funds are used to account for the Village's ongoing activities that are similar to those found in the private sector. The only proprietary funds reported by the Village are enterprise funds. The following are the Village's major enterprise funds:

Water Fund – This fund receives charges for services from residents to cover the cost of treating and distributing water throughout the Village.

Sewer Fund – This fund receives charges for services from residents to cover the cost of collecting, treatment, and distribution of sewage throughout the Village.

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

Solid Waste Fund – This fund receives charges for services from residents to cover the cost of collecting solid waste throughout the Village.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The Village's only fiduciary funds are agency funds which are used to account for resources collected for a payroll clearing account, mayor's court and guaranteed deposits. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

Basis of Presentation

For fiscal year 2004 the Village has implemented the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. The Village's basic financial statements consist of government-wide statements, including a statement of net cash assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets-cash basis presents the cash basis financial condition of governmental activities of the Village at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the Village's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the Village. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the Village.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Accounting

As permitted by the Auditor of State, the Village chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivables and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Cash Receipts – Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received. Non-exchange transactions, in which the Village receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department of a fund. Budgetary modifications may only be made by resolution of the Village Council.

Tax Budget

A tax budget of estimated revenues and expenditures for all budgeted funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and revises estimated revenues. The commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2004.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance generally controls the spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year supplemental appropriation measures were legally passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the disbursement of funds are recorded in order to reserve a portion of the applicable appropriation. At the close of the fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

Cash and Cash Equivalents and Investments

Cash and cash equivalents consist of the total of fund cash balances from all funds as of December 31, 2004. To improve cash management, cash received by the Village is pooled. Monies from all funds, including proprietary funds, are maintained in this pool. Village funds are maintained in several checking accounts as well as invested in the State Treasury Assets Reserves of Ohio (STAR Ohio). Individual fund balance integrity is maintained through the Village's records. Balances of all funds are maintained in these accounts or are temporarily invested in STAR Ohio. All interest receipts are reported in the General Fund with interest receipts for 2004 totaling \$30,731.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2004.

Capital Assets and Depreciation

Capital assets acquired or constructed are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees.

Long-term Obligations

In general, bonds, long-term loans, and capital leases are recorded as cash disbursements in the financial statements when paid.

Net Cash Assets

Net cash assets represent the difference between assets and liabilities. Net cash assets consist of cash receipts reduced by cash disbursements for the current year. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes is comprised of net assets restricted for various grants. The Village applies restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without the requirement for repayment are reported as transfers. Transfers are reported as other financing sources/uses in governmental funds. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements transfers within governmental activities or within business-type activities are eliminated.

NOTE 3 – RESTATEMENT OF BEGINNING OF YEAR CASH BALANCES:

For 2004, the Village has implemented the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. Certain funds were reclassified as a result in the change in the reporting model and certain immaterial adjustments were made to the beginning cash net assets of the Village's funds.

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash Fund Balances Previously Reported at 12/31/2003	\$ 1,926,773	\$ 1,713,496	\$ 3,507	\$ 3,643,776
Fund Reclassification	-	(26,469)	26,469	-
Correction of Errors	(2,273)	-	(1,867)	(4,140)
Restated Cash Fund Balances at 12/31/2003	<u>\$ 1,924,500</u>	<u>\$ 1,687,027</u>	<u>\$ 28,109</u>	<u>\$ 3,639,636</u>

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 4 - DEPOSITS AND INVESTMENTS:

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

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

Public depositories must give security for all public funds on deposit. According to the Village's Deposit and Investment Policy, these institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or may pledge a pool of government securities the face value of which is at least 105 percent of the total value of public monies on deposit at the institution.

Cash on Hand

At year end, the Village had \$300 of cash on hand which is included as part of Net Cash Assets.

Deposits

At year end, the carrying amount of the Village's deposits was \$635,636 and the related bank balance was \$842,739. Of the bank balance, \$200,000 was covered by federal deposit insurance and the remaining amounts were uninsured and uncollateralized as defined by GASB Statement No. 3 because the securities held as collateral by the financial institutions or their trust departments or agents were held in an investments and securities pool but not in the financial institution's name. As authorized by state statute, the pledging bank has established an investment and securities pool to collateralize all public deposits.

Investments

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the Village's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the Village. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department but not in the Village's name.

At December 31, 2004, the Village had investments with a total carrying value of \$2,890,116; repurchase agreement and STAR Ohio with carrying values of \$1,535,362 and \$1,354,754, respectively. The repurchase agreement is classified as a Category 3 investment as defined by GASB No. 3. The STAR Ohio investment is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

A reconciliation between the classification of cash and cash equivalents and investments on the financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
Equity in Pooled Cash and Cash Equivalents Reported in Statements	\$ 3,526,052	\$ -
Cash on Hand	(300)	-
Investments:		
Repurchase Agreement	(1,535,362)	1,535,362
STAR Ohio	<u>(1,354,754)</u>	<u>1,354,754</u>
 GASB Statement No. 3	 \$ <u>635,636</u>	 \$ <u>2,890,116</u>

NOTE 5 – BUDGETARY BASIS FUND BALANCES:

Differences between the budgetary basis fund balances and the fund cash balances are due to encumbrances. The table below presents the differences between the net changes in fund balance reported in the Statement of Cash Receipts, Cash Disbursements and Changes in Modified-Cash Basis Fund Balances and the Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance (Budgetary Basis) for the Village’s General and major special revenue fund:

	General Fund	Street Construction and Repair Fund
Budgetary Basis Amount	\$ (258,031)	\$ 43,514
Encumbrances	<u>(8,894)</u>	<u>-</u>
Fund Modified-Cash Amount	<u>\$ (266,925)</u>	<u>\$ 43,514</u>

NOTE 6 - PROPERTY TAXES:

Property taxes include amounts levied against all real, public utility and tangible personal property located in the Village. Property tax revenue received during 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) is for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes collected in and intended to finance 2005.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent of true value for inventory.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The full tax rate of for all Village operations for the year ended December 31, 2004 was \$2.6 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property Tax Assessed Valuation	\$ 80,089,290
Public Utility Tangible Personal Property Assessed Valuation	702,700
Tangible Personal Property Assessed Valuation	<u>5,518,682</u>
Total	\$ <u>86,310,672</u>

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county tax payers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village of Yellow Springs. The County Auditor periodically remits to the Village its portion of the taxes collected.

NOTE 7 – LOCAL INCOME TAXES:

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. As of December 31, 2004, Regional Income Tax Agency (R.I.T.A.) collected income taxes for the Village.

NOTE 8 – DEFINED BENEFIT PENSION PLANS:

Public Employees Retirement System

The Village of Yellow Springs participates in the Public Employees Retirement System of Ohio (PERS), which administers three separate pension plans; the Traditional Pension Plan (TPP), the Member-Directed Plan (MDP) and the Combined Plan (CP). The TPP is a cost sharing, multiple-employer defined benefit pension plan. The MDP is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year), and members accumulate retirement assets equal to the value of member and (vested) employer contribution plus any

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

investment earnings. The CP is a cost sharing, multiple-employer defined benefit plan where employer contributions are invested by PERS to provide a formula retirement benefit similar to the TP benefit, but the member contribution is self-directed by the members and accumulate retirement assets in a manner similar to the MDP.

PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TPP and CP Plans. Members of the MDP do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004, member and contribution rates were consistent across all three plans. The 2004 member contribution rate was 8.5 percent and the Village's contribution rate was 13.55 percent of covered payroll. The Village's contributions to the plans for the years ending December 31, 2004, 2003, and 2002 were \$182,949, \$176,855, and \$188,451, respectively; 100 percent has been contributed for 2004, 2003 and 2002.

Police and Firemen's Disability and Pension Fund

The Village of Yellow Springs contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined pension plan. OP&F provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan member and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 and 24.0 percent respectively for police officers and firefighters. The Village's contributions to OP&F for the years ending December 31, 2004, 2003 and 2002 were \$102,567, \$80,264 and \$78,526, respectively; 100 percent has been contributed for 2004, 2003 and 2002.

NOTE 9 – POSTEMPLOYMENT BENEFITS:

Public Employees Retirement System

In order to qualify for postretirement health care coverage, age and services retirees under the TPP and the CP plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualifying survivor benefit recipients is available. The health care coverage provided by PERS is considered to be an Other Postemployment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. For 2004 the portion of the required contribution used to fund health care was 4.0 percent.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from one to six percent for the next eight years. In subsequent years (nine and beyond) health care costs were assumed to increase at four (4) percent.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 369,885. The Village's actual contributions for 2004 which were used to fund postemployment benefits were \$54,007. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2003 (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfounded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004 the PERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures PERS health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

Police and Firemen's Disability and Pension Fund

The Ohio Police and Fire Pension Fund provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such persons. An eligible dependent child is any child under the age of eighteen whether or not he is attending school or under twenty-two if attending full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

The Village's actual contributions for 2004 that were used to fund postemployment benefits were \$40,718. The OP&F's total health care expense for the year ended December 31, 2003 (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

NOTE 10 – DEBT OBLIGATIONS:

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying financial statements. However, information regarding such changes in the Village's debt obligations during 2004 is as follows:

	Amount Outstanding 12/31/2003	Additions	Deletions	Amount Outstanding 12/31/2004
General Obligation Bonds	\$ 1,225,000	\$ -	\$ 75,000	\$ 1,150,000
OWDA Loans Payable	<u>880,849</u>	<u>-</u>	<u>71,911</u>	<u>808,937</u>
Total	<u>\$ 2,105,849</u>	<u>\$ -</u>	<u>\$ 146,911</u>	<u>\$ 1,958,937</u>

In 2002, the Village issued \$1.4 million in General Obligation Bonds to finance the renovation of Village Hall. These Bonds mature in 2016, carry an interest rate of 2.6 percent, and are direct obligations of the Village for which its full faith, credit and resources are pledged. Repayment of these bonds comes from receipts collected in the General fund, Parks and Recreation Fund and the Electric Fund.

At December 31, 2004 the Village had five long-term 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. The following is a summary of these loans which are repaid through receipts collected in the Water and Sewer funds:

<u>Year of Origination</u>	<u>Principal of Loan</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>
1986	\$ 103,062	7.11%	2008
1987	\$ 1,537,540	7.11%	2008
1988	\$ 112,441	6.16%	2013
1989	\$ 150,979	7.54%	2012
2001	\$ 222,833	5.15%	2016

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OWDA Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2005	\$ 149,135	\$ 53,345	\$ 75,000	\$ 53,505
2006	159,496	42,984	80,000	50,655
2007	170,581	31,898	80,000	47,455
2008	104,351	20,035	85,000	44,055
2009	33,394	12,898	90,000	40,358
2010 -2014	151,600	32,793	500,000	137,063
2015-2016	<u>40,380</u>	<u>2,633</u>	<u>240,000</u>	<u>18,740</u>
Total	<u>\$ 808,937</u>	<u>\$ 196,586</u>	<u>\$ 1,150,000</u>	<u>\$ 391,830</u>

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Conduit Debt

In 2002, the Village issued Health Care Facilities 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, 2004 the total of these bonds outstanding was approximately \$5 million.

NOTE 11 – NOTES PAYABLE:

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying financial statements. However, a summary of the note transactions occurring in 2004 follows:

	Outstanding 12/31/2003	Additions	Deletions	Outstanding 12/31/2004
<u>Electric – Enterprise Fund</u>				
2003 BAN – 2.50%	\$ 575,000	\$ -	\$ 575,000	\$ -
2004 BAN – 2.75%	-	475,000	-	475,000
Total	\$ 575,000	\$ 475,000	\$ 575,000	\$ 475,000

During 2004, the Village issued \$475,000 in Electrical System Improvement Bond Anticipation Notes (BAN) that will mature on November 3, 2005. The proceeds of these notes, combined with debt service payments of \$100,000, were used to pay the debt service on \$575,000 of 2003 Electrical System Improvement BAN that matured during the year. These notes were originally issued to provide financing for the Village’s share of costs associated with OMEGA JV2 (See Note 13 for additional discussion related to this joint venture).

NOTE 12 - RISK MANAGEMENT:

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

Settled claims have not exceeded coverage in any of the past three years. In addition, there has not been a significant reduction in coverage from the prior year.

NOTE 13 – JOINT VENTURES WITH EQUITY INTEREST:

During the year December 31, 2004, the Village was part of the following joint venture:

The Village 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.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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-Ohio 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-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio 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. The Village's net investment in OMEGA JV2 was \$492,306 at December 31, 2004. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

NOTE 14 – TRANSFERS:

The following is a summary of transfers in and out for all funds in 2004:

<u>Fund</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
General Fund	\$ 175,417	\$ 1,043,285
Street Maintenance & Repair Fund	401,326	-
Non-Major Governmental Fund	559,920	49,202
Total Governmental Funds	1,136,663	1,092,487
Electric Fund	164,042	196,843
Sewer Fund	-	11,375
Total Enterprise Funds	164,042	208,218
Total Transfers	\$ 1,300,705	\$ 1,300,705

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate monies for anticipated capital projects; to provide additional resources for operations or debt service.

NOTE 15 – CONTINGENT LIABILITIES:

Litigation

During the course of normal governmental operation the Village is subject to a variety of lawsuits. However, the Village is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the Village.

VILLAGE OF YELLOW SPRINGS, GREENE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Federal and State Grants

For the period January 1, 2004 to December 31, 2004 the Village received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Village believes such disallowance, if any would be immaterial.

NOTE 16 – COMPLIANCE:

Expenditures and Encumbrances Exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. During the course of 2004, the Village had several funds in which the disbursements and encumbrances exceeded appropriations.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS
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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 Council
Village of Yellow Springs
100 Dayton Street
Yellow Springs, Ohio 45387

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Village of Yellow Springs, Ohio (the Village), as of and for the year ended December 31, 2004, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 5, 2005, in which it was noted the Village prepared its financial statements on a cash accounting basis, which is a basis other than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected with in a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance and other matters with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that we are required to report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as items 2004-001.

We also noted other matters that we reported to management of the Village in a separate letter dated August 5, 2005.

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

Clark, Schaefer, Hachett & Co.

Springfield, Ohio
August 5, 2005

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. During the course of 2004, the Village had expenditures plus encumbrances exceeding appropriation at the legal level of control in the following funds:

- General Fund
- Street Maintenance and Repair Fund
- State Highway Maintenance Fund
- Parks and Recreation Fund
- Economic Development Fund
- ODNR Grant Fund
- Bond Retirement Fund
- Electric Fund
- Solid Waste Fund

The Village should continuously monitor its current expenditures and encumbrances against the appropriations at the legal level of control established by Council to ensure adopted appropriations are not exceeded at the legal level of control. If it is determined insufficient appropriations are available to support anticipated expenditures, Council should modify appropriation levels prior to the legal level of control being exceeded.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Explanation of Correction
2003-001	ORC Sec. 5705.41(D) – Lack of prior certification of funds by fiscal officer	No	Noncompliance still occurred during 2004, however not as significant as 2003. Noncompliance reported in management letter
2003-002	Activity of Mayor’s Court not included in the Village’s records or annual report	Yes	For 2004, the Village added a fund to its accounting records for the Mayor’s Court and included this fund within its annual financial report



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF YELLOW SPRINGS

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 10, 2005**