



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**

**Village of Harveysburg**  
**Warren County**  
**Fiscal Watch Analysis**

**Village of Harveysburg, Warren County**

**Fiscal Watch Analysis**

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Declaration of Fiscal Watch .....	1
Introduction .....	2
General and Special Funds Accounts Payable .....	2
Deficit Fund Balances .....	3
Treasury Balances .....	4
Summary .....	5



STATE OF OHIO  
**OFFICE OF THE AUDITOR**  
JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **DECLARATION OF FISCAL WATCH**

As provided by Section 118.023 of the Ohio Revised Code, and based on the requirements set forth in Sections 118.021 and 118.022 of the Ohio Revised Code, a "Fiscal Watch" has been determined to exist in the Village of Harveysburg, Warren County, Ohio, by the Auditor of State.

Accordingly, on behalf of the Auditor of State, a report is hereby submitted and filed with Raymond Roberts, Mayor of the Village of Harveysburg; Vince Bees, President Pro Tempore; Jennifer Reed, Clerk-Treasurer; Joseph T. Deters, Treasurer of State; J. Kenneth Blackwell, Secretary of State; Bob Taft III, Governor; Thomas W. Johnson, Director of the Office of Budget and Management and the Warren County Budget Commission.

JIM PETRO  
Auditor of State

December 19, 2000

# Village of Harveysburg, Warren County

## Fiscal Watch Analysis

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### **Introduction**

As provided by Section 118.021 of the Ohio Revised Code, Mayor Perry L. Shepherd (former Mayor) of the Village of Harveysburg requested on October 3, 2000 that a fiscal analysis be performed by the Auditor of State for the Village of Harveysburg (the Village), Warren County. The purpose of the analysis was to determine if the financial condition of the Village justifies the declaration of a fiscal watch.

This report presents an analysis for fiscal watch as of December 31, 1999. The financial records of the Village are not reconciled for any period in 2000 nor are the records sufficient to allow the Auditor of State to perform a fiscal emergency analysis, the criteria of which requires an analysis as of year-end and at a period that is at least four months after the year-end.

The guidelines for performing a fiscal watch analysis are set forth in Section 118.022 of the Ohio Revised Code. The specific procedures performed for each of the fiscal watch conditions identified in Section 118.022, Revised Code, are presented below.

### **General and Special Funds Accounts Payable**

Section 118.022(A)(1), Revised Code, defines a fiscal watch condition as the existence of either of the following situations:

- (a) “All accounts that were due and payable from the general fund of a municipal corporation, county, or township at the end of the preceding fiscal year that had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty was added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund, exceeded one-twelfth of the general fund budget for that year.”
- (b) “All accounts that were due and payable at the end of the preceding fiscal year from all funds of the municipal corporation, county, or township and that had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty was added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in the respective special funds available to pay such accounts, exceeded one-twelfth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts are payable.”

We reviewed the accounts payable as of December 31, 1999, to determine if the accounts payable that were due and payable from the general and special funds were due and payable for at least thirty days, or had a penalty added for failure to pay at year-end. Accounts payable include, but are not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities including any interest and penalties. The Village did not have any accounts payable that were at least thirty days past due or to which a

**Village of Harveysburg, Warren County**

**Fiscal Watch Analysis**

penalty was added for failure to pay at year-end; therefore, an accounts payable analysis of the general and special funds was not completed.

Conclusion: A fiscal watch condition does not exist under Section 118.022(A)(1) of the Ohio Revised Code.

**Deficit Fund Balances**

Section 118.022(A)(2) Revised Code, defines a fiscal watch condition as, “The aggregate of deficit amounts of all deficit funds at the end of the preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-twelfth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.”

We computed the adjusted aggregate sum of all deficit funds as of December 31, 1999, by subtracting the accounts payable and encumbrances from the fund cash balance at December 31, 1999. We then determined whether the adjusted aggregate deficit exceeded one-twelfth of the general fund budget and the receipts of these deficit funds. After computing the unprovided portion of the aggregate deficit, we subtracted funds that may be transferred as provided in Section 5705.14, Revised Code, to meet such deficits.

Schedule I

Deficit Fund Balances					
Ohio Revised Code Section 118.022(A)(2)					
As of December 31, 1999					
	Cash	Less	Adjusted	Less	
	Fund	Accounts	Aggregate Sum	One-twelfth of	Unprovided
	Balance	Payable and	of Funds with	Budget and	Portion of
		Encumbrances	Deficit	Revenues	Aggregate
			Balances	Lawfully	Deficit
				Available	
General Fund	(\$13,521)	\$4,663	(\$18,184)	\$9,424	(\$8,760)
Street Fund	(28,671)	3,148	(31,819)	1,096	(30,723)
State Highway Fund	4,118	0	0	0	0
Police Levy Fund	5,170	0	0	0	0
Permissive Tax Fund	13,357	0	0	0	0
Law Enforcement and					
Education Fund	3,537	0	0	0	0
Capital Improvement Fund	(14,370)	0	(14,370)	5,714	(8,656)
Water Fund	8,403	1,420	0	0	0
Water Bonds Fund	7,146	0	0	0	0
Water Reserve Fund	55,603	0	0	0	0
	<u>\$40,772</u>	<u>\$9,231</u>	<u>(\$64,373)</u>	<u>\$16,234</u>	<u>(48,139)</u>
Funds Available For Transfer					0
Total Unapproved Portion					<u>(\$48,139)</u>

# Village of Harveysburg, Warren County

## Fiscal Watch Analysis

**Conclusion:** The information in Schedule I indicates that a fiscal watch condition exists under Section 118.022(A)(2) of the Ohio Revised Code as of December 31, 1999. The aggregate deficit in the general fund and special funds exceeded one-twelfth of the general fund budget and the revenues lawfully available from the special funds as of December 31, 1999, by \$48,139.

### Treasury Balances

Section 118.022(A)(3) of the Revised Code, defines a fiscal watch condition as, "At the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds, the purposes of which the unsegregated treasury is held to meet, and such deficit exceeded one-twelfth of the total amount received into the unsegregated treasury during the preceding fiscal year."

We verified the Village's reconciled bank balance to its cash book balance as of December 31, 1999. From the treasury balance we subtracted the aggregate sum of all positive fund balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. We then subtracted from the treasury deficit one-twelfth of the amount received into the treasury during 1999 to determine the treasury deficiency.

		Schedule II
Treasury Balances		
Ohio Revised Code Section 118.022(A)(3)		
As of December 31, 1999		
Bank (Cash) Balances-12/31/99:		
General Operating	\$12,534	
Capital Improvement	<u>29,325</u>	
Total Cash		\$41,859
Adjustments		
General Operating Outstanding Checks	(442)	
Capital Improvement Outstanding Checks	<u>(645)</u>	
Total Adjustments		<u>(1,087)</u>
Total Treasury Balance		40,772
Less: Positive Fund Balances		
State Highway Fund	4,118	
Police Levy Fund	5,170	
Permissive Tax Fund	13,357	
Law Enforcement and Education Fund	3,537	
Water Fund	8,403	
Water Bonds Fund	7,146	
Water Reserve Fund	<u>55,603</u>	
Total Positive Fund Balances		<u>97,334</u>
Treasury Balance Less Positive Fund Balances		(56,562)
One-twelfth Total Receipts per Treasury		<u>17,431</u>
Treasury Deficit		<u><u>(\$39,131)</u></u>

## Village of Harveysburg, Warren County

### Fiscal Watch Analysis

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Conclusion: A fiscal watch condition does exist under Section 118.022(A)(3) of the Ohio Revised Code as of December 31, 1999. The treasury balance less the positive fund balances exceeded one-twelfth of the treasury receipts as of December 31, 1999, by \$39,131.

#### Summary

A fiscal watch is the existence of at least one of the above conditions. This analysis indicates that a fiscal watch exists at the Village of Harveysburg due to the existence of fiscal watch conditions defined in Sections 118.022(A)(2) and 118.022(A)(3), Revised Code, and presented above in deficit fund balances and treasury balances.

While the fiscal condition of the Village meets the criteria of fiscal emergency as of December 31, 1999, the financial records of the Village are not reconciled for any period in 2000 nor are records sufficient to allow the Auditor of State to apply the fiscal emergency criteria for a period that is at least four months after the year-end as required by Section 118.022(B), Revised Code. The Village was informed that a declaration of fiscal emergency would be postponed and that a second analysis would be performed as soon as the Village is able to present reconciled financial records for 2000.

Because the above procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you.