



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

Village of Wellsville, Ohio
Columbiana County

Fiscal Emergency Analysis
As of December 31, 2000 and April 30, 2001

Local Government Services Division
Auditor of State's Office



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CERTIFICATION

The Auditor of State performed a fiscal emergency analysis of the Village of Wellsville pursuant to Section 118.03, Revised Code. This analysis indicates and it is hereby declared that a fiscal emergency exists at the Village of Wellsville as defined in Section 118.03 of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Joseph E. LaScola, Mayor of the Village of Wellsville; John McClelland, President of Council; Joseph T. Deters, Treasurer of State; J. Kenneth Blackwell, Secretary of State; Bob Taft, Governor; Thomas W. Johnson, Director of Office of Budget and Management and Nancy G. Milliken, Secretary of the Columbiana County Budget Commission.

JIM PETRO
Auditor of State

August 22, 2001

Village of Wellsville, Columbiana County

Fiscal Emergency Analysis

Determination of Fiscal Emergency Conditions

As provided by Section 118.04 (A) of the Ohio Revised Code, the Auditor of State, as requested by the Mayor of the Village of Wellsville (the Village) on May 4, 2001, performed a fiscal emergency analysis of the Village of Wellsville, Columbiana County.

For a fiscal emergency to be declared, any one of six conditions must exist. This report sets forth an analysis of fiscal emergency as of December 31, 2000 and April 30, 2001, the date of our determination.

The guidelines for performing such an analysis are set forth in Section 118.03 of the Ohio Revised Code. The specific procedures performed for each of the fiscal emergency conditions identified in Section 118.03 of the Ohio Revised Code, are presented below.

Condition 1 - Default on Any Debt Obligation

Section 118.03(A)(1), Revised Code, defines a fiscal emergency condition as:

“The existence, at the time of the determination by the auditor of state under section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.”

We reviewed the outstanding indebtedness of the Village of Wellsville as of April 30, 2001. The Village has seven Ohio Water Development Authority loans outstanding in the aggregate amount of \$1,276,966. These loans relate to a sewer disposal system update. The loans are payable semi-annually through 2018. The Village also has an United States Department of Agriculture loan outstanding in the amount of \$157,000 which relates to rural development. This loan is payable in yearly installments through 2003. The Village also has a loan against their permissive motor vehicle license fees. The balance of this loan is \$29,025. The loan is payable in monthly installments through 2002.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(1) of the Ohio Revised Code. No default on any debt obligation for more than thirty days existed at April 30, 2001.

Condition 2 - Payment of All Payroll

Section 118.03(A)(2), Revised Code, defines a fiscal emergency condition as:

“The existence, at the time of the determination by the auditor of state under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation, county, or township in the amounts and at the times required by law, ordinances, resolutions, or agreements, which failure of payment has continued:

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- (a) For more than thirty days after such time for payment, or
- (b) Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives. The failure of one county office, board, or commission to meet payroll does not in itself constitute a fiscal emergency.”

We requested the payroll records of the Village as of April 30, 2001. We reviewed the Council minutes, ordinances and resolutions to determine the employees of the Village, pay rates, frequency of payroll, and whether any extensions for the payment of payroll exist. We also reviewed the cash journal to determine whether payroll had been paid within the time specified by Sections 118.03(A)(2) of the Ohio Revised Code.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Ohio Revised Code. All employees have been paid in amounts and at the times required by Village ordinance as of April 30, 2001.

Condition 3 - Increase in Minimum Levy

Section 118.03(A)(3), Revised Code, defines a fiscal emergency condition as:

“An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation, county, or township for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.”

We confirmed with the Columbiana County Auditor whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Ohio Revised Code, in the minimum levy of the Village, for the current or next fiscal year which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Columbiana County Auditor indicated that no action had been taken by the Budget Commission to increase the inside millage of the Village and, therefore, no other subdivision’s millage was reduced for the current or the next fiscal year to increase the inside millage of the Village.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Ohio Revised Code. The Columbiana County Budget Commission has not taken any action to increase the inside millage of the Village of Wellsville reducing another subdivision’s millage.

Village of Wellsville, Columbiana County

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For conditions 4, 5, and 6, the determination of whether a fiscal emergency condition exists is based on an analysis as of the prior fiscal year end and as of April 30, 2001, the date of our determination.

Condition 4 - Past Due Accounts Payable from the General Fund and All Funds

Section 118.03(A)(4) of the Revised Code, defines a fiscal emergency condition as:

"The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year end balance in the general fund, exceeded one-sixth of the general fund budget for the year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation, county, or township and that either had been due and payable for at least thirty days as at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in respective special funds lawfully available to pay such accounts, exceeded one-sixth 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 lawfully are payable."

We prepared a schedule of accounts payable as of December 31, 2000, that were due and payable from the general fund, and that had been due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2000, including, but 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. It was not necessary to proceed further with this analysis since there was a sufficient balance in the general fund to pay all existing payables over thirty days past due.

Schedule I

Accounts Payable from the General Fund Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2000

Table with 3 columns: Payables Over 30 Days Past Due, Less General Fund Balance Available, Payables In Excess of Balance Available. Row for General Fund shows values \$740, \$76,525, and \$0.

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Conclusion: Schedule I indicates this fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio Revised Code. There are no accounts payable over 30 days past due from other special funds of the Village. An analysis as of the date of determination was not completed because this fiscal emergency condition did not exist at year-end.

Condition 5 - Deficit Fund Balances

Section 118.03(A)(5) of the Revised Code, defines a fiscal emergency condition as:

"The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its 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 deficits, exceeded one-sixth 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, 2000, by subtracting all accounts payable from year-end cash fund balances of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the receipts of those deficit funds. After computing the unprovided portion of the aggregate deficit, we subtracted funds that may be transferred, as provided in Section 5705.14 of the Revised Code, to meet such deficits.

Schedule II

Deficit Fund Balances
Ohio Revised Code Section 118.03(A)(5)
As of December 31, 2000

	Cash Fund Balance	Less Accounts Payable	Adjusted Aggregate Funds With Deficit Balances	1/6th of Revenues Lawfully Available	Unprovided Portion of Aggregate (Deficit)
SCMR Fund	(\$79,170)	\$261	(\$79,431)	\$15,063	(\$64,368)
Fire Fund	(100,948)	84	(101,032)	18,771	(82,261)
Police Fund	(12,184)	0	(12,184)	3,520	(8,664)
CMHA Fund	(3,752)	0	(3,752)	6,053	0
DARE Fund	(9,891)	0	(9,891)	493	(9,398)
Cemetery Fund	(48,837)	38	(48,875)	9,175	(39,700)
Law Enforcement Fund	(933)	0	(933)	5	(928)
Subtotal	(\$255,715)	\$383	(\$256,098)	\$53,081	(205,319)
Funds Available for Transfer					
Water Fund					35,559
Utility Fund					10,674
General Fund					75,785
Total Unprovided Portion of Aggregate Deficit Funds					(\$83,301)

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Fiscal Emergency Analysis

Section 118.03(B) of the Ohio Revised Code, provides in part:

Any year-end condition described in division (A)(5) of this section shall not constitute a fiscal emergency condition if the municipal corporation, county, or township clearly demonstrates to the satisfaction of the Auditor of State prior to the time of the Auditor of State's determination that such condition no longer exists at the time of the determination pursuant to Section 118.04 of the Revised Code. For the purpose of such demonstration, there shall be taken into account all deficit amounts of deficit funds as at the time of such demonstration, rather than at the end of the fiscal year.

We computed the adjusted aggregate sum of all deficit funds as of April 30, 2001, by subtracting all accounts payable from year-end cash fund balances of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth the receipts of those deficit funds. After computing the unprovided portion of the aggregate deficit, we subtracted funds that may be transferred, as provided in Section 5705.14 of the Revised Code, to meet such deficits.

Schedule III

Deficit Fund Balances
Ohio Revised Code Section 118.03 (B)
As of April 30, 2001

	Cash Fund Balance	Less Accounts Payable	Adjusted Aggregate Funds With Deficit Balances	1/6th of Revenues Lawfully Available	Unprovided Portion of Aggregate (Deficit)
SCMR Fund	(\$111,207)	\$881	(\$112,088)	\$13,717	(\$98,371)
Fire Fund	(135,603)	111	(135,714)	18,766	(116,948)
Street Lights Fund	(11,523)	2,471	(13,994)	0	(13,994)
Police Fund	(11,875)	0	(11,875)	3,983	(7,892)
CHMA Fund	(5,518)	0	(5,518)	3,998	(1,520)
DARE Fund	(9,891)	0	(9,891)	0	(9,891)
Cemetery Fund	(52,572)	418	(52,990)	10,067	(42,923)
Law Enforcement Fund	(934)	0	(934)	0	(934)
Subtotal	(\$339,123)	\$3,881	(\$343,004)	\$50,531	(292,473)
Funds Available for Transfer					
Water Fund					34,616
Utility Fund					10,674
General Fund					229,255
Total Unprovided Portion of Aggregate Deficit Funds					(\$17,928)

Conclusion: Schedules II and III indicate that a fiscal emergency condition exists under Section 118.03(A)(5) of the Ohio Revised Code as of December 31, 2000, and April 30, 2001. The total unprovided portion of aggregate deficit funds as of December 31, 2000, and April 30, 2001, is \$83,301 and \$17,928, respectively.

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Fiscal Emergency Analysis

Condition 6 - Treasury Deficiency

Section 118.03(A)(6) of the Revised Code, defines a fiscal emergency condition as:

"The existence of a condition in which, 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-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year."

We verified the Village's reconciliation of its bank balances to its cash book balance as of December 31, 2000. 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-sixth of the amount received into the treasury during 2000 to determine the treasury excess or deficiency.

Schedule IV

Treasury Balances
Ohio Revised Code Section 118.03(A)(6)
As of December 31, 2000

	Amounts at December 31, 2000
<u>Bank Cash Balances:</u>	
General Account	\$9,960
CDBG Account	16,015
Mayor's Court Account	6,955
Cemetery Endowment Account	48,537
Repurchase Agreement	273,730
Total Bank Cash Balances	<u>355,197</u>
Less: Adjustments	
Segregated Accounts	(55,492)
Outstanding Checks	(339)
Total Adjustments	<u>(55,831)</u>
Total Unsegregated Treasury Balance	<u>299,366</u>
Less: Positive Cash Fund Balances	
General	83,655
State Highway	8,298
CDBG	16,015
Floodwall	6,295
Permissive Tax	38,961

(Continued)

Village of Wellsville, Columbiana County

Fiscal Emergency Analysis

Schedule IV

Treasury Balances
Ohio Revised Code Section 118.03(A)(6)
As of December 31, 2000

	Amounts at December 31, 2000
Cemetery Trust	\$715
Employee Trust	9
Fire Truck Levy	13,384
Water	35,560
Sewer	51,660
Sewer Update	289,854
Utility	10,674
Summer Feed	1
Total Positive Cash Fund Balances	<u>555,081</u>
Treasury Balance Less Positive Cash Fund Balances	(255,715)
1/6th Treasury Receipts	<u>332,792</u>
Treasury Excess	<u><u>\$77,077</u></u>

Conclusion: Schedule IV indicates indicate that a fiscal emergency condition does not exist under Section 118.03(A)(6) of the Ohio Revised Code as of December 31, 2000. The treasury balance less the positive fund balances did exceed one-sixth of the treasury receipts as of December 31, 2000. An analysis as of the date of determination was not completed because this fiscal emergency condition did not exist at year-end.

Summary

A fiscal emergency is the existence of at least one of the above defined conditions. This analysis indicates that a fiscal emergency does exist at the Village of Wellsville as defined in Section 118.03(A)(5) of the Ohio Revised Code and presented under Condition 5.

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.



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VILLAGE OF WELLSVILLE

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 22, 2001**