



Dave Yost • Auditor of State

**Village of Clarksville
Clinton County, Ohio**

**Fiscal Emergency Analysis
As of December 31, 2014 and April 30, 2015**

Local Government Services Section

Village of Clarksville, Clinton County

Fiscal Emergency Analysis

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Declaration of Fiscal Emergency

The Auditor of State performed a fiscal analysis of the Village of Clarksville pursuant to Section 118.03 of the Ohio Revised Code. This analysis indicates and it is hereby declared that a fiscal emergency exists at the Village of Clarksville as defined in Section 118.03(A)(4), 118.03(A)(5), 118.03(A)(6) and 118.03(B) of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Noni Wood, Mayor of the Village of Clarksville; Darrell Wilson, President of Council of the Village of Clarksville; John Kasich, Governor; Timothy S. Keen, Director of the Office of Budget and Management; John Husted, Secretary of State; Josh Mandel, Treasurer of State; and Terrence Habermehl, Secretary of the Clinton County Budget Commission.

A handwritten signature in black ink that reads "Dave Yost".

DAVE YOST
Auditor of State

September 15, 2015

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Village of Clarksville, Clinton County

Fiscal Emergency Analysis

Introduction

As provided by Sections 118.021 and 118.04(A) of the Ohio Revised Code, Mayor Noni Wood requested that a fiscal analysis be performed by the Auditor of State for the Village of Clarksville, Clinton County (the Village). The purpose of the analysis is to determine if the financial condition of the Village justifies the declaration of a fiscal emergency.

A village is placed in fiscal emergency if any one of the six conditions described in Section 118.03 of the Ohio Revised Code exists. The six conditions are: 1) default on a debt obligation; 2) failure to make payment of all payroll; 3) an increase in the minimum levy of the village which results in the reduction in the minimum levy of another subdivision; 4) significant past due accounts payable; 5) substantial deficit balances in village funds; and 6) a sizeable deficiency when the village’s treasury balance is compared to the positive cash balances of the village’s funds.

The year-end conditions described under Conditions four, five, and six do not constitute a fiscal emergency if the Village clearly demonstrates to the satisfaction of the Auditor of State prior to the time of the Auditor of State’s determination that the conditions no longer exist at the time of the determination.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2014 and April 30, 2015, the date of determination.

Condition One – Default on Any Debt Obligation

Section 118.03(A)(1) of the Ohio 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.

A summary of the Village’s outstanding debt as of April 30, 2015 is as follows:

Debt Issue	Issue Date	Interest Rate	Issue Amount
<u>Loans Payable</u>			
Kansas State Bank of Manhattan (Equipment)	June 1, 2011	3.8%	\$31,818
Ohio Public Works Commission (CJ04C)	January 1, 2002	0.0%	840,307
Ohio Public Works Commission (CJ21P)	January 1, 2015	0.0%	738,358
Ohio Water Development Authority (3289)	December 17, 2001	2.2%	780,427
Ohio Water Development Authority (6127)	February 23, 2012	1.5%	51,883

We obtained a list of outstanding debt and the amortization schedules from the Village Clerk, Ohio Public Works Commission and Ohio Water Development Authority, to identify the last scheduled payments due before April 30, 2015, and reviewed the council minutes for any debt issued.

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Debt Issue	Interest Rate	Principal or Interest Payment Date	Amount Due	Payments 30 Days past Due at 4/30/15
Kansas State Bank of Manhattan (Equipment)	3.8%	6/1/2014	\$5,255	\$0
Ohio Public Works Commission (CJ04C)	0.0%	1/1/2015	21,008	0
Ohio Public Works Commission (CJ21P)	0.0%	1/1/2015	12,306	0
Ohio Water Development Authority (3289)	2.2%	1/1/2015	24,222	0
Ohio Water Development Authority (6127)	1.5%	1/1/2015	432	0

Conclusion: A fiscal emergency condition does not exist under Ohio Revised Code Section 118.03(A)(1). The Village had not defaulted on any of its debt obligations for more than thirty days as of April 30, 2015.

Condition Two – Payment of All Payroll

Section 118.03(A)(2) of the Ohio 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:

- (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.

We reviewed the payroll records of the Village as of April 30, 2015. We reviewed the Village Council’s minutes, ordinances and other personnel records to determine the employees of the Village, pay rates, frequency of payroll, and whether any extensions for the payment of payroll exist. We reviewed payroll reports and bank records to determine that payroll checks were issued on the scheduled pay dates.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Ohio Revised Code as of April 30, 2015. All employees have been paid in the amounts and at the times required by Village ordinance.

Condition Three – Increase in Minimum Levy

Section 118.03(A)(3) of the Ohio 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.

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We confirmed with the Clinton County Budget Commission 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 2015, which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Clinton County Budget Commission indicated that the Commission had not taken any action in 2015 to increase the inside millage of the Village and, therefore, no other subdivision’s inside millage was reduced.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Ohio Revised Code as of April 30, 2015. The Clinton County Budget Commission has not taken any action to increase the inside millage of the Village, thus reducing another subdivision’s millage.

Condition Four – Past Due Accounts Payable from the General Fund and All Funds

Section 118.03(A)(4) of the Ohio 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 for 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 fund receipts for that 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 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 the 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. Accounts due and payable shall not include any account, or portion thereof, that is being contested in good faith.

We prepared a schedule of accounts payable as of December 31, 2014, 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, 2014, 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. From this amount, we subtracted the year-end fund balance available in the general fund to determine if the accounts payable in excess of the available fund balance exceeded one-sixth of the general fund budget for that year.

Schedule I

General Fund Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2014

Fund	Payables Over 30 Days Past Due	General Fund Balance Available	Payables In Excess of Available Balance	One-Sixth of General Fund Budget	Accounts Payable in Excess of General Fund Budget
General	\$7,342	\$0	\$7,342	\$4,662	(\$2,680)

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From the invoices provided to us, a schedule of accounts payable was prepared (as defined above) for all funds which were at least thirty days past due or to which a penalty was added as of December 31, 2014. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2014, excluding non-recurring receipts of the general fund and of all special funds from which such accounts are lawfully payable.

Schedule II

All Funds Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2014

Funds	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Available Balance	One-Sixth of Fund Receipts	Accounts Payable in Excess of Fund Receipts
General	\$7,342	\$0	\$7,342	\$5,040	(\$2,302)
Street Construction	2,937	46,049	0	3,848	0
Water	568,673	58,882	509,791	29,312	(480,479)
Sewer	2,312	93,171	0	25,886	0
Waste	815	0	815	5,170	0
Totals	\$582,079	\$198,102	\$517,948	\$69,256	(\$482,781)

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

Any year-end condition described in Division (A)(4) 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 accounts payable past due for sixty days or subject to penalty, as at the time of such demonstration, rather than at the end of the fiscal year, and there shall be taken into account the moneys and marketable securities in the treasury of the municipal corporation, county, or township at the time of such demonstration that are, in the case of division (A)(4) of the section, held for the general fund or those respective special funds that are lawfully available to pay such accounts.

From the invoices provided to us, a schedule of accounts payable was prepared (as defined above) for all funds which were at least sixty days past due or to which a penalty was added as of April 30, 2015. From this amount, we subtracted the fund balance available to pay such outstanding bills.

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Fiscal Emergency Analysis

Schedule III

All Funds Accounts Payable Over 60 Days Past Due
Ohio Revised Code Section 118.03(B)
As of April 30, 2015

Funds	Payables Over 60 Days Past Due	Fund Balance Available	Payables In Excess of Available Balance	One-Sixth of Fund Receipts	Accounts Payable in Excess of Fund Receipts
General	\$7,519	\$0	7,519	\$5,040	(\$2,479)
Street Construction	3,008	49,328	0	3,848	0
Water	565,444	65,671	499,773	29,312	(470,461)
Sewer	2,239	79,921	0	25,886	0
Waste	835	0	835	5,170	0
Totals	\$579,045	\$194,920	\$508,127	\$69,256	(\$472,940)

Conclusion: Schedules I, II and III indicate that as of December 31, 2014 and April 30, 2015, a fiscal emergency condition does exist under Section 118.03(A)(4) and 118.03(B) of the Ohio Revised Code. Accounts payable from the general fund and all funds were at least thirty days past due at December 31, 2014, and at least sixty days past due as of April 30, 2015, exceeded available fund balances.

Condition Five – Deficit Fund Balances

Section 118.03(A)(5), of the Ohio 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 deficit, 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, 2014, by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the general fund budget and the receipts of those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

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Schedule IV

Deficit Fund Balances
Ohio Revised Code Section 118.03(A)(5)
As of December 31, 2014

Funds	Cash Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds With Deficit Balances	One-Sixth of General Fund Budget/ Fund Receipts	Unprovided Portion of Aggregate Deficit
General	(\$96,906)	(\$7,847)	(\$104,753)	\$4,662	(\$100,091)
Water	58,882	(568,945)	(510,063)	29,312	(480,751)
Waste	(7,135)	(849)	(7,984)	5,170	(2,814)
Totals	<u>(\$45,159)</u>	<u>(\$577,641)</u>	<u>(\$622,800)</u>	<u>\$39,144</u>	<u>(583,656)</u>
Funds Available for Transfer					<u>0</u>
Total Unprovided Portion of Aggregate Deficit Funds					<u><u>(\$583,656)</u></u>

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

Any year-end condition described on 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 purposes of such demonstration, rather than at the end of the fiscal year, and there should be taken into account the moneys and marketable securities in the treasury of the municipal corporation, county, or township at the time of such demonstration that are, in the case of division (A)(5) of this section, held for the general fund or any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, provided that changes from the year-end condition resulting from transfers not authorized pursuant to Chapter 5705 of the Revised Code, borrowings or advances between funds shall not be taken into account to demonstrate improvement in any fiscal emergency condition.

We computed the adjusted aggregate sum of all deficit funds as of April 30, 2015, by subtracting all accounts payable and encumbrances from the year-end cash balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the general fund budget and the receipts to those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Village of Clarksville, Clinton County

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Schedule V

Deficit Fund Balances
Ohio Revised Code Section 118.03(B)
As of April 30, 2015

Funds	Cash Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Fund With Deficit Balances	One-Sixth of General Fund Budget/ Fund Receipts	Unprovided Portion of Aggregate Deficit
General	(\$100,128)	(\$16,226)	(\$116,354)	\$4,747	(\$111,607)
Water	65,671	(644,744)	(579,073)	28,167	(550,906)
Waste	(9,525)	(23,851)	(33,376)	5,170	(28,206)
Total	<u>(\$43,982)</u>	<u>(\$684,821)</u>	<u>(\$728,803)</u>	<u>\$38,084</u>	<u>(690,719)</u>
Funds Available for Transfer					0
Total Unprovided Portion of Aggregate Deficit Funds					<u><u>(\$690,719)</u></u>

Conclusion: Schedules IV and V indicate that a fiscal emergency condition does exist under Section 118.03(A)(5) and 118.03(B) of the Ohio Revised Code as of December 31, 2014 and April 30, 2015, respectively. The unprovided portion of the aggregate deficit funds as of December 31, 2014, and April 30, 2015, is \$583,656 and \$690,719, respectively.

Condition Six – Treasury Deficiency

Section 118.03(A)(6), of the Ohio 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 deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

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

Any year-end condition described in division (A)(6) of this sections 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 determination pursuant to Section 118.04 of the Revised Codes. For the purpose of such demonstration, there shall be taken into account the moneys and marketable securities in the treasury of the municipal corporation, county, or township at the time of such demonstration that are, in the case of division (A)(6) of this section, held to meet such positive balances.

We verified the Village’s reconciled bank balances to its fund cash balances as of December 31, 2014 and April 30, 2015. 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 2014 to determine if a treasury deficiency exists.

Village of Clarksville, Clinton County

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Schedule VI

Treasury Balances
Ohio Revised Code Sections 118.03(A)(6)
As of December 31, 2014

	Amounts at December 31, 2014	Amounts at April 30, 2015
Bank Balances		
Fifth Third Bank General Checking Account	\$196,315	\$195,232
<i>Adjustments for:</i>		
Outstanding Checks	(18,633)	(19,443)
<i>Total Treasury Balance</i>	177,682	175,789
Less: Positive Fund Balances		
Street Construction	46,049	49,328
State Highway	13,340	13,574
Permissive MVL	27,700	28,511
Street Lighting Special Assessment	25,323	32,088
Water Operating	58,882	65,671
Sewer Operating	93,171	79,921
Utility Deposits	4,568	5,694
Unclaimed Monies	10,656	10,656
Total Positive Balances	279,689	285,443
Treasury Deficit	(102,007)	(109,654)
One-sixth Treasury Receipts	77,260	69,406
Treasury Deficit	(\$24,747)	(\$40,248)

Conclusion: Schedule VI indicates that a fiscal emergency condition does exist under Section 118.03(A)(6) of the Ohio Revised Code as of December 31, 2014 and April 30, 2015. The treasury balance less the positive fund balances as of December 31, 2014 and April 30, 2015, exceeded one-sixth of the receipts for the year.

Summary

A fiscal emergency is the existence of at least one of the above defined conditions. This analysis indicates that a fiscal emergency exists at the Village of Clarksville as defined in Sections 118.03(A)(4), 118.03(A)(5), 118(A)(6) and 118.03(B) of the Ohio Revised Code as presented in Schedules I through VI above as of December 31, 2014, and April 30, 2015.

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.



Dave Yost • Auditor of State

VILLAGE OF CLARKSVILLE

CLINTON 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
SEPTEMBER 15, 2015**