



Dave Yost • Auditor of State

**Village of Newcomerstown
Tuscarawas County, Ohio**

**Fiscal Emergency Analysis
As of December 31, 2011 and April 30, 2012**

Local Government Services Section

Village of Newcomerstown, Tuscarawas County

Fiscal Emergency Analysis

Table of Contents

Declaration of Fiscal Emergency 1

Introduction..... 2

Condition One: Default on Any Debt Obligation 2

Condition Two: Payment of All Payroll 3

Condition Three: Increase in Minimum Levy..... 4

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

Condition Five: Deficit Fund Balances..... 5

Condition Six: Treasury Deficiency 7

Summary 9

This page intentionally left blank.



Dave Yost • Auditor of State

Declaration of Fiscal Emergency

The Auditor of State performed a fiscal analysis of the Village of Newcomerstown 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 Newcomerstown as defined in Sections 118.03(A)(5) 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 James A. Friel, Mayor and President of Council of the Village of Newcomerstown; John Kasich, Governor; Jon Husted, Secretary of State; Josh Mandel, Treasurer of State; Timothy S. Keen, Director of the Office of Budget and Management and Larry Lindberg, Secretary of the Tuscarawas County Budget Commission.

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

DAVE YOST
Auditor of State

October 11, 2012

Local Government Services Section
88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4717 or 800-345-2519 Fax: 614-728-8027

www.ohioauditor.gov

Village of Newcomerstown, Tuscarawas County

Fiscal Emergency Analysis

Introduction

As provided by Section 118.04(A) of the Ohio Revised Code, Mayor James A. Friel requested that the Auditor of State determine if the Village of Newcomerstown, Tuscarawas County (the Village) meets any of the fiscal emergency conditions. The purpose of this 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, 2011, and April 30, 2012, 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.

We reviewed the outstanding indebtedness of the Village as of April 30, 2012, which consisted of seven debt issues. A summary of the Village's outstanding debt is presented below:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Issue Amount</u>
<u>Ohio Public Works Commission</u>			
State and Goodrich Streets Improvements	0.00%	January 1, 2005	\$183,391
Canal Street Improvements	0.00%	July 1, 2005	124,500
County Road 15 Pump Station	0.00%	July 1, 2007	45,000
<u>Ohio Water Development Authority</u>			
Water Treatment Plant	2.00%	December 31, 1999	1,506,553
Wastewater Treatment Plant Improvements I	2.00%	August 30, 2001	1,166,795
Wastewater Treatment Plant Improvements II	1.00%	October 30, 2003	3,066,361
County Road 15 Pump Station	1.00%	December 14, 2006	1,084,875

We obtained a list of outstanding debt. We obtained the vouchers for the payments made before April 30, 2012, and compared the billing statements, invoices, or requests for payment to the amortization schedules and debt proceedings to determine if the Village met its debt obligations in a timely manner. We also reviewed the billing statements, invoices, and requests for payment for any delinquent amounts. There were no debt payments more than 30 days past due.

Village of Newcomerstown, Tuscarawas County

Fiscal Emergency Analysis

The debt issues, the payment dates, and the amounts due and paid prior to the date of determination are presented below:

Debt Issue	Interest Rate	Payment Date	Amount Due	Payments 30 days Past Due at April 30, 2012
<u>Ohio Water Development Authority</u>				
Water Treatment Plant	2.00%	December 31, 2011	\$31,031	\$0
Wastewater Treatment Plant Improvements I	2.00%	December 31, 2011	21,650	0
Wastewater Treatment Plant Improvements II	1.00%	December 31, 2011	74,091	0
County Road 15 Pump Station	1.00%	December 31, 2011	25,440	0
<u>Ohio Public Works Commission</u>				
State and Goodrich Streets Improvement	0.00%	January 1, 2012	6,113	0
Canal Street Improvements	0.00%	January 1, 2012	3,891	0
County Road 15 Pump Station	0.00%	January 1, 2012	1,125	0

Conclusion: A fiscal emergency condition does not exist under Ohio Revised Code Section 118.03(A)(1). No default on any debt obligation for more than thirty days existed at April 30, 2012.

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 laws, 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, 2012. 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 interviewed various employees to see if payroll checks were issued on the scheduled pay dates. These procedures were performed to ascertain whether Village employees had been paid within the time specified by Section 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 as of April 30, 2012. All employees have been paid in amounts and at the times required by Village ordinance.

Village of Newcomerstown, Tuscarawas County

Fiscal Emergency Analysis

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.

We confirmed with the Tuscarawas 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 2012, which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Tuscarawas County Budget Commission indicated that the Budget Commission had not taken any action for 2012 to increase the inside millage of the Village, and 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, 2012. The Tuscarawas 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 general fund budget 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 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 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, 2011, 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, 2011, 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.

Village of Newcomerstown, Tuscarawas County

Fiscal Emergency Analysis

Schedule I

General Fund Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2011

	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	\$625	\$0	\$625	\$175,309	\$0

We prepared a schedule of accounts payable (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, 2011. 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 2011, 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, 2011

Funds	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Available Balance	One-Sixth of the Available Revenues	Accounts Payable in Excess of Available Revenues
General	\$625	\$0	\$625	\$183,421	\$0

Conclusion: Schedules I and II indicate that as of December 31, 2011, a fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio Revised Code. Accounts payable which were at least thirty days past-due at the end of the year, less the year-end balance in the general fund and respective special funds did not exceed one-sixth of the general fund budget and available revenues of those special funds as of December 31, 2011. An analysis as of the date of determination was not completed because a fiscal emergency condition did not exist at year-end.

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, 2011, 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.

Village of Newcomerstown, Tuscarawas County

Fiscal Emergency Analysis

Schedule III

Deficit Fund Balances
Ohio Revised Code Section 118.03(A)(5)
As of December 31, 2011

Funds	Cash Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds With Deficit Balances	One-Sixth General Fund Budget/ Fund Receipts	Unprovided Portion of Aggregate (Deficit)
General	(\$3,677)	\$10,346	(\$14,023)	\$175,309	\$0
Street Maintenance	544	7,624	(7,080)	27,101	0
Cemetery	(138,668)	80	(138,748)	2,200	(136,548)
	<u>(\$141,801)</u>	<u>\$18,050</u>	<u>(\$159,851)</u>	<u>\$204,610</u>	<u>(136,548)</u>
Funds available for transfer					<u>0</u>
Total Unprovided Portion of Aggregate Deficit Funds					<u><u>(\$136,548)</u></u>

Section 118.03(B), 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, 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)(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, 2012, 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 receipts available 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 Newcomerstown, Tuscarawas County

Fiscal Emergency Analysis

Schedule IV

Deficit Fund Balances
Ohio Revised Code Section 118.03(B)
As of April 30, 2012

Funds	Cash Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds With Deficit Balances	One-Sixth General Fund Budget/ Fund Receipts	Unprovided Portion of Aggregate (Deficit)
General	\$6,863	\$58,543	(\$51,680)	\$149,455	\$0
Cemetery	(151,373)	8,099	(159,472)	5,070	(154,402)
Park	(7,463)	717	(8,180)	7,433	(747)
Sewage	512	32,735	(32,223)	71,864	0
	<u>(\$151,461)</u>	<u>\$100,094</u>	<u>(\$251,555)</u>	<u>\$233,822</u>	<u>(155,149)</u>
Funds available for transfer					0
Total Unprovided Portion of Aggregate Deficit Funds					<u><u>(\$155,149)</u></u>

Conclusion: Schedules III and IV indicate that a fiscal emergency condition exists under Sections 118.03(A)(5) and 118.03(B) of the Ohio Revised Code as of December 31, 2011, and April 30, 2012. The total unprovided portion of aggregate deficit funds as of December 31, 2011, and April 30, 2012, are \$136,548 and \$155,149, 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.

We verified the Village’s reconciled bank balances to its fund cash balances as of December 31, 2011. 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 2011 to determine if a treasury deficiency exists.

Village of Newcomerstown, Tuscarawas County

Fiscal Emergency Analysis

Schedule V

Treasury Balances
Ohio Revised Code Section 118.03(A)(6)
As of December 31, 2011

	Amounts at December 31, 2011
Bank Cash Balance	
General Account	\$437,036
Payroll Account	23,434
Street Levy Account	322,175
Cemetery Account	704
Certificates of Deposit	1,485,013
Petty Cash	715
<i>Total Bank Cash</i>	<u>2,269,077</u>
<i>Adjustments for:</i>	
Outstanding Checks	<u>(322,451)</u>
<i>Total Treasury Balance</i>	<u>1,946,626</u>
Less: Positive Cash Fund Balances	
Street Construction M and R	544
Juvenile Youth	25,611
Youth Activity Fund	1,052
Byrne Crime Grant	420
Police Disability and Pension	702,752
Drug Enforcement	2,515
Nuisance Abatement	17,169
Law Enforcement Trust	13
Other Special Revenue	4,539
Police Immobilization	17,738
DUI Enforcement	12,698
Drug Law Enforcement	63,161
Fire/EMS Training	12,707
Rental Inspections	234,160
COPS Fast Grant	938,711
Safe and Sober Grant	9,542
Permissive MVL	1,992
Utility Deposit	43,647
Total Positive Cash Fund Balances	<u>2,088,971</u>
Treasury Deficit	(142,345)
One-Sixth Treasury Receipts	<u>481,398</u>
Treasury Surplus	<u><u>\$339,053</u></u>

Conclusion: Schedule V indicates that a fiscal emergency condition does not exist under Section 118.03(A)(6) of the Ohio Revised Code. The treasury balance less the positive fund balances as of December 31, 2011, did not exceed one-sixth of the budgetary receipts for the year. An analysis as of the date of determination was not completed because a fiscal emergency condition did not exist at year-end.

Village of Newcomerstown, Tuscarawas County

Fiscal Emergency Analysis

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 Newcomerstown as defined in Sections 118.03(A)(5) and 118.03(B) of the Ohio Revised Code as presented in Schedules III and IV above as of December 31, 2011 and April 30, 2012.

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 NEWCOMERSTOWN

TUSCARAWAS 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
OCTOBER 11, 2012