



**Village of Risingsun  
Wood County, Ohio**

**Fiscal Emergency Analysis  
As of December 31, 2019**

**Local Government Services**



Village of Risingsun, Wood County

Fiscal Emergency Analysis

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## Declaration of Fiscal Emergency

The Auditor of State performed a fiscal analysis of the Village of Risingsun 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 Risingsun as defined in Sections 118.03(A)(5) of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Rick Whetsel, Mayor of the Village of Risingsun; John Dierksheide, Council President of the Village of Risingsun; Mike DeWine, Governor; Robert Sprague, Treasurer of State; Kim Murnieks, Director of the Office of Budget and Management; and Matthew Oestreich, Secretary of the Wood County Budget Commission.

A handwritten signature in black ink that reads "Keith Faber".

KEITH FABER  
Auditor of State

June 18, 2020

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Village of Risingsun, Wood County

Fiscal Emergency Analysis

**Introduction**

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

A village is placed in fiscal emergency if any one of six conditions described in Section 118.03 of the Ohio Revised Code exists. The six conditions are: 1) default on any 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 existence of the conditions described under Conditions four, five, and six of this report at year-end do not constitute a basis for the declaration of fiscal emergency if the Village clearly demonstrates to the satisfaction of the Auditor of State that the conditions no longer exist at the time of the determination. The Village has not requested that the determination be delayed nor provided substantial proof that it has taken steps to remove the conditions.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2019.

**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 is as follows:

Debt Issue	Interest Rate	Issue Date	Issue Amount
<u>Loans Payable</u>			
Land Purchase and Truck Loan	5.00%	10/30/2014	\$47,898
<u>Leases Payable</u>			
Firetruck Lease	1.50	10/25/2017	617,585

We obtained a list of outstanding debt and the amortization schedules to identify the last scheduled payment due before December 31, 2019, and reviewed the council minutes for any debt issued.

**Conclusion:** A fiscal emergency condition does not exist under Ohio Revised Code Section 118.03(A)(1). The Village has not defaulted on its debt obligation for more than thirty days as of December 31, 2019.

**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 December 31, 2019. We had a discussion with the Fiscal Officer to determine the employees of the Village, pay rates, frequency of payroll, and whether any extensions for the payment of payroll existed. We reviewed the cash journal and cancelled checks to determine 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 December 31, 2019. All employees have been paid in 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.

We confirmed with the Wood 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 2019 which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Wood County Budget Commission indicated that the Budget Commission had not taken any action to increase the inside millage of the Village for 2019 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 December 31, 2019. The Wood County Budget Commission has not taken any action to increase the inside millage of the Village, thus reducing another subdivision's inside 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 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 benefits 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 reviewed accounts payable as of December 31, 2019, that were due and payable from the general fund and from all other funds, 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, 2019, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities, including any interest and penalties. No accounts payable were found that had been due and payable for at least thirty days or had penalties for failure to pay.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio Revised Code. There were no payables at least thirty days past due as of December 31, 2019.

**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.

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We computed the adjusted aggregate sum of all deficit funds as of December 31, 2019, 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.

Schedule I

Deficit Fund Balances  
Ohio Revised Code Section 118.03(A)(5)  
As of December 31, 2019

Funds	Cash Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds with Deficit Balances	One-Sixth of General Fund Budget	Unprovided Portion of Aggregate Deficit
General Fund	(\$49,561)	\$3,005	(\$52,566)	\$17,252	(\$35,314)
Funds Available for Transfer					0
Total					(\$35,314)

**Conclusion:** Schedule I indicates that a fiscal emergency condition exists under section 118.03(A)(5) of the Ohio Revised Code as of December 31, 2019. The total unprovided portion of the aggregate deficit funds as of December 31, 2019, is \$35,314.

**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 statement of cash position for all funds as of December 31, 2019, which included subtracting reconciling factors to arrive at a treasury balance. We then determined the aggregate sum of all positive fund cash 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 2019 to determine if a treasury deficiency existed.

**Conclusion:** A fiscal emergency condition does not exist under Section 118.03(A)(6) of the Ohio Revised Code. The treasury deficit did not exceed one-sixth of the treasury receipts at December 31, 2019.

Village of Risingsun, Wood County

Fiscal Emergency Analysis

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**Summary**

A fiscal emergency is the existence of at least one of the conditions defined above. This analysis indicates that a fiscal emergency exists at the Village of Risingsun as defined in Section 118.03(A)(5) of the Ohio Revised Code as presented in Schedule I above as of December 31, 2019.

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.

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**VILLAGE OF RISINGSUN**

**WOOD 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  
JUNE 18, 2020**