



**Auditor of State
Betty Montgomery**

**City of Campbell
Mahoning County, Ohio**

**Fiscal Watch Analysis
As of December 31, 2002**

Local Government Services Section

City of Campbell

Fiscal Watch Analysis

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Declaration of Fiscal Watch

The Auditor of State performed a fiscal analysis of the City of Campbell pursuant to Section 118.021 of the Ohio Revised Code. This analysis indicates and it is hereby declared that a fiscal watch exists at the City of Campbell as defined by Section 118.022(A)(2) of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with John E. Dill, Mayor of the City of Campbell, and the Mahoning County Budget Commission.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

March 8, 2004

City of Campbell

Fiscal Watch Analysis

Introduction

As provided by Section 118.021 of the Ohio Revised Code, Mayor John E. Dill requested that a fiscal analysis be performed by the Auditor of State for the City of Campbell (the City), Mahoning County. The purpose of the analysis is to determine if the financial condition of the City justifies the declaration of a fiscal watch.

The City of Campbell requested a fiscal watch analysis on September 3, 2003. The Local Government Services (LGS) section of the Auditor of State's Office began the fiscal analysis for the City on September 9, 2003, only to learn that the City had not reconciled its bank accounts with the City's financial records for 2002 and 2003. LGS was engaged to reconcile the financial records with the bank accounts, identify transactions that had not been posted, and determine fund balances. Upon completion of the reconciliations for 2002, the fiscal watch analysis was completed.

A city is placed in fiscal watch if any one of three conditions described in Section 118.022 of the Ohio Revised Code exists as of December 31. The three conditions are: 1) significant past due accounts payable, 2) substantial deficit balances in city funds and 3) a sizeable deficiency when the city's treasury balance is compared to the positive cash balances of the city's funds.

This analysis is based on December 31, 2002, balances because the City lacks adequate and credible records at December 31, 2003. This report identifies the procedures performed and the conclusions reached with respect to each condition.

Past due Accounts Payable from the General Fund and All Funds

Section 118.022(A)(1) of the Ohio 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 prepared a schedule of accounts payable as of December 31, 2002, 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, 2002. From this amount we subtracted the year-end balance available in the general fund to determine if the accounts payable in excess of the available fund balance exceeded one-twelfth of the general fund budget for that year.

City of Campbell

Fiscal Watch Analysis

Schedule I

Accounts Payable from the General Fund Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(1)(a)
As of December 31, 2002

	Payables Over 30 Days Past Due	General Fund Balance Available	Payables In Excess of Available Balance	One-twelfth of General Fund Budget	Accounts Payable in Excess of General Fund Budget
General Fund	\$46,544	\$0	\$46,544	\$261,720	\$0

We prepared a second schedule of accounts payable as of December 31, 2002, that were due and payable from all funds for at least thirty days or to which a penalty was added as of December 31, 2002. From this amount we subtracted the year-end fund balance in the general fund and the respective special funds available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-twelfth of the available revenues during 2002, excluding non-recurring receipts, of the general fund and of all special funds from which such accounts are lawfully payable.

Schedule II

Accounts Payable from the General Fund Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(1)(b)
As of December 31, 2002

	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Available Balance	One-twelfth of Available Revenues	Accounts Payable in Excess of Available Revenue
General Fund	\$46,544	\$0	\$46,544	\$215,176	\$0
Park Fund	14,616	58,704	0	29,131	0
Community Development Fund	3,800	19,788	0	38,795	0
CDBG Fund	5,868	5,688	180	4,743	0
Water Fund	501	0	501	106,020	0
Totals	<u>\$71,329</u>	<u>\$84,180</u>	<u>\$47,225</u>	<u>\$393,865</u>	<u>\$0</u>

Conclusion: Schedules I and II indicate that as of December 31, 2002 a fiscal watch condition does not exist under Section 118.022(A)(1) of the Ohio Revised Code. Accounts payable from the general fund which were at least thirty days past-due at the end of the year did not exceed the available balance in the general fund plus one-twelfth of the general fund budget, nor did all accounts payable which were at least 30 days past due exceed the available balance in the general fund and the respective special funds, plus one-twelfth of the available revenues for 2002.

City of Campbell

Fiscal Watch Analysis

Deficit Fund Balances

Section 118.022(A)(2) of the Ohio Revised Code defines a fiscal watch condition as:

The existence of a condition in which 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 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, 2002, 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-twelfth of the general fund budget and 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 118.022(A)(2)
At of December 31, 2002

Funds	Cash Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Funds With Deficit Balances	Less One-Twelfth General Fund Budget/Fund Receipts	Provided (Unprovided) Portion of Aggregate Deficit
General Fund	(\$193,744)	\$50,630	(\$244,374)	\$261,720	17,346
State Issue 2	(33,317)	0	(33,317)	0	(33,317)
Aging	(9,784)	0	(9,784)	1,113	(8,671)
Street	(124,830)	10,400	(135,230)	20,703	(114,527)
State Highway	(22,375)	0	(22,375)	1,543	(20,832)
Recycling	(1,296)	0	(1,296)	917	(379)
Water	(141,510)	839	(142,349)	106,020	(36,329)
Totals	<u>(\$526,856)</u>	<u>\$61,869</u>	<u>(\$588,725)</u>	<u>\$392,016</u>	(196,709)
Funds Available for Transfer					<u>0</u>
Total Unprovided Portion of Aggregate Deficit					<u>(\$196,709)</u>

Conclusion: Schedule III indicates that a fiscal watch condition exists under Section 118.022(A)(2) of the Ohio Revised Code as of December 31, 2002. The adjusted aggregate balance of those funds with a deficit at December 31, 2002, did exceed one-twelfth of the general fund budget and the receipts to the respective deficit funds.

City of Campbell

Fiscal Watch Analysis

Treasury Deficiency

Section 118.022 (A)(3) of the Ohio Revised Code defines a fiscal watch 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-twelfth of the total amount received into the unsegregated treasury during the preceding fiscal year.”

We calculated the unsegregated treasury balance of the City as of December 31, 2002. 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 2002, to determine if there was a treasury deficiency.

Schedule IV

Treasury Balances
Ohio Revised Code Section 118.022(A)(3)
As of December 31, 2002

	Amounts as of December 31, 2002
<u>Bank Balances:</u>	
First National Bank	(\$42)
First National Bank	15,538
First National Bank	5,635
First National Bank	326,709
First National Bank	2,975
First National Bank	42,432
Sky Bank	37,666
National City Bank	550
National City Bank	33,641
Total Cash	465,104
<u>Less Adjustments:</u>	
Outstanding Checks	(221,597)
Other	(256)
Total Treasury Balance	\$243,251

City of Campbell

Fiscal Watch Analysis

Treasury Balances
Ohio Revised Code Section 118.022(A)(3)
As of December 31, 2002
(continued)

	Amounts as of December 31, 2002
<u>Positive Cash Fund Balances:</u>	
Park	\$58,704
Law Enforcement Trust	9,277
Permissive Tax	16,667
Community Development	19,788
CDBG	5,688
Capital Improvement	57,477
Parks Improvement	6,302
Sales Tax Development	24,900
Infrastructure/Equipment	44,244
Sewage	5,815
Escrow	359
Water Trust	394
Revolving Loan	33,641
Critical Response Team	2,405
Law Enforcement Trust II	9,214
County Sewer Collection	300,414
Court Computer	37,067
Court Legal Research	2,855
Indigent Driver	13,584
Court	78,871
Civil Court	2,451
Criminal Court	39,989
Total Positive Fund Balances	770,106
Treasury Balances Less Positive Fund Balances:	(526,855)
One-Twelfth Treasury Receipts	655,266
Excess of One-twelfth of the Treasury Receipts over the Treasury Balance less the Positive Fund Balances	\$128,411

Conclusion: Schedule IV indicates that a fiscal watch condition does not exist under Section 118.022(A)(3) of the Ohio Revised Code as of December 31, 2002. The treasury balance less the positive fund balances did not exceed one-twelfth of the treasury receipts at December 31, 2002.

City of Campbell

Fiscal Watch Analysis

Summary

We have performed the procedures necessary to determine whether any of the three conditions for fiscal watch set forth in Section 118.022 of the Ohio Revised Code, exist as of December 31, 2002 at the City of Campbell, Mahoning County. The results of our analysis indicate that a fiscal watch exists at the City of Campbell as defined in Section 118.022(A)(2) of the Ohio Revised Code.

The fiscal watch analysis was performed as of December 31, 2002 because the City has not reconciled its financial records to its bank balances nor maintained sufficient accurate records to allow us to perform this analysis as of December 31, 2003.

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.



**Auditor of State
Betty Montgomery**

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CITY OF CAMPBELL

MAHONING 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
MARCH 8, 2004**