



**Auditor of State
Betty Montgomery**

**City of New Carlisle
Clark County, Ohio**

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

Local Government Services Division

City of New Carlisle, Clark County
Fiscal Watch Analysis

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Declaration of Fiscal Watch

The Auditor of State performed a fiscal emergency analysis of the City of New Carlisle pursuant to Section 118.022, of the Ohio Revised Code. This analysis indicates and it is hereby declared that a fiscal watch exists at the City of New Carlisle as defined in Section 118.022(A)(2) and (3) of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with George A. Sadders, Clark County Auditor; Paul S. Shakro, Mayor of the City of New Carlisle; James Caplinger, City Manager; and Debi Heiligenberg, Finance Director.

Betty Montgomery

Betty Montgomery
Auditor of State

June 9, 2003

City of New Carlisle, Clark County

Fiscal Watch Analysis

Introduction

As provided by Sections 118.021 and 118.022(A) of the Ohio Revised Code, the Auditor of State, as requested by the Clark County Budget Commission, performed a fiscal analysis of the City of New Carlisle, Clark County.

The purpose of our analysis was to determine whether the City's financial condition as of December 31, 2002, met one of the criteria for declaring a fiscal emergency or fiscal watch. The City did not meet any of the criteria for declaring a fiscal emergency. This report sets forth the details of our fiscal watch analysis of the City's financial condition as of December 31, 2002.

The guidelines for performing such an analysis are set forth in Section 118.022 of the Ohio Revised Code. For a fiscal watch to be declared, any one of three conditions must exist at December 31, 2002. The conditions address past due accounts payable, deficits in individual funds and a deficiency in the City treasury. The specific procedures performed for each of the three fiscal watch conditions identified in Section 118.022 of the Ohio Revised Code are presented below.

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 fund 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.

The accounts payable includes checks printed and recorded as expenditures at year-end, but not issued until January of the following year. The same amount was also added to the year-end fund balance.

The general fund budget is based on the amount shown on the certificate of estimated resources. This amount included \$3,000,000 in bond anticipation note proceeds for a building renovation project. The City placed the project on hold in 2002. Once the project was placed on hold, the fiscal officer should have certified under Section 5705.36(A)(4), Revised Code, a decrease of \$3,000,000 in revenue to the budget commission and obtain an amended certificate reflecting the decrease. The general fund budget used in this determination excludes the bond anticipation note proceeds.

City of New Carlisle, Clark County

Fiscal Watch Analysis

Schedule I

General Fund Accounts Payable Over Thirty 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	Excess of General Fund Budget Over Payables
General	\$93,212	\$0	\$93,212	\$134,087	\$40,875

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. A corresponding adjustment was also made to the available fund balance.

Schedule II

Accounts Payable from All Funds Over Thirty Days Past Due
Ohio Revised Code Section 118.022(A)(1)(b)
As of December 31, 2002

Funds	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Available Fund Balance	One-Twelfth of Available Revenues	Excess of Revenues Over/(under) Payables
General	\$93,212	\$0	\$93,212	\$108,477	\$15,265
Street Maintenance	13,250	0	13,250	34,619	0
State Highway	513	8,884	0	0	0
Emergency Ambulance Operating	14,120	39,491	0	0	0
Fire Operating Levy	4,738	0	4,738	6,067	0
Health Levy	8,508	0	8,508	5,541	(2,967)
Water Revenue	6,908	0	6,908	43,274	0
Wastewater	1,988	0	1,988	53,062	0
Swimming Pool	180	0	180	8,541	0
Cemetery	264	0	264	8,440	0
Wastewater Equipment	211	194,373	0	0	0
Total Amount of Surplus					\$12,298

Conclusion: Schedules I and II indicate that a fiscal watch condition does not exist under Section 118.022(A)(1). Accounts payable which were at least thirty days past due at year-end did not exceed the available balance in the general fund plus one-twelfth of the general fund budget and the available balance in the general fund and the respective special revenue funds, plus one-twelfth of the available revenues for 2002.

City of New Carlisle, Clark County

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 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-twelfth 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, 2002, by subtracting all accounts payable and the unrelated 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)
As of December 31, 2002

<u>Funds</u>	<u>Cash Fund Balances</u>	<u>Accounts Payable and Encumbrances</u>	<u>Adjusted Aggregate Funds With Deficit Balances</u>	<u>One-Twelfth General Fund Budget/Fund Receipts</u>	<u>Unprovided Portion of Aggregate Deficits</u>
General	(\$513,113)	\$107,059	(\$620,172)	\$134,087	(\$486,085)
Street Maintenance	0	13,354	(13,354)	34,619	0
Fire Operating Levy	18	5,788	(5,770)	6,067	0
Health Levy	6,159	9,582	(3,423)	5,541	0
Community Center	159,811	174,551	(14,740)	26,698	0
Water Revenue	12,077	89,406	(77,329)	43,274	(34,055)
Wastewater	2,329	46,948	(44,619)	53,062	0
Swimming Pool	0	6,922	(6,922)	8,541	0
Cemetery	0	6,909	(6,909)	8,440	0
Total	<u>(\$332,719)</u>	<u>\$460,519</u>	<u>(\$793,238)</u>	<u>\$320,329</u>	<u>(520,140)</u>
Funds Available for Transfer					0
Total Unprovided Portion of Aggregate Deficit					<u>(\$520,140)</u>

Conclusion: Schedule III indicates that a fiscal watch condition does exist 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 exceeded one-twelfth of the general fund budget and the receipts to the respective deficit funds.

City of New Carlisle, Clark County

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 verified the City’s reconciled bank balances to its fund cash balances 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 a treasury deficiency exists.

Schedule IV

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

	Amounts December 31, 2002
<u>Bank Balances</u>	
National City Bank	\$230,332
Star Ohio	70,714
Security National Bank (SNB)	34,314
Certificate of Deposit SNB #415642	60,467
Certificate of Deposit SNB \$416230	7,162
Total Cash	<u>402,989</u>
<u>Less: Adjustments</u>	
Outstanding Checks	(44,046)
Deposits in Transit	300
Total Adjustments	<u>(43,746)</u>
Total Treasury Balance	<u>359,243</u>
<u>Less: Positive Cash Fund Balances:</u>	
State Highway	11,549
Street Permissive Tax	3,493
Emergency Ambulance Capital Equipment	57
Emergency Ambulance Operating	57,527
Fire Capital Equipment Levy	81,004
Fire Operating Levy	18
CDBG / Economic Loan	25,208
Health Levy	6,159
Federal COPS Program	2,114
General Bond Retirement	17,976

(Continued)

City of New Carlisle, Clark County

Fiscal Watch Analysis

Schedule IV

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

	Amounts December 31, 2002
Community Center	159,811
Water Revenue	\$12,077
Wastewater	\$2,328
Waterworks Capital Improvement	5,010
Wastewater Capital Improvement	73,810
Wastewater Equipment Replacement	194,373
Wastewater Capital / Contingency	89,069
Wastewater Construction Account	4,810
Cemetery Perpetual Care	67,909
Special Assessment / Street Lighting	55,199
Total Positive Fund Balances	869,501
Treasury Balances Less Positive Fund Balances	(510,258)
One-Twelfth Treasury Receipts	327,325
Treasury Deficit	(\$182,933)

Conclusion: Schedule IV indicates that a fiscal watch condition does exist under Section 118.022(A)(3) of the Ohio Revised Code as of December 31, 2002. The treasury deficit exceeded one-twelfth of the treasury receipts for the year ended December 31, 2002.

Summary

A fiscal watch is declared if the fiscal analysis determines the existence of at least one of the above defined conditions. Schedule III indicates that at December 31, 2002, the sum of all deficit fund balances of \$793,238 exceeded one-twelfth of the general fund budget and the receipts to the respective deficit funds by \$520,140. Schedule IV indicates that at December 31, 2002, the sum of all positive fund balances exceeded the balance in the treasury and one twelfth of the annual treasury receipts by \$182,933. A fiscal watch is being declared for the City of New Carlisle based on the existence of these two conditions.

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**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF NEW CARLISLE

CLARK 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 9, 2003**