

**Village of Montezuma
Mercer County**

**Fiscal Watch Review
As of December 31, 1999**

Village of Montezuma, Mercer County
Fiscal Watch Review

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DECLARATION OF FISCAL WATCH

As provided by Section 118.023, Ohio Revised Code, and based on the requirements set forth in Sections 118.021 and 118.022, Ohio Revised Code, a "Fiscal Watch" has been determined to exist as of December 31, 1999, in the Village of Montezuma, Mercer County, Ohio, by the Auditor of State.

Accordingly, on behalf of the Auditor of State, a report is hereby submitted and filed with Charlotte Garman, Mayor of the Village of Montezuma; Joseph T. Deters, Treasurer of State; J. Kenneth Blackwell, Secretary of State; Bob Taft, Governor; Thomas W. Johnson, Director of the Office of Budget and Management and Mark R. Giesige of the Mercer County Budget Commission.

JIM PETRO
Auditor of State

April 24, 2000

Village of Montezuma, Mercer County

Fiscal Watch Review

Determination of Fiscal Watch Conditions

As provided by section 118.021 of the Ohio Revised Code, the Auditor of State, as requested by the Mayor of the Village of Montezuma on March 22, 2000, performed a fiscal watch review of the Village of Montezuma, Mercer County, Ohio.

The guidelines for performing such a review are set forth in section 118.022, Revised Code. The specific procedures performed for each of the fiscal watch conditions identified in section 118.022, Revised Code, are presented below.

Village of Montezuma, Mercer County

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Fiscal Watch Conditions

Section 118.022 of the Ohio Revised Code specifies four fiscal watch conditions. The existence of any of these conditions constitutes grounds for the declaration of a fiscal watch. These conditions are:

1. **General Fund Accounts Payable** - “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 30 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.”
2. **General and Special Funds Accounts Payable** - “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 30 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.”
3. **Deficit Fund Balances** - “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 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.”
4. **Treasury Balance** - “At the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, 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 deficit exceeded one-twelfth of the total amount received into the unsegregated treasury during the preceding fiscal year.”

We performed the following procedures to determine if any of these fiscal watch conditions existed as of December 31, 1999.

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Condition 1 - General Fund Accounts Payable

We prepared a schedule of accounts payable as of December 31, 1999, 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 at year-end, including, but not limited to, final judgements, 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-twelfth of the general fund budget for that year.

Schedule I

General Fund Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(1)(a)
As of December 31, 1999

	Payables Over 30 Days Past Due	Less General Fund Balance Available	Payables In Excess of Available Balance	One- Twelfth of the General Fund Budget	Accounts Payable Surplus
General Fund	\$226	\$0	\$226	\$2,035	\$1,809

Conclusion: Schedule I indicates that at December 31, 1999, a fiscal watch condition does not exist under Section 118.022(A)(1)(a) of the Ohio Revised Code. The general fund's accounts payable which were at least 30 days past due as of December 31, 1999, did not exceed the available balance and one-twelfth of the general fund budget.

Village of Montezuma, Mercer County

Fiscal Watch Review

Condition 2 - General and Special Funds Accounts Payable

From the invoices provided to us, a schedule of accounts payable was prepared that were due and payable from all 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 at year-end, including, but not limited to, final judgements, 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 balances of those 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 1999, 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 All Funds Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(1)(b)
As of December 31, 1999

	Payables Over 30 Days Past Due	Less Fund Balance Available	Payables In Excess of Available Balance	One-twelfth of Available Revenues	Accounts Payable Surplus
General Fund (1)	\$226	\$0	\$226	\$1,992	\$1,766

(1) There are no special funds from which the payables which are over 30 days past due are lawfully payable.

Conclusion: Schedule II indicates that at December 31, 1999, a fiscal watch condition does not exist under Section 118.022(A)(1)(b) of the Ohio Revised Code. The general fund's accounts payable which were at least 30 days past due as of December 31, 1999 did not exceed one-twelfth of the available revenues.

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Condition 3 - Deficit Fund Balances

We computed the aggregate amount of all deficit funds as of December 31, 1999, 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-twelfth of the budget of the general fund and the receipts of any other funds with a deficit. After computing the unprovided portion of the aggregate deficit, we subtracted funds that may be transferred, as provided in section 5705.14 of the Ohio Revised Code, to meet such deficits.

Schedule III

Deficit Fund Balances
Ohio Revised Code Section 118.022(A)(2)
As of December 31, 1999

	Cash Balance	Less Accounts Payable and Encumbrances	Aggregate Amount of Funds With Deficit Balances	Less Revenues Lawfully Available	Unprovided Portion of Aggregate Deficit
General Fund	(\$5,032)	\$226	(\$5,258)	\$2,035	(\$3,223)
Permissive Motor Vehicle License	4,388	0	0	0	0
Street Maintenance and Repair	1,031	400	0	0	0
State Highway Improvement	1,668	0	0	0	0
Subtotal	\$2,055	\$626	(\$5,258)	\$2,035	(3,223)
Funds Available for Transfer					0
Total Unprovided Portion of Aggregate Deficit Funds					(\$3,223)

Conclusion: The information in Schedule III indicates that a fiscal watch condition exists under Section 118.022(A)(2) of the Ohio Revised Code at December 31, 1999. The deficit in the general fund exceeds one-twelfth of the general fund budget by \$3,223 as of December 31, 1999.

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Condition 4 - Treasury Balances

We verified the Village's reconciliation of its bank balance to its cash book balance as of December 31, 1999. From the treasury balance we subtracted the aggregate sum of all positive 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-twelfth of the total amount received into the unsegregated treasury during 1999 to determine the treasury deficiency.

Schedule IV

Treasury Balances
Ohio Revised Code Section 118.022(A)(3)
As of December 31, 1999

	<u>Amounts</u>
Bank Cash Balance	\$2,750
Adjustments For:	
Outstanding Checks	<u>(695)</u>
Total Treasury Balance	<u>2,055</u>
Positive Cash Balances of Special Funds:	
Permissive Motor Vehicle License	4,388
Street Maintenance and Repair	1,031
State Highway Improvement	<u>1,668</u>
Total Positive Cash Balances	<u>7,087</u>
Treasury Balance Less Positive Fund Balances	(5,032)
One-twelfth Treasury Receipts	<u>2,700</u>
Treasury Deficiency	<u><u>(\$2,332)</u></u>

Conclusion: The information in Schedule IV indicates that a fiscal watch condition exists under Section 118.022(A)(3) of the Ohio Revised Code at December 31, 1999. The treasury balance less the positive fund balances exceeds one-twelfth of the treasury receipts as of December 31, 1999.

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Summary

A fiscal watch is the existence of at least one of the above defined conditions at the end of the fiscal year. This review indicates the existence of the fiscal watch conditions defined in sections 118.022(A)(2) and (3) and presented above in Condition 3 - Deficit Fund Balances and Condition 4 - Treasury Balances at the Village of Montezuma as of December 31, 1999. The Village of Montezuma is therefore declared to be in fiscal watch.

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.