



Mary Taylor, CPA
Auditor of State

City of New Carlisle
Clark County, Ohio

Termination of Fiscal Watch

Local Government Services Section

City of New Carlisle

Termination of Fiscal Watch

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Termination of Fiscal Watch

Pursuant to a request from the Finance Director of the City of New Carlisle to remove the City from fiscal watch, the Auditor of State has conducted a review of the financial condition of the City as of December 31, 2007. This review has determined that the City of New Carlisle no longer meets the fiscal watch conditions set forth in Section 118.022 of the Ohio Revised Code. Accordingly, the City of New Carlisle's status of fiscal watch is hereby terminated as of June 5, 2008.

This report is hereby submitted and filed with Dick Zsambok, Mayor of the City of New Carlisle, Robert Bender, City Manager of the City of New Carlisle and George A. Soddors, Secretary of the Clark County Budget Commission

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 5, 2008

City of New Carlisle, Clark County

Termination of Fiscal Watch

Introduction

Section 118.022, Ohio Revised Code describes four conditions which justify placing a City in fiscal watch. These conditions are: 1) significant accounts that have been due and payable for more than thirty days; 2) substantial deficit fund balances; 3) positive fund balances which exceed the balance in money and marketable securities held by the City; and 4) a forecasted deficit in the City's general fund for the current year.

On June 6, 2003, the City of New Carlisle was declared to be in fiscal watch because a review of the City's financial condition indicated that conditions 2 and 3 were present as of December 31, 2002.

On March 3, 2008, the Finance Director of the City of New Carlisle requested that the Auditor of State perform a review of the City's financial condition as of December 31, 2007, to determine if the City's improved financial condition justifies release from fiscal watch. In order to be removed from fiscal watch, all fiscal watch conditions have to have been eliminated.

This report provides a detailed description of each condition, the specific procedures we performed to determine if any of the conditions still existed as of December 31, 2007, and the corresponding results of our analysis.

General and Special Funds Accounts Payable

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 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 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, 2007, 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, 2007, 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 pay such accounts payable. Since the General Fund balance available exceeded the accounts payable, we did not have to determine if the accounts payable in excess of the available fund balance exceeded one-twelfth of the General Fund budget for 2007.

City of New Carlisle, Clark County

Termination of Fiscal Watch

Schedule I

General Fund Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(1)(a)
As of December 31, 2007

	Payables Over 30 Days Past Due	Fund Balance Available	Balance Available In Excess of Payables
General Fund	\$386	\$259,518	\$259,132

From the invoices provided to us, a schedule of accounts payable was prepared (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, 2007. From this amount we subtracted the year-end fund balance in the General Fund and the respective funds available to pay such outstanding bills. Since the General Fund balance, and the balances of the other funds exceeded the accounts payables for those funds, we did not have to determine if the accounts payable in excess of the available fund balances exceeded one-twelfth of the available revenues during 2007.

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, 2007

Funds	Payables Over 30 Days Past Due	Fund Balances Available	Balances Available In Excess of Payables
General	\$386	\$259,518	\$259,132
Street Construction	31	28,146	28,115
Emergency Ambulance Operating	11	45,233	45,222
Fire Capital Equipment Levy	1,325	74,573	73,248
Fire Operating Levy	11	4,693	4,682
Water Revenue	1,486	165,348	163,862
Wastewater	898	139,764	138,866
Cemetery	36	22,970	22,934

Conclusion: Schedules I and II indicate that a fiscal watch condition does not exist under Section 118.022(A)(1)(a) or Section 118.022(A)(1)(b) of the Ohio Revised Code as of December 31, 2007.

City of New Carlisle, Clark County

Termination of Fiscal Watch

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 examined the fund financial statements of the City for any deficit funds. The City had no deficit fund balances as of December 31, 2007; no further analysis was performed.

Conclusion: A fiscal watch condition does not exist under Section 118.022(A)(2) of the Ohio Revised Code as of December 31, 2007. All funds had positive balances at year-end.

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, 2007. 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.

Schedule III

Treasury Balance
Ohio Revised Code Section 118.022(A)(3)
As of December 31, 2007

	<u>Amount</u>
Treasury Balance:	
National City	\$1,205,030
Security National	62,489
New Carlisle Federal (Twin Creeks)	521
New Carlisle Federal (Certificate of Deposit)	64,406
National City (North Utility Project)	144,930
STAROhio	<u>256,316</u>
Total Treasury Balance	<u>\$1,733,692</u>

(Continued)

City of New Carlisle, Clark County

Termination of Fiscal Watch

Treasury Balance
Ohio Revised Code Section 118.022(A)(3)
As of December 31, 2007
Continued

	<u>Amount</u>
Adjustments:	
Outstanding Checks	(\$95,322)
Deposits in Transit	8,958
Credit Card Payments	321
Total Adjustments	(86,043)
 Total Treasury Balance	 1,647,649
 Less Positive Cash Fund Balances:	
General	262,738
Street Construction	29,839
State Highway	25,899
Street Permissive Tax	8,745
Emergency Ambulance Capital Equipment	41,461
Emergency Ambulance Operating	46,639
Fire Capital Equipment Levy	85,410
Fire Operating Levy	5,158
CDBG/Economic Loan	21,565
Health Levy	122
General Bond Retirement	52,512
Twin Creeks Infrastructure Bonds	4,275
North Utilities Extension Project	142,814
Water Revenue	179,371
Wastewater	142,041
Swimming Pool	1,224
Cemetery	23,324
Waterworks Capital Improvement	66,317
Wastewater Capital Improvement	76,246
Wastewater Equipment Replacement	193,563
Wastewater Capital Contingency	99,358
Wastewater Construction Account	4,810
Cemetery Perpetual Care	74,965
Special Assessment/Street Lighting	58,760
Twin Creeks Assessment/Infrastructure	493
Total Positive Cash Fund Balances	<u>1,647,649</u>
Treasury Balance Less Positive Fund Balances	<u>\$0</u>

Conclusion: Schedule III indicates that a fiscal watch condition does not exist under Section 118.022(A)(3) of the Ohio Revised Code as of December 31, 2007. The treasury balance equaled the positive fund cash balances; therefore, no further calculations were needed.

City of New Carlisle, Clark County

Termination of Fiscal Watch

Forecasted General Fund Deficit

Section 118.022 (A)(4) of the Ohio Revised Code defines a fiscal watch condition as:

“The existence of a condition in which, based on an examination of the financial forecast approved by the legislative authority of a municipal corporation, county, or township, the auditor of state certifies that the general fund deficit at the end of the current fiscal year will exceed one-twelfth of the general fund revenue from the preceding fiscal year.”

We compared the estimated resources to appropriations and reviewed the estimated and actual receipts and the appropriations and cash disbursements plus encumbrances for 2008. The City’s estimated resources were sufficient to support the appropriations for the current year and the estimated receipts and appropriations appear reasonable in comparison to actual year-to-date receipts and expenditures. Therefore, the examination of a financial forecast for the year ending December 31, 2008 was considered unnecessary.

Summary

This analysis indicates that the fiscal watch conditions that existed at December 31, 2002 have been corrected. The improvement in the City of New Carlisle’s financial condition justifies the City’s release from 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 to you.



Mary Taylor, CPA
Auditor of State

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 5, 2008**