



**Auditor of State
Betty Montgomery**

**Village of Lockland
Hamilton County, Ohio**

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

Local Government Services Division

Village of Lockland
Fiscal Watch Analysis

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Declaration of Fiscal Watch

The Auditor of State performed a fiscal analysis of the Village of Lockland 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 Village of Lockland as defined by Sections 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 Jim Brown, Mayor of the Village of Lockland; and the Hamilton County Budget Commission.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 30, 2003

Village of Lockland

Fiscal Watch Analysis

Introduction

In response to a request from Mayor Jim Brown as provided for in section 118.021 of the Ohio Revised Code, the Auditor of State performed an analysis of the Village of Lockland, Hamilton County, as of December 31, 2002, to determine if the Village should be placed in fiscal watch.

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

The Village has paid all of its 2002 accounts payable within a 30 day period.

Conclusion: A fiscal watch condition does not exist under Section 118.022(A)(1) of the Ohio Revised Code because the Village has paid all of its accounts payable within a 30 day period.

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 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.

Village of Lockland

Fiscal Watch Analysis

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 I

Deficit Fund Balances
Ohio Revised Code Section 118.022 (A) (2)
As of December 31, 2002

Funds	Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Funds With Deficit Balances	Less One-Twelfth General Fund Budget / Receipts to Deficit Funds	Provided (Unprovided) Portion of Aggregate Deficit
General Fund	\$62,714	\$82,159	(\$19,445)	\$232,355	\$212,910
State Grant #1 Recycle	(10,047)	0	(10,047)	1,008	(9,039)
Law Enforcement	583	1,926	(1,343)	4	(1,339)
Shepherd Avenue Improvement	(188,013)	0	(188,013)	0	(188,013)
Community Development Block Grant	(421)	0	(421)	0	(421)
General Obligation Bond Retirement	(11,345)	499	(11,844)	0	(11,844)
Mortgage Note Payable	(305,173)	0	(305,173)	0	(305,173)
Total	<u>(\$451,702)</u>	<u>\$84,584</u>	<u>(\$536,286)</u>	<u>\$233,367</u>	<u>(302,919)</u>
Funds Available for Transfer					<u>0</u>
Total Unprovided Portion of Aggregate Deficit					<u><u>(\$302,919)</u></u>

Conclusion: Schedule I 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 revenues lawfully available to the respective deficit funds.

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 that deficiency exceeded one-twelfth of the total amount received into the unsegregated treasury during the preceding fiscal year.

Village of Lockland

Fiscal Watch Analysis

We verified the Village's reconciled bank balances to its fund cash balance 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 the treasury deficiency.

Schedule II

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>	
Fifth Third Bank	\$382,718
STAR Ohio	429,427
US Bank	12,604
US Bank	1,540
US Bank	37,412
Total Cash	<u>863,701</u>
<u>Less Adjustments:</u>	
Outstanding Checks	(276,980)
Other	(497)
Total Treasury Balance	<u>586,224</u>
<u>Positive Cash Fund Balances:</u>	
General	62,714
Alcohol Enforcement	4,078
Drug Law Enforcement	33,542
Fire/Life Squad Levy	42,062
Law Enforcement Fund	583
Mayor's Court Computer	26,022
Street Construction	343,675
Urban Development Block Grant	60,113
U. S. EPA Brownfield	96,661
Commerce Park	12,918
Highland Ave. I-75 Waterline	19,367
South Cooper Project	13,889
Sanitary Sewer	185,872
Water	199,727
Total Positive Fund Balances	<u>1,101,223</u>

Village of Lockland

Fiscal Watch Analysis

Schedule II

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

	Amounts as of December 31, 2002
Treasurer Balances Less Positive Fund Balances	<u>(\$514,999)</u>
One-Twelfth Treasury Receipts	<u>389,842</u>
Treasury Deficiency	<u><u>(\$125,157)</u></u>

Conclusion: Schedule II indicates that a fiscal watch condition exists under Section 118.022(A)(3) of the Ohio Revised Code as of December 31, 2002. The treasury balance less the positive fund cash balances did exceed one-twelfth of the treasury receipts as of December 31, 2002.

Summary

We have performed the procedures necessary to determine whether any of the three conditions for fiscal watch set forth in Section 118.021 of the Ohio Revised Code, exist as of December 31, 2002 at the Village of Lockland, Hamilton County. The results of our analysis indicate that a fiscal watch exists at the Village of Lockland as defined in Sections 118.022(A)(2) and (3) of the Ohio Revised Code.

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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VILLAGE OF LOCKLAND

HAMILTON 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
SEPTEMBER 30, 2003**