



Mary Taylor, CPA  
Auditor of State

**Village of Morrow  
Warren County, Ohio  
Termination of Fiscal Watch**

**Local Government Services Section**

# Village of Morrow

## Termination of Fiscal Watch

### Table of Contents

Table of Contents.....	1
Termination of Fiscal Watch .....	2
Introduction.....	3
Past Due Accounts Payable from the General Fund and All Funds .....	3
Deficit Fund Balances .....	4
Treasury Deficiency .....	4
Forecasted General Fund Deficit .....	6
Summary.....	6



Mary Taylor, CPA  
Auditor of State

**Termination of Fiscal Watch**

Pursuant to a request from the Mayor of the Village of Morrow to remove the Village from fiscal watch, the Auditor of State has conducted a review of the financial condition of the Village as of December 31, 2008. This review had determined that the Village of Morrow no longer meets the fiscal watch conditions set forth in Section 118.022 of the Ohio Revised Code. Accordingly, the Village of Morrow's status of fiscal watch is hereby terminated as of September 3, 2009.

This report is hereby submitted and filed with Mike Erwin, Mayor of the Village of Morrow and Nick Nelson, Secretary of the Warren County Budget Commission.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 3, 2009

**Introduction**

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

On November 8, 2007, the Village of Morrow was declared to be in fiscal watch because a review of the Village's financial condition indicated that conditions 2 and 3 were present as of December 31, 2006.

On February 19, 2009, the Mayor of the Village of Morrow requested that the Auditor of State perform a review of the Village's financial condition as of December 31, 2008, to determine if the Village'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, 2008, and the corresponding results of our analysis.

**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 a 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 searched for accounts payable as of December 31, 2008, that were due and payable from the general fund of the Village, 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, 2008, 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 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 over 30 days past due, no additional calculations were necessary. We also searched for accounts payable 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 as of December 31, 2008. No payables were found that were thirty days past due.

Village of Morrow, Warren County

Termination of Fiscal Watch

Schedule I

Accounts Payable Over 30 Days Past Due  
Ohio Revised Code Section 118.22(A)(1)(a)  
As of December 31, 2008

	Payables Over 30 Days Past Due	Fund Balance Available	Balance Available In Excess of Payables
General Fund	\$110	\$69,575	\$69,465

**Conclusion:** A fiscal watch condition does not exist under Section 118.022(A)(1) of the Ohio Revised Code as of December 31, 2008. The general fund accounts payable that were over thirty days past due did not exceed the fund balance available to pay the obligations.

**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 Ohio 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 reviewed the fund financial statements of the Village for any deficit funds. The Village had no deficit fund balances as of December 31, 2008; therefore, 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, 2008. 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 a 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 Village as of December 31, 2008. 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.

Village of Morrow, Warren County

Termination of Fiscal Watch

Schedule II

Treasury Balance  
Ohio Revised Code Section 118.022(A)(3)  
As of December 31, 2008

**Treasury Balance:**

First National Bank	\$570,322
STAROhio	78,504
Certificate of Deposits	185,000
Total Treasury Balance	<u>833,826</u>

Adjustments for:

Outstanding Checks	(45,331)
Other Adjusting Factors	(642)
Total Adjustments	<u>(45,973)</u>
Total Adjusted Treasury Balance	<u>787,853</u>

**Less Positive Cash Fund Balances:**

General	81,093
Street Construction, Maintenance and Repair	19,682
State Highway	12,887
Recreation - Parks	5,117
Drug Law Enforcement	153
Law Enforcement Education	279
Permissive Motor Vehicle License Tax	14,449
Police Equipment	3,252
Police Enforcement	1,762
Fire and Life Squad	9,935
The Woodlands at Morrow	23,245
Mayors Court Computer Fund	5,746
Police Training Fund	880
Other Debt Service	3,581
Water Operating	455,715
Water Operating Improvements	22,112
Water Tap Ins	19,771
Poor Relief Fund	20,690
Schuerer Trust Fund	87,504
Total Positive Cash Fund Balances	<u>787,853</u>

Treasury Balance Less Positive Cash Fund Balances	<u><u>\$0</u></u>
---	-------------------

Termination of Fiscal Watch

---

Conclusion: Schedule II indicates that a fiscal watch condition does not exist under Section 118.022(A)(3) of the Ohio Revised Code as of December 31, 2008. There is no treasury deficit; the treasury balance equaled the positive fund cash balances.

**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 2009. The Village’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, 2006 have been corrected. The improvement in the Village of Morrow’s financial condition justifies the Village’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

**VILLAGE OF MORROW**

**WARREN 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 3, 2009**