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# PERRY & Associates

Certified Public Accountants, A.C.

**VILLAGE OF TIRO  
CRAWFORD COUNTY  
Regular Audit  
For the Years Ended December 31, 2014 and 2013**

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# Dave Yost • Auditor of State

Village Council  
Village of Tiro  
5870 SR 98  
Tiro, Ohio 44887

We have reviewed the *Independent Auditor's Report* of the Village of Tiro, Crawford County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Tiro is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

November 3, 2015

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VILLAGE OF TIRO  
CRAWFORD COUNTY

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## INDEPENDENT AUDITOR'S REPORT

July 15, 2015

Village of Tiro  
Crawford County  
5870 SR 98  
Tiro, Ohio 44887

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the **Village of Tiro**, Crawford County, (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Tiro, Crawford County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1B.

***Emphasis of Matter***

As disclosed in Note 10, on August 30, 2012, the Auditor of State declared the Village of Tiro to be in a state of fiscal emergency, in accordance with Section 118.03 of the Ohio Revised Code. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF TIRO  
CRAWFORD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 2,161	\$ -	\$ -	\$ 2,161
Municipal Income Tax	9,637	-	-	9,637
Intergovernmental	6,503	12,017	-	18,520
Charges for Services	100	-	-	100
Earnings on Investments	-	3	-	3
Miscellaneous	74	-	-	74
<i>Total Cash Receipts</i>	<u>18,475</u>	<u>12,020</u>	<u>-</u>	<u>30,495</u>
<b>Cash Disbursements</b>				
Current:				
Security of Person & Property	4,284	-	-	4,284
Public Health Services	671	-	-	671
Basic Utility Services	-	-	12,885	12,885
Transportation	-	31,685	-	31,685
General Government	8,923	-	-	8,923
Debt Service:				
Principal Retirement	6,117	-	-	6,117
<i>Total Cash Disbursements</i>	<u>19,995</u>	<u>31,685</u>	<u>12,885</u>	<u>64,565</u>
<i>Net Change in Fund Cash Balances</i>	(1,520)	(19,665)	(12,885)	(34,070)
<i>Fund Cash Balances, January 1</i>	<u>(10,267)</u>	<u>55,955</u>	<u>15,461</u>	<u>61,149</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	36,290	2,576	38,866
Unassigned (Deficit)	<u>(11,787)</u>	<u>-</u>	<u>-</u>	<u>(11,787)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ (11,787)</u></u>	<u><u>\$ 36,290</u></u>	<u><u>\$ 2,576</u></u>	<u><u>\$ 27,079</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF TIRO  
CRAWFORD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 2,466	\$ -	\$ -	\$ 2,466
Municipal Income Tax	1,210	-	-	1,210
Intergovernmental	6,875	12,665	-	19,540
Charges for Services	100	-	-	100
Earnings on Investments	-	10	-	10
Miscellaneous	71	-	-	71
<i>Total Cash Receipts</i>	<u>10,722</u>	<u>12,675</u>	<u>-</u>	<u>23,397</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons & Property	4,125	-	-	4,125
Public Health Services	206	-	-	206
Transportation	-	1,507	-	1,507
General Government	12,010	-	-	12,010
Debt Service:				
Principal Retirement	9,175	-	-	9,175
<i>Total Cash Disbursements</i>	<u>25,516</u>	<u>1,507</u>	<u>-</u>	<u>27,023</u>
<i>Net Change in Fund Cash Balances</i>	(14,794)	11,168	-	(3,626)
<i>Fund Cash Balances, January 1</i>	<u>4,527</u>	<u>44,787</u>	<u>15,461</u>	<u>64,775</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	55,955	15,461	71,416
Unassigned (Deficit)	(10,267)	-	-	(10,267)
<i>Fund Cash Balances, December 31</i>	<u>\$ (10,267)</u>	<u>\$ 55,955</u>	<u>\$ 15,461</u>	<u>\$ 61,149</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF TIRO  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Tiro, Crawford County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village maintains the Village's roads and bridges, park operations and police and fire protection.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money Market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and recorded in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

**VILLAGE OF TIRO  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Street Construction, Maintenance, and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Building Capital Project Fund – This fund received funds for the water project.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**VILLAGE OF TIRO  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF TIRO  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Village maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2014	2013
Demand Deposits	\$ 27,079	\$ 35,735
Total Deposits	27,079	35,735
STAR Ohio	-	25,414
Total Investments	-	25,414
Total Deposits and Investments	\$ 27,079	\$ 61,149

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments in STAR Ohio are not evidenced by securities that exist in physical form or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 16,560	\$ 18,475	\$ 1,915
Special Revenue	13,255	12,020	(1,235)
Total	\$ 29,815	\$ 30,495	\$ 680

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$21,340	\$19,995	\$1,345
Special Revenue	55,910	31,685	24,225
Capital Projects	15,461	12,885	2,576
Total	\$92,711	\$64,565	\$28,146

**VILLAGE OF TIRO  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 10,915	\$ 10,722	\$ (193)
Special Revenue	14,010	12,675	(1,335)
Total	\$ 24,925	\$ 23,397	\$ (1,528)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 24,030	\$ 25,516	\$ (1,486)
Special Revenue	14,110	1,507	12,603
Total	\$ 38,140	\$ 27,023	\$ 11,117

Contrary to Ohio law, appropriations exceeded estimated resources in the General fund by \$15,046 in 2014 and by \$9,767 in 2013. Contrary to Ohio law, budgetary expenditures exceeded appropriations in 2013 by \$1,486 in the General fund. Also contrary to Ohio law, expenditures were not always properly encumbered for the years ended December 31, 2014 and 2013. Also contrary to Ohio law, at December 31, 2014 and 2013, the General fund had cash deficit balance of \$(11,787) and \$(10,267), respectively.

**4. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF TIRO  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2014 was as follows:

<u>Name</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Principal Outstanding 12/31/14</u>
OWDA	Loan # 4863	0%	<u>\$168,211</u>

Amortization of the above debt, is scheduled as follows:

December 31,	<u>Principal</u>	<u>Total</u>
2015	6,117	6,117
2016	6,117	6,117
2017	6,117	6,117
2018	6,117	6,117
2019	6,117	6,117
2020-2024	30,585	30,585
2025-2029	30,585	30,585
2030-2034	30,585	30,585
2035-2039	30,585	30,585
2040-2044	15,286	15,286
Total	<u>\$168,211</u>	<u>\$168,211</u>

The Village entered into a loan agreement in 2008 with the Ohio Water Development Authority (OWDA) in the amount of \$216,610 with an interest rate of 4.95%. In September of 2012 the Village came to an agreement with OWDA to repay the loan over a period of 30 years at 0% interest, with semi-annual payments of \$3,058. The loan matures in July of 2042. Debt payments were made from the General fund.

**7. RETIREMENT SYSTEMS**

The Mayor and the Fiscal Officer belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

**VILLAGE OF TIRO  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**9. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**10. FISCAL EMERGENCY**

In accordance with Ohio Revised Code Chapter 118, the Village was placed under fiscal emergency by the Auditor of State on August 30, 2012, due to default on debt payments. As of December 31, 2014, the Village has made all debt payments but remains in fiscal emergency status.

**11. DEFICIT FUND BALANCE**

As of December 31, 2014 and 2013 the Village had deficit fund balances in the General fund of \$(11,787) and \$(10,267), respectively.

Fund	Cash Balance at December 31, 2014	Cash Balance at December 31, 2013
General	\$ (11,787)	\$ (10,267)
	\$ (11,787)	\$ (10,267)



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

July 15, 2015

Village of Tiro  
Crawford County  
5870 SR 98  
Tiro, Ohio 44887

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Tiro**, Crawford County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 15, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. As disclosed in Note 10, on August 30, 2012, the Village was declared by the Auditor of State to be in a state of fiscal emergency.

***Internal Control over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.

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***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2014-002.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF TIRO  
CRAWFORD COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2014-001**

**Material Weakness**

**Posting Disbursements**

Disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2014, a disbursement was not posted into an accurate classification based on the source of the disbursement. The following posting errors were noted:

- Water project disbursements for customer refunds were posted to Capital Outlay instead of Basic Utility Services

Not posting disbursements accurately resulted in the financial statements requiring a reclassification. The accompanying financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and Ohio Administrative Code for guidance to determine the proper establishment of expenditure accounts and posting of expenditures.

**Management's Response** – We did not received a response from officials to this finding.

**FINDING NUMBER 2014-002**

**Noncompliance**

**Budgetary Controls**

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.10(I) stating that money paid into any fund shall be used only for the purpose for which such fund is established; as a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund;
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeding appropriations);

VILLAGE OF TIRO  
CRAWFORD COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-002 (Continued)

**Noncompliance (Continued)**

**Budgetary Controls (Continued)**

- Violations of 5705.39 stating total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure;
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds. Without these certifications, the management of the Village lost budgetary control over expenditures.

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. If Council does not consider this necessary, steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item. We also recommend the Village monitor fund balances more accurately to ensure negative fund balances do not occur.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF TIRO  
CRAWFORD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2012-001	Posting Receipts	Yes	N/A



# Dave Yost • Auditor of State

VILLAGE OF TIRO

CRAWFORD 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  
NOVEMBER 17, 2015