



Dave Yost • Auditor of State

**Village of Tiro
Crawford County**

**Fiscal Emergency Analysis
As of December 31, 2011 and June 30, 2012**

Local Government Services

Village of Tiro, Crawford County

Fiscal Emergency Analysis

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Declaration of Fiscal Emergency

The Auditor of State performed a fiscal analysis of the Village of Tiro pursuant to Section 118.03 of the Ohio Revised Code. This analysis indicates and it is hereby declared that a fiscal emergency exists at the Village of Tiro as defined in Section 118.03(A)(1) of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Lisa Marcum, Fiscal Officer of the Village of Tiro; Ronald Brown, Mayor of the Village of Tiro; Richard Glower, President Pro Tempore of Council of the Village of Tiro; John Kasich, Governor; Timothy S. Keen, Director of the Office of Budget and Management; John Husted, Secretary of State; Josh Mandel, Treasurer of State; and Robin Hildebrand, Secretary of the Crawford County Budget Commission.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 30, 2012

Village of Tiro, Crawford County

Fiscal Emergency Analysis

Introduction

As provided by Sections 118.021 and 118.04(A) of the Ohio Revised Code, Mayor Ronald Brown requested that a fiscal analysis be performed by the Auditor of State for the Village of Tiro, Crawford County (the Village). The purpose of the analysis was to determine if the financial condition of the Village justifies the declaration of a fiscal watch or fiscal emergency.

A village is placed in fiscal emergency if any one of six conditions described in Section 118.03 of the Ohio Revised Code exists. The six conditions are: 1) default on any debt obligation; 2) failure to make payment of all payroll; 3) an increase in the minimum levy of the village which results in the reduction in the minimum levy of another subdivision; 4) significant past due accounts payable; 5) substantial deficit balances in village funds; and 6) a sizeable deficiency in the village’s treasury when the balance is compared to the positive cash balances of the village’s funds.

The existence of the conditions described under Conditions four, five, and six of this report at year-end do not constitute a basis for the declaration of fiscal emergency if the Village clearly demonstrates to the satisfaction of the Auditor of State that the conditions no longer exist at the time of the determination.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2011, and June 30, 2012, the date of determination.

Condition One - Default on Any Debt Obligation

Section 118.03(A)(1) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

A summary of the Village’s outstanding debt is as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Issue Amount</u>
<u>Loan Payable</u> OWDA New Water Distribution Design	4.95%	3/27/08	\$251,978

We obtained a list of outstanding debt from the Ohio Water Development Authority and the amortization schedule to identify the last scheduled payment due before June 30, 2012, and reviewed the council minutes for any debt issued.

The debt issue, the payment due date, and the amount due and unpaid prior to the date of determination is presented below:

<u>Debt Issue</u>	<u>Payment Date</u>	<u>Amount Due</u>	<u>Payments 30 Days Past Due at June 30, 2012</u>
<u>Loan Payable</u> OWDA New Water Distribution Design	January 1, 2012	\$6,687	\$6,687

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Conclusion: A fiscal emergency condition exists under Ohio Revised Code Section 118.03(A)(1). The Village had defaulted on its debt obligation for more than thirty days as of June 30, 2012.

Condition Two - Payment of All Payroll

Section 118.03(A)(2) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation, county, or township in the amounts and at the times required by laws, ordinances, resolutions, or agreements, which failure of payment has continued:

- a. For more than thirty days after such time for payment, or
- b. Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

We reviewed the payroll records of the Village as of June 30, 2012. We reviewed the council minutes, ordinances, resolutions, and had a discussion with the Fiscal Officer to determine the employees of the Village, pay rates, frequency of payroll, and whether any extensions for the payment of payroll existed. We reviewed the cash journal and cancelled checks to determine whether Village employees had been paid within the time specified by Sections 118.03(A)(2) of the Ohio Revised Code. We determined that adequate cash was in the bank account and there was sufficient fund balances to cover payroll.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Ohio Revised Code as of June 30, 2012. All employees have been paid in amounts and at the times required by Village ordinance.

Condition Three - Increase in Minimum Levy

Section 118.03(A)(3) of the Ohio Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation, county, or township for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Crawford County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Ohio Revised Code, in the minimum levy of the Village for 2012 which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Crawford County Budget Commission indicated that the Budget Commission had not taken any action to increase the inside millage of the Village for 2012.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Ohio Revised Code as of June 30, 2012. The Crawford County Budget Commission has not taken any action to increase the inside millage of the Village, thus reducing another subdivision's inside millage.

Condition Four - Past Due Accounts Payable from the General Fund and All Funds

Section 118.03(A)(4) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year-end balance in the general fund, exceeded one-sixth of the general fund budget for that year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation, county, or township and that either had been due and payable for at least thirty days as at the end of the fiscal year or to which a penalty has been 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 lawfully available to pay such accounts exceeded one-sixth 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 lawfully are payable. Accounts due and payable shall not include any account, or portion thereof, that is being contested in good faith.

We reviewed accounts payable as of December 31, 2011, that were due from the general fund and from all funds that were due and payable for at least thirty days, or to which a penalty had been added for failure to pay as of December 31, 2011, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities including any interest and penalties. No accounts payable were found that had been due and payable for at least thirty days or had penalties for failure to pay. Therefore, no further analysis was performed.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(4) of the Ohio Revised Code. There were no accounts payable due from the general fund and from all funds that were at least thirty days past due as of December 31, 2011.

Condition Five - Deficit Fund Balances

Section 118.03(A)(5) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its 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-sixth 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 computed the adjusted aggregate sum of all deficit funds at December 31, 2011, by subtracting all accounts payable and encumbrances from the year end cash fund balance of each fund. No further calculations were necessary because there were no deficit fund balances.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(5) of the Ohio Revised Code. There were no deficit fund balances at December 31, 2011.

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Condition Six - Treasury Deficiency

Section 118.03(A)(6) of the Ohio Revised Code defines a fiscal emergency 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-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Village's reconciled bank balance to its statement of cash position for all funds as of December 31, 2011, which included subtracting reconciling factors to arrive at the treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. No further calculations were necessary because the treasury balance equaled the sum of all cash balances.

Schedule I

Treasury Balance
Ohio Revised Code Section 118.03(A)(6)
as of December 31, 2011

	Amounts at December 31, 2011
Bank Cash Balance	
Citizens National Bank - General Checking	\$57,555
Citizens National Bank - Certificate of Deposit	12,145
STAR Ohio	25,385
Total Bank Cash Balance	<u>95,085</u>
Less Reconciling Factors for Outstanding Checks	<u>(1,245)</u>
Total Treasury Balance	<u>93,840</u>
Positive Cash Fund Balances	
General	1,261
Street Construction	64,995
State Highway	12,013
Other Special Revenue	110
Water Capital Improvement	15,461
Total Positive Cash Fund Balances	<u>93,840</u>
Treasury Deficiency	<u>\$0</u>

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(6) of the Ohio Revised Code. The treasury balance less the positive fund cash balances did not exceed one-sixth of the treasury receipts as of December 31, 2011.

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Summary

A fiscal emergency is the existence of at least one of the conditions defined above. This analysis indicates that a fiscal emergency exists at the Village of Tiro as defined in Section 118.03(A)(1) as of June 30, 2012.

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.



Dave Yost • Auditor of State

VILLAGE OT TIRO - CRAWFORD COUNTY

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
AUGUST 30, 2012