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Certified Public Accountants, A.C.

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY
Regular Audit**

For the Years Ended December 31, 2015 and 2014

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Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Village Council
Village of Baltimore
103 West Market Street
Baltimore, Ohio 43105

We have reviewed the *Independent Auditor's Report* of the Village of Baltimore, Fairfield County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. 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 Baltimore is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

November 15, 2016

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VILLAGE OF BALTIMORE
FAIRFIELD COUNTY

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INDEPENDENT AUDITOR'S REPORT

September 6, 2016

Village of Baltimore
Fairfield County
103 West Market Street
Baltimore, Ohio 43105

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Baltimore**, Fairfield County, (the Village) as of and for the years ended December 31, 2015 and 2014.

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 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 fairly 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 opinions.

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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 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, 2015 and 2014, or changes in financial position or cash flows 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 Baltimore, Fairfield County, as of December 31, 2015 and 2014, 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(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2016, 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 BALTIMORE
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 79,718	\$ 31,986	\$ 111,704
Municipal Income Tax	432,859	274,788	707,647
Intergovernmental	36,725	310,455	347,180
Special Assessments	-	17,434	17,434
Charges for Services	73,804	-	73,804
Fines, Licenses and Permits	44,181	1,383	45,564
Earnings on Investments	1,228	115	1,343
Miscellaneous	2,545	4,756	7,301
	671,060	640,917	1,311,977
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Security of Persons and Property	322,356	-	322,356
Public Health Services	23,673	-	23,673
Leisure Time Activities	53,206	-	53,206
Community Environment	47,929	-	47,929
Transportation	-	598,283	598,283
General Government	200,341	14,461	214,802
Capital Outlay	2,010	37,560	39,570
Debt Service:			
Principal Retirement	11,425	18,841	30,266
Interest and Fiscal Charges	883	1,981	2,864
	661,823	671,126	1,332,949
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over Disbursements</i>	9,237	(30,209)	(20,972)
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	15,862	56,203	72,065
Sale of Capital Assets	41	-	41
	15,903	56,203	72,106
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	25,140	25,994	51,134
<i>Fund Cash Balances, January 1</i>	110,122	169,178	279,300
Fund Cash Balances, December 31			
Restricted	-	195,172	195,172
Unassigned	135,262	-	135,262
	135,262	195,172	330,434
<i>Fund Cash Balances, December 31</i>	\$ 135,262	\$ 195,172	\$ 330,434

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

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund			Totals
	Type	Fiduciary Fund Types		
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 1,076,310	\$ -	\$ -	\$ 1,076,310
Earnings on Investments	-	-	2	2
Miscellaneous	5,668	-	-	5,668
<i>Total Operating Cash Receipts</i>	<u>1,081,978</u>	<u>-</u>	<u>2</u>	<u>1,081,980</u>
Operating Cash Disbursements				
Personal Services	410,495	-	-	410,495
Fringe Benefits	136,359	-	-	136,359
Contractual Services	360,948	-	-	360,948
Supplies and Materials	176,080	-	-	176,080
Other	8,300	-	-	8,300
<i>Total Operating Cash Disbursements</i>	<u>1,092,182</u>	<u>-</u>	<u>-</u>	<u>1,092,182</u>
<i>Operating Income (Loss)</i>	<u>(10,204)</u>	<u>-</u>	<u>2</u>	<u>(10,202)</u>
Non-Operating Receipts (Disbursements)				
Property and Other Local Taxes	30,547	-	-	30,547
Fees and Fines Collected	-	7,534	-	7,534
Fees and Fines Disbursed	-	(8,801)	-	(8,801)
Special Assessments	735,485	-	-	735,485
Other Debt Proceeds	997,016	-	-	997,016
Capital Outlay	(1,195,455)	-	-	(1,195,455)
Principal Retirement	(476,388)	-	-	(476,388)
Interest and Other Fiscal Charges	(331,461)	-	-	(331,461)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(240,256)</u>	<u>(1,267)</u>	<u>-</u>	<u>(241,523)</u>
<i>Income (Loss) before Transfers</i>	<u>(250,460)</u>	<u>(1,267)</u>	<u>2</u>	<u>(251,725)</u>
Transfers In	62,900	-	-	62,900
Transfers Out	(62,900)	-	-	(62,900)
<i>Net Change in Fund Cash Balances</i>	<u>(250,460)</u>	<u>(1,267)</u>	<u>2</u>	<u>(251,725)</u>
<i>Fund Cash Balances, January 1</i>	<u>981,663</u>	<u>1,657</u>	<u>16,519</u>	<u>999,839</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 731,203</u>	<u>\$ 390</u>	<u>\$ 16,521</u>	<u>\$ 748,114</u>

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

**VILLAGE OF BALTIMORE
FAIRFIELD 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 79,274	\$ 20,537	\$ 99,811
Municipal Income Tax	354,181	288,771	642,952
Intergovernmental	61,051	146,566	207,617
Charges for Services	40,742	15,363	56,105
Fines, Licenses and Permits	47,305	2,113	49,418
Earnings on Investments	512	16	528
Miscellaneous	3,967	6,388	10,355
	587,032	479,754	1,066,786
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Security of Persons and Property	284,757	1,964	286,721
Public Health Services	22,028	-	22,028
Leisure Time Activities	43,962	-	43,962
Community Environment	39,104	-	39,104
Transportation	-	336,510	336,510
General Government	182,870	54,719	237,589
Capital Outlay	7,902	73,463	81,365
Debt Service:			
Principal Retirement	6,225	12,617	18,842
Interest and Fiscal Charges	392	1,314	1,706
	587,240	480,587	1,067,827
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over Disbursements</i>			
	(208)	(833)	(1,041)
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	-	13,421	13,421
	-	13,421	13,421
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>			
	(208)	12,588	12,380
<i>Fund Cash Balances, January 1 (Restated - See Note 13)</i>			
	110,330	156,590	266,920
Fund Cash Balances, December 31			
Restricted	-	169,178	169,178
Unassigned	110,122	-	110,122
	110,122	-	110,122
<i>Fund Cash Balances, December 31</i>			
	\$ 110,122	\$ 169,178	\$ 279,300

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

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 1,899,311	\$ -	\$ -	\$ 1,899,311
Earnings on Investments	-	-	1	1
Miscellaneous	23,301	-	-	23,301
<i>Total Operating Cash Receipts</i>	1,922,612	-	1	1,922,613
Operating Cash Disbursements				
Personal Services	415,320	-	-	415,320
Transportation	2,322	-	-	2,322
Contractual Services	213,164	-	-	213,164
Supplies and Materials	191,234	-	-	191,234
<i>Total Operating Cash Disbursements</i>	822,040	-	-	822,040
<i>Operating Income (Loss)</i>	1,100,572	-	1	1,100,573
Non-Operating Receipts (Disbursements)				
Property and Other Local Taxes	28,609	-	-	28,609
Fees and Fines Collected	-	14,037	-	14,037
Fees and Fines Disbursed	-	(13,807)	-	(13,807)
Other Debt Proceeds	26,844	-	-	26,844
Capital Outlay	(400,331)	-	-	(400,331)
Principal Retirement	(362,760)	-	-	(362,760)
Interest and Other Fiscal Charges	(275,922)	-	-	(275,922)
Other Financing Uses	(8,253)	-	-	(8,253)
<i>Total Non-Operating Receipts (Disbursements)</i>	(991,813)	230	-	(991,583)
<i>Net Change in Fund Cash Balances</i>	108,759	230	1	108,990
<i>Fund Cash Balances, January 1 (Restated - See Note 13)</i>	872,904	1,427	16,518	890,849
<i>Fund Cash Balances, December 31</i>	<u>\$ 981,663</u>	<u>\$ 1,657</u>	<u>\$ 16,519</u>	<u>\$ 999,839</u>

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

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 Baltimore, Fairfield County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the Basil Joint Fire District to receive fire protection and emergency medical services.

The Village participates in three jointly governed organizations and a public entity risk pool. Notes 9 and 11 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Jointly Governed Organizations:

Fairfield Regional Planning Commission: The Village appoints a member of Council to represent the Village on the 48 member board of the Fairfield Regional Planning Commission. The Village pays a small membership fee annually based on the per capita of the Village.

Mid-Ohio Regional Planning Commission: The Village Administrator represents the Village on the Board of the Mid-Ohio Regional Planning Commission. The Village pays a small membership fee annually based on the per capita of the Village.

Basil Joint Fire District: The Basil Joint Fire District provides fire protection and rescue services to the Village and Liberty Townships residents. The Village appoints a member of Council on the Fire District's five-member Board of Trustees.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 reported 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:

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

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund is for the maintenance and upkeep of the Basil Cemetery.

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

4. Fiduciary Funds (Continued)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Village's Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 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:

1. Nonspendable

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

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments 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:

	2015	2014
Demand Deposits	\$ 554,431	\$ 755,723
Total deposits	554,431	755,723
STAR Ohio	524,117	523,416
Total investments	524,117	523,416
Total deposits and investments	\$ 1,078,548	\$ 1,279,139

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

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 668,210	\$ 686,963	\$ 18,753
Special Revenue	602,753	697,120	94,367
Enterprise	3,715,455	2,907,926	(807,529)
Trust	-	2	2
Total	\$ 4,986,418	\$ 4,292,011	\$ (694,407)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 708,107	\$ 661,823	\$ 46,284
Special Revenue	640,835	671,126	(30,291)
Enterprise	3,970,979	3,158,386	812,593
Trust	5,010	-	5,010
Total	\$ 5,324,931	\$ 4,491,335	\$ 833,596

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

3. Budgetary Activity (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 586,550	\$ 587,032	\$ 482
Special Revenue	715,679	493,175	(222,504)
Enterprise	1,977,000	1,978,065	1,065
Trust	10	1	(9)
Total	\$ 3,279,239	\$ 3,058,273	\$ (220,966)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 580,571	\$ 587,240	\$ (6,669)
Special Revenue	686,754	480,588	206,166
Enterprise	1,976,737	1,869,305	107,432
Trust	8,000	-	8,000
Total	\$ 3,252,062	\$ 2,937,133	\$ 314,929

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General and Swimming Pool Funds by \$6,669 and \$9,235, respectively for the year ended December 31, 2014 and in the Street Construction, Maintenance and Repair, Sewer Operating and Enterprise Debt Service Funds by \$34,126, \$73,277 and \$87,135, respectively for the year ended December 31, 2015.

Contrary to Ohio law, appropriations exceeded estimated receipts in the Basil Cemetery Fund by \$7,990 and \$5,010 for the years ended December 31, 2014 and 2015, respectively.

4. 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 BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

5. 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.

6. Debt

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan (4659)	\$ 3,920,018	3.00%
Various Purpose Bonds	2,730,000	5.00%
Ohio Public Works Commission Loan (CQ31K)	245,000	0.00%
Ohio Public Works Commission Loan (CQ18J)	179,831	0.00%
Ohio Public Works Commission Loan (CQ04M)	68,667	0.00%
Ohio Public Works Commission Loan (CQ09O)	51,987	0.00%
Ohio Public Works Commission Loan (CQ04R)	35,596	0.00%
Ohio Public Works Commission Loan (CQ04Q)	5,155	0.00%
Peoples Bank Loan Police Laptops	10,662	2.51%
Peoples Bank Loan WTP	957,627	3.74%
Peoples Bank Loan Truck & Backhoe	83,418	2.06%
Total	<u>\$ 8,287,961</u>	

The Ohio Water Development Authority (OWDA) loan #4659 relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$5,437,797 in loans to the Village for this project. The Village began making payments on this loan. The principal balance as of December 31, 2013 totals \$4,543,898. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Various Purpose Bonds relates to water and sewer system improvement project. The Bonds issued totaled \$3,085,000. The Village repays the bonds annually in accordance with the amortization schedule. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

The Ohio Public Works Commission (OPWC) loan CQ31K relates to the East Water Tower and Waterline Project. OPWC approved up to \$350,000 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$8,750, over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

6. Debt (Continued)

OPWC loan CQ18J relates to the southeast lift station and force main project. OPWC approved up to \$266,417 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$6,660, over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

OPWC loan CQ04M relates to the 2008 Sanitary Sewer and Manhole Rehab Project. OPWC approved up to \$91,554 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$2,289, over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

OPWC loan CQ09O relates to North Main Street Waterline Improvements. OPWC approved up to \$57,764 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$963, over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

OPWC Loan CQ04Q relates to the East Water, Union, North and Basil Streets paving. The Village repays the loan in semi-annual installments of \$143, over 20 years. Debt is paid from the Permissive Motor Vehicle License Tax Fund. This loan was taken out in 2013 and had a year-end balance of \$5,727 but was not included in the outstanding debt at December 31, 2013.

OPWC Loan CQ04R relates to the Basil Street resurfacing. The original amount of the loan was \$36,509. The Village repays the loan in semi-annual installments of \$913, over 20 years. Debt is paid from the Permissive Motor Vehicle License Tax Fund.

In 2014 the Village obtained a loan from Peoples Bank for the purchase of a truck to be used by the Street, Water, and Sewer Departments. In 2015 the purchase of a backhoe was added to that loan. The original loan for the truck was \$40,265 and the backhoe was \$59,083. The loan will be repaid in monthly installments of \$1,745.15 and matures February 12, 2020. Debt will be paid from the Street, Water and Sewer funds in equal amounts.

In 2015 the Village obtained a loan from Peoples Bank for the purchase of laptops for the police department. The Village repays the loan in monthly installments of \$679, over 2 years. The loan matures on April 20, 2017. Debt is paid from the General Fund.

In 2015 the Village obtained a loan from Peoples Bank for the water treatment plant improvements. The loan amount is \$1,677,000. The amount drawn down as of December 31, 2015 was \$957,627. The Village will repay the loan in monthly installments of \$10,334 beginning in 2016. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the debt service requirements. Since this loan is not fully drawn it is not included in the amortization table below.

Amortization of the above debt, including interest, is scheduled as follows:

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

6. Debt (Continued)

Year ending December 31:	OPWC Loans	OWDA WWTP Loan 4659	General Obligation Bonds	Peoples Bank Loans
2016	\$ 39,438	\$ 372,714	\$ 214,390	\$ 29,086
2017	39,438	372,714	210,715	23,656
2018	39,438	372,714	207,040	20,942
2019	39,438	372,714	208,365	20,942
2020	39,438	372,714	204,428	3,310
2021-2025	197,185	1,863,570	1,013,613	-
2026-2030	159,690	931,783	988,075	-
2031-2035	18,696	-	965,013	-
2036-2040	9,625	-	935,724	-
2041-2042	3,850	-	-	-
Total	<u>\$ 586,236</u>	<u>\$ 4,658,923</u>	<u>\$ 4,947,363</u>	<u>\$ 97,936</u>

7. Leases

The Village entered into a lease agreement on February 3, 2012 for the purchase of two police cruisers for \$23,990. It is a 4 year lease agreement with an annual payment of \$6,617, including interest, and matured on June 1, 2015.

The Village entered into a lease agreement in March 2, 2012 for the purchase of a Duracop Durapatcher machine for \$61,654. It is a 5 year lease agreement with an annual payment of \$13,644, including interest, and matures on June 1, 2016.

Amortization of the above lease, including interest, is scheduled as follows:

Year Ending December 31:	Durapatcher
2016	\$ 13,644

8. Retirement System

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For the period January 1 through June 30, 2014, OP&F participants contributed 10.75% of their wages. For the period July 1, 2014 through June 30, 2015, OP&F participants contributed 11.5% of their wages. For the balance of 2015, OP&F participants contributed 12.25% of their wages. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015 and 2014, 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, 2015.

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

9. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Employee Health Insurance.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

9. Risk Management (Continued)

Risk Pool Membership (Continued)

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

10. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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.

11 Jointly Governed Organizations

Fairfield Regional Planning Commission: The Village appoints a member of Council to represent the Village on the 48 member board of the Fairfield Regional Planning Commission. The Village pays a small membership fee annually based on the per capita of the Village. In 2015 and 2014, the Village's membership amount was \$742. There is no ongoing financial responsibility by the Village.

Mid-Ohio Regional Planning Commission: The Village joined Mid-Ohio Regional Planning Commission in June of 2009. The Village Administrator represents the Village on the Board of the Mid-Ohio Regional Planning Commission. There is no ongoing financial responsibility by the Village.

Basil Joint Fire District: The Basil Joint Fire District provides fire protection and rescue services to the Village and Liberty Township residents. The Village appoints a member of Council on the Fire District's five-member Board of Trustees. There is no ongoing financial responsibility by the Village.

12 Transfers

The Village transferred funds from the sewer operating fund to the enterprise debt service fund in order to pay the debt service payment due January 1, 2016.

13 Prior Period Adjustment

The Village is restating the fund balance for the Private Purpose Trust Fund – Basil Cemetery Fund – to reflect restoration of non-spendable fund balance as of December 31, 2013 as follows:

	General Fund	Basil Cemetery Fund
Fund balance as of December 31, 2013	\$ 119,427	\$ 7,421
Correction of error	(9,097)	9,097
Restated fund balance as of December 31, 2013	\$ 110,330	\$ 16,518



428 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

September 6, 2016

Village of Baltimore
Fairfield County
103 West Market Street
Baltimore, Ohio 43105

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Baltimore**, Fairfield County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated September 6, 2016 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.

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.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.



... "bringing more to the table"

Tax- Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2015-003 and 2015-004.

We also noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 6, 2016.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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 BALTIMORE
FAIRFIELD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2015-001

Material Weakness

Posting Receipts and Disbursements

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements. The Fiscal Officer did not always accurately post receipts and disbursements to the Village's accounting system.

The following posting errors were noted during 2014:

- The Village incorrectly recorded Mayor's Court fines of \$961 in the Court Computer Fund rather than the General Fund;
- The Village incorrectly recorded gas tax receipts of \$5,376 as income tax revenue in the General, Street Construction, Maintenance and Repair, and Swimming Pool Funds rather than intergovernmental revenue in the Street Construction, Maintenance and Repair and State Highway Funds;
- The Village did not record debt proceeds and capital outlay in the amount of \$13,421 in the Street Construction, Maintenance and Repair Fund;
- The Village did not record debt proceeds and capital outlay in the amount of \$13,422 in both the Water and Sewer Operating Funds;
- The Village did not record a cost adjustment in the amount of \$8,552 on the OWDA loan in the WWTP Fund;
- The Village did not record Mayor's Court fees and fines collected in the amount of \$1,320 in the Agency Fund; and
- The Village paid expenses of \$450 from the Basil Cemetery Private Purpose Trust Fund when there was no expendable balance available.

The following posting errors were noted during 2015:

- The Village incorrectly allocated income tax revenue in the amount of \$57,336 between the General, Street Construction, Maintenance and Repair, and Swimming Pool Funds;
- The Village incorrectly recorded locally levied motor vehicle license tax receipts of \$31,978 as intergovernmental revenue in the Permissive Motor Vehicle License Tax Fund and state shared motor vehicle license tax receipts of \$18,748 as local tax revenue in the Street Construction, Maintenance and Repair Funds rather than intergovernmental revenue;
- The Village incorrectly recorded debt payments of \$7,461 as supplies and materials in the Street Construction, Maintenance and Repair Fund rather than debt service payments in the Street Construction, Maintenance and Repair, Water Operating and Enterprise Debt Service Funds;
- The Village did not record debt proceeds and capital outlay in the amount of \$19,694 in the Street Construction, Maintenance and Repair Fund;
- The Village did not record debt proceeds and capital outlay in the amount of \$19,694 in both the Water and Sewer Operating Funds;

VILLAGE OF BALTIMORE
FAIRFIELD COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

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

FINDING NUMBER 2015-001 (Continued)

Material Weakness (Continued)

Posting Receipts and Disbursements (Continued)

- The Village did not record Mayor's Court activity in the Agency Fund totaling \$7,534 in revenues and \$8,801 in expenditures; and
- The Village paid expenses of \$3,500 from the Basil Cemetery Private Purpose Trust Fund when there was no expendable balance available.

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassification entries and audit adjustments, as well as inaccurate accounting records making it difficult for the Village Council to effectively manage and budget for the Village's activities.

We recommend the Village's Fiscal Officer takes steps to ensure the accurate posting of all transactions to the ledgers. Cash receipts should be posted in accordance with procedures and posting guidelines established in the Village Officers Handbook line item descriptions and AOS Bulletins. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year.

The Village's financial statements and accounting records have been adjusted to accurately reflect the proper line item classifications and fund postings.

Management's Response – A change in duties will prevent a lot of this. We are making every effort to insure that these errors do not happen going forward.

VILLAGE OF BALTIMORE
FAIRFIELD COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

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

FINDING NUMBER 2015-002

Material Weakness

Expenditures from Private Purpose Trust Funds

The Village has a private purpose trust fund for the Basil Cemetery which, as of 12/31/11 had a balance of \$19,310, of which \$16,518 was considered non-spendable. In 2012 and 2013 the Village charged expenses in excess of the non-spendable portion by \$9,097. A prior period adjustment was necessary to bring the 2014 beginning balance of the Basil Cemetery Fund back to the non-spendable balance. In addition, expenses charged to the Basil Cemetery Fund in 2014 and 2015 were reclassified to the General Fund since there were no available funds for disbursement for those years.

Our review of the documentation related to these funds indicates some information is incomplete and other information indicates some of these funds may be more appropriately classified as Permanent or Special Revenue Funds rather than Private Purpose Trust Funds. We noted bequests to the Maple Grove, Old Methodist and Basil cemeteries in the documentation we obtained. Each cemetery should have a fund if amounts are restricted to use in a specific cemetery.

We recommend management re-evaluate the funds in the Basil Cemetery Private Purpose Trust Fund and determine if all funds are restricted to specific plots (private purpose trust) or if some of these funds can be used for general upkeep of the cemeteries (permanent fund or special revenue fund). Part of the re-evaluation should be to determine if these funds are, indeed, non-spendable and if they are only allowed to spend investment income.

Upon final determination, management should have council establish the needed funds and fund balances should be adjusted to correctly represent the fund and fund type.

Management's Response – The Fiscal Officer in 2015 had no idea that the cemetery fund was restricted in any way. The Village Solicitor is still trying to find documentation as the Village does not find hearsay a valid reason for restriction. Every effort is being made to determine the wishes of the people who made the bequests.

FINDING NUMBER 2015-003

Noncompliance

Ohio Revised Code, § 5705.39, provides in part that total appropriations from each fund shall not exceed the total estimated resources.

Appropriations exceeded estimated resources for the years ended December 31, 2014 and 2015 in the amount of \$7,990 and \$5,010, respectively in the Basil Cemetery Private Purpose Trust Fund.

The Fiscal Officer and Council should review appropriation verses estimated resources to ensure they are not appropriating more than allowed in each fund. In particular, estimated resources in the private purpose trust funds should not include balances that are not expendable.

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2015-003 (Continued)

Management's Response – A misunderstanding about the validity of an ordinance giving the Fiscal Officer and Village Administrator the power to make changes to appropriations from last council meeting to end of the year and have council review changes after the fact lead to this in 2015. This will not happen again.

FINDING NUMBER 2015-004

Noncompliance

Ohio Revised Code, § 5705.41(B), provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

Budgetary expenditures exceeded appropriations for the year ended December 31, 2014 as follows:

Fund Name	Appropriation Authority	Total Budgetary Expenditures	Variance
General Fund	\$ 580,571	\$ 587,240	\$ (6,669)
Swimming Pool Fund	73,810	83,045	(9,235)

Budgetary expenditures exceeded appropriations for the year ended December 31, 2015 as follows:

Fund Name	Appropriation Authority	Total Budgetary Expenditures	Variance
Street Construction, Maintenance and Repair	\$ 614,763	\$ 648,889	\$ (34,126)
Sewer Operating Fund	652,968	726,245	(73,277)
Enterprise Debt Service Fund	605,739	692,873	(87,134)

We recommend the Fiscal Officer and Council review and amend appropriations whenever necessary to help reduce the possibility of expenditures exceeding appropriations, provided sufficient resources are available. Any appropriation changes should be approved by Council in an Ordinance before year-end.

Management's Response – The current Fiscal Officer was not there in 2014. In 2015, Council passed an ordinance which we hoped would cover us, but just discovered in the audit that it was not valid. There was a large payment for a loan that had been paid late in prior years. I had notified Council of the fees involved and that money would have to be moved to Sewer Debt from Sewer Fund. I had no idea at that point the extent of the transfer so it was part of the open-ended ordinance that was not valid. It will not happen again.

VILLAGE OF BALTIMORE
FAIRFIELD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Financial Statement Adjustments	No	Not Corrected, Repeated as 2015-001



Dave Yost • Auditor of State

VILLAGE OF BALTIMORE

FAIRFIELD 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 29, 2016