



**Certified Public Accountants, A.C.**

**VILLAGE OF BALTIMORE  
FAIRFIELD COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

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# 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, 2016 through December 31, 2017. 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

July 27, 2018

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VILLAGE OF BALTIMORE  
FAIRFIELD COUNTY

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## INDEPENDENT AUDITOR'S REPORT

July 2, 2018

Village of Baltimore  
Fairfield County  
103 West Market Street  
Baltimore, OH 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, 2017 and 2016.

### ***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.

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

As described in Note 2 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, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Baltimore, Fairfield County as of December 31, 2017 and 2016, and 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2018, 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 (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 81,726	\$ 29,203	\$ 110,929
Municipal Income Tax	786,742	-	786,742
Intergovernmental	36,023	129,804	165,827
Charges for Services	34,500	-	34,500
Fines, Licenses and Permits	47,835	1,095	48,930
Earnings on Investments	7,420	1,414	8,834
Miscellaneous	8,202	8,014	16,216
<i>Total Cash Receipts</i>	<u>1,002,448</u>	<u>169,530</u>	<u>1,171,978</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	307,076	275	307,351
Public Health Services	20,114	-	20,114
Leisure Time Activities	25,350	-	25,350
Community Environment	11,045	-	11,045
Basic Utility Services	4,163	31,209	35,372
Transportation	-	331,121	331,121
General Government	325,005	-	325,005
Capital Outlay	10,254	48,303	58,557
Debt Service:			
Principal Retirement	-	10,795	10,795
Interest and Fiscal Charges	-	519	519
<i>Total Cash Disbursements</i>	<u>703,007</u>	<u>422,222</u>	<u>1,125,229</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>299,441</u>	<u>(252,692)</u>	<u>46,749</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	337,932	337,932
Transfers Out	(377,227)	-	(377,227)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(377,227)</u>	<u>337,932</u>	<u>(39,295)</u>
<i>Net Change in Fund Cash Balances</i>	(77,786)	85,240	7,454
<i>Fund Cash Balances, January 1</i>	<u>239,283</u>	<u>159,221</u>	<u>398,504</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	244,461	244,461
Assigned	12,987	-	12,987
Unassigned	148,510	-	148,510
<i>Fund Cash Balances, December 31</i>	<u>\$ 161,497</u>	<u>\$ 244,461</u>	<u>\$ 405,958</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 (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Proprietary	Fuduciary Fund Types		Totals
	Fund Type		Private Purpose	Totals
	Enterprise	Agency	Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>				
Charges for Services	\$ 1,771,734	\$ -	\$ -	\$ 1,771,734
Fines, Licenses and Permits	-	9,881	-	9,881
Miscellaneous	19,374	-	176	19,550
<i>Total Operating Cash Receipts</i>	<u>1,791,108</u>	<u>\$ 9,881</u>	<u>176</u>	<u>\$ 1,801,165</u>
<b>Operating Cash Disbursements</b>				
Personal Services	281,612	-	-	281,612
Employee Fringe Benefits	111,838	-	-	111,838
Contractual Services	313,136	-	-	313,136
Supplies and Materials	148,673	-	-	148,673
Other	10,917	10,576	-	21,493
<i>Total Operating Cash Disbursements</i>	<u>866,176</u>	<u>10,576</u>	<u>-</u>	<u>876,752</u>
<i>Operating Income/(Loss)</i>	<u>924,932</u>	<u>(695)</u>	<u>176</u>	<u>924,413</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Special Assessments	1,263	-	-	1,263
Capital Outlay	(152,085)	-	-	(152,085)
Principal Retirement	(454,652)	-	-	(454,652)
Interest and Fiscal Charges	(298,665)	-	-	(298,665)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(904,139)</u>	<u>-</u>	<u>-</u>	<u>(904,139)</u>
<i>Income/(Loss) Before Transfers</i>	<u>20,793</u>	<u>(695)</u>	<u>176</u>	<u>20,274</u>
Transfers In	83,878	-	-	83,878
Transfers Out	(44,583)	-	-	(44,583)
<i>Net Change in Fund Cash Balances</i>	<u>60,088</u>	<u>(695)</u>	<u>176</u>	<u>59,569</u>
<i>Fund Cash Balances, January 1</i>	<u>702,730</u>	<u>990</u>	<u>16,692</u>	<u>720,412</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 762,818</u>	<u>\$ 295</u>	<u>\$ 16,868</u>	<u>\$ 779,981</u>

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

**Village of Baltimore, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Baltimore (the Village), Fairfield County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

***Jointly Governed Organizations and Public Entity Risk Pool***

The Village participates in three jointly governed organizations and a public entity risk pool. Notes 7 and 12 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund***

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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 Funds:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***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*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Village of Baltimore, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Enterprise Funds (Continued)***

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Sewer Debt Service Fund*** The sewer debt service fund is used to account for resources accumulated for the payment of long-term debt principal and interest.

***Fiduciary Funds***

Fiduciary funds include a private purpose trust fund and agency fund. The Trust fund accounts 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.

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.

***Basis of Accounting***

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.

***Budgetary Process***

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

***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. Unencumbered appropriations lapse at year end.

***Estimated Resources***

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

***Encumbrances***

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. A summary of 2017 budgetary activity appears in Note 3.

**Village of Baltimore, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***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.

***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:

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

***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.

***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.

***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. The Village may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

***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.

**Village of Baltimore, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,388,441	\$ 1,002,448	\$ (385,993)
Special Revenue	430,989	507,462	76,473
Enterprise	1,926,204	1,876,249	(49,955)
Private Purpose Trust	-	176	176
Total	\$ 3,745,634	\$ 3,386,335	\$ (359,299)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,514,422	\$ 1,081,143	\$ 433,279
Special Revenue	469,442	438,152	31,290
Enterprise	2,046,329	1,878,922	167,407
Total	\$ 4,030,193	\$ 3,398,217	\$ 631,976

**Note 4 - Encumbrances**

At December 31, 2017, the Village had encumbrance commitments as follows:

Fund	Amount
General Fund	\$ 909
Street Construction, Maintenance & Repair	3,326
State Highway Fund	2,476
Permissive Motor Vehicle	8,900
Mayor's Court Computer	1,228
Water	50,851
Sewer	11,910
<b>Total Encumbrances</b>	<b>\$ 79,600</b>

**Village of Baltimore, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 - 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:

Demand Deposits	\$ 696,436
Total Deposits	696,436
STAR Ohio	489,503
Total Investments	489,503
<b>Total Deposits and Investments</b>	<b>\$ 1,185,939</b>

***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.

**Note 6 - Taxes**

***Property Taxes***

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.

***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.

**Village of Baltimore, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 - Risk Management**

**Risk Pool Membership**

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government's share of these unpaid claims collectible in future years is approximately **\$19,000**.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>2017 Contributions to PEP</u></b> <b>\$ 30,824</b>
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**Village of Baltimore, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 - Risk Management (Continued)**

**Risk Pool Membership (Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All officials and employees 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. 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, 2017.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.5% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Village of Baltimore, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 10 - Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan (4659)	\$ 3,379,163	3.00%
Various Purpose Bonds	2,590,000	5.00%
Ohio Public Works Commission Loan (CQ31K)	153,190	0.00%
Ohio Public Works Commission Loan (CQ18J)	210,000	0.00%
Ohio Public Works Commission Loan (CQ04M)	59,510	0.00%
Ohio Public Works Commission Loan (CQ09O)	48,136	0.00%
Ohio Public Works Commission Loan (CQ04R)	31,945	0.00%
Ohio Public Works Commission Loan (CQ004Q)	4,583	0.00%
Ohio Public Works Commission Loan (CQ16T)	31,241	0.00%
Peoples Bank Loan WTP	1,648,708	3.74%
Peoples Bank Loan Truck & Backhoe	44,234	2.06%
Total	<u>\$ 8,200,710</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 repays the loan in semiannual installments of \$186,357, including interest, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover debt service requirements.

The Various Purpose Bonds relates to a water and sewer plant expansion 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 debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CQ18J relates to the Southeast Lift Station and Force Main project. OPWC approved \$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 debt service requirements.

OPWC loan #CQ31K relates to the East Water Tower and Waterline project. OPWC approved \$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 debt service requirements.

OPWC loan #CQ04M relates to the 2008 Sanitary Sewer and Manhole Rehab project. OPWC approved \$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 debt service requirements.

OPWC loan #CQ09O relates to the North Main Street Waterline Improvements project. OPWC approved \$57,764 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$963, over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover debt service requirements.

**Village of Baltimore, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 10 – Debt (Continued)**

OPWC loan #CQ04Q relates to the East Water, Union, North and Basil Streets paving project. OPWC approved \$5,728 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$143, over 20 years. Debt is paid from the Street Construction, Maintenance, and Repair Fund.

OPWC loan #CQ04R relates to the Basil Street Resurfacing project. OPWC approved \$35,509 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$913, over 20 years. Debt is paid from the Street Construction, Maintenance, and Repair Fund.

OPWC loan #CQ16T relates to the 2016 Pavement Improvements project. OPWC approved \$33,324 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$1,041, over 20 years. Debt is paid from the Permissive 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 the loan. The original loan for the truck was \$40,265 and the backhoe was \$59,083. The Village repays the loan in monthly installments of \$1,745, and matures February 2020. Debt is paid from the Street Construction, Maintenance and Repair, Water, and Sewer Funds.

In 2015, the Village obtained a loan from Peoples Bank for Water Treatment Plan Improvements. The Village was approved \$1,677,000 for this project. The Village repays the loan in monthly installments of \$10,757, and matures June 2035. Water and Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover debt service requirements.

**Amortization**

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

Year ending December 31:	OPWC Loans	OWDA WWTP Loan	General Obligation Bonds	Peoples Bank Notes	Total
2018	\$ 41,521	\$ 372,714	\$ 207,040	\$ 150,029	\$ 771,304
2019	41,521	372,714	208,365	150,029	772,629
2020	41,521	372,714	204,428	132,397	751,060
2021	41,521	372,714	205,490	129,087	748,812
2022	41,521	372,714	206,290	129,087	749,612
2023-2027	207,592	1,863,570	997,770	645,434	3,714,366
2028-2032	99,305	186,355	982,713	651,660	1,920,033
2033-2037	14,474	-	951,351	328,936	1,294,761
2038-2042	9,627	-	558,811	-	568,438
Total	<u>\$ 538,603</u>	<u>\$ 3,913,495</u>	<u>\$ 4,522,258</u>	<u>\$ 2,316,659</u>	<u>\$ 11,291,015</u>

**Note 11 - 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.

**Village of Baltimore, Ohio**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 12 - Jointly Governed Organizations**

**Fairfield County Regional Planning Commission**

The Village participates in the Fairfield County Regional Planning Commission, a statutorily created political subdivision of the State. The Village appoints a member of Council to represent the Village on the 43 member board. The Village pays a small membership fee annually based on the per capita of the Village. In 2017, the Village's membership fee amounted to \$742. There is no ongoing financial responsibility by the Village.

**Mid-Ohio Regional Planning Commission**

The Village participates in the Mid-Ohio Regional Planning Commission. The Village Administrator represents the Village on the Board. There is no ongoing financial responsibility by the Village.

**Basil Joint Fire District**

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

**Note 13 - Subsequent Events**

On July 1, 2017, the Ohio Public Works Commission awarded the Village a grant and loan for the Dorchester Circle & Tremont Resurfacing Project in the amount of \$466,063. The project is expected to begin in March 2018.

On December 8, 2017, the Ohio Department of Natural Resources awarded the Village a grant to replace playground equipment at Basil Park in the amount of \$15,000.

**VILLAGE OF BALTIMORE  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 79,616	\$ 20,030	\$ 99,646
Municipal Income Tax	776,790	-	776,790
Intergovernmental	58,060	254,083	312,143
Charges for Services	39,191	200	39,391
Fines, Licenses and Permits	42,509	3,943	46,452
Earnings on Investments	2,764	405	3,169
Miscellaneous	17,529	-	17,529
	<u>1,016,459</u>	<u>278,661</u>	<u>1,295,120</u>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	302,542	99	302,641
Public Health Services	18,878	-	18,878
Leisure Time Activities	49,360	-	49,360
Community Environment	30,982	-	30,982
Transportation	-	311,090	311,090
General Government	306,687	-	306,687
Capital Outlay	7,067	193,242	200,309
Debt Service:			
Principal Retirement	10,696	8,541	19,237
Interest and Fiscal Charges	67	552	619
	<u>726,279</u>	<u>513,524</u>	<u>1,239,803</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>290,180</u>	<u>(234,863)</u>	<u>55,317</u>
<b>Other Financing Receipts (Disbursements)</b>			
Proceeds of Debt	-	33,324	33,324
Transfers In	-	165,588	165,588
Transfers Out	(186,158)	-	(186,158)
	<u>(186,158)</u>	<u>198,912</u>	<u>12,754</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	104,022	(35,951)	68,071
<i>Fund Cash Balances, January 1</i>	<u>135,261</u>	<u>195,172</u>	<u>330,433</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	159,221	159,221
Assigned	42,240	-	42,240
Unassigned	197,043	-	197,043
	<u>197,043</u>	<u>-</u>	<u>197,043</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 239,283</b></u>	<u><b>\$ 159,221</b></u>	<u><b>\$ 398,504</b></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 (REGULATORY CASH BASIS)  
PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Proprietary Fund Type	Fuduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	Totals Only)
<b>Operating Cash Receipts</b>				
Charges for Services	\$ 1,793,112	\$ -	\$ -	\$ 1,793,112
Fines, Licenses and Permits	-	7,540	-	7,540
Earnings on Investements	-	-	171	171
Miscellaneous	6,474	-	-	6,474
<i>Total Operating Cash Receipts</i>	<u>1,799,586</u>	<u>7,540</u>	<u>171</u>	<u>1,807,297</u>
<b>Operating Cash Disbursements</b>				
Personal Services	347,016	-	-	347,016
Employee Fringe Benefits	130,295	-	-	130,295
Contractual Services	367,182	-	-	367,182
Supplies and Materials	154,058	-	-	154,058
Other	12,388	6,940	-	19,328
<i>Total Operating Cash Disbursements</i>	<u>1,010,939</u>	<u>6,940</u>	<u>-</u>	<u>1,017,879</u>
<i>Operating Income</i>	<u>788,647</u>	<u>600</u>	<u>171</u>	<u>789,418</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Sale of Notes	789,373	-	-	789,373
Capital Outlay	(889,745)	-	-	(889,745)
Principal Retirement	(425,264)	-	-	(425,264)
Interest and Fiscal Charges	(312,057)	-	-	(312,057)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(837,693)</u>	<u>-</u>	<u>-</u>	<u>(837,693)</u>
<i>(Loss) before Transfers</i>	<u>(49,046)</u>	<u>600</u>	<u>171</u>	<u>(48,275)</u>
Transfers In	152,779	-	-	152,779
Transfers Out	(132,206)	-	-	(132,206)
<i>Net Change in Fund Cash Balances</i>	<u>(28,473)</u>	<u>600</u>	<u>171</u>	<u>(27,702)</u>
<i>Fund Cash Balances, January 1</i>	<u>731,203</u>	<u>390</u>	<u>16,521</u>	<u>748,114</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 702,730</b></u>	<u><b>\$ 990</b></u>	<u><b>\$ 16,692</b></u>	<u><b>\$ 720,412</b></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 YEAR ENDED DECEMBER 31, 2016

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 Public Entities Pool of Ohio (PEP), a non-profit, tax exempt association collectively owned by its members. PEP is a member of the American Public Entity Excess Pool which allows PEP to spread its excess losses with other public entity pools throughout the country. PEP is guided by an elected Board of Directors consisting of leaders from cities, counties, park districts and public health departments.

**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 YEAR ENDED DECEMBER 31, 2016

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 Funds:

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

Police Fund - This fund receives the majority of its money from transfers from the General Fund of Municipal Income Tax monies but also receives money from a contract with the Village of Pleasantville for police services as well as money from other policing agencies for the use of its firing range.

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.



VILLAGE OF BALTIMORE  
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**4. Fiduciary Funds (Continued)**

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

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 re-appropriated in the subsequent year.

A summary of 2016 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 BALTIMORE  
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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. The Village may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

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 YEAR ENDED DECEMBER 31, 2016**

**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 the December 31 was as follows:

Demand Deposits	\$ 634,606
Total Deposits	634,606
STAR Ohio	484,310
Total Investments	484,310
<b>Total Deposits and Investments</b>	<b>\$ 1,118,916</b>

**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.

**Cash and Liabilities Not Recorded:** At the end of 2016, the Village had a liability of \$78.06 in the Payroll Pass-Through Checking Account due to error(s) made prior to April 2015. This liability would be paid per Council vote from the General Fund in 2017 and the Payroll Checking Account would be closed. The Village also had cash in the amount of \$22.55 in the pass-through checking account held by People's Bank for the purpose of loan transactions.

**3. Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows (including Transfers In and Transfers Out):

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,376,954	\$ 1,016,459	\$ (360,495)
Special Revenue	665,301	477,573	(187,728)
Enterprise	2,727,359	2,741,738	14,379
Private Purpose Trust	3,456	171	(3,285)
Total	<u>\$ 4,773,070</u>	<u>\$ 4,235,941</u>	<u>\$ (537,129)</u>

**VILLAGE OF BALTIMORE  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**3. Budgetary Activity (Continued)**

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,418,942	\$ 912,689	\$ 506,253
Special Revenue	773,673	513,634	260,039
Enterprise	2,806,651	2,772,749	33,902
Total	\$ 4,999,266	\$ 4,199,072	\$ 800,194

**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.

**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.

**VILLAGE OF BALTIMORE  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**6. Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan (4659)	\$ 3,653,283	3.00%
Various Purpose Bonds	2,660,000	5.00%
Ohio Public Works Commission Loan (CQ31K))	166,511	0.00%
Ohio Public Works Commission Loan (CQ18J)	227,500	0.00%
Ohio Public Works Commission Loan (CQ04M)	64,088	0.00%
Ohio Public Works Commission Loan (CQ09O)	50,062	0.00%
Ohio Public Works Commission Loan (CQ04R)	33,771	0.00%
Ohio Public Works Commission Loan (CQ04Q)	4,869	0.00%
Ohio Public Works Commission Loan (CQ16T)	33,324	0.00%
Peoples Bank Loan WTP	1,708,718	3.74%
Peoples Bank Loan Truck & Backhoe	64,031	2.06%
Total	<u>\$ 8,666,157</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.

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.

**VILLAGE OF BALTIMORE  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**6. Debt (Continued)**

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.

OPWC Loan CQ16T relates to the resurfacing of Tower, Washington, and Cliff Streets. The original amount of the loan was \$33,324. The Village repays the loan in semi-annual installment of \$1,041.38, over 16 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 water treatment plant improvements. The original amount of the loan was \$1,677,000. The Village began repaying the loan in monthly installments of \$10,334 in 2016. An additional amount of \$70,000 was added to the loan for the completion of the project. The new monthly installments beginning in 2016 were \$10,757. In July 2030, the monthly installments will increase to \$10,965. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

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 is paid from the General Fund. This loan was paid off in 2016.

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

Year ending	OPWC	OWDA WWTP	General	Peoples	
December 31:	Loans	Loan	Obligation	Bank	Total
			Bonds	Notes	
2017	\$ 41,521	\$ 372,714	\$ 210,715	\$ 150,029	\$ 774,979
2018	41,521	372,714	207,040	150,029	771,304
2019	41,521	372,714	208,365	150,029	772,629
2020	41,521	372,714	204,428	132,397	751,060
2021	41,521	372,714	205,490	129,087	748,812
2022-2026	207,597	1,863,570	1,006,038	645,434	3,722,639
2027-2031	134,704	559,069	986,038	649,172	2,328,983
2032-2036	18,667	-	956,398	460,510	1,435,575
2037-2041	9,626	-	748,461	-	758,087
2042	1,926	-	-	-	1,926
Total	<u>\$ 580,125</u>	<u>\$ 4,286,209</u>	<u>\$ 4,732,973</u>	<u>\$ 2,466,687</u>	<u>\$ 12,065,994</u>

VILLAGE OF BALTIMORE  
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**7. 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 2016, OP&F participants contributed 12.25% of their wages. For 2016, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2016, 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, 2016.

**8. Risk Management**

**Risk Pool Membership**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

VILLAGE OF BALTIMORE  
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

8. Risk Management (Continued)

Risk Pool Membership (Continued)

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Government's share of these unpaid claims collectible in future years is approximately **\$19,000**.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<p><b>2016 Contributions to PEP</b> <b>\$ 30,486</b></p>
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

9. 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.

10. 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 2016, 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.

11. Transfers

The Village transferred \$186,158 from the General Fund to the various Special Revenue Funds and Enterprise Fund to support the operating expenses of the fund. The Village transferred \$132,206 from the Water Operating Fund to the Water Debt Service Fund to supplement the assessment for this purpose in the utility billing. We noted these transfers are allowable and properly approved.

Total Transfers Out were \$318,367.



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

July 2, 2018

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

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 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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 2, 2018, 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 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 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. We did identify a certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider to be material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

### **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 findings as items 2017-003 and 2017-004.

### **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, 2017 AND 2016*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Material Weakness**

**Posting Receipts, Disbursement and Classification of Fund Balances**

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – “Fund Balance Reporting and Governmental Fund Type Definitions.”

During 2017 and 2016, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Subsequent appropriations exceeding estimated resources in 2018 were classified as Unassigned instead of Assigned in the General Fund in 2017 and 2016;
- Investment earnings were not posted to the Private Purpose Trust Fund in 2016;
- Loan Proceeds were posted to Transfers-in and Intergovernmental revenue in 2016;
- Utility fee assessments were posted to the Special Revenue Fund instead of the Enterprise Fund in 2016;
- Municipal Income Tax receipts were posted to the Street and State Highway Funds instead of the General Fund in 2017.
- Principal and interest payments were misclassified in 2016 as General Government Expenditures;

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring reclassification and adjusting entries. The financial statements reflect all reclassifications and adjustments.

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 receipts, disbursements and fund balances are properly identified and classified on the financial statements.

We also recommend the Village refer to the Ohio Village Handbook for guidance to determine the proper posting of receipts and refer to the Auditor of State Technical Bulletin 2011-004 for assistance in classifying fund balances.

**Management’s Response** – The Village has made the adjustments in the accounting system and procedures have been developed by the new Fiscal Officer to ensure all transactions are classified correctly.

**VILLAGE OF BALTIMORE**  
FAIRFIELD COUNTY  
*SCHEDULE OF AUDIT FINDINGS*  
*FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-002**

**Material Weakness**

**Financial Reporting**

The required components of the financial statements will vary by entity type and basis of accounting. Regulatory Cash Basis entities are required to file financial statements and notes to the financial statements within 60 days of the fiscal year end. *Governmental Accounting Standards Board Codification 2300* explains that notes to the financial statements are intended to communicate information that is necessary for a fair presentation of the financial statements that is not readily apparent from, or cannot be included in, the financial statements themselves. The notes to the financial statements are an integral part of the financial statements, intended to be read with the financial statements, and are the entity's responsibility to prepare. To ensure compliance with the annual financial report filing requirements, entities should plan sufficient time and engage any necessary assistance to prepare their annual financial report.

During the audit, aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the:

- Budgetary tables
- Deposits and Investments table
- Debt table
- Risk Pool Membership disclosure

We recommend the Village use the most current available templates for financial statements and notes to the financial statements on the Auditor of State's website to prepare an accurate annual financial report.

**Management's Response** – New procedures have been developed to ensure the most recent available templates are used going forward based on the new Fiscal Officer's knowledge of the templates available on the Auditor of State's website.

**FINDING NUMBER 2017-003**

**Non-Compliance**

**Ohio Revised Code Section 5705.14** states, in part, no transfer shall be made from one fund of a subdivision to any other fund, by order of the court or otherwise, except as outlined in the section. Section (I) states, in part, except in the case of transfer pursuant to division (E) of this section, transfers authorized by this section shall only be made by resolution of the taxing authority passed with the affirmative vote of two-thirds of the members.

In 2016, the Village transferred \$165,000 from the General Fund to the Street, Construction, Repair, and Maintenance Fund and \$20,570 to the Swimming Pool Fund. In 2017, the Village transferred \$337,932 from the General Fund to the Street, Construction, Maintenance and Repair Fund and \$39,295 to the Swimming Pool Fund. The transfers were not properly approved by Council however; if the Council had approved the transfers they would have been allowable under Ohio Revised Code.

By not properly approving all interfund activity such as transfers between funds in their entirety, unallowable transfers could occur. The Village should implement procedures to properly approve all interfund activity such as transfers to improve financial reporting and accountability. We recommend the Village Council pass a retroactive resolution to approve the transfers noted above.

**VILLAGE OF BALTIMORE**  
FAIRFIELD COUNTY  
*SCHEDULE OF AUDIT FINDINGS*  
*FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-003 (Continued)**

**Non-Compliance (Continued)**

**Management's Response** – The current Fiscal Officer was not in place during 2016 and the first half of 2017. The prior Fiscal Officer considered transfers that were budgeted as authorization to move funds when needed. Going forward, and per the Ohio Revised Code, all transfers will be authorized by Council.

**FINDING NUMBER 2017-004**

**Non-Compliance**

**Ohio Rev. Code §§ 5705.09 and 5705.12** provides guidance for establishing funds and seeking permission to establish special funds. It is necessary to request the Auditor of State's permission to establish any fund not specifically authorized by statute or when the purpose of the fund is not identified in the Ohio Rev. Code, such as (but not limited to) § 5705.09(A)-(H). Situations requiring Auditor of State approval include:

- When management wishes to create a new fund in order to capture additional financial information about a specific source of revenue or a specific activity;
- When management wants to impose internal restrictions on the use of otherwise unrestricted resources.

The Village established the Cemetery Operating, Parks and Recreation, Police, and Mayors Court Special Revenue Funds in 2016. These funds are not funded by any operating levy or other intergovernmental sources. The Fiscal Officer did request permission to establish these funds from the Auditor of State in 2016. There was no notification from the Auditor of State either approving or denying the establishment of the new funds so the Fiscal Officer started using these funds and classified these funds as special revenue on the 2016 financial statements and budgetary presentation. The financial statements have been adjusted all activity and fund balances relating to these fund back to the General Fund.

We recommend the Village obtain proper permission from the AOS before establishing any fund not specifically allowed by Ohio Revised Code. To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements to ensure all financial activity is properly account for and presented on the financial statements. .

**Management's Response** – The prior Fiscal Officer established the funds after receiving no response from the Auditor of State after discovery by the new Fiscal Officer the established funds were not valid so verification was requested. The aforementioned funds have been eliminated.

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**VILLAGE OF BALTIMORE**  
**FAIRFIELD COUNTY**  
*SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016*

Finding Number	Finding Summary	Status	Additional Information
2015-001	Posting of Receipts and Disbursements	Repeated	Repeated as Finding 2017-001
2015-002	Expenditures from Private Purpose Trust Funds	Corrected	N/A
2015-003	ORC 5705.39 Appropriations Exceeding Estimated Resources	Corrected	N/A
2015-004	ORC 5705.41 (B) Expenditures Exceeding Appropriations	Corrected	N/A

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# 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  
AUGUST 9, 2018