



Dave Yost • Auditor of State

VILLAGE OF BALTIMORE
FAIRFIELD COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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 and related notes of the Village of Baltimore, Fairfield County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012.

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 opinion.

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

As described in Note 1 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, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or changes in financial position 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, Ohio as of December 31, 2013 and 2012, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2014, 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.



Dave Yost
Auditor of State

Columbus, Ohio

November 18, 2014

**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, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 82,847	\$ 20,801	\$ 103,648
Municipal Income Tax	365,321	275,593	640,914
Intergovernmental	78,548	300,366	378,914
Charges for Services	40,640	-	40,640
Fines, Licenses and Permits	49,801	3,845	53,646
Earnings on Investments	555	28	583
Miscellaneous	9,438	5,665	15,103
<i>Total Cash Receipts</i>	<u>627,150</u>	<u>606,298</u>	<u>1,233,448</u>
Cash Disbursements			
Current:			
Security of Persons and Property	287,124	2,239	289,363
Public Health Services	19,461	-	19,461
Leisure Time Activities	27,433	-	27,433
Community Environment	35,863	-	35,863
Basic Utility Services	5,945	-	5,945
Transportation	-	365,253	365,253
General Government	189,095	27,291	216,386
Capital Outlay	38,621	187,086	225,707
Debt Service:			
Principal Retirement	6,217	12,331	18,548
Interest and Fiscal Charges	400	1,314	1,714
<i>Total Cash Disbursements</i>	<u>610,159</u>	<u>595,514</u>	<u>1,205,673</u>
<i>Excess of Receipts Over Disbursements</i>	<u>16,991</u>	<u>10,784</u>	<u>27,775</u>
Other Financing Receipts (Disbursements)			
Transfers In	850	-	850
Transfers Out	-	(850)	(850)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>850</u>	<u>(850)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	17,841	9,934	27,775
<i>Fund Cash Balances, January 1</i>	<u>101,586</u>	<u>146,656</u>	<u>248,242</u>
Fund Cash Balances, December 31			
Restricted	-	156,590	156,590
Unassigned	119,427	-	119,427
<i>Fund Cash Balances, December 31</i>	<u>\$ 119,427</u>	<u>\$ 156,590</u>	<u>\$ 276,017</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)
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 1,874,372	\$ -	\$ -	\$ 1,874,372
Earnings on Investments	-	-	3	3
Miscellaneous	24,440	-	-	24,440
<i>Total Operating Cash Receipts</i>	<u>1,898,812</u>	<u>-</u>	<u>3</u>	<u>1,898,815</u>
Operating Cash Disbursements				
Personal Services	384,690	-	-	384,690
Transportation	612	-	-	612
Contractual Services	195,982	-	-	195,982
Supplies and Materials	177,719	-	3,326	181,045
<i>Total Operating Cash Disbursements</i>	<u>759,003</u>	<u>-</u>	<u>3,326</u>	<u>762,329</u>
<i>Operating Income (Loss)</i>	<u>1,139,809</u>	<u>-</u>	<u>(3,323)</u>	<u>1,136,486</u>
Non-Operating Receipts (Disbursements)				
Fees and Fines Collected	-	15,651	-	15,651
Fees and Fines Disbursed	-	(14,494)	-	(14,494)
Capital Outlay	(458,690)	-	-	(458,690)
Principal Retirement	(347,411)	-	-	(347,411)
Interest and Other Fiscal Charges	(285,953)	-	-	(285,953)
Other Financing Uses	(6,055)	-	-	(6,055)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,098,109)</u>	<u>1,157</u>	<u>-</u>	<u>(1,096,952)</u>
<i>Net Change in Fund Cash Balances</i>	41,700	1,157	(3,323)	39,534
<i>Fund Cash Balances, January 1</i>	<u>831,204</u>	<u>270</u>	<u>10,744</u>	<u>842,218</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 872,904</u>	<u>\$ 1,427</u>	<u>\$ 7,421</u>	<u>\$ 881,752</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, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 81,449	\$ 19,816	\$ 101,265
Municipal Income Tax	364,138	274,700	638,838
Intergovernmental	73,946	122,825	196,771
Charges for Services	39,575	-	39,575
Fines, Licenses and Permits	62,552	5,122	67,674
Earnings on Investments	2,393	62	2,455
Miscellaneous	13,558	2,112	15,670
<i>Total Cash Receipts</i>	<u>637,611</u>	<u>424,637</u>	<u>1,062,248</u>
Cash Disbursements			
Current:			
Security of Persons and Property	321,455	800	322,255
Public Health Services	17,141	-	17,141
Leisure Time Activities	25,827	-	25,827
Community Environment	39,842	-	39,842
Basic Utility Services	9,850	-	9,850
Transportation	-	335,379	335,379
General Government	184,212	22,397	206,609
Capital Outlay	13,941	21,261	35,202
Debt Service:			
Principal Retirement	6,173	6,165	12,338
Interest and Fiscal Charges	445	657	1,102
<i>Total Cash Disbursements</i>	<u>618,886</u>	<u>386,659</u>	<u>1,005,545</u>
<i>Excess of Receipts Over Disbursements</i>	<u>18,725</u>	<u>37,978</u>	<u>56,703</u>
Other Financing Receipts			
Sale of Capital Assets	54,730	-	54,730
<i>Total Other Financing Receipts</i>	<u>54,730</u>	<u>-</u>	<u>54,730</u>
<i>Net Change in Fund Cash Balances</i>	73,455	37,978	111,433
<i>Fund Cash Balances, January 1</i>	<u>28,131</u>	<u>108,678</u>	<u>136,809</u>
Fund Cash Balances, December 31			
Restricted	-	146,656	146,656
Unassigned	101,586	-	101,586
<i>Fund Cash Balances, December 31</i>	<u>\$ 101,586</u>	<u>\$ 146,656</u>	<u>\$ 248,242</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)
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type			Fiduciary Fund Types		Totals	
	Enterprise	Agency	Private Purpose Trust			(Memorandum Only)	
Operating Cash Receipts							
Charges for Services	\$ 1,911,163	\$ -	\$ -			\$ 1,911,163	
Earnings on Investments	-	-	8			8	
Miscellaneous	25,876	-	-			25,876	
<i>Total Operating Cash Receipts</i>	<u>1,937,039</u>	<u>-</u>	<u>8</u>			<u>1,937,047</u>	
Operating Cash Disbursements							
Personal Services	446,544	-	-			446,544	
Transportation	2,708	-	-			2,708	
Contractual Services	202,226	-	-			202,226	
Supplies and Materials	201,199	-	3,499			204,698	
<i>Total Operating Cash Disbursements</i>	<u>852,677</u>	<u>-</u>	<u>3,499</u>			<u>856,176</u>	
<i>Operating Income (Loss)</i>	<u>1,084,362</u>	<u>-</u>	<u>(3,491)</u>			<u>1,080,871</u>	
Non-Operating Receipts (Disbursements)							
Intergovernmental	188,530	-	-			188,530	
Fees and Fines Collected	-	19,150	-			19,150	
Fees and Fines Disbursed	-	(19,987)	-			(19,987)	
Sale of Notes	57,764	-	-			57,764	
Capital Outlay	(533,445)	-	(5,075)			(538,520)	
Principal Retirement	(352,180)	-	-			(352,180)	
Interest and Other Fiscal Charges	(294,731)	-	-			(294,731)	
Other Financing Uses	(8,025)	-	-			(8,025)	
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(942,087)</u>	<u>(837)</u>	<u>(5,075)</u>			<u>(947,999)</u>	
<i>Net Change in Fund Cash Balances</i>	142,275	(837)	(8,566)			132,872	
<i>Fund Cash Balances, January 1</i>	<u>688,929</u>	<u>1,107</u>	<u>19,310</u>			<u>709,346</u>	
<i>Fund Cash Balances, December 31</i>	<u>\$ 831,204</u>	<u>\$ 270</u>	<u>\$ 10,744</u>			<u>\$ 842,218</u>	

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

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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. Note 11 to the financial statements provides additional information for these entities. These organizations are:

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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

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.

VILLAGE OF BALTIMORE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. 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.

3. 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 2013 and 2012 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.

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.

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

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:

	2013	2012
Demand Deposits	\$ 634,381	\$ 567,276
STAR Ohio	523,388	523,184
Total deposits and investments	\$ 1,157,769	\$ 1,090,460

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

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, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 641,600	\$ 628,000	\$ (13,600)
Special Revenue	669,576	606,298	(63,278)
Enterprise	1,934,066	1,898,812	(35,254)
Trust	10	3	(7)
Total	\$ 3,245,252	\$ 3,133,113	\$ (112,139)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 657,635	\$ 610,159	\$ 47,476
Special Revenue	729,490	596,364	133,126
Enterprise	2,287,669	1,865,077	422,592
Trust	8,000	3,326	4,674
Total	\$ 3,682,794	\$ 3,074,926	\$ 607,868

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 655,000	\$ 692,341	\$ 37,341
Special Revenue	449,651	424,637	(25,014)
Enterprise	2,003,772	2,183,333	179,561
Trust	10	8	(2)
Total	\$ 3,108,433	\$ 3,300,319	\$ 191,886

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 622,951	\$ 618,886	\$ 4,065
Special Revenue	452,345	386,659	65,686
Enterprise	2,405,994	2,234,759	171,235
Trust	8,000	8,574	(574)
Total	\$ 3,489,290	\$ 3,248,878	\$ 240,412

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.

6. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (4659)	\$ 4,543,898	3%
Various Purpose Bonds	2,860,000	5%
Ohio Public Works Commission Loan (CQ31K)	280,000	0%
Ohio Public Works Commission Loan (CQ18J)	206,475	0%
Ohio Public Works Commission Loan (CQ04M)	77,822	0%
Ohio Public Works Commission Loan (CQ09O)	55,838	0%
Total	\$ 8,024,033	

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Debt (Continued)

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
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Debt (Continued)

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

Year ending December 31:	Various Purpose Bonds	OPWC Loan #CQ09O	OPWC Loan #CQ31K	OPWC Loan #CQ04M	OPWC Loan #CQ09O
2014	\$ 216,053	\$ 1,926	\$ 17,500	\$ 4,578	\$ 13,321
2015	212,803	1,926	17,500	4,578	13,321
2016	214,390	1,926	17,500	4,578	13,321
2017	210,718	1,926	17,500	4,578	13,321
2018	207,040	1,926	17,500	4,578	13,321
2019-2023	1,026,400	9,630	87,500	22,889	66,605
2024-2028	993,815	9,630	87,500	22,889	66,605
2029-2033	978,100	9,630	17,500	9,154	6,660
2034-2038	944,603	9,630	-	-	-
2039-2042	372,300	7,688	-	-	-
Total	<u>\$ 5,376,222</u>	<u>\$ 55,838</u>	<u>\$ 280,000</u>	<u>\$ 77,822</u>	<u>\$ 206,475</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 matures on June 1, 2015.

The Village entered into a lease agreement in March 2, 2012 for the purchase of a Duraco 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 leases, including interest, is scheduled as follows:

Year ending December 31:	Police Cruisers	Durapatcher
2014	\$ 6,617	\$ 13,644
2015	6,617	13,644
2016	-	13,644
Total	<u>\$ 13,234</u>	<u>\$ 40,932</u>

8. Retirement System

The Village's 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.

**VILLAGE OF BALTIMORE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

8. Retirement System (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, 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, 2013.

9. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health, dental, and vision insurance benefits to full-time employees through a private carrier.

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 2013 and 2012, 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. The Village pays a small membership fee annually based on the per capita of the Village. In 2013 and 2012, the Village's membership amount was \$920. 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.

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Dave Yost • Auditor of State

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

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 States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Baltimore, Fairfield County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated November 18, 2014, 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.

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. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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.



Dave Yost
Auditor of State

Columbus, Ohio

November 18, 2014

VILLAGE OF BALTIMORE
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013

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

FINDING NUMBER 2013-001

Financial Statement Adjustments - Material Weakness

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 to the Village's accounting system.

The following posting errors were noted during 2012:

- The Village incorrectly recorded computer court funds of \$1,439 in the General Fund rather than the Court Computer Fund; and
- The Village did not record mayor's court activity in the Agency Fund totaling \$19,150 in revenues and \$19,987 in expenditures.

The following posting errors were noted during 2013:

- The Village incorrectly recorded computer court funds of \$565 in the Court Computer Fund rather than the General Fund;
- The Village did not record mayor's court activity in the Agency Fund totaling \$15,651 in revenues and \$14,494 in expenditures; and
- The Village received \$29,032 in Federal Emergency Management Agency (FEMA) funds; however, did not reimburse the General and Street Construction, Maintenance, and Repair Funds used to pay for the goods and/or services in accordance with AOS Bulletin 98-013.

Not posting receipts accurately to the ledgers resulted in the financial statements requiring audit adjustments and reclassification entries, 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 Governmental Accounting Solutions 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.

Official's Response:

The Village made the adjustments to the Agency Fund and is in process to make sure Mayor's Court is posted correctly.

VILLAGE OF BALTIMORE
FAIRFIELD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Financial statement adjustments.	No	Repeated as finding number 2013-001.



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
DECEMBER 23, 2014**