

VILLAGE OF NORTH BALTIMORE

WOOD COUNTY

Regular Audit

For the Years Ended December 31, 2022 and 2021



OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARreport@ohioauditor.gov
(800) 282-0370

Village Council
Village of North Baltimore
205 N. Main St
North Baltimore, OH 45872

We have reviewed the *Independent Auditor's Report* of the Village of North Baltimore, Wood County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. 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 North Baltimore is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 01, 2023

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Village of North Baltimore
Wood County
For the Years Ended December 31, 2022 and 2021

Table of Contents

Title	Page
Independent Auditor’s Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2022.....	4
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type - For the Year Ended December 31, 2022	5
Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type - For the Year Ended December 31, 2022.....	6
Notes to the Financial Statements – For the Year Ended December 31, 2022	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2021.....	18
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type - For the Year Ended December 31, 2021	19
Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type - For the Year Ended December 31, 2021.....	20
Notes to the Financial Statements – For the Year Ended December 31, 2021	21
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	32
Schedule of Findings.....	34
Schedule of Prior Audit Findings (Prepared by Management).....	37
Corrective Action Plan (Prepared by Management).....	38

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INDEPENDENT AUDITOR'S REPORT

Village of North Baltimore
Wood County
205 North Main Street
North Baltimore, Ohio 45872

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of North Baltimore, Wood County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position or cash flows, thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 14 to the financial statements in 2021 and 2022, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2023 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Charles E. Harris & Associates, Inc.
July 18, 2023

Village of North Baltimore

Wood County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 191,100	\$ 81,922	\$ 37,042	\$ -	\$ 310,064
Municipal Income Tax	1,377,558	-	-	-	1,377,558
Intergovernmental	19,629	431,473	5,209	-	456,311
Special Assessments	-	147,893	-	-	147,893
Charges for Services	517,080	2,935	-	-	520,015
Fines, Licenses and Permits	42,104	1,155	-	-	43,259
Earnings on Investments	45,608	-	-	-	45,608
Miscellaneous	12,333	2,060	-	-	14,393
<i>Total Cash Receipts</i>	<u>2,205,412</u>	<u>667,438</u>	<u>42,251</u>	<u>-</u>	<u>2,915,101</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,388,228	70,403	-	-	1,458,631
Public Health Services	43,176	-	-	-	43,176
Leisure Time Activities	-	49,399	-	-	49,399
Community Environment	13,844	3,368	-	-	17,212
Basic Utility Services	-	3,214	-	-	3,214
Transportation	-	286,071	-	-	286,071
General Government	274,485	1,693	534	-	276,712
Intergovernmental	108,170	-	-	-	108,170
Capital Outlay	-	7,900	-	201,868	209,768
Debt Service:					
Principal Retirement	-	-	34,631	-	34,631
Interest and Fiscal Charges	-	-	803	-	803
<i>Total Cash Disbursements</i>	<u>1,827,903</u>	<u>422,048</u>	<u>35,968</u>	<u>201,868</u>	<u>2,487,787</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>377,509</u>	<u>245,390</u>	<u>6,283</u>	<u>(201,868)</u>	<u>427,314</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	93,500	-	90,000	183,500
Transfers Out	(183,500)	-	-	-	(183,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(183,500)</u>	<u>93,500</u>	<u>-</u>	<u>90,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	194,009	338,890	6,283	(111,868)	427,314
<i>Fund Cash Balances, January 1</i>	913,643	908,621	4,251	196,209	2,022,724
<i>Fund Cash Balances, December 31</i>	<u>\$1,107,652</u>	<u>\$1,247,511</u>	<u>\$10,534</u>	<u>\$84,341</u>	<u>\$2,450,038</u>

See accompanying notes to the financial statements

Village of North Baltimore
Wood County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$3,007,953
Miscellaneous	22,858
	<u>3,030,811</u>
<i>Total Operating Cash Receipts</i>	<u>3,030,811</u>
Operating Cash Disbursements	
Personal Services	442,914
Employee Fringe Benefits	224,152
Contractual Services	420,042
Supplies and Materials	294,050
Other	654
	<u>1,381,812</u>
<i>Total Operating Cash Disbursements</i>	<u>1,381,812</u>
<i>Operating Income (Loss)</i>	1,648,999
Non-Operating Receipts (Disbursements)	
Capital Outlay	(353,617)
Principal Retirement	(310,306)
Interest and Other Fiscal Charges	(326,664)
	<u>(990,587)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(990,587)</u>
<i>Income (Loss) before Transfers</i>	658,412
Transfers In	103,625
Transfers Out	(103,625)
	<u>658,412</u>
<i>Net Change in Fund Cash Balances</i>	<u>658,412</u>
<i>Fund Cash Balances, January 1</i>	<u>7,008,662</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$7,667,074</u></u>

See accompanying notes to the financial statements

Village of North Baltimore

Wood County

*Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2022

	<u>Custodial</u>
Additions	
Property and Other Local Taxes Collected for Distribution	\$ 2,572
Fines, Licenses and Permits for Distribution	<u>5,764</u>
<i>Total Additions</i>	8,336
Deductions	
Distributions to Other Governments	1,166
Distributions to Other Funds (Primary Gov't)	<u>4,598</u>
<i>Total Deductions</i>	<u>5,764</u>
<i>Net Change in Fund Balances</i>	2,572
<i>Fund Cash Balances, January 1</i>	<u>1,374</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 3,946</u></u>

See accompanying notes to the financial statements

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of North Baltimore, Wood County, (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. The Village also provides police services. The Village appropriates general fund money to support a volunteer fire and full-time EMS department.

Public Entity Risk Pool

The Village participates in the Public Entities Pool (PEP), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis), for the proprietary fund type, and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are all 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 Fund:

Street Construction, Maintenance, and Repair Fund The Street Construction, Maintenance, and Repair fund accounts for and reports intergovernmental receipts restricted for the purpose of constructing, maintaining, and repairing Village roads.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Fire Debt Fund The Fire Debt fund accounts for and reports property and other local taxes restricted for the purpose of making principal and interest payments on Fire Pumper Truck loan.

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

Vehicle and Equipment Replacement Fund The Vehicle and Equipment Replacement fund accounts for and reports transfers from various funds to segregate monies to be used for future capital purchases.

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 Operating Fund The Water Operating fund accounts for and reports the receipt of charges for services from residents to cover the cost of providing water service.

Sewer Operating Fund The Sewer Operating fund accounts for and reports the receipt of charges for services from residents to cover the cost of providing sewer service.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for the Village's Mayors Court and the collection of income taxes for the Henry Township/JEDD.

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 (C). 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 disbursements 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 (C) permit.

Budgetary Process

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

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Appropriations Budgetary disbursements (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 2022 budgetary activity appears in Note 3.

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.

The Village values U.S. Treasury Notes at cost. 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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,799,608	\$ 2,205,412	\$ 405,804
Special Revenue	766,851	760,938	(5,913)
Debt Service	41,670	42,251	581
Capital Projects	20,000	90,000	70,000
Enterprise	2,994,625	3,134,436	139,811

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,207,293	\$ 2,011,806	\$ 195,487
Special Revenue	743,030	422,245	320,785
Debt Service	40,720	35,968	4,752
Capital Projects	201,870	201,868	2
Enterprise	3,994,356	2,393,185	1,601,171

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2022
Demand deposits	\$ 5,138,386
Total deposits	5,138,386
US Treasury Notes	4,982,672
STAR Ohio	3,010,385
Total investments	7,993,057
Total deposits and investments	\$10,121,058

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village had no unremitted employee payroll withholdings.

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (continued)

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

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

Note 5 – 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 Taxes

The Village levies a municipal income tax of 1% 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. The Village has a contract with City of Cleveland – Central Collection Agency to collect income tax on behalf of the Village.

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Interfund Transfers

Transfers

During 2022, the following transfers were made:

Transfer from General Fund to the Street Construction, Maintenance, and Repair Fund: \$55,000

Transfer from General Fund to the Parks and Recreation Fund: \$38,500

Transfer from General Fund to the Vehicle and Equipment Replacement Fund: \$90,000

Transfer from Water Operating Fund to the Water Equipment Replacement Fund: \$56,650

Transfer from Sewer Operating Fund to the Wastewater Equipment Replacement Fund: \$46,975

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (latest information available):

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	14,974,099

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village's 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, 2022.

Ohio Police and Fire Retirement System

The Village's full-time police officers belong to the Ohio Police and Fire Retirement System (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 members contributed 12.25% of their gross salaries and the Village contributed an amount equaling 19.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

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. For OPERS, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2022. OP&F contributed 0.5% to fund these benefits during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Debt

Debt outstanding at December 31, 2022 was as follows:

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (continued)

	Principal	Interest Rate
OPWC #CE10T	\$ 35,977	0.00%
OPWC #CE37U	54,393	0.00%
OPWC #CE42P	111,001	0.00%
OPWC #CT25M	20,093	0.00%
OWDA #3921	19,262	2.00%
USDA Loan #1	3,706,000	2.75%
USDA Loan #3	4,328,000	2.75%
USDA Loan #4	3,084,000	2.75%
Henry County Bank Loan	3,211	3.10%
General Obligation Bonds	255,000	4.51%
Total	\$11,616,937	

The Village has one outstanding general obligation bond issue at December 31, 2020. It is backed by the full faith and credit of the Village of North Baltimore and will be paid from the enterprise fund through user fees. Semi-annual payments are due on this obligation.

The Village has one outstanding loan from the Ohio Water Development Authority with an interest rate of 2.00%. The loan we obtained to make improvements to the Village water and wastewater systems. Semiannual payments are due on each loan including interest.

The Village has four loans from the Ohio Public Works Commission. These loans have interest rates of 0.00%. These loans we obtained to make Water Treatment Plant improvements, and to help finance the Sewer Separation Project, respectively.

The Village has three loans from the United States Department of Agriculture. These loans have interest rates of 2.75% each. These loans were obtained to finance the Sewer Separation Project. Principal and interest payments are due annually.

The Village has one loan from The Henry County Bank. This loan has an interest rate of 3.10%. This loan was obtained to purchase a new fire pumper in 2013. Principal and interest payments are due monthly and are funded by a property tax initiative of 1.3 mills approved in 2012.

Amortization

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

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (continued)

Year Ending December 31:	OPWC Loans	OWDA Loan	USDA Loans	General Obligation Bonds	Henry County Bank Loan
2023	\$ 9,424	\$ 19,551	548,745	56,730	\$ 4,269
2024	9,424	-	549,061	59,660	-
2025	9,424	-	549,188	57,360	-
2026	9,424	-	549,120	60,060	-
2027	9,424	-	547,861	57,530	-
2028-2032	47,120	-	2,746,277	-	-
2033-2037	47,120	-	2,745,437	-	-
2038-2042	47,120	-	2,745,467	-	-
2043-2047	25,928	-	2,744,996	-	-
2048-2052	7,056	-	2,745,657	-	-
Total	<u>\$ 221,464</u>	<u>\$ 19,551</u>	<u>\$ 16,471,809</u>	<u>\$ 291,340</u>	<u>\$ 4,269</u>

Note 11 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

Note 12– Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$ 3,501	\$ -	\$ 3,501
Outstanding Encumbrances	403	197	600
<i>Total</i>	<u>\$ 3,904</u>	<u>\$ 197</u>	<u>\$ 4,101</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service and capital projects funds are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 – Related Party Transactions

One Village Council member's father, along with the aforementioned council member, provides sanitation services for the Village, and has for over the past 40 years. The same sanitation company assists the Village with wintertime snow removal from Main Street. The Village paid \$11,410 in 2022 for these sanitation services.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 15 – Compliance

Contrary to the Ohio Revised Code Section 5705.41(D), 18% of the Township's tested purchase orders were dated after the invoice dates.

Contrary to Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16, the Village had transfers that were made to and from restricted funds.

Village of North Baltimore, Ohio

Wood County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 159,022	\$ 80,060	\$ 52,104	\$ -	\$ 291,186
Municipal Income Tax	1,222,850	-	-	-	1,222,850
Intergovernmental	29,093	451,442	7,530	-	488,065
Special Assessments	-	154,262	-	-	154,262
Charges for Services	336,262	2,708	-	-	338,970
Fines, Licenses and Permits	36,375	2,424	-	-	38,799
Earnings on Investments	48,352	-	-	-	48,352
Miscellaneous	46,739	2	-	-	46,741
<i>Total Cash Receipts</i>	<u>1,878,693</u>	<u>690,898</u>	<u>59,634</u>	<u>-</u>	<u>2,629,225</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,287,460	46,871	-	-	1,334,331
Public Health Services	41,855	141,272	-	-	183,127
Leisure Time Activities	-	55,760	-	-	55,760
Community Environment	18,162	3,432	-	-	21,594
Transportation	-	494,253	-	-	494,253
General Government	374,182	2,068	733	-	376,983
Capital Outlay	-	12,304	-	193,170	205,474
Debt Service:					
Principal Retirement	-	-	51,800	-	51,800
Interest and Fiscal Charges	-	-	5,200	-	5,200
<i>Total Cash Disbursements</i>	<u>1,721,659</u>	<u>755,960</u>	<u>57,733</u>	<u>193,170</u>	<u>2,728,522</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	157,034	(65,062)	1,901	(193,170)	(99,297)
Other Financing Receipts (Disbursements)					
Transfers In	-	93,500	-	64,000	157,500
Transfers Out	(157,500)	-	-	-	(157,500)
Other Financing Uses	(10,957)	-	-	-	(10,957)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(168,457)</u>	<u>93,500</u>	<u>-</u>	<u>64,000</u>	<u>(10,957)</u>
<i>Net Change in Fund Cash Balances</i>	(11,423)	28,438	1,901	(129,170)	(110,254)
<i>Fund Cash Balances, January 1</i>	<u>925,066</u>	<u>880,183</u>	<u>2,350</u>	<u>325,379</u>	<u>2,132,978</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 913,643</u>	<u>\$ 908,621</u>	<u>\$ 4,251</u>	<u>\$ 196,209</u>	<u>\$ 2,022,724</u>

See accompanying notes to the financial statements

Village of North Baltimore, Ohio
Wood County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 2,950,308
Miscellaneous	<u>31,032</u>
<i>Total Operating Cash Receipts</i>	<u>2,981,340</u>
Operating Cash Disbursements	
Personal Services	481,580
Employee Fringe Benefits	231,886
Contractual Services	501,469
Supplies and Materials	281,690
Other	<u>547</u>
<i>Total Operating Cash Disbursements</i>	<u>1,497,172</u>
<i>Operating Income (Loss)</i>	<u>1,484,168</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(747,393)
Principal Retirement	(432,942)
Interest and Other Fiscal Charges	<u>(337,400)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,517,735)</u>
<i>Income (Loss) before Transfers</i>	(33,567)
Transfers In	94,625
Transfers Out	<u>(94,625)</u>
<i>Net Change in Fund Cash Balances</i>	(33,567)
<i>Fund Cash Balances, January 1</i>	<u>7,042,229</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 7,008,662</u></u>

See accompanying notes to the financial statements

Village of North Baltimore

Wood County

*Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2021

	<u>Custodial</u>
Additions	
Property and Other Local Taxes Collected for Distribution	\$ 890
Fines, Licenses and Permits for Distribution	<u>10,957</u>
<i>Total Additions</i>	11,847
Deductions	
Distributions to Other Governments	5,389
Distributions to Other Funds (Primary Gov't)	<u>5,568</u>
<i>Total Deductions</i>	<u>10,957</u>
<i>Net Change in Fund Balances</i>	890
<i>Fund Cash Balances, January 1</i>	<u>484</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,374</u></u>

See accompanying notes to the financial statements

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of North Baltimore, Wood County, (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. The Village also provides police services. The Village appropriates general fund money to support a volunteer fire and full-time EMS department.

Public Entity Risk Pool

The Village participates in the Public Entities Pool (PEP), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type, 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 Fund The Street Construction, Maintenance, and Repair Fund accounts for and reports intergovernmental receipts restricted for the purpose of constructing, maintaining, and repairing Village roads.

Street Paving and Reconstruction Fund The Street Paving and Reconstruction Fund accounts for and reports intergovernmental receipts restricted for the purpose of paving and reconstruction of Village roads.

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Fire Debt Fund The Fire Debt Fund accounts for and reports property and other local taxes restricted for the purpose of making principal and interest payments on Fire Pumper Truck loan.

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

Vehicle and Equipment Replacement Fund The Vehicle and Equipment Replacement Fund accounts for and reports transfers from various funds to segregate monies to be used for future capital purchases.

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 Operating Fund The Water Operating Fund accounts for and reports the receipt of charges for services from residents to cover the cost of providing water service.

Sewer Operating Fund The Sewer Operating Fund accounts for and reports the receipt of charges for services from residents to cover the cost of providing sewer service.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for the Village's Mayors Court and the collection of income taxes for the Henry Township/JEDD.

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 (C). 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 disbursements 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 (C) permit.

Budgetary Process

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

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Appropriations Budgetary disbursements (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 2021 budgetary activity appears in Note 3.

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.

The Village values U.S. Treasury Notes at cost.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity (Continued)

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,694,205	\$ 1,878,693	\$ 184,488
Special Revenue	766,858	784,398	17,540
Debt Service	59,329	59,634	305
Capital Projects	20,000	64,000	44,000
Enterprise	2,952,725	3,075,965	123,240

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,182,942	\$ 1,967,258	\$ 215,684
Special Revenue	1,061,026	757,418	303,608
Debt Service	58,542	57,733	809
Capital Projects	235,920	235,920	-
Enterprise	5,103,253	3,290,227	1,813,026

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2021
Demand deposits	\$4,085,027
Total deposits	4,085,027
US Treasury Notes	4,947,733
Total investments	4,947,733
Total deposits and investments	\$9,032,760

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village had no unremitted employee payroll withholdings.

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (continued)

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

Note 5 – 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 Taxes

The Village levies a municipal income tax of 1% 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. The Village has a contract with City of Cleveland – Central Collection Agency to collect income tax on behalf of the Village.

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Interfund Transfers

Transfers

During 2021, the following transfers were made:

Transfer from General Fund to the Street Construction, Maintenance, and Repair Fund: \$55,000

Transfer from General Fund to the Parks and Recreation Fund: \$38,500

Transfer from General Fund to the Vehicle and Equipment Replacement Fund: \$64,000

Transfer from Water Operating Fund to the Water Equipment Replacement Fund: \$56,650

Transfer from Sewer Operating Fund to the Wastewater Equipment Replacement Fund: \$37,975

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021:

	<u>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	14,974,099

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village's 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, 2021.

Ohio Police and Fire Retirement System

The Village's full-time police officers belong to the Ohio Police and Fire Retirement System (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 members contributed 12.25% of their gross salaries and the Village contributed an amount equaling 19.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

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. For OPERS, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2021. OP&F contributed 0.5% to fund these benefits during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021 was as follows:

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (Continued)

	<u>Principal</u>	<u>Interest Rate</u>
OPWC #CE10T	\$ 37,388	0.00%
OPWC #CE37U	56,371	0.00%
OPWC #CE42P	116,031	0.00%
OPWC #CT25M	21,098	0.00%
OWDA #3921	38,144	2.00%
USDA Loan #1	3,785,000	2.75%
USDA Loan #3	4,420,000	2.75%
USDA Loan #4	3,150,000	2.75%
Henry County Bank Loan	37,843	3.10%
General Obligation Bonds	300,000	4.51%
Total	<u>\$ 11,961,875</u>	

The Village has one outstanding general obligation bond issue at December 31, 2020. It is backed by the full faith and credit of the Village of North Baltimore and will be paid from the enterprise fund through user fees. Semi-annual payments are due on this obligation.

The Village has one outstanding loan from the Ohio Water Development Authority with an interest rate of 2.00%. The loan we obtained to make improvements to the Village water and wastewater systems. Semiannual payments are due on each loan including interest.

The Village has four loans from the Ohio Public Works Commission. These loans have interest rates of 0.00%. These loans we obtained to make Water Treatment Plant improvements, and to help finance the Sewer Separation Project, respectively.

The Village has three loans from the United States Department of Agriculture. These loans have interest rates of 2.75% each. These loans were obtained to finance the Sewer Separation Project. Principal and interest payments are due annually.

The Village has one loan from The Henry County Bank. This loan has an interest rate of 3.10%. This loan was obtained to purchase a new fire pumper in 2013. Principal and interest payments are due monthly and are funded by a property tax initiative of 1.3 mills approved in 2012.

Amortization

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

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (Continued)

Year Ending December 31:	OPWC Loans	OWDA Loan	USDA Loans	General Obligation Bonds	Henry County Bank Loan
2022	\$ 9,424	\$ 19,551	\$ 549,263	\$ 58,733	\$ 51,229
2023	9,424	19,551	548,745	56,730	4,269
2024	9,424	-	549,061	59,660	-
2025	9,424	-	549,188	57,360	-
2026	9,424	-	549,120	60,060	-
2027-2031	47,120	-	2,744,658	57,530	-
2032-2036	47,120	-	2,745,567	-	-
2037-2041	47,120	-	2,746,169	-	-
2042-2046	33,374	-	2,744,148	-	-
2047-2051	9,034	-	2,746,465	-	-
2052-2056	-	-	548,685	-	-
Total	<u>\$ 230,888</u>	<u>\$ 39,102</u>	<u>\$ 17,021,069</u>	<u>\$ 350,073</u>	<u>\$ 55,498</u>

Note 11 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Note 12– Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$ 3,501	\$ -	\$ -	\$ 3,501
Outstanding Encumbrances	77,142	1,458	42,750	121,350
<i>Total</i>	<u>\$ 80,643</u>	<u>\$ 1,458</u>	<u>\$ 42,750</u>	<u>\$ 124,851</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service and capital projects funds are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of North Baltimore
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – Related Party Transactions

One Village Council member's father, along with the aforementioned council member, provides sanitation services for the Village, and has for over the past 40 years. The same sanitation company assists the Village with wintertime snow removal from Main Street. The Village paid \$15,541 in 2021 for these sanitation services.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 15 – Compliance

Contrary to the Ohio Revised Code Section 5705.41(D), 20% of the Township's tested purchase orders were dated after the invoice dates.

Contrary to Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16, the Village had transfers that were made to and from restricted funds.

Charles E. Harris & Associates, Inc.

Certified Public Accountants

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

Village of North Baltimore
Wood County
205 North Main Street
North Baltimore, Ohio 45872

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of North Baltimore, Wood County, (the Village) and have issued our report thereon dated July 18, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2022-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed several instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2022-002 and 2022-003.

We also noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 18, 2023.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
July 18, 2023

**VILLAGE OF NORTH BALTIMORE
WOOD COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2022 and 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2022-001 - Material Weakness

Audit Adjustments and Reclassifications

During 2022 and 2021, errors were noted in the Village’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In 2021, the General Fund had receipts in Other Financing Sources of \$22,077 that were reclassified as Miscellaneous.
- In 2021, the General Fund had disbursements in Other Financing Uses of \$22,077 that were reclassified as General Government.
- In 2021, the Enterprise Fund had Transfers out of \$26,250 that were reclassified as Interest and Other Fiscal Charges.
- In 2021, adjusted the Custodial Fund to include Mayor’s Court transactions of \$10,957 as Fines, Licenses and Permits for Distribution additions and Distributions to Other Governments and Primary Government deductions.
- In 2022, adjusted the Custodial Fund to include Mayor’s Court transactions of \$5,764 as Fines, Licenses and Permits for Distribution additions and Distributions to Other Governments and Primary Government deductions.
- The notes to the financial statements omitted various notes and related information.

Adjustments were made in the financial statements to reflect the proper presentation.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Village Officer’s Handbook, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management’s Response:

See Corrective Action Plan.

**VILLAGE OF NORTH BALTIMORE
WOOD COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2022 and 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2022-002 – Noncompliance

Certification of Expenditures

Ohio Rev. Code § 5705.41 (D), requires, in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement state above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **“Then and Now” Certificate** – If the fiscal officer can certify that both at the time the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the Village.

2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predicable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not properly certify the availability of funds for 18% of the transactions tested in 2022 and 20% of the transactions tested in 2021. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

**VILLAGE OF NORTH BALTIMORE
WOOD COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2022 and 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2022-002 – Noncompliance (Continued)

To improve controls over disbursements and to help reduce the possibility of the Village’s fund exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the availability of funds prior to the commitment for the expenditure of Village money. The Village should consider the use of blanket purchase orders and “then and now” certificates to assist in complying with the above requirement.

Management’s Response:

See Corrective Action Plan.

Finding Number 2022-003 - Noncompliance

Transfers Without Appropriate Approval

Ohio Rev. Code § 5705.14 describes allowable transfers of money from one fund of a political subdivision to another. Ohio Rev. Code § 5705.15 and § 5705.16 provide for exceptions to the allowable transfers explicitly mentioned in the code, and states that subdivisions must gain approval for these transfers from the Tax Commissioner.

In 2021, the Village transferred \$5,000, \$2,000 and \$22,400 from the Street Construction, Maintenance and Repair Fund, the State Highway Fund and the Street Cleaning Assessment Fund to the Vehicle Equipment Fund. In 2022, the Village transferred \$13,200 from the Street Cleaning Assessment Fund to the Vehicle Equipment Replacement Fund, which is a transfer from a Special Revenue fund to a Capital Projects fund. These transfers are not one of the allowable transfers noted in the Ohio Revised Code, and therefore would require the approval of the Tax Commissioner. The Village did not obtain approval for this transfer. The transfers were reversed in the audited financial statements and the Village’s records.

The Village should monitor transfers for legality and obtain the approval of the Tax Commissioner where necessary. This will ensure that fund balances are spent for appropriate purposes and are in compliance with the Ohio Revised Code.

Management’s Response:

See Corrective Action Plan.

Village of North Baltimore
Wood County
Schedule of Prior Audit Findings (Prepared by Management)
December 31, 2022 and 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness - Financial Reporting	Not Corrected	
2020-002	Noncompliance – Certification of Expenditures	Not Corrected	

Village of North Baltimore
Wood County
 Corrective Action Plan (Prepared by Management)
 December 31, 2022 and 2021

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	The Village has taken steps or will take steps in fiscal year 2023 to ensure that the items mentioned in this finding do not happen in future years.	7/31/23	Tony Swartz, Finance Officer
2022-002	The Village has implemented updated purchasing procedures to insure that the fiscal officer's certificate is obtained prior to entering into a contract or order involving the expenditure of money, including the use of blanket purchase orders and "Then and Now" certificates. Current software hinders this process as it does not allow any purchase order date other than the date of entry.	7/31/23	Tony Swartz, Finance Officer
2022-003	The Village will seek the approval of the Tax Commissioner before making the transfers.	Immediately	Tony Swartz, Finance Officer

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NORTH BALTIMORE

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/14/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov