

PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2023 - 2022**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Village Council
Village of Baltic
102 West Main Street
Baltic, Ohio 43804

We have reviewed the *Independent Auditor's Report* of the Village of Baltic, Tuscarawas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2022 through December 31, 2023. 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 Baltic is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2024

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VILLAGE OF BALTIC
TUSCARAWAS COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Baltic
Tuscarawas County
102 West Main Street
Baltic, Ohio 43804

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 Baltic, Tuscarawas County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, 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 as of and for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, or the changes in financial position or, where applicable, 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 the 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.

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 October 31, 2024, 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 31, 2024

Village of Baltic
Tuscarawas County

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Combined Total
Cash Receipts						
Property and Other Local Taxes	\$ 51,342	\$ 55,661	\$ -	\$ 25,029	\$ -	\$ 132,032
Municipal Income Tax	152,857	300,665	33,550	-	-	487,072
Intergovernmental	431,549	419,079	-	1,521	-	852,149
Charges for Services	11,940	262,393	-	-	-	274,333
Fines, Licenses and Permits	515	3,013	-	-	-	3,528
Earnings on Investments	349	9,545	-	-	-	9,894
Miscellaneous	6,821	25,327	-	10,357	-	42,505
<i>Total Cash Receipts</i>	<u>655,373</u>	<u>1,075,683</u>	<u>33,550</u>	<u>36,907</u>	<u>-</u>	<u>1,801,513</u>
Cash Disbursements						
Current:						
Security of Persons & Property	15,777	220,174	-	-	-	235,951
Public Health Services	399	12,337	-	-	-	12,736
Leisure Time Activities	15,617	9,582	-	-	-	25,199
Community Environment	1,252	-	-	-	-	1,252
Transportation	233,182	856,635	-	-	-	1,089,817
General Government	195,069	-	-	-	-	195,069
Capital Outlay	90,076	510,456	-	197	-	600,729
Debt Service:						
Principal Retirement	-	17,320	31,720	-	-	49,040
Interest and Fiscal Charges	-	202	11,109	-	-	11,311
<i>Total Cash Disbursements</i>	<u>551,372</u>	<u>1,626,706</u>	<u>42,829</u>	<u>197</u>	<u>-</u>	<u>2,221,104</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>104,001</u>	<u>(551,023)</u>	<u>(9,279)</u>	<u>36,710</u>	<u>-</u>	<u>(419,591)</u>
Other Financing Receipts (Disbursements)						
Other Debt Proceeds	-	341,046	-	-	-	341,046
Other Financing Sources	611	995	-	-	-	1,606
<i>Total Other Financing Receipts (Disbursements)</i>	<u>611</u>	<u>342,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342,652</u>
<i>Net Change in Fund Cash Balances</i>	<u>104,612</u>	<u>(208,982)</u>	<u>(9,279)</u>	<u>36,710</u>	<u>-</u>	<u>(76,939)</u>
<i>Fund Cash Balances, January 1</i>	<u>244,080</u>	<u>1,058,447</u>	<u>52,643</u>	<u>300,736</u>	<u>31,458</u>	<u>1,687,364</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 348,692</u>	<u>\$ 849,465</u>	<u>\$ 43,364</u>	<u>\$ 337,446</u>	<u>\$ 31,458</u>	<u>\$ 1,610,425</u>

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

**Village of Baltic
Tuscarawas County**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 421,999
Miscellaneous	2,192
	424,191
 Operating Cash Disbursements	
Personal Services	53,113
Fringe Benefits	10
Contractual Services	130,643
Supplies and Materials	93,801
	277,567
 <i>Total Operating Cash Receipts</i>	 424,191
 <i>Total Operating Cash Disbursements</i>	 277,567
 <i>Operating Income (Loss)</i>	 146,624
 Non-Operating Receipts (Disbursements)	
Capital Outlay	(25,864)
Principal Retirement	(83,673)
Interest and Other Fiscal Charges	(244)
	(109,781)
 <i>Total Non-Operating Receipts (Disbursements)</i>	 (109,781)
 <i>Net Change in Fund Cash Balance</i>	 36,843
 <i>Fund Cash Balances, January 1</i>	 542,943
 <i>Fund Cash Balances, December 31</i>	 \$ 579,786

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

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 1 – Reporting Entity

The Village of Baltic (the Village), Tuscarawas County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire protection and police services. The Village contracts with the Tuscarawas County Sheriff's department to provide security of persons and property.

Public Entity Risk Pools

The Village participates in 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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

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

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

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Fire Fund This fund accounts for the provision of fire services to the Village.

Cemetery/Street Fund This fund receives a portion of income tax revenue to cover cemetery and street operations.

Ambulance and EMS Fund This fund accounts for the provision of ambulance and EMS services to the Village.

Debt Service Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Debt Water/Sewer Fund Income tax revenue is allocated to this fund to retire debt related to various water and sewer improvement projects.

VILLAGE OF BALTIC
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Project 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:

Fire Truck Fund This fund receives property tax revenue for the purpose of purchasing equipment for the Village Fire Department.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Cemetery Endowment Fund This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

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.

Debt Retirement Fund This fund receives transfers in order to satisfy debt payment requirements.

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

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

Budgetary Process

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

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

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

VILLAGE OF BALTIC
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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. The Village did not encumber all commitments required by Ohio law.

A summary of 2023 budgetary activity appears in Note 4.

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 and common stock at cost (or fair value when donated). 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 and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 13.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Park, Grants, Fire, Police, Cemetery/Street, Cemetery, Water/Sewer Debt, Sewer, and Storm Sewer Funds for the year ended December 31, 2023.

Contrary to Ohio law, at December 31, 2023, the Fire, Permissive Tax, and Fed Cares Act Funds had a cash deficit balance.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 383,072	\$ 655,984	\$ 272,912
Special Revenue	750,959	1,417,724	666,765
Debt Service	30,000	33,550	3,550
Capital Projects	24,000	36,907	12,907
Enterprise	446,500	424,191	(22,309)
Total	\$ 1,634,531	\$ 2,568,356	\$ 933,825

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 353,435	\$ 565,411	\$ (211,976)
Special Revenue	847,883	1,637,734	(789,851)
Debt Service	30,000	42,829	(12,829)
Capital Projects	323,179	197	322,982
Permanent	31,458	-	31,458
Enterprise	454,512	391,100	63,412
Total	\$ 2,040,467	\$ 2,637,271	\$ (596,804)

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

Note 5 – 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:

	2023
<i>Cash Management Pool:</i>	
Demand deposits	\$ 2,085,793
Certificates of deposit	30,983
Total deposits	2,116,776
STAR Ohio	73,435
Total investments	73,435
Total carrying amount of deposits and investments held in the Pool	\$ 2,190,211

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, 2023, the Village is holding \$4,051 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Village.

Investments

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

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

Note 7 – Risk Management

Risk Pool Membership

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022 (the latest information available):

Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All full-time and part-time employees 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, 2023.

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2023.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

Some Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
OWDA	\$ 519,620	2%
OPWC Loans	175,351	0%
Baltic State Bank - Fire Truck	341,046	5.50%
Total	\$ 1,036,017	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project. The OWDA approved up to \$834,578 for this project. The Village will repay the loans in semiannual installments until 2040. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission loans are related to a water and sewer plant expansion project as well as storm sewer improvements. They are 0% interest loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

On May 17, 2015, the Village issued a \$291,176 promissory note in anticipation of bonds for the purpose of retiring the 2005 bonds as the new bonds have a more favorable interest rate. The bonds will mature in 10 years and have an interest rate of 3%. The Village's taxing authority collateralized the bonds. This loan was paid off early in 2023.

In 2021, the Village issued a \$70,000 note for the purchase of a new ambulance with an interest rate of 3%. The note is scheduled to be repaid in monthly payments of \$2,035.82 for 36 months. This loan was paid off early in 2023.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)**

Note 10 – Debt (Continued)

In 2023, the Village issued a \$341,046 note for the purchase of a new fire truck with an interest rate of 5.5%. The note is scheduled to be repaid in monthly payments of \$3,700.63 for 120 months.

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

Year ending December 31:	OPWC Loans	OWDA Loan	Baltic State Bank Notes
2024	\$ 21,335	\$ 37,129	\$ 44,408
2025	21,335	37,129	44,408
2026	21,335	37,129	44,408
2027	21,335	37,129	44,408
2028	21,335	37,129	44,408
2029-2033	62,924	185,647	222,038
2034-2038	5,752	185,647	-
2039-2043	-	55,694	-
Total	\$ 175,351	\$ 612,633	\$ 444,078

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Health Insurance

The Village provides health insurance to all employees through Tuscarawas County (the County). The Village is invoiced their monthly premiums and the premiums are paid to the County. All risk transfers to the County.

Note 13 – 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 and the unexpendable corpus of the permanent funds. 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	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 31,458	\$ 31,458
Outstanding Encumbrances	14,039	11,028	-	25,067
Total	\$ 14,039	\$ 11,028	\$ 31,458	\$ 56,525

VILLAGE OF BALTIC
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 13 – Fund Balances (Continued)

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Baltic
Tuscarawas 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	Permanent	Combined Total
Cash Receipts						
Property and Other Local Taxes	\$ 51,560	\$ 51,016	\$ -	\$ 24,340	\$ -	\$ 126,916
Municipal Income Tax	147,196	258,210	38,670	-	-	444,076
Intergovernmental	17,005	112,376	-	1,557	-	130,938
Charges for Services	15,595	257,602	-	-	-	273,197
Fines, Licenses and Permits	525	-	-	-	-	525
Earnings on Investments	419	1,822	-	-	-	2,241
Miscellaneous	5,365	152,894	-	-	-	158,259
<i>Total Cash Receipts</i>	<u>237,665</u>	<u>833,920</u>	<u>38,670</u>	<u>25,897</u>	<u>-</u>	<u>1,136,152</u>
Cash Disbursements						
Current:						
Security of Persons & Property	18,151	228,561	-	-	-	246,712
Public Health Services	-	20,539	-	-	-	20,539
Leisure Time Activities	10,487	-	-	-	-	10,487
Community Environment	1,459	-	-	-	-	1,459
Basic Utility Services	8,382	-	-	-	-	8,382
Transportation	30,377	234,486	-	-	-	264,863
General Government	149,240	-	-	-	-	149,240
Capital Outlay	19,755	207,471	-	-	-	227,226
Debt Service:						
Principal Retirement	-	43,341	44,390	-	-	87,731
Interest and Fiscal Charges	-	1,089	5,854	-	-	6,943
<i>Total Cash Disbursements</i>	<u>237,851</u>	<u>735,487</u>	<u>50,244</u>	<u>-</u>	<u>-</u>	<u>1,023,582</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(186)</u>	<u>98,433</u>	<u>(11,574)</u>	<u>25,897</u>	<u>-</u>	<u>112,570</u>
Other Financing Receipts (Disbursements)						
Other Financing Sources	364	141	-	-	-	505
<i>Total Other Financing Receipts (Disbursements)</i>	<u>364</u>	<u>141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>505</u>
<i>Net Change in Fund Cash Balances</i>	178	98,574	(11,574)	25,897	-	113,075
<i>Fund Cash Balances, January 1</i>	<u>243,902</u>	<u>959,873</u>	<u>64,217</u>	<u>274,839</u>	<u>31,458</u>	<u>1,574,289</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 244,080</u>	<u>\$ 1,058,447</u>	<u>\$ 52,643</u>	<u>\$ 300,736</u>	<u>\$ 31,458</u>	<u>\$ 1,687,364</u>

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

**Village of Baltic
Tuscarawas County**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 427,290
Miscellaneous	4,083
	431,373
 Operating Cash Disbursements	
Personal Services	83,052
Fringe Benefits	656
Contractual Services	105,482
Supplies and Materials	83,191
	272,381
 <i>Total Operating Cash Receipts</i>	 431,373
 <i>Total Operating Cash Disbursements</i>	 272,381
 <i>Operating Income (Loss)</i>	 158,992
 Non-Operating Receipts (Disbursements)	
Capital Outlay	(14,993)
Principal Retirement	(47,158)
Interest and Other Fiscal Charges	(8,275)
	(70,426)
 <i>Total Non-Operating Receipts (Disbursements)</i>	 (70,426)
 <i>Net Change in Fund Cash Balance</i>	 88,566
 <i>Fund Cash Balances, January 1</i>	 454,377
 <i>Fund Cash Balances, December 31</i>	 \$ 542,943

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

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1 – Reporting Entity

The Village of Baltic (the Village), Tuscarawas County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire protection and police services. The Village contracts with the Tuscarawas County Sheriff's department to provide security of persons and property.

Public Entity Risk Pools

The Village participates in 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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

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

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

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Fire Fund This fund accounts for the provision of fire services to the Village.

Ambulance and EMS Fund This fund accounts for the provision of ambulance and EMS services to the Village.

Debt Service Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Debt Water/Sewer Fund Income tax revenue is allocated to this fund to retire debt related to various water and sewer improvement projects.

Capital Project 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:

Fire Truck Fund This fund receives property tax revenue for the purpose of purchasing equipment for the Village Fire Department.

VILLAGE OF BALTIC
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Cemetery Endowment Fund This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

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.

Debt Retirement Fund This fund receives transfers in order to satisfy debt payment requirements.

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2022 budgetary activity appears in Note 4.

VILLAGE OF BALTIC
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury Notes and common stock at cost (or fair value when donated). 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 and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Fund for the year ended December 31, 2022.

Contrary to Ohio law, appropriation authority exceeded resources available for appropriations in the Police Fund for the year ended December 31, 2022.

Contrary to Ohio law, at December 31, 2022, the Fire and Fed Cares Act Funds had a cash deficit balance.

Note 4 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 240,000	\$ 238,029	\$ (1,971)
Special Revenue	652,300	834,061	181,761
Debt Service	41,000	38,670	(2,330)
Capital Projects	24,000	25,897	1,897
Enterprise	364,700	431,373	66,673
Total	\$ 1,322,000	\$ 1,568,030	\$ 246,030

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 474,847	\$ 269,536	\$ 205,311
Special Revenue	1,469,158	737,885	731,273
Debt Service	104,218	50,244	53,974
Capital Projects	261,373	-	261,373
Permanent	31,458	-	31,458
Enterprise	775,892	350,819	425,073
Total	\$ 3,116,946	\$ 1,408,484	\$ 1,708,462

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Note 5 – 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
<i>Cash Management Pool:</i>	
Demand deposits	\$ 2,130,424
Certificates of deposit	30,181
Total deposits	2,160,605
STAR Ohio	69,702
Total investments	69,702
Total carrying amount of deposits and investments held in the Pool	\$ 2,230,307

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 is holding \$5,151 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Village.

Investments

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

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Note 7 – Risk Management

Risk Pool Membership

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022:

Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All full-time and part-time employees 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 certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2022.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

Some Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

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:

	Principal	Interest Rate
OWDA	\$ 545,962	2%
OPWC Loans	192,019	0%
Baltic State Bank - Wastewater Plant	72,384	3.00%
Baltic State Bank - Ambulance	17,319	3.00%
Total	\$ 827,684	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project. The OWDA approved up to \$834,578 for this project. The Village will repay the loans in semiannual installments until 2040. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission loans are related to a water and sewer plant expansion project as well as storm sewer improvements. They are 0% interest loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Note 10 – Debt (Continued)

On May 17, 2015, the Village issued a \$291,176 promissory note in anticipation of bonds for the purpose of retiring the 2005 bonds as the new bonds have a more favorable interest rate. The bonds will mature in 10 years and have an interest rate of 3%. The Village’s taxing authority collateralized the bonds.

In 2021, the Village issued a \$70,000 note for the purchase of a new ambulance with an interest rate of 3%. The note is scheduled to be repaid in monthly payments of \$2,035.82 for 36 months.

In 2020, the Village issued a \$20,000 note for the purchase of new water meters with an interest rate of 3.5%. The note is scheduled to be repaid in monthly payments of \$586.42 for 36 months. This loan was paid off early in 2022.

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

Year ending December 31:	OPWC Loans	OWDA Loan	Baltic State Bank Notes
2023	\$ 11,417	\$ 37,129	\$ 51,721
2024	22,835	37,129	34,200
2025	22,835	37,129	11,400
2026	22,835	37,129	-
2027	22,085	37,129	-
2028-2032	80,424	185,647	-
2033-2037	9,588	185,647	-
2038-2042	-	92,824	-
Total	<u>\$ 192,019</u>	<u>\$ 649,763</u>	<u>\$ 97,321</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Health Insurance

The Village provides health insurance to all employees through Tuscarawas County (the County). The Village is invoiced their monthly premiums and the premiums are paid to the County. All risk transfers to the County.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Note 13 – 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 and the unexpendable corpus of the permanent funds. 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	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 31,458	\$ 31,458
Outstanding Encumbrances	31,685	2,398	-	34,083
<i>Total</i>	\$ 31,685	\$ 2,398	\$ 31,458	\$ 65,541

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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

Village of Baltic
Tuscarawas County
102 West Main Street
Baltic, Ohio 43804

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 by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Baltic, Tuscarawas County, (the Village) and have issued our report thereon dated October 31, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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 purpose of expressing our opinions on 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of audit findings as items 2023-001 through 2023-003 to be material weaknesses.

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 the deficiencies described in the accompanying schedule of audit findings as item 2023-005 to be a significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings as items 2023-002 through 2023-004.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 31, 2024

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Material Weakness

Financial Reporting

The Village should have procedures and controls in place to prevent and detect errors in financial reporting.

During 2023 and 2022, receipts and disbursements were not always posted or classified correctly. The following errors were noted:

- Property tax receipts were misclassified as Municipal Income Taxes instead of Property and Other Local Taxes in the General Fund in 2023 and 2022;
- Rollback receipts were not properly allocated to the Fire, Police, Ambulance/EMS, and Fire Truck Reserve Funds in 2023 and 2022;
- Rollback receipts were misclassified as Property and Other Local Taxes instead of Intergovernmental in the General Fund in 2023;
- Income tax receipts were misclassified as Property and Other Local Taxes instead of Municipal Income Taxes in the General Fund in 2023;
- Receipts for income taxes, grants, and donations were misclassified as Other Financing Sources instead of Municipal Income Tax, Intergovernmental, and Miscellaneous in the General Fund in 2023;
- A grant receipt was misclassified as Municipal Income Tax instead of Intergovernmental in the General Fund in 2023;
- Real estate tax receipts for the Ambulance/EMS Fund were misclassified as Intergovernmental instead of Property and Other Local Taxes in 2023 and 2022;
- An on-behalf transaction for a debt payment made by the Fire Department was not recorded in the Fire Fund in 2022;
- Debt payments for the ambulance loan were misclassified as Security of Persons & Property instead of Principal Retirement and Interest and Fiscal Charges in the Fire and Ambulance/EMS Funds in 2023 and 2022;
- A donation for the purchase of a new fire truck was misclassified as Sale of Notes in the Fire Fund in 2023;
- Grant receipts were misclassified as Miscellaneous and Municipal Income Tax instead of Intergovernmental in the Fire and Cemetery/Street Funds in 2023;
- EMS contract receipts were incorrectly posted to the Fire Fund instead of the Ambulance/EMS Fund in 2023 and 2022;
- Gasoline excise tax, auto license tax, and permissive tax receipts were incorrectly allocated and posted among the Street, State Highway, and Permissive Tax Funds in 2023 and 2022;
- A donation from a private organization was misclassified as Intergovernmental instead of Miscellaneous in the Park Grants Fund in 2022;
- A down payment for a new fire truck was misclassified as Other Financing Uses instead of Capital Outlay in the Fire Fun in 2022;
- Debt payments for the Ambulance loan were misclassified as Security of Persons & Property instead of Principal Retirement and Interest and Fiscal Charges in the Ambulance/EMS Fund in 2023 and 2022;

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-001 (Continued)

Financial Reporting (Continued)

- Debt payments to OWDA and Baltic State Bank were classified entirely as Principal Retirement and did not allocate the portion that should have been classified as Interest and Fiscal Charges in the Debt Retirement Fund in 2023 and 2022;
- A debt payment to OWDA was classified entirely as Principal Retirement and did not allocate the portion that should have been classified as Interest and Fiscal Charges in the Water Debt Fund in 2022; and
- The Debt Retirement Fund activity was incorrectly recorded as a Governmental Fund instead of an Enterprise Fund in 2023 and 2022;

Not posting receipts and disbursements accurately resulted in the financial statements requiring several adjustments and reclassifications. The Village has made the adjustments to their accounting system. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Official's Response – Officials did not provide a response to this finding.

FINDING NUMBER 2023-002

Material Weakness/Noncompliance

Recording of Receipts in Correct Funds

Ohio Rev. Code § 5735.28 requires that wherever a municipal corporation is on the line of the state highway system as designated by the director of transportation as an extension or continuance of the state highway system, seven and one-half per cent of the amount paid to any municipal corporation pursuant to §§ 4501.04, 5735.23, and 5735.27 of the Revised Code shall be used by it only to construct, reconstruct, repave, widen, maintain, and repair such highways, to purchase, erect, and maintain traffic lights and signals, and to erect and maintain street and traffic signs and markers on such highways, or to pay principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133 of the Revised Code or incurred pursuant to § 5531.09 of the Revised Code for such purposes.

Ohio Rev. Code § 4504.172 documents that for the purpose of paying the costs and expenses of enforcing and administering the tax provided for in this section; to supplement revenue already available to municipal corporations under §§ 4504.04, 4504.06, 4504.17, or 4507.171 of the Revised Code, and to provide additional revenue for the purposes set forth in those sections, the legislative authority of any municipal corporation may levy an annual license tax, without regard to any tax being levied pursuant to §§ 4504.06, 4504.17, or 4504.171, or received pursuant to § 4504.04 of the Revised Code, and in addition to the tax levied by §§ 4503.02, 4503.07, and 4503.18 of the Revised Code, upon the operation of motor vehicles on the public roads or highways.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-002 (Continued)

Recording of Receipts in Correct Funds (Continued)

The Village received gasoline excise tax and state and local government highway distributions pursuant to Ohio Rev. Code § 5735.23. The Village has two state highways within its corporation limits and has established the State Highway Fund to account for the seven and one-half percent distribution of these revenues. They have also established the Street Maintenance Fund to account for the remaining 92.5 percent distribution of these revenues.

Additionally, the Village received permissive license tax revenue pursuant to Ohio Rev. Code § 4504.172. The Village has established a Permissive Tax Fund to account for this revenue.

The Village received these revenues in these three funds. However, the Village did not always report permissive license tax in the Permissive Tax Fund. Gasoline excise tax and state and local government highway distribution were not always properly allocated to the Street Maintenance Fund and State Highway Fund. Revenue was inaccurately reported as follows:

- The Street Maintenance Fund and State Highway Fund under reported activity by \$85,856 and \$1,617, respectively. The Permissive Tax Fund over reported activity by \$87,473.

Inaccurate reporting of revenue could lead to gasoline excise taxes and state and local government highway distribution monies being utilized for unallowable disbursements that do not correspond with the legally required intent as defined in State statutes. Additionally, 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. These adjustments were agreed to by management. The accounting system has been adjusted accordingly.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Official's Response – Officials did not provide a response to this finding.

VILLAGE OF BALTIC
TUSCARAWAS COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-003

Material Weakness/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Revised Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit, we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- **Violations of 5705.39** indicating appropriations cannot exceed estimated resources;
- **Violations of 5705.41(B)** stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations); and
- **Violations of 5705.41(D)** relating to expenditures having prior certification of availability of funds.

Although Council approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure that budgetary forms are properly completed and submitted to the County Budget Commission timely.

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. If Council does not consider these necessary steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Village Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in varying amounts posted to the accounting system and information available to the Village Officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

We recommend the Village implement procedures to ensure estimated receipts and appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Official's Response – Officials did not provide a response to this finding.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-004

Noncompliance

Negative Fund Balances

Ohio Rev. Code § 5705.10(l) requires that monies paid into any fund be used only for the purposes for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The following funds incurred negative fund balances throughout 2023 and 2022:

- Fire, Permissive Tax, Fed Cares Act

As a result, monies from other funds were used to cover the obligations incurred by these funds, which may not be allowable based upon each fund's restriction or purpose.

The Village should monitor receipts and disbursements on a regular basis to ensure a sufficient fund balance exists before authorizing the expenditure of funds. This will help reduce the risk of negative fund balances and overspending of each respective fund's resources.

Official's Response – Officials did not provide a response to this finding.

FINDING NUMBER 2023-005

Significant Deficiency

Monitoring of Adjustments to Water and Sewer Accounts

The Board of Public Affairs was not presented with and did not review any adjustment reports relating to customer billing. This could result in an increased risk of the Village not receiving monies owed for water and sewer utilities. Also, inappropriate adjustments are more likely to occur without proper approval from the Board of Public Affairs prior to an adjustments being made.

We recommend the Board of Public Affairs review and approve bill adjustment reports on a monthly basis.

Official's Response – Officials did not provide a response to this finding.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting	Not Corrected	Repeated as Finding 2023-001
2021-002	Recording of Receipts in Correct Funds	Not Corrected	Repeated as Finding 2023-002
2021-003	Budgetary Controls	Not Corrected	Repeated as Finding 2023-003
2021-004	Negative Fund Balances	Not Corrected	Repeated as Finding 2023-004
2021-005	Monitoring of Adjustments to Water and Sewer Accounts	Not Corrected	Repeated as Finding 2023-005

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BALTIC

TUSCARAWAS 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 12/26/2024

65 East State 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