

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA
Auditor of State

Village Council
Village of North Baltimore
205 N. Main Street
North Baltimore, Ohio 45872

We have reviewed the *Independent Auditor's Report* of the Village of North Baltimore, Wood County, prepared by E. S. Evans and Company, for the audit period January 1, 2006 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 16, 2008

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VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

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VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

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E.S. Evans and Company

Certified Public Accountants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075
P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • www.esevans.com

E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA
Steven D. Hooker, CPA • John E. Klay, CPA

August 1, 2008

INDEPENDENT AUDITOR'S REPORT

Village of North Baltimore
Wood County, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of North Baltimore as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. The basic financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of North Baltimore, as of December 31, 2007 and 2006, and the respective changes in modified cash basis financial position, thereof and the respective budgetary comparison for the General and Street Construction Funds for the year then ended in conformity with the basis of accounting described in Note 2.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated August 1, 2008 on our consideration of the Village of North Baltimore'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in red ink, appearing to read "E. L. Green and Company".

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2007 and 2006

This discussion and analysis of the Village of North Baltimore's financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of North Baltimore's financial performance.

Highlights

Key highlights for 2007 are as follows:

The Village's Income Tax receipts represent 18.26% and the charges for service represent 57.55% of the Village's Receipts for 2007. Income tax receipts and charges for services both increased over 2006.

The residents of the Village have approved assessments for street lighting, street cleaning and tree maintenance within the Village.

Key highlights for 2006 are as follows:

The Village's Income Tax receipts represent 18.32% and the charges for service represent 59.25% of the Village's Receipts for 2006. Income tax receipts and charges for services both increased over 2005.

The residents of the Village have approved assessments for street lighting, street cleaning and tree maintenance within the Village.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2007 and 2006

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to North Baltimore's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2007 and 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2007 and 2006

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Overtime, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities - Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities - The Village has two business-type activities, the provision of water and sewer along with reserves for capital improvements. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds — not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's only major governmental funds are the General Fund and the Street Reconstruction Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three major enterprise funds, the Water Fund, the Wastewater Fund, and Water Capital Reserve Fund. The remainder of the non-major enterprise funds are combined and presented in total in a single column.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2007 and 2006

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on the modified cash basis of accounting.

Table 1
Net Assets

	Governmental Activities	
	2007	2006
<u>Assets:</u>		
Cash and Cash Equivalents	\$ 1,683,810	\$ 1,528,951
Investments	-	-
Total Assets	1,683,810	1,528,951
<u>Net Assets:</u>		
Restricted for:		
Debt Service	21,407	45,528
Capital Outlay	5,835	5,835
Cemetery Endowment - Expendable	21,676	18,173
Cemetery Endowment - Nonexpendable	92,801	92,801
Unrestricted	1,542,091	1,366,614
Total Net Assets	\$ 1,683,810	\$ 1,528,951
<u>Business-Type Activities</u>		
	2007	2006
<u>Assets:</u>		
Cash and Cash Equivalents	\$ 993,361	\$ 897,332
Investments	2,224,449	2,119,507
Total Assets	3,217,810	3,016,839
<u>Net Assets:</u>		
Restricted for:		
Debt Service	47,458	38,898
Capital Outlay	1,753,209	1,648,764
Unrestricted	1,417,142	1,329,177
Total Net Assets	\$ 3,217,809	\$ 3,016,839

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2007 and 2006

Table 1 - Continued
Net Assets

	Total	
	2007	2006
<u>Assets:</u>		
Cash and Cash Equivalents	\$ 2,677,170	\$ 2,426,283
Investments	2,224,449	2,119,507
Total Assets	<u>4,901,619</u>	<u>4,545,790</u>
<u>Net Assets:</u>		
Restricted for:		
Debt Service	68,865	84,426
Capital Outlay	1,759,044	1,654,599
Cemetery Endowment - Expendable	21,676	18,173
Cemetery Endowment - Nonexpendable	92,801	92,801
Unrestricted	2,959,233	2,695,791
Total Net Assets	<u>\$ 4,901,619</u>	<u>\$ 4,545,790</u>

Net assets of governmental activities increased \$154,859 or 10.1% during 2007. Net assets of governmental activities increased \$66,819 or 4.6% during 2006. The primary reason contributing to the increases in cash balances are as follows:

- In May of 2005, North Baltimore Village Council started investing cash with the firm SJS Investments. Since this time, interest revenues have increased dramatically.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2007 and 2006

Table 2 reflects the changes in net assets in 2007 and 2006.

Table 2 -Change in Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Change
<u>Receipts:</u>			
Program Receipts:			
Charges for Services and Sales	\$ 110,249	\$ 137,041	\$ (26,792)
Operating Grants, Contributions, and Interest	167,152	189,720	(22,568)
Capital Grants and Contributions	-	-	-
Total Program Receipts	<u>277,401</u>	<u>326,761</u>	<u>(49,360)</u>
General Receipts:			
Property and Other Local Taxes	383,648	368,926	14,722
Income Taxes	574,588	525,196	49,392
Grants and Entitlements	114,633	54,308	60,325
Interest	195,772	146,917	48,855
Miscellaneous	48,046	45,497	2,549
Total General Receipts	<u>1,316,687</u>	<u>1,140,844</u>	<u>175,843</u>
Total Receipts	<u>1,594,088</u>	<u>1,467,605</u>	<u>126,483</u>
<u>Disbursements:</u>			
General Government	290,699	265,053	25,646
Security of Persons and Property	501,468	506,244	(4,776)
Public Health Services	31,855	25,696	6,159
Leisure Time Activities	20,472	29,814	(9,342)
Community Environment	19,136	20,070	(934)
Basic Utilities	32,386	29,252	3,134
Transportation	250,305	186,670	63,635
Capital Outlay	259,763	305,455	(45,692)
Debt Service	33,145	32,532	613
Total Disbursements	<u>1,439,229</u>	<u>1,400,786</u>	<u>38,443</u>
Transfers In/(Out)	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	154,859	66,819	88,040
Net Assets - Beginning of Year	<u>1,528,951</u>	<u>1,462,132</u>	<u>66,819</u>
Net Assets - End of Year	<u>\$ 1,683,810</u>	<u>\$ 1,528,951</u>	<u>\$ 154,859</u>

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2007 and 2006

Table 2 -Change in Net Assets

	Business-Type Activities 2007	Business-Type Activities 2006	Change
<u>Receipts:</u>			
Program Receipts:			
Charges for Services and Sales	\$ 1,700,562	\$ 1,561,226	\$ 139,336
Total Program Receipts	<u>1,700,562</u>	<u>1,561,226</u>	<u>139,336</u>
General Receipts:			
Miscellaneous	18,786	27,178	(8,392)
Total General Receipts	<u>18,786</u>	<u>27,178</u>	<u>(8,392)</u>
Total Receipts	<u>1,719,348</u>	<u>1,588,404</u>	<u>130,944</u>
<u>Disbursements:</u>			
Water	945,813	987,239	(41,426)
Wastewater	302,849	322,609	(19,760)
Water Capital	13,754	12,357	1,397
Other Enterprise	255,962	151,104	104,858
Total Disbursements	<u>1,518,378</u>	<u>1,473,309</u>	<u>45,069</u>
Transfers In/(Out)	-	-	-
Increase (Decrease) in Net Assets	200,970	115,095	85,875
Net Assets - Beginning of Year	<u>3,016,839</u>	<u>2,901,744</u>	<u>115,095</u>
Net Assets - End of Year	\$ <u><u>3,217,809</u></u>	\$ <u><u>3,016,839</u></u>	\$ <u><u>200,970</u></u>

Program receipts represent only 60 and 62 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and ambulance fees and charges to nearby Townships for fire and emergency medical services provided under contract, as well as fees for utility services.

General receipts represent 40 and 38 percent of the Village's total receipts, and of this amount, over 71 and 76 percent are local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, mayor and finance departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 50% of General Fund unrestricted receipts.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2007 and 2006

Governmental Activities

If you look at the Statement of Activities on pages 14 & 15 and 24 & 25, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and security of persons and property, which account for 20 and 35 percent, and 19 and 36 percent for 2007 & 2006 of all governmental disbursements, respectively. Capital Outlay also represents a significant cost, about 18 and 22 percent, respectively for 2007 & 2006. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Governmental Activities
(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2007	2007	2006	2006
General Government	\$ 290,699	\$ (276,337)	\$ 265,053	\$ (251,285)
Security of Persons and Property	501,468	(420,060)	506,244	(389,803)
Public Health Services	31,855	(19,200)	25,696	(14,505)
Leisure Time Activities	20,472	(18,398)	29,814	(11,924)
Community Environment	19,136	(15,775)	20,070	(16,709)
Basic Utilities	32,386	(32,386)	29,252	(29,252)
Transportation	250,305	(86,764)	186,670	(22,560)
Capital Outlay	259,763	(259,763)	305,455	(305,455)
Debt Service	33,145	(33,145)	32,532	(32,532)
Total Expenses	\$ <u>1,439,229</u>	\$ <u>(1,161,828)</u>	\$ <u>1,400,786</u>	\$ <u>(1,074,025)</u>

The dependence upon income tax receipts is apparent as over 80 and 76 percent of governmental activities are supported through these general receipts for 2007 and 2006, respectively.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2007 and 2006

Business-type Activities

The water and wastewater operation of the Village are a large part of the community and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure is beginning to age and the Government has begun discussing the need for major repairs and how these will be funded. We are in the process of a sewer separation project and have entered into a contract regarding sludge dewatering.

The utility deposit fund of the Government is relatively small in size and the receipts and cash disbursements are of equal size.

The Government's Funds

Total governmental funds had receipts of \$1,709,088 and disbursements of \$1,554,229 for 2007. Total governmental funds had receipts of \$1,582,605 and disbursements of \$1,515,786 for 2006. The greatest change within governmental funds occurred within the General Fund.

General receipts were more than disbursements by \$154,859 for 2007 and \$66,819 for 2006 indicating that the General Fund is in a controlled spending situation.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were more than original budgeted receipts due to the increase in interest revenues and the increase in collecting the prior year ambulance revenue in the current year. The difference between final budgeted receipts and actual receipts was not significant.

In 2007, final disbursements were budgeted at \$1,264,995 while actual disbursements were \$1,075,167. While the appropriations increased by \$4,142, actual expenditures were \$184,336 under the final appropriations.

In 2006, final disbursements were budgeted at \$1,208,229 while actual disbursements were \$982,383. While the appropriations increased by \$124,538, actual expenditures were \$225,399 under the final appropriations.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2007 and 2006

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2007, the Government's outstanding debt principal balance totaled \$4,098,093 which was primarily comprised of OWDA notes. The Village retired \$310,881 in debt during 2007 and \$308,042 during 2006 which included an adjustment of \$4756 by OWDA. For further information regarding the Village's debt, refer to Note 11 to the financial statements.

Current Issues

The EPA has mandated the Village to start separating the storm sewer from the sanitary sewer. Phase One was completed in 2002 and Phase Two was planned for 2007. The Village increased the water and sewer rates in 2006 in anticipation of starting Phase Two of the sewer separation and the building of a new water tower in 2007. Phase Two was not started in 2007 and is planned for 2008 and the new water tower is on hold.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Pamela Applegate, Finance Officer, 205 North Main Street, North Baltimore, Ohio 45872.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

December 31, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,683,810	\$ 993,360	\$ 2,677,170
Investments	-	2,224,449	2,224,449
Total Assets	<u>\$ 1,683,810</u>	<u>\$ 3,217,809</u>	<u>\$ 4,901,619</u>
<u>Net Assets:</u>			
Restricted For:			
Capital Projects	\$ 5,835	\$ 1,753,209	\$ 1,759,044
Debt Service	21,407	47,458	68,865
Cemetery:			
Expendable	21,676	-	21,676
Non-Expendable	92,801	-	92,801
Unrestricted	<u>1,542,091</u>	<u>1,417,142</u>	<u>2,959,233</u>
Total Net Assets	<u>\$ 1,683,810</u>	<u>\$ 3,217,809</u>	<u>\$ 4,901,619</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended December 31, 2007

	Cash	Program Cash Receipts		
		Disbursements	Charges for Services and Sales	Operating Grants Contributions and Interest
<u>Governmental Activities:</u>				
General Government	\$ 290,699	\$ 14,362	\$ -	\$ -
Security of Persons and Property	501,468	81,158	250	-
Public Health Services	31,855	12,655	-	-
Leisure Time Activities	20,472	2,074	-	-
Community Environment	19,136	-	3,361	-
Basic Utility Services	32,386	-	-	-
Transportation	250,305	-	163,541	-
Capital Outlay	259,763	-	-	-
Debt Service:				
Principal	30,000	-	-	-
Interest and Fiscal Charges	3,145	-	-	-
Total Governmental Activities	1,439,229	110,249	167,152	-
<u>Business Type Activities:</u>				
Water	945,813	982,046	-	-
Wastewater	302,849	514,454	-	-
Water Capital	13,754	145,112	-	-
Other Enterprise	255,962	58,950	-	-
Total Business Type Activities	1,518,378	1,700,562	-	-
Total	\$ 2,957,607	\$ 1,810,811	\$ 167,152	\$ -

General Receipts:

Property Taxes Levied for:

General Purposes

Debt Services

Street Construction

Assessments

Municipal Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Interest

Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

The accompanying notes are an integral part of these financial statements.

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (276,337)	\$ -	\$ (276,337)
(420,060)	-	(420,060)
(19,200)	-	(19,200)
(18,398)	-	(18,398)
(15,775)	-	(15,775)
(32,386)	-	(32,386)
(86,764)	-	(86,764)
(259,763)	-	(259,763)
(30,000)	-	(30,000)
(3,145)	-	(3,145)
<u>(1,161,828)</u>	<u>-</u>	<u>(1,161,828)</u>
-	36,233	36,233
-	211,605	211,605
-	131,358	131,358
-	(197,012)	(197,012)
<u>-</u>	<u>182,184</u>	<u>182,184</u>
<u>(1,161,828)</u>	<u>182,184</u>	<u>(979,644)</u>
184,918	-	184,918
9,024	-	9,024
83,268	-	83,268
106,438	-	106,438
574,588	-	574,588
114,633	-	114,633
195,772	-	195,772
48,046	18,786	66,832
<u>1,316,687</u>	<u>18,786</u>	<u>1,335,473</u>
154,859	200,970	355,829
1,528,951	3,016,839	4,545,790
<u>\$ 1,683,810</u>	<u>\$ 3,217,809</u>	<u>\$ 4,901,619</u>

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2007

	General	Street Construct	Other Governmental	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 928,973	\$ 139,478	\$ 615,359	\$ 1,683,810
Total Assets	\$ 928,973	\$ 139,478	\$ 615,359	\$ 1,683,810
<u>Fund Balances:</u>				
Reserved for Encumbrances	\$ 40,760	\$ 1,147	\$ 1,161	\$ 43,068
Unreserved, Reported in:				
General Fund	888,213	-	-	888,213
Special Revenue Funds	-	138,331	478,314	616,645
Debt Service Fund	-	-	21,407	21,407
Capital Projects Funds	-	-	-	-
Permanent Funds	-	-	114,477	114,477
Total Fund Balances	\$ 928,973	\$ 139,478	\$ 615,359	\$ 1,683,810

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN MODIFIED CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended December 31, 2007

	General	Street Construction	Other Governmental	Total Governmental Funds
Receipts:				
Municipal Income Taxes	\$ 574,588	\$ -	\$ -	\$ 574,588
Property and Other Local Taxes	184,918	-	92,292	277,210
Special Assessments	-	-	2,899	2,899
Charges for Services	80,526	-	1,942	82,468
Fines, Licenses and Permits	28,038	-	37,072	65,110
Intergovernmental	114,883	129,830	106,438	351,151
Interest	191,724	47	4,001	195,772
Miscellaneous	44,730	160	-	44,890
Total Receipts	1,219,407	130,037	244,644	1,594,088
Disbursements:				
Current:				
General Government	283,841	-	-	283,841
Security of Persons and Property	501,468	-	-	501,468
Public Health Services	31,709	-	146	31,855
Leisure Time Activities	-	-	20,472	20,472
Community Environment	5,853	-	13,283	19,136
Basic Utility Services	-	-	32,386	32,386
Transportation	-	208,885	41,420	250,305
Capital Outlay	130,438	3,142	126,183	259,763
Debt Service:				
Principal Retirement	-	-	30,000	30,000
Interest and Fiscal Charges	-	-	3,145	3,145
Total Disbursements	953,309	212,027	267,035	1,432,371
Excess of Receipts Over (Under) Disbursements	266,098	(81,990)	(22,391)	161,717
Other Financing Sources (Uses):				
Transfers In	-	75,000	40,000	115,000
Transfers Out	(115,000)	-	-	(115,000)
Proceeds from Loan	-	-	-	-
Other Financing Uses	(6,858)	-	-	(6,858)
Total Other Financing Sources (Uses)	(121,858)	75,000	40,000	(6,858)
Net Change in Fund Balances	144,240	(6,990)	17,609	154,859
Fund Balances Beginning of Year	784,733	146,468	597,750	1,528,951
Fund Balances End of Year	\$ 928,973	\$ 139,478	\$ 615,359	\$ 1,683,810

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND

For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Receipts:</u>				
Municipal Income Taxes	\$ 550,000	\$ 550,000	\$ 574,588	\$ 24,588
Property and Other Local Taxes	106,000	106,000	184,918	78,918
Charges for Services	50,000	50,000	80,526	30,526
Fines, Licenses and Permits	65,000	65,000	28,038	(36,962)
Intergovernmental	-	-	114,883	114,883
Interest	60,000	60,000	191,724	131,724
Miscellaneous	-	-	44,730	44,730
Total Receipts	<u>831,000</u>	<u>831,000</u>	<u>1,219,407</u>	<u>388,407</u>
<u>Disbursements:</u>				
Current:				
General Government	323,229	332,975	283,841	49,134
Security of Persons and Property	623,883	601,180	501,468	99,712
Public Health Services	60,000	60,180	31,709	28,471
Leisure Time Activities	-	-	-	-
Community Environment	21,500	21,680	5,853	15,827
Basic Utility Services	-	-	-	-
Transportation	-	-	-	-
Capital Outlay	104,891	121,630	130,438	(8,808)
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>1,133,503</u>	<u>1,137,645</u>	<u>953,309</u>	<u>184,336</u>
Excess of Receipts Over (Under) Disbursements	<u>(302,503)</u>	<u>(306,645)</u>	<u>266,098</u>	<u>572,743</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	(103,000)	(115,000)	(115,000)	-
Other Financing Sources (Uses)	(12,200)	(12,350)	(6,858)	5,492
Total Other Financing Sources (Uses)	<u>(115,200)</u>	<u>(127,350)</u>	<u>(121,858)</u>	<u>5,492</u>
Net Change in Fund Balances	(417,703)	(433,995)	144,240	578,235
Fund Balance at Beginning of Year	716,987	716,987	716,987	-
Prior Year Encumbrances Appropriated	67,746	67,746	67,746	-
Fund Balance at End of Year	<u>\$ 367,030</u>	<u>\$ 350,738</u>	<u>\$ 928,973</u>	<u>\$ 578,235</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION FUND

For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts:</u>				
Municipal Income Taxes	\$ -	\$ -	\$ -	\$ -
Property and Other Local Taxes	-	-	-	-
Special Assessments	-	-	-	-
Charges for Services	-	-	-	-
Fines, Licenses and Permits	-	-	-	-
Intergovernmental	80,000	80,000	129,990	49,990
Interest	-	-	47	47
Miscellaneous	-	-	-	-
Total Receipts	<u>80,000</u>	<u>80,000</u>	<u>130,037</u>	<u>50,037</u>
<u>Disbursements:</u>				
Current:				
General Government	-	-	-	-
Security of Persons and Property	-	-	-	-
Public Health Services	-	-	-	-
Leisure Time Activities	-	-	-	-
Community Environment	-	-	-	-
Basic Utility Services	-	-	-	-
Transportation	179,150	238,977	208,885	30,092
Capital Outlay	7,000	7,000	3,142	3,858
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>186,150</u>	<u>245,977</u>	<u>212,027</u>	<u>33,950</u>
Excess of Receipts Over (Under) Disbursements	<u>(106,150)</u>	<u>(165,977)</u>	<u>(81,990)</u>	<u>83,987</u>
<u>Other Financing Sources (Uses):</u>				
Notes Issued	-	-	-	-
Sale of Capital Assets	-	-	-	-
Transfers In	60,000	60,000	75,000	15,000
Transfers Out	-	-	-	-
Other Financing Sources (Uses)	-	-	-	-
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>75,000</u>	<u>15,000</u>
Net Change in Fund Balances	<u>(46,150)</u>	<u>(105,977)</u>	<u>(6,990)</u>	<u>98,987</u>
Fund Balance at Beginning of Year	145,952	145,952	145,952	-
Prior Year Encumbrances Appropriated	516	516	516	-
Fund Balance at End of Year	<u>\$ 100,318</u>	<u>\$ 40,491</u>	<u>\$ 139,478</u>	<u>\$ 98,987</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2007

	Water Fund	Wastewater Fund	Water Capital Fund	Other Enterprise	Total Proprietary Funds
<u>Assets:</u>					
Equity in Pooled Cash & Cash Equivalents	\$ 419,382	\$ 514,182	\$ -	\$ 59,796	\$ 993,360
Investments	171,239	300,000	1,037,974	715,236	2,224,449
Total Assets	\$ 590,621	\$ 814,182	\$ 1,037,974	\$ 775,032	\$ 3,217,809
<u>Net Assets:</u>					
Restricted for:					
Capital Projects	\$ -	\$ -	\$ 1,037,974	\$ 716,235	\$ 1,754,209
Debt Service	-	-	-	-	-
Unrestricted	590,621	814,182	-	58,797	1,463,600
Total Net Assets	\$ 590,621	\$ 814,182	\$ 1,037,974	\$ 775,032	\$ 3,217,809

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND NET ASSETS - MODIFIED CASH BASIS - PROPRIETARY FUNDS

For the Year Ended December 31, 2007

	Water Fund	Wastewater Fund	Water Capital Fund	Other Enterprise Funds	Total Enterprise Funds
<i><u>Operating Receipts:</u></i>					
Charges for Services	\$ 982,046	\$ 514,454	\$ 145,112	\$ 58,950	\$ 1,700,562
Other Operating Receipts	12,935	-	5,500	352	18,787
Total Operating Receipts	994,981	514,454	150,612	59,302	1,719,349
<i><u>Operating Disbursements:</u></i>					
Personal Services	235,385	115,204	-	-	350,589
Fringe Benefits	92,947	13,830	-	-	106,777
Travel and Transportation	114	20	-	-	134
Contractual Services	181,789	138,297	-	-	320,086
Materials and Supplies	118,017	31,878	-	-	149,895
Capital Outlay	23,470	3,620	13,754	147,939	188,783
Total Operating Disbursements	651,722	302,849	13,754	147,939	1,116,264
Operating Income/(Loss)	343,259	211,605	136,858	(88,637)	603,085
<i><u>Non-Operating Receipts/(Disbursements):</u></i>					
Redemption of Principal	(219,424)	-	-	(61,457)	(280,881)
Interest on Debt	(74,668)	-	-	(46,566)	(121,234)
Total Non-Operating Rec/(Disb)	(294,092)	-	-	(108,023)	(402,115)
Income/(Loss) before Transfers	49,167	211,605	136,858	(196,660)	200,970
Transfers In	-	-	-	172,583	172,583
Transfers Out	(38,300)	(134,283)	-	-	(172,583)
Change in Net Assets	10,867	77,322	136,858	(24,077)	200,970
Net Assets - Beginning of Year	579,754	736,860	901,116	799,109	3,016,839
Net Assets - End of Year	\$ 590,621	\$ 814,182	\$ 1,037,974	\$ 775,032	\$ 3,217,809

The accompanying notes are an integral part of these financial statements.

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VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

December 31, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,528,951	\$ 897,332	\$ 2,426,283
Investments	-	2,119,507	2,119,507
Total Assets	<u>\$ 1,528,951</u>	<u>\$ 3,016,839</u>	<u>\$ 4,545,790</u>
<u>Net Assets:</u>			
Restricted For:			
Capital Projects	\$ 5,835	\$ 1,648,764	\$ 1,654,599
Debt Service	45,528	38,898	84,426
Cemetery:			
Expendable	18,173	-	18,173
Non-Expendable	92,801	-	92,801
Unrestricted	<u>1,366,614</u>	<u>1,329,177</u>	<u>2,695,791</u>
Total Net Assets	<u>\$ 1,528,951</u>	<u>\$ 3,016,839</u>	<u>\$ 4,545,790</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended December 31, 2006

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General Government	\$ 265,053	\$ 13,768	\$ -	\$ -
Security of Persons and Property	506,244	108,792	7,649	-
Public Health Services	25,696	11,191	-	-
Leisure Time Activities	29,814	2,890	15,000	-
Community Environment	20,070	-	3,361	-
Basic Utility Services	29,252	-	-	-
Transportation	186,670	400	163,710	-
Capital Outlay	305,455	-	-	-
Debt Service:				
Principal	28,000	-	-	-
Interest and Fiscal Charges	4,532	-	-	-
Total Governmental Activities	1,400,786	137,041	189,720	-
<u>Business Type Activities:</u>				
Water	987,239	895,288	-	-
Wastewater	322,609	487,191	-	-
Water Capital	12,357	125,483	-	-
Other Enterprise	151,104	53,264	-	-
Total Business Type Activities	1,473,309	1,561,226	-	-
Total	\$ 2,874,095	\$ 1,698,267	\$ 189,720	\$ -

General Receipts:

Property Taxes Levied for:

General Purposes

Debt Services

Street Construction

Assessments

Municipal Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Interest

Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

The accompanying notes are an integral part of these financial statements.

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (251,285)	\$ -	\$ (251,285)
(389,803)	-	(389,803)
(14,505)	-	(14,505)
(11,924)	-	(11,924)
(16,709)	-	(16,709)
(29,252)	-	(29,252)
(22,560)	-	(22,560)
(305,455)	-	(305,455)
(28,000)	-	(28,000)
(4,532)	-	(4,532)
<u>(1,074,025)</u>	<u>-</u>	<u>(1,074,025)</u>
-	(91,951)	(91,951)
-	164,582	164,582
-	113,126	113,126
-	(97,840)	(97,840)
-	87,917	87,917
<u>(1,074,025)</u>	<u>87,917</u>	<u>(986,108)</u>
155,309	-	155,309
15,128	-	15,128
91,575	-	91,575
106,914	-	106,914
525,196	-	525,196
54,308	-	54,308
146,917	-	146,917
45,497	27,178	72,675
<u>1,140,844</u>	<u>27,178</u>	<u>1,168,022</u>
66,819	115,095	181,914
1,462,132	2,901,744	4,363,876
<u>\$ 1,528,951</u>	<u>\$ 3,016,839</u>	<u>\$ 4,545,790</u>

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS

December 31, 2006

	General	Street Construct	Other Governmental	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 784,733	\$ 146,468	\$ 597,750	\$ 1,528,951
Total Assets	\$ 784,733	\$ 146,468	\$ 597,750	\$ 1,528,951
<u>Fund Balances:</u>				
Reserved for Encumbrances	\$ 67,746	\$ 516	\$ 40,528	\$ 108,790
Unreserved, Reported in:				
General Fund	716,987	-	-	716,987
Special Revenue Funds	-	145,952	413,058	559,010
Debt Service Fund	-	-	45,528	45,528
Capital Projects Funds	-	-	5,835	5,835
Permanent Funds	-	-	92,801	92,801
Total Fund Balances	\$ 784,733	\$ 146,468	\$ 597,750	\$ 1,528,951

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN MODIFIED CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006

	General	Street Construction	Other Governmental	Total Governmental Funds
<u>Receipts:</u>				
Municipal Income Taxes	\$ 525,196	\$ -	\$ -	\$ 525,196
Property and Other Local Taxes	155,309	-	106,704	262,013
Special Assessments	-	-	106,914	106,914
Charges for Services	89,407	-	4,190	93,597
Fines, Licenses and Permits	30,611	-	14,446	45,057
Intergovernmental	76,956	129,755	37,316	244,027
Interest	137,904	4,661	4,352	146,917
Miscellaneous	43,884	-	-	43,884
Total Receipts	1,059,267	134,416	273,922	1,467,605
<u>Disbursements:</u>				
Current:				
General Government	261,985	-	-	261,985
Security of Persons and Property	501,967	-	4,277	506,244
Public Health Services	25,600	-	97	25,697
Leisure Time Activities	-	-	29,814	29,814
Community Environment	6,717	-	13,353	20,070
Basic Utility Services	-	-	29,252	29,252
Transportation	-	157,743	28,926	186,669
Capital Outlay	68,045	9,594	227,815	305,454
Debt Service:				
Principal Retirement	-	-	28,000	28,000
Interest and Fiscal Charges	-	-	4,532	4,532
Total Disbursements	864,314	167,337	366,066	1,397,717
Excess of Receipts Over (Under) Disbursements	194,953	(32,921)	(92,144)	69,888
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	63,000	52,000	115,000
Transfers Out	(115,000)	-	-	(115,000)
Proceeds from Loan	-	-	-	-
Other Financing Uses	(3,069)	-	-	(3,069)
Total Other Financing Sources (Uses)	(118,069)	63,000	52,000	(3,069)
 Net Change in Fund Balances	 76,884	 30,079	 (40,144)	 66,819
Fund Balances Beginning of Year	707,849	116,389	637,894	1,462,132
Fund Balances End of Year	\$ 784,733	\$ 146,468	\$ 597,750	\$ 1,528,951

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND

For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Receipts:</u>				
Municipal Income Taxes	\$ 550,000	\$ 550,000	\$ 525,196	\$ (24,804)
Property and Other Local Taxes	115,000	115,000	155,309	40,309
Charges for Services	45,000	45,000	89,407	44,407
Fines, Licenses and Permits	65,000	65,000	30,611	(34,389)
Intergovernmental	82,100	82,100	76,956	(5,144)
Interest	40,000	40,000	137,904	97,904
Miscellaneous	-	-	43,884	43,884
Total Receipts	<u>897,100</u>	<u>897,100</u>	<u>1,059,267</u>	<u>162,167</u>
<u>Disbursements:</u>				
Current:				
General Government	256,300	301,603	261,985	39,618
Security of Persons and Property	567,250	562,140	501,967	60,173
Public Health Services	31,675	46,175	25,600	20,575
Leisure Time Activities	-	-	-	-
Community Environment	6,500	8,500	6,717	1,783
Basic Utility Services	-	-	-	-
Transportation	-	-	-	-
Capital Outlay	103,450	171,295	68,045	103,250
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>965,175</u>	<u>1,089,713</u>	<u>864,314</u>	<u>225,399</u>
Excess of Receipts Over (Under) Disbursements	<u>(68,075)</u>	<u>(192,613)</u>	<u>194,953</u>	<u>387,566</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	(106,516)	(106,516)	(115,000)	8,484
Other Financing Sources (Uses)	(12,000)	(12,000)	(3,069)	8,931
Total Other Financing Sources (Uses)	<u>(118,516)</u>	<u>(118,516)</u>	<u>(118,069)</u>	<u>447</u>
Net Change in Fund Balances	(186,591)	(311,129)	76,884	388,013
Fund Balance at Beginning of Year	659,919	659,919	659,919	-
Prior Year Encumbrances Appropriated	47,930	47,930	47,930	-
Fund Balance at End of Year	<u>\$ 521,258</u>	<u>\$ 396,720</u>	<u>\$ 784,733</u>	<u>\$ 388,013</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION FUND

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
<u>Receipts:</u>				
Municipal Income Taxes	\$ -	\$ -	\$ -	\$ -
Property and Other Local Taxes	-	-	-	-
Special Assessments	-	-	-	-
Charges for Services	-	-	-	-
Fines, Licenses and Permits	-	-	-	-
Intergovernmental	77,000	77,000	129,755	52,755
Interest	-	-	4,661	4,661
Miscellaneous	-	-	-	-
Total Receipts	<u>77,000</u>	<u>77,000</u>	<u>134,416</u>	<u>57,416</u>
<u>Disbursements:</u>				
Current:				
General Government	-	-	-	-
Security of Persons and Property	-	-	-	-
Public Health Services	-	-	-	-
Leisure Time Activities	-	-	-	-
Community Environment	-	-	-	-
Basic Utility Services	-	-	-	-
Transportation	170,650	219,277	157,743	61,534
Capital Outlay	18,645	13,645	9,594	4,051
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>189,295</u>	<u>232,922</u>	<u>167,337</u>	<u>65,585</u>
Excess of Receipts Over (Under) Disbursements	<u>(112,295)</u>	<u>(155,922)</u>	<u>(32,921)</u>	<u>123,001</u>
<u>Other Financing Sources (Uses):</u>				
Notes Issued	-	-	-	-
Sale of Capital Assets	-	-	-	-
Transfers In	63,000	63,000	63,000	-
Transfers Out	-	-	-	-
Other Financing Sources (Uses)	-	-	-	-
Total Other Financing Sources (Uses)	<u>63,000</u>	<u>63,000</u>	<u>63,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(49,295)</u>	<u>(92,922)</u>	<u>30,079</u>	<u>123,001</u>
Fund Balance at Beginning of Year	106,821	106,821	106,821	-
Prior Year Encumbrances Appropriated	9,568	9,568	9,568	-
Fund Balance at End of Year	<u>\$ 67,094</u>	<u>\$ 23,467</u>	<u>\$ 146,468</u>	<u>\$ 123,001</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2006

	Water Fund	Wastewater Fund	Water Capital Fund	Other Enterprise	Total Proprietary Funds
<u>Assets:</u>					
Equity in Pooled Cash & Cash Equivalents	\$ 409,008	\$ 436,860	\$ -	\$ 51,464	\$ 897,332
Investments	170,746	300,000	901,116	747,645	2,119,507
Total Assets	\$ 579,754	\$ 736,860	\$ 901,116	\$ 799,109	\$ 3,016,839
<u>Net Assets:</u>					
Restricted for:					
Capital Projects	\$ -	\$ -	\$ 901,116	\$ 747,648	\$ 1,648,764
Debt Service	-	-	-	38,898	38,898
Unrestricted	579,754	736,860	-	12,563	1,329,177
Total Net Assets	\$ 579,754	\$ 736,860	\$ 901,116	\$ 799,109	\$ 3,016,839

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND NET ASSETS - MODIFIED CASH BASIS - PROPRIETARY FUNDS**

For the Year Ended December 31, 2006

	Water Fund	Wastewater Fund	Water Capital Fund	Other Enterprise Funds	Total Enterprise Funds
<i><u>Operating Receipts:</u></i>					
Charges for Services	\$ 895,287	\$ 487,193	\$ 125,483	\$ 53,263	\$ 1,561,226
Other Operating Receipts	19,799	-	6,480	899	27,178
Total Operating Receipts	915,086	487,193	131,963	54,162	1,588,404
<i><u>Operating Disbursements:</u></i>					
Personal Services	224,927	117,520	-	-	342,447
Fringe Benefits	83,897	20,492	-	-	104,389
Travel and Transportation	450	-	-	-	450
Contractual Services	231,763	123,737	-	-	355,500
Materials and Supplies	112,780	37,260	-	-	150,040
Capital Outlay	40,748	23,600	12,357	43,762	120,467
Total Operating Disbursements	694,565	322,609	12,357	43,762	1,073,293
Operating Income/(Loss)	220,521	164,584	119,606	10,400	515,111
<i><u>Non-Operating Receipts/(Disbursements):</u></i>					
Redemption of Principal	(218,456)	-	-	(56,830)	(275,286)
Interest on Debt	(74,218)	-	-	(50,512)	(124,730)
Total Non-Operating Rec/(Disb)	(292,674)	-	-	(107,342)	(400,016)
Income/(Loss) before Transfers	(72,153)	164,584	119,606	(96,942)	115,095
Transfers In	-	-	-	172,583	172,583
Transfers Out	(38,300)	(134,283)	-	-	(172,583)
Change in Net Assets	(110,453)	30,301	119,606	75,641	115,095
Net Assets - Beginning of Year	690,207	706,559	781,510	723,468	2,901,744
Net Assets - End of Year	\$ 579,754	\$ 736,860	\$ 901,116	\$ 799,109	\$ 3,016,839

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 1 - Reporting Entity

The Village of North Baltimore, Wood County, Ohio (the Village), 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. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire and EMS department.

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

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets - modified cash basis and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's only major governmental funds are the General Fund and the Street Construction and Repair Fund.

General Fund is used to account for all financial resources, except those required to be accounted for 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.

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

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary.

Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and wastewater funds.

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village

Wastewater Fund - The wastewater fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Water Capital Fund - The water capital fund accounts for the provision of part of the water fees to be used for capital improvements to the water system of the Village.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (continued)

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2007 and 2006, the Village invested in nonnegotiable certificates of deposit, U.S. Treasury Bills, and a money market fund. The nonnegotiable certificates of deposit are reported at cost. The Village's U.S. Treasury Bills and money market fund investments are recorded at the amount reported by Charles Schwab and SJS Investments at December 31, 2007 and 2006.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, Village Council's directives or debt related restrictions. Interest receipts credited to the General Fund during 2007 and 2006 were \$191,724 and \$137,904.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature, or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or certain legislation. Restricted assets represent money in the Cramer and Zarb funds that restrict the principal amount from being spent and the interest amount restricted for cemetery use.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting.

H. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for debt services and capital expenditure and un-expendable funds.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (continued)

L. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

Note 3 - Accountability and Compliance

A. Compliance

Expenditures exceeded appropriation in the Cemetery Cramer Endowment Fund by \$97 for the year ended December 31, 2006 and by \$386 in the Street Lighting Assessment Fund for the year ended December 31, 2007.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance — Budget and Actual — Budgetary Basis presented for the general fund and the street construction fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference(s) between the budgetary basis and the modified cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$40,760 for the general fund and \$2,208 for other government funds at December 31, 2007 and \$67,746 for the general fund and \$41,044 for other government funds at December 31, 2006.

Note 5 - Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 5 - Deposits and Investments – (continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (I) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio)

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Village had \$110 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalent".

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007 and 2006, \$2,577,170 and \$2,326,283 of the Village's bank balances of \$2,677,170 and \$2,426,283 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 5 - Deposits and Investments – (continued)

Investments

As of December 31, 2007, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Federal Farm Credit Bank	\$ 273,964	9/3/2008
Federal Home Loan Mortgage	204,330	6/11/2009
Federal Home Loan Bank	203,344	11/14/2008
Federal Home Loan Bank	102,970	3/17/2010
Federal Home Loan Bank	251,925	4/18/2008
Federal Home Loan Bank	216,098	5/16/2008
Federal Home Loan Bank	203,300	3/5/2008
Federal Home Loan Bank	103,691	9/18/2009
Federal Home Loan Bank	202,706	12/12/2008
Federal Home Loan Bank	155,166	2/2/2009
Federal Home Loan Bank	103,585	5/14/2010
Federal National Mortgage	102,134	12/15/2009
Federal National Mortgage	101,236	5/15/2009
Total Portfolio	<u><u>2,224,449</u></u>	

As of December 31, 2006, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Federal Home Loan Bank	\$ 251,745	3/30/2007
Federal Home Loan Bank	248,922	4/18/2008
Federal Home Loan Bank	213,530	5/16/2008
Federal Home Loan Bank	305,594	7/11/2007
Federal Home Loan Bank	202,408	3/5/2008
Federal Home Loan Bank	203,859	2/9/2007
Federal National Mortgage	293,775	9/14/2007
Federal National Mortgage	196,927	10/3/2008
Federal Home Loan Mortgage Corp	202,747	1/5/2007
Total Portfolio	<u><u>2,119,507</u></u>	

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 5 - Deposits and Investments – (continued)

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

The Village's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered for which the securities are held by the Village. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or by its trust department but not in the Village's name.

At December 31, 2007 and 2006, all investments held by the Village were Category 1, U.S. Treasury Investments in which the carrying value equaled fair value.

Note 6 - Income Taxes

The Village levies a municipal income tax of one 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 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, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 7 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$5.750 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts was \$43,778,579.

Note 8 - Risk Management

Risk Pool Membership

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

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

The Village belongs to the Public Entities Pool or Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 8 - Risk Management – (compliance)

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000. Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 8 - Risk Management – (compliance)

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 30,997,868	\$ 29,719,675
Liabilities	(15,875,741)	(15,994,168)
Member's Equity	<u>\$ 15,122,127</u>	<u>\$ 13,725,507</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 5,125,326	\$ 4,443,332
Liabilities	(863,163)	(1,068,245)
Member's Equity	<u>\$ 4,262,163</u>	<u>\$ 3,375,087</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$6,000. This payable includes the subsequent year's contribution due if the Village terminates participation, as described in the last paragraph below.

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

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2007 and 2006, the members of all three plans were required to contribute 9.5 and 9.0 percent respectively of their annual covered salaries. The Village's contribution rate for pension benefits for 2007 and 2006 was 13.85 and 13.70 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional plan for the years ended December 31, 2007, 2006, and 2005 were \$78,697, \$74,036, and \$73,875, respectively. The full amount has been contributed for 2007, 2006 and 2005.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 11.75 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2007, 2006, and 2005 were \$38,099, \$34,710, and \$36,952. The Village has paid all contributions required through December 31, 2007.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 10 - Post-employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement); 5.00 percent through June 30, 2008 and 6.0 percent thereafter of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.5 and 5.0 percent annually for the next eight years and 4.00 percent annually after ten years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 362,130. Actual employer contributions for 2007 which were used to fund post-employment benefits were \$28,410. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008 which allowed additional funds to be allocated to the health care plan.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 10 - Post-employment Benefits – (continued)

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in *GASB Statement No 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the post-employment health care program during 2007 and 2006. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2007 that were used to fund post-employment benefits were \$15,142 for police. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120,373,722 which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 14,120 for police and 10,563 for firefighters.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 11 - Debt

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds - Fire Truck	31,000	4.85%
Ohio Public Works Commission - CE32B	54,507	0.00%
Ohio Water Development Authority Note - #1798	484,379	8.35%
Ohio Water Development Authority Note - #3330	133,120	6.39%
Ohio Water Development Authority Note - #2834	1,478,276	2.00%
Ohio Water Development Authority Note - #3380	1,650,235	2.00%
Ohio Water Development Authority Note - #3921	<u>266,576</u>	2.00%
Total	<u>\$ 4,098,093</u>	

The Village has one outstanding general obligation bond issue at December 31, 2007. It is backed by the full faith and credit of the Village of North Baltimore and will be paid from the Debt Service Fund with property tax revenues collected for the purpose of these bonds. The Interest rate is 4.85%.

The Ohio Public Works Commission loan is a 20 year interest-free loan requiring semi-annual payments in the amount of \$2,180. The proceeds of this loan was used for water treatment plant improvements.

The Village also has five loans from the Ohio Water Development Authority with interest rates ranging from 2.00% to 8.25%. These loans were obtained to make improvements to the Village water and wastewater systems, including the construction of a new water tower and reservoir. Semi-annual payments are due on each loan including interest. Terms of these loans range from 20 to 25 years.

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 11 – Debt – (continued)

	<u>Balance at</u> <u>12/31/2005</u>	<u>Issued/</u> <u>(Retired)</u>	<u>Balance at</u> <u>12/31/2006</u>	<u>Issued/</u> <u>(Retired)</u>	<u>Balance at</u> <u>12/31/2007</u>
G. O. Bonds - Fire Truck	89,000	(28,000)	61,000	(30,000)	31,000
OPWC - CE32B	63,229	(4,361)	58,868	(4,361)	54,507
OWDA - #1798	589,499	(50,454)	539,045	(54,667)	484,378
OWDA - #3330	146,286	(6,376)	139,910	(6,790)	133,120
OWDA - #2834	1,692,275	(105,940)	1,586,335	(108,059)	1,478,276
OWDA - #3380	1,850,650	(99,211)	1,751,439	(101,205)	1,650,234
OWDA - #3921	286,077	(13,700)	272,377	(5,799)	266,578
Total	<u>\$ 4,717,016</u>	<u>\$ (308,042)</u>	<u>\$ 4,408,974</u>	<u>\$ (310,881)</u>	<u>\$ 4,098,093</u>

In 2006, OWDA adjusted loan #3921 by \$(4,756) which is included in the retired amount above.

The annual requirements to amortize all debt outstanding as of December 31, 2007, including interest payments of \$697,063 are scheduled as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>OWDA</u> <u>Loans</u>	<u>OPWC</u> <u>Loans</u>	<u>Bonds</u>	<u>TOTAL</u>
2008	\$ 403,828	\$ 4,361	\$ 32,504	\$ 440,693
2009	402,553	4,361	-	406,914
2010	405,494	4,361	-	409,855
2011	406,433	4,361	-	410,794
2012	407,450	4,361	-	411,811
2013-2017	1,703,529	21,803	-	1,725,332
2018-2022	978,857	10,902	-	989,759
	<u>\$ 4,708,144</u>	<u>\$ 54,510</u>	<u>\$ 32,504</u>	<u>\$ 4,795,158</u>

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

Note 12 - Interfund Transfers

The following transfers were made during 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Street Construction Fund	\$ 75,000	\$ 60,000
Other Governmental Funds	40,000	32,000
Total Transfers from the General Fund	<u>115,000</u>	<u>92,000</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 13 - Contingent Liabilities

The Village was a plaintiff in a lawsuit brought against a former resident and property owner. In September of 2006, the Village acquired the property in dispute for a cost under \$10,000 and thus the lawsuit is settled.

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

The Village may be a defendant in various lawsuits. Although management cannot presently determine the outcome of these suits, it is in the opinion of the Village legal counsel that the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 14 - Construction and Contractual Commitments

The Village issued \$976,358 in bonds for a storm drainage project which is in the planning stage and for a sludge dewatering facility. The sludge dewatering facility is under contract with Peterson Construction at a cost of \$777,000. Estimated completion of the project is February 2, 2009 with \$12,328 paid as of the date of this report.

The Village also purchased an ambulance and paid \$124,911. \$120,000 was financed with Fifth Third Bank over a five-year term.

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E.S. Evans and Company

Certified Public Accountants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075
P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • www.esevens.com

E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA
Steven D. Hooker, CPA • John E. Klay, CPA

August 1, 2008

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

Village of North Baltimore
Wood County, Ohio

and

Auditor of State of Ohio
Columbus, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of North Baltimore, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated August 1, 2008, wherein we noted the Village prepared its financial statements following the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of North Baltimore's internal control over financial reporting as a basis for designing our auditing procedures 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 of North Baltimore's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of North Baltimore's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of North Baltimore's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village of North Baltimore's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of North Baltimore's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted certain internal control matters that we reported to the Village of North Baltimore's management in separate letter dated August 1, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Village of North Baltimore's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

In a separate letter to the Village of North Baltimore's management dated August 1, 2008, we reported other matters related to noncompliance.

We intend this report solely for the information and use of management of the Village of North Baltimore and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.



VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

SCHEDULE OF AUDIT FINDINGS

December 31, 2007 and 2006

<p>Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS</p>

NONE

VILLAGE OF NORTH BALTIMORE
WOOD COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2007 and 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-8588-001	Bank Reconciliations	Yes	No Longer Valid - Fully Corrected



Mary Taylor, CPA
Auditor of State

VILLAGE OF NORTH BALTIMORE

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 6, 2008**