

VILLAGE OF NORTH BALTIMORE

WOOD COUNTY

Regular Audit

For the Years Ended December 31, 2020 and 2019



OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Village of North Baltimore, Wood County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of North Baltimore is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 02, 2021

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Village of North Baltimore
Wood County
For the Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Village of North Baltimore
Wood County
205 North Main Street
North Baltimore, Ohio 45872-1126

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of North Baltimore, Wood County, Ohio (the Village).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2020 and 2019, or changes in financial position or its cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type combined total as of and for the year ended December 31, 2019, and related notes of the Village of North Baltimore, Wood County in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

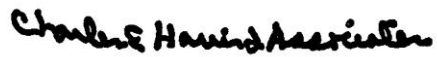
Emphasis of Matters

As discussed in Note 14 to the 2020 financial statements and Note 12 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

As discussed in Note 13 to the 2020 financial statements, the Village made several changes to its reporting model. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 21, 2021

**Village of North Baltimore
Wood County**

*Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020*

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 137,762	\$ 74,934	\$ 47,876	\$ -	\$ 260,572
Municipal Income Tax	1,113,075	-	-	-	1,113,075
Intergovernmental	27,728	499,029	7,289	-	534,046
Special Assessments	-	144,808	-	-	144,808
Charges for Services	253,905	1,525	-	-	255,430
Fines, Licenses and Permits	32,451	551	-	-	33,002
Earnings on Investments	88,595	-	-	-	88,595
Miscellaneous	93,424	46,198	-	-	139,622
<i>Total Cash Receipts</i>	1,746,940	767,045	55,165	-	2,569,150
Cash Disbursements					
Current:					
Security of Persons and Property	1,063,555	58,233	-	-	1,121,788
Public Health Services	34,968	110,589	-	-	145,557
Leisure Time Activities	-	40,786	-	-	40,786
Community Environment	16,000	10,296	-	-	26,296
Transportation	-	608,821	-	-	608,821
General Government	291,965	2,778	573	-	295,316
Capital Outlay	-	34,918	-	52,019	86,937
Debt Service:					
Principal Retirement	-	-	51,285	-	51,285
Interest and Fiscal Charges	-	-	4,212	-	4,212
<i>Total Cash Disbursements</i>	1,406,488	866,421	56,070	52,019	2,380,998
<i>Excess of Receipts Over (Under) Disbursements</i>	340,452	(99,376)	(905)	(52,019)	188,152
Other Financing Receipts (Disbursements)					
Transfers In	-	93,500	-	146,000	239,500
Transfers Out	(142,500)	(97,000)	-	-	(239,500)
<i>Total Other Financing Receipts (Disbursements)</i>	(142,500)	(3,500)	-	146,000	-
<i>Net Change in Fund Cash Balances</i>	197,952	(102,876)	(905)	93,981	188,152
<i>Fund Cash Balances, January 1</i>	727,114	983,059	3,255	231,398	1,944,826
<i>Fund Cash Balances, December 31</i>	<u>\$ 925,066</u>	<u>\$ 880,183</u>	<u>\$ 2,350</u>	<u>\$ 325,379</u>	<u>\$ 2,132,978</u>

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

Village of North Baltimore
Wood County
Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 2,823,785
Miscellaneous	55,821
	2,879,606
<i>Total Operating Cash Receipts</i>	<i>2,879,606</i>
Operating Cash Disbursements	
Personal Services	431,845
Fringe Benefits	177,017
Contractual Services	333,747
Supplies and Materials	205,927
	1,148,536
<i>Total Operating Cash Disbursements</i>	<i>1,148,536</i>
<i>Operating Income (Loss)</i>	<i>1,731,070</i>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(147,461)
Principal Retirement	(440,489)
Interest and Other Fiscal Charges	(348,491)
Other Financing Uses	(822)
	(937,263)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(937,263)</i>
<i>Income (Loss) before Transfers</i>	<i>793,807</i>
Transfers In	94,110
Transfers Out	(94,110)
	793,807
<i>Net Change in Fund Cash Balances</i>	<i>793,807</i>
<i>Fund Cash Balances, January 1</i>	<i>6,248,422</i>
	7,042,229
<i>Fund Cash Balances, December 31</i>	<i>\$ 7,042,229</i>

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

Village of North Baltimore
Wood County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2020

	Custodial
Additions	
Property and Other Local Taxes Collected for Distribution	\$484
Fines, Licenses and Permits for Distribution	9,499
<i>Total Additions</i>	9,983
Deductions	
Distributions to Other Governments	9,499
<i>Total Deductions</i>	9,499
<i>Net Change in Fund Balances</i>	484
<i>Fund Cash Balances, January 1</i>	-
<i>Fund Cash Balances, December 31</i>	\$484

See accompanying notes to the financial statements

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of North Baltimore, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water utilities, sewer utilities, and park operations. The Village also provides police services. The Village appropriates general fund money to support a volunteer fire and full-time EMS department.

In 2020, The Village continued membership in a public entity risk pool. Note 9 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool – Public Entities Pool of Ohio (PEP)

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. 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.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits and Investments

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

The Village values U.S. Treasury Notes, and money market mutual funds (including STAR Ohio) at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. Summary of Significant Accounting Policies (continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

Permissive Motor Vehicle License Fund – This fund receives permissive motor vehicle license fees in order to improve Village streets and expend on capital needs.

Street Paving and Reconstruction Fund – This fund receives property, rollback, and homestead tax levy funds in order to pave and reconstruct Village streets.

3. Debt Service Funds

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

Fire Equipment Debt Fund – This fund receives property, rollback and homestead taxes. It is used to pay monthly debt payments for the fire pumper recently purchased.

4. Capital Project Funds

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

Vehicle Equipment Replacement Fund – This fund receives transfers from various funds to segregate monies to be used for future capital purchases.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. Summary of Significant Accounting Policies (continued)

Water Utility Operating Fund - This fund receives charges for services from residents to cover water service costs.

Wastewater Utility Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

Wastewater Debt Service Fund – This fund receives transfers from the Wastewater and Storm Water Funds and is used to pay principal and interest on enterprise related debt.

Debt Service Reserve Fund – This fund accounts for sewer separation loan proceeds that are to be utilized in the case of an emergency debt payment. This fund was rolled into the Enterprise Funds from the Debt Service Funds in 2020.

6. Custodial Funds

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

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. Summary of Significant Accounting Policies (continued)

3. Encumbrances

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

A summary of 2020 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2020
Demand Deposits	4,276,019
Total Deposits	4,276,019
U.S. Treasury Notes	4,899,672
Total Investments	4,899,672
Total Deposits and Investments	9,175,691

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is holding \$0 in unremitted employee payroll withholdings.

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

Investments: During 2020, the Village invested in various U.S. Treasury Notes recorded at cost and held by Charles Schwab and Meeder Investment Management at December 31, 2020.

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,699,207	\$1,746,940	\$47,733
Special Revenue	886,292	860,545	(25,747)
Debt Service	54,755	55,165	410
Capital Projects	20,000	146,000	126,000
Enterprise	3,487,455	2,973,716	(513,739)

2020 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,734,451	\$1,558,241	\$176,210
Special Revenue	1,300,748	1,130,163	170,585
Debt Service	56,218	56,070	148
Capital Projects	118,536	52,019	66,517
Enterprise	4,135,098	2,547,148	1,587,950

4. Property Tax

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. Local Income Tax

The Village levies a municipal income tax of 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 of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The Village has a contract with City of Cleveland – Central Collection Agency to collect income tax on behalf of the Village.

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

6. Debt

Debt outstanding at December 31, 2020

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$345,000	4.51%
Ohio Water Development Authority Loan - #3380	133,722	2.00%
Ohio Water Development Authority Loan - #3921	56,654	2.00%
USDA Loan #1	3,862,000	2.75%
USDA Loan #3	4,510,000	2.75%
USDA Loan #4	3,214,000	2.75%
Ohio Public Works Commission Loan - CE10T	38,093	0.00%
Ohio Public Works Commission Loan - CT25M	21,600	0.00%
Ohio Public Works Commission Loan - CE42P	118,546	0.00%
Ohio Public Works Commission Loan - CE36U/37U	57,360	0.00%
Henry County Bank	89,642	3.10%
Total	<u>\$12,446,617</u>	

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

The Village has two loans from the Ohio Water Development Authority with interest rates of 2.00%. These loans we obtained to make improvements to the Village water and wastewater systems. Semi-annual payments are due on each loan including interest.

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

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

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

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

6. Debt (continued)

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

Year ending December 31, 2020	OPWC Loans	OWDA Loans	General Obligation Bonds	USDA Loans	Henry County Bank	Total
2021	\$4,712	\$77,641	\$60,735	\$549,615	\$51,098	\$743,801
2022	9,424	87,416	58,733	549,263	38,731	743,567
2023	9,424	19,551	56,730	548,745		634,450
2024	9,424	9,776	59,660	549,063		627,922
2025	9,424		57,360	549,187		615,971
2026-2030	47,119		117,590	2,746,020		2,910,729
2031-2035	47,119			2,744,455		2,791,574
2036-2040	47,119			2,745,465		2,792,584
2041-2045	41,589			2,745,760		2,787,349
2046-2050	12,428			2,746,473		2,758,901
2051-2052				1,096,643		
Total	237,782	194,384	410,808	17,570,689	89,829	17,406,848

7. Retirement Systems

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OP&F participants contributed 12.25% of their wages and the Village contributed an amount equal to 19.5% of full-time police members' wages. For 2020, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

8. Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

9. Risk Management

Risk Pool Membership

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

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

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

	<u>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$ 14,111,510

10. Contingent Liabilities

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

11. Related Party Transactions

One Village Council member's father, along with the aforementioned council member, provides sanitation services for the Village, and has for over the past 40 years. The same sanitation company assists the Village with wintertime snow removal from Main Street. The Village paid \$12,380 in 2020 for these sanitation services.

12. Fund Balances

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

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

12. Fund Balances (continued)

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$ 3,501	\$ -	\$ 3,501
Outstanding Encumbrances	9,253	166,742	175,995
<i>Total</i>	<u>\$ 12,754</u>	<u>\$ 166,742</u>	<u>\$ 179,496</u>

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

13. Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

14. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. \$36,982 was spent on-behalf of other governments. These amounts are reflected as public health expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

15. Noncompliance

Contrary to Ohio Revised Code Section 5705.41(D), the Village had 30% of tested disbursements' purchase orders dated after the invoice dates.

Village of North Baltimore
Wood County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 132,594	\$ 76,403	\$ 47,018	\$ -	\$ 256,015
Municipal Income Tax	1,118,355	-	-	-	1,118,355
Intergovernmental	31,694	245,256	7,380	-	284,330
Special Assessments	-	167,863	-	-	167,863
Charges for Services	313,176	2,500	-	-	315,676
Fines, Licenses and Permits	36,435	1,099	-	-	37,534
Earnings on Investments	120,646	-	-	-	120,646
Miscellaneous	36,052	3,051	-	-	39,103
<i>Total Cash Receipts</i>	1,788,952	496,172	54,398	-	2,339,522
Cash Disbursements					
Current:					
Security of Persons and Property	1,147,835	53,950	-	-	1,201,785
Public Health Services	38,577	-	-	-	38,577
Leisure Time Activities	-	47,389	-	-	47,389
Community Environment	24,700	-	-	-	24,700
Transportation	-	407,632	-	-	407,632
General Government	288,709	4,991	937	-	294,637
Capital Outlay	-	7,756	-	5,835	13,591
Debt Service:					
Principal Retirement	-	-	55,215	-	55,215
Interest and Fiscal Charges	-	-	4,552	-	4,552
<i>Total Cash Disbursements</i>	1,499,821	521,718	60,704	5,835	2,088,078
<i>Excess of Receipts Over (Under) Disbursements</i>	289,131	(25,546)	(6,306)	(5,835)	251,444
Other Financing Receipts (Disbursements)					
Transfers In	16,627	187,000	-	72,000	275,627
Transfers Out	(259,000)	-	(16,627)	-	(275,627)
Other Financing Sources	-	10	-	-	10
<i>Total Other Financing Receipts (Disbursements)</i>	(242,373)	187,010	(16,627)	72,000	10
<i>Net Change in Fund Cash Balances</i>	46,758	161,464	(22,933)	66,165	251,454
<i>Fund Cash Balances, January 1, Restated</i>	680,356	821,595	26,188	165,233	1,693,372
Fund Cash Balances, December 31					
Nonspendable	3,501	-	-	-	3,501
Restricted	-	962,705	3,255	-	965,960
Assigned	36,884	-	-	231,398	268,282
Unassigned	686,729	20,354	-	-	707,083
<i>Fund Cash Balances, December 31</i>	\$ 727,114	\$ 983,059	\$ 3,255	\$ 231,398	\$ 1,944,826

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

Village of North Baltimore
Wood County
*Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)*
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$ 2,783,520	\$ -	\$ 2,783,520
Miscellaneous	30,776	-	30,776
<i>Total Operating Cash Receipts</i>	2,814,296	-	2,814,296
Operating Cash Disbursements			
Personal Services	436,230	-	436,230
Transportation	225,656	-	225,656
Contractual Services	352,302	-	352,302
Supplies and Materials	242,560	-	242,560
<i>Total Operating Cash Disbursements</i>	1,256,748	-	1,256,748
<i>Operating Income (Loss)</i>	1,557,548	-	1,557,548
Non-Operating Receipts (Disbursements)			
Capital Outlay	(359,620)	-	(359,620)
Principal Retirement	(562,682)	-	(562,682)
Interest and Other Fiscal Charges	(362,563)	-	(362,563)
Other Financing Sources	-	12,188	12,188
Other Financing Uses	(1,160)	(12,188)	(13,348)
<i>Total Non-Operating Receipts (Disbursements)</i>	(1,286,025)	-	(1,286,025)
<i>Income (Loss) before Transfers</i>	271,523	-	271,523
Transfers In	1,790,066	-	1,790,066
Transfers Out	(1,790,066)	-	(1,790,066)
<i>Net Change in Fund Cash Balances</i>	271,523	-	271,523
<i>Fund Cash Balances, January 1</i>	5,976,899	-	5,976,899
<i>Fund Cash Balances, December 31</i>	\$ 6,248,422	\$ -	\$ 6,248,422

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

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of North Baltimore, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village also provides police services. The Village appropriates general fund money to support a volunteer fire and full-time EMS department.

In 2019, The Village continued membership in a public entity risk pool. Note 8 to the financial statements provides additional information for these entities. This organization is:

Public Entity Risk Pool – Public Entities Pool of Ohio (PEP)

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. 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.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits and Investments

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

The Village values U.S. Treasury Notes and money market mutual funds (including STAR Ohio) at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Policies (continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

Permissive Motor Vehicle License Fund – This fund receives permissive motor vehicle license fees in order to improve Village streets and expend on capital needs.

Street Paving and Reconstruction Fund – This fund receives property, rollback, and homestead tax levy funds in order to pave and reconstruct Village streets.

3. Debt Service Funds

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

Fire Equipment Debt Fund – This fund receives property, rollback and homestead taxes. It is used to pay monthly debt payments for the fire pumper recently purchased.

4. Capital Project Funds

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

Vehicle Equipment Replacement Fund – This fund receives transfers from various funds to segregate monies to be used for future capital purchases.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Utility Operating Fund - This fund receives charges for services from residents to cover water service costs.

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Policies (continued)

Wastewater Utility Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

Wastewater Debt Service Fund – This fund receives transfers from the Wastewater and Storm Water Funds and is used to pay principal and interest on enterprise related debt.

6. Agency Funds

These funds account for resources held by the government in a purely custodial capacity. The Village's agency fund accounts for the Village's Mayors Court.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2019 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Policies (continued)

2. Restricted

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

3. Committed

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

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution or ordinance, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2019
Demand Deposits	3,381,884
Total Deposits	3,381,884
U.S. Treasury Notes	4,811,364
Total Investments	4,811,364
Total Deposits and Investments	8,193,248

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

Investments: During 2019, the Village invested in various U.S. Treasury Notes recorded at cost and held by Charles Schwab and Meeder Investment Management at December 31, 2019.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,471,314	\$1,805,579	\$334,265
Special Revenue	636,940	683,182	46,242
Debt Service	53,613	54,398	785
Capital Projects	48,110	72,000	23,890
Enterprise	4,302,806	4,604,362	301,556

2019 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,871,646	\$1,760,460	\$111,186
Special Revenue	908,504	650,615	257,889
Debt Service	77,406	77,331	75
Capital Projects	129,335	5,835	123,500
Enterprise	5,270,801	4,352,833	917,968

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

4. Property Tax

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. Local Income Tax

The Village levies a municipal income tax of 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 of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The Village has a contract with City of Cleveland – Central Collection Agency to collect income tax on behalf of the Village.

6. Debt

Debt outstanding at December 31, 2019:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$385,000	4.51%
Ohio Water Development Authority Loan - #3330	7,570	6.39%
Ohio Water Development Authority Loan - #3380	264,807	2.00%
Ohio Water Development Authority Loan - #3921	74,800	2.00%
USDA Loan #1	3,937,000	2.75%
USDA Loan #3	4,597,000	2.75%
USDA Loan #4	3,276,000	2.75%
Ohio Public Works Commission Loan - CE10T	40,210	0.00%
Ohio Public Works Commission Loan - CE32B	4,361	0.00%
Ohio Public Works Commission Loan - CT25M	23,107	0.00%
Ohio Public Works Commission Loan - CE42P	128,271	0.00%
Ohio Public Works Commission Loan - CE36U/37U	59,338	0.00%
Henry County Bank	140,927	3.10%
Total	<u>\$12,938,391</u>	

Debt in the prior year report was overstated by \$73,469.

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

6. Debt (continued)

The Village has one outstanding general obligation bond issue at December 31, 2019. It is backed by the full faith and credit of the Village of North Baltimore and will be paid from the enterprise fund through user fees. Semi-annual payments are due on this obligation.

The Village has three loans from the Ohio Water Development Authority with interest rates ranging from 2.00% to 6.39%. These loans we obtained to make improvements to the Village water and wastewater systems. Semi-annual payments are due on each loan including interest.

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

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

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

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

Year ending December 31, 2019	OPWC Loans	OWDA Loans	General Obligation Bonds	USDA Loans	Henry County Bank	Total
2020	\$10,615	\$85,362	\$57,515	\$548,775	\$51,229	\$753,496
2021	9,424	155,281	60,735	549,615	51,229	826,284
2022	9,424	87,416	58,733	549,263	51,229	756,064
2023-2027	47,119	29,327	291,340	2,743,975		3,111,761
2028-2032	47,119			2,746,278		2,793,397
2033-2037	47,119			2,745,438		2,792,557
2038-2042	47,119			2,745,468		2,792,587
2043-2047	29,520			2,744,995		2,774,515
2048-2052	4,945			2,745,658		2,750,603
Total	\$252,404	\$357,386	\$468,323	\$18,119,463	\$153,687	\$19,351,262

7. Retirement Systems

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OP&F participants contributed 12.25% of their wages and the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2019, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

8. Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. For OPERS, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2019. OP&F contributed 0.5% to fund these benefits during calendar year 2019.

9. Risk Management

Risk Pool Membership

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

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

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

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$ 14,705,917

10. Contingent Liabilities

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

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

11. Related Party Transactions

One Village Council member's father, along with the aforementioned council member, provides sanitation services for the Village, and has for over the past 40 years. The same sanitation company assists the Village with wintertime snow removal from Main Street. The Village paid \$13,575 in 2019 for these sanitation services.

Village of North Baltimore, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

12. Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

13. Prior Period Adjustment

In 2019, the Village made an adjusting entry to reflect payment of expenditures from the appropriate fund. This resulted in an increase of \$28,110 in the Special Revenue Funds, from \$793,485 to \$821,595, and a decrease of \$28,110 in the General Fund, from \$708,466 to \$680,356.

14. Noncompliance

Contrary to Ohio Revised Code Section 5705.41(D), the Village had 25% of tested disbursements' purchase orders dated after the invoice dates.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Village of North Baltimore
Wood County
205 North Main Street
North Baltimore, Ohio 45872-1126

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of North Baltimore, Wood County, Ohio (the Village) and have issued our report thereon dated June 21, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village and several changes to its reporting model.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 such an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2020-002.


We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 21, 2021.

Village's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the Village's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Charles E. Harris and Associates, Inc.
June 21, 2021

**VILLAGE OF NORTH BALTIMORE
WOOD COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2020 and 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2020-001 - Material Weakness

Audit Adjustments and Reclassifications

During 2020 and 2019, errors were noted in the Village’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In 2019, the Village recorded prior period fund balance adjustments as current period revenues and expenses, thereby misstating current period amounts.
- In 2019 and 2020, the Village did not properly segregate principal and interest payments.
- In 2019 and 2020, the Village included the unclaimed monies fund in fiduciary fund activity rather than including it in the General Fund.
- In 2020, the Village did not implement changes required by the current reporting model. Notably, the Village did not present fiduciary fund activity in a separate statement required by the reporting model, and the Village presented fund balance classifications not required by the model.
- In 2020, the Village recorded a reimbursement for payments made on behalf of another government as a reduction of expenditure rather than as Miscellaneous Revenue.
- During 2019 and 2020, changes were necessary to correct various items in the footnotes.

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

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use Governmental Accounting Standards Board (GASB) Statement No. 54, Auditor of State Bulletin 2011-004, the Village Officer’s Handbook, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management’s Response:

See Corrective Action Plan.

Finding Number 2020-002 – Noncompliance

Certification of Expenditures

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

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**SCHEDULE OF FINDINGS
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FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2020-002 – Noncompliance (continued)

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

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

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

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

The Village did not properly certify the availability of funds for 30% of the transactions tested in 2020 and 25% of the transactions tested in 2019. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

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

Management’s Response:

See Corrective Action Plan.

Village of North Baltimore
Wood County
Schedule of Prior Audit Findings (Prepared by Management)
December 31, 2020 and 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting	Not Corrected	
2018-002	Monitoring of Financial Report	Corrected	
2018-003	Cash Reconciliation Process Errors	Corrected	
2018-004	Budgetary Noncompliance	Corrected	

Village of North Baltimore
Wood County
 Corrective Action Plan (Prepared by Management)
 December 31, 2020 and 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	The Village has taken steps or will take steps in fiscal year 2021 to ensure that the items mentioned in this finding do not happen in future years.	7/31/21	Tony Swartz, Finance Officer
2020-002	The Village has implemented updated purchasing procedures to insure that the fiscal officer's certificate is obtained prior to entering into a contract or order involving the expenditure of money, including the use of blanket purchase orders and "Then and Now" certificates. Current software hinders this process as it does not allow any purchase order date other than the date of entry.	6/30/21	Tony Swartz, Finance Officer

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NORTH BALTIMORE

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/12/2021

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