



**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF BALTIC
TUSCARAWAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Baltic
Tuscarawas County
P.O. Box 320
Baltic, OH 43804

To the Village Council:

We have audited the accompanying financial statements of the Village of Baltic, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 audits.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 25, 2001

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**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$96,265	\$167,945	\$39,619	\$0	\$303,829
Intergovernmental	39,398	41,667	2,644		83,709
Charges for Services	5,125	39,962	27,328		72,415
Fines, Licenses, and Permits	512				512
Donations		11,521			11,521
Miscellaneous	14,030	19,014		75	33,119
Total Cash Receipts	155,330	280,109	69,591	75	505,105
Cash Disbursements:					
Current:					
Security of Persons and Property	13,930	118,429			132,359
Public Health Services	7,048	13,883			20,931
Leisure Time Activities	7,201				7,201
Community Environment	247				247
Transportation	19,684	99,510			119,194
General Government	62,146	9,155			71,301
Debt Service:					
Principal and Interest Payments		30,714	165,724		196,438
Capital Outlay	20,914	28,823	132,500		182,237
Total Cash Disbursements	131,170	300,514	298,224	0	729,908
Total Cash Receipts Over/(Under) Cash Disbursements	24,160	(20,405)	(228,633)	75	(224,803)
Proceeds of Other Financing Receipts:					
Proceeds of Notes			230,000		230,000
Other Sources		455			455
Total Other Financing Receipts	0	455	230,000	0	230,455
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	24,160	(19,950)	1,367	75	5,652
Fund Cash Balances, January 1	133,724	208,069	18,586	459	360,838
Fund Cash Balances, December 31	\$157,884	\$188,119	\$19,953	\$534	\$366,490
Reserves for Encumbrances, December 31	\$25,000	\$14,716	\$0	\$0	\$39,716

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

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$199,772	\$0	\$199,772
Miscellaneous		327	327
	<u>199,772</u>	<u>327</u>	<u>200,099</u>
Operating Cash Disbursements:			
Personal Services	79,711		79,711
Fringe Benefits	1,020		1,020
Contractual Services	41,293		41,293
Supplies and Materials	25,330		25,330
Capital Outlay	25,923		25,923
	<u>173,277</u>	<u>0</u>	<u>173,277</u>
Operating Income	<u>26,495</u>	<u>327</u>	<u>26,822</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	<u>1,255</u>		<u>1,255</u>
Net Receipts Over Disbursements	<u>27,750</u>	<u>327</u>	<u>28,077</u>
Fund Cash Balances, January 1	<u>141,093</u>	<u>24,646</u>	<u>165,739</u>
Fund Cash Balances, December 31	<u>\$168,843</u>	<u>\$24,973</u>	<u>\$193,816</u>
Reserves for Encumbrances, December 31	<u>\$3,333</u>	<u>\$0</u>	<u>\$3,333</u>

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

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$103,617	\$167,134	\$41,273	\$0	\$312,024
Intergovernmental	39,394	42,079	2,201		83,674
Charges for Services	4,250	37,305	26,892		68,447
Fines, Licenses, and Permits	667				667
Donations		52,500			52,500
Miscellaneous	22,246	31,150		125	53,521
Total Cash Receipts	<u>170,174</u>	<u>330,168</u>	<u>70,366</u>	<u>125</u>	<u>570,833</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	13,186	98,656			111,842
Public Health Services	6,846	250			7,096
Leisure Time Activities	5,900				5,900
Community Environment	231				231
Transportation	817	100,584			101,401
General Government	69,556	6,491			76,047
Debt Service:					
Principal and Interest Payments			69,113		69,113
Capital Outlay	39,638	22,319			61,957
Total Cash Disbursements	<u>136,174</u>	<u>228,300</u>	<u>69,113</u>	<u>0</u>	<u>433,587</u>
Total Cash Receipts Over Cash Disbursements	<u>34,000</u>	<u>101,868</u>	<u>1,253</u>	<u>125</u>	<u>137,246</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		67,012	7,446		74,458
Transfers-Out	(74,458)				(74,458)
Other financing sources		490			490
Other financing uses	(2)				(2)
Total Other Financing Receipts/(Disbursements)	<u>(74,460)</u>	<u>67,502</u>	<u>7,446</u>	<u>0</u>	<u>488</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(40,460)</u>	<u>169,370</u>	<u>8,699</u>	<u>125</u>	<u>137,734</u>
Fund Cash Balances, January 1	<u>174,184</u>	<u>38,699</u>	<u>9,887</u>	<u>334</u>	<u>223,104</u>
Fund Cash Balances, December 31	<u>\$133,724</u>	<u>\$208,069</u>	<u>\$18,586</u>	<u>\$459</u>	<u>\$360,838</u>
Reserves for Encumbrances, December 31	<u>\$6,431</u>	<u>\$1,469</u>	<u>\$0</u>	<u>\$0</u>	<u>7,900</u>

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

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$203,584	\$0	\$203,584
Miscellaneous		24,646	24,646
Total Operating Cash Receipts	<u>203,584</u>	<u>24,646</u>	<u>228,230</u>
Operating Cash Disbursements:			
Personal Services	75,679		75,679
Fringe Benefits	55		55
Contractual Services	34,471		34,471
Supplies and Materials	21,533		21,533
Capital Outlay	30,821		30,821
Total Operating Cash Disbursements	<u>162,559</u>	<u>0</u>	<u>162,559</u>
Operating Income	<u>41,025</u>	<u>24,646</u>	<u>65,671</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	<u>511</u>		<u>511</u>
Net Receipts Over Disbursements	41,536	24,646	66,182
Fund Cash Balances, January 1	<u>99,557</u>	<u>0</u>	<u>99,557</u>
Fund Cash Balances, December 31	<u>\$141,093</u>	<u>\$24,646</u>	<u>\$165,739</u>
Reserves for Encumbrances, December 31	<u>\$2,212</u>	<u>\$0</u>	<u>\$2,212</u>

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

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Baltic, Tuscarawas County, Ohio, (the Village) is a body corporate and politic 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 publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities), police and fire protection and EMS (Emergency Medical Assistance) services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Village maintains cash in a checking account, savings account, and certificates of deposit which are valued at cost. The Village's investments were limited to STAROhio.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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 roads and alleys.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

Fire Fund - This fund receives real estate and property taxes and revenue from fire protection contracts for providing fire protection.

Police Fund - This fund receives tax levy monies for providing police protection.

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, bonds and note indebtedness. The Village had the following Debt Service Funds:

Water-Sewer Debt Service Fund - This fund receives monies to retire the debt associated with the water and sewer improvements within the Village.

Waste Water Treatment Plant Debt Service Fund - This fund receives monies to retire the debt associated with the improvements at the wastewater treatment plant.

Fire Truck Debt Service Fund - This fund is used to account for receipts from the sale of notes to pay for the purchase of a new fire truck.

Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing water service.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing sewer service.

Fiduciary Funds (Trust)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant Fiduciary Funds:

Cemetery Endowment Fund - This fund is used to account for a bequest to the Village for maintenance of the cemetery.

Shade Tree Fund - This fund is used to account for donations for the purpose of providing trees throughout the Village in the public right-of-way.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$405,694	\$488,445
Certificates of deposit	<u>39,406</u>	<u>38,132</u>
Total deposits	445,100	526,577
STAR Ohio	<u>115,206</u>	<u>0</u>
Total deposits and investments	<u>\$ 560,306</u>	<u>\$ 526,577</u>

1. Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

2. Investments: STAR Ohio (an investment pool operated by the Ohio State Treasurer) is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 143,900	\$ 155,330	\$ 11,430
Special Revenue	258,513	280,564	22,051
Debt Service	294,500	299,591	5,091
Enterprise	191,560	201,027	9,467
Trust	<u>75</u>	<u>402</u>	<u>327</u>
Total	<u>\$ 888,548</u>	<u>\$ 936,914</u>	<u>\$ 48,366</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 238,906	\$ 156,170	\$ 82,736
Special Revenue	452,156	315,230	136,926
Debt Service	311,000	298,224	12,776
Enterprise	330,200	176,610	153,590
Trust	<u>533</u>	<u>0</u>	<u>533</u>
Total	<u>\$ 1,332,795</u>	<u>\$ 946,234</u>	<u>\$ 386,561</u>

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 142,519	\$ 170,174	\$ 27,655
Special Revenue	332,730	397,670	64,940
Debt Service	62,250	77,812	15,562
Enterprise	201,560	204,095	2,535
Trust	0	24,771	24,771
Total	\$ 739,059	\$ 874,522	\$ 135,463

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 236,652	\$ 217,065	\$ 19,587
Special Revenue	363,751	229,769	133,982
Debt Service	76,000	69,113	6,887
Enterprise	279,500	164,771	114,729
Trust	333	0	333
Total	\$ 956,236	\$ 680,718	\$ 275,518

4. NONCOMPLIANCE

During 2000 and 1999, Village expenditures were not always certified by the fiscal officer prior to incurring the commitment, contrary to Ohio Rev. Code Section 5705.41(D).

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Fire Truck Promissory Note	\$ 230,000	5.30%
Ohio Public Works Commission Loan (OPWC)	29,071	0.00
Tri-County CIC	22,764	7.50
Waste Water Treatment Plant Revenue	85,708	5.38
Total	\$ 367,543	

The Ohio Public Works Commission Loan relates to a water/sewer line extension project. The initial loan will be repaid in semiannual installments of \$1,264, over 20 years. The Tri-County Community Improvement Corporation Notes were issued to promote business development within the Village. Promissory Notes were issued to purchase a fire truck. Waste Water Treatment Plant Revenue Anticipation Notes were issued to make waste water treatment plant improvements. Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Fire Truck Promissory Note	Ohio Public Works Commission Loan (OPWC)	Tri-County CIC	Waste Water Treatment Plant Revenue
2001	\$ 29,927	\$ 2,528	\$ 12,363	\$ 25,020
2002	29,927	2,528	12,363	25,020
2003	29,927	2,528	0	25,020
2004	29,927	2,528	0	25,020
2005	29,927	2,528	0	0
Subsequent	149,635	16,431	0	0
Total	\$ 299,270	\$ 29,071	\$ 24,726	\$ 100,080

7. RETIREMENT SYSTEMS

Full-time Village employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The contribution rate is also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 10.84% and 8.5%, respectively, of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- General liability and casualty
- Public official's liability

9. CONTINGENT LIABILITY

Amounts received from the grantor agencies are subject to audit and adjustments by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Baltic
Tuscarawas County
P.O. Box 320
Baltic, OH 43804

To the Village Council:

We have audited the accompanying financial statements of the Village of Baltic, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 25, 2001. We conducted our audits 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.

Compliance

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 grants, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-31279-001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 25, 2001.

Village of Baltic
Tuscarawas County
Report of Independent Accountants on Compliance and on Internal Control
Required By *Government Auditing Standards*
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This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 25, 2001

VILLAGE OF BALTIC
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-31279-001

NONCOMPLIANCE

Ohio Rev. Code Section 5705.41 (D) requires that no subdivision or taxing unit shall make any contract or give any order involving expenditures of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the Village's fiscal officer. Every contract made without such certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Village Clerk-Treasurer may authorize payment through a Then and Now Certificate without the affirmation of Village Council, if such expenditure is otherwise valid.

During 2000 and 1999, 18% of expenditures tested were not certified by the Village Clerk-Treasurer prior to incurring the commitment. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. The Village should certify the availability of funds prior to incurring any obligation. This will help prevent over-spending. In addition, the Village Clerk-Treasurer should inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D). As deemed appropriate, the Village should also implement the use of "Then and Now Certificates" as alternate means of certifying funds.

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**VILLAGE OF BALTIC
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
1998-31279-001	Ohio Rev. Code Section 5705.41(D) The Clerk-Treasurer not certify the availability of funds for 15% of transactions tested during 1998 and 1997.	No	Not Corrected
1998-31279-002	Ohio Rev. Code Section 5705.41(B) -The Village had expenditures that exceeded appropriations in the Wastewater Treatment Capital Projects - Village Match Fund during 1998 and 1997 by \$145,263 and \$153,240, respectfully.	Yes	
1998-31279-003	Ohio Rev. Code Section 5705.39 -The Village had appropriations that exceeded estimated resources in the Street Construction Maintenance and Repair, Income Tax Administration, Police and Water Fund during 1998 ranging from \$3,597 to \$42,005.	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF BALTIC
TUSCARAWAS 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
JULY 10, 2001**