

***VILLAGE OF NORTH BALTIMORE***

**AUDIT REPORT**

**January 1, 2001 through December 31, 2001**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants**





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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The Honorable Mayor and Members  
of Village Council  
Village of North Baltimore  
North Baltimore, Ohio

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, 2001 to December 31, 2001. 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, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

May 6, 2002

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**VILLAGE OF NORTH BALTIMORE**

**Audit Report**

**For the year ending December 31, 2001**

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**VILLAGE OF NORTH BALTIMORE**  
**AUDIT REPORT**  
For the year ending December 31, 2001

**ELECTED OFFICIALS**

<b><u>ELECTED OFFICIAL</u></b>	<b><u>TITLE</u></b>	<b><u>TERM OF OFFICE</u></b>	<b><u>SURETY</u></b>
Donald Hendren	Mayor	1/1/00 - 12/31/03	(A)
Jeff Bretz	Council- President	1/1/98 - 12/31/01	(B)
Arlouween Harmon	Council	1/1/98 - 12/31/01	(B)
Harold Bower	Council	1/1/00 - 12/31/03	(B)
Mike Gazarek	Council	1/1/98 - 06/30/01	(B)
Dave McDonald (Replaced Mike Gazarek)	Council	6/30/01 - 12/31/01	(B)
Marc Findley	Council	1/1/00 - 12/31/03	(B)
Lonnie Sterling	Council	1/1/98 - 12/31/01	(B)
Becky J. Walter	Clerk-Treasurer	4/1/00 - 3/31/04	(A)

(A) Hylant MacLean Insurance Co. in the amount of \$25,000

(B) Western Surety Company in the amount of \$25,000

**Village Solicitor**

**Chester Marcin  
440 East Poe Road  
Bowling Green, Ohio 43402**

**VILLAGE OF NORTH BALTIMORE**  
**AUDIT REPORT**  
For the year ending December 31, 2001

**ADMINISTRATIVE OFFICIALS**

<b><u>APPOINTED OFFICIALS</u></b>	<b><u>TITLE</u></b>	<b><u>TERM OF OFFICE</u></b>	<b><u>SURETY</u></b>
Chasity McCartney	Finance Officer	Continuous	(A)
Gerald Perry	Police Chief	Continuous	
Donald Baltz	Fire Chief	Continuous	

(A) Hylant MacLean Insurance Co. in the amount of \$25,000

**VILLAGE OF NORTH BALTIMORE**  
**AUDIT REPORT**  
For the year ended December 31, 2001

**INDEX OF FUNDS**

**GOVERNMENTAL FUND TYPES:**

**General Fund Types:**

General Fund

**Special Revenue Fund Types:**

Street Construction, Maintenance and Repair Fund

Street Highway Improvement Fund

Parks and Recreation Fund

Drug Law Enforcement Fund

Permissive Motor Vehicle License Fund

Recycling Per Capita Grant Fund

DUI Enforcement and Education Fund

EMS Equipment Fund

Street Equipment Fund

Recycling Grant (Wood Chip and Bin) Fund

County Litter Grant Fund

Tree Maintenance Fund

Street Cleaning Fund

Street Lighting Fund

**Debt Service Funds:**

General Obligation Bond Fund

Municipal Building Fund

EMS Equipment Debt Fund

Fire Equipment Debt Fund

Street Equipment Debt Fund

Park Debt Fund

Ball Field Lights Fund

**Capital Projects Funds:**

Street Resurfacing Fund

Community Development Block Grant Fund

Fire Engine and Equipment Purchase Fund

Waterworks Improvement OWDA Fund

**FIDUCIARY FUND TYPES**

**Non-Expendable Trust Funds:**

Zarb Cemetery Endowment Fund

Cramer Cemetery Endowment Fund



**VILLAGE OF NORTH BALTIMORE**  
**AUDIT REPORT**  
For the year ended December 31, 2001

**INDEX OF FUNDS - (continued)**

**PROPRIETARY FUND TYPES:**

**Enterprise Funds:**

**Water Utility Operating Fund**  
**Wastewater Utility Operating Fund**  
**1st Mortgage Debt Service Fund**  
**Utilities Guarantee Deposit Fund**  
**Water/Wastewater Improvement Fund**  
**Water Capital Improvement Reserve Fund**  
**Wastewater Capital Improvement Reserve Fund**  
**Wastewater Capital Equipment Replacement Fund**  
**Reservoir Construction Fund**  
**Notes Payable - Reservoir Fund**  
**Notes Payable - BANS Land Fund**  
**Valve Grant Fund**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

**REPORT OF INDEPENDENT ACCOUNTANTS**

The Honorable Mayor and Members  
of Village Council  
Village of North Baltimore  
North Baltimore, Ohio

We have audited the accompanying financial statements of the Village of North Baltimore (the Village), as of and for the year ended December 31, 2001, as listed in the table of contents. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on a 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 cash, investments and fund cash balances of the Village, as of December 31, 2001, and the combined receipts, disbursements, and changes in fund cash balances, its combined statement of receipts-budget and actual and combined statement of disbursements and encumbrances compared with expenditure authority for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 1, 2002 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 audit.

Our audit was made for the purpose of forming an opinion on the financial statements of the Village taken as a whole. The accompanying schedule of federal awards expenditure is presented for the purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

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

***Charles E. Harris & Associates, Inc.***  
March 1, 2002

**VILLAGE OF NORTH BALTIMORE**  
 COMBINED STATEMENT OF CASH, INVESTMENTS, AND FUND  
 CASH BALANCES - ALL FUND TYPES  
 December 31, 2001

Cash and Cash Equivalents	\$ 3,379,316
Investments	<u>93,601</u>
 Total	 <u><u>\$ 3,472,917</u></u>

CASH BALANCES BY FUND CLASS

Governmental Funds:	
General	\$ 829,834
Special Revenue	416,221
Debt Service	45,548
Capital Projects	<u>5,835</u>
 Total Governmental Funds	 1,297,438
 Proprietary Funds:	
Enterprise Funds	<u>2,067,316</u>
 Total Enterprise Funds	 2,067,316
 Fiduciary Funds:	
Non - Expendable Trust	<u>108,163</u>
 Total Fiduciary Funds	 <u>108,163</u>
 Total	 <u><u>\$ 3,472,917</u></u>

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

**VILLAGE OF NORTH BALTIMORE**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN FUND CASH BALANCES**  
All Governmental Fund Types  
For the Year Ended December 31, 2001

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<i>Receipts:</i>					
Local Taxes	\$ 703,429	-	\$ 42,130	-	\$ 745,559
Intergovernmental	104,003	\$ 122,047	-	\$ 500,000	726,050
Special Assessments	-	97,681	-	-	97,681
Charges for Services	69,097	2,420	-	-	71,517
Fines, Licenses, and Permits	26,914	1,525	-	-	28,439
Interest	99,047	-	-	-	99,047
Miscellaneous	27,829	-	-	-	27,829
<b>Total Receipts</b>	<b>1,030,319</b>	<b>223,673</b>	<b>42,130</b>	<b>500,000</b>	<b>1,796,122</b>
<i>Disbursements:</i>					
Security of Persons & Property	368,372	430	-	-	368,802
Public Health Services	67,105	-	-	-	67,105
Leisure Time Activities	-	36,981	-	-	36,981
Community Environment	8,184	10,361	-	-	18,545
Basic Utility Services	-	25,869	-	-	25,869
Transportation	-	170,088	-	-	170,088
General Government	249,571	677	571	-	250,819
Capital Outlay	247,459	143,390	-	2,096,376	2,487,225
Debt Service:					
Principal	-	-	23,000	-	23,000
Interest	-	-	10,379	-	10,379
<b>Total Disbursements</b>	<b>940,691</b>	<b>387,796</b>	<b>33,950</b>	<b>2,096,376</b>	<b>3,458,813</b>
<b>Total Receipts Over/ (Under) Disbursements</b>	<b>89,628</b>	<b>(164,123)</b>	<b>8,180</b>	<b>(1,596,376)</b>	<b>(1,662,691)</b>
<i>Other Financing Sources/(Uses):</i>					
Proceeds of O.W.D.A. Loans	-	-	-	1,774,924	1,774,924
Proceeds from Sale of Notes	-	68,695	-	-	68,695
Transfers-In	-	104,600	9,962	-	114,562
Transfers-Out	(104,600)	-	-	(188,510)	(293,110)
Other Sources	8,830	3,866	-	-	12,696
Other Uses	(653)	-	-	-	(653)
<b>Total Other Financing Sources/(Uses)</b>	<b>(96,423)</b>	<b>177,161</b>	<b>9,962</b>	<b>1,586,414</b>	<b>1,677,114</b>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>(6,795)</b>	<b>13,038</b>	<b>18,142</b>	<b>(9,962)</b>	<b>14,423</b>
Fund Balance, January 1, 2001					
As Restated, See Note 10	836,629	403,183	27,406	15,797	1,283,015
<b>Fund Balance, December 31, 2001</b>	<b>\$ 829,834</b>	<b>\$ 416,221</b>	<b>\$ 45,548</b>	<b>\$ 5,835</b>	<b>\$ 1,297,438</b>

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

**VILLAGE OF NORTH BALTIMORE**  
**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN FUND CASH BALANCES**  
**PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiducuary Fund Type</u>	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Receipts:			
Charges for Services	\$ 1,419,307	-	\$ 1,419,307
Interest	<u>795</u>	<u>\$ 3,903</u>	<u>4,698</u>
Total Receipts	1,420,102	3,903	1,424,005
Disbursements:			
Personal Services	350,222	20	350,242
Travel and Transportation	380	-	380
Contractual Services	226,341	147	226,488
Materials and Supplies	86,816	-	86,816
Capital Outlay	270,842	-	270,842
Debt Service:			
Principal	359,826	-	359,826
Interest	<u>87,057</u>	<u>-</u>	<u>87,057</u>
Total Disbursements	1,381,484	167	1,381,651
Excess of Receipts Over (Under) Disbursements	38,618	3,736	42,354
Nonoperating Receipts (Disbursements):			
Sale of O.W.D.A. Loans	360,523	-	360,523
Transfers-In	178,548	-	178,548
Miscellaneous Revenues	21,458	127	21,585
Miscellaneous Expenses	<u>(647)</u>	<u>-</u>	<u>(647)</u>
Total Nonoperating Receipts (Disbursements)	<u>559,882</u>	<u>127</u>	<u>560,009</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	598,500	3,863	602,363
Fund Balance, January 1, 2001 As Restated, See Note 10.	<u>1,468,816</u>	<u>104,300</u>	<u>1,573,116</u>
Fund Balance, December 31, 2001	<u>\$ 2,067,316</u>	<u>\$ 108,163</u>	<u>\$ 2,175,479</u>

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

**VILLAGE OF NORTH BALTIMORE**  
**COMBINED STATEMENT OF RECEIPTS -**  
**BUDGET AND ACTUAL**  
For the Year Ended December 31, 2001

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental:			
General	\$ 987,940	\$ 1,039,149	\$ 51,209
Special Revenue	397,031	400,834	3,803
Debt Service	39,973	52,092	12,119
Capital Projects	2,274,924	2,274,924	-
Proprietary:			
Enterprise	1,714,672	1,980,631	265,959
Fiduciary:			
Non-Expendable Trust	<u>3,750</u>	<u>4,030</u>	<u>280</u>
Total (Memorandum Only)	<u>\$ 5,418,290</u>	<u>\$ 5,751,660</u>	<u>\$ 333,370</u>

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

**VILLAGE OF NORTH BALTIMORE**  
**COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES**  
**COMPARED WITH EXPENDITURE AUTHORITY**  
**For the Year Ended December 31, 2001**

Fund Types/Funds	Prior Year Carryover Appropriations	2001 Appropriations	Total	Actual 2001 Disbursements	Encumbrances Outstanding at 12/31/01	Total	Variance Favorable/ (Unfavorable)
Governmental:							
General	\$ 74,319	\$ 1,113,990	\$ 1,188,309	\$ 1,045,944	\$ 23,596	\$ 1,069,540	\$ 118,769
Special Revenue	300	583,887	584,187	387,796	1,515	389,311	194,876
Debt Service	-	34,060	34,060	33,950	-	33,950	110
Capital Projects	-	2,274,924	2,274,924	2,284,886	-	2,284,886	(9,962)
Proprietary:							
Enterprise	276,413	1,584,370	1,860,783	1,382,131	-	1,382,131	478,652
Fiduciary:							
Non-Expendable Trust	-	4,648	4,648	167	-	167	4,481
Total (Memorandum Only)	<u>\$ 351,032</u>	<u>\$ 5,595,879</u>	<u>\$ 5,946,911</u>	<u>\$ 5,134,874</u>	<u>\$ 25,111</u>	<u>\$ 5,159,985</u>	<u>\$ 786,926</u>

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

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Village of North Baltimore is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a council/mayor form of government. Elected Officials include six council members, a clerk/treasurer, and a mayor.

The Village provides various services including a mayor's court, police and fire protection, emergency medical, recreation (including parks), street maintenance and repair, and general administrative services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have the ability to exercise direct operating control.

**B. REPORTING ENTITY**

In evaluating how to define the Village for financial reporting purposes, management has considered all agencies, departments and organizations making up the Village of North Baltimore (the primary government) and its potential component units consistent with Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Village, as the primary government, is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and 1) the Village is able to significantly influence the programs or services performed or provided by the organization; or 2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Village has determined that there are no component units required to be included in the financial statements.



**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

C. **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 by the Auditor of State.

D. **INVESTMENTS AND INACTIVE FUNDS**

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchase investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received. See Note 5 for further description.

E. **FUND ACCOUNTING**

The Village maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Fund Types:**

**General Fund**

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

**Special Revenue Funds**

To account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes.

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

E. **FUND ACCOUNTING** - (continued)

**Governmental Fund Types:** - (continued)

**Debt Service Fund:**

This fund is used to accumulate resources for the payment of bond and note debt.

**Capital Project Funds:**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds).

**Proprietary Fund Types:**

**Enterprise Funds:**

To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

**Fiduciary Fund Types:**

**Nonexpendable Trust Funds**

To account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**F. BUDGETARY PROCESS**

**1. Budget**

A budget of estimated cash receipts and disbursements is prepared by the Clerk/Treasurer, approved by Council, and submitted to the county auditor, as secretary of the county budget commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

**2. Estimated Resources**

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the village. The certificate is approved by the county budget commission and sent to the village clerk/treasurer by September 1.

Prior to December 31, the Village must revise the budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

On or about January 1, the clerk/treasurer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate and submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the clerk/treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 2001.

Budget receipts, as shown in the accompanying financial statements do not include the unencumbered fund balances as of January 1, 2001. However, those fund balances are available for appropriation.

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**F. BUDGETARY PROCESS - (continued)**

**3. Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The legal level of budgetary control is at the object level in all funds. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

**4. Encumbrances**

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures and compared to current year appropriations plus prior year carry-over appropriations.

**G. PROPERTY, PLANT AND EQUIPMENT**

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

**H. 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.

**I. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statement are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

**2. PROPERTY TAX**

Real property taxes are levied on assessed values, which equal 35 percent of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1999.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the fiscal year ended December 31, 2001 was \$3.20 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$3.20 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$3.20 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2001 was \$12.80 per \$1,000 of assessed valuation.

The following represents the assessed property values for the revenues received during the year ended December 31, 2001.

	<u>2001</u>
Real Property:	
Residential/Agricultural	\$23,212,660
Commercial/Industrial	7,726,030
Public Utilities	14,890
Tangible Personal Property:	
Personal Property	7,385,572
Public Utilities	<u>2,389,990</u>
Total Valuation	<u>\$40,729,142</u>

The Wood County Treasurer collects property tax on behalf of all taxing districts within the county. The Wood County Auditor periodically remits to the taxing districts their portions of the taxes collected.

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

**3. LOCAL INCOME TAX**

This locally levied tax of 1 percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Government. It also applies to net income of business organizations conducted within the Village. Tax receipts were credited to the General Fund in the amount of \$703,429 and the Debt Service Fund for \$42,130.

**4. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2001 the Village contracted with one insurance company for coverage of buildings and contents.

The following is a list of insurance coverage of the Village and the deductibles associated with each:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Amount</u>	<u>Deductible</u>
Ohio Government Risk Management Plan	Automobile		
	Bodily Injury & Property Damage	\$3,000,000	\$100
	Uninsured/Underinsured	1,000,000	100
Ohio Government Risk Management Plan	Property	7,671,050	250
Ohio Government Risk Management Plan	Employee Benefits		
	Aggregate	3,000,000	0
	Per Occurrence	1,000,000	0
Ohio Government Risk Management Plan	Public Officials Liability		
	Aggregate	5,000,000	2,500
	Per Occurrence	3,000,000	2,500
Ohio Government Risk Management Plan	Firefighters Liability		
	Aggregate	5,000,000	0
	Per Occurrence	3,000,000	0
Ohio Government Risk Management Plan	Inland Marine Equipment	584,283	100

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

**4. RISK MANAGEMENT - (continued)**

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Amount</u>	<u>Deductible</u>
Ohio Government Risk Management Plan	Equipment	\$7,671,050	\$1,000
Ohio Government Risk Management Plan	Electronic Data Equipment	121,050	100
Ohio Government Risk Management Plan	Employee Blanket Bond	50,000	0

Settled Claims have not exceeded this commercial coverage in any of the last five years. There have been no significant reductions in insurance coverage from last year.

All employees of the Village are covered by a blanket bond, while certain individuals in policy making roles are covered by a separate, higher limit bond coverage.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**5. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, December 31, 2001".

**Legal Requirements**

State statutes classify monies held by the Village into three categories.

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

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

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

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

**5. EQUITY IN POOLED CASH AND INVESTMENTS - (continued)**

**Legal Requirements - (continued)**

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligations guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency services shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities, subject to the repurchase agreements, must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in the is division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.



**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

**5. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)**

**Legal Requirements - (continued)**

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk/Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**Deposits**

At year end 2001, the carrying amount of the Village's deposits was \$498,323 and the bank balance was \$544,589. Of the balances:

1. \$200,000 was covered by federal depository insurance, and
2. \$344,589 of the balance was uninsured, but collateralized by securities pooled by the depository not in the Village's name. As with all deposits, there is a risk of loss of resources, but management believes this collateral gives the Village its safest deposit of money.

**Investments**

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

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

5. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS** - (continued)

**Investments** - (continued)

The following list represents all investments of the Village, categorized by risk category using the definitions above as of December 31, 2001:

	<u>2001 Risk Category</u>			<u>Carrying Value</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Repurchase Agree.	<u>-</u>	<u>\$2,974,594</u>	<u>-</u>	<u>\$2,974,594</u>	<u>\$2,974,594</u>
<b>Total Investments</b>	<u><u>-</u></u>	<u><u>\$2,974,594</u></u>	<u><u>-</u></u>	<u><u>\$2,974,594</u></u>	<u><u>\$2,974,594</u></u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and classifications of deposits and investments presented above per GASB Statement No. 3 for the year ended December 31, 2001 is shown below.

	<u>Cash and Cash</u> <u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 3,379,316	\$ 93,601
Investments:		
Certificates of Deposit		
Over 90 Days	93,601	(93,601)
Repurchase Agreement	<u>(2,974,594)</u>	<u>2,974,594</u>
 GASB Statement 3	 \$ <u><u>498,323</u></u>	 \$ <u><u>2,974,594</u></u>

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

**6. DEBT OBLIGATIONS**

The changes in the Village's general obligation notes and bonds during fiscal year 2001 were as follows:

	Balance Outstanding <u>1/1/01</u>	<u>Additions</u>	<u>Deductions</u>	Balance Outstanding <u>12/31/01</u>
<b><u>General Obligation Bonds &amp; Notes</u></b>				
Fire Truck - 4.85%	\$214,000	- 0 -	\$(23,000)	\$191,000
Ambulance Note - 5.5%	<u>- 0 -</u>	<u>\$68,395</u>	<u>- 0 -</u>	<u>68,395</u>
<b>Total</b>	<b><u>214,000</u></b>	<b><u>68,395</u></b>	<b><u>(23,000)</u></b>	<b><u>259,395</u></b>
<b><u>Enterprise Fund Obligations</u></b>				
Reservoir Land Note - 4.00%	216,000	- 0 -	(216,000)	- 0 -
O.P.W.C. - 0.00%	85,032	- 0 -	(4,360)	80,672
O.W.D.A. - 8.35%	789,101	- 0 -	(33,786)	755,315
O.W.D.A. - 6.39%	(1,738)	144,523	(5,032)	137,753
O.W.D.A. - 2%	2,015,471	153,318	(100,648)	2,068,141
O.W.D.A - 2%	<u>- 0 -</u>	<u>1,837,606</u>	<u>- 0 -</u>	<u>1,837,606</u>
<b>Total Enterprise Fund</b>	<b><u>3,103,866</u></b>	<b><u>2,135,447</u></b>	<b><u>(359,826)</u></b>	<b><u>4,879,487</u></b>
<b>Grand Total</b>	<b><u>\$ 3,317,866</u></b>	<b><u>\$ 2,203,842</u></b>	<b><u>\$ (382,826)</u></b>	<b><u>\$5,138,882</u></b>

The general obligation bonds are backed by the full faith and credit of the Village of North Baltimore and will be paid from the Debt Service Fund with property tax revenue. Enterprise notes, and Ohio Water Development Authority loans will be paid from user charges.

The Ohio Water Development Authority Loans were used for improvements to the Village's water treatment plant.

The Ohio Water Development Authority Loan at 6.39% has a negative loan balance as of 1/1/01. This is due to an early payment being made in 2000 when the full loan was not received by the Village.

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

**6. DEBT OBLIGATIONS - (continued)**

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2001 are as follows:

<u>Year Ended</u>	<u>General Obligation Bonds</u>	<u>O.W.D.A. Loans</u>	<u>General Obligation Notes</u>	<u>O.P.W.C. Loans</u>
2002	33,264	394,221	16,151	4,361
2003	33,100	394,221	16,151	4,361
2004	33,887	394,221	16,151	4,361
2005	32,626	394,221	16,150	4,361
2006	32,317	394,221	16,150	4,361
2007-2011	65,463	1,971,104	- 0 -	21,803
2012-2016	- 0 -	1,721,912	- 0 -	21,803
2017-2021	- 0 -	1,153,415	- 0 -	15,261
<b>Total</b>	<b><u>\$ 230,657</u></b>	<b><u>\$6,817,537</u></b>	<b><u>\$ 80,753</u></b>	<b><u>\$ 80,672</u></b>

**7. PENSION AND RETIREMENT PLANS**

The employees of the Village of North Baltimore are covered by either the Public Employees Retirement System of Ohio or the Ohio Police and Fireman's Pension Fund. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

**Public Employee Retirement System (PERS)**

The Public Employees Retirement System of Ohio is a cost-sharing multiple-employer administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2001**

**7. PENSION AND RETIREMENT PLANS - (continued)**

**Public Employee Retirement System (PERS) - (continued)**

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. For local government employer units the rate was 13.55% of covered payroll. The contribution rates are determined actuarially. The Village's contributions for pension obligations to PERS for the years ended December 31, 2001, 2000, and 1999 were \$53,742, \$47,591 and \$53,202 respectively. The full amount has been contributed for 2000 and 1999. 92% has been contributed for 2001.

**Ohio Police and Firemen's Pension Fund**

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

Plan members are required to contribute 10% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The Village does not have any full-time firefighters. The Village's contributions to OP&F for the years ending December 31, 2001, 2000, and 1999 were \$21,880, \$26,590, and \$32,252, respectively. The full amount has been contributed for 2000 and 1999. 90% has been contributed for 2001.

**8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Public Employees Retirement System of Ohio**

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio Service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The 2001 employer contribution rate for local employers was 13.55% of covered payroll; 4.3% was the portion that was used to fund health care.

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 1999**

**8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - (continued)**

**Public Employees Retirement System of Ohio - (continued)**

Benefits are advance-funded on an actuarially determined basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively. As of December 31, 2000, (the latest information available), the unaudited estimated new assets available for future OPEB payments were \$11,735.9 million. At December 31, 2000, the total number of benefit recipients eligible for OPEB through PERS was 411,076. The Village's actual contributions for 2001 that were used to fund OPEB were \$17,197.

**Ohio Police and Firemen's Pension Fund**

OP&F provides post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of the Ohio Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.25% and 7.5% of covered payroll in 2000 and 2001, respectively. The allocation is 7.75% in 2002. In addition, Since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2000 (the latest information available) are 12,853 for Police and 10,037 for Firefighters.

**VILLAGE OF NORTH BALTIMORE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 1999**

**8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - (continued)**

**Ohio Police and Firemen's Pension Fund - (continued)**

The Village's actual contributions for 2001 which were used to fund post-employment benefits were \$8,424.

The Fund's total health care expense for the year ending December 31, 2000 (the latest information available) was \$106,160,054, which was net of member contributions of \$5,657,431.

**9. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village Solicitor, the resolution of these matters will no have a material adverse effect on the financial condition of the Village.

**10. PRIOR PERIOD ADJUSTMENT**

Reclassification of Endowment Balances caused the following Fund Balance restatements:

Fund Balance, as stated 12/31/00	<u>General Fund</u> \$ 841,023	<u>Nonexpendable Trust</u> \$ 99,905
Restatements	<u>(4,394)</u>	<u>4,394</u>
Fund Balance, as restated 1/01/01	<u>\$ 836,629</u>	<u>\$ 104,299</u>

**VILLAGE OF NORTH BALTIMORE**  
 Schedule of Federal Awards Expenditures  
 For The Year Ended December 31, 2001

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts Recognized</u>	<u>Program Expenditures</u>
<i>U.S. Department of Housing and Urban Development Passed through the Ohio Department of Development</i>				
Community Development Block Grant	C-W-00-367-1	14.228	\$ <u>500,000</u>	\$ <u>500,000</u>
Total U.S. Dept. of Housing and Urban Development			<u>500,000</u>	<u>500,000</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE PROGRAMS			\$ <u>500,000</u>	\$ <u>500,000</u>



*Village of North Baltimore*  
Notes to the Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2001

**1. Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the Village's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than the obligation is incurred. See note 1 to the financial statements.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members  
of Village Council  
Village of North Baltimore  
North Baltimore, Ohio

We have audited the financial statements of the Village of North Baltimore as and for the year ended December 31, 2001, and have issued our report thereon dated March 1, 2002. 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.

**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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated March 1, 2002.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the 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 we have reported to management of the Village in a separate letter dated March 1, 2002.

This report is intended for the information and use of the Mayor, Members of Village Council, and management, and is not intended to be and should not be used by anyone other than these specified parties.

*Charles E. Harris & Associates, Inc.*  
March 1, 2002

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Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
***Certified Public Accountants***

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and Members  
of Village Council  
Village of North Baltimore  
North Baltimore, Ohio

**Compliance**

We have audited the compliance of the Village of North Baltimore with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.

**Internal Control Over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

**Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.**

**This report is intended for the information and use of management, the Members of Council, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.**

***Charles E. Harris & Associates, Inc.***  
**March 1, 2002**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505**

**VILLAGE OF NORTH BALTIMORE  
WOOD COUNTY  
December 31, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Community Development Block Grant CDBG 14.228
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)**  
**OMB CIRCULAR A-133 SECTION .505**

**VILLAGE OF NORTH BALTIMORE**  
**WOOD COUNTY**  
**December 31, 2001**

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS**

The prior audit report, for the period ending December 31, 2000, did not include material citations or recommendations.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF NORTH BALTIMORE**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 16, 2002**