

***VILLAGE OF NORTH BALTIMORE***

***WOOD COUNTY***

**Audit Report**

**For the Year Ended December 31, 2016**





# Dave Yost • Auditor of State

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

We have reviewed the *Stephen Flickinger* of the Village of North Baltimore, Wood County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2016. 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 "Dave Yost".

Dave Yost  
Auditor of State

September 27, 2017

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**VILLAGE OF NORTH BALTIMORE  
WOOD COUNTY**

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

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## **INDEPENDENT AUDITOR'S REPORT**

Village of North Baltimore  
Wood County  
205 North Main Street  
North Baltimore, Ohio 45870

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of North Baltimore, Wood County, (the Village) as of and for the year ended December 31, 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting 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 responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***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 determinable, 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, 2016, or changes in financial position or cash flows thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of North Baltimore, Wood County as of December 31, 2016, and its combined cash receipts and disbursements for the year then ended 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.

***Other Matters***

Our audit was conducted to opine on the financial statements taken as a whole.

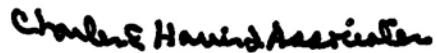
The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.***  
May 26, 2017

**Village of North Baltimore, Ohio**  
*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, 2016*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$135,446	\$83,696	\$40,886	\$0	\$260,028
Municipal Income Tax	644,503	0	0	0	644,503
Intergovernmental	55,672	197,081	5,527	0	258,280
Special Assessments	0	212,108	0	0	212,108
Charges for Services	434,818	2,608	0	0	437,426
Fines, Licenses and Permits	43,203	25,633	0	0	68,836
Earnings on Investments	40,499	524	0	0	41,023
Miscellaneous	17,459	5,005	0	0	22,464
<i>Total Cash Receipts</i>	<u>1,371,600</u>	<u>526,655</u>	<u>46,413</u>	<u>0</u>	<u>1,944,668</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	664,359	0	0	0	664,359
Public Health Services	305,833	29,407	0	0	335,240
Leisure Time Activities	0	36,530	0	0	36,530
Community Environment	0	3,432	0	0	3,432
Basic Utility Services	0	139,104	0	0	139,104
Transportation	0	338,664	0	0	338,664
General Government	419,549	0	545	0	420,094
Capital Outlay	0	0	0	19,301	19,301
Debt Service:					
Principal Retirement	0	20,348	41,714	18,411	80,473
Interest and Fiscal Charges	0	359	9,515	311	10,185
<i>Total Cash Disbursements</i>	<u>1,389,741</u>	<u>567,844</u>	<u>51,774</u>	<u>38,023</u>	<u>2,047,382</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(18,141)	(41,189)	(5,361)	(38,023)	(102,714)
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds : USDA	12,100	0	0	0	12,100
Transfers In	0	45,615	0	20,000	65,615
Transfers Out	(71,165)	0	0	0	(71,165)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(59,065)</u>	<u>45,615</u>	<u>0</u>	<u>20,000</u>	<u>6,550</u>
<i>Net Change in Fund Cash Balances</i>	(77,206)	4,426	(5,361)	(18,023)	(96,164)
<i>Fund Cash Balances, January 1</i>	<u>626,368</u>	<u>715,329</u>	<u>29,298</u>	<u>283,927</u>	<u>1,654,922</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	719,755	23,937	5,835	749,528
Assigned	21,539	0	0	260,069	281,608
Unassigned (Deficit)	527,623	(0)	(0)	0	527,622
<i>Fund Cash Balances, December 31</i>	<u>\$549,162</u>	<u>\$719,755</u>	<u>\$23,937</u>	<u>\$265,904</u>	<u>\$1,558,758</u>

See accompanying notes to the basic financial statements

**Village of North Baltimore, Ohio**  
*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, 2016*

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$2,691,725	\$0	\$2,691,725
Miscellaneous	41,232	0	41,232
<i>Total Operating Cash Receipts</i>	<u>2,732,957</u>	<u>0</u>	<u>2,732,957</u>
<b>Operating Cash Disbursements</b>			
Personal Services	437,536	0	437,536
Employee Fringe Benefits	151,257	0	151,257
Contractual Services	749,978	0	749,978
Supplies and Materials	187,189	0	187,189
Other	1,390	0	1,390
<i>Total Operating Cash Disbursements</i>	<u>1,527,350</u>	<u>0</u>	<u>1,527,350</u>
<i>Operating Income (Loss)</i>	1,205,607	0	1,205,607
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	21	0	21
Other Debt Proceeds: USDA	1,994,146	0	1,994,146
Capital Outlay	(1,480,157)	0	(1,480,157)
Principal Retirement	(556,633)	0	(556,633)
Interest and Other Fiscal Charges	(349,654)	0	(349,654)
Mayor's Court Receipts	0	17,279	17,279
Mayor's Court Disbursements	0	(17,279)	(17,279)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(392,277)</u>	<u>0</u>	<u>(392,277)</u>
<i>Income (Loss) Before Transfers</i>	813,330	0	813,330
Transfers In	684,645	0	684,645
Transfers Out	(679,095)	0	(679,095)
<i>Net Change in Fund Cash Balances</i>	818,880	0	818,880
<i>Fund Cash Balances, January 1</i>	<u>4,328,166</u>	<u>0</u>	<u>4,328,166</u>
<i>Fund Cash Balances, December 31</i>	<u>\$5,147,046</u>	<u>\$0</u>	<u>\$5,147,046</u>

*See accompanying notes to the basic financial statements*

**Village of North Baltimore, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 - Reporting Entity**

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

***Public Entity Risk Pool***

The Village participates in Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for the public entity risk pool. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

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

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

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

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Street Paving and Reconstruction Fund*** The street paving and reconstruction fund accounts for property tax levy and rollback and homestead money for the paving and reconstruction of Village streets.

***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:

**Village of North Baltimore, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies – (continued)**

***Fire Equipment Debt Fund*** The fire equipment debt fund accounts for property taxes and rollback and homestead money. It is used to pay monthly debt payments for the fire pumper recently purchased.

***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*** The vehicle equipment replacement fund accounts for transfers from various funds to segregate monies to be used for future capital purchases.

***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*** The water utility operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Utility Operating Fund*** The sewer utility operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Wastewater Capital Improvement Reserve Fund*** The wastewater capital improvement reserve fund accounts for Federal and State grants and loans and accounts for the related expenses in regards to the sanitary sewer project.

***First Mortgage Debt Service Fund*** The first mortgage debt service fund receives transfers from Wastewater and Storm water and is used to pay principal and interest on enterprise related debt.

***Fiduciary Funds*** Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Mayor's Court Fund, which is used to account for the activity of the Village's Mayor's Court.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The 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).

**Village of North Baltimore, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies – (continued)**

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.

***Budgetary Process***

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

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

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

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

A summary of 2016 budgetary activity appears in Note 3.

***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 at cost. Money market mutual funds are recorded at share values the mutual funds report.

***Capital Assets***

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

***Accumulated Leave***

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

**Village of North Baltimore, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies – (continued)**

***Fund Balance***

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

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

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

***Committed*** The 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.

***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 by State Statute. The Village may also assign fund balances 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.

***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.

**Village of North Baltimore, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,437,986	\$1,383,700	(\$54,286)
Special Revenue	593,045	572,270	(20,775)
Debt Service	76,236	46,413	(29,823)
Capital Projects	29,000	20,000	(9,000)
Enterprise	5,560,110	5,411,769	(148,341)

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,741,512	\$1,482,445	\$259,067
Special Revenue	615,047	567,844	47,203
Debt Service	102,267	51,774	50,493
Capital Projects	59,723	38,023	21,700
Enterprise	5,613,747	4,592,889	1,020,858

**Note 4 – 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:

	2016
Demand deposits	\$2,901,005
Certificates of deposit	1,893,000
Total deposits	4,794,005
Money market account	139,505
Agency Securities:	
Fannie Mae	408,708
FHLN	245,595
FNM	155,025
Freddie Mac	702,785
Federal Farm CRB	260,181
Total Investments	1,911,799
Total deposits and investments	\$6,705,804



**Village of North Baltimore, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 4 – Deposits and Investments – (continued)**

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

***Investments***

During 2016, the Village invested in various bonds and notes and these are recorded at cost and held by Charles Schwab and SJS Investments.

**Note 5 – Taxes**

***Property Taxes***

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

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.

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside 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.

**Note 6 - Risk Management**

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

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

**Village of North Baltimore, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 6 - Risk Management – (continued)**

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. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015.

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	(12,363,257)	(12,759,127)
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$31,000.

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

<u>Contributions to PEP</u>	
<u>2015</u>	<u>2016</u>
\$47,457	\$49,686

**Village of North Baltimore, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 6 - Risk Management – (continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2016.

**Note 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. OPERS contributes 2 percent of the employer contribution to fund these benefits, and 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, 2016*

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$525,000	4.51%
Ohio Water Development Authority Loan -#2834	403,124	2.00%
Ohio Water Development Authority Loan -#3330	48,315	4.00%
Ohio Water Development Authority Loan -#3380	642,770	2.00%
Ohio Water Development Authority Loan -#3921	127,119	2.00%
USDA Loan #1	4,149,000	2.75%
USDA Loan #3	4,845,000	2.75%
USDA Loan #4	3,453,000	2.75%
Ohio Public Works Commission Loan - CE32B	17,444	0.00%
Ohio Public Works Commission Loan - CT25M	26,121	0.00%
Ohio Public Works Commission Loan - CE42P	143,362	0.00%
Henry County Bank	283,513	3.10%
Total	\$14,663,768	

The Village has one outstanding general obligation bond issue at December 31, 2016. 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 four loans from the Ohio Water Development Authority with interest rates ranging from 2.00% to 6.39%. These loans were obtained to make improvements to the Village water and wastewater systems. Semi-annual payments are due on each loan including interest.

***Interest Buy-Down of OWDA loans:*** Effective January 1, 2016, OWDA implemented an interest rate buy-down for loans to assist communities and local governments with outstanding OWDA loans. Loans with interest rates higher than 4.00% were given a reduced interest rate on the outstanding balance to 4.00%. In line with these changes, the OWDA Loan # 3330 received an interest buy-down from 6.39% to 4.00% on its remaining balance. The total amount of estimated savings that the Village will realize over the remaining life of the loan is \$4,541.

The Village has three loans from the Ohio Public Works Commission (OPWC). These loans have interest rates of 0.00%. These loans were 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. In 2016, the USDA Loan #6 for the purchase of police and EMS vehicles was paid in full from Enterprise - First Mortgage Debt Service Fund. In 2016, the Village obtained an additional \$1,994,146 loan for its USDA Loan # 4 for the sewer project.

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, 2016*

**Note 9 – Debt - (continued)**

***Amortization***

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

Year ending December 31:	OPWC Loans	OWDA Loans	General Obligation Bonds	USDA Loans	Henry County Bank
2017	\$10,396	\$309,610	\$84,075	\$549,293	\$51,229
2018	10,396	309,920	61,075	547,600	51,229
2019	10,396	310,249	59,295	549,798	51,229
2020	10,396	163,003	57,515	548,775	51,229
2021	6,035	155,281	60,735	549,615	51,229
2022-2026	29,945	39,102	292,542	2,745,378	81,692
2027-2031	29,600		57,531	2,744,657	
2032-2036	29,600			2,745,565	
2037-2041	29,715			2,746,168	
2042-2046	20,448			2,744,147	
2047-2051				2,746,472	
2052				548,687	
Total	<u>\$186,927</u>	<u>\$1,287,165</u>	<u>\$672,768</u>	<u>\$19,766,155</u>	<u>\$337,837</u>

**Note 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, 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.

**Note 11 – Related Party Transactions**

One Village Council member’s brother is the Utility Superintendent for the Village. Their father, along with the aforementioned council member, provides sanitation services for the Village, and has over the past 40 years. The same sanitation company assists the Village with wintertime snow removal from Main Street. The Village paid \$11,850 in 2016 for these services.

**Village of North Baltimore, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 12 – Transfers**

The Village transferred funds from the General Fund to the Capital Projects: Vehicle Equipment Replacement Fund, Special Revenue Funds, and Enterprise: First Mortgage Debt Service Funds to subsidize operations or pay for debts. The Enterprise: Wastewater and Storm Water transferred money to Enterprise: First Mortgage Debt Service to pay for debt. The Enterprise: Water and Wastewater transferred money to Water Equipment and Wastewater to reserve funds for future equipment purchases. The transfers are in compliance with the Ohio Revised Code.

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ (71,165)
Special Revenue	45,615	-
Capital Projects: Equipment replacement	20,000	-
Enterprise:		
First Mortgage Debt Service Fund	609,020	
Water		(46,650)
Water equipment replacement	46,650	
Waste water treatment		(604,945)
Waste water equipment replacement	28,975	
Storm water		<u>(27,500)</u>
TOTAL	\$ 750,260	\$ (750,260)

**VILLAGE OF NORTH BALTIMORE  
WOOD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Direct Programs:			
Water and Waste Disposal System for Rural Communities	10.760	n/a	\$1,537,719
Community Facilities Loans and Grants:			
USDA Bond issue for police and EMS vehicles	10.766	n/a	<u>12,100</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$1,549,819</u></u></b>

*The accompanying notes are an integral part of this schedule.*

**VILLAGE OF NORTH BALTIMORE  
WOOD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of North Baltimore (the Village) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS**

The federal loan programs listed subsequently are administered directly by the Village, and balances and transactions relating to these programs are included in the Village's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at December 31, 2016 consist of:

<b>CFDA Number</b>	<b>Program/Cluster Name</b>	<b>Outstanding Balance at 12/31/2016</b>
10.760	Water and Waste Water System for Rural Communities	\$12,447,000

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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

Village of North Baltimore  
Wood County  
205 North Main Street  
North Baltimore, Ohio 45870

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 by fund type of the Village of North Baltimore, Wood County, (the Village) as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated May 26, 2017, 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.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies 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 2016-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

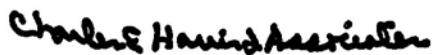
We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 26, 2017.

***Village's Response to Finding***

The Village's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Village's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *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 & Associates, Inc.***  
May 26, 2017

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Village of North Baltimore  
Wood County  
205 North Main Street  
North Baltimore, Ohio 45870

To the Village Council:

***Report on Compliance for the Major Federal Program***

We have audited the Village of North Baltimore, Wood County's (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Village's major federal program.

***Management's Responsibility***

The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal 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 our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

***Basis for Qualified Opinion on Water and Waste Disposal System for Rural Communities***

As described in finding 2016-002 in the accompanying schedule of findings, the Village did not comply with requirements regarding reporting applicable to its CFDA 10.670 Water and Waste Disposal System for Rural Communities major federal program. Compliance with this requirement is necessary, in our opinion, for the Village to comply with requirements applicable to this program.

***Qualified Opinion on Water and Waste Disposal System for Rural Communities***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Water and Waste Disposal System for Rural Communities* paragraph, the Village of North Baltimore complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Water and Waste Disposal System for Rural Communities* for the year ended December 31, 2016.

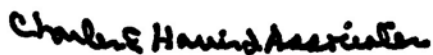
***Report on Internal Control Over Compliance***

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected or corrected. A *significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***

May 26, 2017

**VILLAGE OF NORTH BALTIMORE  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2016**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	<b>Adverse under GAAP, unmodified under the regulatory basis</b>
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	<b>Yes</b>
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	<b>No</b>
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	<b>No</b>
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	<b>No</b>
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	<b>Qualified</b>
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	<b>Yes</b>
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	<b>Water and Wastewater Disposal System – Rural (CFDA #10.760)</b>
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	<b>Type A: &gt; \$ 750,000 Type B: all others</b>
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	<b>No</b>

**VILLAGE OF NORTH BALTIMORE  
WOOD COUNTY**

**SCHEDULE OF FINDINGS – (continued)  
2 CFR § 200.515  
DECEMBER 31, 2016**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2016-001: Material Weakness**

During 2016, the Village erroneously recorded several transactions. The more significant adjustments were to adjust recorded proceeds of USDA loans amounting to \$1,994,146 as intergovernmental revenue rather than other debt proceeds.

Adjustments were made in the financial statements to reflect the proper presentation. The Village Officers' Handbook and the Creative Microsystems (CMI) accounting manual used by the Village provide suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the accounting records will provide the Village with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

We recommend that the Village refer to the Village Officers' Handbook, the Ohio Administrative Code and Auditor of State guidance to properly classify its transactions. We also recommend the Finance Officer review all reports compiled by the computer system to ensure their accuracy.

**Officials' Response:**

See Corrective Action Plan.

**VILLAGE OF NORTH BALTIMORE  
WOOD COUNTY**

**SCHEDULE OF FINDINGS – (continued)  
2 CFR § 200.515  
DECEMBER 31, 2016**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

**Non-Compliance**

<b>Finding Number</b>	<b>2016-002</b>		
<b>CFDA Title and Number</b>	<b>Water and Wastewater Disposal System – Rural (10.760)</b>		
<b>Federal Award Identification Number / Year</b>	<b>USDA Loan # 1, 2, 4</b>		
<b>Federal Agency</b>	<b>U.S. Department of Agriculture</b>		
<b>Pass-Through Entity</b>	<b>n/a</b>		
<b>Repeat Finding from Prior Audit?</b>	<b>Yes</b>	<b>Finding Number (if repeat)</b>	<b>2015-003</b>

U.S. Department of Agriculture (USDA) RUS Bulletin 1780-30 requires that entities receiving financial assistance from USDA Water Programs are required to submit financial statement audits. The objective of a financial statement audit is to provide assurance about whether the financial statements present fairly the financial position, results of operations, and cash flows in conformity with generally accepted accounting principles (GAAP). The reporting requirements that must be submitted to the USDA are:

- Annual audited financial statements within 150 days of the entity’s fiscal year-end (7CFR Part 1780.47 (a)).
- Form RD 442-2, Statement of Budget, Income and Equity (7 CFR Part 1780.47 (f) (2)).
- Form RD 442-3, Balance Sheet (7 CFR Part 1780.41 (a) (3)).

The Village filed their financial statements using the regulatory basis of accounting rather than GAAP and the audit was performed on those regulatory statements. We recommend that the Village file GAAP financial statements and have an audit performed on those financial statements to comply with the USDA requirements.

**Officials’ Response:**

See Corrective Action Plan.

**VILLAGE OF NORTH BALTIMORE  
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
DECEMBER 31, 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Proper recording of receipts and loan proceeds from USDA	Not corrected	Repeated as Finding # 2016-001.
2015-002	Ohio Revised Code §5705.39 – appropriations limited by estimated resources	Corrected	
2015-003	USDA Bulletin 1780-30 requiring entities receiving financial assistance from USDA to file GAAP	Not corrected	Repeated as Finding #2016-002.



**VILLAGE OF NORTH BALTIMORE  
WOOD COUNTY**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
December 31, 2016**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	The Village Finance Officer will review Creative Microsystems (CMI) accounting manuals and the Village Officer's Handbook to ensure proper recording of all receipts.	2017	Chris Kirk, Finance Office
2016-002	The administration evaluated the requirements and has determined the costs of compliance far outweigh the benefits of preparing a GAAP report and having the corresponding audit. Administration would rather pass the cost savings along to the citizens.	n/a	Chris Kirk, Finance Office

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# Dave Yost • Auditor of State

VILLAGE OF NORTH BALTIMORE

WOOD COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 10, 2017