



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF BAY VIEW
ERIE COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Bay View
Erie County
304 East Bay View Drive
Bay View, Ohio 44870-6175

To the Village Council:

We have audited the accompanying financial statements of the Village of Bay View (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 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 audits.

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

Jim Petro
Auditor of State

March 18, 2002

**VILLAGE OF BAY VIEW
ERIE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$64,208	\$33,559		\$97,767
Special Assessments		5,316	\$4,385	9,701
Intergovernmental Receipts	86,443	40,779		127,222
Fines, Licenses, and Permits	5,351			5,351
Earnings on Investments	1,864	622		2,486
Miscellaneous	20,692	583		21,275
	<u>178,558</u>	<u>80,859</u>	<u>4,385</u>	<u>263,802</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	91,895	37,833		129,728
Leisure Time Activities	6,777	2,876		9,653
Basic Utility Services	564			564
Transportation	1,661	10,747		12,408
General Government	97,272	505		97,777
Debt Service:				
Principal Payments			3,925	3,925
Interest Payments			259	259
Capital Outlay	885			885
	<u>199,054</u>	<u>51,961</u>	<u>4,184</u>	<u>255,199</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(20,496)</u>	<u>28,898</u>	<u>201</u>	<u>8,603</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes	10,000		2,000	12,000
	<u>10,000</u>		<u>2,000</u>	<u>12,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,496)	28,898	2,201	20,603
Fund Cash Balances, January 1	<u>39,861</u>	<u>73,523</u>	<u>9</u>	<u>113,393</u>
Fund Cash Balances, December 31	<u>\$29,365</u>	<u>\$102,421</u>	<u>\$2,210</u>	<u>\$133,996</u>

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

**VILLAGE OF BAY VIEW
ERIE COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$60,733	\$33,288		\$94,021
Special Assessments		4,541	\$4,372	8,913
Intergovernmental Receipts	87,561	41,557		129,118
Fines, Licenses, and Permits	5,931			5,931
Earnings on Investments	1,951	650		2,601
Miscellaneous	9,384			9,384
	<u>165,560</u>	<u>80,036</u>	<u>4,372</u>	<u>249,968</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	57,774	44,253		102,027
Leisure Time Activities	5,095	1,997		7,092
Basic Utility Services	700			700
Transportation	2,142	10,094		12,236
General Government	94,482	523		95,005
Debt Service:				
Principal Payments		4,267	7,925	12,192
Interest Payments		272	504	776
Capital Outlay	913	19,000		19,913
	<u>161,106</u>	<u>80,406</u>	<u>8,429</u>	<u>249,941</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>4,454</u>	<u>(370)</u>	<u>(4,057)</u>	<u>27</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes			3,925	3,925
Total Other Financing Receipts/(Disbursements)			<u>3,925</u>	<u>3,925</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements				
	4,454	(370)	(132)	3,952
Fund Cash Balances, January 1	<u>35,407</u>	<u>73,893</u>	<u>141</u>	<u>109,441</u>
Fund Cash Balances, December 31	<u>\$39,861</u>	<u>\$73,523</u>	<u>\$9</u>	<u>\$113,393</u>

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

**VILLAGE OF BAY VIEW
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Bay View, Erie County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, park operations (leisure time activities), fire protection, ambulance services and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The savings account is valued at amounts deposited with the financial institution.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. As of December 31, 2001, the Village had no investments.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF BAY VIEW
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

Fire and Ambulance Fund - This fund receives money from a separate levy voted on by Village residents to provide this service.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of note indebtedness.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled, and are reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. 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.

G. Accumulated Leave

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

**VILLAGE OF BAY VIEW
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$110,056	\$89,971
Savings account	23,940	23,422
Total deposits and investments	\$133,996	\$113,393

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$194,897	\$188,558	(\$6,339)
Special Revenue	99,158	80,859	(18,299)
Debt Service	5,150	6,385	1,235
Total	\$299,205	\$275,802	(\$23,403)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$228,266	\$199,054	\$29,212
Special Revenue	141,100	51,961	89,139
Debt Service	5,100	4,184	916
Total	\$374,466	\$255,199	\$119,267

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$188,797	\$165,560	(\$23,237)
Special Revenue	90,459	80,036	(10,423)
Debt Service	5,150	8,297	3,147
Total	\$284,406	\$253,893	(\$30,513)

**VILLAGE OF BAY VIEW
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$207,870	\$161,106	\$46,764
Special Revenue	151,015	80,406	70,609
Debt Service	5,702	8,429	(2,727)
Total	\$364,587	\$249,941	\$114,646

The negative variance in the debt service fund type is due to audit adjustments to report the roll over of note debt.

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Village.

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

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Sunset Plaza Note	\$2,000	5.28%
Police Cruiser Note	10,000	5.28%
Total	\$12,000	

The Sunset Plaza note was issued to finance major street improvement projects and is rolled over at a new interest rate each year. The village expects to pay the remaining balance of the note in 2002.

The Police Cruiser note was issued to purchase a new police cruiser. The note was issued for a period of 4 years.

**VILLAGE OF BAY VIEW
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

<u>Year ending December 31:</u>	<u>Sunset Plaza Note</u>	<u>Police Cruiser Note</u>
2002	\$2,107	\$2,843
2003		2,843
2004		2,843
2005		2,843
Total	<u>\$2,107</u>	<u>\$11,372</u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

This page intentionally left blank.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

Village of Bay View
Erie County
304 East Bay View Drive
Bay View, Ohio 44870-6175

To the Village Council:

We have audited the accompanying financial statements of the Village of Bay View (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 18, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-30522-001. We also noted a certain immaterial instance of noncompliance that we have reported to the management of the Village in a separate letter dated March 18, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated March 18, 2002.

Village of Bay View
Erie County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

March 18, 2002

**VILLAGE OF BAY VIEW
ERIE COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-30522-001

Noncompliance Citation

Ohio Revised Code § 5705.41 (D) provides that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This section also provides two exceptions to the above requirements.

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of council.

Fifty-five percent of the vouchers selected for testing were not certified by the Clerk-Treasurer at the time the contract or order was made and a Then and Now Certificate had not been issued. We recommend, where possible, the Clerk-Treasurer certify the availability of funds prior to expenditures being made. Where prior certification is not feasible, we encourage the Clerk-Treasurer to utilize then and now certificates or blanket certificates. The failure to properly certify could allow expenditures to exceed available resources.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF BAY VIEW

ERIE 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
APRIL 18, 2002**