



**VILLAGE OF BAY VIEW
ERIE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
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, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	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

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
Sandusky, Ohio 44870-6175

To the Village Council:

We have audited the accompanying financial statements of the Village of Bay View, Erie County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and December 31, 1998, 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 15, 2000 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.

This report is intended solely for the information and use of management, the 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 15, 2000

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

	<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	\$ 61,093	\$ 32,396	\$ 0	\$ 93,489
Special Assessments		9,122	3,393	12,515
Intergovernmental Receipts	79,982	51,382		131,364
Fines, Licenses, and Permits	7,017			7,017
Earnings on Investments	1,864	621		2,485
Miscellaneous	10,540	120		10,660
	<u>160,496</u>	<u>93,641</u>	<u>3,393</u>	<u>257,530</u>
Total Cash Receipts				
	<u>160,496</u>	<u>93,641</u>	<u>3,393</u>	<u>257,530</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	55,718	49,777		105,495
Public Health Services	1,041			1,041
Leisure Time Activities	4,360	2,535		6,895
Basic Utility Services	639			639
Transportation	780	7,806		8,586
General Government	88,609			88,609
Debt Service:				
Principal Payments		9,880	9,200	19,080
Interest Payments		970	1,053	2,023
Capital Outlay	6,297	521		6,818
	<u>157,444</u>	<u>71,489</u>	<u>10,253</u>	<u>239,186</u>
Total Cash Disbursements				
	<u>157,444</u>	<u>71,489</u>	<u>10,253</u>	<u>239,186</u>
Total Receipts Over/(Under) Disbursements	<u>3,052</u>	<u>22,152</u>	<u>(6,860)</u>	<u>18,344</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		2,000	7,000	9,000
Transfers-Out	(9,000)			(9,000)
	<u>(9,000)</u>	<u>2,000</u>	<u>7,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(9,000)</u>	<u>2,000</u>	<u>7,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,948)	24,152	140	18,344
Fund Cash Balances, January 1	41,355	49,740	1	91,096
Fund Cash Balances, December 31	<u>\$ 35,407</u>	<u>\$ 73,892</u>	<u>\$ 141</u>	<u>\$ 109,440</u>
Reserves for Encumbrances, December 31	\$ 1,945	\$ 502	\$ 0	\$ 2,447

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<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	\$ 56,886	\$ 41,265	\$ 0	\$ 98,151
Special Assessments		15,687	4,662	20,349
Intergovernmental Receipts	85,895	43,342		129,237
Fines, Licenses, and Permits	8,767			8,767
Earnings on Investments	2,087	695		2,782
Miscellaneous	25,209	45		25,254
	<u>178,844</u>	<u>101,034</u>	<u>4,662</u>	<u>284,540</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	54,640	47,375		102,015
Public Health Services	1,079			1,079
Leisure Time Activities	6,718	1,938		8,656
Basic Utility Services	597			597
Transportation	4,470	38,160		42,630
General Government	85,423			85,423
Debt Service:				
Principal Payments		9,963	9,875	19,838
Interest Payments		1,729	1,786	3,515
Capital Outlay	19,573			19,573
	<u>172,500</u>	<u>99,165</u>	<u>11,661</u>	<u>283,326</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>6,344</u>	<u>1,869</u>	<u>(6,999)</u>	<u>1,214</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			7,000	7,000
Advances-In	9,100	9,100		18,200
Transfers-Out	(7,000)			(7,000)
Advances-Out	(9,100)	(9,100)		(18,200)
	<u>(7,000)</u>	<u>0</u>	<u>7,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(656)	1,869	1	1,214
Fund Cash Balances January 1	42,011	47,871		89,882
Fund Cash Balances, December 31	<u>\$ 41,355</u>	<u>\$ 49,740</u>	<u>\$ 1</u>	<u>\$ 91,096</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Bay View, Erie County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, 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, 1999, 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 (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Fire and Ambulance Fund - This fund receives money from a separate levy voted on by the residents.

COPS Fast Fund - This fund receives grant monies from the Federal Government that are used to pay for police salaries and benefits in the Village.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Sunset Plaza and Park Lots Note Retirement Fund - This fund receives special assessments and transfers from the General Fund to pay for capital improvements.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 1999 and 1998 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

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

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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 85,790	\$ 68,196
Savings accounts	<u>23,650</u>	<u>22,900</u>
Total deposits and investments	<u>\$ 109,440</u>	<u>\$ 91,096</u>

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, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 192,963	\$ 160,496	\$ (32,467)
Special Revenue	106,387	95,641	(10,746)
Debt Service	<u>10,300</u>	<u>10,393</u>	<u>93</u>
Total	<u>\$ 309,650</u>	<u>\$ 266,530</u>	<u>\$ (43,120)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 204,143	\$ 168,389	\$ 35,754
Special Revenue	145,891	71,991	73,900
Debt Service	<u>10,700</u>	<u>10,253</u>	<u>447</u>
Total	<u>\$ 360,734</u>	<u>\$ 250,633</u>	<u>\$ 110,101</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 187,678	\$ 178,844	\$ (8,834)
Special Revenue	102,610	101,034	(1,576)
Debt Service	20,000	11,662	(8,338)
Total	\$ 310,288	\$ 291,540	\$ (18,748)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 210,100	\$ 179,500	\$ 30,600
Special Revenue	143,268	99,165	44,103
Debt Service	11,661	11,661	
Total	\$ 365,029	\$ 290,326	\$ 74,703

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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Park Lots Note	\$ 4,267	6.25%
Sunset Plaza Improvement Note	7,925	6.25%
Total	\$ 12,192	

The park lots note was used to purchase property for a park and the sunset plaza note was used for street improvements. The notes are issued for one year.

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

Year ending December 31:	Park Lots Note	Sunset Plaza Note
1999	\$ 4,533	\$ 8,420

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 1999 and 1998 members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

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
Sandusky, Ohio 44870-6175

To the Village Council:

We have audited the accompanying financial statements of the Village of Bay View, Erie County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 15, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 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 of the Village in a separate letter dated March 15, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 15, 2000.

This report is intended for the information and use of management and the 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 15, 2000



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
MAY 4, 2000**