



**CITY OF BAY VILLAGE
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF BAY VILLAGE
CUYAHOGA COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Members of Council
City of Bay Village
Cuyahoga County
350 Dover Center Road
Bay Village, Ohio 44140

We have audited the accompanying general-purpose financial statements of the City of Bay Village, Cuyahoga County, (the City) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Bay Village, Cuyahoga County, as of December 31, 2000, and the results of its operations and cash flows of its proprietary fund types and its nonexpendable trust fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2001, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

August 13, 2001

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City of Bay Village, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,842,898	\$1,334,029	\$736,506	\$3,572,489
Investments	6,000	0	0	0
Receivables:				
Taxes	3,364,650	972,062	1,440,687	10,794
Accounts	23,666	0	0	0
Special Assessments	0	0	219,569	0
Accrued Interest	54,603	15,485	35,837	0
Investment in Joint Venture	0	0	0	0
Interfund Receivable	10,028	0	0	0
Intergovernmental Receivable	238,740	38,287	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund For Retirement of General Obligation Bonds	0	0	0	0
Amount Available in Debt Service Fund For Retirement of Special Assessment Bonds	0	0	0	0
Amount Available in Special Revenue Fund for Accrued Compensated Absences	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$5,540,585	\$2,359,863	\$2,432,599	\$3,583,283

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$1,057,618	\$808,089	\$234,045	\$0	\$0	\$9,585,674
0	0	0	0	0	6,000
0	0	0	0	0	5,788,193
23,664	0	0	0	0	47,330
0	0	0	0	0	219,569
0	13,373	4,593	0	0	123,891
5,784,191	0	0	0	0	5,784,191
0	0	0	0	0	10,028
0	0	0	0	0	277,027
6,898,383	0	0	12,287,080	0	19,185,463
0	0	0	0	467,332	467,332
0	0	0	0	305,011	305,011
0	0	0	0	560,434	560,434
0	0	0	0	6,804,122	6,804,122
<u>\$13,763,856</u>	<u>\$821,462</u>	<u>\$238,638</u>	<u>\$12,287,080</u>	<u>\$8,136,899</u>	<u>\$49,164,265</u>

(continued)

City of Bay Village, Ohio
Combined Balance Sheet
All Fund Types and Account Groups (continued)
December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$76,205	\$60,142	\$0	\$10,238
Accrued Wages	16,867	23,574	0	0
Compensated Absences Payable	18,086	645	0	0
Interfund Payable	0	10,028	0	0
Intergovernmental Payable	783	2,517	0	5,788
Deferred Revenue	3,110,996	966,665	1,660,256	0
Undistributed Assets	0	0	0	0
Accrued Interest Payable	0	16,590	0	78,210
Notes Payable	0	0	0	650,000
Claims Payable	0	0	0	0
OPWC Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
Total Liabilities	3,222,937	1,080,161	1,660,256	744,236
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance (Deficit):				
Reserved for Encumbrances	22,955	106,502	0	249,598
Reserved for Endowment	0	0	0	0
Unreserved:				
Designated for Compensated Absences	0	560,434	0	0
Unreserved, Undesignated	2,294,693	612,766	772,343	2,589,449
Total Fund Equity and Other Credits	2,317,648	1,279,702	772,343	2,839,047
Total Liabilities, Fund Equity and Other Credits	\$5,540,585	\$2,359,863	\$2,432,599	\$3,583,283

See accompanying notes to the general purpose financial statement

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$18,390	\$0	\$513	\$0	\$0	\$165,488
3,398	0	0	0	0	43,839
1,882	0	0	0	2,384,512	2,405,125
0	0	0	0	0	10,028
7,919	90,056	0	0	223,387	330,450
0	0	0	0	0	5,737,917
0	0	26,981	0	0	26,981
0	0	0	0	0	94,800
0	0	0	0	3,350,000	4,000,000
0	86,241	0	0	0	86,241
680,139	0	0	0	0	680,139
0	0	0	0	2,034,150	2,034,150
0	0	0	0	144,850	144,850
<u>711,728</u>	<u>176,297</u>	<u>27,494</u>	<u>0</u>	<u>8,136,899</u>	<u>15,760,008</u>
0	0	0	12,287,080	0	12,287,080
13,825,637	0	0	0	0	13,825,637
(773,509)	645,165	0	0	0	(128,344)
0	0	0	0	0	379,055
0	0	163,623	0	0	163,623
0	0	0	0	0	560,434
0	0	47,521	0	0	6,316,772
<u>13,052,128</u>	<u>645,165</u>	<u>211,144</u>	<u>12,287,080</u>	<u>0</u>	<u>33,404,257</u>
<u>\$13,763,856</u>	<u>\$821,462</u>	<u>\$238,638</u>	<u>\$12,287,080</u>	<u>\$8,136,899</u>	<u>\$49,164,265</u>

City of Bay Village, Ohio
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2000*

	Governmental	
	General	Special Revenue
Revenues		
Municipal Income Tax	\$3,829,102	\$81,470
Property and Other Taxes	2,891,849	858,290
Charges for Services	33,068	133,291
Fines, Licenses and Permits	217,548	1,175
Intergovernmental	2,978,846	665,469
Special Assessments	0	0
Interest	238,715	46,017
Donations	10,993	62,299
Other	135,695	8,194
<i>Total Revenues</i>	<u>10,335,816</u>	<u>1,856,205</u>
Expenditures		
Current:		
General Government	2,164,068	1,809
Security of Persons and Property	3,383,553	1,159,795
Public Health and Welfare	250,342	65,054
Transportation	336,980	1,627,216
Community Environment	478,443	28,578
Basic Utility Services	1,579,013	673,412
Capital Outlay	0	0
Debt Service:		
Principal Retirement	0	0
Interest and Fiscal Charges	0	16,590
<i>Total Expenditures</i>	<u>8,192,399</u>	<u>3,572,454</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,143,417</u>	<u>(1,716,249)</u>
Other Financing Sources (Uses)		
Proceeds of Notes	0	700,000
Sale of Fixed Assets	0	0
Operating Transfers In	0	1,164,500
Operating Transfers Out	(1,449,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,449,500)</u>	<u>1,864,500</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	693,917	148,251
<i>Fund Balances Beginning of Year</i>	<u>1,623,731</u>	<u>1,131,451</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,317,648</u></u>	<u><u>\$1,279,702</u></u>

See accompanying notes to the general purpose financial statements

Fund Types		Totals
Debt Service	Capital Projects	(Memorandum Only)
\$0	\$162,941	\$4,073,513
1,147,676	0	4,897,815
0	0	166,359
0	0	218,723
154,253	0	3,798,568
159,935	33,161	193,096
85,908	0	370,640
0	2,377	75,669
0	0	143,889
<u>1,547,772</u>	<u>198,479</u>	<u>13,938,272</u>
17,381	0	2,183,258
0	0	4,543,348
0	0	315,396
0	0	1,964,196
0	0	507,021
0	0	2,252,425
0	1,017,850	1,017,850
1,140,000	0	1,140,000
147,560	78,210	242,360
<u>1,304,941</u>	<u>1,096,060</u>	<u>14,165,854</u>
<u>242,831</u>	<u>(897,581)</u>	<u>(227,582)</u>
0	2,650,000	3,350,000
0	6,610	6,610
0	250,000	1,414,500
0	0	(1,449,500)
<u>0</u>	<u>2,906,610</u>	<u>3,321,610</u>
242,831	2,009,029	3,094,028
529,512	830,018	4,114,712
<u>\$772,343</u>	<u>\$2,839,047</u>	<u>\$7,208,740</u>

City of Bay Village, Ohio
*Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types
For the Year Ended December 31, 2000*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Tax	\$3,780,635	\$3,859,875	\$79,240
Property and Other Taxes	2,784,920	2,891,849	106,929
Charges for Services	9,000	11,890	2,890
Fines, Licenses and Permits	233,770	236,272	2,502
Intergovernmental	2,138,260	3,049,647	911,387
Special Assessments	0	0	0
Interest	121,301	213,264	91,963
Donations	15,000	10,993	(4,007)
Other	145,000	111,964	(33,036)
<i>Total Revenues</i>	<u>9,227,886</u>	<u>10,385,754</u>	<u>1,157,868</u>
Expenditures			
Current:			
General Government	2,249,229	2,163,235	85,994
Security of Persons and Property	3,471,700	3,397,147	74,553
Public Health and Welfare	257,985	250,506	7,479
Transportation	381,540	350,223	31,317
Community Environment	571,500	538,543	32,957
Basic Utility Services	1,642,649	1,571,686	70,963
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>8,574,603</u>	<u>8,271,340</u>	<u>303,263</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>653,283</u>	<u>2,114,414</u>	<u>1,461,131</u>
Other Financing Sources (Uses)			
Proceeds of Notes	0	0	0
Sale of Fixed Assets	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	(1,449,500)	(1,449,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,449,500)</u>	<u>(1,449,500)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(796,217)	664,914	1,461,131
<i>Fund Balances Beginning of Year</i>	1,042,062	1,042,062	0
Prior Year Encumbrances Appropriated	45,493	45,493	0
<i>Fund Balances End of Year</i>	<u>\$291,338</u>	<u>\$1,752,469</u>	<u>\$1,461,131</u>

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$76,915	\$82,125	\$5,210	\$0	\$0	\$0
819,318	858,290	38,972	1,102,560	1,147,676	45,116
120,403	133,291	12,888	0	0	0
1,000	1,175	175	0	0	0
594,768	664,963	70,195	149,339	154,253	4,914
0	0	0	135,000	159,935	24,935
33,750	38,799	5,049	62,500	69,204	6,704
28,800	62,299	33,499	0	0	0
2,150	8,427	6,277	0	0	0
<u>1,677,104</u>	<u>1,849,369</u>	<u>172,265</u>	<u>1,449,399</u>	<u>1,531,068</u>	<u>81,669</u>
30,000	1,809	28,191	32,499	17,381	15,118
1,268,430	1,225,443	42,987	0	0	0
63,802	59,443	4,359	0	0	0
1,724,130	1,693,194	30,936	0	0	0
74,050	37,995	36,055	0	0	0
705,201	661,057	44,144	0	0	0
0	0	0	0	0	0
0	0	0	1,140,001	1,140,000	1
0	0	0	147,560	147,560	0
<u>3,865,613</u>	<u>3,678,941</u>	<u>186,672</u>	<u>1,320,060</u>	<u>1,304,941</u>	<u>15,119</u>
<u>(2,188,509)</u>	<u>(1,829,572)</u>	<u>358,937</u>	<u>129,339</u>	<u>226,127</u>	<u>96,788</u>
700,000	700,000	0	0	0	0
0	0	0	0	0	0
968,400	1,164,500	196,100	0	0	0
0	0	0	0	0	0
<u>1,668,400</u>	<u>1,864,500</u>	<u>196,100</u>	<u>0</u>	<u>0</u>	<u>0</u>
(520,109)	34,928	555,037	129,339	226,127	96,788
1,139,186	1,139,186	0	510,379	510,379	0
37,108	37,108	0	0	0	0
<u>\$656,185</u>	<u>\$1,211,222</u>	<u>\$555,037</u>	<u>\$639,718</u>	<u>\$736,506</u>	<u>\$96,788</u>

(continued)

City of Bay Village, Ohio
*Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types (continued)
For the Year Ended December 31, 2000*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Tax	\$153,825	\$164,250	\$10,425
Property and Other Taxes	0	0	0
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Intergovernmental	0	0	0
Special Assessments	37,500	33,161	(4,339)
Interest	0	0	0
Donations	30,000	2,377	(27,623)
Other	0	0	0
<i>Total Revenues</i>	<u>221,325</u>	<u>199,788</u>	<u>(21,537)</u>
Expenditures			
Current:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Transportation	0	0	0
Community Environment	0	0	0
Basic Utility Services	0	0	0
Capital Outlay	3,998,497	1,273,924	2,724,573
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>3,998,497</u>	<u>1,273,924</u>	<u>2,724,573</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,777,172)</u>	<u>(1,074,136)</u>	<u>2,703,036</u>
Other Financing Sources (Uses)			
Proceeds of Notes	3,250,000	3,300,000	50,000
Sale of Fixed Assets	10,000	6,610	(3,390)
Operating Transfers In	250,000	250,000	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>3,510,000</u>	<u>3,556,610</u>	<u>46,610</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(267,172)</u>	<u>2,482,474</u>	<u>2,749,646</u>
<i>Fund Balances Beginning of Year</i>	<u>737,532</u>	<u>737,532</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>92,647</u>	<u>92,647</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$563,007</u></u>	<u><u>\$3,312,653</u></u>	<u><u>\$2,749,646</u></u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$4,011,375	\$4,106,250	\$94,875
4,706,798	4,897,815	191,017
129,403	145,181	15,778
234,770	237,447	2,677
2,882,367	3,868,863	986,496
172,500	193,096	20,596
217,551	321,267	103,716
73,800	75,669	1,869
147,150	120,391	(26,759)
<u>12,575,714</u>	<u>13,965,979</u>	<u>1,390,265</u>
2,311,728	2,182,425	129,303
4,740,130	4,622,590	117,540
321,787	309,949	11,838
2,105,670	2,043,417	62,253
645,550	576,538	69,012
2,347,850	2,232,743	115,107
3,998,497	1,273,924	2,724,573
1,140,001	1,140,000	1
147,560	147,560	0
<u>17,758,773</u>	<u>14,529,146</u>	<u>3,229,627</u>
<u>(5,183,059)</u>	<u>(563,167)</u>	<u>4,619,892</u>
3,950,000	4,000,000	50,000
10,000	6,610	(3,390)
1,218,400	1,414,500	196,100
(1,449,500)	(1,449,500)	0
<u>3,728,900</u>	<u>3,971,610</u>	<u>242,710</u>
(1,454,159)	3,408,443	4,862,602
3,429,159	3,429,159	0
175,248	175,248	0
<u>\$2,150,248</u>	<u>\$7,012,850</u>	<u>\$4,862,602</u>

City of Bay Village, Ohio
*Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Year Ended December 31, 2000*

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Operating Revenues				
Charges for Services	\$1,505,957	\$916,730	\$4,342	\$2,427,029
Interest	0	0	3,467	3,467
Other	5,989	26,971	0	32,960
<i>Total Operating Revenues</i>	<u>1,511,946</u>	<u>943,701</u>	<u>7,809</u>	<u>2,463,456</u>
Operating Expenses				
Personal Services	520,854	0	0	520,854
Contractual Services	765,123	132,125	13,288	910,536
Materials and Supplies	212,977	0	0	212,977
Claims	0	525,266	0	525,266
Depreciation	287,396	0	0	287,396
Other	11,078	17,009	0	28,087
<i>Total Operating Expenses</i>	<u>1,797,428</u>	<u>674,400</u>	<u>13,288</u>	<u>2,485,116</u>
<i>Operating Income (Loss)</i>	<u>(285,482)</u>	<u>269,301</u>	<u>(5,479)</u>	<u>(21,660)</u>
Non-Operating Revenues (Expenses)				
Interest	0	31,496	0	31,496
Loss from Joint Venture	(110,504)	0	0	(110,504)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(110,504)</u>	<u>31,496</u>	<u>0</u>	<u>(79,008)</u>
<i>Net Income (Loss) Before Operating Transfers</i>	<u>(395,986)</u>	<u>300,797</u>	<u>(5,479)</u>	<u>(100,668)</u>
Operating Transfers In	35,000	0	0	35,000
<i>Net Income (Loss)</i>	<u>(360,986)</u>	<u>300,797</u>	<u>(5,479)</u>	<u>(65,668)</u>
<i>Retained Earnings (Deficit)/Fund Balance Beginning of Year</i>	<u>(412,523)</u>	<u>344,368</u>	<u>216,623</u>	<u>148,468</u>
<i>Retained Earnings (Deficit)/Fund Balance End of Year</i>	<u>(773,509)</u>	<u>645,165</u>	<u>211,144</u>	<u>82,800</u>
Contributed Capital at Beginning and End of Year	13,825,637	0	0	13,825,637
<i>Total Fund Equity End of Year</i>	<u>\$13,052,128</u>	<u>\$645,165</u>	<u>\$211,144</u>	<u>\$13,908,437</u>

See accompanying notes to the general purpose financial statement

City of Bay Village, Ohio
*Combined Statement of Revenues, Expenses and Changes
 In Fund Equity - Budget (Non-GAAP Basis) and Actual
 All Proprietary Fund Types and Nonexpendable Trust Fund
 For the Year Ended December 31, 2000*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$1,589,000	\$1,569,808	(\$19,192)
Interest	0	0	0
Other	0	5,926	5,926
<i>Total Revenues</i>	<u>1,589,000</u>	<u>1,575,734</u>	<u>(13,266)</u>
Expenses			
Personal Services	539,655	535,387	4,268
Contractual Service	850,913	833,707	17,206
Materials and Supplies	233,196	217,208	15,988
Claims	0	0	0
Capital Outlay	243,157	239,130	4,027
Other	9,500	7,943	1,557
<i>Total Expenses</i>	<u>1,876,421</u>	<u>1,833,375</u>	<u>43,046</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(287,421)	(257,641)	29,780
Operating Transfers In	<u>25,000</u>	<u>35,000</u>	<u>10,000</u>
<i>Excess of Revenues and Operating Transfers Over (Under) Expenses</i>	(262,421)	(222,641)	39,780
<i>Fund Equity Beginning of Year</i>	846,052	846,052	0
Prior Year Encumbrances Appropriated	<u>203,641</u>	<u>203,641</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$787,272</u></u>	<u><u>\$827,052</u></u>	<u><u>\$39,780</u></u>

(continued)

City of Bay Village, Ohio
*Combined Statement of Revenues, Expenses and Changes
 In Fund Equity - Budget (Non-GAAP Basis) and Actual
 All Proprietary Fund Types and Nonexpendable Trust Fund (continued)
 For the Year Ended December 31, 2000*

	Internal Service Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$807,975	\$807,975	\$0
Interest	22,500	25,263	2,763
Other	15,000	14,338	(662)
<i>Total Revenues</i>	<u>845,475</u>	<u>847,576</u>	<u>2,101</u>
Expenses			
Personal Services	0	0	0
Contractual Services	258,500	203,542	54,958
Materials and Supplies	0	0	0
Claims	732,250	584,164	148,086
Capital Outlay	0	0	0
Other	6,500	6,500	0
<i>Total Expenses</i>	<u>997,250</u>	<u>794,206</u>	<u>203,044</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(151,775)	53,370	205,145
Operating Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Operating Transfers Over (Under) Expenses</i>	(151,775)	53,370	205,145
<i>Fund Equity Beginning of Year</i>	750,477	750,477	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$598,702</u></u>	<u><u>\$803,847</u></u>	<u><u>\$205,145</u></u>

See accompanying notes to the general purpose financial statements

Nonexpendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,000	\$4,342	(\$658)	\$2,401,975	\$2,382,125	(\$19,850)
6,500	4,864	(1,636)	29,000	30,127	1,127
0	0	0	15,000	20,264	5,264
11,500	9,206	(2,294)	2,445,975	2,432,516	(13,459)
0	0	0	539,655	535,387	4,268
17,940	17,546	394	1,127,353	1,054,795	72,558
0	0	0	233,196	217,208	15,988
0	0	0	732,250	584,164	148,086
0	0	0	243,157	239,130	4,027
0	0	0	16,000	14,443	1,557
17,940	17,546	394	2,891,611	2,645,127	246,484
(6,440)	(8,340)	(1,900)	(445,636)	(212,611)	233,025
0	0	0	25,000	35,000	10,000
(6,440)	(8,340)	(1,900)	(420,636)	(177,611)	243,025
215,404	215,404	0	1,811,933	1,811,933	0
0	0	0	203,641	203,641	0
<u>\$208,964</u>	<u>\$207,064</u>	<u>(\$1,900)</u>	<u>\$1,594,938</u>	<u>\$1,837,963</u>	<u>\$243,025</u>

City of Bay Village, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Year Ended December 31, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities				
Cash Received from Customers	\$1,569,808	\$0	\$4,342	\$1,574,150
Cash Received from Quasi-External Transactions With Other Funds	0	881,956	0	881,956
Other Cash Receipts	6,176	24,751	0	30,927
Cash Paid to Suppliers	(956,924)	(218,051)	(17,606)	(1,192,581)
Cash Paid to Employees	(535,387)	0	0	(535,387)
Other Cash Payments	(7,943)	(2,500)	0	(10,443)
Cash Payments for Claims	0	(584,164)	0	(584,164)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>75,730</u>	<u>101,992</u>	<u>(13,264)</u>	<u>164,458</u>
Cash Flows from Noncapital Financing Activities				
Operating Transfers In	<u>35,000</u>	<u>0</u>	<u>0</u>	<u>35,000</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of Fixed Assets	<u>(31,334)</u>	<u>0</u>	<u>0</u>	<u>(31,334)</u>
Cash Flows from Investing Activities				
Capital Contributed to Joint Venture	(74,296)	0	0	(74,296)
Interest on Investments	<u>0</u>	<u>25,263</u>	<u>6,446</u>	<u>31,709</u>
<i>Net Cash Provided by (Used for) Investing Activities</i>	<u>(74,296)</u>	<u>25,263</u>	<u>6,446</u>	<u>(42,587)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	5,100	127,255	(6,818)	125,537
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,052,518</u>	<u>680,834</u>	<u>213,882</u>	<u>1,947,234</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,057,618</u></u>	<u><u>\$808,089</u></u>	<u><u>\$207,064</u></u>	<u><u>\$2,072,771</u></u>

(continued)

City of Bay Village, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund (continued)
For the Year Ended December 31, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	(\$285,482)	\$269,301	(\$5,479)	(\$21,660)
Adjustments				
Depreciation	287,396	0	0	287,396
Interest	0	0	(3,467)	(3,467)
(Increase) Decrease in Assets				
Accounts Receivable	63,851	0	0	63,851
Increase (Decrease) in Liabilities				
Accounts Payable	13,181	(70,875)	(4,318)	(62,012)
Accrued Wages	(624)	0	0	(624)
Compensated Absences Payable	838	0	0	838
Intergovernmental Payable	(3,430)	(37,536)	0	(40,966)
Claims Payable	0	(58,898)	0	(58,898)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$75,730</u>	<u>\$101,992</u>	<u>(\$13,264)</u>	<u>\$164,458</u>

Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Funds to Balance Sheet:

Cash and Cash Equivalents - All Fiduciary Funds	\$234,045
Cash and Cash Equivalents - All Agency Funds	<u>(26,981)</u>
Cash and Cash Equivalents - Nonexpendable Trust Fund	<u>\$207,064</u>

Noncash Capital Financing Activity:

During 2000, the Ohio Public Works Commission paid \$680,139 directly to contractors on behalf of the City. The City recognized this amount as a loan obligation.

See accompanying notes to the general purpose financial statements

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City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 1 - Description of the City and Reporting Entity

The City of Bay Village (the "City") was incorporated in 1908 and became a city in 1946. Under the City Charter adopted in April 1949, the City has an elected council-mayor form of government with six council members and a council president who are all elected to two year terms. The Mayor is elected for a four year term. The Director of Law and the Director of Finance are appointed by the Mayor.

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments, and organizations making up the City of Bay Village (the primary government) and its potential component units consistent with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity."

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

The City, in order to provide the necessary services to its citizens, is segmented into many different departments. Among these are a police force, a fire fighting force, a street maintenance force, sanitation services, planning and zoning departments, a human resources department, a parks and recreation system, a sewage system, and a general administrative staff to provide support to the service groups. The operation of these departments is directly controlled by the council through the budgetary process. These departments do not have separate legal standing and are, therefore, included as part of the primary government.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and the City is able to significantly influence the programs or services performed or provided by the organization; or the City is legally entitled to or can otherwise access the organization's resources; or the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The City does not have any component units.

The Rocky River Wastewater Treatment Plant is a joint venture among the cities of Bay Village, Westlake, Rocky River, and Fairview Park. The Rocky River Wastewater Treatment Plant is governed by a management board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The board has complete authority over all aspects of the plant's operation.

The City has an explicit and measurable equity interest in the Rocky River Wastewater Treatment Plant. There exists a residual interest in the assets upon dissolution of the joint venture. The City also has an ongoing financial responsibility for its share of the joint venture liabilities. (See Note 16).

The City is associated with the Westshore Council of Governments, Safe Air For Environment (S.A.F.E.) Council of Governments and the West Shore Area Rescue Association as jointly governed organizations. These organizations are presented in Note 17 to the City's financial statements.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 2 - Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements.

A. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds These funds are used to account for the accumulation of resources for, and the payment of, general and special assessment long-term debt principal, interest, and related costs.

Capital Projects Funds These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Proprietary Fund Types Proprietary funds are used to account for the City's ongoing activities which are similar to those often found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds The enterprise funds are used to account for the City's sewer and swimming pool funds. They are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds The internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's fiduciary funds include a nonexpendable trust fund and agency funds.

Nonexpendable Trust Fund This fund is accounted for in essentially the same manner as proprietary funds.

Agency Funds These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group This account group is used to account for all fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group This account group is used to account for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds, including special assessment debt for which the City is obligated in some manner.

B. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is thirty-one days after year-end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, and income tax withheld by employers.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 2000, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside of the available period, the entire amount has been deferred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year-end.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Any budgetary modifications at this level may only be made by resolution of the City Council.

Tax Budget At the first Council meeting in July, the Mayor presents the annual operating budget for the following year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

Appropriations A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant affect on the original appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the object level within each department. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and are disclosed in the notes to the financial statements for proprietary funds.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

D. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. The general fund made "an advance" to the community development block grant special revenue fund to eliminate the fund's negative cash balance. The community development block grant special revenue fund has an interfund payable for the amount of the advance received from the general fund, which has an interfund receivable for the same amount on the combined balance sheet.

During 2000, investments were limited to certificates of deposit, U.S. Treasury Bills and Notes, governmental discount notes and manuscript bonds.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2000 amounted to \$238,715, which includes \$192,700 assigned from other City funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months not purchased from the pool are reported as investments.

E. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in proprietary funds are capitalized in the funds.

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment, vehicles, and sewer lines in the proprietary fund types is computed using the straight-line method over an estimated useful life. Improvements to fund fixed assets are depreciated over the useful lives of the related fixed assets. The estimated useful lives are as follows:

Buildings	20 - 45 years
Equipment	5 - 20 years
Vehicles	3 - 12 years
Sewer Lines	50 years

F. Investment in Joint Venture

The investment in the joint venture is reported using the equity method of accounting.

G. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and those the City has identified as probable of receiving payment in the future.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

H. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences and contractually required pension obligations are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are considered not to have been paid with current available financial resources. Bonds are recognized as a liability of the general long-term obligations account group until due or until resources have been accumulated in the fund for payment early in the following year.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

I. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

J. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received and agency fund assets due to operating funds are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

K. Contributed Capital

Contributed capital represents resources provided to the enterprise funds from other governments and contributions from developers, customers, or other funds that are not subject to repayment.

L. Reserves of Fund Equity

Reserves of fund balance are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure including amounts legally segregated for a specific future use. Fund balances are reserved for encumbrances. Fund balance has also been reserved for endowments to indicate that the principal is legally restricted. The Accrued Benefits Special Revenue Fund has been designated for payment of accrued compensated absences.

M. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 3 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances -Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Nonexpendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types or as note disclosure in the proprietary fund types (GAAP).
4. Proceeds from and principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).
5. For the proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
6. Unreported cash represents amounts received/paid but not included as revenue/expenditure on the budget basis operating statements. These amounts are included as revenue/expenditure on the GAAP basis operating statements.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis:

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$693,917	(\$551,749)	\$242,831	(\$640,971)
Net Adjustment for Revenue Accruals	49,938	(6,836)	(16,704)	1,309
Proceeds of Notes	0	700,000	0	3,300,000
Cash Adjustments	(66,896)	0	0	0
Net Adjustment for Expenditure Accruals	68,476	6,292	0	81,972
Encumbrances	(80,521)	(112,779)	0	(259,836)
Budget Basis	<u>\$664,914</u>	<u>\$34,928</u>	<u>\$226,127</u>	<u>\$2,482,474</u>

Net Income/Excess of Revenues
and Operating Transfers Over (Under) Expenses
All Proprietary Fund Types and Nonexpendable Trust Fund

	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	(\$360,986)	\$300,797	(\$5,479)
Net Adjustment for Revenue Accruals	63,788	(127,277)	1,397
Cash Adjustments	0	(344)	0
Capital Contribution to Joint Venture	(74,296)	0	0
Loss from Joint Venture	110,504	0	0
Net Adjustment for Expense Accruals	13,100	(115,806)	(4,258)
Depreciation Expense	287,396		
Capital Outlay	(31,334)		
Encumbrances	<u>(230,813)</u>	<u>(4,000)</u>	<u>0</u>
Budget Basis	<u>(\$222,641)</u>	<u>\$53,370</u>	<u>(\$8,340)</u>

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 4 - Accountability and Compliance

A. Fund Deficits

The following funds had a deficit fund balance at December 31, 2000:

State Highway Special Revenue Fund	\$18,189
Street Construction Special Revenue Fund	520,873
Community Development Block Grant Special Revenue Fund	10,028
Public Improvement Capital Projects Fund	471,238
Police Station Building Capital Projects Fund	59,754
Sewer Enterprise Fund	793,066

The deficits in the state highway and the community development block grant special revenue funds are caused by expenditures exceeding revenues. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The street construction special revenue fund and the public improvement and police station building capital projects funds deficits are the result of the issuance of short-term bond anticipation notes which are used to finance the project until bonds are issued. Once bonds are issued and the liability is reported in the general long-term obligations account group rather than in the fund, the deficit will be eliminated.

The sewer enterprise fund deficit is caused by including depreciation when reporting on a GAAP basis. Management is currently analyzing the sewer operation to determine appropriate steps to alleviate the deficit.

B. Legal Compliance

Contrary to section 5705.39, Ohio Revised Code, the following funds had appropriations in excess of revenues and carryover balances:

Fund	Estimated Resources	Appropriations	Excess
Special Revenue Funds:			
Parks and Recreation	\$524,425	\$546,450	(\$22,025)
Play in Bay	4	100	(96)
Community Diversion	0	9,050	(9,050)
Police Pension	238,054	248,000	(9,946)
Community Development Block Grant	(47,393)	50,000	(97,393)
Enterprise Fund			
Swimming Pool	185,744	189,175	(3,431)

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Contrary to section 5705.41B, Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of appropriations:

Fund/Program	Appropriations	Expenditures Plus Encumbrances	Excess
<i>General Fund:</i>			
General Government			
Law Department			
Contractual Services	\$67,946	\$76,354	(\$8,408)
Tax Administrator			
Personal Services	6,500	6,703	(203)
Contractual Services	115,610	118,513	(2,903)
Security of Persons and Property			
Fire Department			
Personal Services	1,481,240	1,490,795	(9,555)
<i>Special Revenue Funds:</i>			
Emergency Paramedic Fund			
Security of Persons and Property			
Personal Services	539,175	544,106	(4,931)
Community Diversion Fund			
Community Environment			
Other	4,050	4,502	(452)
Street Construction Fund			
Transportation			
Materials and Supplies	178,250	191,033	(12,783)
Dwyer Fund			
Public Health and Welfare			
Other	28,922	30,065	(1,143)

In order to eliminate the budgetary violations, appropriations will be more closely monitored to ensure appropriations will cover year end encumbrances.

The City had a negative cash balance in the community development block grant special revenue fund of \$10,028 indicating that revenues from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 5 - Deposits and Investments

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

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

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

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

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

Interim monies may be deposited or invested in the following securities :

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

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

A. Deposits

At year-end, the carrying amount of the City's deposits was \$3,607,006 and the bank balance was \$2,895,544. Of the bank balance:

1. \$350,166 was covered by federal depository insurance; and
2. \$2,545,378 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

	Category 1	Category 3	Fair Value
Manuscript Bonds	\$6,000	\$0	\$6,000
Repurchase Agreement	0	324,000	324,000
U. S. Treasury Notes	0	679,211	679,211
U. S. Treasury Bills	0	971,696	971,696
Federal Home Loan Notes	0	981,595	981,595
Federal National Mortgage Note	0	3,022,166	3,022,166
Total Investments	\$6,000	\$5,978,668	\$5,984,668

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3, is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$9,585,674	\$6,000
Investments which are part of a cash management pool:		
Repurchase Agreement	(324,000)	324,000
U. S. Treasury Notes	(679,211)	679,211
U. S. Treasury Bills	(971,696)	971,696
Federal Home Loan Notes	(981,595)	981,595
Federal National Mortgage Note	(3,022,166)	3,022,166
GASB Statement 3	\$3,607,006	\$5,984,668

Note 6 - Receivables

Receivables at December 31, 2000, consist primarily of taxes, accounts (billings for utility services), special assessments, accrued interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered fully collectible.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue during 2000 for real and public utility property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

2000 real property taxes are levied after October 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2000, was \$15.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Estate:	
Residential/Agricultural	\$381,447,080
Commercial/Industrial	11,323,540
Tangible Personal Property:	
General	5,291,285
Public Utilities	7,517,590
Total	<u>\$405,579,495</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Bay Village. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2000 operations. The receivable is offset by deferred revenue.

B. Income Taxes

The City levies a municipal income tax of one and one-half percent on substantially all income earned within the City. In addition, residents of the City are required to pay the City income tax on income earned outside the City; however, a credit is allowed for income taxes paid to other municipalities which reduces the effective tax rate to one percent for such earnings.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds are credited to the following funds: ninety-four percent to the general fund, two percent to the accrued benefits special revenue fund, and four percent to the equipment replacement capital projects fund.

The Regional Income Tax Collection Agency administers and collects income taxes for the City. Amounts collected are remitted monthly to the City.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

C. Intergovernmental Receivables

A summary of intergovernmental receivables at December 31, 2000, follows:

	Amount
General Fund:	
Estate Tax	\$76,810
Local Government Tax	160,296
Court Fees	1,538
Permissive Tax	96
Total General Fund	238,740
Special Revenue Funds:	
Community Diversion	2,000
Street Construction, Maintenance and Repair	33,566
State Highway	2,721
Total Special Revenue Funds	38,287
 Total All Funds	 \$277,027

Note 7 - Fixed Assets and Depreciation

A summary of the enterprise fund's fixed assets at December 31, 2000, follows:

	Enterprise
Land	\$50,000
Buildings	709,062
Equipment	284,774
Vehicles	973,514
Sewer Lines	8,175,333
Total	10,192,683
Less: Accumulated Depreciation	(3,294,300)
Net Fixed Assets	\$6,898,383

A summary of changes in general fixed assets during 2000 follows:

	Balance January 1, 2000	Additions	Deductions	Balance December 31, 2000
Land and Improvements	\$650,494	\$150,124	\$0	\$800,618
Buildings	5,102,670	198,978	0	5,301,648
Machinery and Equipment	2,281,244	189,440	0	2,470,684
Vehicles	3,446,856	309,358	(42,084)	3,714,130
Total	\$11,481,264	\$847,900	(\$42,084)	\$12,287,080

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 8 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2000, the City has entered into contracts with various insurance companies for insurance. The following table lists the types of insurance, amount of coverage, and the insurer:

Company	Type of Coverage	Coverage
CNA	Property/Inland Marine	\$9,644,800
National Casualty	Public Official and Liability	1,000,000/1,000,000
CNA	Boiler	5,000,000
CNA	General Liability	1,000,000/2,000,000
CNA	Automobile Liability, Comprehensive and Collision	1,000,000
National Casualty	Law Enforcement	1,000,000/1,000,000
CNA	Umbrella	10,000,000

Claims have not exceeded coverage in any of the last three years and there were no significant reduction in commercial coverage from the prior year.

The City participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claim costs for employees injured in 2000. The maintenance of these benefits are accounted for in the Workers Compensation internal service fund. Incurred but not reported claims of \$7,070 have been accrued as a liability at December 31, 2000, based on an estimate by the third party administrator.

The City has elected to provide health care coverage to its employees through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator processes and pays all claims. The City purchases stop-loss coverage to insure against catastrophic claims. Incurred but not reported claims of \$79,171 have been accrued as a liability at December 31, 2000, based on an estimate by the third party administrator.

The claims liability of \$86,241 reported in the fund at December 31, 2000 was estimated based on the billings for January and February of 2001 and is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was based on an analysis of the claims paid in 2001 by the third party administrator that were unpaid claims costs for 2000. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for the last three years follows:

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1998	\$50,206	\$560,365	\$547,194	\$63,377
1999	63,377	709,315	627,553	145,139
2000	145,139	525,266	584,164	86,241

Note 9 - Defined Benefit Pension Plans

A. Public Employees Retirement System (PERS)

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$183,729, \$319,001, and \$290,054 respectively. The full amount has been contributed for 1999 and 1998. 79.31 percent has been contributed for 2000 with the remainder being reported as a liability in the general long-term obligations account group.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.25 percent for police and 16.75 percent for firefighters. For 2000, the City contributions were 12.5 percent for police and 17 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$148,616 and \$249,010 for the year ended December 31, 2000, \$147,439 and \$257,133 for the year ended December 31, 1999, and \$147,471 and \$220,673 for the year ended December 31, 1998. The full amount has been contributed for 1999 and 1998. 76.09 and 74.64 percent, respectively, have been contributed for 2000 with the remainder being reported as a liability in the general long-term obligations account group.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 10 - Postemployment Benefits

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund postemployment benefits were \$120,800. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employers' contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.25 percent of covered payroll was applied to the postemployment health care program during 2000. For 1999, the percent used to fund healthcare was 7 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2000 that were used to fund postemployment benefits were \$87,956 for police and \$107,780 for fire. The OP&F's total health care expenses for the year ended December 31, 1999, (the latest information available) were \$95,004,633 which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters.

Note 11 - Other Employee Benefits

The criteria for determining vacation and sick leave components are derived from negotiated agreements and state laws. Employees earn vacation at different rates, depending upon length of service. In general, vacation earned in any one year must be used in the following year, and cannot be carried over except with the written approval of the Mayor. At the time of separation the employee is entitled to payment for any earned but unused vacation within statutory limits. Fire Department employees are limited to the payment of six weeks of accumulated but unused vacation by collective bargaining agreement. Overtime is paid in the period in which it was worked, except for the Police and Fire Department employees, who may accumulate overtime within statutory limits. At the time of separation, these employees are entitled to payment for any accumulated but unpaid overtime.

Sick leave may be accrued without limit. Upon retirement or death, employees are entitled to payment of any accumulated but unused sick leave as follows: Police (including dispatchers and jailers) and Fire Department employees at 50 percent and 40 percent, respectively, provided the employee has at least 15 years of service. All other employees are paid at 25 percent of accumulated but unused sick leave after 10 years, 40 percent after 15 years, and 50 percent after 20 years. As of December 31, 2000, the liability for unpaid compensated absences was \$2,405,125 for the entire City.

Note 12 - Long-term Obligations

A summary of changes in long-term obligations of the City during 2000 were as follows:

	Original Issue Amount	Outstanding 1/1/00	Additions	(Reductions)	Outstanding 12/31/00
GENERAL LONG-TERM OBLIGATIONS:					
GENERAL OBLIGATION BONDS					
1993 3.675% Various Improvements	\$1,050,000	\$200,000	\$0	\$50,000	\$150,000
1994 4.670% Street Improvements (Queenswood)	563,100	143,700	0	71,850	71,850
1995 4.728% Sewer Improvements (Bruce, Russell, and Douglas)	400,000	80,000	0	80,000	0

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

	Original Issue Amount	Outstanding 1/1/00	Additions	(Reductions)	Outstanding 12/31/00
1995 4.728% Street Improvements (Kenilworth)	\$497,375	\$99,465	\$0	\$99,465	\$0
1995 4.728% Street Improvements (Concrete Streets)	250,000	50,000	0	50,000	0
1996 4.618% Street Improvements (Kenilworth)	608,250	243,300	0	121,650	121,650
1996 4.618% Street Improvements (Municipal Program)	600,000	240,000	0	120,000	120,000
1996 4.618% Various Improvements	153,250	61,300	0	30,650	30,650
1997 4.494% Various Improvements	700,000	560,000	0	70,000	490,000
1997 4.494% Various Improvements	625,000	375,000	0	125,000	250,000
1999 4.080% Street Improvements	1,000,000	1,000,000	0	200,000	800,000
TOTAL GENERAL OBLIGATION BONDS		\$3,052,765	\$0	\$1,018,615	\$2,034,150
SPECIAL ASSESSMENT BONDS					
1987 7.750% Street Improvements (Cahoon Road)	\$120,000	\$48,000	\$0	\$6,000	\$42,000
1991 5.736% Street Improvements (Series 1991-3)	82,000	6,000	0	3,000	3,000
1994 4.670% Street Improvements	142,250	36,300	0	18,150	18,150
1995 4.728% Street Improvements	103,700	20,740	0	20,740	0
1995 4.728% Street Improvements	98,925	19,795	0	19,795	0
1996 4.618% Street Improvements	138,500	55,400	0	27,700	27,700
1997 4.494% Sidewalk Improvements	130,000	80,000	0	26,000	54,000
TOTAL SPECIAL ASSESSMENT BONDS		\$266,235	\$0	\$121,385	\$144,850
NOTES PAYABLE	3,350,000	0	3,350,000	0	3,350,000
COMPENSATED ABSENCES		2,178,778	205,734	0	2,384,512
PENSION OBLIGATIONS		296,678	223,387	296,678	223,387
TOTAL GENERAL LONG-TERM OBLIGATIONS		5,794,456	3,779,121	1,436,678	8,136,899
ENTERPRISE FUND OBLIGATION:					
2000 0% OPWC Loan		0	680,139	0	680,139
GRAND TOTAL		\$5,794,456	\$4,459,260	\$1,436,678	\$8,817,038

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

General obligation bonds will be paid from tax money receipted into the debt service fund. Special assessment bonds will be paid from the proceeds of special assessments levied against benefitted property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. Compensated absences reported in the "compensated absences payable" account and the pension liability reported in the "intergovernmental payable" account will be paid from the fund from which the employees' salaries are paid.

Bond anticipation notes that were rolled over prior to the issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued have been reported in the general long-term obligations account and will be paid from the debt service fund.

In 2000, the City borrowed \$680,139 from the Ohio Public Works Commission (OPWC). This money was sent directly to the contractors and will be used in the construction of new sewer lines. Since the project is not complete, no repayment schedule is available and therefore, is not included in the following table. The City's overall legal debt margin was \$37,324,040 at December 31, 2000. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2000, are as follows:

	General Obligation Bonds	Special Assessment Bonds	Totals
2001	\$877,032	\$84,877	\$961,909
2002	497,930	32,230	530,160
2003	354,070	10,775	364,845
2004	290,760	10,220	300,980
2005	79,450	9,665	89,115
2006-2008	149,450	17,665	167,115
Sub-totals	2,248,692	165,432	2,414,124
Less: Interest	214,542	20,582	235,124
Total Principal	\$2,034,150	\$144,850	\$2,179,000

Note 13 - Note Debt

The City's note activity for the year ended December 31, 2000 is as follows:

	Balance 1/1/00	Additions	(Reductions)	Outstanding 12/31/00
Capital Projects Funds:				
Public Improvements				
4.74% Municipal Building Improvements	\$0	\$425,000	\$0	\$425,000
4.74% Recreational Facilities	0	175,000	0	175,000
Equipment Replacement				
4.74% Motorized Equipment	0	50,000	0	50,000
Total Notes	\$0	\$650,000	\$0	\$650,000

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

All notes are backed by the full faith and credit of the City of Bay Village and mature within one year. The note liability is reflected in the fund which received the proceeds. The notes are generally issued in anticipation of long-term bond financing and are refinanced until such bonds are issued.

Note 14 - Litigation

The City of Bay Village is a party to legal proceedings. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

Note 15 - Segment Information

The City's enterprise funds account for sewer services and the operation of a public swimming pool. Segment information for these operations as of and for the year ended December 31, 2000, was as follows:

	Sewer	Swimming Pool	Total
Operating Revenues	\$1,371,655	\$140,291	\$1,511,946
Operating Income (Loss)	(237,252)	(48,230)	(285,482)
Depreciation Expense	279,769	7,627	287,396
Loss from Joint Venture	(110,504)	0	(110,504)
Operating Transfers In	0	35,000	35,000
Net Loss	(347,756)	(13,230)	(360,986)
Fixed Asset Additions	704,930	6,543	711,473
Net Working Capital	1,045,095	4,598	1,049,693
Total Assets	13,729,128	34,728	13,763,856
Total Fund Equity	13,021,246	30,882	13,052,128
Encumbrances at December 31, 2000	\$230,813	\$0	\$230,813

Note 16 - Joint Venture - Rocky River Wastewater Treatment Plant

The Rocky River Wastewater Treatment Plant (the "Plant") is a joint venture among the cities of Rocky River, Bay Village, Fairview Park, and Westlake. The Plant is governed by a management board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The board has complete authority over all aspects of the Plant's operation. The Plant supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

bills its residents for usage. Continued existence of the Plant is dependent on the City's continued participation, and the City does have an equity interest in the Plant. The City's equity interest is \$5,784,191 which represents 18.98 percent of the total equity in the Plant. The Plant is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. Complete financial statements can be obtained from the City of Rocky River, 21012 Hilliard, Rocky River, Ohio 44116.

Note 17 - Jointly Governed Organizations

A. Westshore Council of Governments

The Westshore Council of Governments helps foster cooperation between municipalities in areas effecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of one member from each of the sixteen participating entities. The board exercises control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each city's degree of control is limited to its representation on the board. During 2000, the City contributed \$29,442 which represents 9.60 percent of total contributions. Complete financial statements can be obtained from the City of Rocky River, 21012 Hilliard, Rocky River, Ohio 44116.

The council has established two subsidiary organizations, the Westshore Hazardous Materials Committee ("HAZMAT") which provides hazardous material protection and assistance, and the Westshore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team.

B. S.A.F.E. Council of Governments

The S. A. F. E. Council of Governments was formed between municipalities to oppose changes to Cleveland Hopkins International Airport traffic pattern. The cities of Rocky River, Bay Village, Fairview Park, and Westlake govern by a board consisting of the elected mayors. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each city's degree of control is limited to its representation on the board. Currently, the Council is fully funded and no contributions are being assessed to the participating cities. Complete financial statements can be obtained from the City of Rocky River, 21012 Hilliard, Rocky River, Ohio 44116.

C. WestShore Area Rescue Association

The West Shore Area Rescue Association (WESHARE) helps foster cooperation between municipalities and hospitals to provide optimum emergency medical services. The Board is comprised of one member from each of the nine participating entities. The Board exercises total control over the operation of the Council including budgeting, contracting, and designating management.

Budgets are adopted by the Board. Each city's degree of control is limited to its representation on the Board. In 2000, the City contributed \$300 to the association.

City of Bay Village, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 18 - Interfund Transactions

At December 31, 2000, interfund receivables/interfund payables consist of an interfund receivable of \$10,028 in the general fund and interfund payables of \$10,028 in the special revenue community development block grant.

Note 19 - Subsequent Events

On June 28, 2001, the City issued \$3,500,000 in various improvement notes at a 5.00 percent interest rate with a maturity date of June 28, 2002.

On May 21, 2001, the City issued \$1,800,000 in various improvement bonds at a 3.66 percent interest rate with a maturity date of May 21, 2006.



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

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Members of Council
City of Bay Village
Cuyahoga County
350 Dover Center Road
Bay Village, Ohio 44140

We have audited the financial statements of the City of Bay Village, Cuyahoga County, (the City) as of and for the year ended December 31, 2000, and have issued our report thereon dated August 13, 2001. 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 City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated August 13, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of finding as item 2000-20818-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 City in a separate letter dated August 13, 2001.

City of Bay Village
Cuyahoga County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

August 13, 2001

CITY OF BAY VILLAGE
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDING

FINDING NUMBER	2000-20818-001
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*** Budgetary Process**

The City's legal level of budget adoption is at the fund, function, and object level. The results of our budgetary test at December 31, 2000 showed a total of 58 instances where expenditures exceeded appropriations at this level. These budgetary violations resulted from a breakdown in the City's monitoring controls. We recommend the City review its monitoring procedures over the budgetary process and modify them as necessary to prevent any budgetary violations from occurring that would significantly impact the City's financial statements. This review should include procedures to anticipate necessary amendments and request Council to approve appropriation amendments before the line item expenditures exceed approved appropriations.



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

CITY OF BAY VILLAGE

CUYAHOGA 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
SEPTEMBER 25, 2001**