



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CITY OF CLYDE  
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## INDEPENDENT ACCOUNTANTS' REPORT

City of Clyde  
Sandusky County  
222 Main Street  
Clyde, Ohio 43410-1655

To the City Council:

We have audited the accompanying general-purpose financial statements of City of Clyde, Sandusky County, (the City) as of and for the year ended December 31, 1999. 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.

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

We were not able to obtain sufficient evidential matter supporting the charges for service revenues of the special revenue fund type.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient evidential matter supporting the charges for service revenues of the special revenue fund type, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Clyde, Sandusky County, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2000 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

August 23, 2000

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**CITY OF CLYDE  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<u>Assets</u>				
Equity in Pooled Cash	\$1,742,708	\$378,078	\$29	\$73,997
Receivables:				
Taxes	432,168	32,608		
Accounts	33,742	240		
Accrued Interest	161,246			
Due from Other Funds	29,835			
Due from Other Governments		10,111		
Materials and Supplies Inventory		1,901		
Prepaid Items	1,912	178		
Restricted Assets:				
Cash and Investments in Segregated Accounts				
Unamortized Bond Issuance Costs				
Fixed Assets, (Net where applicable of Accumulated Depreciation)				
<u>Other Debits</u>				
Amount Available in Debt Service				
Amount to be Provided from General Government Resources				
Total Assets	<b>\$2,401,611</b>	<b>\$423,116</b>	<b>\$29</b>	<b>\$73,997</b>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$8,594,827	\$16,407	\$158,442			\$10,964,488
					464,776
875,483		124			909,589
	28,486				161,246
					58,321
201,121	12,435				10,111
3,871	617				215,457
					6,578
1,606,764					1,606,764
1,371,687					1,371,687
44,823,794	678,996		\$4,816,083		50,318,873
				\$29	29
				1,271,858	1,271,858
<b>\$57,477,547</b>	<b>\$736,941</b>	<b>\$158,566</b>	<b>\$4,816,083</b>	<b>\$1,271,887</b>	<b>\$67,359,777</b>

(Continued)

**CITY OF CLYDE  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1999  
(Continued)**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Liabilities, Fund Equity and Other Credits</b>				
<u>Liabilities</u>				
Accounts Payable	\$34,428	\$5,644		\$379,591
Accrued Wages and Benefits	25,123	1,051		
Compensated Absences Payable				
Due to Other Funds	19,150	8,539		
Due to Other Governments	90,280	7,440		
Deferred Revenue	428,282	31,099		
Undistributed Monies				
Deposits Held and Due to Others				
Accrued Interest Payable				
Notes Payable				
Accrued Police Pension Payable				
General Obligation Bonds Payable				
Revenue Bonds Payable				
	<hr/>			
Total Liabilities	597,263	53,773		379,591
<hr/>				
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Reserved for Debt Service				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	60,094	26,965		
Reserved for Inventory		1,901		
Reserved for Prepaid Items	1,912	178		
Reserved for Debt Service			\$29	
Reserved for Property Taxes	14,590	1,509		
Unreserved/ Undesignated	1,727,752	338,790		(305,594)
	<hr/>			
Total Fund Equity	1,804,348	369,343	29	(305,594)
<hr/>				
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$2,401,611</b>	<b>\$423,116</b>	<b>\$29</b>	<b>\$73,997</b>

*The notes to the general-purpose financial statements are an integral part of this 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	
\$443,105	\$2,699				\$865,467
23,938	3,825				53,937
91,560	10,076			\$66,266	167,902
30,632					58,321
85,240	16,364				199,324
					459,381
		\$119,471			119,471
		9,163			9,163
148,499					148,499
				220,900	220,900
				84,721	84,721
				900,000	900,000
15,255,000					15,255,000
16,077,974	32,964	128,634		1,271,887	18,542,086
			\$4,816,083		4,816,083
1,907,048					1,907,048
1,606,764					1,606,764
37,885,761					37,885,761
					87,059
					1,901
					2,090
					29
					16,099
	703,977	29,932			2,494,857
41,399,573	703,977	29,932	4,816,083		48,817,691
<b>\$57,477,547</b>	<b>\$736,941</b>	<b>\$158,566</b>	<b>\$4,816,083</b>	<b>\$1,271,887</b>	<b>\$67,359,777</b>

**CITY OF CLYDE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
 FOR THE YEAR DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
<b>Revenues:</b>		
Municipal Income Tax	\$2,388,189	
Property and Other Taxes	266,265	\$27,537
Charges for Services	289,673	25,701
Licenses and Permits	6,164	
Fines and Forfeitures	35,412	38,997
Intergovernmental	436,145	197,420
Special Assessments		
Investment Income	505,765	9,966
Other	117,831	12,471
Total Revenue	<u>4,045,444</u>	<u>312,092</u>
<b>Expenditures:</b>		
Current:		
General Government:		
Legislative and Executive	846,812	
Security of Persons and Property	1,460,239	69,953
Public Health and Welfare	73,290	8,425
Transportation		149,059
Community Environment	261,928	
Leisure Time Activities	93	367,381
Other	339,430	
Capital Outlay		
Debt Service:		
Principal Retirement		
Interest and Fiscal Charges		
Total Expenditures	<u>2,981,792</u>	<u>594,818</u>
Excess of Revenues Over (Under) Expenditures	<u>1,063,652</u>	<u>(282,726)</u>
<b>Other Financing Sources (Uses):</b>		
Proceeds of Notes	220,910	
Sale of Fixed Assets	67,565	
Operating Transfers - In		325,028
Operating Transfers - Out	(2,176,177)	
Total Other Sources (Uses)	<u>(1,887,702)</u>	<u>325,028</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(824,050)	42,302
Fund Balances (Deficit) at Beginning of Year	<u>2,628,398</u>	<u>327,041</u>
<b>Fund Balances (Deficits) at End of Year</b>	<b><u>\$1,804,348</u></b>	<b><u>\$369,343</u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
			\$2,388,189
			293,802
			315,374
			6,164
			74,409
	\$321,254		954,819
	36,649		36,649
		\$840	516,571
	27,663	465	158,430
	385,566	1,305	4,744,407
			846,812
			1,530,192
			81,715
			149,059
			261,928
			367,474
		40	339,470
	2,016,424		2,016,424
\$376,400			376,400
79,396			79,396
455,796	2,016,424	40	6,048,870
(455,796)	(1,630,858)	1,265	(1,304,463)
			220,910
			67,565
455,640	1,365,709		2,146,377
	(111,200)		(2,287,377)
455,640	1,254,509		147,475
(156)	(376,349)	1,265	(1,156,988)
185	70,755	28,667	3,055,046
<b>\$29</b>	<b>(\$305,594)</b>	<b>\$29,932</b>	<b>\$1,898,058</b>

**CITY OF CLYDE**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND**  
**FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>General Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Municipal Income Tax	\$2,763,000	\$3,037,996	\$274,996
Property and Other Taxes	296,350	280,904	(15,446)
Charges for Services	178,550	228,494	49,944
Licenses and Permits	4,300	6,238	1,938
Fines and Forfeitures	10,000	33,416	23,416
Intergovernmental	230,300	416,388	186,088
Special Assessments			
Investment Income	300,000	535,986	235,986
Other	76,020	122,256	46,236
Total Revenue	<u>3,858,520</u>	<u>4,661,678</u>	<u>803,158</u>
<b>Expenditures:</b>			
Current:			
General Government:			
Legislative and Executive	844,929	868,706	(23,777)
Security of Persons and Property	1,487,211	1,483,664	3,547
Public Health and Welfare	77,323	74,368	2,955
Transportation			
Community Environment	277,588	276,021	1,567
Leisure Time Activities			
Other		348,798	(348,798)
Capital Outlay:			
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	<u>2,687,051</u>	<u>3,051,557</u>	<u>(364,506)</u>
Excess of Revenues Over (Under) Expenditures	<u>1,171,469</u>	<u>1,610,121</u>	<u>438,652</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds of Note	221,000	220,910	(90)
Sale of Fixed Assets	200	67,265	67,065
Operating Transfers - In			
Operating Transfers - Out	(1,896,458)	(2,176,177)	(279,719)
Total Other Sources (Uses)	<u>(1,675,258)</u>	<u>(1,888,002)</u>	<u>(212,744)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(503,789)	(277,881)	225,908
Fund Balances (Deficit) at Beginning of Year	1,837,089	1,837,089	
Prior Year Encumbrances Appropriated	111,899	111,899	
<b>Fund Balances (Deficits) at End of Year</b>	<u><b>\$1,445,199</b></u>	<u><b>\$1,671,107</b></u>	<u><b>\$225,908</b></u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$30,650	\$27,785	(\$2,865)			
37,400	25,701	(11,699)			
38,481	39,194	713			
197,000	199,273	2,273			
2,000	9,966	7,966			
3,000	12,371	9,371			
308,531	314,290	5,759			
32,400	78,079	(45,679)			
7,606	8,496	(890)			
198,530	160,135	38,395			
330,174	375,849	(45,675)			
			\$376,300	\$376,400	(\$100)
			79,400	79,396	4
568,710	622,559	(53,849)	455,700	455,796	(96)
(260,179)	(308,269)	(48,090)	(455,700)	(455,796)	(96)
335,000	325,028	(9,972)	455,658	455,640	(18)
335,000	325,028	(9,972)	455,658	455,640	(18)
74,821	16,759	(58,062)	(42)	(156)	(114)
322,854	322,854		185	185	
15,116	15,116				
<b>\$412,791</b>	<b>\$354,729</b>	<b>(\$58,062)</b>	<b>\$143</b>	<b>\$29</b>	<b>(\$114)</b>

(Continued)

**CITY OF CLYDE**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND**  
**FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

	<b>Capital Projects Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Municipal Income Tax			
Property and Other Taxes			
Charges for Services			
Licenses and Permits			
Fines and Forfeitures			
Intergovernmental		\$238,183	\$238,183
Special Assessments	\$27,100	36,649	9,549
Investment Income			
Other	48,000		(48,000)
Total Revenue	75,100	274,832	199,732
<b>Expenditures:</b>			
Current:			
General Government:			
Legislative and Executive			
Security of Persons and Property			
Public Health and Welfare			
Transportation			
Community Environment			
Leisure Time Activities			
Other			
Capital Outlay:	2,276,863	1,801,774	475,089
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	2,276,863	1,801,774	475,089
Excess of Revenues Over (Under) Expenditures	(2,201,763)	(1,526,942)	674,821
<b>Other Financing Sources (Uses):</b>			
Proceeds of Note			
Sale of Fixed Assets			
Operating Transfers - In	1,593,105	1,393,372	(199,733)
Operating Transfers - Out	(111,200)	(111,200)	
Total Other Sources (Uses)	1,481,905	1,282,172	(199,733)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(719,858)	(244,770)	475,088
Fund Balances (Deficit) at Beginning of Year	16,291	16,291	
Prior Year Encumbrances Appropriated	269,602	269,602	
<b>Fund Balances (Deficits) at End of Year</b>	<b>(\$433,965)</b>	<b>\$41,123</b>	<b>\$475,088</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$2,763,000	\$3,037,996	\$274,996
			327,000	308,689	(18,311)
			215,950	254,195	38,245
			4,300	6,238	1,938
			48,481	72,610	24,129
			427,300	853,844	426,544
			27,100	36,649	9,549
\$800	\$840	\$40	302,800	546,792	243,992
100	340	240	127,120	134,967	7,847
900	1,180	280	4,243,051	5,251,980	1,008,929
			844,929	868,706	(23,777)
			1,519,611	1,561,743	(42,132)
			84,929	82,864	2,065
			198,530	160,135	38,395
			277,588	276,021	1,567
			330,174	375,849	(45,675)
17,000	40	16,960	17,000	348,838	(331,838)
			2,276,863	1,801,774	475,089
			376,300	376,400	(100)
			79,400	79,396	4
17,000	40	16,960	6,005,324	5,931,726	73,598
(16,100)	1,140	17,240	(1,762,273)	(679,746)	1,082,527
			221,000	220,910	(90)
			200	67,265	67,065
			2,383,763	2,174,040	(209,723)
			(2,007,658)	(2,287,377)	(279,719)
			597,305	174,838	(422,467)
(16,100)	1,140	17,240	(1,164,968)	(504,908)	660,060
28,667	28,667		2,205,086	2,205,086	
			396,617	396,617	
<b>\$12,567</b>	<b>\$29,807</b>	<b>\$17,240</b>	<b>\$1,436,735</b>	<b>\$2,096,795</b>	<b>\$660,060</b>

**CITY OF CLYDE  
COMBINED STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Operating Revenues:</b>			
Charges for Services	\$10,004,742	\$113,836	\$10,118,578
Other	580,247	1,304	581,551
Total Operating Revenues	<u>10,584,989</u>	<u>115,140</u>	<u>10,700,129</u>
<b>Operating Expenses:</b>			
Personal Services	1,542,813	340,992	1,883,805
Contractual Services	5,383,458	36,188	5,419,646
Materials and Supplies	326,757	22,717	349,474
Travel and Transportation	14,983	360	15,343
Other Expense	221,784		221,784
Depreciation	1,155,781	75,963	1,231,744
Total Operating Expenses	<u>8,645,576</u>	<u>476,220</u>	<u>9,121,796</u>
Operating Income (Loss)	<u>1,939,413</u>	<u>(361,080)</u>	<u>1,578,333</u>
<b>Non-Operating Revenues (Expenses):</b>			
Tap-In Fees	22,165		22,165
Interest Income	137,616	808	138,424
Interest and Fiscal Charges	(947,540)		(947,540)
Total Non-Operating Revenues (Expenses)	<u>(787,759)</u>	<u>808</u>	<u>(786,951)</u>
Income (Loss) Before Operating Transfers	1,151,654	(360,272)	791,382
Operating Transfers - In	100,000	27,000	127,000
Net Income (Loss)	<u>1,251,654</u>	<u>(333,272)</u>	<u>918,382</u>
Depreciation on Fixed Assets Acquired by Contributed Capital	26,685		26,685
Retained Earnings at Beginning of Year	38,154,331	1,037,249	39,191,580
Retained Earnings at End of Year	39,432,670	703,977	40,136,647
Contributed Capital at Beginning of Year	1,798,896		1,798,896
Contributions from Other Funds, Net	194,692		194,692
Depreciation on Fixed Assets Acquired by Contributed Capital	(26,685)		(26,685)
Contributed Capital at End of Year	<u>1,966,903</u>		<u>1,966,903</u>
<b>Total Fund Equity at End of Year</b>	<b><u>\$41,399,573</u></b>	<b><u>\$703,977</u></b>	<b><u>\$42,103,550</u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**CITY OF CLYDE  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Cash Flows from Operating Activities:</b>			
Cash Received for Services	\$10,524,594	\$397,477	\$10,922,071
Cash Paid to Employees	(1,566,102)	(350,146)	(1,916,248)
Cash Paid to Suppliers and Services	(5,891,571)	(56,751)	(5,948,322)
Net Cash Provided by Operating Activities	<u>3,066,921</u>	<u>(9,420)</u>	<u>3,057,501</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	<u>137,616</u>	<u>808</u>	<u>138,424</u>
Net Cash Provided by Investing Activities	<u>137,616</u>	<u>808</u>	<u>138,424</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal Payments - Bonds	(385,000)		(385,000)
Principal Payments - Notes	(50,000)		(50,000)
Purchase of Fixed Assets	(299,561)	(20,100)	(319,661)
Interest Paid	(905,138)		(905,138)
Net Cash Provided by Financing Activities	<u>(1,639,699)</u>	<u>(20,100)</u>	<u>(1,659,799)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Tap-In Fees	22,165		22,165
Operating Transfer-In	<u>100,000</u>	<u>27,000</u>	<u>127,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>122,165</u>	<u>27,000</u>	<u>149,165</u>
Net Increase (Decrease) in Cash	1,687,003	(1,712)	1,685,291
Cash and Cash Equivalents, Beginning of Year	<u>8,514,588</u>	<u>18,119</u>	<u>8,532,707</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$10,201,591</u></b>	<b><u>\$16,407</u></b>	<b><u>\$10,217,998</u></b>

(Continued)

**CITY OF CLYDE  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999  
 (Continued)**

	<u>Proprietary Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income	\$1,939,413	(\$361,080)	\$1,578,333
<b>Adjustments to Reconcile Net Income to Net Cash from Operating Activities:</b>			
Depreciation Expense	1,155,781	75,963	1,231,744
(Increase) Decrease in Accounts Receivable	153,901		153,901
(Increase) Decrease in Due from Other Funds		282,336	282,336
(Increase) Decrease in Due from Other Governments	16,600		16,600
(Increase) Decrease in Inventories	10,855	1,494	12,349
(Increase) Decrease in Prepaid Items	50	(269)	(219)
Increase (Decrease) in Accounts Payable	(159,547)	593	(158,954)
Increase (Decrease) in Accrued Wages and Benefits	(102,785)	(22,594)	(125,379)
Increase (Decrease) in Compensated Absences Payable	(5,744)	(2,227)	(7,971)
Increase (Decrease) in Due to Other Funds	(8,329)		(8,329)
Increase (Decrease) in Due to Other Governments	85,240	16,364	101,604
Fixed Assets Purchased Through Accounts Payable	(18,514)		(18,514)
Total Adjustments	1,127,508	351,660	1,479,168
<b>Net Cash Provided by Operating Activities</b>	<b>\$3,066,921</b>	<b>(\$9,420)</b>	<b>\$3,057,501</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Clyde, Sandusky County, Ohio, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the provisions of GASB No. 20 the City has elected not to apply Financial Accounting Standards Board Statements and interpretations issued after November 30, 1989 to its proprietary activities. Election of this approach to accounting for proprietary activities by the City has required no change from prior years. The more significant of the City's accounting policies are described below:

**A. Description of the Entity**

The City of Clyde is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a council-manager government. The City provides police protection within its boundaries, and fire protection to its citizens and adjacent townships. The City provides basic utilities in the form of water, waste water treatment and electric distribution. The City constructs and maintains streets and sidewalks within the City. The City also operates and maintains parks.

This report includes all of the funds and account groups of the City. It includes all activities considered by management to be part of the City by virtue of the Section 2100, of the Governmental Accounting Standards Board.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organizations's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the entity.

The financial statements of the reporting entity allow the users to distinguish between the primary government and its component units. Most component units are included in the financial reporting entity by discrete presentation (one or more columns separate from the financial data of the primary government). Some component units are so intertwined with the primary government that they are reported in a manner similar to the balances and transactions of the primary government itself (this method is known as blending).

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

Utilizing this criteria, the City has not included the City of Clyde School District as it has no control over operations.

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

**B. 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 government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital projects funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. When these assets are held under the terms of a formal trust agreement, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are 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.

All proprietary funds 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 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:

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers income taxes as available if they are collected within 30 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, city income taxes, intergovernmental revenues, interest revenue and charges for services, billed and unbilled.

**D. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established time-table. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All governmental type funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of Council.

**1. Tax Budget**

A budget of estimated revenue and expenditures 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.

**2. 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 fiscal 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 measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

**3. Appropriations**

City Charter requires an annual appropriation resolution to control expenditures to be passed not less than forty-five (45) days before the end of the fiscal year. The appropriation resolution fixes spending authority at the fund and department level. The appropriation resolution may be

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

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 within a fund may be modified during the year by a resolution of Council. Several supplemental appropriation resolutions were legally enacted by Council during the year. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

**4. Encumbrances**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and 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. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures.

**5. 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 fiscal year and need not be reappropriated.

**E. Cash and Investments**

During fiscal year 1999, investments were limited to nonnegotiable certificates of deposit, governmental securities, and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Investments are reported at fair values which is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 1999.

The City allocates interest among certain funds based upon percentages mandated by City ordinance.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with an original maturity of three months or less at the time they are purchase by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**F. Inventories**

Inventories are valued at the lower of cost (first in, first out) or market. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the enterprise funds when used. Recorded inventories in the governmental fund types are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 1999 are recorded as prepaid items.

**H. Fixed Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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 government.

Assets in the general fixed assets account group and proprietary fund types are depreciated. Depreciation of buildings, equipment and vehicles is computed using the straight-line method.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

**I. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**J. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

**K. Fund Equity**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. Fund equity reserves have been established for encumbrances, inventory, prepaid items, debt service, and property taxes. Retained earnings are reserved in accordance with third party restrictions related to certain debt issues.

**L. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**M. Restricted Assets**

Certain resources set aside for the repayment of certain debt issues are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**N. Memorandum Only - Total Columns**

Total columns on the general-purpose financial statements are captioned "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 changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**O. Estimates**

The preparation of these financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Prior Period Adjustment**

In the prior year, the City recognized interest income on the full accrual basis when only the amount available for current expenditures should have been accrued. As most of the investments are long termed most of the accrual amount should have been deferred.

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

This adjustment had the following effect on the General Fund balance as it was previously reported as of December 31, 1998:

General Fund Balance, December 31, 1998	\$2,719,882
Adjustment	<u>(91,484)</u>
General Fund Balance, December 31, 1998 as Restated	<u><u>\$2,628,398</u></u>

This adjustment had no material effect on the excess of expenditures and other financing uses over revenues and other financing sources as previously reported for the year ended December 31, 1998.

**B. Legal Compliance**

The following funds had expenditures plus encumbrances in excess of appropriations contrary to § 5705.41, Ohio Revised Code:

<u>Fund Type/Fund</u>	<u>Excess</u>
General Fund	\$542,867
<u>Special Revenue Funds</u>	
Street Construction, Maintenance & Repair	5,951
Recreation	43,451
Police Pension	14,836
Law Enforcement	24,311
Mandatory Drug Fines	3,235
Mandatory DUI Fines	112
Police Pantry	884
<u>Debt Service Funds</u>	
Fire Truck Note	96
<u>Enterprise Funds</u>	
Electric	175,533
<u>Internal Service Funds</u>	
Employee Benefit	3,220

In addition, the City had expenditures that were certified after the expenditure was incurred, which is in violation of State law.

The following fund had appropriations in excess of estimated revenues plus available balances for the year ended December 31, 1999:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Capital Projects Fund</u>	
Permanent Improvement	\$1,227,809

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

**C. Deficit Retained Earnings/Fund Balances**

Fund balances at December 31, 1999 included the following individual fund deficits:

<u>Capital Projects Funds</u>	<u>Deficit Fund Balances</u>
Permanent Improvement	\$(305,594)

This deficit is caused by the application of GAAP, and will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at December 31.

**NOTE 4 - EQUITY IN POOLED CASH**

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 balance integrity maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash" on the combined balance sheet.

Statutes require the classification of 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 Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must be either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories or by savings accounts 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 maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 money deposited with the institution.

The City may invest fund in the following:

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United State Treasury or any other obligation guaranteed as to principle and interest by the United States;
2. Bonds, notes, debentures, or other obligations of 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 the Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchased;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in (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 mentioned in § 135.03 of the Revised Code;
6. The State Treasurer's Investment pool;
7. Certain commercial paper and bankers' acceptances up to twenty-five percent of interim money available for investment at any one time subject to various limitations;
8. Under limited circumstances, corporate debt interest rated in either of the two highest rated classifications by at least two nationally recognized agencies;

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

**Deposits**

At year end, the carrying amount of the City's deposits was \$7,802,314 and the bank balance (including non-negotiable certificates of deposit) was \$7,878,603.

Of the bank balance and CDs, \$300,000 was covered by federal depository insurance, \$4,265,453 was covered by collateral held by a qualified third party trustee in the name of the City, and \$3,313,150 was covered by collateral held by third party trustees pursuant to Section 135.181 of the Ohio Revised Code, in collateral pools securing all public funds on deposit with the City's depositories.

Collateral is required for demand deposits and certificates of deposits in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states.

Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

**Investments**

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

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

	<b>Carrying Value</b>	<b>Fair Value</b>
Category 2:		
U.S. Government Securities	\$4,342,133	\$4,342,133
Not Subject to Categorization:		
Investment in State		
Treasurer's Investment Pool	426,485	426,485
Total Investments	<u>\$4,768,618</u>	<u>\$4,768,618</u>

A reconciliation between the classifications of Equity in pooled cash and cash equivalents and investments on the Combined Balance Sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents Deposits</b>	<b>Investments</b>
GASB Statement 9	\$10,964,488	\$1,606,764
Investments of the Cash		
Management Pool:		
U.S. Government Securities	(2,735,369)	2,735,369
State Treasurer's Investment Pool	(426,485)	426,485
Cash on Hand	(320)	
Per GASB Statement No. 3	<u>\$ 7,802,314</u>	<u>\$4,768,618</u>

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**NOTE 5 - LOCAL INCOME TAXES**

This locally levied tax of 1.5 percent applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Clyde and to earnings of non residents (except certain transients) earned in the government. It also applies to net income to business organizations conducted within Clyde. Tax receipts are credited to the City and amounted to \$2,388,189 in 1999.

**NOTE 6 - RISK MANAGEMENT**

The City entered into a local government risk pool, The Public Entities Pool of Ohio (PEP). Several lines of insurance are included in the coverage such as property, comprehensive general liability, automobile liability, automobile physical damage, law enforcement liability, crime and public official liability. The PEP operates as a common risk management and insurance program for approximately 229 member non-township public entities. The City pays a contribution to the pool for its insurance coverage. The Intergovernmental Agreement provides that the PEP will be self-sustaining through member contributions. The pool will reinsure through other pools of commercial companies for claims in excess of \$250,000 for each insured event.

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

The City continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 7 - PROPERTY TAXES**

Property taxes, include amounts levied against all real, public utility, and tangible personal (used in business) property located in the City. Real property taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. Real property taxes are collected in and intended to finance the year following the year in which they are levied.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied January 1 of the current year, the same year in which collections are made. Tangible personal property assessments are 27% of true value.

The assessed value upon which the 1999 taxes were collected was \$100,929,475 full tax rate for all City operations applied to real property for fiscal year ended December 31, 1999 was \$3.20 per \$1,000 of assessed valuation.

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

Real Property - 1998 Valuation:	
Residential/Agricultural	\$40,142,380
Public Utilities	6,910
Commercial/Industrial	<u>20,441,010</u>
Total Real Property	60,590,300
Tangible Personal Property - 1999 Valuation:	
General	36,705,035
Public Utilities	<u>3,634,140</u>
Total Personal Property	40,339,175
Total Assessed Valuation	<u><u>\$100,929,475</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with remainder payable by June 20. Under certain circumstances, state statute permits earlier or 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 by September 20.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of December 31, 1999. Although total property tax collections

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

for the next fiscal year are measurable, amounts to be received during the available period are not intended to finance 1999 operations. The receivable is therefore offset by a credit to deferred revenue.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 1999, consisted of taxes, interest, accounts (billings for user charged services, including unbilled utility services) and intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full, including accounts receivable which, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

A summary of the principal items of receivables follows

<u>General Fund</u>	<u>Amount</u>
Accrued Property Taxes:	
Current	\$ 292,695
Delinquent	22,522
Accrued City Income Taxes	116,951
Due From Other Funds	29,835
Accounts Receivable	33,742
Accrued Interest Receivable	<u>161,246</u>
	<u>656,991</u>
<u>Special Revenue Funds</u>	
Accrued Property Taxes:	
Current	\$ 30,278
Delinquent	2,330
Due From Other Governments	10,111
Accounts Receivable Billed	<u>240</u>
	<u>42,959</u>
<u>Enterprise Funds</u>	
Miscellaneous Accounts Receivable Billed	\$ 68,852
Utility Billed Services	556,748
Unbilled Services	<u>249,883</u>
	<u>875,483</u>
<u>Internal Service Funds:</u>	
Due from Other Funds	<u>\$ 28,486</u>
 TOTAL	 <u>\$1,603,919</u>

**NOTE 9 - INTER-FUND TRANSACTIONS**

- A.** Receivable and payable balances represent charges due from the following funds at December 31, 1999:

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

	<u>Due To</u>	<u>Due From</u>
<b>General</b>	\$19,150	\$29,835
<b>Special Revenue Funds:</b>		
Street, Construction, Maintenance and Repair	8,539	
<b>Enterprise Funds:</b>		
Water	7,427	
Sewer	6,630	
Electric	<u>16,575</u>	
Total Enterprise Funds	30,632	
<b>Internal Service Fund:</b>		
Service Fund	_____	<u>28,486</u>
Total Due To/Due From Other Funds	<u>\$58,321</u>	<u>\$58,321</u>

**B.** A reconciliation of the City's operating transfers for 1999 is as follows:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$(2,176,177)
<b>Special Revenue Funds:</b>		
Recreation	\$325,028	
<b>Debt Service Funds:</b>		
Fire Truck Note	344,440	
Downtown Revitalization	<u>111,200</u>	
Total Debt Service	455,640	
<b>Capital Projects Funds:</b>		
Permanent Improvement	1,365,709	(111,200)
<b>Enterprise Funds:</b>		
Water	100,000	
<b>Internal Service Funds:</b>		
Service Department	27,000	
<b>Agency Funds:</b>		
Fair Board	<u>14,000</u>	_____
Total Transfers In/Out	<u>\$2,287,377</u>	<u>\$(2,287,377)</u>

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

**NOTE 10 - FIXED ASSETS**

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	<u>Balance</u> <u>1/1/99</u>	<u>Additions</u>	<u>Retire-</u> <u>ments</u>	<u>Balance</u> <u>12/31/99</u>
Land	\$730,714	\$95,161		\$825,875
Buildings	3,112,548	117,172		3,229,720
Land Improvements	166,408	37,906		204,314
Furniture, Mach & Equipment	957,025	151,683		1,108,708
Vehicles	<u>1,045,392</u>	<u>23,352</u>	<u>\$231,359</u>	<u>837,385</u>
Total	6,012,087	425,274	231,359	6,206,002
Less: Accum Depreciation	<u>(1,326,661)</u>	<u>(284,512)</u>	<u>(221,254)</u>	<u>(1,389,919)</u>
Total Assets	<u>\$4,685,426</u>	<u>\$140,762</u>	<u>\$10,105</u>	<u>\$4,816,083</u>

The following is a summary of proprietary fund-type fixed assets at December 31, 1999:

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Enterprise</u> <u>Total</u>	<u>Internal</u> <u>Service</u>
Land	\$1,602,020	\$269,943	\$126,491	\$1,998,454	\$39,086
Buildings	8,144,413	3,279,355	514,685	11,938,453	377,676
Buildings-Contributed Capital	54,189	1,000		55,189	
Land Improvements	7,102		43,980	51,082	
Equipment-Furniture	356,741	2,228,691	1,668,088	4,253,520	324,896
Vehicles	32,025	23,659	223,864	279,548	410,234
Infrastructure	7,130,165	14,334,303	9,910,707	31,375,176	
Infrastructure-Contributed Capital	<u>780,631</u>	<u>1,183,044</u>	<u>68,850</u>	<u>2,032,525</u>	
Total Fixed Assets	18,107,286	21,319,995	12,556,665	51,983,946	1,151,892
Less: Accumulated Depreciation	<u>(1,474,770)</u>	<u>(3,464,549)</u>	<u>(2,220,833)</u>	<u>(7,160,152)</u>	<u>(472,896)</u>
Net fixed assets	<u>\$16,632,516</u>	<u>\$ 7,855,446</u>	<u>\$10,335,832</u>	<u>\$44,823,794</u>	<u>\$678,996</u>

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Buildings	40 years
Equipment	8-10 years
Vehicles	3-10 years
Infrastructure	80 years

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
(Continued)

**NOTE 11 - DEBT OBLIGATIONS**

	<u>1/01/99</u>	<u>Balance Additions</u>	<u>Retirements</u>	<u>Balance 12/31/99</u>
<u>General Obligation Debt:</u>				
Fire Truck Bond				
Anticipation Note, 4.15%				
Issued 9/96	\$331,400	\$220,900	\$331,400	\$220,900
General Obligation Main Street				
Bonds, 6% to 7.2%				
Issued 3/91	<u>945,000</u>	<u>          </u>	<u>45,000</u>	<u>900,000</u>
Total General				
Obligation Debt	<u>1,276,400</u>	<u>220,900</u>	<u>376,400</u>	<u>1,120,900</u>
 <u>Enterprise Debt:</u>				
Electric System				
Mortgage Revenue				
Refunding Bonds, Series 1998				
4% to 5.25% Issued				
10/1/98	4,280,000		155,000	4,125,000
Electric System				
Mortgage Revenue				
Refunding Bonds,				
3%-6.3%, Issued				
July, 1993	5,810,000		230,000	5,580,000
Water Improvement				
Bonds, Series 1997				
Issued 4/97				
3.00% to 6.30%	<u>5,600,000</u>	<u>          </u>	<u>50,000</u>	<u>5,550,000</u>
Total Enterprise Debt	<u>15,690,000</u>	<u>          </u>	<u>435,000</u>	<u>15,255,000</u>
 <u>Other Debt:</u>				
Police Pension				
Liability	85,735		1,014	84,721
Compensated Absences	<u>69,875</u>	<u>3,112</u>	<u>6,721</u>	<u>66,266</u>
Total Debt	<u>\$17,122,010</u>	<u>\$224,012</u>	<u>\$819,135</u>	<u>\$16,526,887</u>

Outstanding general obligation bonds consist of Main Street Improvements. General Obligation Bonds are direct obligations of the City of Clyde for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City.

Outstanding mortgage revenue bonds consist of Electric System Mortgage Revenue issues. Mortgage revenue bonds are direct obligations of the City's electric utility and the revenues derived from the sale of electricity are pledged to repay this debt.

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

On October 8, 1998, the City issued to be financed with electric revenues with an average rate of 5% a result the Electric Mortgage Revenue Bonds, Series B are considered defeased and the liability for those bonds have been removed from the Electric Fund. At December 31, 1999, \$4,000,000 of bonds outstanding are considered defeased.

Water Improvements Bonds are general obligation bonds which will be financed mainly from water revenues and are therefore recorded as enterprise fund debt.

An accrual has been setup for a legal liability for past service cost for the Police and Firemen's Disability and Pension Fund which arose when the Fund was established in 1968. The remaining unfunded pension liability is to be amortized in semi-annual installments through 2035. Payments are made from the Police Pension Fund.

The accrued compensated absences benefits recorded above represent the non-current portion of the liability. The current portion has been recorded in the appropriate fund type.

The annual requirements to amortized all bonds and loans outstanding as of December 31, 1999, including interest payments of \$29,205,492 are as follows:

Year Ending	General Obligation Debt		Electric Mortgage Bonds		Water Improvement Bonds		Police Pension	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2,000	\$45,000	\$63,500	\$425,000	\$574,561	\$50,000	\$277,066	\$1,057	\$3,633
2,001	50,000	60,440	450,000	553,889	55,000	274,184	1,102	3,589
2,002	50,000	57,040	475,000	531,091	60,000	271,498	1,150	3,544
2,003	55,000	53,640	500,000	506,335	60,000	268,498	1,199	3,496
2,004	60,000	49,900	525,000	479,412	60,000	265,683	1,251	3,447
2005-2009	355,000	181,900	3,120,000	1,895,107	370,000	1,275,936	7,108	16,417
2010-2035	285,000	41,760	4,210,000	810,618	4,895,000	4,159,917	71,854	49,536
Total	\$900,000	\$508,180	\$9,705,000	\$5,351,013	\$5,550,000	\$6,792,782	\$84,721	\$83,662

  

Year Ending	Fire Truck Notes	
	Principal	Interest
2,000	\$220,900	\$9,234

**NOTE 12 - PENSION AND RETIREMENT PLANS**

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

**A. Public Employees Retirement System (PERS)**

The Public Employees Retirement System (PERS) of Ohio is a cost-sharing multiple-employer PERS. All employees are required to be members of PERS. Those students working less than 1500 hours per calendar year for the school, college, our university they attend have an option to exclude themselves from membership. Employees mat retire at any age, with 30 years of service, at age 60 with a minimum of 5 years of credited service and at age 55 with a minimum of 25 years of service. Those individuals retiring with less than 30 years of service or less than age 65 receive reduced retirement benefits. Employees are entitled to a retirement benefit, payable monthly for life, equal to

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

2.1% of their final average salary for each year of credited service up to 30 years. Employees are entitled to 2.5% of their average salary for each year of service over 30 years. Final average salary is the employee's average salary over the highest 3 years earnings.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 1999 was 8.5% for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered salary. The employer contribution rate was 13.55% of covered payroll. The law enforcement employer rate was 16.7% of covered payroll. The City's contributions for pension obligations to PERS for the years ended December 31, 1999, 1998 and 1997 were \$249,879, \$241,089 and \$216,315; respectively, equal to the required contributions for the year. 71.07% has been contributed for 1999 and 100 percent for 1998, and 1997. \$72,289 representing the unpaid contribution for 1999, is recorded as an expenditure to the individual funds that incurred the costs.

**B. Police and Fireman's Disability and Pension Fund**

The Police and Fireman's Disability and Pension Fund, hereinafter referred to as the Fund, is a cost-sharing, multiple-employer Public Employee Retirement.

The Fund operates under the authority of the Ohio Revised Code (ORC) Chapter 742. The Fund provides pension, disability and health benefits to qualified police officers and survivors and death benefits to qualified spouses, children and dependent parents.

Members become partially vested after 15 year of service and fully vested after 25 years of service.

Members are eligible for normal retirement benefits at age 48 with 25 years of service of annual earnings for each of the first 20 years of service, 2% for each of the next 5 years of service, and 1.5% for each year of service thereafter. However, this normal retirement benefit is not exceed 72% of the members' average annual earnings for the 3 years during which the total earnings were the greatest. Retirement with reduced benefits is available to members with 15 years of service credit who have attained age 48 or 25 years from their full-time hire date. The reduced benefit is equal to 1.5% of the average salary multiplied by the number of complete years of service.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 18.45% for police officers. The City's contributions to PFDPF for the years ending December 31, 1999, 1998 and 1997 were \$100,889, \$102,358 and \$92,780, respectively, equal to the required contributions for the year. 72.14% has been contributed for 1999 and 100 percent for 1998 and 1997. \$28,108 representing the unpaid contribution for 1999, is recorded as an expenditure to the individual funds that incurred the costs.

The difference between the total employer rate and the portion used to fund pension obligations is the amount used to fund the health care program for retirees.

The Fund's audited financial statements for the year ended December 31, 1999, will contain historical trend information for only nine years. Ten year historical trend information is not available because PBO values prior to December 31, 1987, have not been determined.

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**A. Public Employees Retirement System**

Public Employees Retirement System of Ohio provides post retirement health care coverage to age and service retirees with 10 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 (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care for the year 1999. The law enforcement employer rate for 1999 was 16.70% and 5.48% was used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to PERS.

OPEB are financed through employer contributions and investment earnings there on. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1999, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal costs rates were determined for retiree health care coverage.

**B. Police and Firemen's Disability and Pension Fund**

The Fund provides post retirement 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 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 Governmental Accounting Standards Board (GASB) Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. The total police employer contribution rate is 18.45% of covered payroll and the total firemen's employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you-go basis. Currently, 7% of covered payroll, the Board-defined allocation, is used to pay retiree health care expenses. In addition, since July 1,

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1999 are 11,424 for police and 9,186 for firefighters.

The amount that the City contributed as the employer's share to pay postemployment benefits for 1999 was \$7,062.

The Fund's total health care expenses for the year ending December 31, 1999 were \$78,596,790, which was net of member contributions of \$5,331,515.

**NOTE 15 - COMPENSATED ABSENCES**

The City accrues unpaid vacation as it is earned and certain portions of sick leave as payment become probable.

Sick leave accumulates at the rate of 4.615 hours of sick leave for each eighty (80) hours of active pay status, which shall accumulate up to fifteen (15) days per year with unlimited accumulation. Employees who have ten years of service accumulated receives payment upon retirement at a rate of forty percent (40%) for each hour of accumulated and unused sick leave, to a maximum of 1,040 hours. Individuals leaving the employment of the City prior to retirement or at retirement with less than ten years of service lose their accumulated sick leave. At December 31, 1999, the maximum vested liability to the City for accumulated unpaid sick leave, assuming the City would have to pay all accumulated sick leave if the City ceased operations approximated \$152,119. Included in this is an amount that is probable of payment determined by recognizing vested retirement for employees who have ten years of service and are age 50 or older, or have thirty years with local government employment.

A liability for accrued vacation for \$15,783 has been recognized. Vacation is accumulated based upon length of service as follows:

<u>Employee Service</u>	<u>Credit</u>
After 1 year	2 weeks
After 8 years	3 weeks
After 15 years	4 weeks
After 20 years	5 weeks

Vacation leave must be used within the current calendar year unless the employee is unable to use his vacation due to the operational needs of the Employer. Without this, such excess leave is eliminated from the employee's leave balance. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation.

**NOTE 16 - BUDGETARY**

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances, Budget and Actual, All Governmental Fund Types are presented on the budgetary basis to provide a meaningful comparison

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

**Excess of Revenues and Other Financing Sources Over  
(Under) Expenditures and Other Financing Uses**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis Adjustments	\$(277,881)	\$16,759	\$(156)	\$(244,770)	\$1,140
Revenue Accruals	(765,132)	(2,198)		83,070	125
Expenditure Accruals	136,562	4,393		(247,522)	
Encumbrances	<u>82,401</u>	<u>23,348</u>	<u>      </u>	<u>32,873</u>	<u>      </u>
GAAP Basis	<u>\$(824,050)</u>	<u>\$42,302</u>	<u>\$(156)</u>	<u>\$(376,349)</u>	<u>\$1,265</u>

**NOTE 17 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The City operates three enterprise fund which provide disposal and treatment of sewage services. The key financial information for the year ended December 31, 1999 for this enterprise activity is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Total</u>
Operating Revenue	\$1,892,236	\$931,935	\$7,760,818	\$10,584,989
Operating Expenses	1,290,957	1,416,596	5,938,023	8,645,576
Depreciation	331,846	500,265	323,670	1,155,781
Operating Income	601,279	(484,661)	1,822,795	1,939,413
Interest Income	7,586	55,641	74,390	137,616
Net Income (Loss)	450,435	(427,556)	1,228,775	1,251,654
Fixed Assets	16,632,516	17,855,447	10,335,831	44,823,794
Asset Additions	90,403	227,608	194,756	512,767
Total Assets	20,604,303	19,367,794	17,505,450	57,477,547
Net Cash Flow	636,648	449,619	600,737	1,687,004
Net Working Capital	3,536,962	1,401,540	3,913,826	8,852,328
Contributed Capital	781,310	1,122,337	63,256	1,966,903
Total Equity	14,889,703	19,256,987	7,252,883	41,399,573

**CITY OF CLYDE**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 1999**  
**(Continued)**

**NOTE 19 - CONTINGENT LIABILITIES**

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

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

City of Clyde  
Sandusky County  
222 Main Street  
Clyde, Ohio 43410-1655

To the City Council:

We have audited the financial statements of City of Clyde as of and for the year ended December 31, 1999, and have issued our report thereon dated August 23, 2000 which was qualified for our inability to obtain sufficient evidential matter supporting the charges for services revenues of the special revenue fund type. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether City of Clyde'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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-20172-001 to 1999-20172-005. We also noted a certain immaterial instance of noncompliance that we have reported to management of the City of Clyde in a separate letter dated August 23, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Clyde'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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 City of Clyde's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-20172-006 and 1999-20172-007.

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. Of the reportable conditions listed above, we consider 1999-20172-006 to be 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 of Clyde in a separate letter dated August 23, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

August 23, 2000

**CITY OF CLYDE  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 1999-20672-001**

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides two exceptions to the above requirement:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrance, the taxing authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 the fiscal officer may authorize it to be paid without the affirmation of the taxing authority, if such expenditure is otherwise valid.

Of the transactions tested, 78% were not certified prior to the expenditure or order being placed, and no Then and Now Certificate was issued. Not using the prior certification process could result in over-obligating City resources and deficit spending.

To improve controls over disbursements we recommend all City disbursements receive certification of the fiscal officer that the funds are or were available.

**FINDING NUMBER 1999-20672-002**

Ohio Revised Code § 5705.40 allows the legislative authority to amend appropriations as long as they follow the same procedures that were used to approve the original appropriations. Ohio Revised Code § 5705.41(B) prohibits a subdivision from making any expenditure of money unless it has been lawfully appropriated as provided in such chapter.

The City did not amend appropriations until after year end (January 18, 2000), as a result, expenditures exceeded appropriations in the fund and function level of control, in several accounts throughout the audit period and in the following funds at year end, by the amounts listed:

**FINDING NUMBER 1999-20672-002**  
**(Continued)**

<b>Fund Type/Fund</b>	<b>Excess</b>
General Fund	\$542,867
Special Revenue Funds	
Street Construction, Maintenance and Repair	5,951
Recreation	43,451
Police Pension	14,836
Law Enforcement	24,311
Mandatory Drug Fines	3,235
Mandatory DUI Fines	112
Police Pantry	884
Debt Service Funds	
Fire Truck Note	96
Enterprise Funds	
Electric	175,533
Internal Service Funds	
Employee Benefit	3,220

The accompanying budgetary disclosures have been adjusted to only reflect only those appropriations that were approved during the fiscal year.

It is recommended that the City monitor appropriations to ensure they are sufficient to support planned expenditures and make any adjustments necessary to ensure expenditures do not exceed appropriations.

**FINDING NUMBER 1999-20672-003**

Ohio Revised Code § 5705.39 provides that appropriations from each fund shall not exceed the estimated revenue available for expenditure as certified by the county budget commission. The Permanent Improvement Fund was found to have appropriations in excess of the amount certified as available by the budget commission in the amount of \$1,227,809.

The City was advised that Ohio Revised Code § 5705.36 permits a subdivision to obtain an amended certificate from the budget commission for revenues received in excess of the prior estimate or from a new source. We recommend the City obtain amended certificates as required throughout the year.

**FINDING NUMBER 1999-20672-004**

Ohio Revised Code § 9.38 states public money must be deposited with the treasurer of the public office or to a designated depository within 24 hours of collection. Public money collected for other public offices must be deposited by the first business day of the week following the date of collection.

The recreation director did not deposit money received for league fees with the finance director or to a designated depository in a timely manner. There were instances in which a couple weeks had lapsed before the money was deposited with the finance director. We recommend the recreation director deposit money with the finance director or to a designated depository on the business day following the day of receipt.

**FINDING NUMBER 1999-20672-005**

Ohio Revised Code § 149.39 requires disposal of records be approved by the records commission. The recreation department disposed of records such as team rosters and swimming pool records without approval of the records commission. Improper maintenance of records could result in revenues being diverted without timely detection. We recommend the recreation director have all disposal of records approved by the records commission.

**FINDING NUMBER 1999-20672-006**

Cash registers are used at the municipal pool and at the park concession stand. The register tapes were not being maintained to reconcile with the cash collected and deposited. Daily attendance (sign-in) sheets were not maintained to support daily activity at the municipal pool. As a result, the deposited amount cannot be verified to the records documenting admissions and concessions. We recommend cash register tapes and daily attendance sheets be used to reconcile daily activity. These documents should be filed with the finance department when deposit slips/pay-ins are made.

**FINDING NUMBER 1999-20672-007**

Numerous pre-numbered, duplicate receipt books are used during registration time for the recreation department activities. The recreation department files their copy of the receipt with the deposit slip given to the finance department, instead of maintaining the duplicate receipts intact in the receipt book. This results in a lack of accountability of the numerical sequence of the receipts. We recommend the recreation department maintain the duplicate copy of the receipt intact in the receipt book (with the original copy of any voided receipts) and note the first and last receipt numbers on the deposit slip or pay-in.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CITY OF CLYDE**  
**SANDUSKY 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 26, 2000**