



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF CLYDE
SANDUSKY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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 the City of Clyde (the City) as of and for the year ended December 31, 2000. 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 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.

In our opinion, 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, 2000, and the results of its operations and cash flows of its proprietary fund types for the year then 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 October 3, 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

October 3, 2001

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**CITY OF CLYDE
SANDUSKY COUNTY**

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,796,425	\$408,881	\$698,280
Investments			
Receivables:			
Taxes	936,753	31,434	
Accounts	28,156	730	
Interest	230,032		
Due From Other Funds	45,000		
Due From Other Governments		9,523	
Materials and Supplies Inventory			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents			
Unamortized Bond Issuance Costs			
Fixed Assets (Net of accumulated depreciation)			
Other Debits:			
To be provided from General Government Resources			
Total Assets and Other Debits	\$3,036,366	\$450,568	\$698,280

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$7,067,707	\$52,267	\$246,626			\$10,270,186
1,836,664					1,836,664
					968,187
897,752					926,638
19,581					249,613
					45,000
					9,523
225,688	9,498				235,186
2,355,352					2,355,352
1,324,234					1,324,234
44,181,386	649,122		\$9,147,248		53,977,756
				\$1,007,751	1,007,751
\$57,908,364	\$710,887	\$246,626	\$9,147,248	\$1,007,751	\$73,206,090

(Continued)

**CITY OF CLYDE
SANDUSKY COUNTY**

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000
(Continued)

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
LIABILITIES, EQUITY, AND OTHER CREDITS			
Liabilities:			
Accounts Payable	\$9,267	\$218	\$13,551
Accrued Wages and Benefits	28,089	1,717	
Compensated Absences Payable			
Due to Other Funds			
Due to Other Governments	33,615	2,528	
Deferred Revenue	469,083	30,891	
Undistributed Monies			
Deposits Held and Due to Others			
Accrued Interest Payable	1,467		66,713
Notes Payable	706,216		4,205,848
Accrued Police Pension Payable			
General Obligation Bonds Payable			
Revenue Bonds Payable			
Total Liabilities	1,247,737	35,354	4,286,112
Fund Equity and Other Credits:			
Investment in General Fixed Assets			
Contributed Capital			
Retained Earnings:			
Reserved for Debt Service			
Unreserved			
Fund Balance:			
Reserved for Encumbrances	88,605	19,752	685,042
Reserved for Property Taxes	5,251	543	
Unreserved Undesignated	1,694,773	394,919	(4,272,874)
Total Fund Equity and Other Credits	1,788,629	415,214	(3,587,832)
Total Liabilities, Fund Equity, and Other Credits	\$3,036,366	\$450,568	\$698,280

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$38,085	\$839				\$61,960
23,355	3,932				57,093
109,591	7,979			\$69,087	186,657
	45,000				45,000
26,959	5,055				68,157
					499,974
		\$211,049			211,049
		9,245			9,245
141,266					209,446
					4,912,064
				83,664	83,664
				855,000	855,000
14,780,000					14,780,000
15,119,256	62,805	220,294		1,007,751	21,979,309
			\$9,147,248		9,147,248
1,940,116					1,940,116
1,448,688					1,448,688
39,400,304	648,082				40,048,386
					793,399
					5,794
		26,332			(2,156,850)
42,789,108	648,082	26,332	9,147,248		51,226,781
\$57,908,364	\$710,887	\$246,626	\$9,147,248	\$1,007,751	\$73,206,090

**CITY OF CLYDE
SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Municipal Income Tax	\$3,561,570	
Property and Other Taxes	261,866	\$27,080
Charges for Services	176,744	29,223
Licenses and Permits	4,449	
Fines and Forfeitures	20,954	6,786
Intergovernmental	362,945	202,825
Special Assessments		
Investment Income	686,310	14,771
All Other Revenue	168,647	10,884
 Total Revenues	 5,243,485	 291,569
Expenditures:		
General Government:		
Legislative and Executive	766,995	
Security of Persons and Property	1,523,126	43,513
Public Health and Welfare	78,430	10,603
Transportation		192,403
Community Environment	353,168	
Leisure Time Activities		285,316
Other	116,888	
Capital Outlay	595,816	39,871
Debt Service:		
Principal Retirement		
Interest and Fiscal Charges	1,467	
 Total Expenditures	 3,435,890	 571,706
 Excess of Revenues Over (Under) Expenditures	 1,807,595	 (280,137)
Other Financing Sources and Uses		
Proceeds from Sale of Fixed Assets	8,446	7,909
Operating Transfers-In		320,000
Operating Transfers-Out	(1,831,760)	
 Total Other Financing Sources (Uses)	 (1,823,314)	 327,909
 Excess of Revenues and Other Sources Over/ (Under) Expenditures and Other Uses	 (15,719)	 47,772
 Fund Balance at Beginning of Year	 1,804,348	 369,343
Increase / (Decrease) in Inventory		(1,901)
 Fund Balance at End of Year	 \$1,788,629	 \$415,214

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	
			\$3,561,570
			288,946
			205,967
			4,449
			27,740
	\$1,245,480		1,811,250
	17,991		17,991
	34,241	\$769	736,091
		3,876	183,407
	1,297,712	4,645	6,837,411
			766,995
			1,566,639
			89,033
			192,403
			353,168
			285,316
	600,930	8,245	726,063
	4,985,339		5,621,026
\$265,900			265,900
72,857	66,713		141,037
338,757	5,652,982	8,245	10,007,580
(338,757)	(4,355,270)	(3,600)	(3,170,169)
			16,355
338,728	1,181,505		1,840,233
	(108,473)		(1,940,233)
338,728	1,073,032		(83,645)
(29)	(3,282,238)	(3,600)	(3,253,814)
29	(305,594)	29,932	1,898,058
			(1,901)
	(\$3,587,832)	\$26,332	(\$1,357,657)

**CITY OF CLYDE
SANDUSKY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BASIS) AND ACTUAL COMPARISON
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Municipal Income Tax	\$3,170,000	\$3,091,238	(\$78,762)			
Property and Other Taxes	271,350	271,232	(118)	\$30,500	\$28,046	(\$2,454)
Charges for Services	172,050	208,088	36,038	29,650	29,223	(427)
Licenses and Permits	3,300	4,510	1,210			
Fines and Forfeitures	20,000	22,950	2,950	8,000	6,607	(1,393)
Intergovernmental	297,300	334,789	37,489	197,650	203,197	5,547
Special Assessments						
Investment Income	450,000	669,010	219,010	3,000	15,036	12,036
Other	105,020	168,656	63,636	6,100	10,789	4,689
Total Revenues	4,489,020	4,770,473	281,453	274,900	292,898	17,998
Expenditures:						
Current:						
General government:						
Legislative and Executive	900,637	861,971	38,666			
Security of Persons and Property	1,708,146	1,638,758	69,388	47,892	43,513	4,379
Public Health and Welfare	107,806	81,944	25,862	14,571	12,353	2,218
Transportation				213,976	205,533	8,443
Community Environment	373,848	358,325	15,523			
Leisure Time Activities				324,933	308,299	16,634
Other	58,683	116,888	(58,205)	39,897	39,871	26
Capital Outlay						
Debt Service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	3,149,120	3,057,886	91,234	641,269	609,569	31,700
Excess of Revenues Over/ (Under) Expenditures	1,339,900	1,712,587	372,687	(366,369)	(316,671)	49,698
Other Financing Sources (Uses):						
Proceeds of Note	110,480	110,405	(75)			
Sale of Fixed Assets	1,000	8,746	7,746		7,909	7,909
Operating Transfers In				290,000	320,000	30,000
Operating Transfers Out	(1,819,144)	(1,831,760)	(12,616)			
Advances to Other Funds	(45,000)	(45,000)				
Total Other Sources (Uses)	(1,752,664)	(1,757,609)	(4,945)	290,000	327,909	37,909
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(412,764)	(45,022)	367,742	(76,369)	11,238	87,607
Fund Balances at Beginning of Year	1,671,107	1,671,107		354,729	354,729	
Prior Year Encumbrances Appropriated	85,812	85,812		23,349	23,349	
Fund Balances at End of Year	\$1,344,155	\$1,711,897	\$367,742	\$301,709	\$389,316	\$87,607

(Continued)

**CITY OF CLYDE
SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BASIS) AND ACTUAL COMPARISON
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000
(Continued)

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Municipal Income Tax						
Property and Other Taxes						
Charges for Services						
Licenses and Permits						
Fines and Forfeitures						
Intergovernmental				\$468,800	\$8,550	(\$460,250)
Special Assessments				18,300	17,991	(309)
Investment Income					34,241	34,241
Other						
Total Revenues				487,100	60,782	(426,318)
Expenditures:						
Current:						
General government:						
Legislative and Executive						
Security of Persons and Property						
Public Health and Welfare						
Transportation						
Community Environment						
Leisure Time Activities						
Other					300,465	(300,465)
Capital Outlay				6,259,873	5,102,194	1,157,679
Debt Service:						
Principal retirement	265,910	265,900	10			
Interest and fiscal charges	72,847	72,857	(10)			
Total Expenditures	338,757	338,757		6,259,873	5,402,659	857,214
Excess of Revenues Over/ (Under) Expenditures	(338,757)	(338,757)		(5,772,773)	(5,341,877)	430,896
Other Financing Sources (Uses):						
Proceeds of Note					4,205,848	4,205,848
Sale of Fixed Assets						
Operating Transfers In	338,644	338,728	84	2,157,000	1,181,505	(975,495)
Operating Transfers Out				(108,500)	(108,473)	27
Advances to Other Funds						
Total Other Sources (Uses)	338,644	338,728	84	2,048,500	5,278,880	3,230,380
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(113)	(29)	84	(3,724,273)	(62,997)	3,661,276
Fund Balances at Beginning of Year	29	29		41,123	41,123	
Prior Year Encumbrances Appropriated				32,874	32,874	
Fund Balances at End of Year	(\$84)	\$0	\$84	(\$3,650,276)	\$11,000	\$3,661,276

(Continued)

**CITY OF CLYDE
SANDUSKY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BASIS) AND ACTUAL COMPARISON
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000
(Continued)**

	Expendable Trust Fund			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Municipal Income Tax				\$3,170,000	\$3,091,238	(\$78,762)
Property and Other Taxes				301,850	299,278	(2,572)
Charges for Services				201,700	237,311	35,611
Licenses and Permits				3,300	4,510	1,210
Fines and Forfeitures				28,000	29,557	1,557
Intergovernmental				963,750	546,536	(417,214)
Special Assessments				18,300	17,991	(309)
Investment Income	\$800	\$800		453,800	719,087	265,287
Other	100	4,000	\$3,900	111,220	183,445	72,225
Total Revenues	900	4,800	3,900	5,251,920	5,128,953	(122,967)
Expenditures:						
Current:						
General government:						
Legislative and Executive				900,637	861,971	38,666
Security of Persons and Property				1,756,038	1,682,271	73,767
Public Health and Welfare				122,377	94,297	28,080
Transportation				213,976	205,533	8,443
Community Environment				373,848	358,325	15,523
Leisure Time Activities				324,933	308,299	16,634
Other	17,000	8,245	8,755	115,580	465,469	(349,889)
Capital Outlay				6,259,873	5,102,194	1,157,679
Debt Service:						
Principal retirement				265,910	265,900	10
Interest and fiscal charges				72,847	72,857	(10)
Total Expenditures	17,000	8,245	8,755	10,406,019	9,417,116	988,903
Excess of Revenues Over/ (Under) Expenditures	(16,100)	(3,445)	12,655	(5,154,099)	(4,288,163)	865,936
Other Financing Sources (Uses):						
Proceeds of Note				110,480	4,316,253	4,205,773
Sale of Fixed Assets				1,000	16,655	15,655
Operating Transfers In				2,785,644	1,840,233	(945,411)
Operating Transfers Out				(1,927,644)	(1,940,233)	(12,589)
Advances to Other Funds				(45,000)	(45,000)	
Total Other Sources (Uses)				924,480	4,187,908	3,263,428
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(16,100)	(3,445)	12,655	(4,229,619)	(100,255)	4,129,364
Fund Balances at Beginning of Year	29,807	29,807		2,096,795	2,096,795	
Prior Year Encumbrances Appropriated				142,035	142,035	
Fund Balances at End of Year	\$13,707	\$26,362	\$12,655	(\$1,990,789)	\$2,138,575	\$4,129,364

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

**CITY OF CLYDE
SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Revenues:			
Charges for services	\$10,526,119	\$488,320	\$11,014,439
Other operating revenue	18,443		18,443
Total operating revenues	<u>10,544,562</u>	<u>488,320</u>	<u>11,032,882</u>
Operating Expenses:			
Personal services	1,654,193	339,312	1,993,505
Contractual Services	5,069,197	39,317	5,108,514
Materials and supplies	417,697	87,911	505,608
Travel and Transportation	9,864	255	10,119
Other Expense	173,855		173,855
Depreciation	1,164,102	78,368	1,242,470
Total operating expenses	<u>8,488,908</u>	<u>545,163</u>	<u>9,034,071</u>
Operating Income (Loss)	<u>2,055,654</u>	<u>(56,843)</u>	<u>1,998,811</u>
Non-Operating Revenues and (Expenses)			
Interest Income	125,152	948	126,100
Interest and Fiscal Charges	(891,271)		(891,271)
Total Non-Operating Revenues and (Expenses)	<u>(766,119)</u>	<u>948</u>	<u>(765,171)</u>
Income (Loss) Before Operating Transfers	1,289,535	(55,895)	1,233,640
Operating Transfers - In	100,000		100,000
Net Income (Loss)	1,389,535	(55,895)	1,333,640
Retained Earnings at Beginning of Year	39,432,670	703,977	40,136,647
Depreciation on Contributed Assets	26,787		26,787
Retained Earnings at End of Year	<u>40,848,992</u>	<u>648,082</u>	<u>41,497,074</u>
Contributed Capital beginning of year	1,966,903		1,966,903
Depreciation on Contributed Assets	(26,787)		(26,787)
Contributed Capital end of year	<u>1,940,116</u>		<u>1,940,116</u>
Total Fund Equity at End of Year	<u>\$42,789,108</u>	<u>\$648,082</u>	<u>\$43,437,190</u>

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

**CITY OF CLYDE
SANDUSKY COUNTY**

COMBINED STATEMENT OF CHANGES IN CHANGES IN CASH FLOW
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash Flows from Operating Activities:			
Cash Received from Customers	\$10,522,293	\$516,806	\$11,039,099
Cash Payments to Employees	(1,695,026)	(352,611)	(2,047,637)
Cash Payments to Suppliers	(6,126,961)	(125,789)	(6,252,750)
Net Cash Provided by (Used in) Operating Activities	<u>2,700,306</u>	<u>38,406</u>	<u>2,738,712</u>
Cash Flows from Noncapital Financing Activities:			
Transfers/Advances In	<u>100,000</u>	<u>45,000</u>	<u>145,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>100,000</u>	<u>45,000</u>	<u>145,000</u>
Cash Flows Used In Capital and Related Financing Activities:			
Principal Payments - Bonds	(475,000)		(475,000)
Purchase of Fixed Assets	(521,694)	(48,494)	(570,188)
Interest Paid	(851,051)		(851,051)
Net Cash Used In Capital and Related Financing Activities	<u>(1,847,745)</u>	<u>(48,494)</u>	<u>(1,896,239)</u>
Cash Flow from Investing Activities:			
Purchase of Investments	(1,836,664)		(1,836,664)
Cash received from Interest	<u>105,571</u>	<u>948</u>	<u>106,519</u>
Net Cash Provided by (Used in) Investing Activities	<u>(1,731,093)</u>	<u>948</u>	<u>(1,730,145)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(778,532)	35,860	(742,672)
Cash and Cash Equivalents at Beginning of Year	<u>10,201,591</u>	<u>16,407</u>	<u>10,217,998</u>
Cash and Cash Equivalents at End of Year	<u>\$9,423,059</u>	<u>\$52,267</u>	<u>\$9,475,326</u>

(Continued)

**CITY OF CLYDE
SANDUSKY COUNTY**

COMBINED STATEMENT OF CHANGES IN CHANGES IN CASH FLOW
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities			
Operating Income (Loss)	\$2,055,654	(\$56,843)	\$1,998,811
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
Depreciation	1,164,102	78,368	1,242,470
(Increase) Decrease in Accounts Receivable	(22,269)	28,486	6,217
Decrease in Prepaid Items	3,871	617	4,488
(Increase) Decrease in Materials and Supplies Inventory	(24,567)	2,937	(21,630)
(Decrease) in Accounts Payable	(405,020)	(1,860)	(406,880)
Increase (Decrease) in Accrued Wages	(583)	107	(476)
Increase in Compensated Absences	18,031	(2,097)	15,934
(Decrease) in Due to Other Funds	(30,632)		(30,632)
(Decrease) Due to other Governments	(58,281)	(11,309)	(69,590)
Total Adjustments	<u>644,652</u>	<u>95,249</u>	<u>739,901</u>
Net Cash Provided by Operating Activities	<u>\$2,700,306</u>	<u>\$38,406</u>	<u>\$2,738,712</u>

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

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**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000**

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
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(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), the acquisition or construction of general fixed assets (capital projects funds) and the accumulation of resources for, and the payment of long-term obligation principal and interest (debt service 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

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

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:

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 sixty (60) day 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.

The accrual basis of accounting is used for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

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

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

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 2000.

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 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 2000, investments were limited to nonnegotiable certificates of deposit, City securities, governmental securities, and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Other investments are reported at fair value 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, 2000.

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

**CITY OF CLYDE
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

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.

G. 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.

H. 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 Boards Statement No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

I. 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.

J. 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 appropriable for expenditure or legally segregated for a specific future use. Fund equity reserves have been established for encumbrances and property taxes. Retained earnings are reserved in accordance with third party restrictions related to certain debt issues.

K. 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.

L. 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.

M. 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.

N. 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.

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Legal Compliance

The following funds had appropriations in excess of estimated resources available for expenditure as certified by the county budget commission, contrary to § 5705.39, Ohio Revised Code:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Special Revenue Funds</u>	
Recreation	\$8,707
<u>Capital Projects Funds</u>	
Permanent Improvement	650,827
<u>Enterprise Funds</u>	
Water Construction	1,000,000

Deficit Retained Earnings/Fund Balances

Fund balances at December 31, 2000 included the following individual fund deficits:

<u>Capital Projects Funds</u>	<u>Deficit Fund Balances</u>
Permanent Improvement	\$(3,587,832)

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.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

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 funds 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;
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."

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)**

Deposits

At year end, the carrying amount of the City's deposits was \$6,393,818 and the bank balance (including non-negotiable certificates of deposit) was \$6,453,248.

Of the bank balance and CDs, \$300,000 was covered by federal depository insurance, \$4,753,248 was covered by collateral held by a qualified third party trustee in the name of the City, and \$1,400,000 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.

	<u>Carrying Value</u>	<u>Fair Value</u>
Category 1:		
City's Own Securities	\$1,836,664	\$1,836,664
Category 2:		
U.S. Government Securities	5,099,887	5,099,887
Not Subject to Categorization:		
Investment in State		
Treasurer's Investment Pool	<u>1,131,513</u>	<u>1,131,513</u>
Total Investments	<u>\$8,068,064</u>	<u>\$8,068,064</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:

**CITY OF CLYDE
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$12,625,538	\$1,836,664
Investments of the Cash Management Pool:		
U.S. Government Securities	(5,099,887)	5,099,887
State Treasurer's Investment Pool	(1,131,513)	1,131,513
Cash on Hand	(320)	
Per GASB Statement No. 3	<u>\$ 6,393,818</u>	<u>\$8,068,064</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 \$3,561,570 in 2000.

NOTE 6 - RISK MANAGEMENT

The Government belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage

**CITY OF CLYDE
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)**

subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2000</u>
Assets	\$17,112,129
Liabilities	<u>7,715,035</u>
Retained earnings	<u>\$ 9,397,094</u>

<u>Property Coverage</u>	<u>2000</u>
Assets	\$1,575,614
Liabilities	<u>281,561</u>
Retained earnings	<u>\$1,294,053</u>

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 property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts 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.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax

**CITY OF CLYDE
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)**

collection year, the lien date. Certain public utility tangible personal property currently is assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Clyde. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2000 was \$3.20 per \$1,000.00 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Property - 1999 Valuation:	
Residential/Agricultural	\$39,762,110
Public Utilities	7,470
Commercial/Industrial	<u>21,279,190</u>
Total Real Property	61,048,770
Tangible Personal Property - 2000 Valuation:	
General	35,271,985
Public Utilities	<u>3,464,730</u>
Total Personal Property	<u>38,736,715</u>
Total Assessed Valuation	<u>\$99,785,485</u>

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of December 31, 2000. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not intended to finance 2000 operations. The receivable is therefore offset by a credit to deferred revenue.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2000, 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	\$ 289,378
Delinquent	9,231
Accrued City Income Taxes	638,134
Accounts Receivable	28,156
Accrued Interest Receivable	<u>230,032</u>
	<u>\$1,194,941</u>

**CITY OF CLYDE
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)**

<u>Special Revenue Funds</u>	
Accrued Property Taxes:	
Current	\$ 30,479
Delinquent	955
Due From Other Governments	9,523
Accounts Receivable Billed	<u>730</u>
	<u>\$ 41,687</u>
 <u>Enterprise Funds</u>	
Utility Services	\$ 897,752
Accrued Interest Receivable	<u>19,581</u>
	<u>\$ 917,333</u>
 TOTAL	 <u>\$2,153,961</u>

NOTE 9 - INTER-FUND TRANSACTIONS

- A. Interfund receivables and payables represent loans due from the following funds at December 31, 2000:

	<u>Due From</u>	<u>Due To</u>
General	\$45,000	
Internal Service Fund: Service Fund	<u> </u>	\$45,000
Total Due To/Due From Other Funds	<u>\$45,000</u>	<u>\$45,000</u>

- B. A reconciliation of the City's operating transfers for 2000 is as follows:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$(1,831,760)
Special Revenue Funds:		
Recreation	\$320,000	
Debt Service Funds:		
Fire Truck Note	338,728	
Capital Projects Funds:		
Permanent Improvement	1,181,505	(108,473)
Enterprise Funds:		
Water	<u>100,000</u>	<u> </u>
Total Transfers In/Out	<u>\$1,940,233</u>	<u>\$(1,940,223)</u>

NOTE 10 - FIXED ASSETS

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

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

	<u>Balance 1/1/00</u>	<u>Additions</u>	<u>Retire- ments</u>	<u>Balance 12/31/00</u>
Land	\$825,875	\$673,329		\$1,499,204
Buildings	3,229,720	2,870		3,232,590
Land Improvements	204,314	24,867		229,181
Furniture, Machinery and Equipment	1,108,708	152,546	19,145	1,242,109
Vehicles	837,385	23,236	17,631	842,990
Construction in Progress		<u>3,763,423</u>		<u>3,763,423</u>
Total	6,206,002	4,640,271	36,776	10,809,497
Less: Accumulate Depreciation	<u>(1,389,919)</u>	<u>(294,129)</u>	<u>(21,799)</u>	<u>(1,662,249)</u>
Total Assets	<u>\$4,816,083</u>	<u>\$4,346,142</u>	<u>\$14,977</u>	<u>\$9,147,248</u>

The following is a summary of proprietary fund-type fixed assets at December 31, 2000:

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Enterprise Total</u>	<u>Internal Service</u>
Land	\$1,602,020	\$321,141	\$126,491	\$2,049,652	\$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	19,610		58,960	78,570	
Equipment-Furniture	442,302	2,265,238	1,697,972	4,405,512	349,796
Vehicles	32,025	23,659	336,834	392,518	433,828
Infrastructure	7,130,165	14,334,303	10,088,753	31,553,221	
Infrastructure - Contributed Capital	<u>780,631</u>	<u>1,183,044</u>	<u>68,850</u>	<u>2,032,525</u>	
Total Fixed Assets	18,205,355	21,407,740	12,892,545	52,505,640	1,200,386
Less: Accumulated Depreciation	<u>(1,804,810)</u>	<u>(3,966,024)</u>	<u>(2,553,420)</u>	<u>(8,324,254)</u>	<u>(551,264)</u>
Net fixed assets	<u>\$16,400,545</u>	<u>\$ 17,441,716</u>	<u>\$10,339,125</u>	<u>\$44,181,386</u>	<u>\$649,122</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

NOTE 11 - DEBT OBLIGATIONS

	<u>Balance 1/01/00</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/00</u>
<u>General Obligation Debt:</u>				
Fire Truck Bond Anticipation Note, 4.15% Issued 9/96	\$220,900	\$110,400	\$220,900	\$110,400
Various Purpose Bond Anticipation Note, 5.125% Issued 6/00 - Payable to Enterprise Funds		1,365,000		1,365,000

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

Various Purpose Bond Anticipation Note, 3% Issued 6/00		1,240,848		1,240,848
Water System Improvement Bond Anticipation Note, 5.6% Issued 6/00		1,600,000		1,600,000
Land Acquisition Bonds 3%, Issued 8/00 - Payable to Enterprise Funds	<u> </u>	<u>595,816</u>	<u> </u>	<u>595,816</u>
Total General Obligation Debt	<u>220,900</u>	<u>4,912,064</u>	<u>220,900</u>	<u>4,912,064</u>
<u>Enterprise Debt:</u>				
Electric System Mortgage Revenue Refunding Bonds, Series 1998 - 4% to 5.25% Issued 10/1/98	4,125,000		185,000	3,940,000
Electric System Mortgage Revenue Refunding Bonds, 3%-6.3%, Issued July 1993	5,580,000		240,000	5,340,000
Water Improvement Bonds, Series 1997, Issued 4/97 3.00% to 6.30%	<u>5,550,000</u>	<u> </u>	<u>50,000</u>	<u>5,500,000</u>
Total Enterprise Debt	<u>15,255,000</u>	<u> </u>	<u>475,000</u>	<u>14,780,000</u>
<u>General Obligation Debt:</u>				
General Obligation Main Street Bonds, 6% to 7.2% Issued 3/91	900,000		45,000	855,000
<u>Other Debt:</u>				
Police Pension Liability	84,721		1,057	83,664
Compensated Absences	<u>66,266</u>	<u>2,821</u>	<u> </u>	<u>69,087</u>
Total General Obligation Debt	<u>1,050,987</u>	<u>2,821</u>	<u>46,057</u>	<u>1,007,751</u>
Total Debt	<u>\$16,628,523</u>	<u>\$4,930,819</u>	<u>\$741,957</u>	<u>\$20,797,405</u>

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

Outstanding general obligation bonds consist of Main Street Improvements and Land Acquisition. 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.

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 31,2000, \$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, 2000, including interest payments of \$12,141,547 are as follows:

Year Ending	General Obligation Debt		Electric Mortgage Bonds		Water Improvement Bonds		Police Pension	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2,001	\$50,000	\$78,314	\$450,000	\$553,889	\$55,000	\$274,184	\$1,103	\$3,544
2,002	101,973	74,915	475,000	531,091	60,000	271,498	1,150	3,497
2,003	108,533	69,955	500,000	506,335	60,000	268,498	1,199	3,447
2,004	115,139	64,609	525,000	479,413	60,000	265,683	1,251	3,396
2,005	121,793	58,875	550,000	449,338	70,000	262,191	1,305	3,342
2006-2010	690,565	197,274	3,315,000	1,705,675	385,000	1,257,493	7,414	15,820
Thereafter	262,813	23,274	3,465,000	550,710	4,810,000	3,916,169	70,242	43,397
Total	\$1,450,816	\$567,216	\$9,280,000	\$4,776,451	\$5,500,000	\$6,515,716	\$83,664	\$76,443

Year Ending	Fire Truck Note		Various Purposes		Various Purposes		Water System Impr.	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2,001	\$110,400	\$5,354	\$1,365,000	\$69,956	\$1,240,848	\$37,225	\$1,600,000	\$89,600

NOTE 12 - PENSION AND RETIREMENT PLANS

A. Public Employees Retirement System

All City full-time employees, other than uniformed employees, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2000 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0 percent of covered salary. The PERS Retirement Board instituted a temporary employer rate rollback for calendar year 2000. The rate rollback was 20% for local government subdivisions and 6% for law enforcement divisions. The employer contribution rate for employees other than law enforcement was 10.84 percent of covered payroll; 6.54 percent was the portion used to fund pension obligations for 2000. The employer contribution rate for law enforcement employees was 15.70 percent of covered payroll; 11.40 percent was the portion used to fund pension obligations for 2000. The City's contributions for pension obligations to PERS for the years ended December 31, 2000, 1999 and 1998 were \$399,058, \$249,879, and \$241,089; respectively, equal to the required contributions for the year. 85.87% has been contributed for 2000 and 100 percent for 1999, and 1998. \$56,380 representing the unpaid contribution for 2000, is recorded as an expenditure to the individual funds that incurred the costs.

B. Police and Firemen's Disability and Pension Fund

Full-time uniformed employees of the City participate in the Police and Firemen's Disability and Pension Fund of Ohio (OP&F), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. This is a single retirement system with one administration that provides retirement benefits to two classes of employees. Authority to establish and amend benefits is provided by state statute per Chapter 712 of the Ohio Revised Code. OP&F issues a stand-alone financial report which may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary, while the City is required to contribute 19.5 percent and 24.0 percent for police officers and firefighters, respectively. The City's contributions to the Fund for the years ending December 31, 2000, 1999 and 1998 were \$162,862, \$102,358, and \$92,780, respectively, equal to the required contributions for the year. 81.41% has been contributed for 2000 and 100 percent for 1999 and 1998. \$30,264 representing the unpaid contribution for 2000, is recorded as an expenditure to the individual funds that incurred the costs.

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

A. Public Employees Retirement System

PERS 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 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, Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. The 2000 employer contribution rate for local government employers was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care. The law enforcement employer rate for 2000 was 15.70% of covered payroll; 4.30% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The City's contribution actually made to fund post employment benefits was \$168,700.

OPEB are financed through employer contributions and investment earnings thereon. 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.

As of December 31, 1999 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively, at December 31, 1999 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 1999 (the latest information available) was 401,339.

During 2000, the PERS Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based upon a December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

B. Police and Firemen's Disability and Pension Fund

The Police and Firemen's Disability and Pension Fund (the "Fund") 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 full-time or on a $\frac{2}{3}$ basis.

The health care coverage provided by the retirement system is considered another Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police 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 is applied to the postemployment health care program. 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.

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

The number of participants eligible to receive health care benefits as of December 31, 1999 was 12,467 for police and 9,807 for firefighters. The City's actual contributions for 2000 that were used to fund postemployment benefits were \$103,467 for police and \$74,449 for fire. The OP&F's total health care expense for the year ended December 31, 1999 (the latest information available) was \$95 million.

NOTE 15 - COMPENSATED ABSENCES

Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be carried over at different rates depending on the department. Police and dispatchers may carry over 40 hours for use during the first three months of the following year. Sick leave accrual is continuous, with a limit of 500 hours. Overtime worked is always paid to employees on the paycheck for the period in which it was worked.

Upon retirement, an employee can be paid for 42 percent of his/her accumulated hours of sick leave, except fire department employees, who are part time and do not accumulate sick leave. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not yet used.

As of December 31, 2000, the liability for unpaid compensated absences reported in the General Long-Term Obligations Account Group was \$186,657. \$117,570 was the liability for the non-current portion of compensated absences in proprietary fund types. The total liability for the City's compensated absences for all fund types and account groups was \$89,087.

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 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:

**CITY OF CLYDE
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2000
(Continued)**

**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	\$(45,022)	\$11,238	\$(29)	\$(62,997)	\$(3,445)
Revenue Accruals	362,307	1,329		(2,968,918)	(155)
Expenditure Accruals	(426,040)	15,375		(250,323)	
Encumbrances	<u>93,036</u>	<u>19,830</u>			
GAAP Basis	<u>\$(15,719)</u>	<u>\$47,772</u>	<u>\$(29)</u>	<u>\$(3,282,238)</u>	<u>\$(3,600)</u>

NOTE 17 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The City operates three enterprise fund which provide water, electric and disposal and treatment of sewage services. The key financial information for the year ended December 31, 2000 for this enterprise activity is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Total</u>
Operating Revenue	\$1,803,665	\$1,467,590	\$7,273,307	\$10,544,562
Operating Expenses	1,408,063	1,595,643	5,485,202	8,488,908
Depreciation	330,040	501,475	332,587	1,164,102
Operating Income(Loss)	395,602	(128,053)	1,788,105	2,055,654
Interest Income	23,618	0	101,534	125,152
Net Income (Loss)	143,756	(128,053)	1,273,832	1,289,535
Fixed Assets	16,500,545	17,441,717	10,339,124	44,281,386
Asset Additions	98,069	87,745	335,880	521,694
Total Assets	20,765,139	19,218,631	17,924,594	57,908,364
Net Cash Flow	(810,783)	371,821	(285,560)	(778,532)
Net Working Capital	2,009,788	1,687,217	4,315,733	8,012,738
Contributed Capital	770,197	1,107,524	62,395	1,940,116
Total Equity	14,889,703	19,197,834	8,701,571	42,789,108

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.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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 the City of Clyde as of and for the year ended December 31, 2000, and have issued our report thereon dated October 3, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-20172-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the City of Clyde in a separate letter dated October 3, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of City of Clyde in a separate letter dated September 27, 2001.

City of Clyde
Sandusky County
Report of Independent Accountants 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

October 3, 2001

CITY OF CLYDE
SANDUSKY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000

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

FINDING NUMBER 2000-20172-001

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 following funds had appropriations in excess of the amounts certified as available by the budget commission.

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Special Revenue Funds:			
Park and Recreation	\$351,464	\$360,171	(\$8,707)
Capital Projects Funds:			
Permanent Improvement	5,684,673	6,335,500	(650,827)
Enterprise Funds:			
Water Construction		1,000,000	(1,000,000)

We recommend that City Council appropriate amounts less than or equal to the estimated resources available for that fund. The above code section should be reviewed by management as well as Audit Bulletin 97-010 and 97-012, which address budgetary issues in detail.

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**CITY OF CLYDE
SANDUSKY COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
001	Ohio Revised Code § 5705.41 (D)	No	City has improved. City will include certification on requisition to ensure completion at time incurred.
002	Ohio Revised Code § 5705.40	Yes	
003	Ohio Revised Code § 5705.39	No	City has improved.
004	Ohio Revised Code § 9.38	No	The Recreation Department has made timely deposits.
005	Ohio Revised Code §149.39	No	The Recreation Department has maintained records since they were informed of the requirement.
006	Register tapes and attendance records not maintained for pool.	No	The Recreation Department has maintained records since they were informed of the requirement.
007	Copy of pre-numbered, duplicate receipt not maintained by department.	No	The Recreation Department has maintained records since they were informed of the requirement.



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
NOVEMBER 8, 2001**