

CITY OF CLYDE
SANDUSKY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council
City of Clyde
222 North Main Street
Clyde, Ohio 43410

We have reviewed the *Independent Auditor's Report* of the City of Clyde, Sandusky County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Clyde is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 02, 2021

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**CITY OF CLYDE
SANDUSKY COUNTY, OHIO**

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Independent Auditor's Report

City of Clyde
Sandusky County
222 North Main Street
Clyde, Ohio 43410

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clyde, Sandusky County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Clyde's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Clyde's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Clyde's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clyde, Sandusky County, Ohio, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 3 to the financial statements, in 2020, the City of Clyde adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. As described in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City of Clyde. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and *schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions* listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2021, on our consideration of the City of Clyde's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Clyde's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Clyde's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
July 23, 2021

**CITY OF CLYDE
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The management's discussion and analysis of the City of Clyde's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- The total net position of the City increased \$175,176. Net position of governmental activities increased \$1,036,928 or 6.30% over 2019's net position and net position of business-type activities decreased \$861,752 or 2.86% from 2019's net position.
- General revenues accounted for \$5,778,203 or 77.91% of total governmental activities revenue. Program specific revenues accounted for \$1,638,101 or 22.09% of total governmental activities revenue of \$7,416,304.
- The City had \$6,379,376 in expenses related to governmental activities; \$1,638,101 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$4,741,275 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$5,778,203.
- The general fund had revenues of \$4,727,776 in 2020. This represents a decrease of \$220,455 from 2019 revenues. The expenditures and other financing uses of the general fund, which totaled \$4,558,396 in 2020, represent a decrease of \$551,154 from 2019. The net increase in fund balance for the general fund was \$169,380 or 7.50%.
- The permanent improvement fund had revenues of \$1,693,025 in 2020. This represents an increase of \$283,012 from 2019 revenues. The expenditures and other financing uses of the permanent improvement fund, which totaled \$1,353,488 in 2020, represent an increase of \$16,287 from 2019 expenditures and other financing uses. The net increase in fund balance for the permanent improvement fund was \$339,537 or 37.07%.
- Net position for the business-type activities, which are made up of the water, sewer, and electric enterprise funds, decreased in 2020 by \$861,752.
- In the general fund, the actual revenues came in greater than the final budgeted revenues by \$235,952 and actual expenditures and other financing uses were \$1,039,613 less than the amount in the final budget. These variances are the result of the City's conservative budgeting. Budgeted revenues were decreased \$21,536 from the original budget to the final budget. Total budgeted expenditures and other financing uses were unchanged during the year.

The Basic Financial Statements

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

**CITY OF CLYDE
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in those assets. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including Federal and State grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer, and electric operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

**CITY OF CLYDE
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and the capital projects permanent improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and electric functions. All of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary fund is a private-purpose trust.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability/asset and net OPEB liability.

**CITY OF CLYDE
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Government-Wide Financial Analysis

The table below provides a summary of the City's assets, deferred inflows of resources, liabilities, deferred outflows of resources and net position at December 31, 2020 and 2019.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<u>Assets</u>						
Current and other assets	\$ 6,254,758	\$ 5,416,388	\$ 16,463,634	\$ 16,700,677	\$ 22,718,392	\$ 22,117,065
Capital assets, net	<u>20,096,118</u>	<u>19,838,618</u>	<u>25,857,023</u>	<u>26,333,845</u>	<u>45,953,141</u>	<u>46,172,463</u>
Total assets	<u>26,350,876</u>	<u>25,255,006</u>	<u>42,320,657</u>	<u>43,034,522</u>	<u>68,671,533</u>	<u>68,289,528</u>
<u>Deferred outflows of resources</u>						
Pension	964,082	2,101,387	655,857	1,257,403	1,619,939	3,358,790
OPEB	<u>626,250</u>	<u>539,553</u>	<u>427,756</u>	<u>152,294</u>	<u>1,054,006</u>	<u>691,847</u>
Total deferred outflows of resources	<u>1,590,332</u>	<u>2,640,940</u>	<u>1,083,613</u>	<u>1,409,697</u>	<u>2,673,945</u>	<u>4,050,637</u>
<u>Liabilities</u>						
Current liabilities	294,409	337,007	1,551,065	1,644,288	1,845,474	1,981,295
Long-term liabilities:						
Due within one year	461,570	439,008	490,202	445,302	951,772	884,310
Net pension liability	4,761,113	6,196,085	3,244,492	4,165,333	8,005,605	10,361,418
Net OPEB liability	1,693,719	1,650,293	2,183,025	1,920,440	3,876,744	3,570,733
Other amounts	<u>1,488,299</u>	<u>1,883,526</u>	<u>5,574,517</u>	<u>5,930,374</u>	<u>7,062,816</u>	<u>7,813,900</u>
Total liabilities	<u>8,699,110</u>	<u>10,505,919</u>	<u>13,043,301</u>	<u>14,105,737</u>	<u>21,742,411</u>	<u>24,611,656</u>
<u>Deferred inflows of resources</u>						
Property taxes	314,595	321,248	-	-	314,595	321,248
Pension	920,219	300,765	710,955	107,263	1,631,174	408,028
OPEB	<u>498,785</u>	<u>296,443</u>	<u>332,747</u>	<u>52,200</u>	<u>831,532</u>	<u>348,643</u>
Total deferred inflows of resources	<u>1,733,599</u>	<u>918,456</u>	<u>1,043,702</u>	<u>159,463</u>	<u>2,777,301</u>	<u>1,077,919</u>
<u>Net position</u>						
Net investment in capital assets	18,448,611	17,767,690	20,086,512	20,015,829	38,535,123	37,783,519
Restricted	1,290,811	786,136	1,066,383	1,064,750	2,357,194	1,850,886
Unrestricted (deficit)	<u>(2,230,923)</u>	<u>(2,082,255)</u>	<u>8,164,372</u>	<u>9,098,440</u>	<u>5,933,449</u>	<u>7,016,185</u>
Total net position	<u>\$ 17,508,499</u>	<u>\$ 16,471,571</u>	<u>\$ 29,317,267</u>	<u>\$ 30,179,019</u>	<u>\$ 46,825,766</u>	<u>\$ 46,650,590</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

**CITY OF CLYDE
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with accounting principles generally accepted in the United States of America. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2020, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$46,825,766. At year-end, net position was \$17,508,499 and \$29,317,267 for the governmental activities and the business-type activities, respectively.

**CITY OF CLYDE
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 66.92% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment, vehicles and infrastructure. The City's net investment in capital assets at December 31, 2020, was \$18,448,611 and \$20,086,512 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$2,357,194, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is a deficit of \$2,230,923.

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**CITY OF CLYDE
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The table below shows the changes in net position for 2020 and 2019.

	Change in Net Position					
	Governmental		Business-type		2020	2019
	Activities	Activities	Activities	Activities		
	2020	2020	2019	2019	Total	Total
Revenues						
Program revenues:						
Charges for services	\$ 307,433	\$ 22,010,803	\$ 397,688	\$ 23,206,102	\$ 22,318,236	\$ 23,603,790
Operating grants and contributions	992,849	-	476,928	-	992,849	476,928
Capital grants and contributions	337,819	-	46,821	34,989	337,819	81,810
Total program revenues	<u>1,638,101</u>	<u>22,010,803</u>	<u>921,437</u>	<u>23,241,091</u>	<u>23,648,904</u>	<u>24,162,528</u>
General revenues:						
Property taxes	324,453	-	318,892	-	324,453	318,892
Income taxes	4,622,381	-	4,872,916	-	4,622,381	4,872,916
Other taxes	232,719	-	247,843	-	232,719	247,843
Unrestricted grants and entitlements	193,223	-	209,864	-	193,223	209,864
Investment earnings	80,259	2,285	209,083	11,343	82,544	220,426
Miscellaneous	325,168	56,998	228,540	41,087	382,166	269,627
Total general revenues	<u>5,778,203</u>	<u>59,283</u>	<u>6,087,138</u>	<u>52,430</u>	<u>5,837,486</u>	<u>6,139,568</u>
Total revenues	<u>7,416,304</u>	<u>22,070,086</u>	<u>7,008,575</u>	<u>23,293,521</u>	<u>29,486,390</u>	<u>30,302,096</u>
Expenses:						
General government	1,129,381	-	1,257,589	-	1,129,381	1,257,589
Security of persons and property	2,916,309	-	1,184,507	-	2,916,309	1,184,507
Public health and welfare	654,073	-	867,747	-	654,073	867,747
Transportation	940,979	-	1,095,285	-	940,979	1,095,285
Community environment	593,626	-	454,159	-	593,626	454,159
Leisure time activity	70,365	-	276,145	-	70,365	276,145
Interest and fiscal charges	74,643	-	89,966	-	74,643	89,966
Water	-	2,791,036	-	2,868,327	2,791,036	2,868,327
Sewer	-	2,193,885	-	2,482,360	2,193,885	2,482,360
Electric	-	17,946,917	-	18,341,809	17,946,917	18,341,809
Total expenses	<u>6,379,376</u>	<u>22,931,838</u>	<u>5,225,398</u>	<u>23,692,496</u>	<u>29,311,214</u>	<u>28,917,894</u>
Change in net position	1,036,928	(861,752)	1,783,177	(398,975)	175,176	1,384,202
Net position at beginning of year	<u>16,471,571</u>	<u>30,179,019</u>	<u>14,688,394</u>	<u>30,577,994</u>	<u>46,650,590</u>	<u>45,266,388</u>
Net position at end of year	<u>\$ 17,508,499</u>	<u>\$ 29,317,267</u>	<u>\$ 16,471,571</u>	<u>\$ 30,179,019</u>	<u>\$ 46,825,766</u>	<u>\$ 46,650,590</u>

**CITY OF CLYDE
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Governmental Activities

Governmental activities net position increased \$1,036,928 in 2020.

Security of persons and property, which primarily supports the operations of the police and fire departments, had expenses of \$2,916,309, which accounted for 45.72% of the total governmental activities expenses of the City. These expenses were partially funded by \$187,661 in direct charges to users of the services and \$48,784 in operating grants and contributions. Security of persons and property expenses increased \$1,731,802 over 2019. This is primarily due to the implementation of a new stipend-based health care model by Ohio Police and Fire Pension Fund (OP&F) that affected expenses in 2019.

General government expenses totaled \$6,379,376, which was partially funded by \$307,433 in direct charges to users of the services.

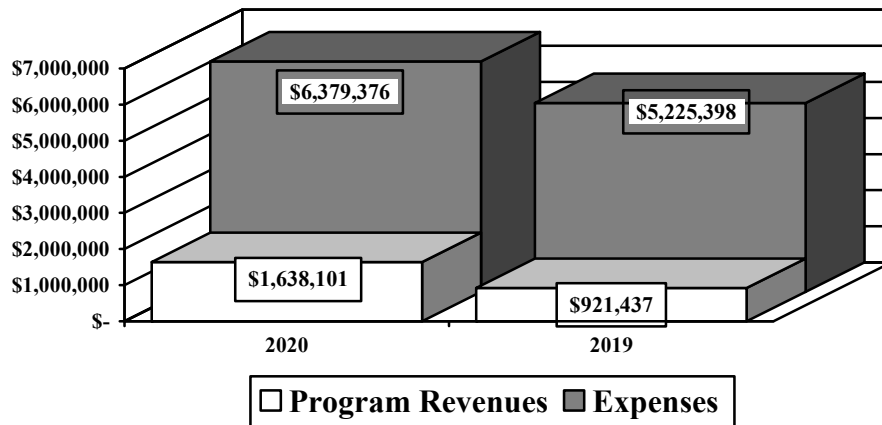
The State and federal government contributed to the City a total of \$992,849 in operating grants and contributions and \$337,819 in capital grants and contributions for governmental activities. These revenues are restricted to a particular program or purpose. \$446,182 of the operating grants and contributions received subsidized transportation programs. The City also received \$497,733 in CARES Act funding during 2020. This subsidized general government programs.

General revenues totaled \$5,778,203 and amounted to 77.91% of total governmental revenues. These revenues primarily consist of property, kilowatt hour and income tax revenue of \$5,179,553. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue and property tax reimbursements, making up \$193,223. The City also received several large distributions from the Ohio Bureau of Workers' Compensation during 2020. This is reported as miscellaneous revenue.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

The following graph shows program revenues and total expenses of the governmental activities for 2020 and 2019.

Governmental Activities – Program Revenues vs. Total Expenses



**CITY OF CLYDE
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

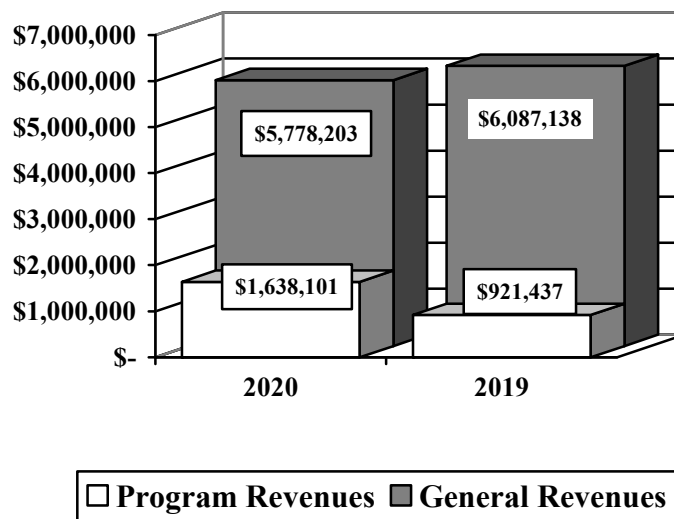
The following table shows the cost of services and net cost of services of the governmental activities for 2020 and 2019.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2020	2020	2019	2019
Program expenses:				
General government	\$ 1,129,381	\$ 548,816	\$ 1,257,589	\$ 1,170,920
Security of persons and property	2,916,309	2,679,864	1,184,507	981,586
Public health and welfare	654,073	630,121	867,747	843,873
Transportation	940,979	156,978	1,095,285	617,402
Community environment	593,626	585,242	454,159	432,469
Leisure time activity	70,365	65,611	276,145	167,745
Interest and fiscal charges	74,643	74,643	89,966	89,966
Total	<u>\$ 6,379,376</u>	<u>\$ 4,741,275</u>	<u>\$ 5,225,398</u>	<u>\$ 4,303,961</u>

The dependence upon general revenues for governmental activities is apparent, with 74.33% and 82.37% of expenses supported through taxes and other general revenues for 2020 and 2019, respectively.

The following graph shows general and program revenues of governmental activities for 2020 and 2019.

Governmental Activities – General and Program Revenues



**CITY OF CLYDE
SANDUSKY COUNTY**

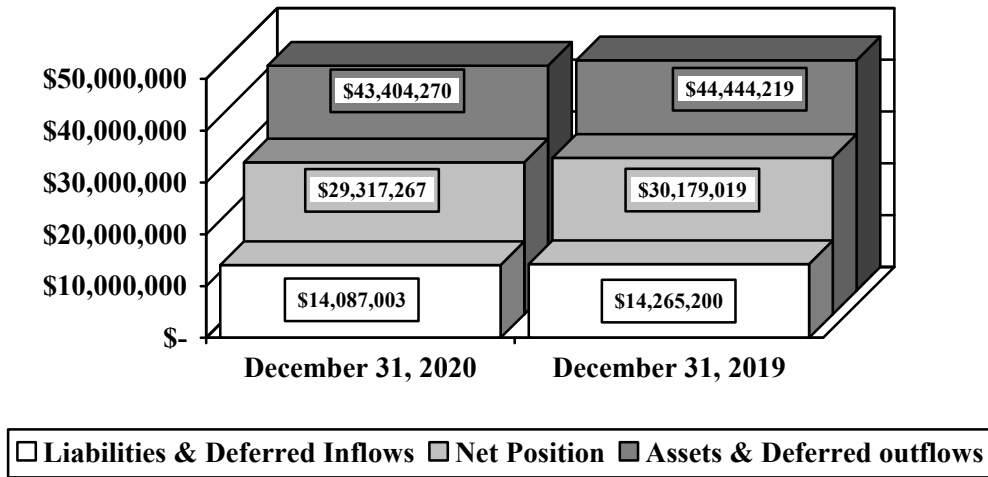
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Business-Type Activities

Business-type activities include the water, sewer, and electric enterprise funds. These programs had program revenues of \$22,010,803, general revenues of \$59,283 and expenses of \$22,931,838 for 2020. The water fund had expenses of \$2,791,036, which were 95.22% funded by user charges for services of \$2,657,406. The sewer fund had expenses of \$2,193,885, which were entirely funded by user charges for services of \$2,233,906. The electric fund had expenses of \$17,946,917, which were 95.39% funded by user charges for services of \$17,119,491. Revenue and expenses in the electric fund decreased in 2020 due to lower usage from industrial customers in the City. This was because of the shut downs due to the COVID-19 pandemic.

The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at December 31, 2020 and 2019.

Net Position in Business-Type Activities



Financial Analysis of the Government’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the City’s net resources available for spending at year-end.

The City’s governmental funds reported a combined fund balance of \$4,850,639, which is \$1,013,559 greater than the previous year’s fund balance of \$3,837,080. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2020 for all major and nonmajor governmental funds.

**CITY OF CLYDE
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Fund Balances <u>12/31/20</u>	Fund Balances <u>12/31/19</u>	<u>Change</u>
Major fund:			
General	\$ 2,428,430	\$ 2,259,050	\$ 169,380
Permanent improvement	1,255,652	916,115	339,537
Nonmajor governmental funds	<u>1,166,557</u>	<u>661,915</u>	<u>504,642</u>
Total	<u>\$ 4,850,639</u>	<u>\$ 3,837,080</u>	<u>\$ 1,013,559</u>

General Fund

The City's general fund balance increased \$169,380, primarily due to decreasing expenditures. The table that follows assists in illustrating the revenues of the general fund.

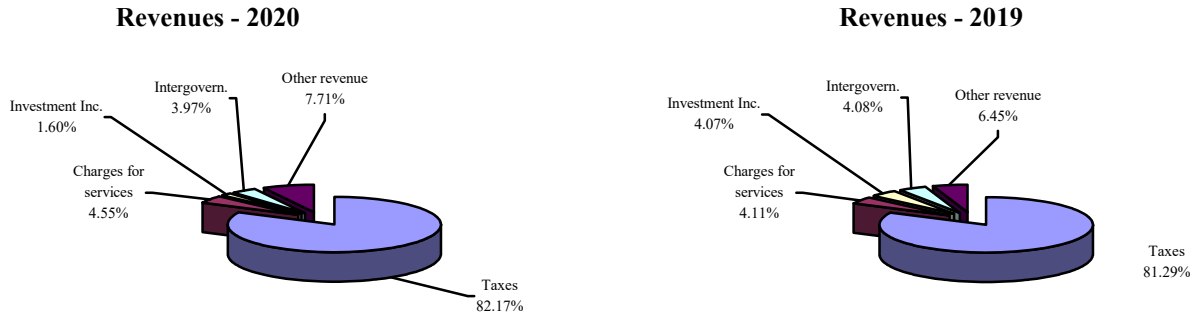
	2020 <u>Amount</u>	2019 <u>Amount</u>	Percentage <u>Change</u>
Revenues:			
Taxes	\$ 3,884,611	\$ 4,022,522	(3.43) %
Charges for services	215,035	203,653	5.59 %
Licenses, permits and fees	48,801	49,252	(0.92) %
Fines and forfeitures	5,690	7,851	(27.53) %
Intergovernmental	187,959	201,654	(6.79) %
Investment income	75,591	201,262	(62.44) %
Rental income	32,880	32,880	- %
Other	<u>277,209</u>	<u>229,157</u>	20.97 %
Total	<u>\$ 4,727,776</u>	<u>\$ 4,948,231</u>	(4.46) %

Tax revenue represents 82.17% of all general fund revenue. Tax revenue decreased 3.43% from 2019 due to business closures in 2020 related to the COVID-19 pandemic. Intergovernmental revenue decreased slightly because of a decreased amount of Local Government Revenue received from the State. Investment income decreased because of the decline in interest rates. Other revenue increased because of dividends received from the Ohio Bureau of Workers' Compensation. All other revenues remained consistent with the prior year.

**CITY OF CLYDE
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The following charts show general fund revenues for 2020 and 2019.



The table that follows assists in illustrating the expenditures of the general fund.

	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Expenditures:			
General government	\$ 975,015	\$ 1,109,043	(12.09) %
Security of persons and property	2,549,798	2,698,829	(5.52) %
Public health and welfare	532,108	664,960	(19.98) %
Community environment	380,487	306,730	24.05 %
Debt service	<u>70,988</u>	<u>70,988</u>	- %
Total	<u><u>\$ 4,508,396</u></u>	<u><u>\$ 4,850,550</u></u>	(7.05) %

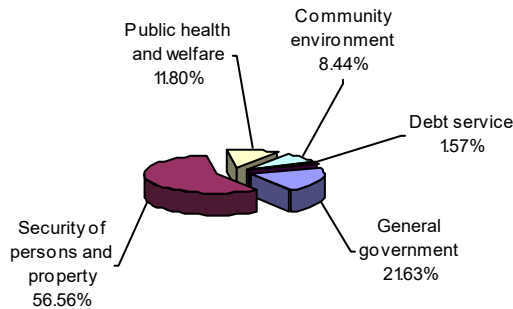
Overall, general fund expenditures decreased 7.05%. This decrease was due to cuts in spending made because of the COVID-19 pandemic.

**CITY OF CLYDE
SANDUSKY COUNTY**

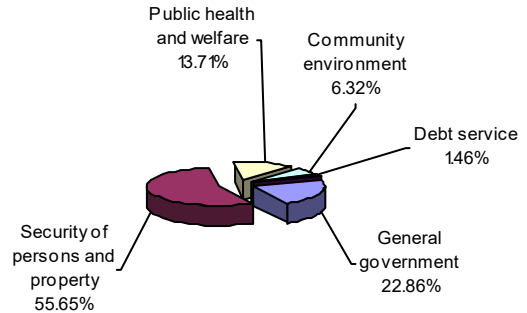
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The following charts show general fund expenditures for 2020 and 2019.

Expenditures 2020



Expenditures 2019



Permanent Improvement Fund

The permanent improvement fund had revenues of \$1,693,025 in 2020. This represents an increase of \$283,012 over 2019 revenues. The expenditures and other financing uses of the permanent improvement fund, which totaled \$1,353,488 in 2020, represent an increase of \$16,287 over 2019 expenditures and other financing uses. The net increase in fund balance for the permanent improvement fund was \$339,537 or 37.07%.

Budgeting Highlights - General Fund

The City’s budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City’s appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City’s plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

In the general fund, the actual revenues came in greater than the final budgeted revenues by \$235,952 and actual expenditures and other financing uses were \$1,039,613 less than the amount in the final budget. These variances are the result of the City’s conservative budgeting. Budgeted revenues were increased \$21,536 from the original budget to the final budget. Total budgeted expenditures and other financing uses were unchanged during the year.

Proprietary Funds

The City’s proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government-wide statements is activity between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

**CITY OF CLYDE
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The City's proprietary funds, consisting of the enterprise funds water, sewer and electric, reported a combined decrease in net position of \$1,083,805. The most significant change in net position occurred in the electric fund, which decreased \$840,963 from 2019. This is mainly due to lower charges for services revenue in 2020 related to work stoppages due to the COVID-19 pandemic.

Capital Assets and Debt Administration

Capital Assets

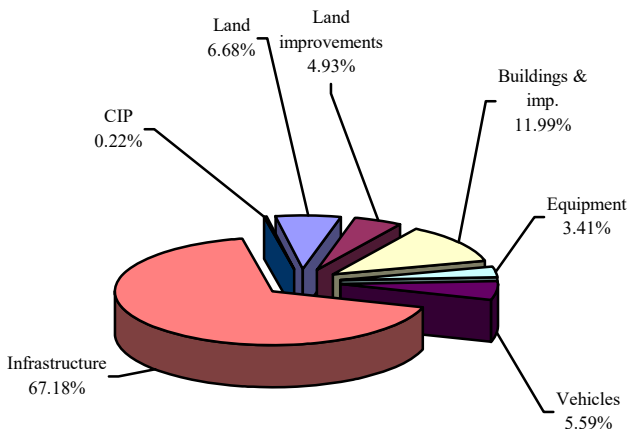
At the end of 2020 the City had \$45,953,141 (net of accumulated depreciation) invested in land, buildings and improvements, land improvements, equipment, vehicles and infrastructure. Of this total, \$20,096,118 was reported in governmental activities and \$25,857,023 was reported in business-type activities. See Note 9 to the basic financial statements for more detail on the City's capital assets. The following table shows 2020 balances compared to 2019.

**Capital Assets at December 31
(Net of Depreciation)**

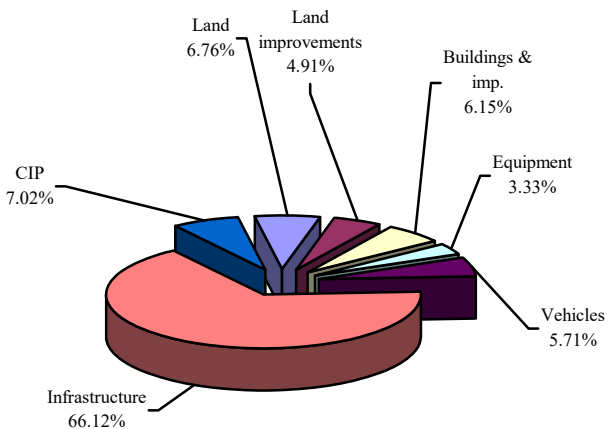
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,341,545	\$ 1,341,545	\$ 795,093	\$ 795,093	\$ 2,136,638	\$ 2,136,638
Construction-in-progress	43,986	1,392,935	168,000	378,733	211,986	1,771,668
Land improvements	992,459	973,432	185,963	106,875	1,178,422	1,080,307
Buildings and improvements	2,408,535	1,221,043	4,658,787	5,017,149	7,067,322	6,238,192
Equipment	684,999	661,104	952,684	1,130,227	1,637,683	1,791,331
Vehicles	1,124,182	1,132,251	1,074,756	912,488	2,198,938	2,044,739
Infrastructure	13,500,412	13,116,308	18,021,740	17,993,280	31,522,152	31,109,588
Totals	<u>\$ 20,096,118</u>	<u>\$ 19,838,618</u>	<u>\$ 25,857,023</u>	<u>\$ 26,333,845</u>	<u>\$ 45,953,141</u>	<u>\$ 46,172,463</u>

The following graphs show the breakdown of governmental capital assets by category for 2020 and 2019.

**Capital Assets - Governmental Activities
2020**



**Capital Assets - Governmental Activities
2019**

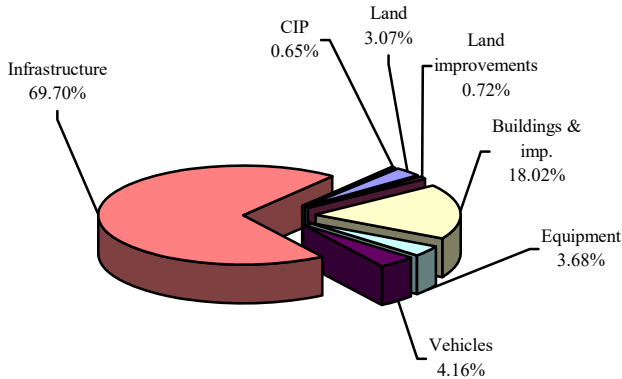


**CITY OF CLYDE
SANDUSKY COUNTY**

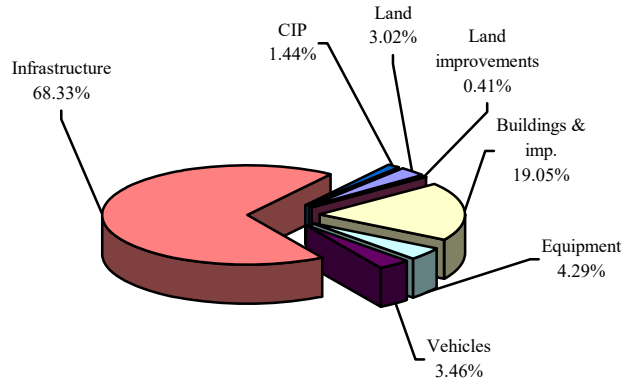
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The City's largest capital asset category is infrastructure which includes roads, bridges, and sidewalks. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The following graphs show the breakdown of business-type capital assets by category for 2020 and 2019.

Capital Assets - Business-type Activities 2020



Capital Assets - Business-type Activities 2019



The City's largest business-type capital asset category is infrastructure that primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 69.70% of the City's total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2020 and 2019:

	Governmental Activities	
	2020	2019
General obligation bonds payable	\$ 410,000	\$ 600,000
Police pension liability	49,803	52,255
Fire pumper truck loan	202,538	266,222
Street sweeper note	141,691	173,879
Income tax bonds payable	893,278	1,005,897
Net pension liability	4,761,113	6,196,085
Net OPEB liability	1,693,719	1,650,293
Compensated absences	252,559	224,281
Total long-term obligations	\$ 8,404,701	\$ 10,168,912

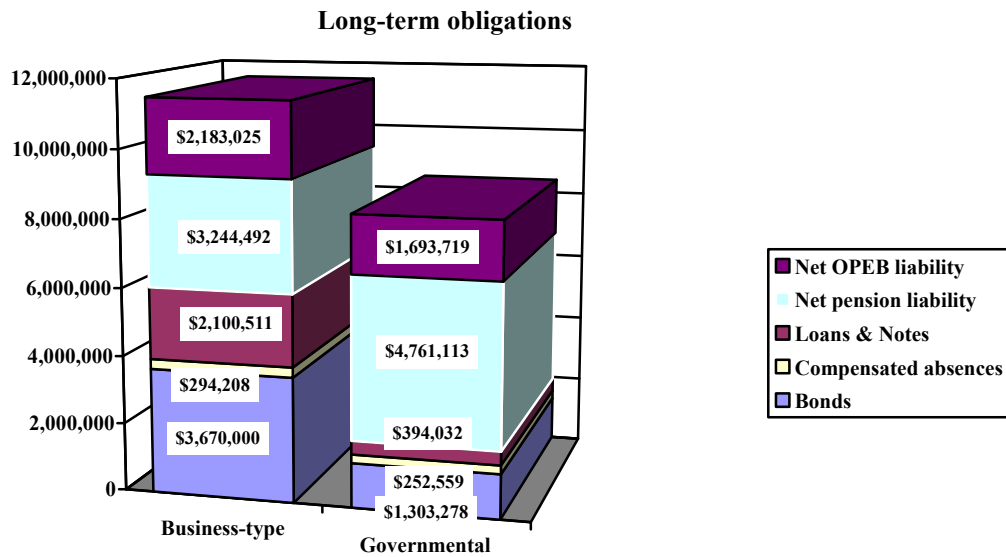
**CITY OF CLYDE
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities	
	2020	2019
General obligation bonds	\$ 3,670,000	\$ 3,810,000
OWDA Loans	2,100,511	2,356,011
Net pension liability	3,244,492	4,165,333
Net OPEB liability	2,183,025	1,920,440
Compensated absences	294,208	209,665
Total long-term obligations	\$ 11,492,236	\$ 12,461,449

See Note 10 to the basic financial statements for more detail on the City's long-term obligations.

A comparison of the long-term obligations by category is depicted in the chart below.



Economic Conditions and Outlook

2020 was a difficult year due to the COVID-19 pandemic. Income tax revenue decreased due to work stoppages at several large plants within the City. The City was able to make up for this decrease with CARES Act money and several large dividends from the Ohio Bureau of Workers' Compensation.

Some of the City's significant accomplishments during 2020 are listed below:

- Total income tax revenue was \$4,664,451. Of this amount \$3,359,206 was the general fund's portion.
- The City continued engineering work on the Mulberry Street Bridge replacement.
- The City finished construction of the new general services building.
- The City purchased two new utility tractors for the parks and cemetery department.
- The City purchased two new vehicles for the police department.

**CITY OF CLYDE
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

- The City purchased a new bucket truck for the electric department.
- The City completed the W. Cherry Street Improvement Project.
- The City completed several paving projects on the City's streets.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Craig Davis, Finance Director, City of Clyde, 222 N. Main Street, Clyde, Ohio 43410.

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**CITY OF CLYDE
SANDUSKY COUNTY**

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 4,470,793	\$ 11,030,856	\$ 15,501,649
Cash with fiscal agent.	920,443	-	920,443
Receivables (net of allowances for uncollectibles)			
Income taxes.	631,039	-	631,039
Real and other taxes	328,429	63,250	391,679
Accounts.	70,916	2,241,428	2,312,344
Due from other governments.	283,676	-	283,676
Special assessments	4,779	-	4,779
Accrued interest.	2,265	-	2,265
Internal balance	(524,617)	524,617	-
Materials and supplies inventory.	42,986	438,746	481,732
Prepayments	14,600	18,954	33,554
Land held for resale	-	1,063,196	1,063,196
Net pension asset.	9,449	16,204	25,653
Restricted assets:			
Equity in pooled cash and cash equivalents. . .	-	1,066,383	1,066,383
Capital assets:			
Nondepreciable capital assets.	1,385,531	963,093	2,348,624
Depreciable capital assets, net.	18,710,587	24,893,930	43,604,517
Total capital assets, net.	<u>20,096,118</u>	<u>25,857,023</u>	<u>45,953,141</u>
Total assets	<u>26,350,876</u>	<u>42,320,657</u>	<u>68,671,533</u>
Deferred outflows of resources:			
Pension.	964,082	655,857	1,619,939
OPEB	626,250	427,756	1,054,006
Total deferred outflows of resources	<u>1,590,332</u>	<u>1,083,613</u>	<u>2,673,945</u>
Liabilities:			
Accounts payable.	110,146	1,426,080	1,536,226
Accrued wages and benefits.	38,052	32,435	70,487
Pension obligation payable.	38,275	28,438	66,713
Due to other governments	330	3,587	3,917
Accrued interest payable	10,683	60,525	71,208
Claims payable.	96,923	-	96,923
Long-term liabilities:			
Due within one year	461,570	490,202	951,772
Due in more than one year:			
Net pension liability.	4,761,113	3,244,492	8,005,605
Net OPEB liability	1,693,719	2,183,025	3,876,744
Other amounts due in more than one year . .	1,488,299	5,574,517	7,062,816
Total liabilities	<u>8,699,110</u>	<u>13,043,301</u>	<u>21,742,411</u>
Deferred inflows of resources:			
Property taxes levied for the next year.	314,595	-	314,595
Pension.	920,219	710,955	1,631,174
OPEB.	498,785	332,747	831,532
Total deferred inflows of resources	<u>1,733,599</u>	<u>1,043,702</u>	<u>2,777,301</u>
Net position:			
Net investment in capital assets.	18,448,611	20,086,512	38,535,123
Restricted for:			
Debt service	-	1,066,383	1,066,383
Transportation projects	652,202	-	652,202
Public health programs.	137,196	-	137,196
Police and fire programs.	217,609	-	217,609
Other purposes.	283,804	-	283,804
Unrestricted (deficit)	<u>(2,230,923)</u>	<u>8,164,372</u>	<u>5,933,449</u>
Total net position	<u>\$ 17,508,499</u>	<u>\$ 29,317,267</u>	<u>\$ 46,825,766</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLYDE
SANDUSKY COUNTY**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,129,381	\$ 82,832	\$ 497,733	\$ -
Security of persons and property . . .	2,916,309	187,661	48,784	-
Public health and welfare	654,073	23,952	-	-
Transportation	940,979	-	446,182	337,819
Community environment	593,626	8,384	-	-
Leisure time activity	70,365	4,604	150	-
Interest and fiscal charges	74,643	-	-	-
Total governmental activities	<u>6,379,376</u>	<u>307,433</u>	<u>992,849</u>	<u>337,819</u>
Business-type activities:				
Water	2,791,036	2,657,406	-	-
Sewer	2,193,885	2,233,906	-	-
Electric	17,946,917	17,119,491	-	-
Total business-type activities	<u>22,931,838</u>	<u>22,010,803</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 29,311,214</u>	<u>\$ 22,318,236</u>	<u>\$ 992,849</u>	<u>\$ 337,819</u>

General revenues:

- Property taxes levied for:
 - General purposes
 - Police pension
- Income taxes levied for:
 - General purposes
 - Capital outlay
- Other taxes:
 - Kilowatt hour taxes
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (548,816)	\$ -	\$ (548,816)
(2,679,864)	-	(2,679,864)
(630,121)	-	(630,121)
(156,978)	-	(156,978)
(585,242)	-	(585,242)
(65,611)	-	(65,611)
(74,643)	-	(74,643)
<u>(4,741,275)</u>	<u>-</u>	<u>(4,741,275)</u>
-	(133,630)	(133,630)
-	40,021	40,021
-	<u>(827,426)</u>	<u>(827,426)</u>
-	<u>(921,035)</u>	<u>(921,035)</u>
<u>(4,741,275)</u>	<u>(921,035)</u>	<u>(5,662,310)</u>
293,875	-	293,875
30,578	-	30,578
3,329,757	-	3,329,757
1,292,624	-	1,292,624
232,719	-	232,719
193,223	-	193,223
80,259	2,285	82,544
325,168	56,998	382,166
<u>5,778,203</u>	<u>59,283</u>	<u>5,837,486</u>
1,036,928	(861,752)	175,176
<u>16,471,571</u>	<u>30,179,019</u>	<u>46,650,590</u>
<u>\$ 17,508,499</u>	<u>\$ 29,317,267</u>	<u>\$ 46,825,766</u>

**CITY OF CLYDE
SANDUSKY COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 2,073,026	\$ 1,120,621	\$ 1,123,838	\$ 4,317,485
Receivables (net of allowance for uncollectibles):				
Income taxes	441,727	189,312	-	631,039
Real and other taxes	293,830	-	34,599	328,429
Accounts	46,282	-	4,154	50,436
Due from other governments	88,948	-	194,728	283,676
Special assessments	-	4,779	-	4,779
Accrued interest	2,206	-	54	2,260
Due from other funds	62,934	-	-	62,934
Materials and supplies inventory	7,703	-	-	7,703
Prepayments	13,716	-	-	13,716
Total assets	<u>\$ 3,030,372</u>	<u>\$ 1,314,712</u>	<u>\$ 1,357,373</u>	<u>\$ 5,702,457</u>
Liabilities:				
Accounts payable	\$ 49,412	\$ -	\$ 27,435	\$ 76,847
Accrued wages and benefits	33,161	-	-	33,161
Pension obligation payable	32,993	-	-	32,993
Due to other governments	330	-	-	330
Total liabilities	<u>115,896</u>	<u>-</u>	<u>27,435</u>	<u>143,331</u>
Deferred inflows of resources:				
Property taxes levied for the next year	281,453	-	33,142	314,595
Delinquent property tax revenue not available	12,377	-	1,457	13,834
Accrued interest not available	1,208	-	30	1,238
Special assessments revenue not available	-	4,779	-	4,779
Income tax revenue not available	126,655	54,281	-	180,936
Intergovernmental revenue not available	64,353	-	128,752	193,105
Total deferred inflows of resources	<u>486,046</u>	<u>59,060</u>	<u>163,381</u>	<u>708,487</u>
Fund balances:				
Nonspendable	21,419	-	-	21,419
Restricted	-	-	1,160,920	1,160,920
Committed	11,000	1,255,652	213	1,266,865
Assigned	1,482,190	-	5,424	1,487,614
Unassigned	913,821	-	-	913,821
Total fund balances	<u>2,428,430</u>	<u>1,255,652</u>	<u>1,166,557</u>	<u>4,850,639</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,030,372</u>	<u>\$ 1,314,712</u>	<u>\$ 1,357,373</u>	<u>\$ 5,702,457</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLYDE
SANDUSKY COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

Total governmental fund balances		\$	4,850,639
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.			18,182,551
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	180,936	
Real and other taxes receivable		13,834	
Intergovernmental receivable		193,105	
Special assessments receivable		4,779	
Accrued interest receivable		1,238	
Total		393,892	393,892
Internal service funds are used by management to charge the costs of employee benefits and service department to individual funds. The assets and liabilities of the internal service funds (including internal balances of \$587,551) are included in governmental activities on the statement of net position.			1,297,456
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(8,414)
The net pension asset and net pension liability (excluding internal service funds) are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.			
Net pension asset		6,821	
Deferred outflows of resources		843,878	
Deferred inflows of resources		(807,650)	
Net pension liability		(4,234,934)	
Total		(4,191,885)	(4,191,885)
The net OPEB liability (excluding internal service funds) is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources		547,152	
Deferred inflows of resources		(446,667)	
Net OPEB liability		(1,339,684)	
Total		(1,239,199)	(1,239,199)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(220,922)	
Police pension liability		(49,803)	
General obligation bonds payable		(410,000)	
Income tax bonds payable		(893,278)	
Loans payable		(202,538)	
Total		(1,776,541)	(1,776,541)
Net position of governmental activities		\$	17,508,499

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLYDE
SANDUSKY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income taxes	\$ 3,359,206	\$ 1,305,245	\$ -	\$ 4,664,451
Real and other taxes.	525,405	-	30,278	555,683
Charges for services.	215,035	-	3,804	218,839
Licenses and permits	48,801	-	-	48,801
Fines and forfeitures	5,690	-	423	6,113
Intergovernmental.	187,959	337,819	945,514	1,471,292
Special assessments	-	4,779	-	4,779
Investment income.	75,591	-	1,445	77,036
Rental income	32,880	-	800	33,680
Contributions and donations.	7,476	-	42,234	49,710
Other	269,733	45,182	9,403	324,318
Total revenues	<u>4,727,776</u>	<u>1,693,025</u>	<u>1,033,901</u>	<u>7,454,702</u>
Expenditures:				
Current:				
General government	975,015	-	88,670	1,063,685
Security of persons and property	2,549,798	-	19,457	2,569,255
Public health and welfare.	532,108	-	-	532,108
Transportation	-	-	235,051	235,051
Community environment	380,487	-	-	380,487
Leisure time activity	-	-	67,643	67,643
Capital outlay	-	989,625	125,259	1,114,884
Debt service:				
Principal retirement.	63,684	112,619	192,452	368,755
Interest and fiscal charges	7,304	31,434	32,005	70,743
Total expenditures	<u>4,508,396</u>	<u>1,133,678</u>	<u>760,537</u>	<u>6,402,611</u>
Excess of revenues over (under) expenditures.	<u>219,380</u>	<u>559,347</u>	<u>273,364</u>	<u>1,052,091</u>
Other financing sources (uses):				
Transfers in	-	-	269,810	269,810
Transfers (out).	(50,000)	(219,810)	(38,532)	(308,342)
Total other financing sources (uses)	<u>(50,000)</u>	<u>(219,810)</u>	<u>231,278</u>	<u>(38,532)</u>
Net change in fund balances	169,380	339,537	504,642	1,013,559
Fund balances at beginning of year.	<u>2,259,050</u>	<u>916,115</u>	<u>661,915</u>	<u>3,837,080</u>
Fund balances at end of year	<u>\$ 2,428,430</u>	<u>\$ 1,255,652</u>	<u>\$ 1,166,557</u>	<u>\$ 4,850,639</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLYDE
SANDUSKY COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - total governmental funds \$ 1,013,559

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (excluding internal service funds) is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$ 1,009,153	
Current year depreciation	(914,115)	
Total	95,038	95,038

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Income taxes	(42,070)	
Real and other taxes	1,489	
Intergovernmental revenues	2,436	
Special assessments	(4,779)	
Investment income	(9,642)	
Total	(52,566)	(52,566)

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 368,755

In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditures is reported when due. 1,928

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (22,395)

Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	353,950	
OPEB	6,686	
Total	360,636	360,636

Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension	(626,573)	
OPEB	(123,761)	
Total	(750,334)	(750,334)

The internal service funds used by management to charge the costs of insurance and the City service department to individual funds are not reported in the statement of statement of activities. Governmental fund expenditures and the related internal service funds revenue are eliminated. The net revenue (expense) of the internal internal service funds, including internal balances of \$222,053, is allocated among the governmental activities. 22,307

Change in net position of governmental activities \$ 1,036,928

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLYDE
SANDUSKY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 3,001,500	\$ 3,001,500	\$ 3,130,286	\$ 128,786
Real and other taxes.	587,987	566,451	530,732	(35,719)
Charges for services.	315,000	315,000	178,157	(136,843)
Licenses and permits	40,450	40,450	48,779	8,329
Fines and forfeitures	10,000	10,000	5,998	(4,002)
Intergovernmental.	162,441	162,441	186,175	23,734
Investment income.	150,000	150,000	74,593	(75,407)
Rental income	31,000	31,000	32,880	1,880
Contributions and donations.	5,000	5,000	7,476	2,476
Other	28,500	28,500	351,218	322,718
Total revenues	<u>4,331,878</u>	<u>4,310,342</u>	<u>4,546,294</u>	<u>235,952</u>
Expenditures:				
Current:				
General government	1,009,141	1,009,141	794,606	214,535
Security of persons and property	3,254,690	3,254,690	2,792,466	462,224
Public health and welfare.	811,866	811,866	598,801	213,065
Community environment	372,942	372,942	383,153	(10,211)
Total expenditures	<u>5,448,639</u>	<u>5,448,639</u>	<u>4,569,026</u>	<u>879,613</u>
Excess of revenues over expenditures.	<u>(1,116,761)</u>	<u>(1,138,297)</u>	<u>(22,732)</u>	<u>1,115,565</u>
Other financing uses:				
Transfers (out).	(210,000)	(210,000)	(50,000)	160,000
Total other financing uses	<u>(210,000)</u>	<u>(210,000)</u>	<u>(50,000)</u>	<u>160,000</u>
Net change in fund balances	(1,326,761)	(1,348,297)	(72,732)	1,275,565
Fund balances at beginning of year	1,851,491	1,851,491	1,851,491	-
Prior year encumbrances appropriated	56,367	56,367	56,367	-
Fund balance at end of year	<u>\$ 581,097</u>	<u>\$ 559,561</u>	<u>\$ 1,835,126</u>	<u>\$ 1,275,565</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF CLYDE
SANDUSKY COUNTY**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Electric	Total	
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents . . .	\$ 1,773,136	\$ 1,897,161	\$ 7,360,559	\$ 11,030,856	\$ 153,308
Cash with fiscal agent	-	-	-	-	920,443
Receivables:					
Real and other taxes	-	-	63,250	63,250	-
Accounts	362,149	205,176	1,674,103	2,241,428	20,480
Accrued interest	-	-	-	-	5
Materials and supplies inventory	38,354	14,320	386,072	438,746	35,283
Prepayments	2,066	2,704	14,184	18,954	884
Land held for resale	-	-	1,063,196	1,063,196	-
Total current assets	2,175,705	2,119,361	10,561,364	14,856,430	1,130,403
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	792,180	-	274,203	1,066,383	-
Net pension asset	5,959	4,871	5,374	16,204	2,628
Capital assets:					
Nondepreciable capital assets	665,238	274,511	23,344	963,093	-
Depreciable capital assets, net	8,400,432	7,658,555	8,834,943	24,893,930	1,913,567
Total capital assets, net	9,065,670	7,933,066	8,858,287	25,857,023	1,913,567
Total noncurrent assets	9,863,809	7,937,937	9,137,864	26,939,610	1,916,195
Total assets	12,039,514	10,057,298	19,699,228	41,796,040	3,046,598
Deferred outflows of resources:					
Pension	251,988	202,121	201,748	655,857	120,204
OPEB	164,054	131,950	131,752	427,756	79,098
Total deferred outflows of resources	416,042	334,071	333,500	1,083,613	199,302

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**CITY OF CLYDE
SANDUSKY COUNTY**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Electric	Total	
Liabilities:					
Current liabilities:					
Accounts payable	\$ 23,346	\$ 16,758	\$ 1,385,976	\$ 1,426,080	\$ 33,299
Accrued wages and benefits	11,695	10,793	9,947	32,435	4,891
Pension obligation payable	10,184	9,234	9,020	28,438	5,282
Compensated absences	26,656	43,718	9,010	79,384	8,798
Due to other funds	-	-	62,934	62,934	-
Due to other governments	50	3,221	316	3,587	-
Claims payable	-	-	-	-	96,923
Accrued interest payable	47,546	12,979	-	60,525	2,269
Prommisory note payable - current	-	-	-	-	33,443
OWDA loans payable - current	82,721	178,097	-	260,818	-
Payable from restricted assets:					
Current portion of general obligation bonds	150,000	-	-	150,000	-
Total current liabilities	352,198	274,800	1,477,203	2,104,201	184,905
Long-term liabilities:					
Compensated absences	137,284	42,472	35,068	214,824	22,839
General obligation bonds	3,520,000	-	-	3,520,000	-
OWDA loans payable	84,384	1,755,309	-	1,839,693	-
Prommisory note payable	-	-	-	-	108,248
Net pension liability	1,193,137	975,340	1,076,015	3,244,492	526,179
Net OPEB liability	802,791	656,248	723,986	2,183,025	354,035
Total long-term liabilities	5,737,596	3,429,369	1,835,069	11,002,034	1,011,301
Total liabilities	6,089,794	3,704,169	3,312,272	13,106,235	1,196,206
Deferred inflows of resources:					
Pension	262,226	218,530	230,199	710,955	112,569
OPEB	123,749	103,926	105,072	332,747	52,118
Total deferred inflows of resources	385,975	322,456	335,271	1,043,702	164,687
Net position:					
Net investment in capital assets	5,228,565	5,999,660	8,858,287	20,086,512	1,771,876
Restricted for debt service	792,180	-	274,203	1,066,383	-
Unrestricted	(40,958)	365,084	7,252,695	7,576,821	113,131
Total net position	\$ 5,979,787	\$ 6,364,744	\$ 16,385,185	28,729,716	\$ 1,885,007
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds				587,551	
Net position of business-type activities				\$ 29,317,267	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLYDE
SANDUSKY COUNTY**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Total</u>	
Operating revenues:					
Charges for services	\$ 2,657,406	\$ 2,233,906	\$ 17,119,491	\$ 22,010,803	\$ 2,279,174
Other operating revenues	2,904	362	53,732	56,998	90,212
Total operating revenues.	<u>2,660,310</u>	<u>2,234,268</u>	<u>17,173,223</u>	<u>22,067,801</u>	<u>2,369,386</u>
Operating expenses:					
Personal services	1,524,397	1,178,972	1,288,427	3,991,796	655,583
Contract services.	405,125	480,867	15,608,494	16,494,486	445,191
Materials and supplies.	351,981	228,829	480,049	1,060,859	281,464
Claims expense	-	-	-	-	744,143
Depreciation.	409,368	335,160	386,792	1,131,320	87,747
Other	3,525	3,995	10,890	18,410	500
Total operating expenses.	<u>2,694,396</u>	<u>2,227,823</u>	<u>17,774,652</u>	<u>22,696,871</u>	<u>2,214,628</u>
Operating income (loss).	<u>(34,086)</u>	<u>6,445</u>	<u>(601,429)</u>	<u>(629,070)</u>	<u>154,758</u>
Nonoperating revenues (expenses):					
Interest and fiscal charges	(190,751)	(26,735)	-	(217,486)	(5,828)
Interest income.	2,285	-	-	2,285	14,168
Excise tax expense	-	-	(239,534)	(239,534)	-
Total nonoperating revenues (expenses)	<u>(188,466)</u>	<u>(26,735)</u>	<u>(239,534)</u>	<u>(454,735)</u>	<u>8,340</u>
Income (loss) before transfers and capital contributions.	(222,552)	(20,290)	(840,963)	(1,083,805)	163,098
Transfers in	-	-	-	-	38,532
Capital contributions.	-	-	-	-	42,730
Change in net position	(222,552)	(20,290)	(840,963)	(1,083,805)	244,360
Net position at beginning of year.	<u>6,202,339</u>	<u>6,385,034</u>	<u>17,226,148</u>		<u>1,640,647</u>
Net position at end of year	<u>\$ 5,979,787</u>	<u>\$ 6,364,744</u>	<u>\$ 16,385,185</u>		<u>\$ 1,885,007</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				<u>222,053</u>	
Change in net position of business-type activities				<u>\$ (861,752)</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF CLYDE
SANDUSKY COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Total</u>	
Cash flows from operating activities:					
Cash received from charges for services	\$ 2,602,758	\$ 2,213,811	\$ 18,026,711	\$ 22,843,280	\$ 2,279,174
Cash received from other operations	2,904	362	53,732	56,998	90,212
Cash payments for personal services.	(1,296,893)	(1,014,165)	(1,128,327)	(3,439,385)	(573,291)
Cash payments for contractual services	(405,908)	(496,443)	(15,512,631)	(16,414,982)	(442,971)
Cash payments for materials and supplies	(345,339)	(226,557)	(437,450)	(1,009,346)	(271,849)
Cash payments for claims	-	-	-	-	(730,315)
Cash payments for other expenses	(3,525)	(3,995)	(10,530)	(18,050)	(500)
Net cash provided by operating activities	<u>553,997</u>	<u>473,013</u>	<u>991,505</u>	<u>2,018,515</u>	<u>350,460</u>
Cash flows from noncapital financing activities:					
Cash received from transfers in	-	-	-	-	38,532
Cash payments for excise taxes.	-	-	(239,534)	(239,534)	-
Net cash provided by (used in) noncapital financing activities.	<u>-</u>	<u>-</u>	<u>(239,534)</u>	<u>(239,534)</u>	<u>38,532</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(276,957)	(331,956)	(197,590)	(806,503)	(207,479)
Cash payments for principal retirement.	(221,091)	(174,409)	-	(395,500)	(32,188)
Cash payments for interest and fiscal charges.	(193,312)	(28,279)	-	(221,591)	(6,344)
Net cash used in capital and related financing activities.	<u>(691,360)</u>	<u>(534,644)</u>	<u>(197,590)</u>	<u>(1,423,594)</u>	<u>(246,011)</u>
Cash flows from investing activities:					
Interest received	2,285	-	-	2,285	14,186
Net cash provided by investing activities.	<u>2,285</u>	<u>-</u>	<u>-</u>	<u>2,285</u>	<u>14,186</u>
Net increase (decrease) in cash and cash equivalents	(135,078)	(61,631)	554,381	357,672	157,167
Cash and cash equivalents at beginning of year . . .	<u>2,700,394</u>	<u>1,958,792</u>	<u>7,080,381</u>	<u>11,739,567</u>	<u>916,584</u>
Cash and cash equivalents at end of year	<u>\$ 2,565,316</u>	<u>\$ 1,897,161</u>	<u>\$ 7,634,762</u>	<u>\$ 12,097,239</u>	<u>\$ 1,073,751</u>

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**CITY OF CLYDE
SANDUSKY COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (34,086)	\$ 6,445	\$ (601,429)	\$ (629,070)	\$ 154,758
Adjustments:					
Depreciation	409,368	335,160	386,792	1,131,320	87,747
Changes in assets and liabilities:					
Change in materials and supplies inventory	(1,263)	2,808	(12,771)	(11,226)	2,420
Change in accounts receivable	(54,648)	(20,095)	907,220	832,477	(20,480)
Change in prepayments	426	66	2,515	3,007	469
Change in net pension asset	(2,817)	(2,286)	(2,414)	(7,517)	(1,142)
Change in deferred outflows - pension	200,095	169,858	231,593	601,546	161,993
Change in deferred outflows - OPEB	(108,972)	(86,627)	(79,863)	(275,462)	(14,257)
Change in accounts payable	6,689	(19,399)	149,078	136,368	29,595
Change in accrued wages and benefits	(27,940)	(26,626)	(25,827)	(80,393)	(12,419)
Change in intergovernmental payable	50	3,221	-	3,271	-
Change in compensated absences payable	48,963	30,818	4,762	84,543	5,883
Change in pension obligation payable	1,276	1,522	870	3,668	1,225
Change in claims payable	-	-	-	-	13,828
Change in net pension liability	(313,407)	(264,263)	(343,171)	(920,841)	(186,541)
Change in net OPEB liability	108,194	84,725	69,666	262,585	25,433
Change in deferred inflows - pension	220,718	176,784	206,190	603,692	71,128
Change in deferred inflows - OPEB	101,351	80,902	98,294	280,547	30,820
Net cash provided by operating activities	<u>\$ 553,997</u>	<u>\$ 473,013</u>	<u>\$ 991,505</u>	<u>\$ 2,018,515</u>	<u>\$ 350,460</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Non-cash transactions:

At December 31, 2019, the water fund purchased \$87,872 in capital assets on account.

At December 31, 2019, the sewer fund purchased \$64,133 in capital assets on account.

**CITY OF CLYDE
SANDUSKY COUNTY**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020

	Private-Purpose Trust
Assets:	
Equity in pooled cash and cash equivalents	\$ 6,984
Receivables:	
Accrued interest.	1
Total assets	6,985
Liabilities:	
Accounts payable	53
Total liabilities	53
Net position:	
Held in trust for private cemetery care.	6,932
Total net position	\$ 6,932

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLYDE
SANDUSKY COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Private-Purpose Trust
Additions:	
Interest	\$ 30
Deductions:	
Cemetery care	142
Change in net position	(112)
Net position at beginning of year.	7,044
Net position at end of year	\$ 6,932

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - DESCRIPTION OF THE CITY

The City of Clyde (the “City”) is a charter municipal corporation, incorporated under the 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, wastewater treatment and electric distribution. The City constructs and maintains streets and sidewalks within the City. The City also operates and maintains parks.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City’s accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the City’s financial statements include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization’s Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s basic financial statements to be misleading or incomplete.

The primary government consists of all funds and departments which provide various services including police protection, street maintenance and repair, parks, recreation, water, sewer and electric services. Council and the City Manager are directly responsible for these activities. The accompanying financial statements present the City, which has no component units. The following organization is described due to its relationship with the City.

JOINTLY GOVERNED ORGANIZATION

Municipal Energy Services Agency (MESA) - MESA is an intergovernmental venture with other Ohio Municipalities to arrange for reliable, reasonably priced supplies of electric power and energy for ultimate delivery to consumers. The City will incur no financial obligation to MESA or the other participants unless and until it avails itself of the services of MESA.

PUBLIC ENTITY RISK POOLS

Public Entities Pool of Ohio (PEP) - The City participates in the Public Entities Pool of Ohio, a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. Note 12 to the financial statements provides additional information for this entity.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Jefferson Health Plan (JHP) Health Benefits Program - The JHP is a council of governments of school districts and other political subdivisions organized and existing as a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code providing health care and related insurance benefits to over one hundred member organizations and composed of one representative from each county served and a career center representative. Each member organization pays a monthly premium based on its claims history and a monthly administration fee. Note 12 to the financial statements provides additional information for this entity.

North Central Ohio Municipal Finance Officers Association Workers' Compensation Group Rating Plan - The City participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The North Central Ohio Municipal Finance Officers' Association Workers' Compensation Group Rating Plan was established through the North Central Ohio Municipal Finance Officers' Association (NCOMFOA) as an insurance purchasing pool. Larry Rush serves as coordinator of the NCOMFOA. Each year, the participating members pay an enrollment fee to the NCOMFOA to cover the costs of administering the program.

B. Basis of Presentation - Fund Accounting

The City's financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent improvement fund - The permanent improvement fund accounts for financial resources used for the construction, improvement and acquisition of capital assets.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water fund - The water fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer fund - The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Electric fund - The electric fund accounts for the operations providing electric services to the residents and commercial users located within the City.

Internal service funds - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on the operations of the service center, health benefits and a self-insurance program for medical benefits.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's fiduciary fund is a private-purpose trust fund.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities and operating expenses for the internal service fund include personnel costs, claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Private-purpose trust funds are reported using the economic resources measurement focus.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources and in the presentation of expenses versus expenditures.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees, grants, interest and special assessments.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Notes 13 and 14 for deferred outflows of resources related the City's net pension asset/liability and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 13 and 14 for deferred inflows of resources related to the City's net pension asset/liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds other than custodial funds are required to be budgeted and appropriated. The legal level of budgetary control is at the fund, department, (e.g. police), and object (e.g. materials and supplies) level for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of budgetary control.

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or before 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 appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate of estimated resources may be further amended during the year if the Finance Director determines and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the City Council.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The appropriations for a fund may only be modified during the year by an ordinance of Council. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the City Council during the year.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Cash and Cash Equivalents

Cash balances of the City's funds are pooled. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the financial statements as "equity in pooled cash and cash equivalents".

During 2020, investments were limited to nonnegotiable certificates of deposit, U.S. government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

During 2020, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2020 amounted to \$75,591, which included \$65,891 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the City's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

On government-wide financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. Inventories of the proprietary funds are expensed when used.

I. Restricted Assets

Assets are reported restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, traffic signals, water and sewer lines, electric transmission, overhead and underground lines, electric transformers, substations and street lights. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Land improvements	5 - 20 years	5 - 20 years
Buildings and improvements	20 - 40 years	20 - 40 years
Equipment	5 - 15 years	5 - 15 years
Vehicles	8 years	8 years
Infrastructure	25 - 50 years	50 - 80 years

K. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and is not contingent on a specific event that is outside the control of the City and the employee.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service or any employee with at least 20 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16. Sick leave benefits were accrued using the “vesting” method.

The total liability for vacation, compensatory time and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability. There were no compensated absences liabilities in governmental funds at December 31, 2020.

L. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2020, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which it was consumed.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Bond Premium and Discount/Accounting Gain or Loss

Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow.

On the governmental fund financial statements, issuance costs, bond premiums, and deferred charges from refunding are recognized in the current period.

O. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due to/from other funds”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the fund financial statements.

Q. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the Finance Director the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

R. Estimates

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

S. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements.

T. Net Position

Net position represents the difference between assets plus deferred outflows less liabilities plus deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes represents monies restricted by the CARES Act.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. The City had neither type of transaction during 2020.

V. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension asset, net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

W. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2020, the City has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncement is postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. Bonds of the State of Ohio, and with certain limitations, including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal interest, or coupons; and,
3. Obligations of the City.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year end, the City had \$360 in undeposited cash on hand which is included on the financial statements of the City as part of “equity in pooled cash and cash equivalents”.

B. Cash with Fiscal Agent

The City utilizes a self-insurance third party administrator to review and pay claims. Money held by the administrator is presented as “cash with fiscal agent.” The amount held by the fiscal agent at December 31, 2020, was \$920,443.

C. Deposits with Financial Institutions

At December 31, 2020, the carrying amount of all City deposits was \$10,194,671. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2020, \$9,044,910 of the City’s bank balance of \$10,294,910 was exposed to custodial risk as discussed below, while \$1,250,000 was covered by the Federal Deposit Insurance Corporation.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, certain City financial institutions did not participate in OPCS while certain other financial institutions did participate in OPCS. Those financial institutions that did participate were approved for a reduced collateral rate through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

D. Investments

As of December 31, 2020, the City had the following investments and maturities:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturities 6 months or less</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 5,762,400	\$ 5,762,400
<i>Fair value:</i>		
U.S. government money market mutual funds	<u>617,585</u>	<u>617,585</u>
Total	<u>\$ 6,379,985</u>	<u>\$ 6,379,985</u>

The City's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The City's investments in U.S. government money market mutual funds were rated AAA and Aaa by Fitch Ratings Inc. and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2020:

<u>Measurement\</u> <u>Investment type</u>	<u>Measurement</u> <u>Value</u>	<u>% of Total</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 5,762,400	90.32%
<i>Fair value:</i>		
U.S. Government money market		
mutual funds	<u>617,585</u>	<u>9.68%</u>
	<u>\$ 6,379,985</u>	<u>100.00%</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and cash equivalents as reported on the statement of net position as of December 31, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 10,194,671
Investments	6,379,985
Cash with fiscal agent	920,443
Cash on hand	<u>360</u>
Total	<u>\$ 17,495,459</u>
<u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 5,391,236
Business-type activities	12,097,239
Private-purpose trust fund	<u>6,984</u>
Total	<u>\$ 17,495,459</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended December 31, 2020, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	
General fund	\$ 50,000
Permanent improvement fund	219,810
Transfers to general services internal service fund from:	
Nonmajor governmental funds	<u>38,532</u>
Total	<u>\$ 308,342</u>

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) transfer assets purchased by governmental funds to enterprise funds.

All transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B.** Due from/to other funds consisted of the following at December 31, 2020, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Electric fund	\$ 62,934

The balance resulted from the kilowatt hour tax receivable recorded in the electric fund which is due to the general fund. This is included in the internal balance amount on the statement of net position.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that 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 revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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 second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes. 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. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2020 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2020 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2020 was \$3.20 per \$1,000 of assessed value.

The assessed values of real and public utility property upon which 2020 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 73,337,480
Commercial/industrial/mineral	35,920,270

Public utility

Real	11,280
Personal	<u>3,274,610</u>

Total assessed value	<u><u>\$ 112,543,640</u></u>
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NOTE 7 - LOCAL INCOME TAX

The City locally levied tax of 1.5% applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of non residents (except certain transients) earned in the government. It also applies to net income of business organizations conducted within the City.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax. The first one percent of the income tax revenue is allocated 55% to the general fund and 45% to the permanent improvement fund. The additional one-half percent tax is placed in the general fund for municipal operations. Income tax revenue for 2020 was \$4,664,451 as reported in the fund financial statements.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2020, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2020.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 - RECEIVABLES - (Continued)

A summary of the items of receivables reported on the statement of net position follows:

Governmental activities:

Income taxes	\$ 631,039
Real and other taxes	328,429
Accounts	70,916
Due from other governments	283,676
Special assessments	4,779
Accrued interest	2,265

Business-type activities:

Real and other taxes	63,250
Accounts	2,241,428

Receivables have been disaggregated on the face of the basic financial statements. The only receivable not expected to be collected within the subsequent year is the special assessments which are collected over the life of the assessment.

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**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2020</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,341,545	\$ -	\$ -	\$ 1,341,545
Construction in progress	<u>1,392,935</u>	<u>622,668</u>	<u>(1,971,617)</u>	<u>43,986</u>
Total capital assets, not being depreciated	<u>2,734,480</u>	<u>622,668</u>	<u>(1,971,617)</u>	<u>1,385,531</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,654,788	98,982	-	2,753,770
Buildings and improvements	3,730,871	1,279,853	-	5,010,724
Equipment	1,548,411	105,651	-	1,654,062
Vehicles	4,120,825	119,451	(63,115)	4,177,161
Infrastructure	<u>24,794,604</u>	<u>1,004,374</u>	<u>-</u>	<u>25,798,978</u>
Total capital assets, being depreciated	<u>36,849,499</u>	<u>2,608,311</u>	<u>(63,115)</u>	<u>39,394,695</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,681,356)	(79,955)	-	(1,761,311)
Buildings and improvements	(2,509,828)	(92,361)	-	(2,602,189)
Equipment	(887,307)	(81,756)	-	(969,063)
Vehicles	(2,988,574)	(127,520)	63,115	(3,052,979)
Infrastructure	<u>(11,678,296)</u>	<u>(620,270)</u>	<u>-</u>	<u>(12,298,566)</u>
Total accumulated depreciation	<u>(19,745,361)</u>	<u>(1,001,862)</u>	<u>63,115</u>	<u>(20,684,108)</u>
Total capital assets, being depreciated, net	<u>17,104,138</u>	<u>1,606,449</u>	<u>-</u>	<u>18,710,587</u>
Governmental activities capital assets, net	<u>\$ 19,838,618</u>	<u>\$ 2,229,117</u>	<u>\$(1,971,617)</u>	<u>\$ 20,096,118</u>

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**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - CAPITAL ASSETS - (Continued)

	Balance 12/31/2019	Additions	Disposals	Balance 12/31/2020
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 795,093	\$ -	\$ -	\$ 795,093
Construction in progress	378,733	324,256	(534,989)	168,000
Total capital assets, not being depreciated	1,173,826	324,256	(534,989)	963,093
<i>Capital assets, being depreciated:</i>				
Land improvements	786,192	94,142	-	880,334
Buildings and improvements	14,611,797	-	-	14,611,797
Equipment	9,505,469	-	-	9,505,469
Vehicles	1,516,387	236,100	(84,281)	1,668,206
Infrastructure	28,400,296	534,989	-	28,935,285
Total capital assets, being depreciated	54,820,141	865,231	(84,281)	55,601,091
<i>Less: accumulated depreciation:</i>				
Land improvements	(679,317)	(15,054)	-	(694,371)
Buildings and improvements	(9,594,648)	(358,362)	-	(9,953,010)
Equipment	(8,375,242)	(177,543)	-	(8,552,785)
Vehicles	(603,899)	(73,832)	84,281	(593,450)
Infrastructure	(10,407,016)	(506,529)	-	(10,913,545)
Total accumulated depreciation	(29,660,122)	(1,131,320)	84,281	(30,707,161)
Total capital assets, being depreciated, net	25,160,019	(266,089)	-	24,893,930
Business-type activities capital assets, net	\$ 26,333,845	\$ 58,167	\$ (534,989)	\$ 25,857,023

Depreciation expense was charged to functions/programs of the governmental activities and the funds of the business-type activities, of the City as follows:

<u>Governmental activities:</u>	
General government	\$ 3,512
Security of persons and property	134,594
Public health and welfare	135,430
Transportation	637,363
Community environment	3,216
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	87,747
Total depreciation expense - governmental activities	\$ 1,001,862
<u>Business-type activities:</u>	
Water	\$ 409,368
Sewer	335,160
Electric	386,792
Total depreciation expense - business-type activities	\$ 1,131,320

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS

A. During 2020, the following changes occurred in governmental activities long-term obligations.

Governmental activities:	<u>Interest Rate</u>	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/20</u>	<u>Amount Due in One Year</u>
<u>General obligation bonds:</u>						
Vine/Main Street improvements	1.70% -					
General obligation bonds	5.00%	\$ 600,000	\$ -	\$ (190,000)	\$ 410,000	\$ 200,000
<u>Income tax bonds - direct borrowing:</u>						
Swimming pool bonds	3.125%	1,005,897	-	(112,619)	893,278	116,138
<u>Loans - direct borrowing:</u>						
Fire pumper loan	2.87%	266,222	-	(63,684)	202,538	65,572
<u>Promissory note - direct borrowing:</u>						
Street sweeper note	3.76%	173,879	-	(32,188)	141,691	33,443
<u>Other long-term obligations:</u>						
Police pension liability	N/A	52,255	-	(2,452)	49,803	2,557
Net pension liability		6,196,085	-	(1,434,972)	4,761,113	-
Net OPEB liability		1,650,293	43,426	-	1,693,719	-
Compensated absences		224,281	181,720	(153,442)	252,559	43,860
Total other obligations		8,122,914	225,146	(1,590,866)	6,757,194	46,417
Total governmental activities long-term obligations		<u>\$ 10,168,912</u>	<u>\$ 225,146</u>	<u>\$ (1,989,357)</u>	<u>\$ 8,404,701</u>	<u>\$ 461,570</u>

General obligation bonds: The Vine/Main Street general obligation bonds were issued on June 20, 2002 and are scheduled to mature on December 1, 2022. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City. Principal and interest payments of the Vine/Main Street general obligation bonds were made from the Vine/Main Street debt service fund, a nonmajor governmental fund.

Income tax bonds: On November 1, 2012, the City issued income tax bonds in the amount of \$1,704,250. The proceeds of these bonds were received in the permanent improvement fund. The bonds bear an interest rate of 3.125% and mature on November 1, 2027. The principal and interest payments are made from income tax revenue in the permanent improvement fund.

The income tax bond issue is a direct borrowing that has terms negotiated directly between the City and the lender and was not offered for public sale.

Police pension liability: An accrual has been set up for a legal liability for past service cost for the police 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. Principal and interest payments are made from the police pension fund, a nonmajor governmental fund.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Fire pumper loan: During 2015, the City issued a loan for the purchase of a fire pumper in the amount of \$503,373 with a scheduled maturity date of September 17, 2023. The loan bears an interest rate of 2.87%. The principal and interest payments are made from the general fund.

The fire pumper loan is a direct borrowing that has terms negotiated directly between the City and the lender and was not offered for public sale.

Street sweeper note: During 2017, the City entered into a promissory note for the purchase of a street sweeper in the amount of \$234,750 with a scheduled maturity date of July 26, 2024. The note bears an interest rate of 3.76%. The semi-annual principal and interest payments are made from the general services internal service fund.

The street sweeper note is a direct borrowing that has terms negotiated directly between the City and the lender and was not offered for public sale.

Compensated absences: Compensated absences reported in the statement of net position and will be paid from the fund from which the employee's salaries are paid, which is primarily the general fund.

Net pension liability and net OPEB liability: See Notes 13 and 14 for a discussion of the City's net pension liability and net OPEB liability.

- B.** The annual requirements amortize governmental activities long-term obligations outstanding as of December 31, 2020, are as follows:

Year Ending December 31,	Vine/Main Street G.O. Bonds			Direct Borrowing Swimming Pool Income Tax Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 200,000	\$ 20,500	\$ 220,500	\$ 116,138	\$ 27,915	\$ 144,053
2022	210,000	10,500	220,500	119,767	24,286	144,053
2023	-	-	-	123,510	20,543	144,053
2024	-	-	-	127,370	16,683	144,053
2025	-	-	-	131,350	12,703	144,053
2026 - 2027	-	-	-	275,143	12,963	288,106
Total	<u>\$ 410,000</u>	<u>\$ 31,000</u>	<u>\$ 441,000</u>	<u>\$ 893,278</u>	<u>\$ 115,093</u>	<u>\$ 1,008,371</u>

Year Ending December 31,	Police Pension			Direct Borrowing Fire Pumper Loan		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 2,557	\$ 2,090	\$ 4,647	\$ 65,572	\$ 5,416	\$ 70,988
2022	2,667	1,980	4,647	67,494	3,494	70,988
2023	2,781	1,865	4,646	69,472	1,447	70,919
2024	2,901	1,746	4,647	-	-	-
2025	3,026	1,620	4,646	-	-	-
2026 - 2030	17,191	6,041	23,232	-	-	-
2031 - 2035	18,680	2,023	20,703	-	-	-
Total	<u>\$ 49,803</u>	<u>\$ 17,365</u>	<u>\$ 67,168</u>	<u>\$ 202,538</u>	<u>\$ 10,357</u>	<u>\$ 212,895</u>

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	Direct Borrowing Street Sweeper Note		
	Principal	Interest	Total
2021	\$ 33,443	\$ 5,089	\$ 38,532
2022	34,730	3,802	38,532
2023	36,066	2,465	38,531
2024	<u>37,452</u>	<u>1,079</u>	<u>38,531</u>
Total	<u>\$ 141,691</u>	<u>\$ 12,435</u>	<u>\$ 154,126</u>

C. During 2020, the following changes occurred in business-type activities long-term obligations.

Business-type activities:	Interest Rate	Balance 12/31/19	Additions	Retirements	Balance 12/31/20	Amount Due in One Year
<u>OWDA loans - direct borrowing:</u>						
Sewer plant OWDA loan	3.90%	\$ 95,634	\$ -	\$ (37,150)	\$ 58,484	\$ 38,612
Sewer sludge dewatering improvements	3.25%	214,162	-	(30,099)	184,063	31,085
WWTP equalization basin	1.00%	1,798,019	-	(107,160)	1,690,859	108,400
Water system OWDA loan	2.00%	<u>248,196</u>	<u>-</u>	<u>(81,091)</u>	<u>167,105</u>	<u>82,721</u>
Total OWDA loans		<u>2,356,011</u>	<u>-</u>	<u>(255,500)</u>	<u>2,100,511</u>	<u>260,818</u>
<u>General obligation bonds:</u>						
Water system general obligation bonds series 1997	3.00%- 6.30%	<u>3,810,000</u>	<u>-</u>	<u>(140,000)</u>	<u>3,670,000</u>	<u>150,000</u>
Total general obligation bonds		<u>3,810,000</u>	<u>-</u>	<u>(140,000)</u>	<u>3,670,000</u>	<u>150,000</u>
<u>Other obligations:</u>						
Net pension liability		4,165,333	-	(920,841)	3,244,492	-
Net OPEB liability		1,920,440	262,585	-	2,183,025	-
Compensated absences		<u>209,665</u>	<u>251,849</u>	<u>(167,306)</u>	<u>294,208</u>	<u>79,384</u>
Total other obligations		<u>6,295,438</u>	<u>514,434</u>	<u>(1,088,147)</u>	<u>5,721,725</u>	<u>79,384</u>
Total business-type activities long-term obligations		<u>\$ 12,461,449</u>	<u>\$ 514,434</u>	<u>\$ (1,483,647)</u>	<u>\$ 11,492,236</u>	<u>\$ 490,202</u>

Compensated absences: Compensated absences are reported in the statement of net position and will be paid from the fund from which the employee's salaries are paid, which are the water, sewer and electric funds.

General obligation bonds: During 1997, the City issued general obligation bonds for improvements to the City's water system. These bonds are backed by the full faith and credit of the City. These bonds will be repaid with user charges collected in the water fund.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

OWDA loans: The City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction projects. The amounts due to the OWDA are payable from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2020, the City has outstanding borrowings of \$2,100,511. The WWTP equalization basin loan has not been finalized at December 31, 2020 and is not presented in the amortization schedule below.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest or late charges associated with the default.

The City has pledged future sewer revenues and water revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and water fund revenues, and are payable through 2036. Annual principal and interest payments on the loans are expected to require 40.09 percent of net revenues and 5.89 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$2,123,486. Principal and interest paid for the current year was \$288,342, total net revenues were \$719,172 and total revenues were \$4,894,578.

Net pension liability and net OPEB liability: See Notes 13 and 14 for a discussion of the City's net pension liability and net OPEB liability.

- D.** The annual requirements amortize business-type activities long-term obligations outstanding as of December 31, 2020, are as follows:

Year Ending December 31,	Direct Borrowing OWDA Loans		
	Principal	Interest	Total
2021	\$ 152,418	\$ 9,690	\$ 162,108
2022	136,360	5,917	142,277
2023	33,155	3,380	36,535
2024	34,242	2,377	36,619
2025	35,363	1,341	36,704
2026	18,114	271	18,385
Total	<u>\$ 409,652</u>	<u>\$ 22,976</u>	<u>\$ 432,628</u>

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	Water Improvement General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 150,000	\$ 181,625	\$ 331,625
2022	155,000	174,125	329,125
2023	165,000	166,250	331,250
2024	170,000	157,875	327,875
2025	180,000	149,250	329,250
2026 - 2030	1,050,000	599,375	1,649,375
2031 - 2035	1,335,000	306,750	1,641,750
2036 - 2037	465,000	23,250	488,250
Total	<u>\$ 3,670,000</u>	<u>\$ 1,758,500</u>	<u>\$ 5,428,500</u>

E. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2020, the City's total debt margin was \$10,513,804 and the unvoted debt margin was \$6,189,900.

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or his estate) is paid for unused vacation leave. The total obligation for vacation leave for the City as a whole amounted to \$65,135 at December 31, 2020. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

City employees may accumulate up to 120 hours of compensatory time at time and a-half in lieu of direct pay of overtime hours worked. The total obligation for compensatory time accrual for the City as a whole amounted to \$47,247 at December 31, 2020. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

City employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement an employee is paid for forty percent of accumulated sick leave within various limits, except the fire department employees, who are part-time and do not accumulate sick leave. The total obligation for sick leave accrual for the City as a whole amounted to \$434,385 at December 31, 2020. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - RISK MANAGEMENT

A. Property and Casualty Insurance

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insurance risks up to an amount specified in the contracts. At December 31, 2020, PEP retained \$500,000 for casualty claims and \$250,000 for property claims.

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 PEP member.

Financial Position

PEP's financial statements (audited by other accountants) conform with GAAP, and reported the following assets, liabilities and net position at December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Assets	\$ 57,336,499	\$ 54,973,597
Liabilities	<u>(16,156,805)</u>	<u>(16,440,940)</u>
Net Position	<u>\$ 41,179,694</u>	<u>\$ 38,532,657</u>

At December 31, 2020 and 2019, respectively, the liabilities above include approximately \$14.1 million and \$14.7 million of estimated incurred claims payable. The assets above also include approximately \$13.5 million and \$13.7 million of unpaid claims to be billed. The Pool's membership increased from 553 members in 2019 to 571 members in 2020. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2020, the City's share of these unpaid claims collectible in future years is approximately \$95,000.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - RISK MANAGEMENT - (Continued)

Based on discussions with PEP the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2018	\$133,814
2019	\$138,938
2020	\$143,243

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

B. Employee Health Insurance

The City has elected to provide employee medical, prescription, dental and vision benefits through a self-insurance program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risk loss in this program. The Jefferson Health Plan is the consortium that administers the provision of medical, dental, vision, hospitalization, and prescription drug benefits for all claims incurred during membership in the Jefferson Health Plan. A third-party administrator chosen by the City then provides administrative services to the Jefferson Health Plan in connection with the processing and payment of claims. The City of Clyde is responsible for the first \$50,000 in claims, the Jefferson Health Plan is responsible for claims from \$50,000 to \$500,000 and claims over \$500,000 are covered with stop-loss coverage with a carrier chosen by the consortium. Fixed premiums for the calendar year are determined by the Jefferson Health Plan and paid to the third-party administrator.

The claims liability of \$96,923 reported in the internal service funds at December 31, 2020 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the fiscal year is as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2020	\$ 83,095	\$ 744,143	\$ (730,315)	\$ 96,923
2019	95,829	734,514	(747,248)	83,095

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - RISK MANAGEMENT - (Continued)

The City continues to carry commercial insurance for all other risks of loss, including workers' compensation.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Asset and Net OPEB Liability

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability/asset and the net OPEB liability represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in pension obligation payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2020 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$503,595 for 2020. Of this amount, \$44,050 is reported as pension obligation payable.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3.00% of their base pension or disability benefit.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police
2020 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2020 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Since the City does not employ any full-time firefighters, the City does not make firefighter pension contributions to OP&F. Any pension contributions related to part-time firefighter wages are made to OPERS.

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$220,040 for 2020. Of this amount, \$21,795 is reported as pension obligation payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2020, the specific liability of the City was \$49,803 payable in semi-annual payments through the year 2035.

Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS were measured as of December 31, 2019, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.02522800%	0.01259100%	0.01448100%	0.04229000%	
Proportion of the net pension liability/asset current measurement date	<u>0.02598700%</u>	<u>0.01208900%</u>	<u>0.01176200%</u>	<u>0.04259010%</u>	
Change in proportionate share	<u>0.00075900%</u>	<u>-0.00050200%</u>	<u>-0.00271900%</u>	<u>0.00030010%</u>	
Proportionate share of the net pension liability	\$ 5,136,508	\$ -	\$ -	\$ 2,869,097	\$ 8,005,605
Proportionate share of the net pension asset	-	25,208	445	-	25,653
Pension expense	883,565	2,888	(262)	432,386	1,318,577

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ -	\$ -	\$ 1,484	\$ 108,604	\$ 110,088
Changes of assumptions	274,350	2,599	75	70,431	347,455
Changes in employer's proportionate percentage/difference between employer contributions	201,925	-	-	236,836	438,761
Contributions subsequent to the measurement date	487,372	7,812	8,411	220,040	723,635
Total deferred outflows of resources	<u>\$ 963,647</u>	<u>\$ 10,411</u>	<u>\$ 9,970</u>	<u>\$ 635,911</u>	<u>\$ 1,619,939</u>

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	\$ 64,945	\$ 5,918	\$ -	\$ 147,972	\$ 218,835
Net difference between projected and actual earnings on pension plan investments	1,024,614	3,270	140	138,597	1,166,621
Changes in employer's proportionate percentage/ difference between employer contributions	93,406	-	-	152,312	245,718
Total deferred inflows of resources	<u>\$ 1,182,965</u>	<u>\$ 9,188</u>	<u>\$ 140</u>	<u>\$ 438,881</u>	<u>\$ 1,631,174</u>

\$723,635 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:					
2021	\$ (46,904)	\$ (1,606)	\$ 175	\$ 34,061	\$ (14,274)
2022	(295,376)	(1,545)	177	3,280	(293,464)
2023	42,428	(633)	210	73,091	115,096
2024	(406,838)	(1,829)	155	(82,732)	(491,244)
2025	-	(345)	187	(50,710)	(50,868)
Thereafter	-	(631)	515	-	(116)
Total	<u>\$ (706,690)</u>	<u>\$ (6,589)</u>	<u>\$ 1,419</u>	<u>\$ (23,010)</u>	<u>\$ (734,870)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.20% for 2019.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00 %	1.83 %
Domestic equities	19.00	5.75
Real estate	10.00	5.20
Private equity	12.00	10.70
International equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 8,471,762	\$ 5,136,508	\$ 2,138,210
Combined Plan	(15,232)	(25,208)	(32,399)
Member-Directed Plan	(235)	(445)	(588)

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below.

Valuation date	1/1/19 with actuarial liabilities rolled forward to 12/31/19
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>
67 or less	77%
68-77	105%
78 and up	115%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>
59 or less	35%
60-69	60%
70-79	75%
80 and up	100%

The most recent experience study was completed for the five-year period ended December 31, 2016.

**CITY OF CLYDE
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u>120.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
- Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 3,976,468	\$ 2,869,097	\$ 1,942,890

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 13 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Comprehensive Annual Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

**CITY OF CLYDE
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$3,364 for 2020. Of this amount, \$294 is reported as pension obligation payable.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund (OP&F), 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$5,791 for 2020. Of this amount, \$574 is reported as pension obligation payable.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.02443400%	0.04229000%	
Proportion of the net OPEB liability current measurement date	<u>0.02502100%</u>	<u>0.04259010%</u>	
Change in proportionate share	<u>0.00058700%</u>	<u>0.00030010%</u>	
Proportionate share of the net OPEB liability	\$ 3,456,050	\$ 420,694	\$ 3,876,744
OPEB expense	\$ 386,336	\$ 49,561	\$ 435,897

**CITY OF CLYDE
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 93	\$ -	\$ 93
Changes of assumptions	547,055	245,954	793,009
Changes in employer's proportionate percentage/difference between employer contributions	103,322	148,427	251,749
Contributions subsequent to the measurement date	3,364	5,791	9,155
Total deferred outflows of resources	<u>\$ 653,834</u>	<u>\$ 400,172</u>	<u>\$ 1,054,006</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 316,072	\$ 45,242	\$ 361,314
Net difference between projected and actual earnings on OPEB plan investments	175,983	19,359	195,342
Changes of assumptions	-	89,655	89,655
Changes in employer's proportionate percentage/difference between employer contributions	77,177	108,044	185,221
Total deferred inflows of resources	<u>\$ 569,232</u>	<u>\$ 262,300</u>	<u>\$ 831,532</u>

\$9,155 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2021	\$ 97,950	\$ 23,106	\$ 121,056
2022	58,349	23,106	81,455
2023	136	27,075	27,211
2024	(75,197)	20,818	(54,379)
2025	-	26,711	26,711
Thereafter	-	11,265	11,265
Total	\$ 81,238	\$ 132,081	\$ 213,319

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.50% initial, 3.50% ultimate in 2030
Prior Measurement date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

**CITY OF CLYDE
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.70% for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

Discount Rate - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 4,522,796	\$ 3,456,050	\$ 2,601,934

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 3,354,065	\$ 3,456,050	\$ 3,556,735

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	3.56%
Prior measurement date	4.66%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>
67 or less	77%
68-77	105%
78 and up	115%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>
59 or less	35%
60-69	60%
70-79	75%
80 and up	100%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u>120.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. For 2018, the total OPEB liability was calculated using the discount rate of 4.66%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75% at December 31, 2019 and 4.13% at December 31, 2018, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 3.56% for 2019 and 4.66% for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%), or one percentage point higher (4.56%) than the current rate.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 521,633	\$ 420,694	\$ 336,820

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is 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 and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	<u>General fund</u>
Budget basis	\$ (72,732)
Net adjustment for revenue accruals	(40,745)
Net adjustment for expenditure accruals	109,969
Funds budgeted elsewhere	(3,885)
Adjustment for encumbrances	<u>176,773</u>
GAAP basis	<u>\$ 169,380</u>

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the income tax fund, the veteran's widow trust fund, the guarantee deposit trust fund, the memorial tree fund, the fair board fund and the underground storage tank fund.

NOTE 16 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2020.

B. Litigation

The City is currently not involved in pending litigation at year end.

NOTE 17 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The City's investment portfolio and the pension and other employee benefits plan in which the City participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that may be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 18 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 175,430
Permanent improvement	49,490
Other governmental	<u>294,701</u>
Total	<u>\$ 519,621</u>

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 19 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ 7,703	\$ -	\$ -	\$ 7,703
Prepays	<u>13,716</u>	-	-	<u>13,716</u>
Total nonspendable	<u>21,419</u>	-	-	<u>21,419</u>
Restricted:				
Public health programs	-	-	137,196	137,196
Transportation programs	-	-	523,923	523,923
Police and fire purposes	-	-	215,997	215,997
Other purposes	<u>-</u>	<u>-</u>	<u>283,804</u>	<u>283,804</u>
Total restricted	<u>-</u>	<u>-</u>	<u>1,160,920</u>	<u>1,160,920</u>
Committed:				
Capital improvements	-	1,255,652	-	1,255,652
Underground storage tank	11,000	-	-	11,000
Recreation	<u>-</u>	<u>-</u>	<u>213</u>	<u>213</u>
Total committed	<u>11,000</u>	<u>1,255,652</u>	<u>213</u>	<u>1,266,865</u>
Assigned:				
Debt service	-	-	5,424	5,424
Subsequent year appropriations	1,278,877	-	-	1,278,877
General government	32,093	-	-	32,093
Security of persons and property	86,503	-	-	86,503
Public health	53,814	-	-	53,814
Other purposes	<u>30,903</u>	<u>-</u>	<u>-</u>	<u>30,903</u>
Total assigned	<u>1,482,190</u>	<u>-</u>	<u>5,424</u>	<u>1,487,614</u>
Unassigned	<u>913,821</u>	<u>-</u>	<u>-</u>	<u>913,821</u>
Total fund balances	<u>\$ 2,428,430</u>	<u>\$ 1,255,652</u>	<u>\$ 1,166,557</u>	<u>\$ 4,850,639</u>

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 20 - LONG TERM PURCHASE COMMITMENTS

A. American Municipal Power Generating Station Project

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 3,000 kilowatts of a total 771,281 kilowatts, giving the City a 0.39 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs was \$516,976. The City received a credit of \$283,700 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$135,675 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU), leaving a net impaired cost estimate of \$97,601. Because payment is now probable and reasonably estimatable, the City reported a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimatable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the City has made payments of \$97,601 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the City's allocation of additional costs incurred by the project is \$6,337 and interest expense incurred on AMP's line-of-credit of \$793, resulting in a net impaired cost estimate at December 31, 2020 of \$7,130. The City does have a potential PHFU Liability of \$152,739 resulting in a net total potential liability of \$159,869, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include such negative items as property taxes as well as positive items as revenue from leases or sale of all or a portion of the Meigs County site property.

B. Prairie State Energy Campus

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the "PSEC Ownership Interest") in the Prairie State Energy Campus ("PSEC"), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("AMP 368 LLC"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 20 - LONG TERM PURCHASE COMMITMENTS - (Continued)

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “Initial Prairie State Bonds”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. In 2015, 2017 and 2019, AMP issued bonds (the “*Prairie State Refunding Bonds*” and, together with the Initial Prairie State Bonds, the “*Prairie State Bonds*”) to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009, certain of callable outstanding Initial Prairie State Bonds issued as Build America Bonds and certain of the bonds issued in 2015 to refund the Initial Prairie State Bonds. As of December 31, 2020, AMP had \$1,470,255,000 aggregate principal amount of Prairie State Bonds.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract with 68 Members (the “Prairie State Participants”). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

The City of Clyde has executed a take-or-pay power sales contract with AMP for a Project Share of 2,986 kW or 0.81 kW of capacity and associated energy from the Prairie State facility.

C. Combined Hydroelectric Projects

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “Combined Hydroelectric Projects”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the “Combined Hydroelectric Bonds”), in an original aggregate principal amount of \$2,254,955,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2020, \$2,140,742,059 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$23.01 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

The City of Clyde has executed a take-or-pay power sales contract with AMP for 4,197 kW or 2.02% of capacity and associated energy from the Combined hydro facilities.

D. AMP Fremont Energy Center (AFEC)

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (“FirstEnergy”) the Fremont Energy Center (“AFEC”), then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. The AMP Fremont Energy Center is a natural gas fired, combined cycle, electric power generation plant with a capacity of 512 MW (unfired)/675 MW (fired), consisting of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 20 - LONG TERM PURCHASE COMMITMENTS - (Continued)

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the "90.69% Interest") is sold to AMP.

Members pursuant to a take-or-pay power sales contract with 87 of its members (the "AFEC Power Sales Contract").

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued, in two series, \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the "2012 AFEC Bonds"), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. In 2017, AMP issued bonds (the "AFEC Refunding Bonds" and, together with the 2012 AFEC Bonds, the "AFEC Bonds") to refund a portion of the 2012 AFEC Bonds. As of December 31, 2020, \$478,965,000 aggregate principal amount of AFEC Bonds was outstanding.

The City of Clyde has executed a take-or-pay power sales contract with AMP for 2,640 kW or 0.57% of capacity and associated energy from the AFEC facility.

NOTE 21 - TAX ABATEMENTS

As of December 31, 2020, the City provides tax abatements through an Enterprise Zone (Ezone) program. This program relates to the abatement of property taxes.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

Sandusky County has several Ezone agreements in effect at December 31, 2020 that reduce the City's property tax revenue. The total value of the City's share of taxes abated for 2020 was \$32,593.

NOTE 22 - LAND HELD FOR RESALE

Land held for resale represents parcels donated to, or purchased by, the City through 2020. These parcels were acquired for the purpose of future economic development within the City and are valued based upon the purchase price plus any costs of maintenance, rehabilitation, or demolition of structures on the parcels. The City holds the parcels until they are either sold or transferred to a private purchaser, non-profit, or public end-user. As of December 31, 2020, the City has 8 parcels of land with a total value of \$1,063,196 which are being held for resale.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CLYDE
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.025987%	0.025228%	0.025170%	0.025760%
City's proportionate share of the net pension liability	\$ 5,136,508	\$ 6,909,437	\$ 3,948,685	\$ 5,849,658
City's covered payroll	\$ 3,653,464	\$ 3,562,479	\$ 3,187,123	\$ 3,219,733
City's proportionate share of the net pension liability as a percentage of its covered payroll	140.59%	193.95%	123.89%	181.68%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.012089%	0.012591%	0.013426%	0.014363%
City's proportionate share of the net pension asset	\$ 25,208	\$ 14,080	\$ 18,277	\$ 7,994
City's covered payroll	\$ 53,814	\$ 53,850	\$ 54,985	\$ 55,908
City's proportionate share of the net pension asset as a percentage of its covered payroll	46.84%	26.15%	33.24%	14.30%
Plan fiduciary net position as a percentage of the total pension asset	145.28%	126.64%	137.28%	116.55%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.011762%	0.014481%	0.024226%	0.023592%
City's proportionate share of the net pension asset	\$ 445	\$ 330	\$ 846	\$ 98
City's covered payroll	\$ 69,910	\$ 82,780	\$ 132,780	\$ 96,958
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.40%	0.64%	0.10%
Plan fiduciary net position as a percentage of the total pension asset	118.84%	113.42%	124.45%	103.40%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.025860%	0.026113%	0.026113%
\$ 4,479,278	\$ 3,149,521	\$ 3,078,384
\$ 3,227,933	\$ 3,224,925	\$ 3,232,100
138.77%	97.66%	95.24%
81.08%	86.45%	86.36%
0.014750%	0.018014%	0.018014%
\$ 7,178	\$ 6,937	\$ 1,890
\$ 63,600	\$ 65,850	\$ 50,808
11.29%	10.53%	3.72%
116.90%	114.83%	104.56%
0.023029%	n/a	n/a
\$ 88	n/a	n/a
\$ 128,250	n/a	n/a
0.07%	n/a	n/a
103.91%	n/a	n/a

**CITY OF CLYDE
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE PENSION FUND (OP&F)

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.04259010%	0.04229000%	0.03836600%	0.04199600%
City's proportionate share of the net pension liability	\$ 2,869,097	\$ 3,451,981	\$ 2,354,706	\$ 2,659,994
City's covered payroll	\$ 1,132,437	\$ 1,102,789	\$ 908,705	\$ 951,021
City's proportionate share of the net pension liability as a percentage of its covered payroll	253.36%	313.02%	259.13%	279.70%
Plan fiduciary net position as a percentage of the total pension liability	69.89%	63.07%	70.91%	68.36%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.04405500%	0.03663400%	0.03663400%
\$ 2,834,059	\$ 1,897,794	\$ 1,784,191
\$ 939,684	\$ 874,295	\$ 842,424
301.60%	217.07%	211.79%
66.77%	72.20%	73.00%

**CITY OF CLYDE
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 487,372	\$ 511,485	\$ 498,747	\$ 414,326
Contributions in relation to the contractually required contribution	<u>(487,372)</u>	<u>(511,485)</u>	<u>(498,747)</u>	<u>(414,326)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,481,229	\$ 3,653,464	\$ 3,562,479	\$ 3,187,123
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 7,812	\$ 7,534	\$ 7,539	\$ 7,148
Contributions in relation to the contractually required contribution	<u>(7,812)</u>	<u>(7,534)</u>	<u>(7,539)</u>	<u>(7,148)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 55,800	\$ 53,814	\$ 53,850	\$ 54,985
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 8,411	\$ 6,991	\$ 8,278	\$ 13,278
Contributions in relation to the contractually required contribution	<u>(8,411)</u>	<u>(6,991)</u>	<u>(8,278)</u>	<u>(13,278)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 84,110	\$ 69,910	\$ 82,780	\$ 132,780
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 386,368	\$ 387,352	\$ 386,991	\$ 420,173	\$ 319,045	\$ 294,465
<u>(386,368)</u>	<u>(387,352)</u>	<u>(386,991)</u>	<u>(420,173)</u>	<u>(319,045)</u>	<u>(294,465)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,219,733	\$ 3,227,933	\$ 3,224,925	\$ 3,232,100	\$ 3,190,450	\$ 2,944,650
12.00%	12.00%	12.00%	13.00%	10.00%	10.00%
\$ 6,709	\$ 7,632	\$ 7,902	\$ 6,605	\$ 9,586	\$ 8,392
<u>(6,709)</u>	<u>(7,632)</u>	<u>(7,902)</u>	<u>(6,605)</u>	<u>(9,586)</u>	<u>(8,392)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 55,908	\$ 63,600	\$ 65,850	\$ 50,808	\$ 120,579	\$ 105,560
12.00%	12.00%	12.00%	13.00%	7.95%	7.95%
\$ 11,635	\$ 15,390				
<u>(11,635)</u>	<u>(15,390)</u>				
<u>\$ -</u>	<u>\$ -</u>				
\$ 96,958	\$ 128,250				
12.00%	12.00%				

**CITY OF CLYDE
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE PENSION FUND (OP&F)

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 220,040	\$ 215,163	\$ 209,530	\$ 172,654
Contributions in relation to the contractually required contribution	<u>(220,040)</u>	<u>(215,163)</u>	<u>(209,530)</u>	<u>(172,654)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,158,105	\$ 1,132,437	\$ 1,102,789	\$ 908,705
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 180,694	\$ 178,540	\$ 166,116	\$ 133,777	\$ 122,734	\$ 88,313
<u>(180,694)</u>	<u>(178,540)</u>	<u>(166,116)</u>	<u>(133,777)</u>	<u>(122,734)</u>	<u>(88,313)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 951,021	\$ 939,684	\$ 1,045,851	\$ 1,049,231	\$ 962,620	\$ 692,651
19.00%	19.00%	15.88%	12.75%	12.75%	12.75%

**CITY OF CLYDE
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.025021%	0.024434%	0.024810%	0.025297%
City's proportionate share of the net OPEB liability	\$ 3,456,050	\$ 3,185,618	\$ 2,694,183	\$ 2,555,090
City's covered payroll	\$ 3,777,188	\$ 3,699,109	\$ 3,374,888	\$ 3,372,599
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	91.50%	86.12%	79.83%	75.76%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CLYDE
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE PENSION FUND (OP&F)

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.04259010%	0.04229000%	0.03836600%	0.04199600%
City's proportionate share of the net OPEB liability	\$ 420,694	\$ 385,115	\$ 2,173,775	\$ 1,993,456
City's covered payroll	\$ 1,132,437	\$ 1,102,789	\$ 908,705	\$ 951,021
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	37.15%	34.92%	239.22%	209.61%
Plan fiduciary net position as a percentage of the total OPEB liability	47.08%	46.57%	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CLYDE
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2020	2019	2018	2017
Contractually required contribution	\$ 3,364	\$ 2,797	\$ 3,311	\$ 37,732
Contributions in relation to the contractually required contribution	(3,364)	(2,797)	(3,311)	(37,732)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,621,139	\$ 3,777,188	\$ 3,699,109	\$ 3,374,888
Contributions as a percentage of covered payroll	0.09%	0.07%	0.09%	1.12%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 71,024	\$ 65,831	\$ 65,264	\$ 32,815	\$ 134,913	\$ 124,250
<u>(71,024)</u>	<u>(65,831)</u>	<u>(65,264)</u>	<u>(32,815)</u>	<u>(134,913)</u>	<u>(124,250)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,372,599	\$ 3,419,783	\$ 3,290,775	\$ 3,282,908	\$ 3,311,029	\$ 3,050,210
2.11%	1.93%	1.98%	1.00%	4.07%	4.07%

**CITY OF CLYDE
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE PENSION FUND (OP&F)

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 5,791	\$ 5,662	\$ 5,514	\$ 4,544
Contributions in relation to the contractually required contribution	<u>(5,791)</u>	<u>(5,662)</u>	<u>(5,514)</u>	<u>(4,544)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,158,105	\$ 1,132,437	\$ 1,102,789	\$ 908,705
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 4,755	\$ 4,825	\$ 5,196	\$ 30,804	\$ 64,977	\$ 46,754
<u>(4,755)</u>	<u>(4,825)</u>	<u>(5,196)</u>	<u>(30,804)</u>	<u>(64,977)</u>	<u>(46,754)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 951,021	\$ 939,684	\$ 1,045,851	\$ 1,049,231	\$ 962,620	\$ 692,651
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2020.

OHIO POLICE AND FIRE PENSION FUND (OP&F)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple. There were no changes in assumptions for 2019-2020.

(Continued)

**CITY OF CLYDE
SANDUSKY COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% down to 3.16%, (b) the municipal bond rate was decreased from 3.71% down to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

OHIO POLICE AND FIRE PENSION FUND (OP&F)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018. For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model. There were no changes in benefit terms for 2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% down to 3.56%.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

City of Clyde
Sandusky County
100 North Market Street
Clyde, Ohio 43950

To the Members of Council and Mayor:

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clyde, Sandusky County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Clyde's basic financial statements, and have issued our report thereon dated July 23, 2021, wherein we noted as described in Note 3 to the financial statements, the City of Clyde adopted Government Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Furthermore, as described in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clyde's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Clyde's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clyde's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Clyde's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clyde's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Clyde's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Clyde's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned to the left of the printed name and date.

Julian & Grube, Inc.
July 23, 2021

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF CLYDE

SANDUSKY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/14/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov