

CITY OF TIFFIN

AUDIT REPORT

For the Year Ended December 31, 2000

CHARLES E. HARRIS & ASSOCIATES, Inc.
Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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The Honorable Mayor and Members of City Council
City of Tiffin
Tiffin, Ohio

We have reviewed the Independent Auditor's Report of the City of Tiffin, Seneca County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2000 to December 31, 2000. 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 Tiffin is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 31, 2001

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CITY OF TIFFIN
AUDIT REPORT
For the Year Ended December 31, 2000

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CITY OF TIFFIN
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ELECTED OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>
Keith Kirchner	President (resigned)	1/1/98 to 6/30/00	(A)	\$1,000
Michael Grandillo	President (appointed)	7/1/00 to 12/31/01	(A)	1,000
Dale Depew	Council Member 1 st Ward	1/1/00 to 12/31/03	(A)	1,000
Paul Elchert, Jr.	Council Member 2 nd Ward	1/1/00 to 12/31/03	(A)	1,000
Todd Edmond	Council Member 3 rd Ward (resigned)	1/1/00 to 6/30/00	(A)	1,000
Thomas Distel	Council Member 3 rd Ward (appointed)	7/17/00 to 12/31/00	(A)	1,000
Michael Grandillo	Council Member 4 th Ward (resigned)	1/1/00 to 6/30/00	(A)	1,000
James Boroff	Council Member 4 th Ward (appointed)	7/10/00 to 12/31/01	(A)	1,000
Wilma Klopp	Council Member At Large	1/1/98 to 12/31/01	(A)	1,000
Peter Galipeau	Council Member At Large	1/1/98 to 12/31/01	(A)	1,000
Mark Hayes	Council Member At Large	1/1/98 to 12/31/01	(A)	1,000
Bernard Hohman	Mayor	1/1/00 to 12/31/03	(B)	1,000
Frederick Daniel	Municipal Court Judge	1/1/96 to 12/31/01	None	
Larry Clausing	Director of Finance	1/1/98 to 12/31/01	(A)	25,000
Brent Howard	Law Director	1/1/00 to 12/31/03	(A)	1,000

- (A) Ohio Farmers Insurance Company
(B) Buckeye Union Insurance Company

CITY OF TIFFIN
AUDIT REPORT
For the Year Ended December 31, 2000

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund Types:

General Fund

Special Revenue Fund Types:

Street Construction Maintenance & Repair Fund

State Highway Fund

Block Grant

CHIP (CDBG) Fund

CHIP (Home) Program Fund

Parks and Recreation Fund

Women Victim Assistance Fund

DUI Indigent Fund

DUI Law Enforcement Fund

DUI Housing & Incorporated Fund

Computer Legal Research Fund

Computer Fund

D.A.R.E. Fund

Law Enforcement Trust Fund

Tiffin Venture Capital Fund

Revolving Loan Fund

Drug Law Enforcement Fund

Police Pension Fund

Fire Pension Fund

Debt Service Fund Types:

Streetscape Bond Retirement Fund

Capital Projects Fund Types:

General Capital Improvement Fund

Sandusky Street/Frost Parkway Project Fund

Northstar Industrial Park Fund

Fire Vehicle Fund

Southside Sewer Fund

CITY OF TIFFIN
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INDEX OF FUNDS - (Continued)

PROPRIETARY FUND TYPES

Enterprise Fund Types:

Sewer WPCC Fund
98 Sanitary Sewer Fund
99 Sanitary Sewer Fund
Sewer Replacement Fund

FIDUCIARY FUND TYPES:

Nonexpendable Trust Fund Types:

Oakley Park Fund
LLEBG (OT) Grant Fund
LLEBG (TECH) Grant Fund
LLEBG (COMM) Grant Fund

Agency Fund Types:

Municipal Court Fund
State Patrol Transfer Fund

REPORT OF INDEPENDENT ACCOUNTANTS

**The Honorable Mayor and Members of Council
City of Tiffin
Tiffin, Ohio**

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 2000, and the results of its operations and cash flow of its proprietary fund type and non-expendable trust funds for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the City of Tiffin taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by *U.S Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
June 28, 2001

City of Tiffin, Ohio

Combined Balance Sheet
All Fund Types and Account Groups

December 31, 2000

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
Assets and Other Debits									
Assets									
Equity in Pooled Cash	\$1,710,009	\$1,652,395	\$67,685	\$1,734,692	\$2,323,330	\$31,385	\$0	\$0	\$7,519,496
Cash in Segregated Accounts	310	0	0	0	0	61,162	0	0	61,472
Cash with Fiscal Agent	0	0	14,389	0	0	0	0	0	14,389
Receivables:									
Taxes	1,579,803	154,678	0	0	0	0	0	0	1,734,481
Special Assessments	0	0	1,042,953	0	0	0	0	0	1,042,953
Accounts	113,185	0	0	0	549,131	0	0	0	662,316
Accrued Interest	77,403	35,418	0	9,148	0	503	0	0	122,472
Due from Other Funds	20,199	5,944	0	0	0	903	0	0	27,046
Due from Other Governments	43,603	155,013	0	0	0	0	0	0	198,616
Inventory of Supplies	10,542	49,067	0	0	37,245	0	0	0	96,854
Notes Receivable	0	278,391	0	0	0	0	0	0	278,391
Prepaid Items	39,079	26,226	0	0	10,828	0	0	0	76,133
Unamortized Bond Issue Costs	0	0	0	0	89,063	0	0	0	89,063
Fixed Assets, (Net)	0	0	0	0	8,711,412	0	7,218,394	0	15,929,806
Other Debits									
Amount Available in Debt Service	0	0	0	0	0	0	0	67,685	67,685
Amount to be Provided-General Resources	0	0	0	0	0	0	0	1,590,758	1,590,758
Amount to be Provided-Special Assessments	0	0	0	0	0	0	0	681,000	681,000
Total Assets	\$3,594,133	\$2,357,132	\$1,125,027	\$1,743,840	\$11,721,009	\$93,953	\$7,218,394	\$2,339,443	\$30,192,931
Liabilities									
Accounts Payable	\$59,411	\$57,488	\$0	\$63,572	\$12,192	\$0	\$0	\$0	\$192,663
Accrued Wages and Benefits	77,745	10,098	0	0	13,506	0	0	0	101,349
Compensated Absences Payable	7,699	1,754	0	0	92,381	0	0	458,443	560,277
Due to Other Funds	0	0	0	0	0	27,046	0	0	27,046
Due to Other Governments	298,781	23,380	0	0	28,730	0	0	0	350,891
Deferred Revenue	843,924	144,674	1,042,953	0	0	0	0	0	2,031,551
Undistributed Monies	0	0	0	0	0	37,822	0	0	37,822
Matured Interest Payable	0	0	14,389	0	0	0	0	0	14,389
Accrued Interest Payable	0	0	0	0	32,064	0	0	0	32,064
Notes Payable	0	0	0	0	0	0	0	1,200,000	1,200,000
General Obligation Bonds Payable	0	0	0	0	4,680,000	0	0	0	4,680,000
Special Assess. Debt with Commitment	0	0	0	0	0	0	0	681,000	681,000
Total Liabilities	1,287,560	237,394	1,057,342	63,572	4,858,873	64,868	0	2,339,443	9,909,052
Fund Equity and Other Credits									
Investment in General Fixed Assets	0	0	0	0	0	0	7,218,394	0	7,218,394
Contributed Capital	0	0	0	0	1,876,077	0	0	0	1,876,077
Retained Earnings:									
Unreserved	0	0	0	0	4,986,059	0	0	0	4,986,059
Fund Balance:									
Reserved for Encumbrances	272,340	49,637	0	55,216	0	0	0	0	377,193
Reserved for Inventory	10,542	49,064	0	0	0	0	0	0	59,606
Reserved for Prepaid Items	39,079	26,226	0	0	0	0	0	0	65,305
Reserved for Debt Service	0	0	67,685	0	0	0	0	0	67,685
Reserved for Notes Receivable	0	278,391	0	0	0	0	0	0	278,391
Reserved for Park Improvements	0	0	0	0	0	25,000	0	0	25,000
Unreserved Undesignated	1,984,612	1,716,420	0	1,625,052	0	4,085	0	0	5,330,169
Total Fund Equity	2,306,573	2,119,738	67,685	1,680,268	6,862,136	29,085	7,218,394	0	20,283,879
Total Liabilities and Fund Equity	\$3,594,133	\$2,357,132	\$1,125,027	\$1,743,840	\$11,721,009	\$93,953	\$7,218,394	\$2,339,443	\$30,192,931

See accompanying notes to the financial statements.

City of Tiffin, Ohio

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types

For the Year December 31, 2000

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Municipal Income Tax	\$ 6,017,244	\$0	\$0	\$0	\$ 6,017,244
Property and Other Taxes	742,387	127,660	0	0	870,047
Charges for Services	215,788	53,497	0	0	269,285
Licenses and Permits	25,424	0	0	0	25,424
Fines and Forfeitures	288,371	101,972	0	0	390,343
Intergovernmental	1,237,986	1,019,029	0	0	2,257,015
Special Assessments	0	0	78,697	0	78,697
Investment Income	481,335	25,547	0	22,512	529,394
Other	149,747	18,950	0	207,500	376,197
Total Revenue	9,158,282	1,346,655	78,697	230,012	10,813,646
Expenditures:					
Current:					
General Government:					
Legislative and Executive	1,098,777	0	0	0	1,098,777
Judicial	397,647	46,406	0	0	444,053
Security of Persons and Property	5,001,214	149,719	0	0	5,150,933
Public Health and Welfare	297,959	12,738	0	0	310,697
Transportation	0	716,840	0	0	716,840
Community Environment	48,202	0	0	0	48,202
Leisure Time Activities	0	371,229	0	0	371,229
Economic Development and Assistance	127,191	345,119	0	0	472,310
Capital Outlay	0	0	0	1,946,232	1,946,232
Debt Service:					
Principal Retirement	0	0	37,000	0	37,000
Interest and Fiscal Charges	0	0	40,618	44,154	84,772
Total Expenditures	6,970,990	1,642,051	77,618	1,990,386	10,681,045
Excess of Revenues Over (Under) Expenditures	2,187,292	(295,396)	1,079	(1,760,374)	132,601
Other Financing Sources (Uses):					
Other Financing Sources	181,212	0	0	0	181,212
Proceeds of Notes	0	0	0	1,200,000	1,200,000
Sale of Fixed Assets	3,316	3,345	0	0	6,661
Operating Transfers - In	0	526,129	0	1,358,824	1,884,953
Operating Transfers - Out	(1,836,476)	0	0	(50,000)	(1,886,476)
Total Other Sources (Uses)	(1,651,948)	529,474	0	2,508,824	1,386,350
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	535,344	234,078	1,079	748,450	1,518,951
Fund Balances (Deficit) at Beginning of Year	1,769,329	1,921,783	66,606	931,818	4,689,536
Increase (Decrease) in Reserve for Inventory	1,900	(36,123)	0	0	(34,223)
Fund Balances (Deficits) at End of Year	\$2,306,573	\$2,119,738	\$67,685	\$1,680,268	\$6,174,264

See accompanying notes to the financial statements.

City of Tiffin, Ohio

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types

For the Year ending December 31, 2000

	General Fund			Governmental Fund Type		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Special Revised Budget	Revenue Actual	Funds Variance Favorable (Unfavorable)
Revenues:						
Municipal Income Tax	6,400,000	6,087,552	(312,448)	0	0	0
Property and Other Taxes	678,500	697,230	18,730	104,400	119,919	15,519
Charges for Services	122,300	150,540	28,240	49,750	53,497	3,747
Licenses and Permits	29,500	25,424	(4,076)	0	0	0
Fines and Forfeitures	269,900	284,774	14,874	97,500	101,862	4,362
Intergovernmental	1,176,300	1,233,902	57,602	1,364,000	907,797	(456,203)
Special Assessments	0	0	0	0	0	0
Investment Income	260,000	483,583	223,583	22,700	26,575	3,875
Other	147,000	151,309	4,309	11,600	21,565	9,965
Total Revenue	9,083,500	9,114,314	30,814	1,649,950	1,231,215	(418,735)
Expenditures:						
Current:						
General Government:						
Legislative and Executive	1,793,599	1,433,339	360,260	0	0	0
Judicial	464,669	413,307	51,362	139,526	61,145	78,381
Security of Persons and Property	5,523,224	5,249,180	274,044	241,770	142,560	99,210
Public Health and Welfare	505,879	327,317	178,562	16,800	13,196	3,604
Transportation	0	0	0	1,103,391	738,114	365,277
Community Environment	60,209	44,473	15,736	0	0	0
Leisure Time Activities	0	0	0	421,313	380,057	41,256
Economic Development & Assisitance	156,587	140,009	16,578	1,135,000	634,495	500,505
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	8,504,167	7,607,625	896,542	3,057,800	1,969,567	1,088,233
Excess of Revenues Over (Under) Expenditures	579,333	1,506,689	927,356	(1,407,850)	(738,352)	669,498
Other Financing Sources (Uses):						
Other Financing Sources	175,950	181,212	5,262	6,000	16,230	10,230
Proceeds of Notes	0	0	0	0	0	0
Sale of Fixed Assets	3,500	3,316	(184)	2,000	3,345	1,345
Operating Transfers - In	0	0	0	491,000	526,128	35,128
Operating Transfers - Out	(1,970,000)	(1,836,476)	133,524	0	0	0
Total Other Sources (Uses)	(1,790,550)	(1,651,948)	138,602	499,000	545,703	46,703
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(1,211,217)	(145,259)	1,065,958	(908,850)	(192,649)	716,201
Fund Balances (Deficit) at Beginning of Year	1,132,721	1,132,721	0	1,715,704	1,715,704	0
Prior Year Encumbrances Appropriated	394,427	394,427	0	35,580	35,580	0
Fund Balances (Deficit) at End of Year	\$315,931	\$1,381,889	\$1,065,958	\$842,434	\$1,558,635	\$716,201

See accompanying notes to the financial statements

---Debt Service Funds---			---Capital Projects Funds---			Total-2000 (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
0	0	0	0	0	0	6,400,000	6,087,552	(312,448)
0	0	0	0	0	0	782,900	817,149	34,249
0	0	0	0	0	0	172,050	204,037	31,987
0	0	0	0	0	0	29,500	25,424	(4,076)
0	0	0	0	0	0	367,400	386,636	19,236
0	0	0	0	0	0	2,540,300	2,141,699	(398,601)
77,900	78,697	797	0	0	0	77,900	78,697	797
0	0	0	5,000	22,778	17,778	287,700	532,936	245,236
0	0	0	240,000	207,500	(32,500)	398,600	380,374	(18,226)
77,900	78,697	797	245,000	230,278	(14,722)	11,056,350	10,654,504	(401,846)
0	0	0	0	0	0	1,793,599	1,433,339	360,260
0	0	0	0	0	0	604,195	474,452	129,743
0	0	0	0	0	0	5,764,994	5,391,740	373,254
0	0	0	0	0	0	522,679	340,513	182,166
0	0	0	0	0	0	1,103,391	738,114	365,277
0	0	0	0	0	0	60,209	44,473	15,736
0	0	0	0	0	0	421,313	380,057	41,256
0	0	0	0	0	0	1,291,587	774,504	517,083
0	0	0	3,686,779	2,151,163	1,535,616	3,686,779	2,151,163	1,535,616
37,000	37,000	0	1,200,000	1,200,000	0	1,237,000	1,237,000	0
42,000	40,618	1,382	45,000	44,154	846	87,000	84,772	2,228
79,000	77,618	1,382	4,931,779	3,395,317	1,536,462	16,572,746	13,050,127	3,522,619
(1,100)	1,079	2,179	(4,686,779)	(3,165,039)	1,521,740	(5,516,396)	(2,395,623)	3,120,773
0	0	0	0	0	0	181,950	197,442	15,492
0	0	0	1,100,000	1,200,000	100,000	1,100,000	1,200,000	100,000
0	0	0	0	0	0	5,500	6,661	1,161
0	0	0	1,561,000	1,358,824	(202,176)	2,052,000	1,884,952	(167,048)
0	0	0	(50,000)	(50,000)	0	(2,020,000)	(1,886,476)	133,524
0	0	0	2,611,000	2,508,824	(102,176)	1,319,450	1,402,579	83,129
(1,100)	1,079	2,179	(2,075,779)	(656,215)	1,419,564	(4,196,946)	(993,044)	3,203,902
66,607	66,607	0	1,206,650	1,206,650	0	4,121,682	4,121,682	0
0	0	0	1,065,469	1,065,469	0	1,495,476	1,495,476	0
\$65,507	\$67,686	\$2,179	\$196,340	\$1,615,904	\$1,419,564	\$1,420,212	\$4,624,114	\$3,203,902

City of Tiffin, Ohio

Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types and Similar Trust Funds

For the Year Ended December 31, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Non- Expendable Trust	
Operating Revenues:			
Charges for Services	\$ 2,272,011	\$0	\$ 2,272,011
Interest Income	0	2,336	2,336
Other Income	0	6,585	6,585
Total Operating Revenues	2,272,011	8,921	2,280,932
Operating Expenses:			
Personal Services	827,405	7,748	835,153
Contractual Services	353,753	0	353,753
Materials and Supplies	73,961	20,078	94,039
Other Operating Expenses	29,246	0	29,246
Depreciation	350,663	0	350,663
Total Operating Expenses	1,635,028	27,826	1,662,854
Operating Income (Loss)	636,983	(18,905)	618,078
Non-Operating Revenues (Expenses):			
Tap-In Fees	21,248	0	21,248
Interest and Fiscal Charges	(232,531)	(0)	(232,531)
Total Non-Operating Revenues (Expenses)	(211,283)	0	(211,283)
Net Income (Loss) Before Operating Transfers	425,700	(18,905)	406,795
Operating Transfers In	0	1,523	1,523
Net Income (Loss)	425,700	(17,382)	408,318
Depreciation on Fixed Assets Acquired by Contributed Capital	49,807	0	49,807
Retained Earnings at Beginning of Year	4,510,552	46,467	4,557,019
Retained Earnings at End of Year	\$4,986,059	\$29,085	\$5,015,144
Contributed Capital at Beginning of Year	1,896,556	0	1,896,556
Contributions from Other Funds	29,328	0	29,328
Depreciation on Fixed Assets Acquired by Contributed Capital	(49,807)	(0)	(49,807)
Contributed Capital at End of Year	1,876,077	0	1,876,077
Total Fund Equity	\$6,862,136	\$29,085	\$6,891,221

See accompanying notes to the financial statements.

Combined Statement of Revenues, Expenses, and
Changes in Fund Equity - Budget and Actual (Budget Basis)
All Proprietary Funds and Similar Trust Funds

For the Year ending December 31,2000

	---Proprietary Fund Type -----			----- Fiduciary Fund Type -----			----- Total - 2000 -----		
	----- Enterprise -----			----- Non-Expendable Trust -----			----- (Memorandum Only) -----		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Charges for Services	\$2,175,000	\$2,244,070	\$69,070	\$0	\$0	\$0	\$2,175,000	\$2,244,070	\$69,070
Interest Income	0	0	0	1,900	2,336	436	\$1,900	\$2,336	436
Other Operating Revenue	0	0	0	13,686	13,686	0	\$13,686	\$13,686	0
Total Revenue	2,175,000	2,244,070	69,070	15,586	16,022	436	2,190,586	2,260,092	69,506
Expenses									
Current:									
Personal Services	1,007,701	856,716	150,985	54	54	0	\$1,007,755	\$856,770	150,985
Contractual Services	480,363	372,388	107,975	0	0	0	\$480,363	\$372,388	107,975
Materials and Supplies	127,346	98,197	29,149	20,878	20,078	800	\$148,224	\$118,275	29,949
Other Non-Operating Expenses	40,531	29,883	10,648	7,693	7,693	0	\$48,224	\$37,576	10,648
Capital Outlay	117,899	44,916	72,983	0	0	0	\$117,899	\$44,916	72,983
Debt Service:									
Principal Retirement	365,000	365,000	0	0	0	0	\$365,000	\$365,000	0
Total Expenses	2,138,840	1,767,100	371,740	28,625	27,825	800	2,167,465	1,794,925	372,540
Excess of Revenues Over (Under) Expenses	36,160	476,970	440,810	(13,039)	(11,803)	1,236	23,121	465,167	442,046
Other Non-Revenues (Expenses)									
Tap-In fees	17,500	21,247	3,747	0	0	0	\$17,500	\$21,247	3,747
Interest and Fiscal Charges	(229,000)	(226,732)	2,268	0	0	0	(\$229,000)	(\$226,732)	2,268
Operating Transfers - In	0	0	0	1,524	1,524	0	\$1,524	\$1,524	0
Total Non-Revenue (Expenses)	(211,500)	(205,485)	6,015	1,524	1,524	0	(209,976)	(203,961)	6,015
Excess of Revenues and Non-Revenues Financing Sources Over (Under) Expenses and Non-Expenses	(175,340)	271,485	446,825	(11,515)	(10,279)	1,236	(186,855)	261,206	448,061
Fund Equity (Deficit) at Beginning of Year	1,915,877	1,915,877	0	36,621	36,621	0	\$1,952,498	\$1,952,498	0
Prior Year Encumbrances Appropriated	101,920	101,920	0	2,242	2,242	0	\$104,162	\$104,162	0
Fund Equity (Deficit) at End of Year	\$1,842,457	\$2,289,282	\$446,825	\$27,348	\$28,584	\$1,236	\$1,869,805	\$2,317,866	\$448,061

See accompanying notes to the financial statements

City of Tiffin, Ohio

Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Funds

For the Year Ended December 31, 2000

	Proprietary Fund Type	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Non- expendable Trust	
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 2,244,070	\$ 13,686	\$ 2,257,756
Cash Paid to Employees	(844,142)	0	(844,142)
Cash Paid for Goods and Services	(469,813)	(27,826)	(497,639)
Interest Income	0	2,336	2,336
Net Cash Provided by Operating Activities	930,115	(11,804)	918,311
Cash Flows from Capital & Related Financing Activities:			
Principal Payments - Bonds	(365,000)	0	(365,000)
Interest Expense	(226,732)	0	(226,732)
Purchase of Fixed Assets	(54,102)	0	(54,102)
Net Cash Provided by Capital and Related Financing Activities	(645,834)	0	(645,834)
Cash flows from Noncapital Financing Activities:			
Operating Transfer In	0	1,523	1,523
Tap-In Fees	21,248	0	21,248
Net Cash Provided by Noncapital Financing Activities:	21,248	1,523	22,771
Change in Cash	305,529	(10,281)	295,248
Cash Balance, Beginning of Year	2,017,801	38,863	2,056,664
Cash Balance, End of Year	2,323,330	28,582	2,351,912
Operating Income	636,983	(18,905)	618,078
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:			
Depreciation Expense	350,663	0	350,663
(Increase) Decrease in Interest Receivable	0	7,101	7,101
Net (Increase) Decrease in Accounts Receivable	(27,941)	0	(27,941)
(Increase) Decrease in Inventories	(4,754)	0	(4,754)
(Increase) Decrease in Prepaid Items	(833)	0	(833)
Increase (Decrease) in Accounts Payable	(15,925)	0	(15,925)
Increase (Decrease) in Accrued Wages and Benefits	1,950	0	1,950
Increase (Decrease) in Compensated Absences Payable	(633)	0	(633)
Increase (Decrease) in Due to Other Governments	(18,054)	0	(18,054)
Fixed Assets Purchased Through Accounts Payable	8,659	0	8,659
Total Adjustments	293,132	7,101	300,233
Net Cash Provided by Operating Activities	930,115	(11,804)	918,311

See accompanying notes to the financial statements.

**CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. DESCRIPTION OF THE ENTITY

The City of Tiffin is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City was incorporated as a village in 1835 and became a City under the laws of the State of Ohio in 1850. In 1977 a voter-approved Charter became effective. The City provides police protection within its boundaries, and fire protection to its citizens and adjacent townships by mutual agreement contracts. The City provides basic utilities in the form of wastewater treatment. The City constructs and maintains streets and sidewalks within the City. The City also operates and maintains parks and recreation system.

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

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the entity.

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

The City has not included the City of Tiffin School District, The Tiffin-Seneca Public Library, The Conner Memorial Commission, and the Weller Memorial Commission as it has no control over these operations and are autonomous entities.

CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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

B. FUND ACCOUNTING

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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

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

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

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

C. BASIS OF ACCOUNTING

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

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

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers income taxes

**CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

as available if they are collected within 60 days after year end. A one-month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

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

D. BUDGETARY PROCESS

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

Tax Budget:

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources:

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

Appropriations:

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period of January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, department, and object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. Several supplemental appropriation ordinances were legally enacted by Council during the year. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures.

Lapsing of Appropriations:

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

E. CASH AND INVESTMENTS

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund balance integrity maintained through the City's records. Each fund's interest in the pool is presented as "Equity in pooled cash" on the combined balance sheet.

During fiscal year 2000, investments were limited to repurchase agreements.

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

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during year 2000 amounted to \$481,335.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "Cash in Segregated Accounts" since they are not required to be deposited into the City's treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents.

F. INVENTORIES

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items. Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At period end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying of the asset.

H. FIXED ASSETS

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

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

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

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

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

I. COMPENSATED ABSENCES

Compensated absences of the City consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributed to services already rendered and are not contingent on a specific event that is outside the control of the City. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, "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 severance is accrued using the vesting method; i.e., the liability 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 fifty (50) or greater with at least ten (10) years of service expected to become eligible to retire in accordance with GASB Statement No. 16.

**CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

J. LONG-TERM OBLIGATIONS

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

K. FUND EQUITY

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

L. INTERFUND TRANSACTIONS

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

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

M. MEMORANDUM ONLY - TOTAL COLUMNS

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

NOTE 2 -- EQUITY IN POOLED CASH 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 has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 2 -- EQUITY IN POOLED CASH AND INVESTMENTS – (continued)

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

1. United State Treasury bills, bonds, notes 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 State;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25 percent of the interim monies available for investment at any one time for a period not to exceed one hundred eighty days.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, 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 the delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

The following information classifies deposits and Investments by categories of risk as defined in GASB Statement #, "Deposits with Financial Institutions, Investments and Reserve Repurchase Agreements."

On Hand: At year-end \$310 was on hand throughout the city in the form of drawer change and petty cash.

Deposits: At year-end, the carrying amount of the City's deposits was \$6,496,047 and the bank balance was \$6,814,261. Of the bank balance:

1. \$581,293 was covered by federal depository insurance, by collateral held by the City or by collateral held by a qualified third party trustee in the name of the City;

**CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 2 -- EQUITY IN POOLED CASH AND INVESTMENTS – (continued)

2. \$6,232,968 was uninsured and uncollateralized. Although the securities held by the pledging financial institution's trust department or agent but not in the City's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City's deposits are categorized in the following table to give an indication of the level of credit risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the City or its safekeeping agent in the City's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the City name. Category 3 includes uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the City name.

	Category			<u>Book Balance</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Certificates	\$ 6,590,000	\$ -	\$ -	\$ 6,590,000
Checking Accounts	(169,505)	-	-	(169,505)
Municipal Court	61,163	-	-	61,163
Bond and Coupon	<u>14,389</u>	<u>-</u>	<u>-</u>	<u>14,389</u>
Totals	<u>\$ 6,496,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,496,047</u>

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

Investments: Statutes authorize the City of Tiffin to invest in obligations of U.S. Treasury, agencies and instrumentalities, bonds and other obligations of this State, and repurchase agreements.

The City's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the City or its agent in the city's name. Category B includes uninsured and unregistered investments for which the securities are held by the Trust department or agent in the City's name. Category C includes uninsured and unregistered investments for which securities are held by the Trust department but not in the City's name.

		<u>Carrying Amount</u>	<u>Fair Value</u>
Bank Repurchase	Category C	\$ 1,099,000	\$ 1,099,000
TOTAL INVESTMENTS		<u>\$ 1,099,000</u>	<u>\$ 1,099,000</u>

The classification of cash and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

**CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 2 -- EQUITY IN POOLED CASH AND INVESTMENTS – (continued)

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

	<u>Equity with City Treasurer</u>	<u>Investments</u>
Per Combined Balance Sheet	\$1,005,357	\$ 6,590,000
Certificates of Deposit over 90 days	6,590,000	(6,590,000)
Bank Repurchase Agreement	(1,099,000)	1,099,000
Petty Cash Funds	<u>(310)</u>	<u>-</u>
Per GASB 3	<u>\$ 6,496,047</u>	<u>\$1,099,000</u>

NOTE 3 -- LOCAL INCOME TAXES

This locally levied tax of 1.75 percent applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Tiffin and to earnings of non residents (except certain transients) earned in the government. It also applies to net income to business organizations conducted within Tiffin. Tax receipts are credited to the City and amounted to \$6,017,244 in 2000.

NOTE 4 -- INSURANCE

The City of Tiffin is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2000, the City contracted through Heritage Insurance with Ohio Government Risk Management Plan for property, fleet, crime and liability insurance.

Coverages provided by Ohio Government Risk Management Plan are as follows:

	<u>Per Occurrence</u>	<u>Annual Aggregate</u>
Building and Contents-Replacement Cost		\$21,763,450
Liability	\$5,000,000 per Occurrence	\$7,000,000
Wrongful Acts	\$5,000,000 per Occurrence	\$6,000,000
Law Enforcement	\$5,000,000 per Occurrence	\$6,000,000
Automobile	\$250 Deductible Comprehensive \$500 Deductible Collision	\$5,000,000 \$5,000,000
Bond		\$100,000
Inland Marine	\$250 Deductible	\$4,719,414
Fire Vehicle	\$250 Deductible	\$790,725
Electronic Data Processing	\$250 Deductible	\$467,027

Real Property and contents are 90 percent coinsured. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in reduction in insurance Coverages from last year.

**CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 4 – INSURANCE – (continued)

The City pays the State Worker’s Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 5 -- PROPERTY TAXES

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

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

The assessed value upon which the 2000 taxes were collected was \$212,213,490. The full tax rate for all City operations applied to real property for fiscal year ended December 31, 2000 was \$4.10 per \$1,000 of assessed valuation.

After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.10 for Seneca County per \$1,000 of assessed valuation for real property classified as residential/ agricultural and \$4.10 for Seneca County per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.

Real Property - 1999 Valuation:

Residential/Agricultural	\$105,719,700
Public Utilities	30,420
Commercial/Industrial	<u>40,414,460</u>
Total Real Property	146,164,580

Tangible Personal Property - 2000 Valuation:

Public Utilities	17,540,240
General Personal	<u>48,508,670</u>
Total Personal Property	<u>66,048,910</u>
Total Assessed Valuation	<u>\$212,213,490</u>

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

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

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

CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 6 -- RECEIVABLES

Receivables at December 31, 2000, consisted of taxes, interest, accounts (billings for user charged services, including unbilled utility services) and intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full, including accounts receivable which, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

A summary of the principal items of receivables follows:

General:

Amount

Accrued Property Taxes:

Current	\$ 892,682
Delinquent	9,604
Accrued City Income Taxes	677,517
Accounts Receivable-Ambulance	110,207
Accounts Receivable	2,978
Due from Other Governments	43,603
Accrued Interest Receivable	77,403

Special Revenue Funds

Accrued Property Taxes:

Current	\$ 153,032
Delinquent	1,646
Due from Other Governments	155,013
Accrued Interest Receivable	35,418

Debt Service Funds

Special Assessments	\$ 1,042,953
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Capital Projects Funds

Accrued Interest	\$ 9,148
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Proprietary Funds

Accounts Receivable Billed	\$ 131,658
Unbilled Services	417,473

Trust and Agency Fund

Accrued Interest Receivable	\$ <u>503</u>
Total	<u>\$3,760,838</u>

NOTE 7 -- DUE TO OTHER FUNDS/DUE FROM OTHER FUNDS

Receivable and payable balances represent Municipal Court fines and forfeitures due to the following funds at December 31, 2000:

	<u>Due From</u>	<u>Due To</u>
General	\$20,199	
Special Revenue Funds:		
Computer Fund	\$595	
Computer Legal Research	111	
DUI Indigent Drivers	340	
DUI Arrest	161	
DARE	3,124	
Drug Law Enforcement	16	
Women Victim Assistance Fund	<u>1,597</u>	
Total Special Revenue Fund Type	\$5,944	

**CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 7 -- DUE TO OTHER FUNDS/DUE FROM OTHER FUNDS --(continued)

Trust and Agency Funds:

State Highway Patrol Transfer	\$903	
Municipal Court Agency	_____	<u>\$27,046</u>
Totals	<u>\$27,046</u>	<u>\$27,046</u>

NOTE 8 -- FIXED ASSETS

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

	<u>Balance 1/01/00</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/00</u>
Land	\$2,939,710	\$ -	\$(138,500)	\$2,801,210
Buildings	6,295,080	506,277	-	6,801,357
Machinery & Equipment	2,092,798	138,863	(37,608)	2,194,053
Furniture & Fixtures	205,505	52,881	(300)	258,086
Vehicles	<u>1,738,286</u>	<u>187,850</u>	<u>(64,886)</u>	<u>1,861,250</u>
Total	13,271,379	885,871	(241,294)	13,915,956
Less:				
Accumulated Depreciation	<u>(6,345,646)</u>	<u>(454,710)</u>	<u>102,794</u>	<u>(6,697,562)</u>
Total Assets	<u>\$6,925,733</u>	<u>\$ 431,161</u>	<u>\$(138,500)</u>	<u>\$7,218,394</u>

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

	<u>Sewer Fund</u>
Land	\$ 241,940
Buildings	10,016,576
Equipment, Machinery	414,681
Furniture and Fixture	46,313
Vehicles	611,793
Infrastructure	4,883,040
Infrastructure Contributed	<u>1,991,893</u>
Total Fixed Assets	18,206,236
Less: Accumulated Depreciation	<u>(9,494,824)</u>
Net Fixed Assets	<u>\$8,711,412</u>

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

Buildings	40 years
Equipment	8-20 years
Vehicles	3-5 years
Infrastructure	80 years

**CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 9 -- DEBT OBLIGATIONS

	<u>Balance 1/01/00</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/00</u>
<u>Special Assessment Anticipation Notes:</u>				
Sanitary Sewer Improvement Notes, 7/8/99, 3.95%	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
 <u>Special Assessment Bonds Payable with Government Commitment:</u>				
Miami Street Storm Water Drainage Improvement Bonds 6/24/98, 4.04%				
	650,000	-	20,000	630,000
Streetscape Special Assessment Bonds, 9.25%				
Issued 1988	<u>68,000</u>	<u>-</u>	<u>17,000</u>	<u>51,000</u>
Total Long Term Debt	718,000	-	37,000	681,000
 Enterprise Debt:				
Sewer Imp. Bonds, 4.748%				
	1,850,000	-	150,000	1,700,000
 G. O. Sanitary Sewer Refunding Bonds, Series 1998				
	<u>3,195,000</u>	<u>-</u>	<u>215,000</u>	<u>2,980,000</u>
Total Enterprise Debt	5,045,000	-	365,000	4,680,000
 Compensated Absences				
	<u>417,253</u>	<u>41,190</u>	<u>-</u>	<u>458,443</u>
Total Debt	<u>\$7,380,253</u>	<u>\$1,241,190</u>	<u>\$1,602,000</u>	<u>\$7,019,443</u>

Outstanding general obligation bonds consist of a wastewater treatment plant improvement issue. General Obligation Bonds are direct obligations of the City of Tiffin for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the city.

The Special Assessment Bonds are for a Streetscape project and Miami Street Storm Water Drainage Improvements.

All of the Enterprise Debt is general obligation debt but it is anticipated that user charges will pay-off all the outstanding bonds.

The annual requirements to amortize all bonded and loans outstanding as of December 31, 2000, including interest payments of \$1,634,978 are as follows:

CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 9 -- DEBT OBLIGATIONS – (continued)

<u>Year Ending</u> <u>December 31</u>	<u>General</u> <u>Obligation Debt</u>	<u>Special Assessment</u> <u>Bonds and Notes</u>
2001	584,012	1,338,478
2002	578,492	75,975
2003	572,805	73,341
2004	581,310	53,680
2005	578,370	52,568
2006-2010	2,654,561	277,866
2011-2015	338,812	274,188
2016-2018	-	<u>161,520</u>
Totals	\$5,888,362	\$2,307,616
Less Interest	<u>1,208,362</u>	<u>426,616</u>
Total Principal	<u>\$4,680,000</u>	<u>\$ 1,881,000</u>

NOTE 10 -- PENSION AND RETIREMENT PLANS

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

Public Employees Retirement System (PERS) - The Public Employees Retirement System (PERS) of Ohio is a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2000 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered salary. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for the regular employees and 6% for law enforcement employees.. The employer contribution rate was 10.84 percent of covered payroll; The law enforcement employer rate was 15.70% of covered payroll. The City's contributions for pension obligations to PERS for the years ended December 31, 2000, 1999, and 1998 were \$213,548, \$347,650, and \$333,697; respectively; 79.2% representing the paid contribution for 2000 and 100% for 1999 and 1998. \$63,126 representing the unpaid contribution for 2000, is recorded as an expenditure to the individual funds that incurred the costs.

Police and Fireman's Disability and Pension Fund - The City of Tiffin contributes to the Police and Fireman's Disability and Pension Fund (PFDPF), a cost-sharing, multiple-employer defined benefit pension plan. PFDPF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The PFDPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Police and Fireman's Disability and Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City 's contributions to PFDPF for the years ending December 31, 2000, 1999 and 1998 were \$638,590, \$632,562, and \$610,187, respectively, equal to the required contributions for the year. 81.7% has been contributed for 2000 and 100 percent for 1999 and 1998. \$156,205 representing the unpaid contribution for 2000, is recorded as an expenditure to the individual funds that incurred the costs.

CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 11 -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Public Employees Retirement System--Public Employees Retirement System of Ohio provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio Service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. The 2000 employer contribution rate was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care for the year 2000. The law enforcement employer rate for 2000 was 15.70% and 4.3% was used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employees to fund post retirement health care through their contributions to PERS. The city's contribution to fund postemployment benefits was \$84,710.

As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The number of benefit recipients eligible for OPEB at December 31, 2000 was 401,339.

The Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for regular employees and 6% law enforcement employees.

Police and Firemen's Disability and Pension Fund

The Fund provides post retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firemen's employer contribution rate is 24% of covered payroll.

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

Health care funding and accounting is on a pay-as-you-go basis. The Board defined allocation was 7.0% and 7.25% of covered payroll in 1999 and 2000. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1999 are 12,467 for police and 9,807 for firefighters.

The amount that the city contributed as the employer's share to pay postemployment benefits for 2000, 1999, and 1998 was \$211,872, \$206,215 and \$181,137, respectively.

The Fund's total health care expenses for the year ending December 31, 1999, the date of the last actuarial valuation was \$95,004,633 which was net of member contributions of \$5,518,098.

CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 12 -- DEFERRED COMPENSATION PLAN

City employees and elected officials may participate in a state-wide deferred compensation plan created in accordance with Internal Revenue Code Section 457, offered by the State of Ohio. Participation is on a voluntary payroll deduction basis. Each plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plans are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account of each participant. The plan agreement states that the City and the Ohio Public Employees Deferred Compensation Board have no liability for losses under the plan with the exception of fraud or wrongful taking.

NOTE 13 -- COMPENSATED ABSENCES

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

Sick leave accumulates for non-union and AFSCME employees at the rate of 4.6 hours of sick leave for each eighty hours of work completed. Employees who have sick leave accumulated receive payment upon resignation with fifteen minimum years of continuous service at a rate of one half total sick leave accumulated to a maximum of 180 days (ninety days). EMT employees accumulate at the same rates but accumulate up to 720 hours. Sick leave accumulates for fire employees at the rate of 1 1/4 days of sick leave for each completed month. Upon retirement the fire employees receive 1/3 total hours accumulated not to exceed 1/3 of 2880 hours.

Sick leave accumulates for police employees at the rate of 1 1/4 days of sick leave for each completed month. Upon retirement or resignation with fifteen minimum years of service receive two-thirds of sick leave accumulated not to exceed 180 days.

Individuals leaving the employment of the City prior to retirement or at retirement lose their accumulated sick leave. At December 31, 2000, the maximum vested liability to the City for accumulated unpaid sick leave, assuming the city would have to pay all accumulated sick leave if the city ceased operations approximated \$396,660. A liability has been recognized in the accompanying financial statements for sick leave for only the employees who are age 50 or older, or have thirty years with local government employment.

**CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 13 -- COMPENSATED ABSENCES – (continued)

A liability for accrued vacation for \$163,617 has been recognized. Vacation is accumulated based upon length of service as follows:

<u>Employee Service</u>	OPEIU, Non-Union & Dispatchers Credit	Employee Service	AFSCME Credit
1 to 4 years	10 days	1 to 4 years	10 days
After 5 years	11 days	After 5 years	11 days
After 6 years	12 days	After 6 years	12 days
After 7 years	13 days	After 7 years	13 days
After 8 years	14 days	After 8 years	14 days
After 9-12 years	15 days	After 9-10 years	15 days
After 13 years	16 days	After 11-13 years	16 days
After 14 years	17 days	After 14 years	17 days
After 15 years	18 days	After 15 years	18 days
After 16 years	19 days	After 16-19 years	20 days
After 17 years	20 days	After 20 years	21 days
<u>Employee Service</u>	Fire Credit	Employee Service	Police Credit
1 to 6 years	5 days	1 to 4 years	10 days
After 7 years	6 days	After 5 years	11 days
After 8-14 years	8 days	After 6 years	12 days
After 15-20 years	10 days	After 7 years	13 days
After 21 years	11 days	After 8 years	14 days
		After 9-12 years	15 days
		After 13 years	16 days
		After 14 years	17 days
		After 15 years	18 days
		After 16 years	19 days
		After 17-19 years	20 days
		Over 20 years	21 days

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

Vacation leave to an employee's credit which is in excess of the accrual for the last two years of employment shall be considered excess vacation. Employees shall forfeit their right to take or to be paid for excess vacation and such excess vacation shall be eliminated from the employee's vacation leave balance on each anniversary of employment.

Upon retirement or death of an employee, the employee or his estate shall be entitled to compensation at his current rate of pay for all lawfully accrued and unused vacation leave to his credit at the time of retirement or death.

CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 14 -- SEGMENT INFORMATION - ENTERPRISE FUNDS

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

	<u>Sewer Fund</u>
Operating Revenue	\$2,272,011
Operating Expenses less Depreciation	\$1,284,365
Depreciation	\$350,663
Operating Income	\$636,983
Net Income (Loss)	\$425,700
Fixed Assets	\$8,711,412
Asset Additions	\$54,102
Total Assets	\$11,721,009
Bonds and Note Debt	\$4,680,000
Net Working Capital	\$2,741,661
Total Equity	\$6,862,136

NOTE 15--BUDGET BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances, Budget and Actual, All Governmental Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP).
- (d) Proceeds of short-term notes are not treated as revenue but as a liability.
- (e) Proceeds of Bonds are not treated as revenue but as a liability.
- (f) Payment of short-term notes are not treated as expenditures but as a reduction of a liability.
- (g) Transfers made within the Sewer Fund have been eliminated on the GAAP basis.

**CITY OF TIFFIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 15--BUDGET BASIS OF ACCOUNTING – (continued)

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

	Excess of Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses			Capital Project
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<u>Budget Basis</u>	\$(145,259)	\$(192,649)	\$ 1,079	\$(656,215)
Adjustments:				
Revenue Accruals	43,968	99,211	-	(266)
Expenditure Accruals	308,201	233,757	-	86,143
Payment of Debt	-	-	-	1,200,000
Encumbrances	<u>328,434</u>	<u>93,759</u>	<u>-</u>	<u>118,788</u>
<u>GAAP Basis</u>	<u>\$535,344</u>	<u>\$234,078</u>	<u>\$1,079</u>	<u>\$748,450</u>

	<u>Net Income</u>	
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>
<u>Budget Basis</u>	\$271,485	\$ (10,279)
Adjustments:		
Revenue Accruals	27,942	(7,103)
Expenditure Accruals	92,230	-
Encumbrances	<u>34,043</u>	<u>-</u>
<u>GAAP Basis</u>	<u>\$ 425,700</u>	<u>\$(17,382)</u>

NOTE 16 -- CONTINGENT LIABILITIES

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the law director the resolution of these matters will not have a material adverse effect on the financial condition of the government.

CITY OF TIFFIN
Schedule of Federal Awards Expenditures
December 31, 2000

Federal Grantor/Pass Through Grantor Number/Program Title	Pass Through Entity Number	CFDA Number	Federal Receipts	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grant	A-F-99-183-1	14.218	96,000	96,000
Total Community Development Block Grant			96,000	96,000
CHIP Grant - CDBG	A-C-99-183-1	14.228	79,620	83,068
Total CHIP - CDBG			79,620	83,068
CHIP Grant - HOME	A-C-99-183-2	14.239	131,107	118,144
Total CHIP - HOME			131,107	118,144
<u>Total U.S. Department of Housing and Urban Development</u>			306,727	297,212
<u>U.S. Department of Justice</u>				
<i>Passed Through Ohio Department of</i>				
COPS Universal Hiring Award	97-UM-WX-1051	16.710	32,284	32,284
Total COPS Universal Hiring Award			32,284	32,284
Local Law Enforcement Block Grant	97-LB-VX-4793	16.592	-	7,693
Local Law Enforcement Block Grant	98-LB-VX-4793	16.592	-	3,868
Local Law Enforcement Block Grant	99-LB-VX-8986	16.592	13,686	15,210
Total Local Law Enforcement Block Grant			13,686	26,771
<u>Total U.S. Department of Justice</u>			45,970	59,055
<u>TOTAL FEDERAL ASSISTANCE</u>			<u>352,697</u>	<u>356,267</u>

City of Tiffin
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2000

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members of City Council
City of Tiffin
Tiffin, Ohio

We have audited the general purpose financial statements of the City of Tiffin, Ohio as of and for the year ended December 31, 2000 and have issued our report thereon dated June 28, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated June 28, 2001.

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

Charles E. Harris & Associates, Inc.
July 28, 2001

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mayor and City Council
City of Tiffin
Tiffin, Ohio

Compliance

We have audited the compliance of the City of Tiffin with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report intended for the information and use of management, the Honorable Mayor and City Council, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
June 28, 2001

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**CITY OF TIFFIN
SENECA COUNTY
December 31, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Home Funds - CFDA #14.239
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)
OMB CIRCULAR A-133 SECTION .505

CITY OF TIFFIN
SENECA COUNTY
December 31, 2000

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

STATUS OF PRIOR YEAR'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the year ended December 31, 1999 did not include material citations or recommendations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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CITY OF TIFFIN
SENECA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 16, 2001**