

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS
(Audited)

For The Year Ended
December 31, 2008

GWYNN REINHART, DIRECTOR OF FINANCE



Mary Taylor, CPA
Auditor of State

Members of Council and Mayor
City of Tiffin
P. O. Box 455
51 East Market Street
Tiffin, Ohio 44883-0455

We have reviewed the *Independent Auditor's Report* of the City of Tiffin, Seneca County, prepared by Julian & Grube, Inc., for the audit period January 1, 2008 through December 31, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 30, 2009

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**CITY OF TIFFIN
SENECA COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Members of Council and Mayor
City of Tiffin
51 East Market Street
Tiffin, Ohio 44883

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 Tiffin, Seneca County, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the City of Tiffin's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tiffin's management. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

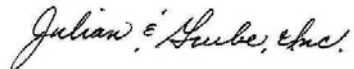
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tiffin, Seneca County, Ohio, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2009, on our consideration of the City of Tiffin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of Council and Mayor
City of Tiffin
Page Two

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 23, 2009

CITY OF TIFFIN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

The management's discussion and analysis of the City of Tiffin's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2008. 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 2008 are as follows:

- The total net assets of the City increased \$1,332,955. Net assets of governmental activities increased \$612,176 or 2.65% over 2007 and net assets of business-type activities increased \$720,779 or 5.73% over 2007.
- General revenues accounted for \$10,758,481 or 79.70% of total governmental activities revenue. Program specific revenues accounted for \$2,739,806 or 20.30% of total governmental activities revenue.
- The City had \$12,785,773 in expenses related to governmental activities; \$2,739,806 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$10,045,967 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$10,758,481.
- The general fund had revenues of \$11,423,823 in 2008. This represents an increase of \$810,248 from 2007 revenues. The expenditures and other financing uses of the general fund, which totaled \$11,335,642 in 2008, increased \$777,945 from 2007. The net increase in fund balance for the general fund was \$88,181 or 5.41%.
- Net assets for the business-type activities, which is made up of the sewer enterprise fund, increased in 2008 by \$720,779. This increase in net assets was due primarily to charges for services and other operating income being sufficient to cover expenses.
- In the general fund, the actual revenues and other financing sources were \$1,314,030 less than in the final budget and actual expenditures and other financing uses were \$2,054,499 less than the amount in the final budget. These variances are the result of the City's conservative budgeting. Budgeted revenues and other financing sources increased \$132,000 from the original to the final budget. Budgeted expenditures and other financing uses increased \$180,767 from the original to the final budget due primarily to an increase in the cost of general government expenditures.

Using this Annual Financial Report

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 assets 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 TIFFIN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

Reporting the City as a Whole

Statement of Net Assets 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 2008?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses 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 assets and changes in those assets. This change in net assets 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 assets 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 sewer 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. The analysis of the City's major governmental and proprietary funds begins on page 10.

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 TIFFIN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

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 only major governmental fund is the general 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. The basic governmental fund financial statements can be found on pages 18-22 of this report.

Proprietary Fund

The City maintains one proprietary fund to account for sewer operations. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for sewer operations. The City's enterprise fund is considered a major fund. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

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. Agency funds are the City's only fiduciary fund types. The basic fiduciary fund financial statement can be found on page 27 of this report.

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. These notes to the basic financial statements can be found on pages 28-60 of this report.

CITY OF TIFFIN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Government-wide Financial Analysis

The table below provides a summary of the City's government-wide assets, liabilities and net assets for 2008 and 2007:

	Net Assets					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>						
Current and other assets	\$ 10,308,888	\$ 10,377,740	\$ 3,399,189	\$ 4,215,476	\$ 13,708,077	\$ 14,593,216
Capital assets, net	<u>20,821,417</u>	<u>19,201,096</u>	<u>16,823,873</u>	<u>16,747,252</u>	<u>37,645,290</u>	<u>35,948,348</u>
Total assets	<u>31,130,305</u>	<u>29,578,836</u>	<u>20,223,062</u>	<u>20,962,728</u>	<u>51,353,367</u>	<u>50,541,564</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	1,895,259	1,926,700	147,463	882,530	2,042,722	2,809,230
Other liabilities	<u>3,209,565</u>	<u>2,238,831</u>	<u>7,485,919</u>	<u>8,211,297</u>	<u>10,695,484</u>	<u>10,450,128</u>
Total liabilities	<u>5,104,824</u>	<u>4,165,531</u>	<u>7,633,382</u>	<u>9,093,827</u>	<u>12,738,206</u>	<u>13,259,358</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	18,766,481	18,208,547	9,520,865	10,965,934	28,287,346	29,174,481
Restricted	3,666,413	3,659,585	-	-	3,666,413	3,659,585
Unrestricted	<u>3,592,587</u>	<u>3,545,173</u>	<u>3,068,815</u>	<u>902,967</u>	<u>6,661,402</u>	<u>4,448,140</u>
Total net assets	<u>\$ 26,025,481</u>	<u>\$ 25,413,305</u>	<u>\$ 12,589,680</u>	<u>\$ 11,868,901</u>	<u>\$ 38,615,161</u>	<u>\$ 37,282,206</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2008, the City's assets exceeded liabilities by \$38,615,161. At year-end, net assets were \$26,025,481 and \$12,589,680 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 73.31% of total assets. Capital assets include land, construction in progress, buildings and improvements, machinery and equipment, furniture and fixtures, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2008, were \$18,766,481 and \$9,680,261 in the governmental 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.

As of December 31, 2008, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$3,666,413, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$3,592,587 may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF TIFFIN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

The table below shows the changes in net assets for fiscal years 2008 and 2007.

	Change in Net Assets					
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,266,239	\$ 1,339,358	\$ 3,088,452	\$ 2,735,944	\$ 4,354,691	\$ 4,075,302
Operating grants and contributions	902,301	1,130,695	164,397	216,726	1,066,698	1,347,421
Capital grants and contributions	571,266	146,669	-	-	571,266	146,669
Total program revenues	<u>2,739,806</u>	<u>2,616,722</u>	<u>3,252,849</u>	<u>2,952,670</u>	<u>5,992,655</u>	<u>5,569,392</u>
General revenues:						
Property taxes	1,073,775	970,445	-	-	1,073,775	970,445
Income taxes	7,091,062	7,270,239	-	-	7,091,062	7,270,239
Unrestricted grants and entitlements	1,601,924	1,357,025	-	-	1,601,924	1,357,025
Contributions and donations	566,168	-	-	-	566,168	-
Investment earnings	94,188	193,839	99,565	262,433	193,753	456,272
Miscellaneous	331,364	280,877	22,854	12,261	354,218	293,138
Total general revenues	<u>10,758,481</u>	<u>10,072,425</u>	<u>122,419</u>	<u>274,694</u>	<u>10,880,900</u>	<u>10,347,119</u>
Total revenues	<u>13,498,287</u>	<u>12,689,147</u>	<u>3,375,268</u>	<u>3,227,364</u>	<u>16,873,555</u>	<u>15,916,511</u>
Expenses						
General government	2,950,965	2,659,299	-	-	2,950,965	2,659,299
Security of persons and property	7,144,494	6,915,018	-	-	7,144,494	6,915,018
Public health and welfare	7,648	3,723	-	-	7,648	3,723
Transportation	1,679,108	1,553,640	-	-	1,679,108	1,553,640
Community environment	366,940	425,461	-	-	366,940	425,461
Leisure time activity	467,679	462,767	-	-	467,679	462,767
Economic development	107,043	44,726	-	-	107,043	44,726
Urban redevelopment and housing	13	253,947	-	-	13	253,947
Interest and fiscal charges	61,883	48,979	-	-	61,883	48,979
Sewer	-	-	2,736,025	2,721,083	2,736,025	2,721,083
Total expenses	<u>12,785,773</u>	<u>12,367,560</u>	<u>2,736,025</u>	<u>2,721,083</u>	<u>15,521,798</u>	<u>15,088,643</u>
Increase in net assets before special items and transfers	712,514	321,587	639,243	506,281	1,351,757	827,868
Special item	(18,802)	-	-	-	(18,802)	-
Transfers	(81,536)	(43,309)	81,536	43,309	-	-
Change in net assets	612,176	278,278	720,779	549,590	1,332,955	827,868
Net assets at beginning of year	<u>25,413,305</u>	<u>25,135,027</u>	<u>11,868,901</u>	<u>11,319,311</u>	<u>37,282,206</u>	<u>36,454,338</u>
Net assets at end of year	<u>\$ 26,025,481</u>	<u>\$ 25,413,305</u>	<u>\$ 12,589,680</u>	<u>\$ 11,868,901</u>	<u>\$ 38,615,161</u>	<u>\$ 37,282,206</u>

CITY OF TIFFIN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

Governmental Activities

Governmental activities net assets increased \$612,176 in 2008.

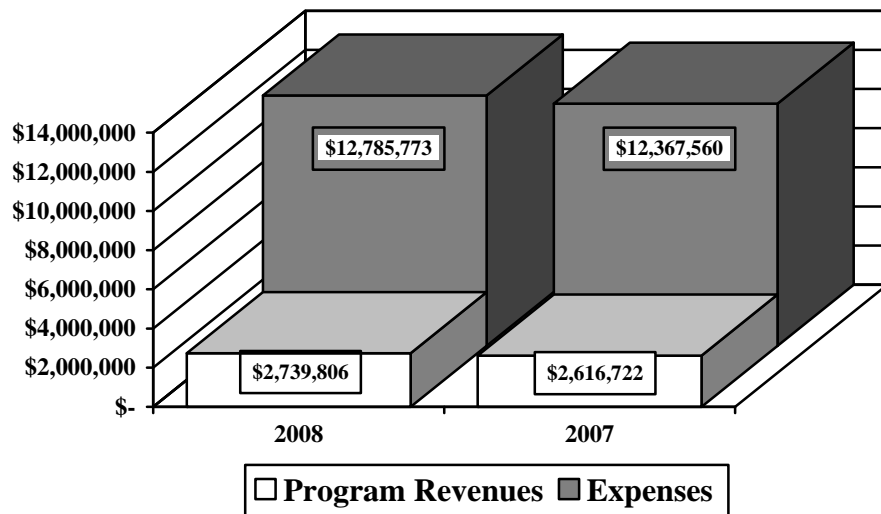
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$7,144,494 of the total expenses of the City. These expenses were partially funded by \$525,873 in direct charges to users of the services. Transportation expenses totaled \$1,679,108. Transportation expenses were partially funded by \$52,070 in direct charges to users of the services and \$815,716 in operating grants and contributions.

The State and federal government contributed to the City a total of \$902,301 in operating grants and contributions and \$571,266 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$815,716 subsidized transportation programs, \$42,068 subsidized community environment programs and \$29,426 subsidized leisure-time activities programs.

General revenues totaled \$10,758,481 and amounted to 79.70% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$8,164,837. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue, making up \$1,601,924. Contributions and donations were another significant source of revenue in the amount of \$566,168, primarily due to the donations provided by the Clive Lupton grant.

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.

Governmental Activities - Program Revenues vs. Total Expenses



CITY OF TIFFIN, OHIO

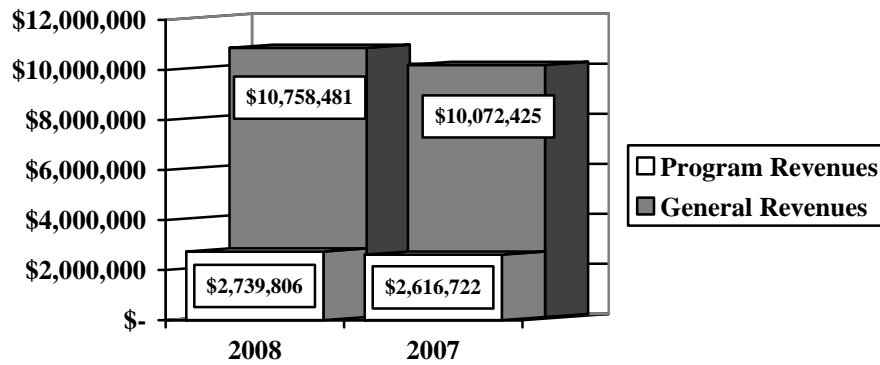
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Governmental Activities

	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
Program expenses:				
General government	\$ 2,950,965	\$ 2,330,474	\$ 2,659,299	\$ 2,028,881
Security of persons and property	7,144,494	6,616,484	6,915,018	6,376,962
Public health and welfare	7,648	(4,605)	3,723	(9,167)
Transportation	1,679,108	244,260	1,553,640	429,064
Community environment	366,940	306,760	425,461	333,909
Leisure time activity	467,679	399,246	462,767	383,005
Economic development	107,043	91,452	44,726	23,867
Urban redevelopment and housing	13	13	253,947	135,338
Interest and fiscal charges	<u>61,883</u>	<u>61,883</u>	<u>48,979</u>	<u>48,979</u>
Total	<u>\$ 12,785,773</u>	<u>\$ 10,045,967</u>	<u>\$ 12,367,560</u>	<u>\$ 9,750,838</u>

The dependence upon general revenues for governmental activities is apparent, with 84.14% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues



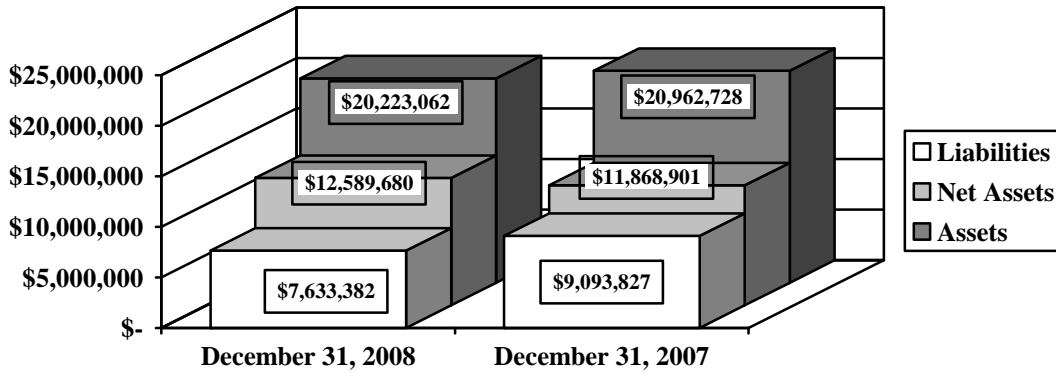
CITY OF TIFFIN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Business-type Activities

Business-type activities include the sewer enterprise fund. These programs had program revenues of \$3,252,849, general revenues of \$122,419, transfers in of \$81,536 and expenses of \$2,736,025 for 2008. The graph below shows the business-type activities assets, liabilities and net assets at year-end.

Net Assets 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, unreserved 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 (as presented on the balance sheet on page 20) reported a combined fund balance of \$4,443,900 which is \$309,460 more than last year's total of \$4,134,440. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2008 for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/08</u>	Fund Balances <u>12/31/07</u>	<u>Increase</u>
Major fund:			
General	\$ 1,712,046	\$ 1,629,443	\$ 82,603
Other nonmajor governmental funds	<u>2,731,854</u>	<u>2,504,997</u>	<u>226,857</u>
Total	<u>\$ 4,443,900</u>	<u>\$ 4,134,440</u>	<u>\$ 309,460</u>

CITY OF TIFFIN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

General Fund

The City's general fund balance increased \$88,181. The table that follows assists in illustrating the revenues of the general fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 8,016,901	\$ 8,239,430	(2.70) %
Charges for services	597,965	419,117	42.67 %
Licenses and permits	28,978	29,344	(1.25) %
Fines and forfeitures	311,265	326,440	(4.65) %
Investment income	96,095	211,350	(54.53) %
Intergovernmental	1,637,316	1,213,015	34.98 %
Other	<u>735,303</u>	<u>34,916</u>	2,005.92 %
Total	<u>\$ 11,423,823</u>	<u>\$ 10,473,612</u>	9.07 %

Tax revenue represents 70.18% of all general fund revenue. Tax revenue decreased by 2.70% over prior year. The increase in other revenue is due to more refunds and reimbursements being collected during the available period of thirty days subsequent to fiscal year-end and the Clive Lupton grant. Investment income decreased 54.53% due to a decrease in the amount of investments entered into by the City and lower interest rates on the City's investments. Charges for services increased 42.67% due to an increase in the amount of ambulance service revenue being received by the City during the available period. All other revenue remained comparable to 2007.

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

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 2,766,020	\$ 2,419,164	14.34 %
Security of persons and property	6,706,919	6,345,688	5.69 %
Community environment	254,061	213,782	18.84 %
Capital outlay	-	139,963	100.00 %
Debt service	<u>31,805</u>	<u>15,903</u>	100.00 %
Total	<u>\$ 9,758,805</u>	<u>\$ 9,134,500</u>	6.83 %

General government increased 14.34% primarily due to wage and benefit increases. Community environment expenditures increased 18.84% primarily due to wage and benefit increases. Capital outlay and debt service expenditures in 2007 were related to a lease agreement entered into by the City during 2007. The largest expenditure line item, security of persons and property, remained comparable to 2007.

CITY OF TIFFIN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Budgeting Highlights

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 and other financing sources were \$1,314,030 less than in the final budget and actual expenditures and other financing uses were \$2,054,499 less than the amount in the final budget. These variances are the result of the City's conservative budgeting. Budgeted revenues and other financing sources increased \$132,000 from the original to the final budget. Budgeted expenditures and other financing uses increased \$180,767 from the original to the final budget due primarily to an increase in the cost of security of persons and property expenditures.

Proprietary Fund

The City's proprietary fund provides the same type of information found in the government-wide financial statements for business-type activities, except in more detail.

Capital Assets and Debt Administration

Capital Assets

At the end of 2008, the City had \$37,645,290 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, machinery and equipment, furniture and fixtures, vehicles and infrastructure. Of this total, \$20,821,417 was reported in governmental activities and \$16,823,873 was reported in business-type activities. The following table shows 2008 balances compared to 2007:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 3,106,221	\$ 3,128,302	\$ 241,940	\$ 241,940	\$ 3,348,161	\$ 3,370,242
Buildings and improvements	2,565,173	2,607,049	2,268,900	2,341,394	4,834,073	4,948,443
Machinery & equipment	717,552	821,772	199,688	94,980	917,240	916,752
Furniture & fixtures	66,790	75,298	4,090	5,442	70,880	80,740
Vehicles	1,429,660	1,626,282	229,391	115,828	1,659,051	1,742,110
Infrastructure	12,865,714	10,942,393	13,671,184	13,947,668	26,536,898	24,890,061
Construction in progress	<u>70,307</u>	<u>-</u>	<u>208,680</u>	<u>-</u>	<u>278,987</u>	<u>-</u>
Totals	<u>\$ 20,821,417</u>	<u>\$ 19,201,096</u>	<u>\$ 16,823,873</u>	<u>\$ 16,747,252</u>	<u>\$ 37,645,290</u>	<u>\$ 35,948,348</u>

The City's largest governmental capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks and curbs lines. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 61.79% of the City's total governmental capital assets.

CITY OF TIFFIN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

The City's largest business-type capital asset category is infrastructure that primarily includes sewer lines and drains. 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 81.26% of the City's total business-type capital assets. See Note 10 to the financial statements for more detail.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2008 and 2007:

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
Compensated absences	\$ 1,085,829	\$ 1,052,514
Special assessment anticipation notes	200,000	300,000
TIF capital improvement notes	1,250,000	-
Capital lease payable	189,936	247,549
Post-closure landfill obligation	68,800	193,768
Special assessment bonds	<u>415,000</u>	<u>445,000</u>
Total long-term obligations	<u>\$ 3,209,565</u>	<u>\$ 2,238,831</u>

	Business-type Activities	
	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 7,265,000	\$ 8,000,000
Compensated absences	<u>182,911</u>	<u>171,856</u>
Total long-term obligations	<u>\$ 7,447,911</u>	<u>\$ 8,171,856</u>

See Note 12 to the financial statements for more detail on the City's long-term obligations.

Economic Outlook

The economy of the City of Tiffin, although diverse, is extremely impacted by its manufacturing operations. Among those industrial concerns that have a major influence are National Machinery LLC, Ameriwood Industries, Toledo Molding and Die, American Fine Sinter, Tiffin Metal Products and Webster Manufacturing among others.

Two industrial parks have been created during the past fifteen years to facilitate and encourage future development. Of these two parks, Northstar Industrial Park is now fully developed and Eagle Rock Business Park is continuing to grow. Together these parks provide approximately 850 jobs and \$15 million in annual payroll when in full production.

In the current year, many of our industrial concerns are experiencing layoffs and hour reductions due to the sagging economy, however, virtually all are certain they will rebound as the overall financial health of the country begins to improve.

The City is also the retail hub of Seneca County. Primary operations include a Super Wal-Mart Store operated by a staff of 250 employees and a newly built Lowe's Home Improvement Center with employment in excess of 110 associates.

CITY OF TIFFIN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

In July of 2008, Mercy Hospital of Tiffin opened the doors to a new \$61 million, 60,000 square foot facility on an annexed site on the western edge of Tiffin. The campus of Mercy Hospital and a connecting road, S. Shaffer Drive, are expected to spawn further development on the western edge of town especially concerning the old Wal-Mart Property which is being actively promoted by a major commercial developer. Furthermore, it is apparent that the site of the old Mercy Hospital is of interest as another prime site for commercial development.

Tiffin also is home to two universities, Heidelberg University with an enrollment of approximately 1,250 undergraduate and graduate students and Tiffin University with a corresponding enrollment of about 1,300 full time undergraduate and graduate students. It has been estimated that the combined economic impact of these two universities approaches \$60 million annually.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 Ms. Gwynn Reinhart, Finance Director, City of Tiffin, P.O. Box 455, Tiffin, Ohio 44883-0455 or e-mail at financedirector@tiffinohio.gov or telephone at (419) 448-5403.

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**BASIC
FINANCIAL STATEMENTS**

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CITY OF TIFFIN, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2008

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 3,951,212	\$ 2,375,463	\$ 6,326,675
Receivables (net of allowances for uncollectibles):			
Income taxes	1,642,030	-	1,642,030
Real and other taxes	1,042,636	-	1,042,636
Accounts	198,080	799,167	997,247
Special assessments	669,566	-	669,566
Accrued interest	26,135	3	26,138
Due from other governments	1,331,918	-	1,331,918
Loans receivable	116,929	-	116,929
Prepayments	97,135	19,683	116,818
Materials and supplies inventory.	48,205	45,476	93,681
Unamortized bond issue costs	-	159,397	159,397
Investment in joint venture	1,185,042	-	1,185,042
Capital assets:			
Land and construction in progress.	3,176,528	450,620	3,627,148
Depreciable capital assets, net	17,644,889	16,373,253	34,018,142
Total capital assets, net	<u>20,821,417</u>	<u>16,823,873</u>	<u>37,645,290</u>
Total assets.	<u>31,130,305</u>	<u>20,223,062</u>	<u>51,353,367</u>
Liabilities:			
Accounts payable.	75,401	26,411	101,812
Retainage payable	48,493	-	48,493
Accrued wages and benefits	298,501	57,652	356,153
Due to other governments	462,034	38,648	500,682
Unearned revenue.	987,833	-	987,833
Accrued interest payable.	22,997	24,752	47,749
Long-term liabilities:			
Due within one year	2,110,495	858,200	2,968,695
Due in more than one year	1,099,070	6,627,719	7,726,789
Total liabilities	<u>5,104,824</u>	<u>7,633,382</u>	<u>12,738,206</u>
Net assets:			
Invested in capital assets, net of related debt	18,766,481	9,520,865	28,287,346
Restricted for:			
Capital projects.	715,953	-	715,953
Debt service	559,854	-	559,854
Transportation projects.	573,998	-	573,998
Leisure-time activities	83,486	-	83,486
Municipal court.	528,108	-	528,108
Security of persons and property.	430,323	-	430,323
Community environment.	152,928	-	152,928
Economic development and assistance	520,793	-	520,793
Urban redevelopment and housing.	51,370	-	51,370
Permanent fund:			
Nonexpendable	25,000	-	25,000
Expendable.	8,195	-	8,195
Other purposes	16,405	-	16,405
Unrestricted.	3,592,587	3,068,815	6,661,402
Total net assets	<u>\$ 26,025,481</u>	<u>\$ 12,589,680</u>	<u>\$ 38,615,161</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 2,950,965	\$ 620,491	\$ -	\$ -
Security of persons and property	7,144,494	525,873	-	2,137
Public health and welfare	7,648	12,253	-	-
Transportation	1,679,108	52,070	815,716	567,062
Community environment	366,940	16,045	42,068	2,067
Leisure time activity	467,679	39,007	29,426	-
Economic development and assistance	107,043	500	15,091	-
Urban redevelopment and housing	13	-	-	-
Interest and fiscal charges	61,883	-	-	-
Total governmental activities	<u>12,785,773</u>	<u>1,266,239</u>	<u>902,301</u>	<u>571,266</u>
Business-type activities:				
Sewer	<u>2,736,025</u>	<u>3,088,452</u>	<u>164,397</u>	<u>-</u>
Total business-type activities	<u>2,736,025</u>	<u>3,088,452</u>	<u>164,397</u>	<u>-</u>
Total primary government	<u>\$ 15,521,798</u>	<u>\$ 4,354,691</u>	<u>\$ 1,066,698</u>	<u>\$ 571,266</u>

General revenues:

Property taxes levied for:

- General purposes
- Police pension
- Fire pension

Income taxes levied for:

- General purposes
- Grants and entitlements not restricted to specific programs
- Contributions and donations
- Refunds and reimbursements
- Investment earnings
- Miscellaneous

Total general revenues

Special item - loss on the sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,330,474)	\$ -	\$ (2,330,474)
(6,616,484)	-	(6,616,484)
4,605	-	4,605
(244,260)	-	(244,260)
(306,760)	-	(306,760)
(399,246)	-	(399,246)
(91,452)	-	(91,452)
(13)	-	(13)
(61,883)	-	(61,883)
<u>(10,045,967)</u>	<u>-</u>	<u>(10,045,967)</u>
-	516,824	516,824
-	516,824	516,824
<u>(10,045,967)</u>	<u>516,824</u>	<u>(9,529,143)</u>
915,625	-	915,625
79,075	-	79,075
79,075	-	79,075
7,091,062	-	7,091,062
1,601,924	-	1,601,924
566,168	-	566,168
190,422	-	190,422
94,188	99,565	193,753
140,942	22,854	163,796
10,758,481	122,419	10,880,900
(18,802)	-	(18,802)
(81,536)	81,536	-
<u>10,658,143</u>	<u>203,955</u>	<u>10,862,098</u>
612,176	720,779	1,332,955
<u>25,413,305</u>	<u>11,868,901</u>	<u>37,282,206</u>
<u>\$ 26,025,481</u>	<u>\$ 12,589,680</u>	<u>\$ 38,615,161</u>

CITY OF TIFFIN, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,311,250	\$ 2,639,962	\$ 3,951,212
Receivables (net of allowance for uncollectibles):			
Income taxes.	1,642,030	-	1,642,030
Real and other taxes.	890,066	152,570	1,042,636
Accounts	178,881	19,199	198,080
Accrued interest	25,795	340	26,135
Special assessments.	-	669,566	669,566
Due from other governments.	555,591	776,327	1,331,918
Due from other funds	435,758	-	435,758
Loans receivable	-	116,929	116,929
Prepayments.	53,999	43,136	97,135
Materials and supplies inventory	3,288	44,917	48,205
Total assets	<u>\$ 5,096,658</u>	<u>\$ 4,462,946</u>	<u>\$ 9,559,604</u>
Liabilities:			
Accounts payable	\$ 31,069	\$ 44,332	\$ 75,401
Retainage payable.	-	48,493	48,493
Accrued wages and benefits.	263,374	35,127	298,501
Due to other funds	-	435,758	435,758
Due to other governments.	433,249	28,785	462,034
Deferred revenue	1,813,637	994,047	2,807,684
Unearned revenue.	843,283	144,550	987,833
Total liabilities	<u>3,384,612</u>	<u>1,731,092</u>	<u>5,115,704</u>
Fund balances:			
Reserved for encumbrances.	979,159	888,363	1,867,522
Reserved for prepayments	53,999	43,136	97,135
Reserved for materials and supplies inventory	3,288	44,917	48,205
Reserved for loans receivable	-	116,929	116,929
Reserved for tax advances	8,676	1,488	10,164
Reserved for Oakley Park trust.	-	25,000	25,000
Unreserved, undesignated, reported in:			
General fund.	666,924	-	666,924
Special revenue funds.	-	1,498,646	1,498,646
Debt service fund	-	25,135	25,135
Capital projects funds.	-	80,385	80,385
Permanent fund	-	7,855	7,855
Total fund balances	<u>1,712,046</u>	<u>2,731,854</u>	<u>4,443,900</u>
Total liabilities and fund balances.	<u>\$ 5,096,658</u>	<u>\$ 4,462,946</u>	<u>\$ 9,559,604</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008

Total governmental fund balances \$ 4,443,900

Amounts reported for governmental activities on the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 20,821,417

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Real and other taxes receivable	\$ 44,639
Income taxes receivable	1,102,277
Charges for services receivable	152,150
Refunds and reimbursements receivable	153,881
Special assessments receivable	669,566
Intergovernmental receivable	664,385
Accrued interest receivable	19,944
Other revenue receivable	<u>842</u>

Total 2,807,684

The City has an equity interest in a joint venture. This investment is not a current financial resource and therefore is not reported in the governmental funds. 1,185,042

Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. (22,997)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:

Capital lease payable	189,936
Compensated absences	1,085,829
Landfill post-closure	68,800
Special assessment bonds	415,000
TIF capital improvement notes	1,250,000
Special assessment anticipation notes	<u>200,000</u>

Total (3,209,565)

Net assets of governmental activities \$ 26,025,481

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Municipal income taxes	\$ 7,082,522	\$ -	\$ 7,082,522
Real and other taxes	934,379	160,834	1,095,213
Charges for services	597,965	42,157	640,122
Licenses and permits	28,978	-	28,978
Fines and forfeitures	311,265	237,429	548,694
Intergovernmental	1,637,316	1,688,403	3,325,719
Special assessments	-	95,274	95,274
Investment income	96,095	20,767	116,862
Refunds and reimbursements	162,044	10,924	172,968
Contributions and donations	566,168	29,790	595,958
Other	7,091	71,759	78,850
Total revenues	<u>11,423,823</u>	<u>2,357,337</u>	<u>13,781,160</u>
Expenditures:			
Current:			
General government	2,766,020	149,934	2,915,954
Security of persons and property	6,706,919	173,580	6,880,499
Public health and welfare	-	7,648	7,648
Transportation	-	1,173,121	1,173,121
Community environment	254,061	117,103	371,164
Leisure time activity	-	417,747	417,747
Economic development and assistance	-	107,043	107,043
Urban redevelopment and housing	-	13	13
Capital outlay	-	2,520,424	2,520,424
Debt service:			
Principal retirement	25,488	487,093	512,581
Interest and fiscal charges	6,317	43,556	49,873
Total expenditures	<u>9,758,805</u>	<u>5,197,262</u>	<u>14,956,067</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,665,018</u>	<u>(2,839,925)</u>	<u>(1,174,907)</u>
Other financing sources (uses):			
Sale of capital assets	-	37,967	37,967
Sale of notes	-	1,450,000	1,450,000
Transfers in	-	1,576,837	1,576,837
Transfers (out)	(1,576,837)	-	(1,576,837)
Premium on note issuance	-	2,030	2,030
Total other financing sources (uses)	<u>(1,576,837)</u>	<u>3,066,834</u>	<u>1,489,997</u>
Net change in fund balances	88,181	226,909	315,090
Fund balances at beginning of year	1,629,443	2,504,997	4,134,440
Decrease in reserve for inventory	(5,578)	(52)	(5,630)
Fund balances at end of year	<u>\$ 1,712,046</u>	<u>\$ 2,731,854</u>	<u>\$ 4,443,900</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN, OHIO

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, 2008

Net change in fund balances - total governmental funds		\$ 315,090
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital outlays	\$ 2,800,401	
Depreciation expense	<u>(1,085,017)</u>	
Total		1,715,384
Governmental funds report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(95,063)
Governmental funds report expenditures for inventory when purchased. However in the statement of activities, they are reported as an expense when consumed.		
		(5,630)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Real and other taxes	(21,438)	
Income taxes	8,540	
Charges for services	(884)	
Refunds and reimbursements	17,496	
Special assessments	(46,829)	
Accrued interest	(2,156)	
Intergovernmental	(300,536)	
Other	260	
Total		<u>(345,547)</u>
An increase in the City's equity interest in a joint venture does not provide current financial resources and is not reported in the governmental funds.		
		42,305
Repayments of bonds, notes, landfill and lease principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.		
		512,581
The issuances of notes are reported as revenue in the governmental funds, but they increase long-term liabilities on the statement of net assets.		
		(1,450,000)
In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.		
		(14,040)
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.		
		<u>(62,904)</u>
Change in net assets of governmental activities		<u>\$ 612,176</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal income taxes	\$ 7,250,000	\$ 7,250,000	\$ 7,216,686	\$ (33,314)
Real and other taxes	986,700	986,700	944,085	(42,615)
Charges for services	504,200	616,200	599,125	(17,075)
Licenses and permits.	33,200	33,200	29,508	(3,692)
Fines and forfeitures.	414,500	414,500	313,564	(100,936)
Intergovernmental	2,684,047	2,686,047	1,639,316	(1,046,731)
Investment income	155,000	155,000	110,252	(44,748)
Contributions and donations	569,118	569,118	565,668	(3,450)
Refunds and reimbursements.	165,750	183,750	162,205	(21,545)
Other	5,900	5,900	5,976	76
Total revenues.	<u>12,768,415</u>	<u>12,900,415</u>	<u>11,586,385</u>	<u>(1,314,030)</u>
Expenditures:				
Current:				
General government.	5,222,279	5,357,659	3,781,399	1,576,260
Security of persons and property	7,412,748	7,454,935	7,005,493	449,442
Community environment	276,601	279,801	256,667	23,134
Total expenditures	<u>12,911,628</u>	<u>13,092,395</u>	<u>11,043,559</u>	<u>2,048,836</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(143,213)</u>	<u>(191,980)</u>	<u>542,826</u>	<u>734,806</u>
Other financing sources (uses):				
Sale of capital assets.	10,000	10,000	-	(10,000)
Transfers (out).	(1,582,500)	(1,582,500)	(1,576,837)	5,663
Total other financing sources (uses)	<u>(1,572,500)</u>	<u>(1,572,500)</u>	<u>(1,576,837)</u>	<u>(4,337)</u>
Net change in fund balance	(1,715,713)	(1,764,480)	(1,034,011)	730,469
Fund balance at beginning of year.	1,013,133	1,013,133	1,013,133	-
Prior year encumbrances appropriated	<u>497,866</u>	<u>497,866</u>	<u>497,866</u>	<u>-</u>
Fund balance (deficit) at end of year.	<u>\$ (204,714)</u>	<u>\$ (253,481)</u>	<u>\$ 476,988</u>	<u>\$ 730,469</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 DECEMBER 31, 2008

	Business-type Activities	
	Enterprise Fund	
	Sewer	
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$	2,375,463
Receivables (net of allowance for uncollectibles):		
Accounts		799,167
Accrued interest		3
Prepayments		19,683
Materials and supplies inventory		45,476
Total current assets		<u>3,239,792</u>
Noncurrent assets:		
Unamortized bond issue costs		159,397
Capital assets:		
Land		450,620
Depreciable capital assets, net		16,373,253
Total capital assets, net		<u>16,823,873</u>
Total noncurrent assets		<u>16,983,270</u>
Total assets		<u>20,223,062</u>
Liabilities:		
Current liabilities:		
Accounts payable		26,411
Accrued wages and benefits		57,652
Due to other governments		38,648
Accrued interest payable		24,752
Current portion of compensated absences		98,200
Current portion of general obligation bonds		760,000
Total current liabilities		<u>1,005,663</u>
Long-term liabilities:		
Compensated absences		84,711
General obligation bonds		6,543,008
Total long-term liabilities		<u>6,627,719</u>
Total liabilities		<u>7,633,382</u>
Net assets:		
Invested in capital assets, net of related debt		9,520,865
Unrestricted		3,068,815
Total net assets	\$	<u>12,589,680</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities	
	Enterprise Fund	
	Sewer	
Operating revenues:		
Charges for services	\$	3,074,359
Tap-in fees.		14,093
Other.		13,769
		<hr/>
Total operating revenues		3,102,221
		<hr/>
Operating expenses:		
Personal services		1,352,489
Contract services		166,996
Materials and supplies		132,675
Utilities		164,868
Depreciation		535,222
Other		37,125
		<hr/>
Total operating expenses.		2,389,375
		<hr/>
Operating income		712,846
		<hr/>
Nonoperating revenues (expenses):		
Interest revenue.		99,565
Special assessments.		9,085
Intergovernmental.		164,397
Interest expense and fiscal charges		(342,208)
Loss on disposal of capital assets		(4,442)
		<hr/>
Total nonoperating revenues (expenses)		(73,603)
		<hr/>
Income before capital contributions		639,243
		<hr/>
Capital contributions		81,536
		<hr/>
Change in net assets		720,779
		<hr/>
Net assets at beginning of year.		11,868,901
		<hr/>
Net assets at end of year.	\$	12,589,680
		<hr/> <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities	
	Enterprise Fund	
	Sewer	
Cash flows from operating activities:		
Cash received from customers	\$	3,029,579
Cash received from tap-in fees.		14,093
Cash received from other operations.		12,690
Cash payments for personal services		(1,329,454)
Cash payments for contract services		(160,074)
Cash payments for materials and supplies		(163,604)
Cash payments for utilities.		(161,848)
Cash payments for other expenses.		(37,065)
		<hr/>
Net cash provided by operating activities.		1,204,317
		<hr/>
Cash flows from noncapital financing activities:		
Cash received from intergovernmental revenues		164,397
Cash received from special assessments.		9,085
		<hr/>
Net cash provided by noncapital financing activities		173,482
		<hr/>
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(1,288,189)
Principal retirement on bonds and notes.		(735,000)
Interest paid on bonds and notes		(332,658)
		<hr/>
Net cash used by capital and related financing activities		(2,355,847)
		<hr/>
Cash flows from investing activities:		
Interest received		104,353
		<hr/>
Net cash provided by investing activities		104,353
		<hr/>
Net decrease in cash and cash equivalents.		(873,695)
		<hr/>
Cash and cash equivalents at beginning of year.		3,249,158
Cash and cash equivalents at end of year	\$	2,375,463
		<hr/> <hr/>

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CITY OF TIFFIN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities	
	Enterprise Fund	
	Sewer	
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income	\$	712,846
Adjustments:		
Depreciation		535,222
Changes in assets and liabilities:		
(Increase) in materials and supplies inventory.		(29,955)
(Increase) in accounts receivable.		(45,859)
Increase in accounts payable		9,028
Increase in accrued wages and benefits		16,092
(Decrease) in due to other governments		(4,112)
Increase in compensated absences payable.		11,055
		<hr/>
Net cash provided by operating activities	\$	<u>1,204,317</u>

At December 31, 2008 and 2007, the sewer fund purchased \$4,941 and \$758,381, respectively, in capital assets on account.
 The sewer fund received \$81,536 in capital contributions from other funds.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TIFFIN, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2008

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 2,842
Cash in segregated accounts	149,375
Receivables:	
Accounts	<u>929</u>
Total assets.	<u>\$ 153,146</u>
Liabilities:	
Undistributed monies	<u>\$ 153,146</u>
Total liabilities	<u>\$ 153,146</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

The City of Tiffin (the "City") 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 Mayor and council are elected by separate ballot from the municipality at large for four-year terms. The Mayor is not a member of council and can only approve or veto council ordinances and resolutions. The Mayor appoints the City Manager. The City Manager appoints all department managers of the City.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. The City provides police and fire protection within its boundaries, and ambulance protection and fire assistance to 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 a park and recreation system.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that fiscally dependent on the City in that the City approves their budget, the issuance of their debt or the levying of their taxes. The City has no component units.

The City is associated with a certain organization which is defined as a joint venture with equity interest:

Sandusky County - Seneca County - City of Tiffin Port Authority (the "Port Authority")

The Port Authority, a joint venture between Sandusky and Seneca Counties and the City of Tiffin, was established in 1989 under the authority of Section 4582.21 of the Ohio Revised Code, with territorial limits co-terminus with the boundaries of the counties, with Tiffin being within the boundaries of Seneca County. Its purpose was created following an enactment by the Ohio Legislature of the Ohio Port Authority Act which permits the Port Authority to administer railroad services to area businesses that ship goods within the State of Ohio. The Port Authority is governed by a seven member Board of Directors, consisting of two members from each of the counties and the City, with the seventh member being rotated between the three entities every four years. The members are appointed by the County Commissioners in the counties, and by the Mayor of Tiffin in the City. Appointed members may hold no other public office or public employment except Notary Public, member of the State Militia, or member of a reserve component of the United States Armed Forces. Initial funding for organizational expenses, including purchase of real or personal property by the Port Authority, was contributed by each subdivision with no obligation of future contributions or financial support. The contributions were equal and simultaneous. The Port Authority may be dissolved at any time upon the enactment of an ordinance by the City and resolutions by the counties. Any real or personal property will be returned to the subdivision from which it was received.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - DESCRIPTION OF THE ENTITY AND REPORTING ENTITY - (Continued)

Upon dissolution of the Port Authority, any balance remaining in the Port Authority's funds or any real or personal property belonging to the Port Authority will be distributed equally to the City and the counties after paying all expenses and debts. The City of Tiffin's equity interest in the Port Authority is \$1,185,042 at December 31, 2008. Financial information can be obtained from the Sandusky County - Seneca County - City of Tiffin Port Authority, James Supance, Chairman, P.O. Box 767, Tiffin, Ohio 44883.

The City has not included the Tiffin City 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 they are autonomous entities.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) 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 City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise fund, subject to this same limitation. The City has elected not to apply these FASB Statements and Interpretations. The City's significant accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except the fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

The statement of net assets 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 segment of the business-type activities of the City and for each program of the City's governmental activities. 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 and grants and contributions that restricted to meeting the operational or capital requirements of 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 function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City programs 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 a more detail level. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds 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. Funds are classified into three categories: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds focus 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 be 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 is reported as fund balance. The City's only major governmental fund is the general fund:

General fund - The general fund is used to account for all financial resources except those required to be accounted for 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.

Other governmental funds of the City are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; (b) for grants and other resources whose use is restricted to a particular purpose; and (c) for the accumulation of resources for and payment of long-term liabilities.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

Proprietary Funds

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. Proprietary funds focus on the determination of the changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. The City presently does not have an internal service fund. The City's sewer fund is a major fund:

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

Sewer fund - This fund accounts for the financial transactions related to the wastewater treatment service operations of the City.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency 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 has no trust funds which are considered fiduciary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for funds maintained by the Municipal Court, State Patrol transfer account, unclaimed monies and payroll income tax and tax increment financial payments collected on behalf of and due to other governments.

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Fund Financial Statements

All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and others 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 statements for governmental funds.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

The proprietary fund distinguishes operating revenues and expenses from non-operating 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 fund is charges for sales and services. Operating expenses for the proprietary fund includes personnel and other expenses related to the sewer operations. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The agency funds do not report a measurement focus as they do not report operations.

D. 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 also 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 revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

Unearned Revenue and Deferred Revenue

Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2008, are recorded as deferred revenue in the governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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.

E. Budgetary Data

An annual appropriated budget is legally required to be prepared for all funds of the City other than agency funds. Council passes appropriations at the fund, department, and object level. Line item appropriations may be transferred between the accounts with the approval of the City Manager, Finance Director and respective department head. Council must approve any revisions in the budget that alter total fund, department and object level appropriations. The following are the procedures used by the City in establishing the budgetary data reported in the basic financial statements:

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.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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 prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources 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 original and final amended official certificate of estimated resources issued during 2008.

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 for all funds. 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. Council legally enacted several supplemental appropriation ordinances during the year. The budget figures which appear in the statement of budgetary comparisons present the original and final appropriation amounts including all amendments and modifications.

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 year and need not be re-appropriated.

F. Cash and Investments

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

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

During 2008, investments were limited to repurchase agreements and nonnegotiable certificates of deposit. Nonparticipating investments contracts, such as repurchase agreements and nonnegotiable certificates of deposit, are reported at cost.

The City has a segregated bank account for Mayor's Court monies separate from the City's central bank account. These interest bearing depository accounts are presented on the financial statements as "cash in segregated accounts" since it is not required to be deposited into the City treasury.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2008 amounted to \$96,095, which included \$48,283 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the basic financial statements, 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.

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

G. 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.

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

I. Capital Assets

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

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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 fair market values as of the date received. The City maintains a capitalization threshold of \$500. Public domain ("infrastructure") general capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, sewer lines and lighting systems have been capitalized. 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.

All reported capital assets, except, land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful life 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 (with a salvage value of ten percent) over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	40 years	40 years
Machinery & Equipment	8-20 years	8-20 years
Furniture & Fixtures	5-15 years	5-15 years
Vehicles	3-5 years	3-5 years
Infrastructure	80 years	80 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City had no interfund receivables/payable at December 31, 2008.

Interfund loans that are used to cover negative cash balances or are due to another fund for services provided are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net assets.

K. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments 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.

The City reports compensated absences in accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to payment are attributable to services already rendered; and 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. These amounts are recorded in the account "compensated absences" in the fund from which the employees are paid.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

Sick leave benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination (severance) benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in the City's termination policy. The City records a liability for all accumulated unused vacation time when earned for all employees. The City records a liability for unused sick leave that is expected to be paid out as severance for all employees who are age 50 or older or who have at least 15 years of City or local government employment service.

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

L. 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 the proprietary fund are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases and compensated absences that will be paid from governmental funds are reported as a liability in the fund statements only to the extent they will be paid with current, expendable, available resources. In general, payments made within thirty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

M. Bond Discounts, Premiums and Issuance Costs

Bond issuance costs are reported as deferred charges and amortized over the life of the bond using the straight-line method. The unamortized portion of the bond issuance costs is reported on the statement of net assets. Bond discounts or premiums are (1) shown as additions to, or deductions from, the account of the bond liability, (2) amortized using the straight-line method, and (3) reflected as interest income or expense in the proprietary fund.

N. Fund Balance Reserves

The City reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, prepayments, loans receivable, tax advances and the Oakley Park trust.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their 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. The amount restricted for other purposes represent amounts restricted for D.A.R.E funds.

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

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grant or outside contributions of resources restricted to capital acquisition and construction. The sewer enterprise fund received \$81,536 in contributions of capital from other funds during 2008.

Q. Interfund Activity

Transfers between governmental and business-type activities on the governmental-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 non-operating revenues/expense in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. 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 Council and that are either unusual in nature or infrequent in occurrence. The City sold a parcel of land for \$17,598 during 2008. This asset had previously been capitalized in the amount of \$36,400 and, accordingly, a loss on this sale in the amount of \$18,802 was recorded as a special item on the statement of activities. No extraordinary transactions occurred during 2008.

S. Estimates

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

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2008, the City has implemented GASB Statement No. 45, “Accounting and Financial Reporting for Post-employment Benefits Other than Pensions”, GASB Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations” and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 establishes uniform standards of financial reporting for other post-employment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the City; however, certain disclosures related to post-employment benefits (see Note 15) have been modified to conform to the new reporting requirements.

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the City.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other post-employment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the City.

B. Deficit Fund Balances

Fund balances at December 31, 2008 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
US EPA Brownfield grant	\$ 6,914
Traffic signal upgrade	90,924

The US EPA Brownfield grant fund complied with Ohio State law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balance in the US EPA Brownfield grant fund is the result of recording adjustments for accrued liabilities. The deficit fund balance in the Traffic Signal Upgrade fund is the result of recording adjustments for accrued liabilities and a negative cash fund balance.

C. Noncompliance

- i.* The City had appropriations in excess of actual resources in noncompliance with Ohio Revised Code Section 5705.36(A)(4).
- ii.* The City had a negative cash fund balance at December 31, 2008 in noncompliance with Ohio Revised Code Section 5705.10.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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, 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 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;
6. State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 Finance Director 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.

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 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 \$310 on hand in the form of drawer change and petty cash. This amount is included on the basic financial statements as "equity in pooled cash and cash equivalents", but is not considered part of the City's carrying amount of deposits at year-end.

B. Cash in Segregated Accounts

At year end, the City had \$149,375 deposited with a financial institution for monies related to the Mayor's Court which are reported as an agency fund. These amounts were covered by the FDIC and are not included in the City's depository balance detailed in Note 4.C.

C. Deposits with Financial Institutions

At December 31, 2008, the carrying amount of all City deposits was \$4,409,647, exclusive of the \$1,919,560 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, \$4,129,462 of the City's bank balance of \$5,165,201 was exposed to custodial risk as discussed below, while \$1,035,739 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and 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.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2008, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity 6 months or less</u>
Repurchase agreement	\$ 1,919,560	\$ 1,919,560
Total	<u>\$ 1,919,560</u>	<u>\$ 1,919,560</u>

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 federal agency securities that underlie the City's repurchase agreement were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For the City's \$1,919,560 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the City. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Director of Finance or qualified trustee.

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, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreement	\$ 1,919,560	100.00
Total	<u>\$ 1,919,560</u>	<u>100.00</u>

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,409,647
Investments	1,919,560
Cash on hand	310
Cash in segregated accounts	<u>149,375</u>
Total	<u>\$ 6,478,892</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 3,951,212
Business type activities	2,375,463
Agency funds	<u>152,217</u>
Total	<u>\$ 6,478,892</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2008, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	
General fund	<u>\$ 1,576,837</u>
Total transfers	<u>\$ 1,576,837</u>

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, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated on the government-wide financial statements. All transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Due from/to other funds consisted of the following at December 31, 2008, as reported on the fund financial statements:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Major governmental fund</u>		
General fund	\$ 435,758	\$ -
<u>Nonmajor governmental fund</u>		
Traffic signal upgrade	-	435,758
Total	<u>\$ 435,758</u>	<u>\$ 435,758</u>

The purpose of the due from/to other funds balance is to cover a negative cash balance at year-end in the traffic signal upgrade fund (a nonmajor governmental fund). This fund had a negative cash balance at year-end due to the City not having received a reimbursement grant of traffic signal upgrade expenditures.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal 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. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 6.25% for 2008. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 6 - PROPERTY TAXES - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2008-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Tiffin. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2008 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes has been offset by deferred revenue 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.

The full tax rate for all City operations for the year ended December 31, 2008 was \$4.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 181,883,910
Commercial/industrial/mineral	64,989,910
Tangible personal property	9,988,477

Public utility

Real	30,430
Personal	<u>17,666,510</u>
Total assessed value	<u>\$ 274,559,237</u>

NOTE 7 - LOCAL INCOME TAX

The City levies a 1.75 percent income tax on substantially all income earned within the City. In addition, City residents employed in municipalities having an income tax less than 1.75 percent must pay the difference to the City. Additional increases in the income tax rate require voter approval.

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

The City's income tax ordinance requires a portion of the income tax revenues to be used to finance governmental type capital improvements. As a result, this portion of the revenue is transferred into the capital improvement capital projects fund each year. The remaining income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 8 - RECEIVABLES

Receivables at December 31, 2008, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest, loans 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 both measurable and available at December 31, 2008.

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

Governmental activities:

Income taxes	\$ 1,642,030
Real and other taxes	1,042,636
Accounts	198,080
Accrued interest	26,135
Special assessments	669,566
Due from other governments	1,331,918
Loans	116,929

Business-type activities:

Accounts	799,167
Accrued interest	3

Receivables have been disaggregated on the face of the financial statements. The only receivables not expected to be collected within the subsequent year are the special assessments and loans which are collected over the life of the assessment or loan.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 9 - INSURANCE

The City 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 2008, the City contracted through United Insurance Service and Sky Insurance of Tiffin for property, fleet, crime and liability insurance.

	<u>Per Occurrence</u>	<u>Deductibles</u>	<u>Annual Aggregate</u>
Commercial Property (Blanket):			
Building and Contents - Replacement Cost	\$ -	\$ -	\$ 29,247,532
Workers' Compensation	1,000,000	-	-
General Liability	1,000,000	-	3,000,000
Products/Completed Ops	-	-	3,000,000
Personal and Advertising Injury	1,000,000	-	1,000,000
Fire Damage	-	-	100,000
Automobile	-	-	1,000,000
Comprehensive	-	500	-
Collision	-	1,000	-
Medical Payments	-	-	5,000
Umbrella	5,000,000	-	5,000,000
Employee Benefits Liability	1,000,000	1,000	2,000,000
Fire Vehicles	-	Various	1,850,725
Electronic Data Processing	-	1,000	648,029
Crime-Employee Dishonesty	100,000	-	-

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 insurance coverage from 2007.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, was as follows:

	<u>Balance 12/31/2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/2008</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,128,302	\$ 14,319	\$ (36,400)	\$ 3,106,221
Construction in progress	<u>-</u>	<u>70,307</u>	<u>-</u>	<u>70,307</u>
Total capital assets, not being depreciated	<u>3,128,302</u>	<u>84,626</u>	<u>(36,400)</u>	<u>3,176,528</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	7,491,312	49,987	-	7,541,299
Machinery & equipment	3,084,329	112,309	(145,801)	3,050,837
Furniture & fixtures	300,492	12,301	(5,336)	307,457
Vehicles	3,375,620	46,848	(64,178)	3,358,290
Infrastructure	<u>16,661,031</u>	<u>2,494,330</u>	<u>(132,845)</u>	<u>19,022,516</u>
Total capital assets, being depreciated	<u>30,912,784</u>	<u>2,715,775</u>	<u>(348,160)</u>	<u>33,280,399</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(4,884,263)	(91,863)	-	(4,976,126)
Machinery & equipment	(2,262,557)	(204,553)	133,825	(2,333,285)
Furniture & fixtures	(225,194)	(19,841)	4,368	(240,667)
Vehicles	(1,749,338)	(236,262)	56,970	(1,928,630)
Infrastructure	<u>(5,718,638)</u>	<u>(532,498)</u>	<u>94,334</u>	<u>(6,156,802)</u>
Total accumulated depreciation	<u>(14,839,990)</u>	<u>(1,085,017)</u>	<u>289,497</u>	<u>(15,635,510)</u>
Total capital assets, being depreciated, net	<u>16,072,794</u>	<u>1,630,758</u>	<u>(58,663)</u>	<u>17,644,889</u>
Governmental activities capital assets, net	<u>\$ 19,201,096</u>	<u>\$ 1,715,384</u>	<u>\$ (95,063)</u>	<u>\$ 20,821,417</u>

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - CAPITAL ASSETS - (Continued)

	Balance 12/31/2007	Additions	Disposals	Balance 12/31/2008
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 241,940	\$ -	\$ -	\$ 241,940
Construction in progress	<u>-</u>	<u>208,680</u>	<u>-</u>	<u>208,680</u>
Total capital assets, not being depreciated	<u>241,940</u>	<u>208,680</u>	<u>-</u>	<u>450,620</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	10,080,076	3,963	-	10,084,039
Machinery & equipment	536,672	137,899	(9,796)	664,775
Furniture & fixtures	57,389	-	(1,759)	55,630
Vehicles	894,440	173,027	(46,299)	1,021,168
Infrastructure	<u>17,578,962</u>	<u>92,716</u>	<u>-</u>	<u>17,671,678</u>
Total capital assets, being depreciated	<u>29,147,539</u>	<u>407,605</u>	<u>(57,854)</u>	<u>29,497,290</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(7,738,682)	(76,457)	-	(7,815,139)
Machinery & equipment	(441,692)	(32,535)	9,140	(465,087)
Furniture & fixtures	(51,947)	(1,176)	1,583	(51,540)
Vehicles	(778,612)	(55,854)	42,689	(791,777)
Infrastructure	<u>(3,631,294)</u>	<u>(369,200)</u>	<u>-</u>	<u>(4,000,494)</u>
Total accumulated depreciation	<u>(12,642,227)</u>	<u>(535,222)</u>	<u>53,412</u>	<u>(13,124,037)</u>
Total capital assets, being depreciated, net	<u>16,505,312</u>	<u>(127,617)</u>	<u>(4,442)</u>	<u>16,373,253</u>
Business-type activities capital assets, net	<u>\$ 16,747,252</u>	<u>\$ 81,063</u>	<u>\$ (4,442)</u>	<u>\$ 16,823,873</u>

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 67,587
Security of persons and property	311,070
Transportation	619,196
Community environment	3,322
Leisure time activity	<u>83,842</u>
Total depreciation expense - governmental activities	<u>\$ 1,085,017</u>

Business-type activities:

Sewer	\$ <u>535,222</u>
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NOTE 11 - COMPENSATED ABSENCES

The City accrues unpaid vacation as it is earned and a certain portion of sick leave pay becomes vested as payment becomes 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 2/3 of a maximum of 180 days (120 days). 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 2,880 hours.

Sick leave accumulates for police employees at 10 hours for each completed month. Upon retirement or resignation with fifteen minimum years of service police employees receive two-thirds of sick leave accumulated not to exceed 120 days.

Individuals leaving the employment of the City prior to retirement or at retirement lose their accumulated sick leave. A liability has been recognized in the accompanying financial statements for the portion of sick leave expected to be paid as severance for employees who are age 50 or older or who have at least 15 years of City or local government employment service.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 11 - COMPENSATED ABSENCES - (Continued)

A liability for accrued vacation for \$209,641 has been recognized. Vacation is accumulated based upon length of service as follows:

<u>Employee Service</u>	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
Non-Union			
After 17-19 years	20 days	20 years	21 days
20 years and over	21 days		
Dispatchers			
After 17-20 years	20 days		
After 21 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 7-14 years	8 days	After 5 years	11 days
After 15-20 years	10 days	After 6 years	12 days
After 21 years	11 days	After 7 years	13 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 17-20 years	20 days
		Over 21 years	21 days

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 is 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 is 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
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 12 - LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

During 2008, the following changes occurred in the City's long-term obligations:

	<u>Balance</u> 12/31/07	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> 12/31/08	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>Governmental activities:</u>					
<u>Bond anticipation notes:</u>					
Sanitary sewer improvement 4.25% series 2007-1	\$ 300,000	\$ -	\$ (300,000)	\$ -	\$ -
Sanitary sewer improvement 2.5% series 2008-1	-	200,000	-	200,000	200,000
Road improvement 2.50% series 2008-1	-	<u>1,250,000</u>	-	<u>1,250,000</u>	<u>1,250,000</u>
Total bond anticipation notes	<u>300,000</u>	<u>1,450,000</u>	<u>(300,000)</u>	<u>1,450,000</u>	<u>1,450,000</u>
<u>Special assessment bonds payable</u> <u>with government commitment:</u>					
Miami Street storm water drainage improvement bonds 4.04%	<u>445,000</u>	<u>-</u>	<u>(30,000)</u>	<u>415,000</u>	<u>35,000</u>
<u>Other obligations:</u>					
Post-closure landfill through 2013	193,768	-	(124,968)	68,800	51,000
Capital lease obligations	247,549	-	(57,613)	189,936	60,708
Compensated absences	<u>1,052,514</u>	<u>711,184</u>	<u>(677,864)</u>	<u>1,085,829</u>	<u>513,787</u>
Total other obligations	<u>1,493,831</u>	<u>711,184</u>	<u>(860,445)</u>	<u>1,344,565</u>	<u>625,495</u>
Total governmental activities	<u>\$ 2,238,831</u>	<u>\$ 2,161,184</u>	<u>\$ (1,190,445)</u>	<u>\$ 3,209,565</u>	<u>\$ 2,110,495</u>
<u>Business-type activities:</u>					
<u>General obligation bonds:</u>					
Sewer imp. bonds - series 1999, 4.00% - 4.95%	\$ 440,000	\$ -	\$ (215,000)	\$ 225,000	\$ 225,000
Sanitary sewer refunding bonds - series 1998, 3.25% - 4.25%	1,230,000	-	(290,000)	940,000	300,000
Sewer separation bonds - series 2007, 3.80% - 5.00%	<u>6,330,000</u>	<u>-</u>	<u>(230,000)</u>	<u>6,100,000</u>	<u>235,000</u>
Total general obligation bonds	<u>8,000,000</u>	<u>-</u>	<u>(735,000)</u>	<u>7,265,000</u>	<u>760,000</u>
<u>Other obligations:</u>					
Compensated absences	<u>171,856</u>	<u>98,072</u>	<u>(87,017)</u>	<u>182,911</u>	<u>98,200</u>
Total business-type activities	<u>\$ 8,171,856</u>	<u>\$ 98,072</u>	<u>\$ (822,017)</u>	<u>7,447,911</u>	<u>\$ 858,200</u>
				<u>38,008</u>	
Add: unamortized premium on bonds				<u>38,008</u>	
Total on statement of net assets				<u>\$ 7,485,919</u>	

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

Bond anticipation notes - The sanitary sewer improvement bond anticipation notes were issued in anticipation of the issuance of bonds to pay costs of improving and extending the municipal sewerage system by constructing sanitary sewers. The series 2008 note bears an interest rate of 2.50%, is due on June 4, 2009 and will be paid from the south side sewer fund (a non-major governmental fund). In accordance with FASB Statement No. 6, "Classification of Short-Term Obligations Expected to Be Refinanced", these notes are considered long-term obligations (see Note 18).

The road improvement bond anticipation notes were issued in anticipation of the issuance of various roadways throughout the City. The series 2008 note bears an interest rate of 2.50%, is due on June 4, 2009 and will be paid from the tax incremental equivalent fund (a nonmajor governmental fund). In accordance with FASB Statement No. 6, "Classification of Short-Term Obligations Expected to Be Refinanced", these notes are considered long-term obligations (see Note 18).

Special assessment bonds - The special assessment bonds are for a streetscape project and Miami Street storm water drainage improvements. The special assessment bond issues are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt. Principal and interest payments are made from the Miami Street drainage assessment fund (a nonmajor governmental fund). The bonds bear an interest rate of 4.04% and mature on December 1, 2018.

Landfill post-closure liability - In January, 2001, based upon EPA Findings and Orders, the landfill which was closed in 1972, would need monitoring until 2013. In 2001, an estimate was made by engineers of the total monitoring costs and post landfill debt was established. Each year actual costs made from the capital improvement fund (a nonmajor governmental fund) are reclassified against the debt established until it is complete or until a new estimate is made or if the EPA determines, based on their testing, that the City is no longer required to monitor the landfill.

General obligation bonds - Outstanding general obligation bonds consist of a wastewater treatment plant improvement/refunding issues. 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. All of the business-type activity debt is general obligation debt but it is anticipated that user charges will pay-off all the outstanding bonds.

On November 4, 1998, the City issued \$3,645,000 sanitary sewer refunding bonds - series 1998 for the purpose of refunding the sewer improvement bonds - Series 1991. The refunding bonds bear interest rates ranging from 3.25% to 4.25%. Principal and interest payments are made from the sewer fund. The bonds mature on December 1, 2011.

On October 14, 1999, the City issued \$1,850,000 sewer improvement bonds - series 1999 for the purpose of improving the sewerage system. The bonds bear interest rates ranging from 4.00% to 4.95%. Principal and interest payments are made from the sewer fund. The bonds mature on December 1, 2009.

On February 28, 2007, the City issued \$6,500,000 sewer separation bonds - series 2007 for the phase II CS separation project. The bonds bear interest rates ranging from 3.80% to 5.00%. Principal and interest payments are made from the sewer fund. The bonds mature on December 1, 2026.

Capital lease obligations - Capital lease obligations will be paid from the general fund and the capital improvement fund (a nonmajor governmental fund). See Note 13 for more detail on the City's capital lease obligations.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

Compensated absences - Compensated absences will be paid from the fund from which the employee is paid, which for the City, is primarily the general, street construction, maintenance & repair, park & recreation, municipal court probation services, sidewalk improvement and sewer funds.

- B.** The future annual debt service requirements to maturity for the City's bonds outstanding as of December 31, 2008 are as follows:

Year Ended	<u>Business-Type Activities</u>		<u>Governmental Activities</u>		Total
	<u>General Obligation Principal</u>	<u>General Obligation Interest</u>	<u>Special Assessment Principal</u>	<u>Special Assessment Interest</u>	
2009	\$ 760,000	\$ 297,020	\$ 35,000	\$ 22,212	\$ 1,114,232
2010	560,000	264,033	35,000	20,497	879,530
2011	580,000	241,003	35,000	18,747	874,750
2012	265,000	216,990	40,000	16,980	538,970
2013	275,000	206,390	40,000	14,940	536,330
2014 - 2018	1,565,000	850,550	230,000	40,040	2,685,590
2019 - 2023	1,920,000	503,690	-	-	2,423,690
2024 - 2026	<u>1,340,000</u>	<u>108,400</u>	<u>-</u>	<u>-</u>	<u>1,448,400</u>
Totals	<u>\$ 7,265,000</u>	<u>\$ 2,688,076</u>	<u>\$ 415,000</u>	<u>\$ 133,416</u>	<u>\$ 10,501,492</u>

- C.** 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, 2008, the City's total debt margin was \$27,725,387 and the unvoted debt margin was \$14,509,656.

NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the City entered into a capitalized lease agreement with First Capital Equipment Leasing Corp. for the acquisition of thirteen mobile computers for the police department. During 2007, the City entered into two capitalized leases with National City Commercial Capital Company for a backhoe and a public safety management system.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The terms of the lease agreements provide an option to purchase the equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital assets acquired by lease have been capitalized in the governmental activities statement of net assets for \$307,894, which is the amount equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2008 was \$117,606, leaving a current book value of \$190,288. At inception, capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate governmental fund. A capital asset and a corresponding liability is recorded in the governmental activities column on the statement of net assets.

Principal and interest payments in 2008 totaled \$57,613 and \$12,386, respectively, in the general fund and capital improvement fund (a nonmajor governmental fund).

The following is a schedule of the future minimum lease payments required under the capital lease obligation and the present value of the future minimum lease payments as of December 31, 2008:

Year <u>Ending</u>	<u>Governmental Activities</u>
2009	\$ 69,998
2010	55,756
2011	55,756
2012	<u>27,878</u>
Total future lease payments	209,388
Less: amount representing interest	<u>(19,452)</u>
Present value of future minimum lease payments	<u>\$ 189,936</u>

NOTE 14 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 14 - PENSION PLANS - (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and contribution rates were consistent across all three plans. 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. The 2008 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

The City's contribution rate for 2008 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.40% of covered payroll. For 2008, a portion equal to 7.00% of covered payroll was allocated to fund the post-employment health care plan.

The City's contribution rate for pension benefits for 2008 was 7.00%, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 10.40% of covered payroll. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2008, 2007, and 2006 were \$235,389, \$268,027, and \$282,372, respectively; 92.50% has been contributed for 2008 and 100% has been contributed for 2007 and 2006. The City and plan members did not make any contributions to the Member-Directed Plan for 2008.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2008, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$229,973 and \$369,195 for the year ended December 31, 2008, \$216,466 and \$348,655 for the year ended December 31, 2007, and \$183,222 and \$317,859, for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 73.51% has been contributed for police and 71.94% has been contributed for firefighters for 2008.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 15 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00% of covered payroll (17.40% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2008 was 7.00% of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$235,389, \$176,589, and \$138,117, respectively; 92.50% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

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 statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code Section 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% 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 the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is 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. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$121,750 and \$144,467 for the year ended December 31, 2008, \$114,599 and \$136,430 for the year ended December 31, 2007 and \$120,629 and \$151,652, for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 73.51% has been contributed for police and 71.94% has been contributed for firefighters for 2008.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While the City is 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 is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - 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 GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures/expenses and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP); and,
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statement for the general fund.

Net Change in Fund Balance

	<u>General</u>
Budget basis	\$ (1,034,011)
Net adjustment for revenue accruals	(162,562)
Net adjustment for expenditure accruals	14,734
Adjustment for encumbrances	<u>1,270,020</u>
GAAP basis	<u>\$ 88,181</u>

NOTE 17 - CONTINGENT LIABILITIES

A. Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by grantor agencies or their representative. 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.

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 17 - CONTINGENT LIABILITIES - (Continued)

B. Litigation

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.

NOTE 18 - SUBSEQUENT EVENT NOTE

On June 3, 2009, the city reissued the sanitary sewer improvement bond anticipation note and the road improvement bond anticipation note in the amounts of \$100,000 and \$1,250,000, respectively, due on June 2, 2010. Additionally, on June 3, 2009, the City issued notes for construction of sanitary sewers and reconstruction of a flood wall in the amounts of \$5,200,000 and \$1,425,000, respectively, due on June 2, 2010.

SUPPLEMENTARY DATA

**CITY OF TIFFIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE OHIO DEPARTMENT OF DEVELOPMENT			
	14.228	A-F-05-183-1	\$ 67,000
	14.228	A-C-05-183-1	1,000
(B) Community Development Block Grants/State's Program	14.228	N/A	<u>32</u>
Total Community Development Block Grants/State's Program			<u>68,032</u>
(C) HOME Investment Partnerships Program	14.239	A-C-05-183-2	<u>13</u>
Total HOME Investment Partnerships Program			<u>13</u>
Total U.S. Department of Housing and Urban Development			<u>68,045</u>
U.S. DEPARTMENT OF TRANSPORTATION PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction	20.205	78494	<u>446,930</u>
Total U.S. Department of Transportation			<u>446,930</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY PASSED THROUGH THE N/A			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	20,654
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	<u>21,535</u>
Total Brownsfields Assessment and Cleanup Cooperative Agreement			<u>42,189</u>
Total U.S. Environmental Protection Agency			<u>42,189</u>
Total Federal Financial Assistance			<u>\$ 557,164</u>

(A) The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

(B) The City has established a revolving loan program to provide low-interest loans to businesses that are creating jobs and meet the other program requirements. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Expenditures of Federal Awards (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. At December 31, 2008, the City had no loans outstanding under this program. The City did not issue any loans during the year ended December 31, 2008 and had \$12,871 in loans repaid.

Cash balance on hand as of 12/31/08: \$269,938
Delinquent amounts due as of 12/31/08: \$0

(C) The City has established a revolving loan program to provide low-interest loans to businesses that are creating jobs and meet the other program requirements. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Expenditures of Federal Awards (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. At December 31, 2008, the City had \$2,921 in loans outstanding under this program. The City did not issue any loans during the year ended December 31, 2008 and had \$600 in loans repaid.

Cash balance on hand as of 12/31/08: \$77,474
Delinquent amounts due as of 12/31/08: \$0

Note: Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditures of non-Federal matching funds are not included on the Schedule.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**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***

Members of Council and Mayor
City of Tiffin
51 East Market Street
Tiffin, Ohio 44883

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Tiffin, Seneca County, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the City of Tiffin's basic financial statements and have issued our report thereon dated June 23, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Tiffin's internal control over financial reporting as a basis for designing our auditing procedures 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 Tiffin's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Tiffin's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Tiffin's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Tiffin's financial statements that is more than inconsequential will not be prevented or detected by the City of Tiffin's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Tiffin's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Members of Council and Mayor
City of Tiffin

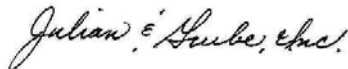
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tiffin's financial statements are free of 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 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 two instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards and which are described in the accompanying schedule of findings and responses as items 2008-COT-001 and 2008-COT-002.

The City of Tiffin's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of Tiffin's responses, and, accordingly, we express no opinion on them.

We noted certain matters that we reported to the management of the City of Tiffin in a separate letter dated June 23, 2009.

This report is intended solely for the information and use of the management and City Council of the City of Tiffin, 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.



Julian & Grube, Inc.
June 23, 2009



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Its
Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133**

Members of Council and Mayor
City of Tiffin
51 East Market Street
Tiffin, Ohio 44883

Compliance

We have audited the compliance of the City of Tiffin, Seneca County, Ohio, with the types of compliance requirements described in the *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 December 31, 2008. The City of Tiffin's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Tiffin's management. Our responsibility is to express an opinion on the City of Tiffin's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Tiffin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Tiffin's compliance with those requirements.

In our opinion, the City of Tiffin 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, 2008.

Internal Control Over Compliance

The management of the City of Tiffin 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 of Tiffin'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Tiffin's internal control over compliance.

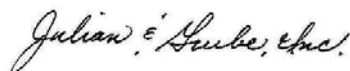
Members of Council and Mayor
City of Tiffin

A control deficiency in the City of Tiffin's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Tiffin's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City of Tiffin's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City of Tiffin's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the management, the Council of the City of Tiffin, 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.



Julian & Grube, Inc.
June 23, 2009

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness reported for the major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Program's Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program:	Highway Planning and Construction; CFDA #20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2008-COT-001

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, 2008, the City had appropriations greater than actual resources, in the following funds:

<u>Major Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General	\$ 13,097,384	\$ 14,674,895	\$ 1,577,511

By appropriating more funds than actual resources, the City is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the City monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State Bulletin 97-010.

Client Response: The City is attempting to monitor the budget more closely.

Finding Number	2008-COT-002
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Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the fiscal year or at year end.

The City had a negative cash fund balance in the following fund at December 31, 2008:

<u>Nonmajor Fund</u>	<u>Amount</u>
Traffic Signal Upgrade	\$ 435,758

By having a negative fund balance, this fund has spent other funds' balances. This could indicate insufficient monitoring of appropriations and related expenditures and continual review of cash management.

We recommend that the City properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the City should advance funds from the General Fund with proper Council approval.

Client Response: This fund is a grant in which expenses are reimbursed. The City had made a grant request on December 22, 2008 and the grant monies were received on January 9, 2009.

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS
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None

**CITY OF TIFFIN
SENECA COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2007-COT-001	<u>Significant Deficiency</u> - SAS No. 112 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. The City did not maintain sufficient controls in place to report financial data for equity interest in joint ventures in prior years.	Yes	N/A
2007-COT-002	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the disbursements of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	Yes	N/A



Mary Taylor, CPA
Auditor of State

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 11, 2009