CITY OF TIFFIN

AUDIT REPORT

For the Year Ended December 31, 1999

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

STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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The Honorable Mayor and City Council
City of Tiffin
53 East Market St.
Tiffin, Ohio 44883

We have reviewed the independent auditor's report of the City of Tiffin, Seneca County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

September 27, 2000

CITY OF TIFFIN
AUDIT REPORT
For the Year Ended December 31, 1999

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ELECTED OFFICIALS

NAME	TITLE	TERM OF OFFICE	SURETY	AMOUNT
Keith Kirchner	President	1/1/98 to 12/31/01	(A)	$10,000
Dale DePew	Council Member 1st Ward	1/1/96 to 12/31/99	(A)	10,000
Paul Elchert, Jr.	Council Member 2nd Ward	1/1/96 to 12/31/99	(A)	10,000
Thomas Distel	Council Member 3rd Ward	1/1/96 to 12/31/99	(A)	10,000
Micheal Grandillo	Council Member 4th Ward	1/1/96 to 12/31/99	(A)	10,000
Wilma Klopp	Council Member At Large	1/1/98 to 12/31/01	(A)	10,000
Peter Galipeau	Council Member At Large	1/1/98 to 12/31/01	(A)	10,000
Mark Hayes	Council Member At Large	1/1/98 to 12/31/01	(A)	10,000
Bernard Hohman	Mayor	1/1/96 to 12/31/99	(B)	10,000
Frederick Daniel	Municipal Court Judge	1/1/96 to 12/31/01	None	
Larry Clausing	Director of Finance	1/1/98 to 12/31/01	(A)	25,000
Brent Howard	Law Director	1/1/96 to 12/31/99	(A)	1,000

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

CITY OF TIFFIN
AUDIT REPORT
For the Year Ended December 31, 1999

INDEX OF FUNDS

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general purpose financial statements of City of Tiffin (the City), as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 5, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Charles E. Harris & Associates, Inc.
July 5, 2000

City of Tiffin, Ohio

Combined Balance Sheet
All Fund Types and Account Groups

December 31, 1999

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund Types	Account Groups		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)
Assets and Other Debits									
Assets									
Equity in Pooled Cash	$1,526,834	$1,751,284	$66,606	$2,272,119	$2,017,801	$41,666	$0	$0	$7,676,310
Cash in Segregated Accounts	310	0	0	0	0	57,158	0	0	57,468
Cash with Fiscal Agent	0	0	19,788	0	0	0	0	0	19,788
Receivables:									
Taxes	1,259,458	125,463	0	0	0	0	0	0	1,384,921
Special Assessments	0	0	1,121,650	0	0	0	0	0	1,121,650
Accounts	51,409	0	0	0	521,190	0	0	0	572,599
Accrued Interest	79,651	36,449	0	9,414	0	7,604	0	0	133,118
Due from Other Funds	14,690	5,833	0	0	0	1,419	0	0	21,942
Due from Other Governments	40,766	43,781	0	0	0	0	0	0	84,547
Inventory of Supplies	8,642	85,187	0	0	32,491	0	0	0	126,320
Notes Receivable	0	22,236	0	0	0	0	0	0	22,236
Prepaid Items	36,029	25,319	0	0	9,995	0	0	0	71,343
Unamortized Bond Issuance Costs	0	0	0	0	95,489	0	0	0	95,489
Fixed Assets, (Net)	0	0	0	0	8,987,304	0	6,925,733	0	15,913,037
Other Debits									
Amount Available in Debt Service	0	0	0	0	0	0	0	66,606	66,606
Amount to be Provided-General Resources	0	0	0	0	0	0	0	350,647	350,647
Amount to be Provided-Special Assessments	0	0	0	0	0	0	0	718,000	718,000
Total Assets	$3,017,789	$2,095,552	$1,208,044	$2,281,533	$11,664,270	$107,847	$6,925,733	$1,135,253	$28,436,021
Liabilities									
Accounts Payable	$83,350	$2,408	$0	$149,715	$28,117	$0	$0	$0	$263,590
Accrued Wages and Benefits	53,457	8,947	0	0	11,556	0	0	0	73,960
Compensated Absences Payable	12,857	1,066	0	0	93,014	0	0	417,253	524,190
Due to Other Funds	0	0	0	0	0	21,942	0	0	21,942
Due to Other Governments	380,131	38,149	0	0	46,784	0	0	0	465,064
Deferred Revenue	718,665	123,199	1,121,650	0	0	0	0	0	1,963,514
Undistributed Monies	0	0	0	0	0	39,438	0	0	39,438
Matured Interest Payable	0	0	19,788	0	0	0	0	0	19,788
Accrued Interest Payable	0	0	0	0	32,691	0	0	0	32,691
Notes Payable	0	0	0	1,200,000	0	0	0	0	1,200,000
General Obligation Bonds Payable	0	0	0	0	5,045,000	0	0	0	5,045,000
Special Assess. Debt with Commitment	0	0	0	0	0	0	0	718,000	718,000
Total Liabilities	1,248,460	173,769	1,141,438	1,349,715	5,257,162	61,380	0	1,135,253	10,367,177
Fund Equity and Other Credits									
Investment in General Fixed Assets	0	0	0	0	0	0	6,925,733	0	6,925,733
Contributed Capital	0	0	0	0	1,896,556	0	0	0	1,896,556
Retained Earnings:									
Unreserved	0	0	0	0	4,510,552	21,467	0	0	4,532,019
Reserved for Park Improvements	0	0	0	0	0	25,000	0	0	25,000
Fund Balance:									
Reserved for Encumbrances	331,179	33,172	0	915,754	0	0	0	0	1,280,105
Reserved for Inventory	8,642	85,187	0	0	0	0	0	0	93,829
Reserved for Prepaid Items	36,029	25,319	0	0	0	0	0	0	61,348
Reserved for Debt Service	0	0	66,606	0	0	0	0	0	66,606
Reserved for Notes Receivable	0	22,236	0	0	0	0	0	0	22,236
Unreserved Undesignated	1,393,479	1,755,869	0	16,064	0	0	0	0	3,165,412
Total Fund Equity	1,769,329	1,921,783	66,606	931,818	6,407,108	46,467	6,925,733	0	18,068,844
Total Liabilities and Fund Equity	$3,017,789	$2,095,552	$1,208,044	$2,281,533	$11,664,270	$107,847	$6,925,733	$1,135,253	$28,436,021

See accompanying notes to the financial statements.

City of Tiffin, Ohio

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

For the Year December 31, 1999

	Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects	Totals Memorandum Only)
Revenues:					
Municipal Income Tax	$6,236,590	$0	$0	$0	$6,236,590
Property and Other Taxes	689,410	115,990	0	0	805,400
Charges for Services	152,918	64,552	0	0	217,470
Licenses and Permits	27,511	0	0	0	27,511
Fines and Forfeitures	277,499	99,990	0	0	377,489
Intergovernmental	1,013,086	703,693	0	0	1,716,779
Special Assessments	0	0	81,542	0	81,542
Investment Income	325,911	93,204	0	34,275	453,390
Other	109,167	21,345	0	134,654	265,166
Total Revenue	8,832,092	1,098,774	81,542	168,929	10,181,337
Expenditures:					
Current:					
General Government:					
Legislative and Executive	1,506,212	0	0	0	1,506,212
Judicial	450,629	17,211	0	0	467,840
Security of Persons and Property	5,005,573	144,365	0	0	5,149,938
Public Health and Welfare	122,674	5,568	0	0	128,242
Transportation	0	781,065	0	0	781,065
Community Environment	83,671	0	0	0	83,671
Leisure Time Activities	18,000	352,387	0	0	370,387
Economic Development and Assistance	122,673	114,200	0	0	236,873
Capital Outlay	0	0	0	1,994,524	1,994,524
Debt Service:					
Principal Retirement	0	0	37,000	0	37,000
Interest and Fiscal Charges	0	0	43,077	45,644	88,721
Total Expenditures	7,309,432	1,414,796	80,077	2,040,168	10,844,473
Excess of Revenues Over (Under) Expenditures	1,522,660	(316,022)	1,465	(1,871,239)	(663,136)
Other Financing Sources (Uses):					
Other Financing Sources	68,083	0	0	0	68,083
Sale of Fixed Assets	10,950	2,543	0	0	13,493
Operating Transfers - In	0	506,406	0	2,619,105	3,125,511
Operating Transfers - Out	(2,532,074)	0	0	(595,000)	(3,127,074)
Total Other Sources (Uses)	(2,453,041)	508,949	0	2,024,105	80,013
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(930,381)	192,927	1,465	152,866	(583,123)
Fund Balances (Deficit) at Beginning of Year	2,704,637	1,682,878	65,141	778,952	5,231,608
Increase (Decrease) in Reserve for Inventory	(4,927)	45,978	0	0	41,051
Fund Balances (Deficits) at End of Year	$1,769,329	$1,921,783	$66,606	$931,818	$4,689,536

See accompanying notes to the financial statements.

City of Tiffin, Ohio

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

For the Year ending December 31, 1999

	Governmental Fund Types					
	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Municipal Income Tax	6,250,000	6,377,231	127,231	0	0	0
Property and Other Taxes	663,000	676,206	13,206	104,400	115,883	11,483
Charges for Services	122,900	131,024	8,124	50,000	64,552	14,552
Licenses and Permits	30,000	27,511	(2,489)	0	0	0
Fines and Forfeitures	249,900	282,669	32,769	103,000	101,738	(1,262)
Intergovernmental	937,200	1,012,986	75,786	663,000	691,720	28,720
Special Assessments	0	0	0	0	0	0
Investment Income	280,000	323,488	43,488	71,200	89,204	18,004
Other	138,000	107,899	(30,101)	15,600	21,345	5,745
Total Revenue	8,671,000	8,939,014	268,014	1,007,200	1,084,442	77,242
Expenditures:						
Current:						
General Government:						
Legislative and Executive	1,977,429	1,661,384	316,045	0	0	0
Judicial	453,889	397,296	56,593	135,465	18,470	116,995
Security of Persons and Property	5,462,251	5,191,846	270,405	230,445	151,162	79,283
Public Health and Welfare	283,427	182,853	100,574	12,200	9,680	2,520
Transportation	0	0	0	1,091,008	822,018	268,990
Community Environment	129,359	84,283	45,076	0	0	0
Leisure Time Activities	18,000	18,000	0	387,528	356,560	30,968
Economic Deveopment & Assistance	136,394	126,660	9,734	313,200	114,200	199,000
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	8,460,749	7,662,322	798,427	2,169,846	1,472,090	697,756
Excess of Revenues Over (Under) Expenditures	210,251	1,276,692	1,066,441	(1,162,646)	(387,648)	774,998
Other Financing Sources (Uses):						
Other Financing Sources	59,950	68,083	8,133	19,000	33,073	14,073
Proceeds of Notes	0	0	0	0	0	0
Sale of Fixed Assets	10,000	10,950	950	2,150	2,543	393
Operating Transfers - In	0	0	0	502,000	506,406	4,406
Operating Transfers - Out	(2,503,000)	(2,532,074)	(29,074)	(60,000)	0	60,000
Total Other Sources (Uses)	(2,433,050)	(2,453,041)	(19,991)	463,150	542,022	78,872
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(2,222,799)	(1,176,349)	1,046,450	(699,496)	154,374	853,870
Fund Balances (Deficit) at Beginning of Year	1,981,441	1,981,441	0	1,487,796	1,487,796	0
Prior Year Encumbrances Appropriated	327,629	327,629	0	73,533	73,533	0
Fund Balances (Deficit) at End of Year	$86,271	$1,132,721	$1,046,450	$861,833	$1,715,703	$853,870

See accompanying notes to the financial statements.

Debt Service			Capital Projects Funds			Total - 1999 (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
0	0	0	0	0	0	6,250,000	6,377,231	127,231
0	0	0	0	0	0	767,400	792,089	24,689
0	0	0	0	0	0	172,900	195,576	22,676
0	0	0	0	0	0	30,000	27,511	(2,489)
0	0	0	0	0	0	352,900	384,407	31,507
0	0	0	0	0	0	1,600,200	1,704,706	104,506
79,600	81,542	1,942	0	0	0	79,600	81,542	1,942
0	0	0	20,000	33,988	13,988	371,200	446,680	75,480
0	0	0	165,000	134,654	(30,346)	318,600	263,898	(54,702)
79,600	81,542	1,942	185,000	168,642	(16,358)	9,942,800	10,273,640	330,840
0	0	0	0	0	0	1,977,429	1,661,384	316,045
0	0	0	0	0	0	589,354	415,766	173,588
0	0	0	0	0	0	5,692,696	5,343,008	349,688
0	0	0	0	0	0	295,627	192,533	103,094
0	0	0	0	0	0	1,091,008	822,018	268,990
0	0	0	0	0	0	129,359	84,283	45,076
0	0	0	0	0	0	405,528	374,560	30,968
0	0	0	0	0	0	449,594	240,860	208,734
0	0	0	4,285,040	3,323,915	961,125	4,285,040	3,323,915	961,125
37,000	37,000	0	1,300,000	1,300,000	0	1,337,000	1,337,000	0
44,720	43,077	1,643	47,000	45,644	1,356	91,720	88,721	2,999
81,720	80,077	1,643	5,632,040	4,669,559	962,481	16,344,355	13,884,048	2,460,307
(2,120)	1,465	3,585	(5,447,040)	(4,500,917)	946,123	(6,401,555)	(3,610,408)	2,791,147
0	0	0	0	0	0	78,950	101,156	22,206
0	0	0	1,150,000	1,200,000	50,000	1,150,000	1,200,000	50,000
0	0	0	0	0	0	12,150	13,493	1,343
0	0	0	2,581,000	2,619,105	38,105	3,083,000	3,125,511	42,511
0	0	0	(595,000)	(595,000)	0	(3,158,000)	(3,127,074)	30,926
0	0	0	3,136,000	3,224,105	88,105	1,166,100	1,313,086	146,986
(2,120)	1,465	3,585	(2,311,040)	(1,276,812)	1,034,228	(5,235,455)	(2,297,322)	2,938,133
65,142	65,142	0	1,693,422	1,693,422	0	5,227,801	5,227,801	0
0	0	0	790,040	790,040	0	1,191,202	1,191,202	0
$63,022	$66,607	$3,585	$172,422	$1,206,650	$1,034,228	$1,183,548	$4,121,681	$2,938,133

City of Tiffin, Ohio

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

For the Year Ended December 31, 1999

	Proprietary Fund Type	Fiduciary Fund Type	
	Enterprise	Non-Expendable Trust	Totals (Memorandum Only)
Operating Revenues:			
Charges for Services	$2,270,516	$0	$2,270,516
Interest Income	0	9,286	9,286
Other Income	0	26,789	26,789
Total Operating Revenues	2,270,516	36,075	2,306,591
Operating Expenses:			
Personal Services	860,774	6,393	867,167
Contractual Services	430,042	0	430,042
Materials and Supplies	77,951	17,158	95,109
Other Operating Expenses	58,519	0	58,519
Depreciation	369,024	0	369,024
Total Operating Expenses	1,796,310	23,551	1,819,861
Operating Income (Loss)	474,206	12,524	486,730
Non-Operating Revenues (Expenses):			
Tap-In Fees	21,527	0	21,527
Interest Income	934	0	934
Interest and Fiscal Charges	(245,444)	0	(245,444)
Total Non-Operating Revenues (Expenses)	(222,983)	0	(222,983)
Net Income (Loss) Before Operating Transfers	251,223	12,524	263,747
Operating Transfers In	0	1,563	1,563
Net Income (Loss)	251,223	14,087	265,310
Depreciation on Fixed Assets Acquired by Contributed Capital	63,508	0	63,508
Retained Earnings at Beginning of Year	4,195,821	32,380	4,228,201
Retained Earnings at End of Year	$4,510,552	$46,467	$4,557,019
Contributed Capital at Beginning of Year	658,374	0	658,374
Contributions from Other Funds	1,301,690	0	1,301,690
Depreciation on Fixed Assets Acquired by Contributed Capital	(63,508)	0	(63,508)
Contributed Capital at End of Year	1,896,556	0	1,896,556
Total Fund Equity	$6,407,108	$46,467	$6,453,575

See accompanying notes to the financial statements.

City of Tiffin, Ohio

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

For the Year ending December 31, 1999

	Proprietary Fund Types			Fiduciary Fund Type			Total - 1999		
	Enterprise			Non-Expendable Trust			(Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Charges for Services	$2,110,000	$2,242,241	$132,241	$0	$0	$0	$2,110,000	$2,242,241	$132,241
Interest Income	0	3,084	3,084	2,200	2,041	(159)	$2,200	$5,125	2,925
Other Operating Revenue	0	0	0	26,789	26,789	0	$26,789	$26,789	0
Total Revenue	2,110,000	2,245,325	135,325	28,989	28,830	(159)	2,138,989	2,274,155	135,166
Expenses									
Current:									
Personal Services	977,314	866,151	111,163	14,140	6,393	7,747	$991,454	$872,544	118,910
Contractual Services	658,803	481,176	177,627	0	0	0	$658,803	$481,176	177,627
Claims & Judgements	0	0	0	0	0	0	$0	$0	0
Materials and Supplies	113,600	69,642	43,958	21,026	19,400	1,626	$134,626	$89,042	45,584
Other Non-Operating Expenses	69,100	58,849	10,251	0	0	0	$69,100	$58,849	10,251
Capital Outlay	434,225	388,955	45,270	0	0	0	$434,225	$388,955	45,270
Debt Service:									
Principal Retirement	4,160,000	4,160,000	0	0	0	0	$4,160,000	$4,160,000	0
Total Expenses	6,413,042	6,024,773	388,269	35,166	25,793	9,373	6,448,208	6,050,566	397,642
Excess of Revenues Over (Under) Expenses	(4,303,042)	(3,779,448)	523,594	(6,177)	3,037	9,214	(4,309,219)	(3,776,411)	532,808
Other Non-Revenues (Expenses)									
Tap-In fees	37,520	21,527	(15,993)	0	0	0	$37,520	$21,527	(15,993)
Interest and Fiscal Charges	(285,103)	(283,249)	1,854	0	0	0	($285,103)	($283,249)	1,854
Proceeds of Bonds	1,850,000	1,850,000	0	0	0	0	$1,850,000	$1,850,000	0
Proceeds of Notes	1,900,000	1,850,000	(50,000)	0	0	0	$1,900,000	$1,850,000	(50,000)
Operating Transfers - In	0	0	0	1,563	1,563	0	$1,563	$1,563	0
Operating Transfers - Out	(53,925)	0	53,925	0	0	0	($53,925)	$0	53,925
Total Non-Revenue (Expenses)	3,448,492	3,438,278	(10,214)	1,563	1,563	0	3,450,055	3,439,841	(10,214)
Excess of Revenues and Non-Revenues Financing Sources Over (Under) Expenses and Non-Expenses	(854,550)	(341,170)	513,380	(4,614)	4,600	9,214	(859,164)	(336,570)	522,594
Fund Equity (Deficit) at Beginning of Year	1,879,704	1,879,704	0	32,020	32,020	0	$1,911,724	$1,911,724	0
Prior Year Encumbrances Appropriated	377,343	377,343	0	0	0	0	$377,343	$377,343	0
Fund Equity (Deficit) at End of Year	$1,402,497	$1,915,877	$513,380	$27,406	$36,620	$9,214	$1,429,903	$1,952,497	$522,594

See accompanying notes to the financial statements

City of Tiffin, Ohio

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

For the Year Ended December 31, 1999

	Proprietary Fund Type	Fiduciary Fund Type	
	Enterprise	Non-expendable Trust	Totals (Memorandum Only)
Cash Flows from Operating Activities:			
Cash Received from Customers	$2,242,241	$26,789	$2,269,030
Cash Paid to Employees	(843,019)	(6,393)	(849,412)
Cash Paid for Goods and Services	(537,777)	(15,744)	(553,521)
Interest Income	0	2,041	2,041
Net Cash Provided by Operating Activities	861,445	6,693	868,138
Cash Flows from Investing Activities:			
Interest Receivable	3,084	0	3,084
Net Cash Provided by Investing Activities	3,084	0	3,084
Cash Flows from Capital & Related Financing Activities:			
Proceeds from General Obligation Bonds	1,850,000	0	1,850,000
Proceeds from Notes	1,850,000	0	1,850,000
Principal Payments - Bonds	(4,160,000)	0	(4,160,000)
Interest Expense	(283,249)	0	(283,249)
Purchase of Fixed Assets	(382,057)	0	(382,057)
Net Cash Provided by Capital and Related Financing Activities	(1,125,306)	0	(1,125,306)
Cash flows from Noncapital Financing Activities:			
Tap-In Fees	21,527	0	21,527
Operating Transfer-In	0	1,563	1,563
Net Cash Provided by Noncapital Financing Activities:	21,527	1,563	23,090
Change in Cash	(239,250)	8,256	(230,994)
Cash Balance, Beginning of Year	2,257,051	30,607	2,287,658
Cash Balance, End of Year	2,017,801	38,863	2,056,664
Operating Income	474,206	12,524	486,730
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:			
Depreciation Expense	369,024	0	369,024
(Increase) Decrease in Interest Receivable	0	(5,831)	(5,831)
Net (Increase) Decrease in Accounts Receivable	(28,275)	0	(28,275)
(Increase) Decrease in Inventories	3,378	0	3,378
(Increase) Decrease in Prepaid Items	(434)	0	(434)
Increase (Decrease) in Accounts Payable	(247,402)	0	(247,402)
Increase (Decrease) in Accrued Wages and Benefits	2,733	0	2,733
Increase (Decrease) in Compensated Absences Payable	15,284	0	15,284
Increase (Decrease) in Due to Other Governments	(262)	0	(262)
Fixed Assets Purchased Through Accounts Payable	273,193	0	273,193
Total Adjustments	387,239	(5,831)	381,408
Net Cash Provided by Operating Activities	861,445	6,693	868,138

See accompanying notes to the financial statements.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. DESCRIPTION OF THE ENTITY

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

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

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

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

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

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

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

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

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

B. FUND ACCOUNTING

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

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

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

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

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

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

C. BASIS OF ACCOUNTING

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

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

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

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

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

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

D. BUDGETARY PROCESS

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

Tax Budget:

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

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

Appropriations:

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

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

Encumbrances:

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

Lapsing of Appropriations:

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

E. CASH AND INVESTMENTS

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

During fiscal year 1999, investments were limited to repurchase agreements and certificates of deposits.

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

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during year 1999 amounted to $325,911, the special revenue fund amounted to $93,204, the capital projects amounted to $34,275 and the non-expendable trust fund amounted to $9,286.

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

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

F. INVENTORIES

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

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

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

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items. Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At period end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying of the asset.

H. FIXED ASSETS

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

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

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

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

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

I. COMPENSATED ABSENCES

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

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

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

J. LONG-TERM OBLIGATIONS

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

K. FUND EQUITY

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

L. INTERFUND TRANSACTIONS

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

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

M. MEMORANDUM ONLY - TOTAL COLUMNS

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

NOTE 2 -- EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

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

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

1. United State Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer’s investment pool (STAR Ohio); and

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 the delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, “Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements.”

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

Deposits At year-end, the carrying amount of the City's deposits was $6,979,256 and the bank balance was $7,368,473. Of the bank balance:

1. $360,303 was covered by federal depository insurance.

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

2. $7,008,170 was uninsured and uncollateralized. Although the securities held by the pledging financial institution's trust department or agent but not in the City's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

	Category			
	1	2	3	Bank Balance
Certificates	$7,090,000	$ -	$ -	$7,090,000
Checking Accounts	(187,690)	-	-	(187,690)
Municipal Court	57,158	-	-	57,158
Bond and Coupon	19,788	-	-	19,788
Totals	$6,979,256	$ -	$ -	$6,979,256

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

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

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

		Carrying Amount	Fair Value
Bank Repurchase	Category C	$ 774,000	774,000
TOTAL INVESTMENTS		$774,000	$774,000

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

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

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

	Equity with City Treasurer	Investments
Per Combined Balance Sheet	$663,566	$ 7,090,000
Certificates of Deposit over 90 days	7,090,000	(7,090,000)
Bank Repurchase Agreement	(774,000)	774,000
Petty Cash Funds	(310)	-
Per GASB 3	$ 6,979,256	$774,000

NOTE 3 -- LOCAL INCOME TAXES

This locally levied tax of 1.75 percent applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Tiffin and to earnings of non residents (except certain transients) earned in the government. It also applies to net income to business organizations conducted within Tiffin. Tax receipts are credited to the City and amounted to $6,236,590 in 1999.

NOTE 4 -- INSURANCE

The City of Tiffin is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1999, the City contracted through Heritage Insurance with Ohio Government Risk Management Plan for property, fleet, crime and liability insurance.

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

	Per Occurrence	Annual Aggregate
Building and Contents-Replacement Cost		$16,678,605
Liability	$5,000,000 per Occurrence	$ 6,000,000
Wrongful Acts	$5,000,000 per Occurrence	$ 6,000,000
Law Enforcement	$5,000,000 per Occurrence	$ 6,000,000
Automobile	$250 Deductible Comprehensive	$5,000,000
	$500 Deductible Collision	$5,000,000
Bond		$100,000
Inland Marine	$250 Deductible	$4,208,129
Fire Vehicle	$250 Deductible	$709,725
Electronic Data Processing	$250 Deductible	$439,267

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

NOTE 4 – INSURANCE - (continued)

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

NOTE 5 -- PROPERTY TAXES

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

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

The assessed value upon which the 1999 taxes were collected was $201,816,172. The full tax rate for all City operations applied to real property for fiscal year ended December 31, 1999 was $4.10 per $1,000 of assessed valuation.

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

Real Property - 1998 Valuation:	
Residential/Agricultural	$104,232,520
Public Utilities	28,270
Commercial/Industrial	36,845,470
Total Real Property	141,106,260
Tangible Personal Property - 1999 Valuation:	
Public Utilities	18,086,860
General Personal	42,623,052
Total Personal Property	60,709,912
Total Assessed Valuation	$201,816,172

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of December 31, 1999. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not intended to finance 2000 operations. The receivable is therefore offset by a credit to deferred revenue.

NOTE 6 -- RECEIVABLES

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

A summary of the principal items of receivables follows:

General:	
Amount	
Accrued Property Taxes:	
Current	$ 724,061
Delinquent	7,808
Accrued City Income Taxes	527,589
Accounts Receivable	51,409
Due from Other Governments	40,766
Accrued Interest Receivable	79,651
Special Revenue Funds	
Accrued Property Taxes:	
Current	$ 124,124
Delinquent	1,339
Due from Other Governments	43,781
Accrued Interest Receivable	36,449
Debt Service Funds	
Special Assessments	$ 1,121,650
Capital Projects Funds	
Accrued Interest	$ 9,414
Proprietary Funds	
Accounts Receivable Billed	$ 102,503
Unbilled Services	418,687
Trust and Agency Fund	
Accrued Interest Receivable	$ 7,604
Total	$3,296,835

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

Receivable and payable balances represent Municipal Court fines and forfeitures due to the following funds at December 31, 1999:

	Due From	Due To
General	$14,690	
Special Revenue Funds:		
Computer Fund	$3,387	
Computer Legal Research	89	
DUI Indigent Drivers	462	
DUI Arrest	258	
Women Victim Assistance Fund	1,637	
Total Special Revenue Fund Type	$5,833	

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

	Due From	Due To
Trust and Agency Funds:		
State Highway Patrol Transfer	$1,419	
Municipal Court Agency		$21,942
Totals	$21,942	$21,942

NOTE 8 -- FIXED ASSETS

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

	Balance 1/1/99	Additions	Retirements	Balance 12/31/99
Land	$2,887,761	$149,749	$(97,800)	$2,939,710
Buildings	6,277,953	17,127	-	6,295,080
Machinery & Equipment	1,946,301	194,955	(48,458)	2,092,798
Furniture & Fixtures	198,519	7,486	(500)	205,505
Vehicles	1,689,390	85,060	(36,164)	1,738,286
Total	12,999,924	454,377	(182,922)	13,271,379
Less:				
Accumulated Depreciation	(5,989,374)	(441,394)	85,122	(6,345,646)
Total Assets	$7,010,550	$ 12,983	$97,800	$6,925,733

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

	Sewer Fund
Land	$ 241,940
Buildings	10,016,576
Equipment, Machinery	388,961
Furniture and Fixture	46,313
Vehicles	596,883
Infrastructure	4,883,040
Infrastructure Contributed	998,163
Construction In Progress	964,402
Total Fixed Assets	18,136,278
Less: Accumulated Depreciation	(9,148,974)
Net Fixed Assets	$8,987,304

NOTE 8 -- FIXED ASSETS – (continued)

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

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

NOTE 9 -- DEBT OBLIGATIONS

	Balance 1/01/99	Additions	Retirements	Balance 12/31/99
Special Assessment Anticipation Notes:				
Sanitary Sewer Improvement Notes, 7/6/00, 4.99%	-	$1,200,000	-	$1,200,000
Sanitary Sewer Improvement Notes, 7/8/99, 3.95%	1,300,000	-	1,300,000	-
Total Notes Payable	$1,300,000	$1,200,000	$1,300,000	$1,200,000
Special Assessment Bonds Payable with Government Commitment:				
Miami Street Storm Water Drainage Improvement Bonds 6/24/98, 4.04%	670,000	-	20,000	650,000
Bonds, 9.25% Issued 1988	85,000	-	17,000	68,000
Total Long Term Debt	755,000	-	37,000	718,000
Enterprise Debt:				
Sanitary Improvement Note Gibson Run Issued 7/8/98 4%	2,100,000	-	2,100,000	-
Various Purpose Notes 3,80% Issued 7/99 Matured 10/99	-	1,850,000	1,850,000	-
Sewer Imp. Bonds, 4.748%	-	1,850,000	-	1,850,000
G. O. Sanitary Sewer Refunding Bonds, Series 1998	3,405,000	-	210,000	3,195,000
Total Enterprise Debt	5,505,000	3,700,000	4,160,000	5,045,000
Compensated Absences	415,588	1,665	-	417,253
Total Debt	$7,975,588	$3,701,665	$5,497,000	$6,180,253

NOTE 9 -- DEBT OBLIGATIONS – (continued)

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

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

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

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The annual requirements to amortize all bonded and loans outstanding as of December 31, 1999, including interest payments of $7,603,958 are as follows:

	Year Ending December 31	General Obligation Debt	Special Assessment Bonds and Notes
	2000	$ 1,835,630	76,630
	2001	584,012	78,598
	2002	578,492	75,975
	2003	572,805	73,341
	2004	581,310	53,680
	2005-2009	2,890,889	274,936
	2010-2014	680,854	274,046
	2015-2018	-	217,160
Totals		$7,723,992	$1,124,366
Less Interest		1,478,992	406,366
Total Principal		$6,245,000	$ 718,000

NOTE 10 -- PENSION AND RETIREMENT PLANS

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 1999 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered salary. The employer contribution rate was 13.55 percent of covered payroll; The law enforcement employer rate was 16.70% of covered payroll. The City's contributions for pension obligations to PERS for the years ended December 31, 1999, 1998, and 1997 were $347,650, $333,697, and $342,787; respectively; 74% representing the paid contribution for 1999 and 100% for 1998 and 1997. $90,821 representing the unpaid contribution for 1999, is recorded as a liability in the individual funds that incurred the costs.

NOTE 10 -- PENSION AND RETIREMENT PLANS – (continued)

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City 's contributions to PFDPF for the years ending December 31, 1999, 1998 and 1997 were $632,562, $610,187, and $472,368, respectively, equal to the required contributions for the year. 78% has been contributed for 1999 and 100 percent for 1998 and 1997. $177,207 representing the unpaid contribution for 1999, is recorded as a liability in the individual funds that incurred the costs.

NOTE 11 -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Public Employees Retirement System--Public Employees Retirement System of Ohio provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio Service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care for the year 1999. The law enforcement employer rate for 1999 was 16.70% and 4.2% was used to fund health care.

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

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

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

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

NOTE 11 -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS – (continued)

Police and Firemen's Disability and Pension Fund

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

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

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

The number of participants eligible to receive health care benefits as of December 31, 1998, (the latest information available) are 11,424 for police and 9,186 for firefighters.

The amount that the City contributed as the employer's share to pay postemployment benefits for 1999 was $206,215.

The Fund's total health care expenses for the year ending December 31, 1998, the date of the last actuarial valuation was $78,596,790.

NOTE 12 -- COMPENSATED ABSENCES

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

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

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

Individuals leaving the employment of the City prior to retirement or at retirement lose their accumulated sick leave. At December 31, 1999, the maximum vested liability to the City for accumulated unpaid sick leave, assuming the City would have to pay all accumulated sick leave if the city ceased operations approximated $366,914. A liability has been recognized in the accompanying financial statements for sick leave for only the employees who are age 50 or older, or have thirty years with local government employment.

NOTE 12 -- COMPENSATED ABSENCES - (continued)

A liability for accrued vacation for $157,276 has been recognized. Vacation is accumulated based upon length of service as follows:

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

Employee Service	Fire Credit	Employee Service	Police Credit
1 to 6 years	5 days	1 to 4 years	10 days
After 7 years	6 days	After 5 years	11 days
After 8-14 years	8 days	After 6 years	12 days
After 15-20 years	10 days	After 7 years	13 days
After 21 years	11 days	After 8 years	14 days
		After 9-12 years	15 days
		After 13 years	16 days
		After 14 years	17 days
		After 15 years	18 days
		After 16 years	19 days
		After 17-19 years	20 days
		Over 20 years	21 days

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

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

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

NOTE 13 -- SEGMENT INFORMATION - ENTERPRISE FUNDS

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

	Sewer Fund
Operating Revenue	$2,270,516
Operating Expenses less Depreciation	$1,427,286
Depreciation	$369,024
Operating Income	$474,206
Investment Income	$934
Net Income (Loss)	$251,223
Fixed Assets	$8,987,304
Asset Additions	$1,410,554
Total Assets	$11,664,270
Bonds and Note Debt	$6,245,000
Net Working Capital	$2,359,315
Current Contributed Capital	$1,896,556
Total Equity	$6,407,108

NOTE 14--BUDGET BASIS OF ACCOUNTING

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

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

(a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

(b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

(c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP).

(d) Proceeds of short-term notes are not treated as revenue but as a liability.

(e) Proceeds of Bonds are not treated as revenue but as a liability.

(f) Payment of short-term notes are not treated as expenditures but as a reduction of a liability.

(g) Transfers made within the Sewer Fund have been eliminated on the GAAP basis.

NOTE 14--BUDGET BASIS OF ACCOUNTING

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

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

	General	Special Revenue	Debt Service	Capital Project
Budget Basis	$(1,176,349)	$ 154,374	$ 1,465	$(1,276,812)
Adjustments:				
Revenue Accruals	(106,922)	(18,741)	-	287
Expenditure Accruals	(41,537)	21,714	-	1,563,922
Note Proceeds	-	-	-	(1,200,000)
Encumbrances	394,427	35,580	-	1,065,469
GAAP Basis	$(930,381)	$ 192,927	$ 1,465	$152,866

Net Income

	Enterprise	Nonexpendable Trust
Budget Basis	$(341,170)	$ 4,600
Adjustments:		
Revenue Accruals	26,125	7,245
Proceeds of Notes	(1,850,000)	-
Proceeds of Bonds	(1,850,000)	-
Expenditure Accruals	4,348	2,242
Payment of Debt	4,160,000	-
Encumbrances	101,920	-
GAAP Basis	$ 251,223	$14,087

NOTE 15 -- CONTINGENT LIABILITIES

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

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

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

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

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

We have audited the general purpose financial statements of the City of Tiffin as of and for the year ended December 31, 1999, and have issued our report thereon dated July 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

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

Internal Controls Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated July 5, 2000.

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

Charles E. Harris & Associates, Inc.
July 5, 2000

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 1998 did not include material citations or recommendations.

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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CITY OF TIFFIN

SENECA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 12, 2000