

***CITY OF TIFFIN***

**Audit Report**

**For the Year Ended December 31, 2001**

CHARLES E. HARRIS & ASSOCIATES, INC.  
Certified Public Accounts





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

We have reviewed the Independent Auditor's Report of the City of Tiffin, Seneca County, prepared by Charles E. Harris & Associates, for the audit period January 1, 2001 through December 31, 2001. 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

August 5, 2002

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

**TABLE OF CONTENTS**

<u><b>TITLE</b></u>	<u><b>PAGE</b></u>
<b>Elected Officials</b>	<b>ii</b>
<b>Index of Funds</b>	<b>iii-iv</b>
<b>Report of Independent Accountants</b>	<b>1</b>
<b>Combined Balance Sheet - All Fund Types and Account Groups As of December 31, 2001</b>	<b>2</b>
<b>Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2001</b>	<b>3</b>
<b>Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types - For the Year Ended December 31, 2001</b>	<b>4-5</b>
<b>Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types and Similar Trust Funds - For the Year Ended December 31, 2001</b>	<b>6</b>
<b>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 Ended December 31, 2001</b>	<b>7</b>
<b>Combined Statement of Changes in Cash Flows, All Proprietary Fund Types and Similar Trust Funds - For the Year Ended December 31, 2001</b>	<b>8</b>
<b>Notes to the Financial Statements</b>	<b>9-29</b>
<b>Schedule of Federal Awards Expenditures</b>	<b>30</b>
<b>Notes to the Schedule of Federal Awards Expenditures</b>	<b>31</b>
<b>Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	<b>32-33</b>
<b>Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i></b>	<b>34-35</b>
<b>Schedule of Findings and Questioned Costs</b>	<b>36-37</b>
<b>Status of Prior Audit's Citations and Recommendations</b>	<b>38</b>

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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 City Council  
City of Tiffin  
Tiffin, Ohio

We have audited the accompanying general purpose financial statements of the City of Tiffin (the City), as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, 2001, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19 to the general purpose financial statements, the City has implemented Governmental Accounting Standards Board Statement numbers 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

*Charles E. Harris & Associates, Inc.*  
June 21, 2002

City of Tiffin, Ohio

Combined Balance Sheet  
All Fund Types and Account Groups

December 31, 2001

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b>Assets and Other Debits</b>									
<b>Assets</b>									
Equity in Pooled Cash & Investments	\$2,067,091	\$1,551,985	\$65,078	\$1,682,561	\$2,550,629	\$33,642	\$0	\$0	\$7,950,986
Cash in Segregated Accounts	310	0	0	0	0	66,183	0	0	66,493
Receivables:									
Taxes	2,213,742	156,907	0	0	0	0	0	0	2,370,649
Special Assessments	0	0	965,320	0	0	0	0	0	965,320
Accounts	96,607	0	0	0	689,538	0	0	0	786,145
Accrued Interest	45,801	608	0	0	21,920	234	0	0	68,563
Due from Other Funds	19,564	7,099	0	0	0	931	0	0	27,594
Due from Other Governments	242,497	404,092	0	91,530	0	0	0	0	738,119
Inventory of Supplies	11,569	159,430	0	0	26,318	0	0	0	197,317
Notes Receivable	0	317,968	0	0	0	0	0	0	317,968
Prepaid Items	62,770	26,205	0	0	11,660	0	0	0	100,635
Unamortized Bond Issue Costs	0	0	0	0	82,338	0	0	0	82,338
Fixed Assets, (Net)	0	0	0	0	8,519,733	0	7,423,543	0	15,943,276
<b>Other Debits</b>									
Amount Available in Debt Service	0	0	0	0	0	0	0	65,078	65,078
Amount to be Provided-General Resources	0	0	0	0	0	0	0	3,473,639	3,473,639
Amount to be Provided-Special Assessments	0	0	0	0	0	0	0	639,000	639,000
<b>Total Assets</b>	<b>\$4,759,951</b>	<b>\$2,624,294</b>	<b>\$1,030,398</b>	<b>\$1,774,091</b>	<b>\$11,902,136</b>	<b>\$100,990</b>	<b>\$7,423,543</b>	<b>\$4,177,717</b>	<b>\$33,793,120</b>
<b>Liabilities</b>									
Accounts Payable	\$83,950	\$8,807	\$0	\$68,751	\$18,011	\$0	\$0	\$0	\$179,519
Accrued Wages and Benefits	89,187	9,045	0	0	12,827	0	0	0	111,059
Compensated Absences Payable	15,181	761	0	0	101,229	0	0	556,417	673,588
Due to Other Funds	0	0	0	0	0	27,594	0	0	27,594
Due to Other Governments	260,603	19,974	0	0	26,297	0	0	0	306,874
Deferred Revenue	1,825,155	529,563	965,320	91,530	0	0	0	0	3,411,568
Undistributed Monies	0	0	0	0	0	42,347	0	0	42,347
Accrued Interest Payable	0	0	0	0	27,679	0	0	0	27,679
Notes Payable	0	0	0	0	0	0	0	1,100,000	1,100,000
Post Closure Landfill Care Payable	0	0	0	0	0	0	0	1,882,300	1,882,300
General Obligation Bonds Payable	0	0	0	0	4,295,000	0	0	0	4,295,000
Special Assess. Debt with Commitment	0	0	0	0	0	0	0	639,000	639,000
<b>Total Liabilities</b>	<b>2,274,076</b>	<b>568,150</b>	<b>965,320</b>	<b>160,281</b>	<b>4,481,043</b>	<b>69,941</b>	<b>0</b>	<b>4,177,717</b>	<b>12,696,528</b>
<b>Fund Equity and Other Credits</b>									
Investment in General Fixed Assets	0	0	0	0	0	0	7,423,543	0	7,423,543
Contributed Capital	0	0	0	0	1,830,675	0	0	0	1,830,675
Retained Earnings:									
Unreserved	0	0	0	0	5,590,418	0	0	0	5,590,418
Fund Balance:									
Reserved for Encumbrances	284,857	70,248	0	98,706	0	0	0	0	453,811
Reserved for Inventory	11,569	159,430	0	0	0	0	0	0	170,999
Reserved for Prepaid Items	62,770	26,205	0	0	0	0	0	0	88,975
Reserved for Debt Service	0	0	65,078	0	0	0	0	0	65,078
Reserved for Notes Receivable	0	317,968	0	0	0	0	0	0	317,968
Reserved for Park Improvements	0	0	0	0	0	25,000	0	0	25,000
Unreserved Undesignated	2,126,679	1,482,293	0	1,515,104	0	6,049	0	0	5,130,125
<b>Total Fund Equity</b>	<b>2,485,875</b>	<b>2,056,144</b>	<b>65,078</b>	<b>1,613,810</b>	<b>7,421,093</b>	<b>31,049</b>	<b>7,423,543</b>	<b>0</b>	<b>21,096,592</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$4,759,951</b>	<b>\$2,624,294</b>	<b>\$1,030,398</b>	<b>\$1,774,091</b>	<b>\$11,902,136</b>	<b>\$100,990</b>	<b>\$7,423,543</b>	<b>\$4,177,717</b>	<b>\$33,793,120</b>

See accompanying notes to the general purpose financial statements.

City of Tiffin, Ohio

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

For the Year December 31, 2001

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
Municipal Income Tax	\$6,478,671	\$0	\$0	\$0	\$6,478,671
Property and Other Taxes	860,909	148,530	0	0	1,009,439
Charges for Services	232,532	61,931	0	0	294,463
Licenses and Permits	26,647	0	0	0	26,647
Fines and Forfeitures	303,841	99,133	0	0	402,974
Intergovernmental	1,438,390	929,163	0	127,872	2,495,425
Special Assessments	0	0	77,634	0	77,634
Investment Income	440,880	608	0	2,802	444,290
Donations	166,128	0	0	0	166,128
Other	26,354	11,276	0	184,305	221,935
<b>Total Revenue</b>	<b>9,974,352</b>	<b>1,250,641</b>	<b>77,634</b>	<b>314,979</b>	<b>11,617,606</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>General Government:</b>					
Legislative and Executive	1,619,975	0	0	0	1,619,975
Judicial	325,809	62,190	0	0	387,999
Security of Persons and Property	5,283,008	200,740	0	0	5,483,748
Public Health and Welfare	448,020	10,892	0	0	458,912
Transportation	0	882,521	0	0	882,521
Community Environment	39,628	0	0	0	39,628
Leisure Time Activities	0	360,768	0	0	360,768
Economic Development and Assistance	114,637	455,065	0	0	569,702
Capital Outlay	0	0	0	1,641,885	1,641,885
<b>Debt Service:</b>					
Principal Retirement	0	0	42,000	1,200,000	1,242,000
Interest and Fiscal Charges	0	0	38,241	59,714	97,955
<b>Total Expenditures</b>	<b>7,831,077</b>	<b>1,972,176</b>	<b>80,241</b>	<b>2,901,599</b>	<b>12,785,093</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,143,275</b>	<b>(721,535)</b>	<b>(2,607)</b>	<b>(2,586,620)</b>	<b>(1,167,487)</b>
<b>Other Financing Sources (Uses):</b>					
Other Financing Sources	2,540	0	0	0	2,540
Proceeds of Notes	0	0	0	1,100,000	1,100,000
Sale of Fixed Assets	0	200	0	0	200
Operating Transfers - In	0	547,378	0	1,860,162	2,407,540
Operating Transfers - Out	(1,967,540)	0	0	(440,000)	(2,407,540)
<b>Total Other Sources (Uses)</b>	<b>(1,965,000)</b>	<b>547,578</b>	<b>0</b>	<b>2,520,162</b>	<b>1,102,740</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>178,275</b>	<b>(173,957)</b>	<b>(2,607)</b>	<b>(66,458)</b>	<b>(64,747)</b>
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>2,306,573</b>	<b>2,119,738</b>	<b>67,685</b>	<b>1,680,268</b>	<b>6,174,264</b>
<b>Increase (Decrease) in Reserve for Inventory</b>	<b>1,027</b>	<b>110,363</b>	<b>0</b>	<b>0</b>	<b>111,390</b>
<b>Fund Balances (Deficits) at End of Year</b>	<b>\$2,485,875</b>	<b>\$2,056,144</b>	<b>\$65,078</b>	<b>\$1,613,810</b>	<b>\$6,220,907</b>

See accompanying notes to the general purpose financial statements.

City of Tiffin, Ohio

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

For the Year Ending December 31, 2001

	Governmental Fund Types					
	General Fund			Special	Revenue	Funds
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Municipal Income Tax	\$6,400,000	\$6,605,404	\$205,404	\$0	\$0	\$0
Property and Other Taxes	863,500	911,438	47,938	167,400	157,194	(10,206)
Charges for Services	229,100	248,938	19,838	57,700	61,931	4,231
Licenses and Permits	29,500	26,647	(2,853)	0	0	0
Fines and Forfeitures	269,900	303,776	33,876	110,400	97,978	(12,422)
Intergovernmental	1,231,300	1,481,993	250,693	1,689,000	1,069,272	(619,728)
Special Assessments	0	0	0	0	0	0
Investment Income	425,000	472,482	47,482	30,000	20,227	(9,773)
Donations	270,000	166,128	(103,872)	0	0	0
Other	27,000	27,227	227	37,900	11,378	(26,522)
<b>Total Revenue</b>	<b>9,745,300</b>	<b>10,244,033</b>	<b>498,733</b>	<b>2,092,400</b>	<b>1,417,980</b>	<b>(674,420)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General Government:</b>						
Legislative and Executive	2,057,831	1,686,609	371,222	0	0	0
Judicial	474,573	422,514	52,059	180,058	65,573	114,485
Security of Persons and Property	5,891,136	5,530,511	360,625	291,927	238,119	53,808
Public Health and Welfare	504,158	479,728	24,430	14,058	10,892	3,166
Transportation	4,500	0	4,500	1,124,734	918,119	206,615
Community Environment	62,223	45,330	16,893	0	0	0
Leisure Time Activities	0	0	0	432,804	372,872	59,932
Economic Development & Assisitance	138,223	117,136	21,087	1,232,823	557,972	674,851
Capital Outlay	0	0	0	0	0	0
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>9,132,644</b>	<b>8,281,828</b>	<b>850,816</b>	<b>3,276,404</b>	<b>2,163,547</b>	<b>1,112,857</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>612,656</b>	<b>1,962,205</b>	<b>1,349,549</b>	<b>(1,184,004)</b>	<b>(745,567)</b>	<b>438,437</b>
<b>Other Financing Sources (Uses):</b>						
Other Financing Sources	160,400	2,535	(157,865)	20,000	20,321	321
Proceeds of Notes	0	0	0	0	0	0
Sale of Fixed Assets	8,500	0	(8,500)	2,000	200	(1,800)
Operating Transfers - In	0	0	0	533,000	547,378	14,378
Operating Transfers - Out	(1,991,000)	(1,967,540)	23,460	0	0	0
<b>Total Other Sources (Uses)</b>	<b>(1,822,100)</b>	<b>(1,965,005)</b>	<b>(142,905)</b>	<b>555,000</b>	<b>567,899</b>	<b>12,899</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>(1,209,444)</b>	<b>(2,800)</b>	<b>1,206,644</b>	<b>(629,004)</b>	<b>(177,668)</b>	<b>451,336</b>
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>1,381,889</b>	<b>1,381,889</b>	<b>0</b>	<b>1,558,636</b>	<b>1,558,636</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>328,434</b>	<b>328,434</b>	<b>0</b>	<b>93,759</b>	<b>93,759</b>	<b>0</b>
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$500,879</b>	<b>\$1,707,523</b>	<b>\$1,206,644</b>	<b>\$1,023,391</b>	<b>\$1,474,727</b>	<b>\$451,336</b>

See accompanying notes to the general purpose financial statements

-----Debt Service Funds-----			-----Capital Projects Funds-----			-----Total-2001----- ------(Memorandum Only)-----		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$6,400,000	\$6,605,404	\$205,404
0	0	0	0	0	0	1,030,900	1,068,632	37,732
0	0	0	0	0	0	286,800	310,869	24,069
0	0	0	0	0	0	29,500	26,647	(2,853)
0	0	0	0	0	0	380,300	401,754	21,454
0	0	0	125,000	127,872	2,872	3,045,300	2,679,137	(366,163)
76,600	77,634	1,034	0	0	0	76,600	77,634	1,034
0	0	0	11,950	11,950	0	466,950	504,659	37,709
0	0	0	0	0	0	270,000	166,128	(103,872)
0	0	0	215,000	184,305	(30,695)	279,900	222,910	(56,990)
76,600	77,634	1,034	351,950	324,127	(27,823)	12,266,250	12,063,774	(202,476)
0	0	0	0	0	0	2,057,831	1,686,609	371,222
0	0	0	0	0	0	654,631	488,087	166,544
0	0	0	0	0	0	6,183,063	5,768,630	414,433
0	0	0	0	0	0	518,216	490,620	27,596
0	0	0	0	0	0	1,129,234	918,119	211,115
0	0	0	0	0	0	62,223	45,330	16,893
0	0	0	0	0	0	432,804	372,872	59,932
0	0	0	0	0	0	1,371,046	675,108	695,938
0	0	0	3,065,960	1,804,163	1,261,797	3,065,960	1,804,163	1,261,797
42,000	42,000	0	1,200,000	1,200,000	0	1,242,000	1,242,000	0
40,300	38,241	2,059	61,000	59,714	1,286	101,300	97,955	3,345
82,300	80,241	2,059	4,326,960	3,063,877	1,263,083	16,818,308	13,589,493	3,228,815
(5,700)	(2,607)	3,093	(3,975,010)	(2,739,750)	1,235,260	(4,552,058)	(1,525,719)	3,026,339
0	0	0	0	0	0	180,400	22,856	(157,544)
0	0	0	1,050,000	1,100,000	50,000	1,050,000	1,100,000	50,000
0	0	0	0	0	0	10,500	200	(10,300)
0	0	0	1,816,000	1,860,162	44,162	2,349,000	2,407,540	58,540
0	0	0	(440,000)	(440,000)	0	(2,431,000)	(2,407,540)	23,460
0	0	0	2,426,000	2,520,162	94,162	1,158,900	1,123,056	(35,844)
(5,700)	(2,607)	3,093	(1,549,010)	(219,588)	1,329,422	(3,393,158)	(402,663)	2,990,495
67,686	67,686	0	1,615,904	1,615,904	0	4,624,115	4,624,115	0
0	0	0	118,788	118,788	0	540,981	540,981	0
\$61,986	\$65,079	\$3,093	\$185,682	\$1,515,104	\$1,329,422	\$1,771,938	\$4,762,433	\$2,990,495

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, 2001

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non- Expendable Trust</u>	
Operating Revenues:			
Charges for Services	\$2,303,764	\$0	\$2,303,764
Interest Income	0	1,964	1,964
<b>Total Operating Revenues</b>	<u>2,303,764</u>	<u>1,964</u>	<u>2,305,728</u>
Operating Expenses:			
Personal Services	867,746	0	867,746
Contractual Services	245,237	0	245,237
Materials and Supplies	99,740	0	99,740
Other Operating Expenses	32,381	0	32,381
Depreciation	473,514	0	473,514
<b>Total Operating Expenses</b>	<u>1,718,618</u>	<u>0</u>	<u>1,718,618</u>
<b>Operating Income (Loss)</b>	<u>585,146</u>	<u>1,964</u>	<u>587,110</u>
Non-Operating Revenues (Expenses):			
Tap-In Fees	19,461	0	19,461
Interest Income	21,920	0	21,920
Gain on the Sale of Fixed Assets	7,000	0	7,000
Interest and Fiscal Charges	(201,315)	0	(201,315)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(152,934)</u>	<u>0</u>	<u>(152,934)</u>
<b>Net Income (Loss)</b>	<u>432,212</u>	<u>1,964</u>	<u>434,176</u>
Depreciation on Fixed Assets Acquired by Contributed Capital	50,090	0	50,090
<b>Retained Earnings at Beginning of Year (See Note 18)</b>	<u>5,108,116</u>	<u>29,085</u>	<u>5,137,201</u>
<b>Retained Earnings at End of Year</b>	<u>5,590,418</u>	<u>31,049</u>	<u>5,621,467</u>
Contributed Capital at Beginning of Year	1,876,077	0	1,876,077
Contributions from Other Funds	4,688	0	4,688
Depreciation on Fixed Assets Acquired by Contributed Capital	(50,090)	0	(50,090)
<b>Contributed Capital at End of Year</b>	<u>1,830,675</u>	<u>0</u>	<u>1,830,675</u>
<b>Total Fund Equity</b>	<u>\$7,421,093</u>	<u>\$31,049</u>	<u>\$7,452,142</u>

See accompanying notes to the general purpose financial statements.

City of Tiffin, Ohio

Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Non GAAP Budget Basis)  
 All Proprietary Fund Types and Similar Trust Funds

For the Year Ending December 31, 2001

	-----Proprietary Fund Type----- -----Enterprise-----			-----Fiduciary Fund Type----- -----Non-Expendable Trust-----			-----Total - 2001----- ----- (Memorandum Only) -----		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>									
Charges for Services	\$2,280,000	\$2,285,414	\$5,414	\$0	\$0	\$0	\$2,280,000	\$2,285,414	\$5,414
Interest Income	0	0	0	1,900	2,232	332	\$1,900	\$2,232	332
Tap-In fees	17,500	19,461	1,961	0	0	0	\$17,500	\$19,461	1,961
Sale of Fixed Assets	0	7,000	7,000	0	0	0	\$0	\$7,000	7,000
<b>Total Revenue</b>	<b>2,297,500</b>	<b>2,311,875</b>	<b>14,375</b>	<b>1,900</b>	<b>2,232</b>	<b>332</b>	<b>2,299,400</b>	<b>2,314,107</b>	<b>14,707</b>
<b>Expenses:</b>									
<b>Current:</b>									
Personal Services	1,033,044	882,900	150,144	0	0	0	1,033,044	882,900	150,144
Contractual Services	476,535	291,462	185,073	0	0	0	476,535	291,462	185,073
Material and Supplies	116,998	97,364	19,634	1,800	0	1,800	118,798	97,364	21,434
Other Operating Expenses	42,837	33,250	9,587	0	0	0	42,837	33,250	9,587
Capital Outlay	368,000	279,994	88,006	0	0	0	368,000	279,994	88,006
<b>Debt Service:</b>									
Principal Retirement	385,000	385,000	0	0	0	0	385,000	385,000	0
Interest and Fiscal Charges	204,000	198,976	5,024	0	0	0	204,000	198,976	5,024
<b>Total Expenses</b>	<b>2,626,414</b>	<b>2,168,946</b>	<b>457,468</b>	<b>1,800</b>	<b>0</b>	<b>1,800</b>	<b>2,628,214</b>	<b>2,168,946</b>	<b>459,268</b>
<b>Excess of Revenues Over (Under) Expenses</b>	<b>(328,914)</b>	<b>142,929</b>	<b>471,843</b>	<b>100</b>	<b>2,232</b>	<b>2,132</b>	<b>(328,814)</b>	<b>145,161</b>	<b>473,975</b>
<b>Fund Equity (Deficit) at Beginning of Year</b>	<b>2,289,282</b>	<b>2,289,282</b>	<b>0</b>	<b>28,583</b>	<b>28,583</b>	<b>0</b>	<b>2,317,865</b>	<b>2,317,865</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>34,044</b>	<b>34,044</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,044</b>	<b>34,044</b>	<b>0</b>
<b>Fund Equity (Deficit) at End of Year</b>	<b>\$1,994,412</b>	<b>\$2,466,255</b>	<b>\$471,843</b>	<b>\$28,683</b>	<b>\$30,815</b>	<b>\$2,132</b>	<b>\$2,023,095</b>	<b>\$2,497,070</b>	<b>\$473,975</b>

See accompanying notes to the general purpose financial statements

City of Tiffin, Ohio

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

For the Year Ended December 31, 2001

	Proprietary Fund Type	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Non- expendable Trust	
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$2,285,414	\$0	\$2,285,414
Cash Paid to Employees	(862,010)	0	(862,010)
Cash Paid for Goods and Services	(373,069)	0	(373,069)
Interest Income	0	2,233	2,233
<b>Net Cash Provided by Operating Activities</b>	<b>1,050,335</b>	<b>2,233</b>	<b>1,052,568</b>
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>			
Sale of Fixed Assets	7,000	0	7,000
Purchase of Fixed Assets	(265,522)	0	(265,522)
Principal Payments - Bonds	(385,000)	0	(385,000)
Interest Expense	(198,975)	0	(198,975)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>(842,497)</b>	<b>0</b>	<b>(842,497)</b>
<b>Cash flows from Noncapital Financing Activities:</b>			
Tap-In Fees	19,461	0	19,461
<b>Net Cash Provided by Noncapital Financing Activities:</b>	<b>19,461</b>	<b>0</b>	<b>19,461</b>
Change in Cash	227,299	2,233	229,532
Cash Balance, Beginning of Year	2,323,330	28,582	2,351,912
Cash Balance, End of Year	\$2,550,629	\$30,815	\$2,581,444
<b>Operating Income</b>	<b>\$585,146</b>	<b>\$1,964</b>	<b>\$587,110</b>
<b>Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:</b>			
Depreciation Expense	473,514	0	473,514
(Increase) Decrease in Interest Receivable	0	269	269
Net (Increase) Decrease in Accounts Receivable	(18,350)	0	(18,350)
(Increase) Decrease in Inventories	10,927	0	10,927
(Increase) Decrease in Prepaid Items	(832)	0	(832)
Increase (Decrease) in Accounts Payable	5,819	0	5,819
Increase (Decrease) in Accrued Wages and Benefits	(679)	0	(679)
Increase (Decrease) in Compensated Absences Payable	8,848	0	8,848
Increase (Decrease) in Due to Other Governments	(2,433)	0	(2,433)
Fixed Assets Purchased Through Accounts Payable	(11,625)	0	(11,625)
<b>Total Adjustments</b>	<b>465,189</b>	<b>269</b>	<b>465,458</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$1,050,335</b>	<b>\$2,233</b>	<b>\$1,052,568</b>
<b>Reconciliation to Nonexpendable Trust Fund:</b>			
Trust and Agency per Balance Sheet:			
Equity in Pooled Cash		\$33,642	
Cash in Segregated Accounts		66,183	
<b>Total Cash on Balance Sheet</b>		<b>99,825</b>	
Less: Agency Fund Cash		(69,010)	
<b>Nonexpendable Trust Cash Above</b>		<b>\$30,815</b>	

See accompanying notes to the general purpose financial statements.

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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**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 organizations' 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 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 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.

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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**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 project funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

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

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

**C. BASIS OF ACCOUNTING**

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

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

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

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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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 2001.

**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 between 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.

**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.

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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**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 is 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 2001, 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 repurchase 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 2001 amounted to \$440,880.

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 inventory 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 is expensed when used rather than when purchased.

**G. PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond December 31, 2001, 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 benefitting 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.

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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**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.

**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.

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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**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 appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**L. INTERFUND TRANSACTIONS**

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

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

**M. MEMORANDUM ONLY - TOTAL COLUMNS**

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

**NOTE 2 -- EQUITY IN POOLED CASH AND INVESTMENTS**

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

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

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

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

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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

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

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

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

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.

*Deposits* At year-end, the carrying amount of the City's deposits was \$7,297,210 and the bank balance was \$7,596,663. Of the bank balance:

1. \$374,349 was covered by federal depository insurance, by collateral held by the City or by collateral held by a qualified third party trustee in the name of the City;

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

2. \$7,222,314 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions.

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 one includes deposits that are insured or collateralized with securities held by the City or its safekeeping agent in the City's name. Category two includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the City name. Category three 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.

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Value</u>
Certificates	\$ 7,340,000	\$ -	\$ -	\$ 7,340,000
Checking Accounts	(108,973)	-	-	(108,973)
Municipal Court	<u>66,183</u>	<u>-</u>	<u>-</u>	<u>66,183</u>
Totals	<u>\$ 7,297,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,297,210</u>

The negative carrying value in the checking accounts is due to overnight sweep account investments not shown as a cash balance in this schedule. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

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

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

		<u>Carrying Amount</u>	<u>Fair Value</u>
Bank Repurchase	Category C	<u>\$ 719,959</u>	<u>\$ 719,959</u>
<b>TOTAL INVESTMENTS</b>		<u>\$ 719,959</u>	<u>\$ 719,959</u>

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

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:

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Equity with City Treasurer</u>	<u>Investments</u>
Per Combined Balance Sheet	\$677,479	\$ 7,340,000
Certificates of Deposit over 90 days	7,340,000	(7,340,000)
Bank Repurchase Agreement	(719,959)	719,959
Petty Cash Funds	(310)	-
 Per GASB 3	 <u>\$ 7,297,210</u>	 <u>\$ 719,959</u>

**NOTE 3 -- LOCAL INCOME TAXES**

This locally levied tax of 1.75 percent applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Tiffin and to earnings of non residents (except certain transients) earned in the government. It also applies to net income to business organizations conducted within Tiffin. Tax receipts are credited to the City and amounted to \$6,478,671 in 2001.

**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 2001, the City contracted through Heritage Insurance with Ohio Government Risk Management Plan for property, fleet, crime and liability insurance.

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

	<u>Per Occurrence</u>	<u>Annual Aggregate</u>
Building and Contents-Replacement Cost		\$22,198,719
Liability	\$5,000,000 per Occurrence	\$ 7,000,000
Wrongful Acts	\$5,000,000 per Occurrence	\$ 7,000,000
Law Enforcement	\$5,000,000 per Occurrence	\$ 7,000,000
Automobile	\$250 Deductible Comprehensive	\$5,000,000
	\$500 Deductible Collision	\$5,000,000
Bond		\$100,000
Crime		\$10,000
Inland Marine	\$250 Deductible	\$4,851,502
Fire Vehicle	\$250 Deductible	\$1,220,725
Electronic Data Processing	\$250 Deductible	\$521,577

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

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

**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 2001 taxes were collected was \$259,205,656. The full tax rate for all City operations applied to real property for fiscal year ended December 31, 2001 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 - 2000 Valuation:	
Residential/Agricultural	\$140,031,530
Public Utilities	22,920
Commercial/Industrial	<u>51,412,450</u>
 Total Real Property	 191,466,900
Tangible Personal Property - 2000 Valuation:	
Public Utilities	18,375,190
General Personal	<u>49,363,566</u>
 Total Personal Property	 <u>67,738,756</u>
 Total Assessed Valuation	 <u>\$259,205,656</u>

Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20; if paid semiannually, 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, 2001. Although total property tax collections

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

for the next fiscal year are measurable, amounts to be received during the available period are not intended to finance 2001 operations. The receivable is therefore offset by a credit to deferred revenue.

**NOTE 6 -- RECEIVABLES**

Receivables at December 31, 2001, 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:

<u>Amount</u>	
<u>Accrued Property Taxes:</u>	
Current	\$ 907,220
Delinquent	9,128
Accrued City Income Taxes	534,872
Accounts Receivable-Ambulance	82,736
Accounts Receivable	13,871
Due from Other Governments	88,380
Accrued Interest Receivable	45,801

Special Revenue Funds

<u>Accrued Property Taxes:</u>	
Current	\$ 155,344
Delinquent	1,563
Due from Other Governments	30,095
Accrued Interest Receivable	608

Debt Service Funds

Special Assessments	\$ 965,320
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Proprietary Funds

Accounts Receivable Billed	\$ 259,271
Unbilled Services	430,267
Accrued Interest Receivable	21,920

Trust and Agency Fund

Accrued Interest Receivable	\$234
Total	<u>\$3,546,630</u>

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

Receivable and payable balances represent Municipal Court fines and forfeitures due to the following funds at December 31, 2001:

	<u>Due To</u>	<u>Due From</u>
General	\$19,564	

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

**Special Revenue Funds:**

Municipal Court General Projects	\$4,181
DUI Indigent Drivers	554
DUI Law Enforcement	221
Drug Law Enforcement	171
Women Victim Assistance Fund	<u>1,972</u>
 Total Special Revenue Fund Type	 \$7,099

**Trust and Agency Funds:**

State Highway Patrol Transfer	\$931	
Municipal Court Agency	<u>          </u>	<u>\$27,594</u>
 Totals	 <u>\$27,594</u>	 <u>\$27,594</u>

**NOTE 8 -- FIXED ASSETS**

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

	<u>Balance</u> <u>1/01/01</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/01</u>
Land	\$2,801,210	\$ -	\$ 18,795	\$2,782,415
Buildings	6,801,357	9,900	-	6,811,257
Machinery & Equipment	2,194,053	146,374	81,450	2,258,977
Furniture & Fixtures	258,086	7,575	531	265,130
Vehicles	<u>1,861,250</u>	<u>523,854</u>	<u>43,021</u>	<u>2,342,083</u>
Total	13,915,956	687,703	143,797	14,459,862
Less:				
Accumulated Depreciation	<u>(6,697,561)</u>	<u>(463,761)</u>	<u>125,003</u>	<u>(7,036,319)</u>
Total Assets	<u>\$7,218,395</u>	<u>\$223,942</u>	<u>\$ 18,794</u>	<u>\$7,423,543</u>

The following is a summary of proprietary fund-type fixed assets at December 31, 2001:

	<u>Sewer Fund</u>
Land	\$ 241,940
Buildings	10,016,576
Equipment, Machinery	461,542
Furniture and Fixture	48,774
Vehicles	655,182
Vehicles Contributed	21,750
Infrastructure	4,883,041
Infrastructure Contributed	1,991,892
Construction In Progress	<u>35,433</u>
Total Fixed Assets	18,356,130
 Less: Accumulated Depreciation	 <u>9,836,397</u>
Net Fixed Assets	<u>\$8,519,733</u>

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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**

	<b>Restated Balance <u>1/01/01</u></b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance <u>12/31/31</u></b>
<u>Special Assessment Anticipation Notes:</u>				
Sanitary Sewer Improvement Notes, 7/8/99, 3.95%	<u>\$1,200,000</u>	<u>\$1,100,000</u>	<u>\$1,200,000</u>	<u>\$1,100,000</u>
<u>Special Assessment Bonds Payable with Government Commitment:</u>				
Miami Street Storm Water Drainage Improvement Bonds 6/24/98, 4.04%	630,000	-	25,000	605,000
Streetscape Special Assessment Bonds, 9.25%				
Issued 1988	<u>51,000</u>	<u>-</u>	<u>17,000</u>	<u>34,000</u>
Total Special Assessment Debt	681,000	-	42,000	639,000
Post-closure Landfill Care Payable	2,320,177	-	437,877	1,882,300
Enterprise Debt:				
Sewer Imp. Bonds, 4.748%	1,700,000	-	160,000	1,540,000
G. O. Sanitary Sewer Bonds, Series 1998				
	<u>2,980,000</u>	<u>-</u>	<u>225,000</u>	<u>2,755,000</u>
Total Enterprise Debt	4,680,000	-	385,000	4,295,000
Compensated Absences	<u>458,443</u>	<u>97,974</u>	<u>-</u>	<u>556,417</u>
Total Debt	<u>\$9,339,620</u>	<u>\$ 1,197,974</u>	<u>\$2,064,877</u>	<u>\$8,472,717</u>

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

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

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

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

During early January 2001, it was determined the City, based on EPA Findings and Orders, the landfill which was closed in 1972, would be caring for and monitoring the landfill through at least 2013. In prior years, no long term debt was recognized but the caring and monitoring amounts are considered material to the financial statements and debt was established at January 1, 2001 with estimated costs of \$2,320,177 through 2013. See note 18 for further description

The annual requirements to amortize all bonds, loans and post-closure landfill caring payables outstanding as of December 31, 2001, including interest payments of \$1,394,378 are as follows:

<u>Year Ending</u> <u>December 31</u>	General Obligation Debt	Special Assessment <u>Bonds and Notes</u>	Post-Closure <u>Landfill Care</u>
2002	\$ 578,492	\$ 1,230,865	\$ 473,470
2003	572,805	73,341	408,830
2004	581,310	53,680	100,000
2005	578,370	52,568	100,000
2006	579,497	56,442	100,000
2007-2018	<u>2,413,876</u>	<u>657,132</u>	<u>700,000</u>
Totals	5,304,350	\$2,124,028	1,882,300
Less Interest	<u>1,009,350</u>	<u>385,028</u>	-
Total Principal	<u>\$4,295,000</u>	<u>\$ 1,739,000</u>	<u>1,882,300</u>

**NOTE 10 -- PENSION AND RETIREMENT PLANS**

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employees' contribution rate was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 10.1% of covered salary. The employers' contribution rate was 13.55 percent of covered payroll; The employers' contribution rate for both law enforcement and public safety divisions was 16.70% of covered payroll. The City's contributions for pension obligations to PERS for the years ended December 31, 2001, 2000, and 1999 were \$320,322, \$213,548, and \$347,650; respectively; 71.5% representing the paid contribution for 2001 and 100% for 2000 and 1999. \$91,347 representing the unpaid contribution for 2001, is recorded as an expenditure to the individual funds that incurred the costs.

**Police and Fireman's Disability and Pension Fund** - The City of Tiffin contributes to the Police and Fireman's Disability and Pension Fund (PFDPF), a cost-sharing, multiple-employer defined benefit pension plan. PFDPF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The PFDPF issues a publicly available financial report

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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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, 2001, 2000 and 1999 were \$646,905, \$638,590, and \$632,562, respectively, equal to the required contributions for the year. 75.2% has been contributed for 2001 and 100 percent for 2000 and 1999. \$160,170 representing the unpaid contribution for 2001, is recorded as an expenditure to 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 2001 employers' contribution rate was 13.55% of covered payroll; 4.3% was the portion that was used to fund health care for the year 2001. The law enforcement employer rate for 2001 was 15.70% and 4.3% was used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employees to fund post retirement health care through their contributions to PERS. The City's contribution to fund post employment benefits was \$101,638.

As of December 31, 2000 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$11,735.9 million. The number of benefit recipients eligible for OPEB at December 31, 2001 was 411,076.

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.60 million and \$2,628.7 million, respectively.

In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the PERS law enforcement program were placed in a newly named public safety division and continue to contribute at 9.0%. The employers' contribution rate for both the law enforcement and public safety divisions is 16.7%. Law enforcement officer benefits permit age and service retirement at an earlier age with a different formula than for PERS members not covered under this division.

**Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (the "OP&F") provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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Disability and Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals.

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

Health care funding and accounting is on a pay-as-you-go basis. The Board defined allocation was 7.25% and 7.5% of covered payroll in 2000 and 2001, respectively. 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, 2000, the date of the last actuarial valuation, are 12,853 for police and 10,037 for firefighters.

The amount that the City contributed as the employer's share to pay post employment benefits for 2001, was \$221,290.

The Fund's total health care expenses for the year ending December 31, 2000, the date of the last actuarial valuation, was \$106,160,054 which was net of member contributions of \$5,657,431.

**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, 2001, 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 \$499,879. 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 ten years with local government employment.

A liability for accrued vacation for \$173,709 has been recognized. Vacation is accumulated based upon length of service as follows:

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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

  

<u>Employee Service</u>	<b>Fire Credit</b>	<b>Employee Service</b>	<b>Police Credit</b>
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, 2001 for this enterprise activity is as follows:

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Sewer Fund</u>
Operating Revenue	\$2,303,764
Operating Expenses less Depreciation	\$1,245,104
Depreciation	\$473,514
Operating Income	\$585,146
Net Income (Loss)	\$432,212
Fixed Assets	\$8,519,733
Asset Additions	\$265,522
Total Assets	\$11,902,136
Bonds and Note Debt	\$4,295,000
Net Working Capital	\$(1,096,164)
Total Equity	\$7,421,093

**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 (Budget Basis), 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.

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

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses</b>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>
<u>Budget Basis</u>	\$(2,800)	\$(177,668)	\$ (2,607)	\$(219,588)
Adjustments:				
Revenue Accruals	(269,676)	(157,679)	-	(9,148)
Expenditure Accruals	90,873	114,113	-	(5,179)
Encumbrances	<u>359,878</u>	<u>77,258</u>	<u>-</u>	<u>167,457</u>
<u>GAAP Basis</u>	<u>\$178,275</u>	<u>\$ (143,976)</u>	<u>\$ (2,607)</u>	<u>\$ (66,458)</u>

**Net Income**

	<u>Enterprise</u>	<u>Nonexpendable Trust</u>
<u>Budget Basis</u>	\$142,929	\$ 2,232
Adjustments:		
Revenue Accruals	40,270	(268)
Expenditure Accruals	164,639	-
Encumbrances	<u>84,374</u>	<u>-</u>
<u>GAAP Basis</u>	<u>\$ 432,212</u>	<u>\$ 1,964</u>

**NOTE 17 -- 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.

**NOTE 18 -- PRIOR PERIOD ADJUSTMENTS**

In prior years, the City wrote off sewer delinquent bills and certified them to the County Auditor for collection. The payment is almost assured as they are liens on the property and within the next year almost eighty percent are collected and remitted to the City Auditor. Although written off, the bills are considered collectable and therefore should be considered a receivable at year end. At December 31, 2000 the receivable amounted to \$122,057 and the following is a prior year adjustment to the Enterprise Fund:

**CITY OF TIFFIN**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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December 31, 2000 Retained Earnings	\$4,986,059
Sewer Bill Accounts Receivable certified to County Auditor	<u>122,057</u>
<u>Restated Enterprise Retained Earnings, January 1, 2001</u>	<u>\$5,108,116</u>

Due to various EPA findings and orders against the City's landfill, the general long term debt was restated to recognized post closure landfill care costs which were considered material to the financial statements at the beginning of the year. The following is a prior year adjustment to the General Long Term Debt Account Group (See Note 9):

December 31, 2000 General Long Term Debt Account Group	\$2,339,443
Estimated Post closure landfill care costs through 2013.	<u>2,320,177</u>
<u>Restated General Long-Term Debt Account Group, January 1, 2001</u>	<u>\$4,659,620</u>

**NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2001, the City has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* and GASB Statement No. 36, *Reporting for Certain Shared Non-exchange Revenues*. The implementation of these Statements had no effect on the beginning fund equity of the City.

**CITY OF TIFFIN**  
**Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2001**

Federal Grantor/Pass Through Grantor Number/Program Title	Pass Through Entity Number	CFDA Number	Federal Receipts	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grant	A-F-99-183-1	14.218	\$ 90,000	\$ 90,000
Total Community Development Block Grant			<u>90,000</u>	<u>90,000</u>
CHIP Grant - CDBG	A-C-99-183-1	14.228	66,299	66,830
Total CHIP - CDBG			<u>66,299</u>	<u>66,830</u>
CHIP Grant - HOME	A-C-99-183-2	14.239	313,179	326,142
Total CHIP - HOME			<u>313,179</u>	<u>326,142</u>
<b><u>Total U.S. Department of Housing and Urban Development</u></b>			\$ 469,478	\$ 482,972
<b><u>U.S. Department of Justice</u></b>				
<i>Passed Through Ohio Department of Criminal Justice Services</i>				
Police Grant/Car Computers	99-CM-WX-2761	16.XXX	\$ 47,872	\$ 65,872
Total Police Grant/Car Computers			<u>47,872</u>	<u>65,872</u>
<b><u>Total U.S. Department of Justice</u></b>			\$ 47,872	\$ 65,872
<b><u>TOTAL FEDERAL ASSISTANCE</u></b>			<u>\$ 517,350</u>	<u>\$ 548,844</u>

*City of Tiffin*  
**Notes to the Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2001**

**1. Significant Accounting Policies**

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

**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 statement of the City of Tiffin as and for the year ended December 31, 2001, and have issued our report thereon dated June 21, 2002, wherein we noted the City implemented Governmental Accounting Standards Board Statements number 33 and 36. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's general purpose financial statement 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 general purpose financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statement 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 management of the City in a separate letter dated June 21, 2002.

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

*Charles E. Harris & Associates, Inc.*  
June 21, 2002

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

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

Compliance

We have audited the compliance of the City of Tiffin with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards 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, *Audits 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 program occurred. An audit includes examining, on a test basis, evidence about the City'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's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.

Internal Control Over Compliance

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

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

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

*Charles E. Harris & Associates, Inc.*  
**June 21, 2002**

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

**CITY OF TIFFIN  
SENECA COUNTY  
December 31, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

**CITY OF TIFFIN**  
**SENECA COUNTY**  
**December 31, 2001**

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS**

The prior audit report, for the period ending December 31, 2000, did not include material citations or recommendations.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**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 20, 2002**