



**Auditor of State  
Betty Montgomery**



CITY OF TIPP CITY  
MIAMI COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Tipp City  
Miami County  
260 S. Garber Drive  
Tipp City, Ohio 45371

To the City Council:

We have audited the financial statements of the City of Tipp City, Miami County, (the City), as of and for the year ended December 31, 2002, and have issued our report thereon dated June 12, 2003. 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the City in a separate letter dated June 12, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 12, 2003.

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

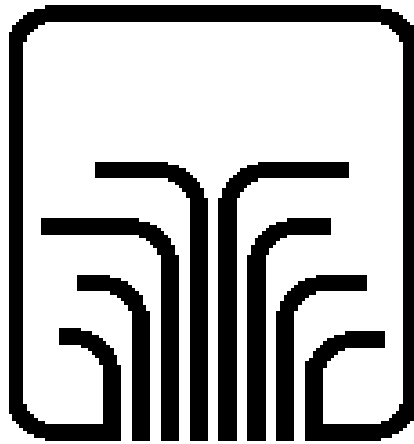
A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 12, 2003

# TIPP CITY, OHIO

MIAMI COUNTY



"Our Image is Growing"

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2002

***THE CITY OF TIPP CITY, OHIO***

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MIAMI COUNTY

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2002

Prepared by:  
Department of Finance  
Richard U. Drennen, Director



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## *INTRODUCTORY SECTION*

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"Our Image is Growing"

# **City of Tipp City, Ohio**

260 South Garber Drive  
Tipp City, Ohio 45317

Phone (937) 667-8426

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June 12, 2003

To The Council and The Citizens of the City of Tipp City, Ohio

Submitted for your review is the Comprehensive Annual Financial Report (CAFR) of the City of Tipp City, (the City) for the fiscal year ended December 31, 2002. The report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), and other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

## **Introduction**

This report represents a commitment by the City of Tipp City to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. We believe the data is fairly presented in all material aspects and that it is presented in a manner designed to set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial affairs have been included.

This Comprehensive Annual Financial Report is designed to assist and guide the reader in understanding its contents. The report is comprised of the following three major sections:

1. The Introductory Section introduces the reader to the report and includes the table of contents, this transmittal letter, the GFOA Certificate of Achievement, the list of principal officials, and the City's organizational chart.
2. The Financial Section contains the Report of Independent Accountants, the General Purpose Financial Statements, which includes explanatory notes and provides an overview of the City's financial position and operating results, and the Combining Financial Statements of the Individual Funds and Account Groups that provide detailed information to the General Purpose Financial Statements;
3. The Statistical Section presents social and economic data and financial trend information, and demonstrates the fiscal capacity of the City.

## **REPORTING ENTITY**

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include financial activity of the primary government. The primary government consists of all the organizations, activities, and functions that are not legally separate from the City. Component units are legally separate organizations for which the City (government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units but includes the following services as authorized by its charter: police and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance, and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system, and an electric distribution system, each of which is reported as an enterprise fund. Council and the City Manager have direct responsibility for these activities.

The City has representation on the board of two entities. The City is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), and the Northern Area Water Authority (NAWA), which are both defined as joint ventures. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 18.

## **THE CITY OF TIPP CITY**

The City of Tipp City is a vibrant Ohio community located fourteen miles north of Dayton. The City was incorporated as a village in 1850, and became a City in 1960. Its six square mile area serves a residential population of 9,221 (2000 Census). The City is in the Dayton-Springfield, Ohio Metropolitan Statistical Area (MSA), comprised of the four counties of Montgomery, Greene, Clark and Miami and being the 19<sup>th</sup> largest of 271 MSA'S in the United States. Easy access to both Interstates 70 and 75 place Tipp City within approximately a one-hour drive of Columbus, Cincinnati, and Indianapolis.

The City of Tipp City is a home rule municipal corporation operating under its own charter, first adopted by the voters in 1968 and which has been and may be amended by the voters from time to time. The City is also subject to some general laws applicable to all cities. Under the Ohio constitution the City may exercise all powers of local self-government, and police powers to the extent not in conflict with applicable general laws. The Charter provides for a Council- Manager form of government.

The legislative body of Tipp City consists of a seven-member Council, all of whom are elected at-large for overlapping four-year terms. The City Council appoints a City Manager, and a Clerk. The City Manager is the City's chief administrative officer. He appoints all Department Managers of the City.

## **ECONOMIC CONDITIONS AND OUTLOOK**

The economic environment for Tipp City's business community continued to be one of relative stability during 2002. While the economic recovery continues to be fairly slow across the United States, the overall impact on Tipp City's economy has been minimal. Our municipal income tax revenue, including the portion attributed to the capital projects funds, showed a slight increase of .51% over 2001. Income tax revenues were \$2,415,852 in 2002 as compared to \$2,404,694 in 2001. Our assessed valuation did

rise from \$237,927,370 in tax year 2001 to \$244,019,430 in tax year 2002. The unemployment rate increased to 5.5% for 2002 from 4.3% in 2001, and 3.3% in 2000. Despite this increase our unemployment rate was lower than the average for the State of Ohio and the United States. Tipp City's unemployment rate of 5.5% was lower than the 5.7% for the State of Ohio, and 5.8% for the United States.

The City's employment base increased with the addition of approximately twenty new businesses in 2002. They include Bob Evans Restaurant, Fox's Pizza, Bowman and Schwartzmann Psychologists, Ludlow Cellular, Roberts and Roberts, CPA, Glaser Software, Inc., and Performance Fitness. While the number of new positions created by the opening of these small businesses was not enormous, it does support the fact that Tipp City continues to be an attractive market for new business opportunities in spite of uncertain economic times throughout the United States.

Tipp City has many sites available for economic development. They include the following:

Northgate Commerce Center - Located west of I-75 immediately south of SR 571exit (Exit 67). This fully developed industrial park contains 38 acres. OTC Daihen, Inc., Meijers, and Eagle Global Logistics occupy the existing 120,000 square foot building. Future phases will develop the remaining 92 acres of light industrial zoned land. This industrial park is highly visible from I-75, which carries an estimated 62,000 vehicles per day.

Berry-Logan - This light industrially zoned property is located east of I-75 adjacent to the CR 25A exit (Exit 69). Donn Davis Way, which will bisect this property, is being developed in 2003-2004 through a public – private partnership with the property owners. 49 acres of industrial lots, and 50 acres of highway service will be available in late 2003 or early 2004.

Leshner Industrial Sites - Two large industrial sites are located along CR 25A immediately adjacent to the Meijer's Distribution Center. The first site is located south of Meijer's and consists of 138 fully serviced acres of light industrially zoned property, with over 2,200 feet of frontage on CR 25A. The second site is located west of Meijer's between CR 25A and I-75. This site is also fully serviced and consists of 66 acres.

Eidemiller Industrial Site - This site is zoned planned office/light industrial, and consists of 75 acres located west of the Meijer's Distribution Center on West Kessler-Cowlesville Road.

Bruns Industrial Site - This 44 acre site is zoned light industrial and located on Tipp-Cowlesville Road east of CR 25A.

Tipp City will continue to be a very desirable community in which to live and do business. Its prime location along Interstate 75 (two exits being 68 and 69), and close proximity to Interstate 70 and the Dayton Airport bode well for the future expansion of the City's residential, commercial and industrial bases.

## **MAJOR INITIATIVES**

### **For the Year**

On November 5, 2002 the residents of Tipp City approved the passage of a 0.25 per cent income tax levy for park improvements identified in the City's Parks and Open Space Master Plan. With the passage of the levy, the Tipp City income tax rate increased from 1.0 per cent to 1.25 per cent, effective on January 1, 2003. Some of the projects that will be funded from the park levy are: a new state of the art swimming pool complex, bike paths and recreational trails development, and improvements to the baseball, softball and soccer fields.



In November 2002, the City purchased 128 acres of land east of the City for use as a passive preserve and open space. A State of Ohio EPA Grant through its Water Resource Restoration Sponsor Program (WRRSP) covered the purchase price of \$512,424. The City was able to successfully obtain funding for the land purchase through the sponsorship of the Tri-Cities North Regional Wastewater Authority, the joint venture sewer treatment facility owned by Tipp City, Vandalia, and Huber Heights. A restoration project is underway to return the land to native forest and prairie habitat. During and after the restoration process, the public can use the land for passive recreational purposes such as walking and hiking.

The City worked with residents of the Woodlawn subdivision in order to extend water and sewer lines to the subdivision to replace wells and failing septic systems. The total cost of the project was \$543,682.

In July 2002 construction of a new restroom and shelter facility in Kyle Park was completed at a cost of \$118,228.

The City continued to take an active role in economic development. The Economic Development Committee recommended and Council approved the creation of Tipp City's second enterprise zone for the northern portions of Tipp City west of I-75. This allows the City to offer tax incentives to companies that are willing to locate in Tipp City. The Economic Development Committee also proposed the addition of "spec " warehouses to the incentive policy, which then was subsequently adopted by Council.

The City continued to focus on building upon its solid financial position through a five-year operational and capital budgeting program, and an aggressive debt repayment schedule.

In the public safety arena, construction was completed on a new Police facility at a cost of \$1.7 million. This new 10,365 feet facility includes an abundant storage area for old records and officer property and equipment. It also features a secure sally port area for prisoner transfer, a two-cell temporary holding facility, private interview rooms, electronic access control and monitoring system, locker rooms, a physical training/exercise area, full emergency generator power and after hours emergency call box.

In December 2002 the City entered into a contract to purchase a new pumper truck at a cost of \$317,450. The fire truck is scheduled to be completed in July 2003 and will replace a 1959 pumper.

An aggressive street improvement program was continued in 2002, with the start of the West Main Street Reconstruction Project. This project is scheduled to be completed in the spring of 2003 at a cost of approximately \$704,000. The project includes installation of curb and gutter, sidewalk, storm sewer improvements, street lighting and street widening to five lanes. Eighty per cent of the cost of this project will be financed by grants from the State of Ohio through the Ohio Public Works Commission and the Ohio Department of Transportation.

The City is well known for the Tipp City Mum Festival. The Festival, which takes place the fourth weekend of September, celebrates the long lasting fall flower, the chrysanthemum, and its connection to Tipp City's Springhill Nursery. Hometown activities featured at this event include a street dance, parade and live entertainment.

## **For The Future**

Priority items for the future are related primarily to the City's infrastructure. Two of the major projects are the Main Street Streetscape and the expansion of Donn Davis Way. The city remains steadfast in its commitment to insure the maintenance of existing infrastructure and the development of adequate new infrastructure to meet future demands.

With the passage of the park levy, the City will be taking proposals that will result in the selection of an architectural design firm to layout the new swimming pool complex. The City also used money from the levy to secure 29 acres of wooded land located near the new high school to preserve as a natural area. The land was purchased in March at a cost of \$440,475, with \$285,660 coming from the state's Clean Ohio Grant Program.

With the joint venture agreement approved by Tipp City and Vandalia, the two communities continue to make progress toward the construction of a Water Treatment Plant. An engineering firm was hired by the joint venture in November 2002. Construction of the plant is scheduled to start in the winter of 2004.

Within the City's Electric system, two key improvements are planned. The North Loop project will extend service north of the City to service the new High School and points in between at an estimated cost of \$110,000. Installation of a new circuit to decrease the load on the 302 circuit is also slated to start in 2003.

The City will need to keep abreast of all of the issues concerning electric deregulation in Ohio. Currently, under Ohio law, Municipal Electric Systems do not have to open up their systems to competition. The City has decided to take a "wait and see" approach as to whether or not we should "open" our system to allow customers to choose their own providers. This is largely due to the volatility of rates in states where deregulation has been accomplished. Tipp City purchases its electricity at the lowest possible cost through a variety of contracts, which are secured through AMP-Ohio. This approach achieves the basic intent of the deregulation bill by allowing groups of customers or communities to "aggregate" their load and purchase power on the open market. Tipp City has not generated electricity since 1974 and historically has provided its residents with substantially lower rates than neighboring utilities. As the full picture of deregulation develops, we will continue to evaluate and pursue a customer choice program when and if a clear benefit is demonstrated for Tipp City electric customers.

The City will continue to commit funds to ensure the maintenance of existing infrastructure and the development of adequate new infrastructure to meet future demands.

## **FINANCIAL INFORMATION**

### **Accounting Controls**

The City's budgetary accounting system was designed to provide reasonable assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition;  
and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated using the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City Administration and members of the finance office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

### Budgetary Control

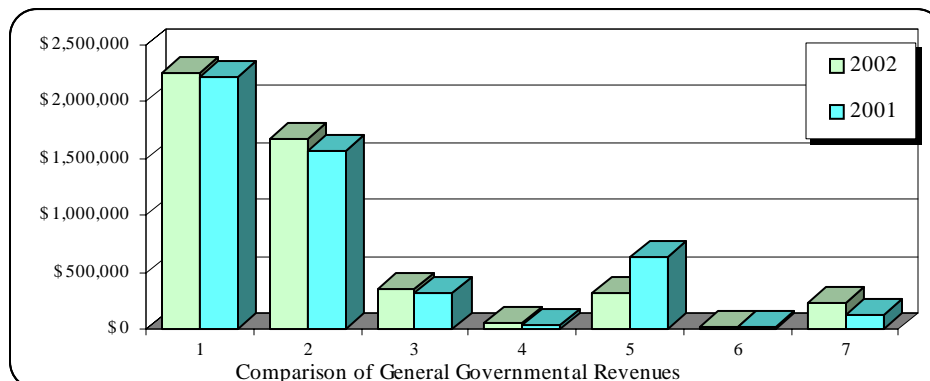
Budgetary control is maintained within the personal services, operating expense, contractual services, and capital outlay categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase orders which result in an overrun above appropriated balances are not released until additional appropriations are made available via amendments to the annual appropriations ordinance.

## FINANCIAL HIGHLIGHTS

### General Government Functions

The following schedules present a summary of general governmental revenues (including general, special revenue and debt service funds) for the year ended December 31, 2002, the percentage of each source to total revenues, and the amount of increase or decrease in relation to the prior year's revenue.

Revenue Source	2002 Total	Percent of Total	2001 Total	Increase (Decrease) over 2001
1. Taxes	\$2,244,459	45.43%	\$2,215,268	\$29,191
2. Intergovernmental Revenue	1,677,572	33.95%	1,570,423	107,149
3. Charges for Service	363,786	7.36%	329,576	34,210
4. Licenses and Permits	66,231	1.34%	39,889	26,342
5. Investment Earnings	331,071	6.70%	632,641	(301,570)
6. Fines and Forfeitures	20,568	0.42%	19,870	698
7. All Other Revenues	237,192	4.80%	134,541	102,651
Total	<u>\$4,940,879</u>	<u>100.00%</u>	<u>\$4,942,208</u>	<u>(\$1,329)</u>



## Revenue Narrative

General government revenues totaled \$4,940,879 for 2002, a decrease of \$1,329 under 2001. The income tax, the largest tax source, increased in total by .72% or approximately \$13,627 in 2002.

Intergovernmental revenues consist primarily of shared license and gasoline tax revenues, local government assistance provided by the State of Ohio through reimbursement for real and personal property tax reductions, inheritance taxes, electric kilowatt hour (kWh) tax and various other federal and state grants. Intergovernmental revenues increased \$107,149. This increase is due primarily to the collection of a state tax called the kilowatt hour (kWh) tax for a full year. This tax was started on May 1, 2001, and was assessed on all electric utility companies. All municipal electric systems in Ohio are subject to the tax. This tax is collected by the Municipal Electric system and remitted to the City's general fund.

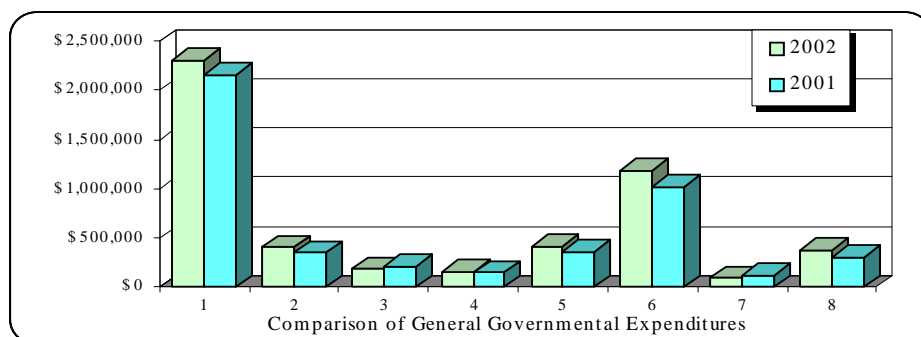
Investment earnings as a source of revenue do not lend well to year-to-year comparisons. Percentage increases or decreases when compared to prior years are not necessarily indicative of future year estimates. Investment earnings decreased \$301,570 compared to 2001. The decrease is a result of significantly lower interest rates in 2002. The City's investment policies are discussed in more detail later in this letter under the topic of "Cash Management."

Licenses and permits increased by \$26,342 compared to 2001 due to increased construction and a corresponding increase in revenues derived from building inspections, permits, and final plat fees.

All other revenues is a miscellaneous category that includes a variety of less significant revenue sources including miscellaneous rental income and donations. This category increased by \$102,651 compared to 2001. This increase was due primarily to the one time receipt of \$95,723 from the sale of Anthem stock the City received as a result of the company's demutualization in late 2001.

Expenditures for general governmental purposes (as previously defined) totaled \$5,123,843, an increase of \$445,691 or 9.5% over 2001. Expenditures for the major functions of the City, increases/(decreases) over 2001 and the percentage of the total are shown in the following table:

Expenditures	2002 Total	Percent of Total	2001 Total	Increase (Decrease) over 2001
1. Security of Persons and Property	\$2,307,522	45.03%	\$2,160,173	\$147,349
2. Leisure Time Activities	405,517	7.91%	353,068	52,449
3. Community Environment	188,598	3.68%	213,504	(24,906)
4. Basic Utility Services	160,646	3.14%	151,674	8,972
5. Transportation	410,717	8.02%	359,026	51,691
6. General Government	1,182,566	23.08%	1,018,998	163,568
7. Capital Outlay	93,968	1.83%	122,484	(28,516)
8. Debt Service	374,309	7.31%	299,225	75,084
<b>Total</b>	<b>\$5,123,843</b>	<b>100.00%</b>	<b>\$4,678,152</b>	<b>\$445,691</b>



## Expenditure Narrative

Security of persons and property includes primarily the cost of the operations of the police, fire and emergency medical service departments. The majority of the increase in expenditures in 2002 is a result of higher wages and benefits related to the increase in staffing levels in the emergency medical service department and the increase in wages and fringe benefits for the police department that occurred in 2002.

Leisure time activities experienced an increase in expenditures primarily due to the continued improvements to the City's park system and the associated increases in operation and maintenance costs related to expanded facilities.

The general government function captures the cost of maintaining the legislative, legal, and administrative branches of the City government. This function includes expenditures of the Council, the Law Director, the City Manager, the Finance Director, and general administration, and the cost of operating various municipal buildings. The general government function increased \$163,568 in 2002 as a result of routine increases in personnel, salaries and fringe benefits along with price increases for goods and services used by employees.

Debt service cost includes the payment of principal and interest for the retirement of the City's outstanding general obligation debt. The increase is due to additional debt service requirements in 2002 resulting from the City issuing bonds in April 2001, and new debt issued in December 2002.

## Proprietary Operations

### Enterprise Funds:

The City's enterprise operations include a water treatment and distribution system, a wastewater treatment and collection system and an electric distribution system. The enterprise funds are supported by revenues derived from user charges.

Certain pertinent data related to the enterprise operations of the City is presented below.

	Total Assets	Total Equity	Net Income	Return on Assets	Return on Equity
Water	\$8,641,778	\$8,014,301	\$556,397	6.44%	6.94%
Sewer	10,293,671	9,387,723	337,520	3.28%	3.60%
Electric	9,835,111	8,117,245	379,931	3.86%	4.68%

### Internal Service Fund:

The City's internal service fund is a self-insurance fund created for the purpose of providing medical coverage for its employees. In 1994, the City joined a health co-op with other cities in the area. The co-op is currently insured by Anthem and all risks are assumed by Anthem. The employee's shares of the premiums are passed thru this fund.

## **Fiduciary Operations**

The City maintains three expendable trust funds and two agency funds. The expendable trust funds account for donations to the police, fire and EMS departments of the City. The money received by these funds is used to further the services provided by these departments. The Contractor Maintenance Deposit Fund (agency fund) is used to account for deposits held by the City on behalf of various contractors for work that is ongoing in nature. The monies are released to the contractors upon satisfactory completion of their respective projects. The other agency fund was established to account for the Northern Area Water Authority joint venture. Tipp City is acting as the fiscal agent for the joint venture. The City also records its equity interest in the joint venture within the Water Fund.

## **Risk Management**

The City tries to minimize its exposure to risk through employee training and insurance protection plans. Tipp City participates in an insurance pool operated by Miami Valley Risk Management Association, Inc. (MVRMA) for the purpose of obtaining lower insurance rates. MVRMA is a joint insurance pool for municipalities, which has been operational since December 1, 1988 and was formed according to Section 2744 of the Ohio Revised Code. This pool covers all property, crime, liability, machinery, and public official liability, and bonding for the City.

The Pool's overall loss experience has been excellent since its inception in 1988 and Tipp City's loss experience for 2002 was also favorable. The decision to join the Pool has resulted in significant savings for the City and the City expects future contributions to remain considerably lower than the cost of traditional insurance.

Workers' Compensation insurance is provided by the State of Ohio but rates are pooled with other members of MVRMA to obtain a lower rate than the City would obtain on its own.

## **Debt Administration**

The Debt Service fund accumulates resources for the payment of principal, interest and associated administrative costs on the City's general long-term debt.

The total bonded debt of the City at December 31, 2002 was \$4,135,000, all of which was unvoted general obligation bonds.

The ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the City's debt position. The City's debt position as of December 31, 2002, was as follows:

Overall Legal Debt Margin	\$25,622,040
Unvoted Legal Debt Margin	\$13,421,069
General Bonded Debt to Assessed Value	1.19%
General Bonded Debt per Capita	\$315.47

The City's General Obligation bonds have been rated "A1" by Moody's Investor's Service.

## **Cash Management**

The investment program for interim funds of the City of Tipp City conforms to the requirements of Chapter 135 of the Ohio Revised Code (The Uniform Depository Act) and the City's investment policy adopted by City Council in 1994.

The primary objectives of the City's investment program, in order of priority, are as follows:

1. Safety – The safety of principal balances is the City's foremost objective and all investments are undertaken in a manner to insure the preservation of capital.
2. Liquidity – All investments should be sufficiently liquid to meet all operating requirements that can be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment portfolio should consist of securities with active resale markets, and with no measure of possible erosion in response to interest rate shifts.
3. Yield – Return on investment is of least importance compared to the safety and liquidity objectives described above. Investments are limited to low risk securities with the expectation of earning a fair return relative to the risk assumed.

The Finance Director is charged with the responsibility for the operation of the City's investment program and is required to report to the City Council and the Treasury Investment Board on a quarterly basis.

All eligible financial institutions must meet the requirements of the Uniform Depository Act, which requires the financial institution to maintain a full service facility located in the City of Tipp City and to have a current Agreement for Deposit of Interim Funds with the City.

Authorized investments are described in detail in Note 4 of the footnotes to the general-purpose financial statements included within the financial section of this comprehensive annual financial report. The City currently has investments in STAR Ohio (State Treasurer's Investment Pool), U. S. Treasury Notes, and a small portion in Certificates of Deposits.

### **INDEPENDENT AUDIT**

The general purpose financial statements of the City of Tipp City were audited by Auditor of the State of Ohio. The independent auditor's unqualified opinion has been included in this report.

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tipp City, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity.

A Certificate of Achievement is valid for a period of one year only. Tipp City has received a Certificate of Achievement for the last two years. We believe our current report conforms to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

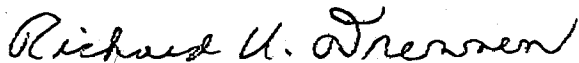
## ACKNOWLEDGMENTS

The publication of this report is the culmination of many hours of dedicated work in the research, analysis and preparation of the financial statements and the accompanying notes and narratives. The preparation of this report could not have been accomplished without the dedicated services of the Finance Department Staff. I appreciate their hard work and dedication.

Special acknowledgement is extended to the staff of Donald J. Schonhardt and Associates, Inc. for their continued guidance in the preparation of this report.

Finally, I would especially like to thank the members of City Council, the City Manager, the Assistant City Manager, and all of the Department Heads whose support is necessary in order for the City to conform to reporting requirements established for governmental entities and to continue to maintain the sound financial position that Tipp City has enjoyed over the years.

Respectfully submitted,



Richard U. Drennen  
Director of Finance



*THE CITY OF TIPP CITY, OHIO  
MIAMI COUNTY  
CITY OFFICIALS  
AS OF DECEMBER 31, 2002*

**ELECTED OFFICIALS**

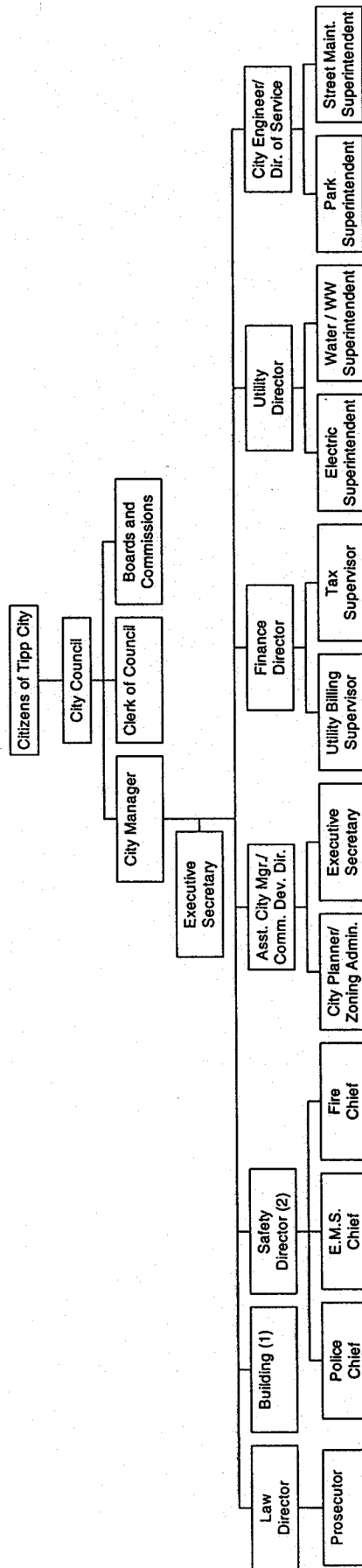
MAYOR	Vickie Blakey
PRESIDENT OF COUNCIL	Donald Ochs
COUNCIL MEMBERS	R. Adam Blake Donald Earnest L. William Jones Keith Kingrey Carol Z. McKeever

**APPOINTED OFFICIALS**

CITY MANAGER	David Collinsworth
CLERK OF COUNCIL	Misty Cox
FINANCE DIRECTOR	Richard Drennen
LAW DIRECTOR	Joseph Moore
CHIEF OF POLICE	Tom Davidson
CITY ENGINEER/SERVICE DIRECTOR	Scott Vagedes
EMS CHIEF	Mark Senseman
FIRE CHIEF	Steve Kessler
UTILITY DIRECTOR	Milton Eichman

# ORGANIZATIONAL CHART

## Municipality of Tipp City, Ohio



1. Building Inspection Services are provided through a contract with Miami County.
2. The functions of the Safety Director are fulfilled by the City Manager.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tipp City,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*William Patrick O'Shea*

President

*Jeffrey R. Emery*

Executive Director

## *FINANCIAL SECTION*

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

City of Tipp City  
Miami County  
260 South Garber Drive  
Tipp City, Ohio 45371

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Tipp City, Miami County, (the City) as of and for the year ended December 31, 2002, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 of Tipp City, Miami County, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2003 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.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**BETTY MONTGOMERY**  
Auditor of State

June 12, 2003

## *GENERAL PURPOSE FINANCIAL STATEMENTS*

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*THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 2001 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY FUNDS FOR THE YEAR THEN ENDED.*

**THE CITY OF TIPP CITY, OHIO  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2002**

	<i>Governmental Fund Types</i>			<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets		General Long-Term Obligations
<b>Assets and Other Debits:</b>										
<b>Assets:</b>										
Cash and Cash Equivalents	\$1,242,679	\$326,419	\$1,087	\$2,480,645	\$2,577,192	\$88,890	\$34,059	\$0	\$0	\$6,750,971
Investments	1,655,134	0	0	0	3,558,212	0	0	0	0	5,213,346
<b>Receivables:</b>										
Taxes	606,486	0	0	49,685	0	0	0	0	0	656,171
Accounts	45,618	0	0	0	1,069,752	0	0	0	0	1,115,370
Interest	40,611	0	0	0	0	0	0	0	0	40,611
Special Assessments	0	0	0	124,234	559,447	0	0	0	0	683,681
Due from Other Funds	68,878	0	0	0	15,277	0	0	0	0	84,155
Intergovernmental Receivables	319,105	170,287	0	26,852	0	0	0	0	0	516,244
Inventory of Supplies at Cost	45,789	38,566	0	0	642,411	0	0	0	0	726,766
Prepaid Items	7,995	0	0	0	1,797	0	0	0	0	9,792
<b>Restricted Assets:</b>										
Cash and Cash Equivalents	0	0	0	0	94,322	0	45,968	0	0	140,290
Investment in Joint Ventures	0	0	0	0	4,083,054	0	0	0	0	4,083,054
Fixed Assets (net of accumulated depreciation)	0	0	0	0	16,169,096	0	0	10,449,064	0	26,618,160
<b>Other Debits:</b>										
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	1,087	1,087
Amount to be Provided for										
General Long-Term Obligations	0	0	0	0	0	0	0	0	3,543,546	3,543,546
<b>Total Assets and Other Debits</b>	<b>\$4,032,295</b>	<b>\$535,272</b>	<b>\$1,087</b>	<b>\$2,681,416</b>	<b>\$28,770,560</b>	<b>\$88,890</b>	<b>\$80,027</b>	<b>\$10,449,064</b>	<b>\$3,544,633</b>	<b>\$50,183,244</b>

(Continued)



	<i>Governmental Fund Types</i>			<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
<b>Liabilities and Other Credits:</b>										
<b>Liabilities:</b>										
Accounts Payable	\$49,610	\$6,057	\$0	\$46,379	\$441,133	\$0	\$0	\$0	\$0	\$543,179
Accrued Wages and Benefits	254,844	22,042	0	0	84,907	0	0	0	0	361,793
Due to Other Funds	11,507	175	0	0	72,473	0	0	0	0	84,155
Intergovernmental Payables	6,255	698	0	0	57,236	0	20,094	0	0	84,283
Due to Others	0	0	0	0	0	0	45,968	0	0	45,968
Accrued Interest Payable	0	0	0	768	6,077	0	0	0	0	6,845
Customer Deposits Payable	0	0	0	0	94,322	0	0	0	0	94,322
Deferred Revenue	624,545	113,508	0	131,654	0	0	0	0	0	869,707
General Obligation Notes Payable	0	0	0	1,110,000	575,000	0	0	0	0	1,685,000
Compensated Absences Payable	0	0	0	0	230,638	0	0	0	634,633	865,271
General Obligation Bonds Payable	0	0	0	0	1,225,000	0	0	0	2,910,000	4,135,000
State Loan Payable	0	0	0	0	464,505	0	0	0	0	464,505
<b>Total Liabilities</b>	<b>946,761</b>	<b>142,480</b>	<b>0</b>	<b>1,288,801</b>	<b>3,251,291</b>	<b>0</b>	<b>66,062</b>	<b>0</b>	<b>3,544,633</b>	<b>9,240,028</b>
<b>Equity and Other Credits:</b>										
Investment in General Fixed Assets	0	0	0	0	0	0	0	10,449,064	0	10,449,064
<b>Contributed Capital:</b>										
Wastewater Authority	0	0	0	0	2,915,405	0	0	0	0	2,915,405
Other	0	0	0	0	6,797,050	0	0	0	0	6,797,050
<b>Retained Earnings:</b>										
Unreserved	0	0	0	0	15,806,814	88,890	0	0	0	15,895,704
<b>Fund Balances:</b>										
Reserved for Encumbrances	128,213	25,659	0	2,601,072	0	0	0	0	0	2,754,944
Reserved for Supplies Inventory	45,789	38,566	0	0	0	0	0	0	0	84,355
Reserved for Prepaid Items	7,995	0	0	0	0	0	0	0	0	7,995
Reserved for Debt Service	0	0	1,087	0	0	0	0	0	0	1,087
<b>Unreserved:</b>										
Undesignated	2,903,537	328,567	0	(1,208,457)	0	0	13,965	0	0	2,037,612
<b>Total Equity and Other Credits</b>	<b>3,085,534</b>	<b>392,792</b>	<b>1,087</b>	<b>1,392,615</b>	<b>25,519,269</b>	<b>88,890</b>	<b>13,965</b>	<b>10,449,064</b>	<b>0</b>	<b>40,943,216</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$4,032,295</b>	<b>\$535,272</b>	<b>\$1,087</b>	<b>\$2,681,416</b>	<b>\$28,770,560</b>	<b>\$88,890</b>	<b>\$80,027</b>	<b>\$10,449,064</b>	<b>\$3,544,633</b>	<b>\$50,183,244</b>

The notes to the general purpose financial statements are an integral part of this statement.



**Tipp City, Ohio**

**THE CITY OF TIPP CITY, OHIO**  
**COMBINED STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<i>Governmental</i>			<i>Fiduciary</i>	Totals (Memorandum Only)	
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds	
<b>Revenues:</b>						
Taxes	\$2,244,459	\$0	\$0	\$498,184	\$0	\$2,742,643
Intergovernmental Revenues	1,309,697	367,875	0	306,974	0	1,984,546
Charges for Services	324,887	38,899	0	0	0	363,786
Licenses and Permits	66,195	36	0	0	0	66,231
Investment Earnings	329,984	0	1,087	0	0	331,071
Special Assessments	5,082	0	0	30,719	0	35,801
Fines and Forfeitures	19,897	671	0	0	0	20,568
All Other Revenues	227,634	4,476	0	4,658	700	237,468
Total Revenues	<u>4,527,835</u>	<u>411,957</u>	<u>1,087</u>	<u>840,535</u>	<u>700</u>	<u>5,782,114</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	2,303,550	3,972	0	21,136	1,220	2,329,878
Leisure Time Activities	331,512	74,005	0	0	0	405,517
Community Environment	188,598	0	0	0	0	188,598
Basic Utility Services	160,646	0	0	0	0	160,646
Transportation	0	410,717	0	9,281	0	419,998
General Government	1,182,566	0	0	1,772	0	1,184,338
Capital Outlay	84,745	9,223	0	1,211,206	768	1,305,942
<b>Debt Service:</b>						
Principal Retirements	0	0	230,000	0	0	230,000
Interest and Fiscal Charges	0	0	144,309	768	0	145,077
Total Expenditures	<u>4,251,617</u>	<u>497,917</u>	<u>374,309</u>	<u>1,244,163</u>	<u>1,988</u>	<u>6,369,994</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	276,218	(85,960)	(373,222)	(403,628)	(1,288)	(587,880)
<b>Other Financing Sources (Uses):</b>						
Proceeds from the Sale of Fixed Assets	0	0	0	2,125	0	2,125
Operating Transfers In	91,845	50,000	374,309	467,000	0	983,154
Operating Transfers Out	<u>(517,000)</u>	<u>0</u>	<u>0</u>	<u>(348,255)</u>	<u>0</u>	<u>(865,255)</u>
Total Other Financing Sources (Uses)	<u>(425,155)</u>	<u>50,000</u>	<u>374,309</u>	<u>120,870</u>	<u>0</u>	<u>120,024</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(148,937)	(35,960)	1,087	(282,758)	(1,288)	(467,856)
Fund Balance Beginning of Year	3,226,576	422,202	0	1,675,373	15,253	5,339,404
Increase in Inventory Reserve	<u>7,895</u>	<u>6,550</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,445</u>
Fund Balance End of Year	<u>\$3,085,534</u>	<u>\$392,792</u>	<u>\$1,087</u>	<u>\$1,392,615</u>	<u>\$13,965</u>	<u>\$4,885,993</u>

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF TIPP CITY, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$2,280,473	\$2,311,194	\$30,721	\$0	\$0	\$0
Intergovernmental Revenues	1,411,461	1,410,949	(512)	367,911	366,872	(1,039)
Charges for Services	304,080	315,554	11,474	32,820	38,899	6,079
Licenses and Permits	63,475	66,195	2,720	100	36	(64)
Investment Earnings	345,000	349,246	4,246	0	0	0
Special Assessments	3,200	5,082	1,882	0	0	0
Fines and Forfeitures	18,500	19,372	872	800	668	(132)
All Other Revenues	210,490	221,101	10,611	2,500	4,476	1,976
<b>Total Revenues</b>	<b>4,636,679</b>	<b>4,698,693</b>	<b>62,014</b>	<b>404,131</b>	<b>410,951</b>	<b>6,820</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	2,377,267	2,320,901	56,366	11,640	7,342	4,298
Leisure Time Activities	370,534	341,980	28,554	79,215	74,357	4,858
Community Environment	198,497	192,992	5,505	0	0	0
Basic Utility Services	177,056	168,352	8,704	0	0	0
Transportation	0	0	0	442,904	424,469	18,435
General Government	1,417,920	1,304,596	113,324	0	0	0
Capital Outlay	190,143	120,495	69,648	17,379	14,012	3,367
<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>4,731,417</b>	<b>4,449,316</b>	<b>282,101</b>	<b>551,138</b>	<b>520,180</b>	<b>30,958</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(94,738)	249,377	344,115	(147,007)	(109,229)	37,778
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Proceeds from General Obligation Notes	0	0	0	0	0	0
Operating Transfers In	91,845	91,845	0	50,000	50,000	0
Operating Transfers Out	(752,000)	(517,000)	235,000	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(660,155)</b>	<b>(425,155)</b>	<b>235,000</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(754,893)	(175,778)	579,115	(97,007)	(59,229)	37,778
Fund Balance at Beginning of Year	2,643,119	2,643,119	0	328,796	328,796	0
Prior Year Encumbrances	236,493	236,493	0	25,373	25,373	0
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$2,124,719</b>	<b>\$2,703,834</b>	<b>\$579,115</b>	<b>\$257,162</b>	<b>\$294,940</b>	<b>\$37,778</b>

The notes to the general purpose financial statements are an integral part of this statement.

(Continued)

**THE CITY OF TIPP CITY, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$0	\$0	\$0	\$488,600	\$496,125	\$7,525
Intergovernmental Revenues	0	0	0	827,040	346,934	(480,106)
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Investment Earnings	0	1,087	1,087	0	0	0
Special Assessments	0	0	0	45,000	30,719	(14,281)
Fines and Forfeitures	0	0	0	0	0	0
All Other Revenues	0	0	0	4,000	4,658	658
Total Revenues	0	1,087	1,087	1,364,640	878,436	(486,204)
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	0	0	0	21,942	21,907	35
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Basic Utility Services	0	0	0	0	0	0
Transportation	0	0	0	35,459	16,459	19,000
General Government	0	0	0	3,100	1,772	1,328
Capital Outlay	0	0	0	4,477,808	4,066,469	411,339
<b>Debt Service:</b>						
Principal Retirement	1,080,000	1,080,000	0	0	0	0
Interest and Fiscal Charges	241,735	235,729	6,006	0	0	0
Total Expenditures	1,321,735	1,315,729	6,006	4,538,309	4,106,607	431,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,321,735)	(1,314,642)	7,093	(3,173,669)	(3,228,171)	(54,502)
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	0	0	0	2,000	2,125	125
Proceeds from General Obligation Notes	575,000	575,000	0	1,110,000	1,110,000	0
Operating Transfers In	746,735	740,729	(6,006)	702,000	467,000	(235,000)
Operating Transfers Out	0	0	0	(348,256)	(348,255)	1
Total Other Financing Sources (Uses)	1,321,735	1,315,729	(6,006)	1,465,744	1,230,870	(234,874)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	1,087	1,087	(1,707,925)	(1,997,301)	(289,376)
Fund Balance at Beginning of Year	0	0	0	242,480	242,480	0
Prior Year Encumbrances	0	0	0	1,588,015	1,588,015	0
Fund Balance (Deficit) at End of Year	\$0	\$1,087	\$1,087	\$122,570	(\$166,806)	(\$289,376)

(Continued)

**THE CITY OF TIPP CITY, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<i>Expendable Trust Funds</i>			<i>Totals (Memorandum Only)</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$0	\$0	\$0	\$2,769,073	\$2,807,319	\$38,246
Intergovernmental Revenues	0	0	0	2,606,412	2,124,755	(481,657)
Charges for Services	0	0	0	336,900	354,453	17,553
Licenses and Permits	0	0	0	63,575	66,231	2,656
Investment Earnings	0	0	0	345,000	350,333	5,333
Special Assessments	0	0	0	48,200	35,801	(12,399)
Fines and Forfeitures	0	0	0	19,300	20,040	740
All Other Revenues	900	700	(200)	217,890	230,935	13,045
Total Revenues	900	700	(200)	6,406,350	5,989,867	(416,483)
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	9,920	1,220	8,700	2,420,769	2,351,370	69,399
Leisure Time Activities	0	0	0	449,749	416,337	33,412
Community Environment	0	0	0	198,497	192,992	5,505
Basic Utility Services	0	0	0	177,056	168,352	8,704
Transportation	0	0	0	478,363	440,928	37,435
General Government	0	0	0	1,421,020	1,306,368	114,652
Capital Outlay	780	768	12	4,686,110	4,201,744	484,366
<b>Debt Service:</b>						
Principal Retirement	0	0	0	1,080,000	1,080,000	0
Interest and Fiscal Charges	0	0	0	241,735	235,729	6,006
Total Expenditures	10,700	1,988	8,712	11,153,299	10,393,820	759,479
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,800)	(1,288)	8,512	(4,746,949)	(4,403,953)	342,996
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	0	0	0	2,000	2,125	125
Proceeds from General Obligation Notes	0	0	0	1,685,000	1,685,000	0
Operating Transfers In	0	0	0	1,590,580	1,349,574	(241,006)
Operating Transfers Out	0	0	0	(1,100,256)	(865,255)	235,001
Total Other Financing Sources (Uses)	0	0	0	2,177,324	2,171,444	(5,880)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(9,800)	(1,288)	8,512	(2,569,625)	(2,232,509)	337,116
Fund Balance at Beginning of Year	15,253	15,253	0	3,229,648	3,229,648	0
Prior Year Encumbrances	0	0	0	1,849,881	1,849,881	0
Fund Balance (Deficit) at End of Year	\$5,453	\$13,965	\$8,512	\$2,509,904	\$2,847,020	\$337,116

**THE CITY OF TIPP CITY, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<b><u>Operating Revenues:</u></b>			
Charges for Services	\$9,260,954	\$48,683	\$9,309,637
Other Operating Revenues	89,601	0	89,601
Total Operating Revenues	<u>9,350,555</u>	<u>48,683</u>	<u>9,399,238</u>
<b><u>Operating Expenses:</u></b>			
Personal Services	1,152,685	0	1,152,685
Materials and Supplies	401,867	0	401,867
Contractual Services	6,664,953	48,857	6,713,810
Utilities	52,409	0	52,409
Depreciation	741,464	0	741,464
Other Operating Expenses	8,396	0	8,396
Total Operating Expenses	<u>9,021,774</u>	<u>48,857</u>	<u>9,070,631</u>
Operating Income (Loss)	328,781	(174)	328,607
<b><u>Nonoperating Revenues (Expenses):</u></b>			
Intergovernmental Revenues	512,424	0	512,424
Income from Joint Venture	162,911	0	162,911
Capital Contributions from Joint Venture	235,355	0	235,355
Capital Contributions	280,040	0	280,040
Loss on Disposal of Fixed Assets	(22,505)	0	(22,505)
Interest and Fiscal Charges	(90,161)	0	(90,161)
Interest Income	(15,098)	0	(15,098)
Total Nonoperating Revenues (Expenses)	<u>1,062,966</u>	<u>0</u>	<u>1,062,966</u>
Income (Loss) Before Operating Transfers	1,391,747	(174)	1,391,573
<b><u>Operating Transfers:</u></b>			
Operating Transfers Out	(117,899)	0	(117,899)
Total Operating Transfers	<u>(117,899)</u>	<u>0</u>	<u>(117,899)</u>
Net Income (Loss)	1,273,848	(174)	1,273,674
Restated Retained Earnings at Beginning of Year	<u>14,532,966</u>	<u>89,064</u>	<u>14,622,030</u>
Retained Earnings at End of Year	<u>\$15,806,814</u>	<u>\$88,890</u>	<u>\$15,895,704</u>

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF TIPP CITY, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$9,174,730	\$48,683	\$9,223,413
Cash Payments for Goods and Services	(7,062,742)	(48,857)	(7,111,599)
Cash Payments to Employees	(1,128,186)	0	(1,128,186)
Other Operating Revenues	93,628	0	93,628
Net Cash Provided (Used) by Operating Activities	<u>1,077,430</u>	<u>(174)</u>	<u>1,077,256</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Transfers Out to Other Funds	<u>(117,899)</u>	0	<u>(117,899)</u>
Net Cash Used for Noncapital Financing Activities	<u>(117,899)</u>	<u>0</u>	<u>(117,899)</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>			
Acquisition and Construction of Assets	(1,233,262)	0	(1,233,262)
Principal Paid on General Obligation Bonds	(225,000)	0	(225,000)
Principal Paid on General Obligation Notes	(625,000)	0	(625,000)
Principal Paid on State Loans	(3,332)	0	(3,332)
Interest Paid on All Debt	(91,420)	0	(91,420)
Cash Received from Intergovernmental Grants	512,424	0	512,424
Proceeds from the Sale of General Obligation Notes	575,000	0	575,000
Net Cash Used for Capital and Related Financing Activities	<u>(1,090,590)</u>	<u>0</u>	<u>(1,090,590)</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Purchase of Investments	(117,153)	0	(117,153)
Sale of Investments	337,067	0	337,067
Net Cash Provided by Investing Activities	<u>219,914</u>	<u>0</u>	<u>219,914</u>
Net Increase (Decrease) in Cash and Cash Equivalents	88,855	(174)	88,681
Cash and Cash Equivalents at Beginning of Year	<u>2,582,659</u>	<u>89,064</u>	<u>2,671,723</u>
Cash and Cash Equivalents at End of Year	<u><u>\$2,671,514</u></u>	<u><u>\$88,890</u></u>	<u><u>\$2,760,404</u></u>
<b><u>Reconciliation of Cash and Cash</u></b>			
<b><u>Equivalents per the Balance Sheet:</u></b>			
Cash and Cash Equivalents	\$2,577,192	\$88,890	\$2,666,082
Restricted Cash and Cash Equivalents	94,322	0	94,322
Cash and Cash Equivalents at End of Year	<u><u>\$2,671,514</u></u>	<u><u>\$88,890</u></u>	<u><u>\$2,760,404</u></u>

(Continued)



**THE CITY OF TIPP CITY, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$328,781	(\$174)	\$328,607
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	741,464	0	741,464
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(84,546)	0	(84,546)
Decrease in Special Assessments Receivable	7,761	0	7,761
Increase in Inventory	(22,300)	0	(22,300)
Decrease in Prepaid Items	376	0	376
Increase in Investment in Joint Venture	(10,000)	0	(10,000)
Increase in Due from Other Funds	(11,054)	0	(11,054)
Increase in Accounts Payable	23,403	0	23,403
Increase in Accrued Wages and Benefits	13,334	0	13,334
Increase in Due to Other Funds	69,257	0	69,257
Increase in Intergovernmental Payables	9,206	0	9,206
Increase in Customer Deposits Payable	583	0	583
Increase in Compensated Absences	11,165	0	11,165
Total Adjustments	<u>748,649</u>	<u>0</u>	<u>748,649</u>
Net Cash Provided (Used) by Operating Activities	<u>\$1,077,430</u>	<u>(\$174)</u>	<u>\$1,077,256</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2002, the Electric Fund had an outstanding liability of \$27,189 for the purchase of certain capital assets. The Water, Sewer and Electric Funds received capital assets contributed by developers/customers in the amounts of \$162,786, \$110,754 and \$6,500, respectively. During 2002 the fair value of investments decreased by \$6,116, \$5,156 and \$3,826 in the Water, Sewer and Electric Funds respectively.

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF TIPP CITY, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Tipp City, Ohio (the "City") is a home-rule municipal corporation created under the laws of the State of Ohio. The City was incorporated as a village in 1850 and became a city in 1960. The City operates under its own Charter. The current Charter, which provides for a Council-Manager form of government, was adopted in 1968 and has been amended four times (in 1977, 1984, 1992 and 2000).

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2002 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

The accompanying general purpose financial statements comply with the provisions of the GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, emergency medical services, parks and recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system and an electric distribution system, each of which is reported as an enterprise fund.

The City is a participant in a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA) with other local cities. This organization is a jointly governed organization. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. See Note 15 for further information.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. **Reporting Entity** (Continued)

1. **Joint Venture with Equity Interest**

*Tri-Cities North Regional Wastewater Authority* - The City is a participant with the cities of Huber Heights and Vandalia in a joint venture to provide reliable, reasonably priced and environmentally sound wastewater utility collection and treatment service for their respective communities. See Note 18 for further information.

*Northern Area Water Authority (NAWA)* - The City is a participant with the City of Vandalia in a joint venture to provide efficient water treatment services to meet the needs of both communities. NAWA is reported as an agency fund of the City and as an investment in joint venture within the Water Fund. See Note 18 for further information.

B. **Basis of Presentation - Fund Accounting**

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the City's significant accounting policies:

The accounting system is organized and operated on the basis of funds and account groups, each of which is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

***Governmental Funds*** - The funds through which most governmental functions are typically financed are the governmental funds. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except that accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's governmental fund types:

**General Fund** - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

**Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund** - This fund is used for the accumulation of resources for, and the payment of, general obligation debt principal and interest other than those accounted for in the proprietary funds.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting** (Continued)

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

Proprietary Funds - These funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of the proprietary funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The following are the City's proprietary fund types:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

***Fiduciary Funds***

Trust and Agency Funds - The City maintains expendable trust funds and agency funds. Expendable trust funds are accounted for and reported similarly to governmental funds. The agency funds are custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

***Account Groups*** - To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the City except that accounted for in the proprietary funds.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental, expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes state levied locally shared taxes (including motor vehicle license fees), income tax, local government assistance, grants and inheritance taxes due from the County. Other revenue, including licenses, permits, certain charges for services and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Property taxes and special assessments measurable as of December 31, 2002, but not received within the available period are recorded as deferred revenue. Delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

The budgetary process is prescribed by Charter and by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is by fund at the major object level (personal services, materials and supplies, contractual services, capital outlay, and transfers) by department. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the major object level for each department within each fund without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications above the major object level by fund may only be made by ordinance of the City Council

**1. Tax Budget**

By July 15, the City Manager submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

**2. Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by 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 do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure.

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund 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 statement reflect the amounts in the final amended official certificate of estimated resources issued during 2002.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process** (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund and department level, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. During the year, supplemental appropriations were necessary to budget note proceeds, contingency funds and intergovernmental grants. Expenditures may not legally exceed budgeted appropriations at the fund and department level. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types and Expendable Trust Funds" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each fiscal 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 subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. Budgetary Process** (Continued)6. **Budgetary Basis of Accounting** (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the governmental and expendable trust funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds
GAAP Basis (as reported)	(\$148,937)	(\$35,960)	\$1,087	(\$282,758)	(\$1,288)
Increase (Decrease):					
Accrued Revenues at December 31, 2002 received during 2003	(477,845)	(56,779)	0	(69,117)	0
Accrued Revenues at December 31, 2001 received during 2002	574,638	55,773	0	107,018	0
Accrued Expenditures at December 31, 2002 paid during 2003	322,216	28,972	0	47,147	0
Accrued Expenditures at December 31, 2001 paid during 2002	(273,397)	(19,756)	0	(262,140)	0
2001 Prepays for 2002	7,609	0	0	0	0
2002 Prepays for 2003	(7,995)	0	0	0	0
Change in Petty Cash	(100)	0	0	0	0
Issuance of Notes Payable	0	0	0	1,110,000	0
Outstanding Encumbrances	(171,967)	(31,479)	0	(2,647,451)	0
Budget Basis	<u>(\$175,778)</u>	<u>(\$59,229)</u>	<u>\$1,087</u>	<u>(\$1,997,301)</u>	<u>(\$1,288)</u>

**E. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the general purpose financial statements because it is a highly liquid instrument which is readily convertible to cash.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash represents the balance on hand as if each fund maintains its own cash and investments account. For purposes of the statement of cash flows, the proprietary funds' share of equity in investments with original maturities of three months or less are considered to be cash and cash equivalents. See Note 4, "Pooled Cash, Cash Equivalents and Investments."



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the City's Investment Policies. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 4, "Pooled Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2002.

**G. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

**H. Fixed Assets and Depreciation**

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

**1. Property, Plant and Equipment - General Governmental Purposes**

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. The City's capitalization threshold is \$750. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets. The City has elected not to capitalize interest costs or record depreciation in the General Fixed Assets Account Group.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fixed Assets and Depreciation (Continued)**

**2. Property, Plant and Equipment - Proprietary Funds**

Property, plant and equipment acquired by the proprietary funds is stated at cost (or estimated historical cost). Contributed fixed assets are recorded at fair market value at the date received. Infrastructure is capitalized within the proprietary funds.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Buildings	50
Improvements Other Than Buildings	10 - 45
Machinery, Equipment, Furniture and Fixtures	3 - 35

Depreciation on proprietary fixed assets is charged to retained earnings.

**I. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Bond Retirement Fund
	Water Fund
	Sewer Fund
	Electric Fund
Compensated Absences	General Fund
	Street Construction, Maintenance and Repair Fund
	Municipal Road Fund
	Water Fund
	Sewer Fund
State Loan	Electric Fund
	Sewer Fund

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

For governmental funds, the portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group.

Compensated absences are expensed in the electric, water and sewer enterprise funds when earned. The related liability is reported within the fund.

**K. Pensions**

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred.

**L. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

1. Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
2. Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. The City did not perform any residual equity transfers during 2002.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies, prepaid items and encumbered amounts that have not been accrued at year end.

**N. Contributed Capital**

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements, shared revenues, and donations is recorded as an operating expense and closed along with other operating expenses directly to retained earnings. Capital contributions received after December 31, 2000 are recorded as revenue in the proprietary funds.

**O. Total Columns on Combined Financial Statements - Overview**

Total columns on the Combined Financial Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Deficit**

The budgetary fund deficit at December 31, 2002 of \$468,086 in the West Main Street Reconstruction Fund arises from the recording of encumbrances as expenditures. As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The deficit does not exist under the cash basis of accounting. Operating transfers are provided when cash is required, not when encumbrances are recorded.

**B. Deficit Fund Equity**

The fund deficit at December 31, 2002 of \$302 in the Fire Truck Equipment Fund arises from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The deficit does not exist under the budgetary/cash basis of accounting. Operating transfers are provided when cash is required, not when accruals occur.

**NOTE 3 – RESTATEMENT OF FUND BALANCES/RETAINED EARNINGS**

The City has elected to increase its capitalization level for fixed assets from \$500 to \$750. The change in the capitalization level resulted in a decrease in the General Fixed Asset Account Group from a reported balance at December 31, 2001 of \$10,252,580 to a restated balance of \$10,064,812. The change also resulted in the restatement of retained earnings as follows:

Description	Enterprise Funds
Retained Earnings at December 31, 2001 (as reported)	\$14,994,686
Change in Capitalization Level	(461,720)
Retained Earnings at December 31, 2001	<u>\$14,532,966</u>

**NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents" and "Investments."

Ohio law requires the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

- 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

*Deposits:*

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

*Investments:*

- Category 1 Insured or registered with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City's name.

**NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**A. Deposits**

At year end, the carrying amount of the City's deposits was \$1,141,261 and the bank balance was \$1,303,024. Federal depository insurance covered \$400,000 of the bank balance. All remaining deposits were classified as Category 3. In accordance with Ohio Revised Code, the remaining balance was covered by pooled collateral.

**B. Investments**

The City's investments at December 31, 2002 were as follows:

<u>Categorized Investments</u>	<u>Fair Value</u>
United States Treasury Notes (Category 1)	\$4,363,346
Total Categorized Investments	4,363,346
<u>Non-Categorized Investments</u>	
STAR Ohio	6,600,000
Total Investments	<u>\$10,963,346</u>

**C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio and certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$6,891,261	\$5,213,346
Certificates of Deposit (with maturities of more than 3 months)	850,000	(850,000)
Investments:		
STAR Ohio	(6,600,000)	6,600,000
Per GASB Statement No. 3	<u>\$1,141,261</u>	<u>\$10,963,346</u>

**NOTE 5 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2002 were levied after October 1, 2001 on assessed values as of January 1, 2001, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2001. Real property taxes are payable annually or semiannually. The first payment is due January 20; the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year.

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semiannually. The first payment is due April 30; the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Tipp City. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2002 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2002 levy was based was \$244,019,430. This amount constitutes \$183,598,860 in real property assessed value, \$6,107,630 in public utility assessed value and \$54,312,940 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .140 % (1.4 mills) of assessed value.



**NOTE 5 - TAXES (Continued)**

**B. Income Tax**

During 2002, the City levied a tax of 1% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed. Beginning January 1, 2003, the City's income tax rate will increase to 1.25%.

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

Municipal Income Tax Revenue for 2002 was \$2,416,852. This represented a .51% increase over the 2001 tax revenue of \$2,404,694.

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2002 consisted of taxes, special assessments, interfund receivables, interest, accounts receivable and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred revenues are considered collectable in full.

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES**

Following is a summary of interfund receivables and payables for all funds for 2002:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$68,878	\$11,507
Special Revenue Funds:		
Swimming Pool Fund	0	6
Street Construction, Maintenance and Repair Fund	0	169
Total Special Revenue Funds	<u>0</u>	<u>175</u>
Enterprise Funds:		
Water Fund	659	2,925
Sewer Fund	515	670
Electric Fund	14,103	68,878
Total Enterprise Funds	<u>15,277</u>	<u>72,473</u>
Totals	<u><u>\$84,155</u></u>	<u><u>\$84,155</u></u>

**NOTE 8 - OPERATING TRANSFERS**

Following is a summary of operating transfers in and out for all funds for 2002:

Fund	Transfer In	Transfer Out
General Fund	\$91,845	\$517,000
Special Revenue Fund:		
Swimming Pool Fund	50,000	0
Debt Service Fund:		
General Bond Retirement Fund	374,309	0
Capital Projects Funds:		
Capital Improvement Reserve Fund	335,000	348,255
West Main Street Reconstruction Fund	132,000	0
Total Capital Projects Funds	<u>467,000</u>	<u>348,255</u>
Enterprise Funds:		
Water Fund	0	51,184
Sewer Fund	0	58,261
Electric Fund	0	8,454
Total Enterprise Funds	<u>0</u>	<u>117,899</u>
Totals	<u>\$983,154</u>	<u>\$983,154</u>

**NOTE 9 - FIXED ASSETS**

**A. General Fixed Assets**

Summary by category of changes in general fixed assets:

Category	Restated December 31, 2001	Additions	Deletions	December 31, 2002
Land	\$1,313,412	\$2,200	\$0	\$1,315,612
Buildings	3,169,951	1,459,803	(16,517)	4,613,237
Improvements Other than Buildings	843,468	0	0	843,468
Machinery and Equipment	3,371,744	370,732	(65,729)	3,676,747
Construction in Progress	1,366,237	0	(1,366,237)	0
Totals	<u>\$10,064,812</u>	<u>\$1,832,735</u>	<u>(\$1,448,483)</u>	<u>\$10,449,064</u>

**NOTE 9 - FIXED ASSETS (Continued)**

**A. General Fixed Assets**

Schedule of General Fixed Assets at December 31, 2002:

<u>General Fixed Assets</u>		<u>Investment in General Fixed Assets</u>	
		General Fund	\$2,383,219
		Special Revenue Funds	371,826
Land	\$1,315,612	Capital Projects Funds	7,014,116
Buildings	4,613,237	General Revenue Sharing	56,336
Improvements Other Than Buildings	843,468	Enterprise Funds	286,497
Machinery and Equipment	3,676,747	Trust/Agency Funds	29,069
		Contributions	308,001
		<u>Total</u>	<u>\$10,449,064</u>
<u>Total</u>	<u>\$10,449,064</u>	<u>Total</u>	<u>\$10,449,064</u>

**B. Proprietary Fixed Assets**

Summary by Category at December 31, 2002:

<u>Category</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$701,272	\$0	\$701,272
Buildings	1,462,846	(499,219)	963,627
Improvements Other Than Buildings	20,621,660	(7,047,820)	13,573,840
Machinery and Equipment	2,055,396	(1,179,218)	876,178
Construction in Progress	54,179	0	54,179
Property, Plant and Equipment	<u>\$24,895,353</u>	<u>(\$8,726,257)</u>	<u>\$16,169,096</u>

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Ohio Public Employees Retirement System (the “Ohio PERS”)**

The following information was provided by the Ohio PERS to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

All employees of the City, except full-time uniformed police officers, participate in the Ohio PERS, a cost-sharing multiple employer defined benefit pension plan. The Ohio PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)**

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2002 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2002, 2001 and 2000 were \$344,061, \$314,237 and \$215,912, respectively, which were equal to the required contributions for each year. Only 73% of the 2002 required contributions have been paid at year end. The remaining balance of \$93,724 was accrued as of December 31, 2002.

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5.0% of covered payroll which amounted to \$126,960.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2001 is \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)**

All City full-time police officers participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The City's contributions to the OP&F Fund for the years ending December 31, 2002, 2001 and 2000 were \$194,246, \$191,394 and \$168,197 for police, which was equal to the required contributions for each year. Only 73% of the 2002 required contributions have been paid at year end. The remaining balance of \$51,861 was accrued as of December 31, 2002.

The OP&F Fund provides postemployment health care coverage to any person who received 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 school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2002 covered payroll that was used to fund postemployment health care benefits was \$77,200 representing 7.75% of covered payroll for police. Health care funding and accounting was on a pay-as-you-go basis. 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. As of December 31, 2001, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,174 for police. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2001 were \$122,298,771, which was net of member contributions of \$6,874,699.

**NOTE 11 – COMPENSATED ABSENCES**

All full-time City employees earn vacation at a rate of between 80 to 200 hours per year of active service based on the employee's years of service. Employees are allowed to carry over up to 120 hours or 160 hours to the following year dependent on their employment contract. Upon separation from the City, the employee (or his estate) receives 100% of all vacation and from 25% (up to a maximum of 30 days) to 75% (up to a maximum of 180 days) of the employee's sick leave balance based on years of service and dependent upon the employment contract.

As of December 31, 2002, the liability for unpaid compensated absences was \$634,633 for all funds of the City except the proprietary funds. For governmental funds, the entire amount was considered long-term since no payments were anticipated which would require the use of current available financial resources. The liability has been reported in the General Long-Term Obligations Account Group. The portion attributable to the proprietary funds has been recorded within the appropriate fund.

**NOTE 12 - NOTES PAYABLE**

The Ohio Revised Code provides that notes, including renewal notes, issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities required if the bonds had been issued at the expiration of the initial five year period.

Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources. The City is retiring its notes payable by the issuance of one year renewal notes with a portion of the principal being retired in accordance with the above provisions.

The City had the following general obligation bond anticipation notes outstanding at December 31, 2002:

	Maturity Date	Balance December 31, 2001	Issued	(Retired)	Balance December 31, 2002
<b>Capital Projects Notes Payable:</b>					
1.75% Donn Davis Way	4/30/2003	\$0	\$810,000	\$0	\$810,000
1.75% Fire Truck Improvement	12/11/2003	0	300,000	0	300,000
Total Capital Projects Notes Payable		0	1,110,000	0	1,110,000
<b>Enterprise Notes Payable:</b>					
1.75% Water Note	12/11/2003	250,000	225,000	(250,000)	225,000
1.75% Sewer Note	12/11/2003	375,000	350,000	(375,000)	350,000
Total Enterprise Notes Payable		625,000	575,000	(625,000)	575,000
Grand Total Notes Payable		\$625,000	\$1,685,000	(\$625,000)	\$1,685,000

**NOTE 13 - LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2002 were as follows:

	Maturity Date	Balance December 31, 2001	Issued (Retired)	Balance December 31, 2002
<b>Enterprise Funds:</b>				
General Obligation Bonds:				
7.13%	Electric Improvement	2006	\$250,000 (\$50,000)	\$200,000
7.13%	Water System Improvement	2008	210,000 (30,000)	180,000
5.05%	Sewer System Bonds	2002	40,000 (40,000)	0
5.05%	Water Improvement Bonds	2002	25,000 (25,000)	0
4.6-4.625%	Water Improvement Bonds	2007	180,000 (30,000)	150,000
4.6-4.625%	Electric Improvement Bonds	2015	745,000 (50,000)	695,000
	Total General Obligation Bonds		1,450,000 (225,000)	1,225,000
0.00%	North East Sewer Interceptor Loan	2014	467,837 (3,332)	464,505
	Total Enterprise Long-Term Debt		\$1,917,837 (\$228,332)	\$1,689,505
<b>General Long-Term Debt:</b>				
General Obligation Bonds:				
7.13%	Government Center Bond - I	2008	\$200,000 (\$30,000)	\$170,000
4.6-4.625%	Service Center Improvement	2015	690,000 (50,000)	640,000
4.0-4.8%	Capital Facilities Bond	2019	2,250,000 (150,000)	2,100,000
	Total General Obligation Bonds		3,140,000 (230,000)	2,910,000
<b>Other Long-Term Obligations:</b>				
	Compensated Absences		666,847 (32,214)	634,633
	Total Other Long-Term Obligations		666,847 (32,214)	634,633
	Total General Long-Term Debt and Other Long-Term Obligations		\$3,806,847 (\$262,214)	\$3,544,633

**A. Principal and Interest Requirements**

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2002, follows:

Years	General Obligation Bonds		Loan	
	Principal	Interest	Principal	Interest
2003	\$440,000	\$199,881	\$0	\$0
2004	465,000	177,564	0	0
2005	415,000	154,184	0	0
2006	390,000	132,929	0	0
2007	335,000	112,736	0	0
2008-2012	1,055,000	377,824	0	0
2013-2017	835,000	149,507	464,505	0
2018-2019	200,000	14,400	0	0
Totals	\$4,135,000	\$1,319,025	\$464,505	\$0

**NOTE 14 – CONSTRUCTION COMMITMENTS**

At December 31, 2002 the City had the following contractual commitments outstanding:

Project	Remaining Contractual Commitment	Expected Date of Completion
W. Main St. Project	\$575,844	Spring 2003
Weller Dr. Construction Project	130,206	Spring 2003
Nature Center Recreation Trail	58,155	Spring 2003
Kessler-Cowlsville Rd. Engineering	56,244	Summer 2003
Fire Pumper Truck	317,450	Fall 2003
Phase I Main St. Streetscape	37,601	Summer 2003

**NOTE 15 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. On September 1, 1996 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities.

As of December 31, 2002, the pool has seventeen members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, general liability, boiler and machinery, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a seventeen member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. Management is provided by an Executive Director, who is assisted by a full-time Claims Manager, Loss Control Manager and office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board.

The seventeen participating cities and their respective pool contribution factors for the loss year ended December 31, 2002 are:

Entity	Percentage	Entity	Percentage	Total
Beavercreek	8.135 %	Sidney	7.350 %	
Blue Ash	7.958	Springdale	4.687	
Indian Hill	2.538	Tipp City	2.494	
Kettering	16.134	Troy	7.459	
Madeira	1.218	Vandalia	4.625	
Mason	8.196	West Carrollton	3.766	
Miamisburg	8.190	Wilmington	5.978	
Montgomery	2.821	Wyoming	2.505	
Piqua	5.946			
Subtotal	<u>61.136 %</u>	Subtotal	<u>38.864 %</u>	<u>100.00%</u>



**NOTE 15 - RISK MANAGEMENT (Continued)**

The individual MVRMA, Inc. members are not considered "participants having equity interest" as defined by GASB Statement No. 14 since members have no rights to any assets of MVRMA, Inc. other than possible residual claims upon dissolution. The risk of loss is transferred from the City to the pool. Therefore, MVRMA, Inc. is a multijurisdictional arrangement that has the characteristics of a joint venture but has additional features that distinguish it, for financial reporting purposes, from the traditional joint venture defined in GASB Statement No. 14.

The following is a summary of insurance coverages at year end:

Property	\$100,000,000	per occurrence
General Liability	10,500,000	per occurrence
Boiler and Machinery	100,000,000	per occurrence
Public Officials Liability / Police Professional Liability	500,000 10,000,000	per occurrence excess \$1 Million
Automobile Liability	10,500,000	per occurrence
Flood (Property)	25,000,000	annual aggregate
Earthquake (Property)	25,000,000	annual aggregate

The deductible per occurrence is \$2,500. During 2002, MVRMA's self insured retention (SIR) limit for property was \$250,000 except boiler and machinery, which was \$5,000. The SIR for liability was \$500,000. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2002.

MVRMA issues a stand-alone financial report that includes financial statements and required supplementary information for MVRMA, Inc. Interested parties may obtain a copy by making a written request to 4625 Presidential Way, Kettering, Ohio 45429-5706.

Workers' compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The City pays unemployment claims to the State of Ohio as incurred.

In August 1994, the City joined the Ohio Benefits Co-operative, Inc., a health co-op comprised of twelve political subdivisions. The co-op was formed to explore the benefits of insurance pooling and collective purchasing strategies for its members. The co-op currently has a contract with Anthem Blue Cross and Blue Shield to handle their health insurance needs. The City pays a premium to Anthem, which handles all claims and benefit processing and assumes all risks.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three years.

**NOTE 16 - CONTRIBUTED CAPITAL**

During 2002, there were no changes to contributed capital reported by the City:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Total</u>
Balance at End of Year	<u>\$2,782,602</u>	<u>\$6,629,213</u>	<u>\$300,640</u>	<u>\$9,712,455</u>

**NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

Included in the services provided by the City financed primarily by user charges are water treatment and distribution, wastewater collection and treatment and electric services. The key financial information for the year ended December 31, 2002 for these enterprise activities is indicated below:

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Total</u>
Operating Revenues	\$811,258	\$934,622	\$7,604,675	\$9,350,555
Depreciation	258,431	188,427	294,606	741,464
Operating Income (Loss)	(28,330)	(96,722)	453,833	328,781
Operating Transfers Out	(51,184)	(58,261)	(8,454)	(117,899)
Current Capital Contributions	162,786	110,754	6,500	280,040
Net Income	556,397	337,520	379,931	1,273,848
Property, Plant and Equipment:				
Additions	833,518	388,910	298,734	1,521,162
Deletions	(37,968)	(5,580)	(78,766)	(122,314)
Assets	8,641,778	10,293,671	9,835,111	28,770,560
Net Working Capital	2,066,793	1,200,159	3,920,310	7,187,262
Bonds, Notes and Loan Payable	555,000	814,505	895,000	2,264,505
Total Equity	8,014,301	9,387,723	8,117,245	25,519,269

**NOTE 18 - JOINT VENTURES****A. Tri-Cities North Regional Wastewater Authority**

Prior to June of 1996 the Miami Conservancy District provided the cities of Tipp City, Vandalia and Huber Heights with wastewater treatment services. The Miami Conservancy District expressed the intent to no longer provide these services to the cities and gave them the option to acquire and operate the facility themselves. In order to do so, the three cities established the Tri-Cities North Regional Wastewater Authority.

Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Tipp City, Vandalia and Huber Heights. Tri-Cities is governed by a management board consisting of the city managers of the three participating cities. The Board has complete authority over all the aspects of the Plant's operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation, and the City does have an equity interest. The percentage of equity interest for each city is based on

**NOTE 18 - JOINT VENTURES (Continued)**

**A. Tri-Cities North Regional Wastewater Authority (Continued)**

annual usage and is adjusted each year accordingly. The City's equity interest is \$4,073,006 which represents 18.50% of the total equity in Tri-Cities. This reflects an increase of .66% above the City's equity interest of 17.84% in 2001. Tri-Cities is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2002, the City paid \$542,279 to Tri-Cities for services provided. Complete financial statements can be obtained from Tri-Cities North Regional Wastewater Authority, 3777 Old Needmore Road, Dayton, Ohio 45424.

**B. Northern Area Water Authority**

On March 8, 2002, City officials from Tipp City and Vandalia signed a joint venture agreement, creating the Northern Area Water Authority (NAWA). The joint venture is the result of years of study and planning on the best and most efficient way to service the water treatment needs of both communities. As a result of the joint venture agreement, NAWA will oversee the design, construction and operation of a new water treatment plant that will be located in Tipp City. NAWA is governed by a five-member management board, which will have complete authority over all aspects of the plant's operation. The organization is currently in its infancy stages. The City of Tipp City is the fiscal agent for NAWA and is reported as an agency fund of the City. The City's equity interest is \$10,047 which represents 50% of the total equity in NAWA. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2002, the City provided \$10,000 in seed money to NAWA. NAWA did file a cash basis financial statement in accordance with Ohio Revised Code and copies of this report are available from the Northern Area Water Authority, 260 S. Garber Drive, Tipp City, Ohio 45371.

**NOTE 19 - CONTINGENCIES**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**NOTE 20 – SUBSEQUENT EVENTS**

On April 30, 2003 the City retired \$810,000 in General Obligation Notes. The notes were issued in December 2002 to acquire a roadway easement for Donn Davis Way. The easement has been donated thus alleviating the need for the note.

On May 6, 2003 the City issued \$1,950,000 in Special Assessment Notes. The proceeds of the notes will be used for roadway improvements to construct an extension to Donn Davis Way. The property owner's portion of the debt is \$1,230,000, leaving the City's portion of \$720,000. The notes were sold to Seasongood and Mayer at a net interest rate of 1.247%.

*C*OMBINING AND *I*NDIVIDUAL *F*UND AND *A*CCOUNT *G*ROUP  
*S*TATEMENTS AND *S*CHEDULES

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***T***HE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE  
*GENERAL FUND, SPECIAL REVENUE FUNDS, CAPITAL PROJECTS FUNDS,  
ENTERPRISE FUNDS, FIDUCIARY FUNDS AND THE GENERAL FIXED ASSETS  
ACCOUNT GROUP.*

***GENERAL FUND***

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The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$2,280,473	\$2,311,194	\$30,721
Intergovernmental Revenues	1,411,461	1,410,949	(512)
Charges for Services	304,080	315,554	11,474
Licenses and Permits	63,475	66,195	2,720
Investment Earnings	345,000	349,246	4,246
Special Assessments	3,200	5,082	1,882
Fines and Forfeitures	18,500	19,372	872
All Other Revenues	210,490	221,101	10,611
Total Revenues	4,636,679	4,698,693	62,014
<b>Expenditures:</b>			
<b>Security of Persons and Property:</b>			
<b>Police:</b>			
Personal Services	1,552,310	1,531,861	20,449
Travel and Training	23,865	14,623	9,242
Contractual Services	92,285	83,467	8,818
Materials and Supplies	45,325	40,632	4,693
Total Police	1,713,785	1,670,583	43,202
<b>Fire:</b>			
Personal Services	70,080	68,628	1,452
Travel and Training	4,000	2,771	1,229
Contractual Services	35,958	32,774	3,184
Materials and Supplies	7,518	6,754	764
Total Fire	117,556	110,927	6,629
<b>Emergency Medic Service:</b>			
Personal Services	452,099	449,565	2,534
Travel and Training	11,842	11,281	561
Contractual Services	65,231	62,804	2,427
Materials and Supplies	16,754	15,741	1,013
Total Emergency Medic Service	545,926	539,391	6,535
Total Security of Persons and Property	2,377,267	2,320,901	56,366
<b>Leisure Time Activities:</b>			
<b>Parks:</b>			
Personal Services	232,076	218,049	14,027
Travel and Training	750	313	437
Contractual Services	77,130	67,889	9,241
Materials and Supplies	44,078	40,229	3,849
Total Parks	354,034	326,480	27,554

(Continued)

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Recreation:			
Contractual Services	16,500	15,500	1,000
Total Recreation	16,500	15,500	1,000
Total Leisure Time Activities	370,534	341,980	28,554
Community Environment:			
Planning:			
Personal Services	159,190	158,794	396
Travel and Training	6,360	5,431	929
Contractual Services	29,618	26,433	3,185
Materials and Supplies	3,329	2,334	995
Total Community Environment	198,497	192,992	5,505
Basic Utility Services			
Utility Billing:			
Personal Services	131,325	129,020	2,305
Travel and Training	8,600	6,716	1,884
Contractual Services	7,426	5,115	2,311
Materials and Supplies	29,705	27,501	2,204
Total Basic Utility Services	177,056	168,352	8,704
General Government:			
City Council:			
Personal Services	32,495	31,035	1,460
Travel and Training	9,400	4,782	4,618
Contractual Services	10,335	9,141	1,194
Materials and Supplies	4,643	3,027	1,616
Total City Council	56,873	47,985	8,888
Commissions:			
Personal Services	13,378	13,214	164
Travel and Training	2,000	479	1,521
Contractual Services	34,410	29,861	4,549
Materials and Supplies	4,300	3,223	1,077
Total Commissions	54,088	46,777	7,311
Administration:			
Personal Services	161,409	161,230	179
Travel and Training	3,475	3,265	210
Contractual Services	3,934	3,582	352
Materials and Supplies	2,350	1,926	424
Total Administration	171,168	170,003	1,165

(Continued)

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Buildings and Grounds:			
Personal Services	30,737	29,853	884
Travel and Training	500	0	500
Contractual Services	134,116	129,001	5,115
Materials and Supplies	6,322	6,009	313
Total Buildings and Grounds	<u>171,675</u>	<u>164,863</u>	<u>6,812</u>
Finance - Accounting:			
Personal Services	146,725	145,556	1,169
Travel and Training	3,280	2,849	431
Contractual Services	12,705	11,898	807
Materials and Supplies	3,069	2,286	783
Total Finance - Accounting	<u>165,779</u>	<u>162,589</u>	<u>3,190</u>
Finance - Income Tax:			
Personal Services	116,585	112,433	4,152
Travel and Training	4,020	2,545	1,475
Contractual Services	9,027	8,243	784
Materials and Supplies	9,131	8,888	243
Income Tax Refunds	78,500	74,065	4,435
Total Finance - Income Tax	<u>217,263</u>	<u>206,174</u>	<u>11,089</u>
Legal:			
Personal Services	47,270	47,061	209
Travel and Training	400	0	400
Contractual Services	33,336	23,311	10,025
Materials and Supplies	445	145	300
Total Legal	<u>81,451</u>	<u>70,517</u>	<u>10,934</u>
Engineering:			
Personal Services	117,558	116,820	738
Travel and Training	2,700	1,508	1,192
Contractual Services	65,077	56,671	8,406
Materials and Supplies	3,036	2,564	472
Total Engineering	<u>188,371</u>	<u>177,563</u>	<u>10,808</u>
General Administrative:			
Personal Services	27,172	21,757	5,415
Contractual Services	281,140	236,076	45,064
Materials and Supplies	600	0	600
Other Expenditures	2,340	292	2,048
Total General Administrative	<u>311,252</u>	<u>258,125</u>	<u>53,127</u>
Total General Government	<u>1,417,920</u>	<u>1,304,596</u>	<u>113,324</u>

(Continued)



**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Capital Outlay:			
Police	28,077	27,246	831
Fire	57,168	57,081	87
Emergency Medical Service	7,375	5,800	1,575
Parks	10,430	10,387	43
Planning	3,714	2,023	1,691
Utility Billing	4,327	2,462	1,865
City Council	1,512	992	520
Administration	100	0	100
Finance - Accounting	1,500	900	600
Finance - Income Tax	500	100	400
Engineering	9,600	8,932	668
General Administrative	65,840	4,572	61,268
Total Capital Outlay	<u>190,143</u>	<u>120,495</u>	<u>69,648</u>
Total Expenditures	<u>4,731,417</u>	<u>4,449,316</u>	<u>282,101</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(94,738)	249,377	344,115
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	91,845	91,845	0
Operating Transfers Out	<u>(752,000)</u>	<u>(517,000)</u>	<u>235,000</u>
Total Other Financing Sources (Uses)	<u>(660,155)</u>	<u>(425,155)</u>	<u>235,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(754,893)	(175,778)	579,115
Fund Balance at Beginning of Year	2,643,119	2,643,119	0
Prior Year Encumbrances	236,493	236,493	0
Fund Balance at End of Year	<u><u>\$2,124,719</u></u>	<u><u>\$2,703,834</u></u>	<u><u>\$579,115</u></u>



**Tipp City, Ohio**

## ***SPECIAL REVENUE FUNDS***

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Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

### **Swimming Pool Fund**

To account for revenues and expenditures related to the operations of the Tipp City Municipal Pool.

### **Street Construction, Maintenance and Repair Fund**

To account for state levied and controlled gasoline tax and motor vehicle license fees designated for local street construction, maintenance and repair.

### **State Highway Improvement Fund**

To account for the portion of the state gasoline tax and motor vehicle license fees designated for construction, maintenance and repair of state highways within the City.

### **Municipal Road Fund**

To account for that portion of motor vehicle license fees designated for routine street maintenance and repairs.

### **Enforcement and Education Fund**

To account for financial resources used to educate the public regarding laws governing the operation of motor vehicles while under the influence of alcohol.

### **Law Enforcement Fund**

To account for all monies and expenditures related to property or goods obtained by seizure or forfeiture.

### **Drug Law Enforcement Fund**

To account for monies obtained through fines distributed to the City from drug related offenses or the sale and/or seizure of contraband, and are used to subsidize the City's law enforcement efforts.

### **DARE Projects Fund**

To account for revenues and expenditures relative to DARE activities.

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2002**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
<u>Assets:</u>				
Cash and Cash Equivalents	\$19,599	\$191,868	\$32,975	\$69,490
Intergovernmental Receivables	0	133,613	10,835	25,811
Inventory of Supplies at Cost	0	38,566	0	0
Total Assets	<u>\$19,599</u>	<u>\$364,047</u>	<u>\$43,810</u>	<u>\$95,301</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$95	\$2,986	\$0	\$2,976
Accrued Wages and Benefits	289	18,070	0	3,683
Due to Other Funds	6	169	0	0
Intergovernmental Payables	0	698	0	0
Deferred Revenue	0	89,076	7,224	17,208
Total Liabilities	<u>390</u>	<u>110,999</u>	<u>7,224</u>	<u>23,867</u>
Fund Equity:				
Reserved for Encumbrances	543	12,089	1,456	8,201
Reserved for Supplies Inventory	0	38,566	0	0
Unreserved	18,666	202,393	35,130	63,233
Total Fund Equity	<u>19,209</u>	<u>253,048</u>	<u>36,586</u>	<u>71,434</u>
Total Liabilities and Fund Equity	<u>\$19,599</u>	<u>\$364,047</u>	<u>\$43,810</u>	<u>\$95,301</u>

**THE CITY OF TIPP CITY, OHIO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2002**

Enforcement and Education	Law Enforcement	Drug Law Enforcement	DARE Projects	Totals
\$5,006	\$1,690	\$4,489	\$1,302	\$326,419
28	0	0	0	170,287
0	0	0	0	38,566
<u>\$5,034</u>	<u>\$1,690</u>	<u>\$4,489</u>	<u>\$1,302</u>	<u>\$535,272</u>
\$0	\$0	\$0	\$0	\$6,057
0	0	0	0	22,042
0	0	0	0	175
0	0	0	0	698
0	0	0	0	113,508
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>142,480</u>
1,000	0	2,370	0	25,659
0	0	0	0	38,566
4,034	1,690	2,119	1,302	328,567
<u>5,034</u>	<u>1,690</u>	<u>4,489</u>	<u>1,302</u>	<u>392,792</u>
<u>\$5,034</u>	<u>\$1,690</u>	<u>\$4,489</u>	<u>\$1,302</u>	<u>\$535,272</u>

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
<b>Revenues:</b>				
Intergovernmental Revenues	\$0	\$286,522	\$23,231	\$55,833
Charges for Services	38,899	0	0	0
Licenses and Permits	0	36	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenues	1,844	1,402	0	101
<b>Total Revenues</b>	<b>40,743</b>	<b>287,960</b>	<b>23,231</b>	<b>55,934</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	74,005	0	0	0
Transportation	0	316,223	23,851	70,643
Capital Outlay	1,422	6,741	0	0
<b>Total Expenditures</b>	<b>75,427</b>	<b>322,964</b>	<b>23,851</b>	<b>70,643</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,684)	(35,004)	(620)	(14,709)
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	50,000	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	15,316	(35,004)	(620)	(14,709)
Fund Balance at Beginning of Year	3,893	281,502	37,206	86,143
Increase in Inventory Reserve	0	6,550	0	0
<b>Fund Balance at End of Year</b>	<b>\$19,209</b>	<b>\$253,048</b>	<b>\$36,586</b>	<b>\$71,434</b>

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Enforcement and Education	Law Enforcement	Drug Law Enforcement	DARE Projects	Totals
\$0	\$0	\$0	\$2,289	\$367,875
0	0	0	0	38,899
0	0	0	0	36
571	0	100	0	671
0	979	0	150	4,476
<u>571</u>	<u>979</u>	<u>100</u>	<u>2,439</u>	<u>411,957</u>
500	126	0	3,346	3,972
0	0	0	0	74,005
0	0	0	0	410,717
<u>1,060</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,223</u>
<u>1,560</u>	<u>126</u>	<u>0</u>	<u>3,346</u>	<u>497,917</u>
(989)	853	100	(907)	(85,960)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
(989)	853	100	(907)	(35,960)
6,023	837	4,389	2,209	422,202
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,550</u>
<u>\$5,034</u>	<u>\$1,690</u>	<u>\$4,489</u>	<u>\$1,302</u>	<u>\$392,792</u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**SWIMMING POOL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$32,820	\$38,899	\$6,079
All Other Revenues	1,200	1,844	644
Total Revenues	<u>34,020</u>	<u>40,743</u>	<u>6,723</u>
<u>Expenditures:</u>			
Leisure Time Activities:			
Swimming Pool:			
Personal Services	53,385	52,801	584
Contractual Services	15,830	12,524	3,306
Materials and Supplies	10,000	9,032	968
Total Leisure Time Activities	<u>79,215</u>	<u>74,357</u>	<u>4,858</u>
Capital Outlay	<u>2,375</u>	<u>1,422</u>	<u>953</u>
Total Expenditures	<u>81,590</u>	<u>75,779</u>	<u>5,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,570)	(35,036)	12,534
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,430	14,964	12,534
Fund Balance at Beginning of Year	<u>4,092</u>	<u>4,092</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$6,522</u></u>	<u><u>\$19,056</u></u>	<u><u>\$12,534</u></u>



**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$287,500	\$286,153	(\$1,347)
Licenses and Permits	100	36	(64)
All Other Revenues	500	1,402	902
Total Revenues	<u>288,100</u>	<u>287,591</u>	<u>(509)</u>
<u>Expenditures:</u>			
Transportation:			
Street:			
Personal Services	229,238	227,156	2,082
Travel and Training	2,000	1,468	532
Contractual Services	47,254	43,749	3,505
Materials and Supplies	51,476	48,128	3,348
Total Transportation	<u>329,968</u>	<u>320,501</u>	<u>9,467</u>
Capital Outlay	<u>13,944</u>	<u>11,530</u>	<u>2,414</u>
Total Expenditures	<u>343,912</u>	<u>332,031</u>	<u>11,881</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,812)	(44,440)	11,372
Fund Balance at Beginning of Year	210,498	210,498	0
Prior Year Encumbrances	10,877	10,877	0
Fund Balance at End of Year	<u>\$165,563</u>	<u>\$176,935</u>	<u>\$11,372</u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**STATE HIGHWAY IMPROVEMENT FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$23,311	\$23,202	(\$109)
Total Revenues	<u>23,311</u>	<u>23,202</u>	<u>(109)</u>
<u>Expenditures:</u>			
Transportation:			
Street:			
Contractual Services	18,448	18,086	362
Materials and Supplies	<u>11,000</u>	<u>10,197</u>	<u>803</u>
Total Expenditures	<u>29,448</u>	<u>28,283</u>	<u>1,165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,137)	(5,081)	1,056
Fund Balance at Beginning of Year	29,176	29,176	0
Prior Year Encumbrances	<u>4,448</u>	<u>4,448</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$27,487</u></u>	<u><u>\$28,543</u></u>	<u><u>\$1,056</u></u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**MUNICIPAL ROAD FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$54,400	\$55,228	\$828
All Other Revenues	0	101	101
Total Revenues	54,400	55,329	929
<u>Expenditures:</u>			
Transportation:			
Street:			
Personal Services	43,440	43,155	285
Contractual Services	1,400	1,305	95
Materials and Supplies	38,648	31,225	7,423
Total Expenditures	83,488	75,685	7,803
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,088)	(20,356)	8,732
Fund Balance at Beginning of Year	71,597	71,597	0
Prior Year Encumbrances	10,048	10,048	0
Fund Balance at End of Year	\$52,557	\$61,289	\$8,732

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**ENFORCEMENT AND EDUCATION FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$700	\$568	(\$132)
Total Revenues	700	568	(132)
<u>Expenditures:</u>			
Security of Persons and Property:			
State Grant:			
Contractual Services	3,940	1,500	2,440
Total Security of Persons and Property	3,940	1,500	2,440
Capital Outlay	1,060	1,060	0
Total Expenditures	5,000	2,560	2,440
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,300)	(1,992)	2,308
Fund Balance at Beginning of Year	5,998	5,998	0
Fund Balance at End of Year	<u>\$1,698</u>	<u>\$4,006</u>	<u>\$2,308</u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**LAW ENFORCEMENT FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$300	\$979	\$679
Total Revenues	300	979	679
<u>Expenditures:</u>			
Security of Persons and Property:			
State Grant:			
Contractual Services	700	126	574
Total Expenditures	700	126	574
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(400)	853	1,253
Fund Balance at Beginning of Year	837	837	0
Fund Balance at End of Year	\$437	\$1,690	\$1,253

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**DRUG LAW ENFORCEMENT FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$100	\$100	\$0
Total Revenues	100	100	0
<u>Expenditures:</u>			
Security of Persons and Property:			
State Grant:			
Contractual Services	3,000	2,370	630
Total Expenditures	3,000	2,370	630
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(2,900)	(2,270)	630
Fund Balance at Beginning of Year	4,389	4,389	0
Fund Balance at End of Year	<u>\$1,489</u>	<u>\$2,119</u>	<u>\$630</u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**DARE PROJECTS FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$2,700	\$2,289	(\$411)
All Other Revenues	500	150	(350)
Total Revenues	3,200	2,439	(761)
<u>Expenditures:</u>			
Security of Persons and Property:			
State Grant:			
Contractual Services	4,000	3,346	654
Total Expenditures	4,000	3,346	654
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(800)	(907)	(107)
Fund Balance at Beginning of Year	2,209	2,209	0
Fund Balance at End of Year	\$1,409	\$1,302	(\$107)



**Tipp City, Ohio**



## *CAPITAL PROJECTS FUNDS*

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The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

### **Capital Improvement Reserve Fund**

To account for financial resources used for the major capital projects undertaken by the City.

### **Police Facility Construction Fund**

To account for construction of a new police facility financed by note proceeds.

### **Storm Sewer Construction Fund**

To account for construction of a new storm sewer financed by note proceeds.

### **West Main Street Reconstruction Fund**

To account for improvements to West Main Street.

### **North Third Street Reconstruction Fund**

To account for improvements to north Third Street. This project is funded by State Issue II funds and a transfer from the General Fund.

### **South First Street Improvement Fund**

To account for improvements to South First Street. This project is funded by State Grant funds and transfers from the General and Water funds.

### **Fire Truck Equipment Fund**

To account for the purchase of a fire truck and equipment financed by the sale of a note.

### **Elm Street Reconstruction Fund**

To account for improvements to Elm Street. This project is funded by State Issue II Grant funds and transfers from the General, Water and Sewer funds. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

### **Donn Davis Way Construction Fund**

To account for construction of Donn Davis Way.

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2002**

	Capital Improvement Reserve	Police Facility Construction	Storm Sewer Construction	West Main Street Reconstruction
<b>Assets:</b>				
Cash and Cash Equivalents	\$998,327	\$55,154	\$19,767	\$83,348
Receivables:				
Taxes	49,685	0	0	0
Special Assessments	124,234	0	0	0
Intergovernmental Receivables	0	0	0	26,852
Total Assets	<u>\$1,172,246</u>	<u>\$55,154</u>	<u>\$19,767</u>	<u>\$110,200</u>
<b>Liabilities and Fund Equity:</b>				
Liabilities:				
Accounts Payable	\$3,448	\$1,620	\$0	\$41,311
Accrued Interest Payable	0	0	0	0
Deferred Revenue	131,654	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	<u>135,102</u>	<u>1,620</u>	<u>0</u>	<u>41,311</u>
Fund Equity:				
Fund Balances:				
Reserved for Encumbrances	893,623	52,067	0	510,123
Unreserved - Undesignated	143,521	1,467	19,767	(441,234)
Total Fund Equity	<u>1,037,144</u>	<u>53,534</u>	<u>19,767</u>	<u>68,889</u>
Total Liabilities and Fund Equity	<u>\$1,172,246</u>	<u>\$55,154</u>	<u>\$19,767</u>	<u>\$110,200</u>

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2002**

North Third Street Reconstruction	South First Street Improvement	Fire Truck Equipment	Donn Davis Way Construction	Totals
\$64,540	\$17,151	\$300,000	\$942,358	\$2,480,645
0	0	0	0	49,685
0	0	0	0	124,234
0	0	0	0	26,852
<u>\$64,540</u>	<u>\$17,151</u>	<u>\$300,000</u>	<u>\$942,358</u>	<u>\$2,681,416</u>
\$0	\$0	\$0	\$0	\$46,379
0	0	302	466	768
0	0	0	0	131,654
0	0	300,000	810,000	1,110,000
0	0	300,302	810,466	1,288,801
0	0	300,000	845,259	2,601,072
64,540	17,151	(300,302)	(713,367)	(1,208,457)
<u>64,540</u>	<u>17,151</u>	<u>(302)</u>	<u>131,892</u>	<u>1,392,615</u>
<u>\$64,540</u>	<u>\$17,151</u>	<u>\$300,000</u>	<u>\$942,358</u>	<u>\$2,681,416</u>

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Capital Improvement Reserve	Police Facility Construction	Storm Sewer Construction	West Main Street Reconstruction
<b>Revenues:</b>				
Taxes	\$498,184	\$0	\$0	\$0
Intergovernmental Revenues	187,448	0	0	117,205
Special Assessments	30,719	0	0	0
All Other Revenues	4,658	0	0	0
Total Revenues	<u>721,009</u>	<u>0</u>	<u>0</u>	<u>117,205</u>
<b>Expenditures:</b>				
Security of Persons and Property	0	21,136	0	0
Transportation	0	0	0	0
General Government	1,772	0	0	0
Capital Outlay	886,183	105,537	0	180,316
Debt Service:				
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>887,955</u>	<u>126,673</u>	<u>0</u>	<u>180,316</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(166,946)	(126,673)	0	(63,111)
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Fixed Assets	2,125	0	0	0
Operating Transfers In	335,000	0	0	132,000
Operating Transfers Out	(348,255)	0	0	0
Total Other Financing Sources (Uses)	<u>(11,130)</u>	<u>0</u>	<u>0</u>	<u>132,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(178,076)	(126,673)	0	68,889
Fund Balance at Beginning of Year	<u>1,215,220</u>	<u>180,207</u>	<u>19,767</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>\$1,037,144</u></u>	<u><u>\$53,534</u></u>	<u><u>\$19,767</u></u>	<u><u>\$68,889</u></u>

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

North Third Street Reconstruction	South First Street Improvement	Fire Truck Equipment	Elm Street Reconstruction	Donn Davis Way Construction	Totals
\$0	\$0	\$0	\$0	\$0	\$498,184
0	2,321	0	0	0	306,974
0	0	0	0	0	30,719
0	0	0	0	0	4,658
0	2,321	0	0	0	840,535
0	0	0	0	0	21,136
3,915	0	0	1,544	3,822	9,281
0	0	0	0	0	1,772
0	0	0	0	39,170	1,211,206
0	0	302	0	466	768
3,915	0	302	1,544	43,458	1,244,163
(3,915)	2,321	(302)	(1,544)	(43,458)	(403,628)
0	0	0	0	0	2,125
0	0	0	0	0	467,000
0	0	0	0	0	(348,255)
0	0	0	0	0	120,870
(3,915)	2,321	(302)	(1,544)	(43,458)	(282,758)
68,455	14,830	0	1,544	175,350	1,675,373
<u>\$64,540</u>	<u>\$17,151</u>	<u>(\$302)</u>	<u>\$0</u>	<u>\$131,892</u>	<u>\$1,392,615</u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**CAPITAL IMPROVEMENT RESERVE FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$488,600	\$496,125	\$7,525
Intergovernmental Revenues	268,600	239,430	(29,170)
Special Assessments	45,000	30,719	(14,281)
All Other Revenues	4,000	4,658	658
Total Revenues	<u>806,200</u>	<u>770,932</u>	<u>(35,268)</u>
<u>Expenditures:</u>			
General Government:			
Contractual Services	<u>3,100</u>	<u>1,772</u>	<u>1,328</u>
Total General Government	<u>3,100</u>	<u>1,772</u>	<u>1,328</u>
Capital Outlay	<u>2,170,012</u>	<u>1,805,702</u>	<u>364,310</u>
Total Expenditures	<u>2,173,112</u>	<u>1,807,474</u>	<u>365,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,366,912)	(1,036,542)	330,370
<u>Other Financing Sources (Uses):</u>			
Proceeds from the Sale of Fixed Assets	2,000	2,125	125
Operating Transfers In	570,000	335,000	(235,000)
Operating Transfers Out	<u>(348,256)</u>	<u>(348,255)</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>223,744</u>	<u>(11,130)</u>	<u>(234,874)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,143,168)	(1,047,672)	95,496
Fund Balance at Beginning of Year	64,126	64,126	0
Prior Year Encumbrances	<u>1,084,802</u>	<u>1,084,802</u>	<u>0</u>
Fund Balance at End of Year	<u>\$5,760</u>	<u>\$101,256</u>	<u>\$95,496</u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**POLICE FACILITY CONSTRUCTION FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Security of Persons and Property:			
Contractual Services	21,942	21,907	35
Total Security of Persons and Property	21,942	21,907	35
Capital Outlay	393,533	393,077	456
Total Expenditures	415,475	414,984	491
Excess (Deficiency) of Revenues Over (Under) Expenditures	(415,475)	(414,984)	491
Fund Balance at Beginning of Year	976	976	0
Prior Year Encumbrances	415,475	415,475	0
Fund Balance at End of Year	<u>\$976</u>	<u>\$1,467</u>	<u>\$491</u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**STORM SEWER CONSTRUCTION FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Capital Outlay	19,122	0	19,122
Total Expenditures	19,122	0	19,122
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,122)	0	19,122
Fund Balance at Beginning of Year	645	645	0
Prior Year Encumbrances	19,122	19,122	0
Fund Balance at End of Year	<u>\$645</u>	<u>\$19,767</u>	<u>\$19,122</u>



**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**WEST MAIN STREET RECONSTRUCTION FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$558,440	\$90,353	(\$468,087)
Total Revenues	558,440	90,353	(468,087)
<u>Expenditures:</u>			
Capital Outlay	690,440	690,439	1
Total Expenditures	690,440	690,439	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(132,000)	(600,086)	(468,086)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	132,000	132,000	0
Total Other Financing Sources (Uses)	132,000	132,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	(468,086)	(468,086)
Fund Balance at Beginning of Year	0	0	0
Fund Deficit at End of Year	\$0	(\$468,086)	(\$468,086)

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**NORTH THIRD STREET RECONSTRUCTION FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Transportation:			
Contractual Services	3,915	3,915	0
Total Expenditures	3,915	3,915	0
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(3,915)	(3,915)	0
Fund Balance at Beginning of Year	64,540	64,540	0
Prior Year Encumbrances	3,915	3,915	0
Fund Balance at End of Year	<u>\$64,540</u>	<u>\$64,540</u>	<u>\$0</u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**SOUTH FIRST STREET IMPROVEMENT FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$0	\$17,151	\$17,151
Total Revenues	0	17,151	17,151
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	17,151	17,151
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$17,151	\$17,151

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**FIRE TRUCK EQUIPMENT FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Capital Outlay	300,000	300,000	0
Total Expenditures	300,000	300,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300,000)	(300,000)	0
<u>Other Financing Sources (Uses):</u>			
Proceeds from General Obligation Notes	300,000	300,000	0
Total Other Financing Sources (Uses)	300,000	300,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**ELM STREET RECONSTRUCTION FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Transportation:			
Other Expenditures	1,544	1,544	0
Total Expenditures	1,544	1,544	0
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(1,544)	(1,544)	0
Fund Balance at Beginning of Year	1,544	1,544	0
Fund Balance at End of Year	\$0	\$0	\$0

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**DONN DAVIS WAY CONSTRUCTION FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Transportation:			
Contractual Services	30,000	11,000	19,000
Total Transportation	30,000	11,000	19,000
Capital Outlay	904,701	877,251	27,450
Total Expenditures	934,701	888,251	46,450
Excess (Deficiency) of Revenues Over (Under) Expenditures	(934,701)	(888,251)	46,450
<u>Other Financing Sources (Uses):</u>			
Proceeds from General Obligation Notes	810,000	810,000	0
Total Other Financing Sources (Uses)	810,000	810,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(124,701)	(78,251)	46,450
Fund Balance at Beginning of Year	110,649	110,649	0
Prior Year Encumbrances	64,701	64,701	0
Fund Balance at End of Year	\$50,649	\$97,099	\$46,450

## *ENTERPRISE FUNDS*

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The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of net income is appropriate for accountability purposes.

### **Water Fund**

To account for the operation of the City's water service.

### **Sewer Fund**

To account for the operation of the City's sanitary sewer service.

### **Electric Fund**

To account for the operation of the City's electric service.

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING BALANCE SHEET**  
**ENTERPRISE FUNDS**  
**DECEMBER 31, 2002**

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Totals</u>
<u>Assets:</u>				
Cash and Cash Equivalents	\$917,927	\$409,789	\$1,249,476	\$2,577,192
Investments	1,222,594	545,802	1,789,816	3,558,212
Receivables:				
Accounts	82,072	91,960	895,720	1,069,752
Special Assessments	0	559,447	0	559,447
Due from Other Funds	659	515	14,103	15,277
Inventory of Supplies at Cost	93,929	7,655	540,827	642,411
Prepaid Items	523	378	896	1,797
Restricted Assets:				
Cash and Cash Equivalents	0	0	94,322	94,322
Investment in Joint Venture	10,047	4,073,007	0	4,083,054
Property, Plant and Equipment	9,892,776	6,891,718	8,110,859	24,895,353
Less Accumulated Depreciation	(3,578,749)	(2,286,600)	(2,860,908)	(8,726,257)
Net Fixed Assets	<u>6,314,027</u>	<u>4,605,118</u>	<u>5,249,951</u>	<u>16,169,096</u>
Total Assets	<u><u>\$8,641,778</u></u>	<u><u>\$10,293,671</u></u>	<u><u>\$9,835,111</u></u>	<u><u>\$28,770,560</u></u>
<u>Liabilities and Fund Equity:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$739	\$490	\$439,904	\$441,133
Accrued Wages and Benefits	18,808	9,242	56,857	84,907
Due to Other Funds	2,925	670	68,878	72,473
Intergovernmental Payable	1,568	54,633	1,035	57,236
Accrued Interest Payable	1,871	352	3,854	6,077
Customer Deposits Payable	0	0	94,322	94,322
General Obligation Notes Payable	225,000	350,000	0	575,000
Compensated Absences Payable	46,566	26,056	158,016	230,638
General Obligation Bonds Payable	330,000	0	895,000	1,225,000
State Loan Payable	0	464,505	0	464,505
Total Liabilities	<u>627,477</u>	<u>905,948</u>	<u>1,717,866</u>	<u>3,251,291</u>
<u>Fund Equity:</u>				
<u>Contributed Capital:</u>				
Wastewater Authority	0	2,915,405	0	2,915,405
Other	2,782,602	3,713,808	300,640	6,797,050
<u>Retained earnings:</u>				
Unreserved	5,231,699	2,758,510	7,816,605	15,806,814
Total Fund Equity	<u>8,014,301</u>	<u>9,387,723</u>	<u>8,117,245</u>	<u>25,519,269</u>
Total Liabilities and Fund Equity	<u><u>\$8,641,778</u></u>	<u><u>\$10,293,671</u></u>	<u><u>\$9,835,111</u></u>	<u><u>\$28,770,560</u></u>



**THE CITY OF TIPP CITY, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Totals</u>
<u>Operating Revenues:</u>				
Charges for Services	\$798,930	\$930,091	\$7,531,933	\$9,260,954
Other Operating Revenues	12,328	4,531	72,742	89,601
Total Operating Revenues	<u>811,258</u>	<u>934,622</u>	<u>7,604,675</u>	<u>9,350,555</u>
<u>Operating Expenses:</u>				
Personal Services	255,015	119,837	777,833	1,152,685
Materials and Supplies	197,092	148,553	56,222	401,867
Contractual Services	89,295	565,268	6,010,390	6,664,953
Utilities	36,174	7,433	8,802	52,409
Depreciation	258,431	188,427	294,606	741,464
Other Operating Expenses	3,581	1,826	2,989	8,396
Total Operating Expenses	<u>839,588</u>	<u>1,031,344</u>	<u>7,150,842</u>	<u>9,021,774</u>
Operating Income (Loss)	(28,330)	(96,722)	453,833	328,781
<u>Nonoperating Revenues (Expenses):</u>				
Intergovernmental Revenues	512,424	0	0	512,424
Income from Joint Venture	47	162,864	0	162,911
Capital Contributions from Joint Venture	0	235,355	0	235,355
Capital Contributions	162,786	110,754	6,500	280,040
Loss on Disposal of Fixed Assets	(4,096)	(1,932)	(16,477)	(22,505)
Interest and Fiscal Charges	(29,134)	(9,382)	(51,645)	(90,161)
Interest Income	(6,116)	(5,156)	(3,826)	(15,098)
Total Nonoperating Revenues (Expenses)	<u>635,911</u>	<u>492,503</u>	<u>(65,448)</u>	<u>1,062,966</u>
Income Before Operating Transfers	607,581	395,781	388,385	1,391,747
<u>Operating Transfers:</u>				
Operating Transfers Out	(51,184)	(58,261)	(8,454)	(117,899)
Total Operating Transfers	<u>(51,184)</u>	<u>(58,261)</u>	<u>(8,454)</u>	<u>(117,899)</u>
Net Income	556,397	337,520	379,931	1,273,848
Restated Retained Earnings at Beginning of Year	4,675,302	2,420,990	7,436,674	14,532,966
Retained Earnings at End of Year	<u>\$5,231,699</u>	<u>\$2,758,510</u>	<u>\$7,816,605</u>	<u>\$15,806,814</u>

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Water	Sewer	Electric	Total
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$784,222	\$925,921	\$7,464,587	\$9,174,730
Cash Payments for Goods and Services	(338,903)	(713,576)	(6,010,263)	(7,062,742)
Cash Payments to Employees	(248,541)	(116,748)	(762,897)	(1,128,186)
Other Operating Revenues	12,328	8,316	72,984	93,628
Net Cash Provided by Operating Activities	<u>209,106</u>	<u>103,913</u>	<u>764,411</u>	<u>1,077,430</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers Out to Other Funds	(51,184)	(58,261)	(8,454)	(117,899)
Net Cash Used for Noncapital Financing Activities	<u>(51,184)</u>	<u>(58,261)</u>	<u>(8,454)</u>	<u>(117,899)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(670,732)	(278,202)	(284,328)	(1,233,262)
Principal Paid on General Obligation Bonds	(85,000)	(40,000)	(100,000)	(225,000)
Principal Paid on General Obligation Notes	(250,000)	(375,000)	0	(625,000)
Principal Paid on State Loans	0	(3,332)	0	(3,332)
Interest Paid on All Debt	(29,618)	(9,668)	(52,134)	(91,420)
Cash Received from Intergovernmental Grants	512,424	0	0	512,424
Proceeds from the Sale of General Obligation Notes	225,000	350,000	0	575,000
Net Cash Used for Capital and Related Financing Activities	<u>(297,926)</u>	<u>(356,202)</u>	<u>(436,462)</u>	<u>(1,090,590)</u>
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	0	0	(117,153)	(117,153)
Sale of Investments	131,688	205,379	0	337,067
Net Cash Provided (Used) by Investing Activities	<u>131,688</u>	<u>205,379</u>	<u>(117,153)</u>	<u>219,914</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,316)	(105,171)	202,342	88,855
Cash and Cash Equivalents at Beginning of Year	926,243	514,960	1,141,456	2,582,659
Cash and Cash Equivalents at End of Year	<u>\$917,927</u>	<u>\$409,789</u>	<u>\$1,343,798</u>	<u>\$2,671,514</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$917,927	\$409,789	\$1,249,476	\$2,577,192
Restricted Cash and Cash Equivalents	0	0	94,322	94,322
Cash and Cash Equivalents at End of Year	<u>\$917,927</u>	<u>\$409,789</u>	<u>\$1,343,798</u>	<u>\$2,671,514</u>

(Continued)

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Water	Sewer	Electric	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>				
Operating Income (Loss)	(\$28,330)	(\$96,722)	\$453,833	\$328,781
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	258,431	188,427	294,606	741,464
Adjustments to Assets and Liabilities:				
Increase in Accounts Receivable	(14,229)	(4,183)	(66,134)	(84,546)
Decrease in Special Assessments Receivable	0	7,761	0	7,761
(Increase) Decrease in Inventory	2,678	(2,203)	(22,775)	(22,300)
(Increase) Decrease in Prepaid Items	424	383	(431)	376
Increase in Investment in Joint Venture	(10,000)	0	0	(10,000)
(Increase) Decrease in Due from Other Funds	(479)	13	(10,588)	(11,054)
Increase (Decrease) in Accounts Payable	(6,737)	(328)	30,468	23,403
Increase in Accrued Wages and Benefits	4,227	2,149	6,958	13,334
Increase in Due to Other Funds	343	36	68,878	69,257
Increase in Intergovernmental Payable	531	7,640	1,035	9,206
Increase in Customer Deposits Payable	0	0	583	583
Increase in Compensated Absences	2,247	940	7,978	11,165
Total Adjustments	<u>237,436</u>	<u>200,635</u>	<u>310,578</u>	<u>748,649</u>
Net Cash Provided by Operating Activities	<u>\$209,106</u>	<u>\$103,913</u>	<u>\$764,411</u>	<u>\$1,077,430</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2002, the Electric Fund had an outstanding liability of \$27,189 for the purchase of certain capital assets. The Water, Sewer and Electric Funds received capital assets contributed by developers/customers in the amounts of \$162,786, \$110,754 and \$6,500, respectively. During 2002 the fair value of investments decreased by \$6,116, \$5,156 and \$3,826 in the Water, Sewer and Electric Funds respectively.

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## ***FIDUCIARY FUND TYPES***

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Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

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### ***EXPENDABLE TRUST FUNDS***

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#### **Fire Donation Trust Fund**

To account for revenue from contributions of gifts and donations to the fire department.

#### **E.M.S. Donation Trust Fund**

To account for revenue from contributions of gifts and donations to the Emergency Medical Services department.

#### **Police Donation Trust Fund**

To account for revenue from contributions of gifts and donations to the police department.

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### ***AGENCY FUNDS***

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#### **Contractor Maintenance Deposit Fund**

To account for monies received from contractors while they are building structures in the City. Money is returned when the structures are completed.

#### **Northern Area Water Authority Fund**

To account for monies of the Northern Area Water Authority (NAWA). The City is the fiscal agent for NAWA. NAWA is also reported as a joint venture with an equity interest within the Water Fund.

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING BALANCE SHEET**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2002**

	<i>Expendable Trust Funds</i>			<i>Agency Funds</i>		Totals
	Fire Donation Trust	E.M.S. Donation Trust	Police Donation Trust	Contractor Maintenance Deposit	Northern Area Water Authority	
<u>Assets:</u>						
Cash and Cash Equivalents	\$980	\$11,961	\$1,024	\$0	\$20,094	\$34,059
Restricted Assets:						
Cash and Cash Equivalents	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,968</u>	<u>0</u>	<u>45,968</u>
Total Assets	<u>\$980</u>	<u>\$11,961</u>	<u>\$1,024</u>	<u>\$45,968</u>	<u>\$20,094</u>	<u>\$80,027</u>
<u>Liabilities and Fund Equity:</u>						
Liabilities:						
Intergovernmental Payables	\$0	\$0	\$0	\$0	\$20,094	\$20,094
Due to Others	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,968</u>	<u>0</u>	<u>45,968</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,968</u>	<u>20,094</u>	<u>66,062</u>
Fund Equity:						
Unreserved	<u>980</u>	<u>11,961</u>	<u>1,024</u>	<u>0</u>	<u>0</u>	<u>13,965</u>
Total Fund Equity	<u>980</u>	<u>11,961</u>	<u>1,024</u>	<u>0</u>	<u>0</u>	<u>13,965</u>
Total Liabilities and Fund Equity	<u>\$980</u>	<u>\$11,961</u>	<u>\$1,024</u>	<u>\$45,968</u>	<u>\$20,094</u>	<u>\$80,027</u>

**THE CITY OF TIPP CITY, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<i>Expendable Trust Funds</i>			Totals
	Fire Donation Trust	E.M.S. Donation Trust	Police Donation Trust	
<u>Revenues:</u>				
All Other Revenues	\$0	\$0	\$700	\$700
Total Revenues	0	0	700	700
<u>Expenditures:</u>				
Security of Persons and Property	0	0	1,220	1,220
Capital Outlay	0	0	768	768
Total Expenditures	0	0	1,988	1,988
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(1,288)	(1,288)
Fund Balance at Beginning of Year	980	11,961	2,312	15,253
Fund Balance at End of Year	<u>\$980</u>	<u>\$11,961</u>	<u>\$1,024</u>	<u>\$13,965</u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**FIRE DONATION TRUST FUND**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Security of Persons and Property:			
Other Expenditures	700	0	700
Total Expenditures	700	0	700
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(700)	0	700
Fund Balance at Beginning of Year	980	980	0
Fund Balance at End of Year	<u>\$280</u>	<u>\$980</u>	<u>\$700</u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**E.M.S. DONATION TRUST FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$200	\$0	(\$200)
Total Revenues	200	0	(200)
 <u>Expenditures:</u>			
Security of Persons and Property:			
Materials and Supplies	8,000	0	8,000
Total Expenditures	8,000	0	8,000
 Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(7,800)	0	7,800
Fund Balance at Beginning of Year	11,961	11,961	0
Fund Balance at End of Year	\$4,161	\$11,961	\$7,800



**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**POLICE DONATION TRUST FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$700	\$700	\$0
Total Revenues	700	700	0
<u>Expenditures:</u>			
Security of Persons and Property:			
Contractual Services	90	90	0
Materials and Supplies	1,130	1,130	0
Total Security of Persons and Property	1,220	1,220	0
Capital Outlay	780	768	12
Total Expenditures	2,000	1,988	12
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(1,300)	(1,288)	12
Fund Balance at Beginning of Year	2,312	2,312	0
Fund Balance at End of Year	\$1,012	\$1,024	\$12

**THE CITY OF TIPP CITY, OHIO**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
<u>Contractor Maintenance Deposit</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$41,157	\$19,000	(\$14,189)	\$45,968
Total Assets	<u>\$41,157</u>	<u>\$19,000</u>	<u>(\$14,189)</u>	<u>\$45,968</u>
Liabilities:				
Due to Others	\$41,157	\$19,000	(\$14,189)	\$45,968
Total Liabilities	<u>\$41,157</u>	<u>\$19,000</u>	<u>(\$14,189)</u>	<u>\$45,968</u>
<u>Northern Area Water Authority</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$33,917	(\$13,823)	\$20,094
Total Assets	<u>\$0</u>	<u>\$33,917</u>	<u>(\$13,823)</u>	<u>\$20,094</u>
Liabilities:				
Intergovernmental Payables	\$0	\$33,917	(\$13,823)	\$20,094
Total Liabilities	<u>\$0</u>	<u>\$33,917</u>	<u>(\$13,823)</u>	<u>\$20,094</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$33,917	(\$13,823)	\$20,094
Restricted Cash and Cash Equivalents	41,157	19,000	(14,189)	45,968
Total Assets	<u>\$41,157</u>	<u>\$52,917</u>	<u>(\$28,012)</u>	<u>\$66,062</u>
Liabilities:				
Due to Others	\$41,157	\$19,000	(\$14,189)	\$45,968
Intergovernmental Payables	0	33,917	(13,823)	20,094
Total Liabilities	<u>\$41,157</u>	<u>\$52,917</u>	<u>(\$28,012)</u>	<u>\$66,062</u>

***GENERAL FIXED ASSETS ACCOUNT GROUP***

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General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Funds.

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY SOURCE**  
**DECEMBER 31, 2002**

<u>General Fixed Assets</u>	
Land	\$1,315,612
Buildings	4,613,237
Improvements Other Than Buildings	843,468
Machinery and Equipment	<u>3,676,747</u>
Total General Fixed Assets	<u><u>\$10,449,064</u></u>
<u>Investment in General Fixed Assets</u>	
General Fund	\$2,383,219
Special Revenue Funds	371,826
Capital Projects Funds	7,014,116
General Revenue Sharing	56,336
Enterprise Funds	286,497
Trust/Agency Funds	29,069
Contributions	<u>308,001</u>
Total Investment in General Fixed Assets	<u><u>\$10,449,064</u></u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY CATEGORY**  
**DECEMBER 31, 2002**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
<b><u>General Government:</u></b>					
Clerk - Council	\$0	\$0	\$0	\$11,149	\$11,149
City Manager	0	0	0	19,699	19,699
Buildings and Grounds	124,536	2,505,889	0	276,059	2,906,484
Finance - Administration	0	0	0	37,612	37,612
Finance - Utility Billing	0	0	0	48,254	48,254
Finance - Income Tax	0	0	0	12,192	12,192
Miscellaneous	0	0	0	26,488	26,488
Total	<u>124,536</u>	<u>2,505,889</u>	<u>0</u>	<u>431,453</u>	<u>3,061,878</u>
<b><u>Security of Persons and Property:</u></b>					
Police	0	31,949	0	671,893	703,842
Fire	13,330	397,676	9,934	987,345	1,408,285
EMS	0	1,750	0	454,236	455,986
Total	<u>13,330</u>	<u>431,375</u>	<u>9,934</u>	<u>2,113,474</u>	<u>2,568,113</u>
<b><u>Transportation:</u></b>					
Planning/Engineering	0	0	0	70,438	70,438
Street	82,387	970,659	80,224	582,672	1,715,942
Total	<u>82,387</u>	<u>970,659</u>	<u>80,224</u>	<u>653,110</u>	<u>1,786,380</u>
<b><u>Leisure Time Activities:</u></b>					
Parks	1,095,359	666,130	456,543	444,785	2,662,817
Pool	0	39,184	296,767	33,925	369,876
Total	<u>1,095,359</u>	<u>705,314</u>	<u>753,310</u>	<u>478,710</u>	<u>3,032,693</u>
Total General Fixed Assets	<u><u>\$1,315,612</u></u>	<u><u>\$4,613,237</u></u>	<u><u>\$843,468</u></u>	<u><u>\$3,676,747</u></u>	<u><u>\$10,449,064</u></u>

**THE CITY OF TIPP CITY, OHIO**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

<u>Function and Activity</u>	Restated December 31, 2001	Transfers	Additions	Deletions	December 31, 2002
<b><u>General Government:</u></b>					
Clerk - Council	\$11,149	\$0	\$0	\$0	\$11,149
City Manager	21,799	0	0	(2,100)	19,699
Buildings and Grounds	2,787,157	0	1,502,081	(1,382,754)	2,906,484
Finance - Administration	34,962	0	2,650	0	37,612
Finance - Utility Billing	40,523	2,254	5,477	0	48,254
Finance - Income Tax	9,542	0	2,650	0	12,192
Miscellaneous	26,488	0	0	0	26,488
Total	<u>2,931,620</u>	<u>2,254</u>	<u>1,512,858</u>	<u>(1,384,854)</u>	<u>3,061,878</u>
<b><u>Security of Persons and Property:</u></b>					
Police	598,409	(2,254)	119,278	(11,591)	703,842
Fire	1,393,627	0	14,658	0	1,408,285
EMS	463,691	0	4,527	(12,232)	455,986
Total	<u>2,455,727</u>	<u>(2,254)</u>	<u>138,463</u>	<u>(23,823)</u>	<u>2,568,113</u>
<b><u>Transportation:</u></b>					
Planning/Engineering	66,997	0	5,523	(2,082)	70,438
Street	1,712,117	0	3,825	0	1,715,942
Total	<u>1,779,114</u>	<u>0</u>	<u>9,348</u>	<u>(2,082)</u>	<u>1,786,380</u>
<b><u>Leisure Time Activities:</u></b>					
Parks	2,529,897	0	170,644	(37,724)	2,662,817
Pool	368,454	0	1,422	0	369,876
Total	<u>2,898,351</u>	<u>0</u>	<u>172,066</u>	<u>(37,724)</u>	<u>3,032,693</u>
Total General Fixed Assets	<u>\$10,064,812</u>	<u>\$0</u>	<u>\$1,832,735</u>	<u>(\$1,448,483)</u>	<u>\$10,449,064</u>

*STATISTICAL SECTION*

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## *STATISTICAL TABLES*

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*THE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*



**THE CITY OF TIPP CITY, OHIO**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**LAST TEN YEARS**

<u>Year</u>	<u>Security of Persons and Property</u>	<u>Leisure Time Activities</u>	<u>Community Environment</u>	<u>Basic Utilities</u>	<u>Trans- portation</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1993	\$905,967	\$187,097	\$70,082	\$81,878	\$292,989	\$638,198	\$2,264	\$107,579	\$2,286,054
1994	1,127,120	214,296	65,530	91,772	319,358	751,137	52,182	112,724	2,734,119
1995	1,125,168	224,685	54,466	89,361	332,903	739,643	44,996	125,269	2,736,491
1996	1,262,467	240,203	120,162	99,321	324,913	809,177	44,388	176,836	3,077,467
1997	1,258,472	240,981	115,482	115,812	316,308	758,825	123,880	274,354	3,204,114
1998	1,494,252	268,929	121,268	170,865	330,822	835,009	292,749	265,016	3,778,910
1999	1,543,564	280,857	133,517	120,321	333,911	901,757	421,574	255,632	3,991,133
2000	1,912,131	314,361	113,088	129,327	342,793	892,442	115,729	246,195	4,066,066
2001	2,160,173	353,068	213,504	151,674	359,026	1,018,998	122,484	299,225	4,678,152
2002	2,307,522	405,517	188,598	160,646	410,717	1,182,566	93,968	374,309	5,123,843

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund  
Source: Tipp City Department of Finance

**THE CITY OF TIPP CITY, OHIO**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**LAST TEN YEARS**

<b>Year</b>	<b>Taxes</b>	<b>Inter-Governmental Revenues</b>	<b>Charges for Services</b>	<b>Licenses and Permits</b>	<b>Investment Earnings</b>	<b>Fines and Forfeitures</b>	<b>All Other</b>	<b>Total</b>
1993	\$1,131,275	\$595,501	\$195,794	\$107,689	\$135,384	\$14,082	\$118,958	\$2,298,683
1994	1,293,661	623,336	215,381	112,345	180,661	23,315	147,963	2,596,662
1995	1,427,129	721,492	210,519	118,008	266,203	30,930	167,959	2,942,240
1996	1,569,061	801,571	230,153	143,895	348,173	17,790	142,883	3,253,526
1997	1,829,546	890,691	318,556	90,281	405,443	18,924	129,090	3,682,531
1998	1,878,229	917,625	309,291	70,769	490,380	18,801	125,318	3,810,413
1999	2,029,562	1,110,545	302,952	56,338	429,144	18,207	129,482	4,076,230
2000	2,197,531	1,050,707	300,753	48,673	611,282	12,831	124,000	4,345,777
2001	2,215,268	1,570,423	329,576	39,889	632,641	19,870	134,541	4,942,208
2002	2,244,459	1,677,572	363,786	66,231	331,071	20,568	237,192	4,940,879

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund  
Source: Tipp City Department of Finance

**THE CITY OF TIPP CITY, OHIO**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</u>
1993	\$131,711	\$131,798	\$2,016	\$133,814	101.60%	\$2,536	1.93%
1994	141,303	138,937	2,514	141,451	100.10%	2,403	1.70%
1995	149,792	150,836	2,141	152,977	102.13%	1,942	1.30%
1996	191,148	185,664	2,055	187,719	98.21%	4,121	2.16%
1997	203,009	197,422	2,587	200,009	98.52%	4,145	2.04%
1998	214,793	209,440	2,771	212,211	98.80%	3,716	1.73%
1999	243,582	237,143	3,697	240,840	98.87%	3,411	1.40%
2000	249,639	243,570	2,965	246,535	98.76%	3,790	1.52%
2001	253,638	249,303	2,988	252,291	99.47%	4,939	1.95%
2002	257,854	253,598	3,606	257,204	99.75%	6,655	2.58%

Source: Miami County Auditor

**THE CITY OF TIPP CITY, OHIO  
TANGIBLE TAX COLLECTED  
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
1993	\$25,728
1994	31,444
1995	34,274
1996	35,280
1997	45,713
1998	47,488
1999	48,565
2000	60,592
2001	70,516
2002	68,695

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Source: Miami County Auditor

**THE CITY OF TIPP CITY, OHIO**  
**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES**  
**OF TAXABLE PROPERTY**  
**LAST TEN YEARS**

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1993	\$84,740,940	\$242,116,971	\$9,159,400	\$26,169,714	\$20,867,860	\$83,471,440	\$114,768,200	\$351,758,126	32.63%
1994	90,106,730	257,447,800	9,771,120	27,917,486	22,687,430	90,749,720	122,565,280	376,115,006	32.59%
1995	116,621,050	333,203,000	9,796,050	27,988,714	23,989,360	95,957,440	150,406,460	457,149,154	32.90%
1996	122,044,480	348,698,514	11,055,280	31,586,514	26,535,050	106,140,200	159,634,810	486,425,229	32.82%
1997	131,610,120	376,028,914	11,690,530	33,401,514	33,592,560	134,370,240	176,893,210	543,800,669	32.53%
1998	149,111,080	426,031,657	11,610,700	33,173,429	35,719,150	142,876,600	196,440,930	602,081,686	32.63%
1999	154,572,570	441,635,914	11,837,420	33,821,200	36,613,070	146,452,280	203,023,060	621,909,394	32.65%
2000	159,341,120	455,260,343	11,240,770	32,116,486	44,987,580	179,950,320	215,569,470	667,327,149	32.30%
2001	179,671,860	513,348,171	5,868,640	16,767,543	52,383,870	209,535,480	237,924,370	739,651,194	32.17%
2002	183,598,860	524,568,171	6,107,630	17,450,371	54,312,940	217,251,760	244,019,430	759,270,303	32.14%

Source: Miami County Auditor

**THE CITY OF TIPP CITY, OHIO**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$1,000 OF ASSESSED VALUATIONS)**  
**LAST TEN YEARS**

<u>Collection Year</u>	<u>City of Tipp City</u>		<u>Tipp City Exempted Village School District</u>	<u>Miami Valley Joint Vocational School District</u>	<u>Miami County</u>	<u>Special Taxing District</u>	<u>Total</u>
	<u>General Fund</u>	<u>Total City</u>					
1993	1.40	1.40	43.90	1.98	10.54	1.70	59.52
1994	1.40	1.40	41.65	2.58	10.51	1.70	57.84
1995	1.40	1.40	43.69	2.58	10.51	1.70	59.88
1996	1.40	1.40	43.20	2.58	6.02	1.70	54.90
1997	1.40	1.40	43.28	2.58	7.03	1.70	55.99
1998	1.40	1.40	43.20	2.58	8.82	1.70	57.70
1999	1.40	1.40	43.20	2.58	8.82	1.70	57.70
2000	1.40	1.40	43.20	2.58	8.81	1.70	57.69
2001	1.40	1.40	47.86	2.58	8.83	1.70	62.37
2002	1.40	1.40	47.50	2.58	8.43	1.70	61.61

Source: Miami County Auditor  
Miami County Treasurer

***THE CITY OF TIPP CITY, OHIO  
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN YEARS***

<b>Collection Year</b>	<b>Amount Billed</b>	<b>Amount Collected</b>	<b>Percent Collected</b>
1993	\$47,678	\$42,907	89.99%
1994	44,287	41,329	93.32%
1995	42,713	42,442	99.37%
1996	43,391	41,934	96.64%
1997	59,737	51,614	86.40%
1998	42,251	33,928	80.30%
1999	43,372	33,872	78.10%
2000	48,879	47,558	97.30%
2001	44,370	39,921	89.97%
2002	36,628	30,739	83.92%

Source: Miami County Auditor

**THE CITY OF TIPP CITY, OHIO**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**DECEMBER 31, 2002**

	<b>Total Debt</b>	<b>Unvoted Debt</b>
Net Assessed Valuation	\$244,019,430	\$244,019,430
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	25,622,040	13,421,069
Applicable City Debt Outstanding (2)	0	0
Less: Applicable Debt Service Fund Amounts	0	0
Net Indebtedness Subject to Limitation	0	0
Legal Debt Margin	\$25,622,040	\$13,421,069

(1) Direct Debt Limitation Based Upon Section 133, The Uniform Bond Act of the Ohio Revised Code

(2) Debt issues to the extent that the legislation authorizing them contains covenants to appropriate, levy and collect municipal income taxes are not considered in the computation of the legal debt margin.



**THE CITY OF TIPP CITY, OHIO**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE**  
**AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN YEARS**

<b>Tax Year</b>		<b>Population (1)</b>	<b>Assessed Value (2)</b>	<b>Gross Bonded Debt (3)</b>	<b>Debt Service Funds Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Valuation</b>	<b>Net Bonded Debt Per Capita</b>
1993	a	6,027	\$114,768,200	\$680,000	\$156	\$679,844	0.59%	\$112.80
1994	a	6,027	122,565,280	610,000	21	609,979	0.50%	101.21
1995	a	6,027	150,406,460	730,000	103	729,897	0.49%	121.10
1996	a	6,027	159,634,810	1,735,000	1,025	1,733,975	1.09%	287.70
1997	a	6,027	176,893,210	1,550,000	23	1,549,977	0.88%	257.17
1998	a	6,027	196,440,930	1,365,000	23	1,364,977	0.69%	226.48
1999	a	6,027	203,023,060	1,180,000	140	1,179,860	0.58%	195.76
2000	b	9,221	215,569,470	995,000	0	995,000	0.46%	107.91
2001	b	9,221	237,924,370	3,140,000	0	3,140,000	1.32%	340.53
2002	b	9,221	244,019,430	2,910,000	1,087	2,908,913	1.19%	315.47

Source:

(1) U.S. Bureau of Census of Population - (a) U.S. Bureau of Census, Federal 1990 Census

(b) U.S. Bureau of Census, Federal 2000 Census

(2) Miami County Auditor

(3) Includes all general obligation bonded debt supported by property taxes

**THE CITY OF TIPP CITY, OHIO**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**  
**LAST TEN YEARS**

<u>Year</u>	<u>Debt Principal</u>	<u>Debt Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Tax Debt Service to General Governmental Expenditures</u>
1993	\$65,000	\$42,579	\$107,579	\$2,286,054	4.71%
1994	70,000	42,724	112,724	2,734,119	4.12%
1995	80,000	45,269	125,269	2,736,491	4.58%
1996	95,000	81,836	176,836	3,077,467	5.75%
1997	185,000	89,354	274,354	3,204,114	8.56%
1998	185,000	80,076	265,076	3,778,910	7.01%
1999	185,000	70,632	255,632	3,991,133	6.40%
2000	185,000	61,195	246,195	4,066,066	6.05%
2001	180,000	119,225	299,225	4,678,152	6.40%
2002	230,000	144,309	374,309	5,123,843	7.31%

**THE CITY OF TIPP CITY, OHIO**  
**COMPUTATION OF ALL DIRECT AND OVERLAPPING DEBT**  
**DECEMBER 31, 2002**

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Tipp City</u>	<u>Amount Applicable to City of Tipp City</u>
<b>Direct</b>			
City of Tipp City	\$0	100.00%	\$0
<b>Overlapping Subdivisions</b>			
Tipp City Exempted Village School District	21,885,000	65.30%	14,290,905
Miami Valley Joint Vocational School District	0	3.50%	0
Miami County	8,020,000	11.10%	<u>890,220</u>
		Subtotal	<u>15,181,125</u>
		Total	<u><u>\$15,181,125</u></u>

(1) Net debt outstanding includes only general obligation debt payable from property taxes. Excludes general obligation debt payable from income taxes.

Source: Miami County Auditor and Fiscal Officers of Subdivisions

**THE CITY OF TIPP CITY, OHIO  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS**

<u>Year</u>		<u>City of Tipp City Population (1)</u>	<u>Miami County Population (1)</u>	<u>Unemployment Rate County Area (2)</u>	<u>School Enrollment (3)</u>
1993	a	6,027	93,182	6.1%	2,441
1994	a	6,027	93,182	4.3%	2,456
1995	a	6,027	93,182	3.7%	2,588
1996	a	6,027	93,182	4.2%	2,532
1997	a	6,027	93,182	4.3%	2,609
1998	a	6,027	93,182	3.6%	2,625
1999	a	6,027	93,182	3.8%	2,659
2000	b	9,221	98,868	3.3%	2,714
2001	b	9,221	98,868	4.3%	2,631
2002	b	9,221	98,868	5.5%	2,558

Source: (1) U.S. Bureau of Census of Population - (a) U.S. Bureau of Census, Federal 1990 Census  
(b) U.S. Bureau of Census, Federal 2000 Census

(2) Ohio Department of Jobs and Family Services

(3) Tipp City Exempted Village School District, Board of Education

**THE CITY OF TIPP CITY, OHIO**  
**PROPERTY VALUE AND CONSTRUCTION PERMITS**  
**LAST TEN YEARS**

<b>Year</b>	<b>Residential</b>		<b>Commercial</b>	
	<b>Number of Permits</b>	<b>Property Value</b>	<b>Number of Permits</b>	<b>Property Value</b>
1993	253	\$27,353,617	28	\$4,827,108
1994	226	14,375,680	41	3,593,920
1995	190	21,050,422	47	7,649,500
1996	151	20,950,812	36	9,116,640
1997	167	14,724,000	24	16,620,000
1998	111	13,051,534	22	19,361,300
1999	62	6,419,669	13	2,876,000
2000	66	6,366,753	16	11,132,537
2001	56	8,965,574	27	3,570,109
2002	94	9,150,500	8	6,660,000

Source: City of Tipp City Building Department

**THE CITY OF TIPP CITY, OHIO**  
**PRINCIPAL TAXPAYERS (PERSONAL PROPERTY TAX)**  
**DECEMBER 31, 2002**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Meijer, Inc.	Warehouse Distribution	\$20,500,770	37.75%
2	Arbogast	Auto Dealer	3,592,290	6.61%
3	A. O. Smith Corporation	Manufacturing	3,510,280	6.46%
4	DAP Products, Inc.	Manufacturing	3,244,920	5.97%
5	Tipp Machine and Tool	Manufacturing	1,694,130	3.12%
6	Precision Strip, Inc.	Manufacturing	1,644,290	3.03%
7	AK Steel Corporation	Manufacturing	1,572,810	2.90%
8	Trophy Nut Company	Food Processing	1,376,920	2.54%
9	Daihen Inc.	Manufacturing	1,223,440	2.25%
10	Winco Industries	Manufacturing	1,130,960	2.08%
		Sub-Total	39,490,810	72.71%
		All Others	14,822,130	27.29%
		Total	\$54,312,940	100.00%

Based on valuation of property taxes assessed in 2002  
Source: Miami County Auditor

**THE CITY OF TIPP CITY, OHIO**  
**PRINCIPAL TAXPAYERS (PROPERTY TAX)**  
**DECEMBER 31, 2002**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Dayton Power & Light	Utility - Gas and Electric	\$4,274,450	2.33%
2	Borchers Construction	Property Management	3,999,700	2.18%
3	UVMC Nursing Care	Health Care - Nursing Home	3,089,800	1.68%
4	Meijer, Inc.	Warehouse Distribution	1,965,360	1.07%
5	Precision Strip, Inc.	Manufacturing	1,592,300	0.87%
6	Dodd Limited Partnership	Property Management	1,521,400	0.83%
7	Bensar Properties, LTD	Property Management	1,459,890	0.80%
8	Spring Hill Nurseries, LLC	Wholesale/Retail	1,442,040	0.79%
9	Arborgast David	Auto Dealer	1,295,180	0.70%
10	A. O. Smith Corporation	Manufacturing	1,197,260	0.65%
		Sub-Total	21,837,380	11.90%
		All Others	161,761,480	88.10%
		Total	<u>\$183,598,860</u>	<u>100.00%</u>

Based on valuation of property taxes assessed in 2002  
Source: Miami County Auditor

**THE CITY OF TIPP CITY, OHIO**  
**PRINCIPAL TAXPAYERS (INCOME TAX)**  
**DECEMBER 31, 2002**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Amount of Tax Paid</u>	<u>Percentage of Total Tax</u>
1	A. O. Smith Corporation	Manufacturing	\$222,643	9.26%
2	Meijer, Inc.	Warehouse Distribution	213,755	8.89%
3	Tipp City Exempted Village School District	Education	110,741	4.60%
4	Creative Extruded Products	Manufacturing	67,252	2.80%
5	Tipp Machine and Tool	Manufacturing	64,476	2.68%
6	Arbogast	Auto Dealer	54,417	2.26%
7	Wright Patterson Air Force Base	U.S. Government	45,744	1.90%
8	DAP Products, Inc.	Manufacturing	43,916	1.83%
9	Dolly, Inc.	Manufacturing	42,576	1.77%
10	Allen Foods	Food Processing	40,618	1.69%
		Sub-Total	906,138	37.68%
		All Others	1,498,556	62.32%
		Total	\$2,404,694	100.00%

Source: Tipp City Department of Finance



**THE CITY OF TIPP CITY, OHIO**  
**PRINCIPAL EMPLOYERS**  
**DECEMBER 31, 2002**

	<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
1	Meijer, Inc.	Warehouse Distribution	975
2	A. O. Smith Corporation	Manufacturing	300
3	Tipp City Exempted Village School District	Education	283
4	Creative Extruded Products	Manufacturing	240
5	Adcare Health Systems	Health Care	130
6	Tipp Machine and Tool	Manufacturing	125
7	DAP Products, Inc.	Manufacturing	125
8	Allen Foods	Food Processing	100
9	Precision Strip	Manufacturing	76
10	Dolly, Inc.	Manufacturing	75

Source: City of Tipp City Income Tax Department

**THE CITY OF TIPP CITY, OHIO  
MISCELLANEOUS STATISTICS  
DECEMBER 31, 2002**

Date of City Incorporation	1960
Charter Adopted	1968
Form of Government	Council-Manager

Area (square miles)	6.2	Education:		Water System:	
Facilities and Services:		Number of Schools	5	Miles of Waterlines	45
Miles of Streets	51	Number of Teachers	177	Number of Fire Hydrants	561
Number of Street Lights	1,165	Number of Students	2,558	Average Daily Consumption (mgd)	1.8
Miles of Storm Sewers	49			Maximum Daily Capacity of Plant (mgd)	3.2
Police Services:		Recreation and Culture:		Sewerage System:	
Number of Stations	1	Number of Parks	12	Miles of Sanitary Sewers	45
Number of Uniformed Police Officers	18	Park Area (acres)	368	Average Daily Treatment (mgd)	1.6
Fire/Emergency Medical Services:		Number of Ball Fields	12	Maximum Daily Capacity of Treatment (mgd)	4.3
Number of Stations	2	Number of Tennis Courts	2		
Number of Full-time Officers and Fire Personnel	1	Swimming Pools	2		
Number of Part-time Fire/EMS Personnel	38	Number of Libraries	1		

Source: Tipp City Department of Finance



**Tipp City, Ohio**





**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**CITY OF TIPP CITY**

**MIAMI 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  
JULY 22, 2003**