

**CITY OF TIPP CITY, OHIO**

**Reports on Compliance and Internal Controls  
and Schedule of Expenditures of Federal Awards**

**December 31, 2006**





Mary Taylor, CPA  
Auditor of State

City Council  
City of Tipp City  
260 South Garber Drive  
Tipp City, Ohio 45371

We have reviewed the *Independent Auditors' Report* of the City of Tipp City, Miami County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 24, 2007

**This Page is Intentionally Left Blank.**



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
[www.cshco.com](http://www.cshco.com)

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

City Council  
City of Tipp City, Ohio  
260 South Garber Drive  
Tipp City, Ohio 45371

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Ohio (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 8, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

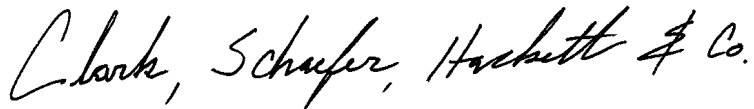
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

## Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Clark, Schufer, Hackett & Co." The signature is written in black ink and is positioned above the typed name and date.

Springfield, Ohio  
June 8, 2007



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
www.cshco.com

Report on Compliance with Requirements Applicable to Each Major Program and on  
Internal Control over Compliance in Accordance with OMB Circular A-133 and  
Schedule of Expenditures of Federal Awards

City Council  
City of Tipp City, Ohio  
260 South Garber Drive  
Tipp City, Ohio 45371

Compliance

We have audited the compliance of the City of Tipp City, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2006. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirement of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2006, and have issued our report thereon dated June 8, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 8, 2007



**CITY OF TIPP CITY, OHIO**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2006**

---

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Award Disbursements</u>
<u>U.S. Department of Transportation:</u>			
<u>Federal Highway Administration</u>			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction	473650	20.205	\$ <u>886,071</u>
Total U.S. Department of Transportation			<u>886,071</u>
 TOTAL FEDERAL AWARD EXPENDITURES			 \$ <u>886,071</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY OF TIPP CITY, OHIO**

**Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended December 31, 2006**

1. Basis of Presentation

The accompanying Schedule of Federal Awards has been prepared using the cash basis of accounting in accordance with the format as set forth in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**CITY OF TIPP CITY, OHIO**

**Schedule of Findings and Questioned Costs**

**December 31, 2006**

1. Summary of Auditors' Results		
---------------------------------	--	--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified				
(d)(1)(ii)	Were there any material weakness reported at the financial statement level (GAGAS)?	No				
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No				
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No				
(d)(1)(iv)	Were there any material weakness reported for major federal programs?	No				
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No				
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified				
(d)(1)(vi)	Are there any reportable findings under §5 10?	No				
(d)(1)(vii)	Major Programs	<table style="width: 100%; border: none;"> <tr> <td style="text-align: left;"><u>Program</u></td> <td style="text-align: right;"><u>CFDA#</u></td> </tr> <tr> <td>Highway Planning and Grant</td> <td style="text-align: right;">20.205</td> </tr> </table>	<u>Program</u>	<u>CFDA#</u>	Highway Planning and Grant	20.205
<u>Program</u>	<u>CFDA#</u>					
Highway Planning and Grant	20.205					
	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others				
(d)(1)(ix)	Low Risk Auditee?	No				

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None

3. Summary of Prior Year Audit Findings

None



# **City of Tipp City, Ohio**

## **Comprehensive Annual Financial Report 2006**

**Year Ended December 31, 2006**



# City of Tipp City, Ohio

## Miami County



COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

YEAR ENDED  
DECEMBER 31, 2006

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





TABLE OF CONTENTS

CITY OF TIPP CITY  
MIAMI COUNTY, OHIO

---

**I** INTRODUCTORY SECTION

**A** Letter of Transmittal .....v  
**B** List of Principal Officials .....xii  
**C** City Organizational Chart .....xiii  
**D** Certificate of Achievement for Excellence in Financial Reporting.....xiv

**II** FINANCIAL SECTION

**A** Independent Auditors’ Report.....1  
**B** Management’s Discussion and Analysis.....3  
**C** Basic Financial Statements:  
    Government-wide Financial Statements:  
        Statement of Net Assets.....13  
        Statement of Activities .....14  
    Fund Financial Statements:  
        *Governmental Funds:*  
            Balance Sheet .....16  
            Reconciliation of Total Governmental Fund Balances to Net Assets of  
            Governmental Activities.....18  
            Statement of Revenues, Expenditures and Changes in Fund Balances .....20  
            Reconciliation of the Statement of Revenues, Expenditures and Changes  
            in Fund Balances to the Statement of Activities.....22  
            Statement of Revenues, Expenditures and Changes in Fund Balance  
            (Budget and Actual):  
                General Fund .....23  
        *Proprietary Funds:*  
            Statement of Fund Net Assets.....24  
            Statement of Revenues, Expenses and Changes in Fund Net Assets .....25  
            Statement of Cash Flows .....26  
        *Fiduciary Funds:*  
            Statement of Assets and Liabilities – Agency Funds .....28  
Notes to the Basic Financial Statements.....29

**D Combining and Individual Fund Statements and Schedules:**

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	67
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	70
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	73

Individual Schedules of Revenues, Expenditures and Changes  
in Fund Balance (Budget and Actual):

Major Governmental Funds:

<i>General Fund</i> .....	74
<i>Debt Service Funds:</i>	
General Bond Retirement Fund.....	78
Special Assessment Bond Retirement Fund.....	79
<i>Capital Projects Funds:</i>	
Capital Improvement Reserve Fund.....	80
25-A Construction Fund.....	81

Nonmajor Governmental Funds:

<i>Special Revenue Funds:</i>	
Swimming Pool Fund.....	82
Street Construction, Maintenance and Repair Fund.....	83
State Highway Improvement Fund.....	84
Municipal Road Fund.....	85
Law Enforcement Fund.....	86
Enforcement and Education Fund.....	87
Drug Law Enforcement Fund.....	88
Emergency Medical Services (EMS) Donation Trust Fund.....	89
Police Donation Trust Fund.....	90

*Capital Projects Funds:*

Parks Capital Improvement Fund.....91  
Donn Davis Way Construction Fund .....92  
Swimming Pool Construction Fund .....93  
Ohio Public Works Commission (OPWC) Grant Fund.....94

Fiduciary Funds – Agency Funds:

Combining Statement of Changes in Assets and Liabilities .....97

Capital Assets Used in the Operation of Governmental Funds:

Schedule by Source.....99  
Schedule by Function and Activity.....100  
Schedule of Changes by Function and Activity.....102



**III** STATISTICAL SECTION

Net Assets by Component - Last Four Years ..... S 3  
Changes in Net Assets - Last Four Years ..... S 4  
Fund Balances, Governmental Funds - Last Ten Years ..... S 6  
Changes in Fund Balances, Governmental Funds - Last Ten Years ..... S 8  
Income Tax Revenues by Source, Governmental Funds - Last Ten Years ..... S 12  
Top Ten Income Tax Withholders - Current Year and Nine Years Ago..... S 15  
Ratio of Outstanding Debt By Type - Last Ten Years ..... S 16  
Ratios of General Bonded Debt Outstanding - Last Ten Years..... S 18  
Computation of Direct and Overlapping – General Obligation Debt - Current Year..... S 21  
Debt Limitations - Last Ten Years ..... S 22  
Pledged Revenue Coverage - Last Three Years ..... S 25  
Demographic and Economic Statistics - Last Ten Years ..... S 26  
Principal Employers - Current Year and Six Years Ago..... S 29  
Full Time Employees by Function - Last Ten Years..... S 30  
Operating Indicators by Function - Last Ten Years ..... S 32  
Capital Asset Statistics by Function - Last Seven Years..... S 34

A photograph of a modern dental clinic. The room is filled with a grid of dental chairs, each with a white top and a blue base. Above the chairs are rows of circular overhead lights. The ceiling is a complex network of white metal beams and pipes. In the foreground, there are several dental workstations with white cabinets and blue accents. A person in a white lab coat is visible in the background, standing near one of the chairs. The overall atmosphere is clean, professional, and brightly lit.

***Introductory Section***





Council-Manager  
Government

June 8, 2007

To the Honorable Mayor, Members of City 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, 2006. I believe this report presents financial and operating information about the City's activities during the year which should be useful to its citizens, taxpayers, and investors. Responsibility for the accuracy of the data and the completeness and fairness of the presentation including all disclosures rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This Comprehensive Annual Financial Report continues to address and incorporate Government Accounting Standards Board Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments. Statement No. 34 was designed to make annual financial reports of state and local governments easier to understand and more useful to those who make decisions using governmental financial information. This year's report is a reflection of our continuing efforts to disseminate clear and useful financial information to our users.

Clark, Schaefer, Hackett and Co., Certified Public Accountants have issued an unqualified ("clean") opinion on the City of Tipp City's financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the financial section of this report.

### **PROFILE OF THE CITY**

The City of Tipp City is a progressive, growing community located fourteen miles north of Dayton on Interstate 75. The City was incorporated as a village in 1850, and became a City in 1960. Its seven square mile area serves a residential population of 9,221 (2000 Census). The City is served by diversified transportation facilities. Immediate access is to four State highways and to Interstate Highways 70 and 75. The main line of the CSX Railroad (CSX), between Cincinnati and Toledo, passes through the City. Passenger and freight air service is provided by the Dayton International Airport located approximately 10 miles from the City. Easy access to both Interstates 70 and 75 places 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.

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

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

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

The primary government consists of all funds and departments which provide various services including 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 17.

### **ECONOMIC CONDITIONS AND OUTLOOK**

Tipp City continues to strive for innovative ways to attract new businesses to our town. The Chamber of Commerce and the City agreed to jointly fund a position to serve as both Chamber Executive Director and Downtown Coordinator in 2006. This arrangement helps to fill a vacancy in the chamber Executive Director position while also allocating significant human resources to working with local proprietors and businesses to promote the historic Downtown Tipp City. The City entered into a three year agreement with the Chamber to fund this position to help promote the business and economic interests of our community, as well as focus on the marketing of downtown Tipp City. This position was filled in December, 2006.

The City also set up Community Reinvestment Area #5 for the historic downtown area. This will help promote building renovation and economic growth in our downtown area.

In the last quarter of 2006, Menards, a home improvement business, started discussions with the City about the development of a 19 acre site located north of Interstate Commerce Park. The conceptual site plan would include a 160,000 square foot store and a 40,000 square foot storage building. This development would also add an additional 26 acres of land to be sold as outlets for additional commercial ventures immediately west of I-75 north of Exit 68 on Weller, Kinna, and Harmony Drive.

In 2006, two new manufacturing firms were annexed into the City. Norson Corporation and Captor Corporation added 120 new jobs to our local economy. The City also gained a few other small businesses, and some of the employers located within the City have expanded operations. These additions/expansions have helped the City maintain its economic stability.



## ***CITY OF TIPP CITY, OHIO***

---

### ***Letter of Transmittal For the Year Ended December 31, 2006***

---

Commercial and Industrial growth in 2006 invested \$3,077,000 in our community. Overall, the City has over 1,000 acres of industrially zoned property, ranging from 5 to 135 acre tracts.

Due to the region having a varied economic base, unemployment is relatively stable. From a low of 3.3% in 2000 to a high of 6.1% in 2003, unemployment has descended back down the last three years. In 2004 and 2005, the unemployment rate has been 5.6%. The 2006 rate is 5.7%, while the rate for the State of Ohio is 5.6%. We feel confident that our area will see an increase in jobs over the next few years.

During 2006, Tipp City had 34 new residential unit starts. This was lower than in previous years and reflects the slowdown in the housing market which has taken place in this region in 2006, due to the rise in interest rates and other building materials. There are currently five active subdivisions being developed: Sycamore Woods, Curry Branch, Hunter's Ridge, Manchester Chase, and Rosewood Creek. The following table outlines the residential growth for the last several years:

<b>Year</b>	<b>Base Units</b>	<b>New Units</b>	<b>% Growth</b>
2003	3903	55	1.409%
2004	3958	77	1.945%
2005	4035	82	2.032%
2006	4117	34	0.825%

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 industry.

### **MAJOR INITIATIVES**

#### **For the Year**

During 2006 the City continued efforts to enhance and expand services provided to local residents.

Tipp City continues to invest heavily in the city's transportation network. The N. Hyatt Street reconstruction project was completed in 2006 at a cost of \$900,000. The City received a grant of \$300,000 from the State of Ohio for this project. In September 2006, the County Road 25A street widening project was completed at a cost of \$2.3 million. This project was 80% funded thru the federal highway administration, and included widening the highway from two lanes to five lanes. The City also completed \$150,000 in street resurfacing projects on various roads thru out town.

In the public safety arena, the City purchased a second property for future expansion of its west side Fire and EMS station. The first property was purchased in 2005.

The Tipp City Aquatic Center, located in City Park, completed its second year of operations on Labor Day.

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

The Northern Area Water Authority (NAWA), a joint venture between the Cities of Tipp City and Vandalia, was completed in December, 2006. The Plant has a design capacity to treat up to 7 million gallons a day. Tipp City has been receiving treated water since December, but there have been some start up problems with some of the filters and Vandalia will not receive treated water until the second quarter of 2007. The completion of this \$24 million project marks the end of more than a decade-long effort to evaluate, plan, design, and construct a joint water treatment facility with our neighbors in Vandalia to meet both communities needs well into the future.

Within the City's Electric system, two key improvements were made. The electric system was extended to the Berry- Logan Industrial Area. One new customer was added to this line, which has opened up over 150 acres of commercial and industrial property for development. The City also installed a 2,000 Kw back –up generator at the new water treatment plant at a cost of \$1.1 million. The generator will be used for emergency back-up power at the plant as well as peak shaving for the City's electric utility when usage is high.

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.

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**

In 2007, the City will continue to focus on street infrastructure needs. The City will continue to reconstruct and enhance our Main Street corridor in 2007, with construction on the Tippecanoe to Hyatt Street phase of Main Street at a cost of \$1.3 million. This project will completely reconstruct and realign the four lanes of West Main Street, create a separation between the street and the sidewalks, and add period lighting, brick pavers, decorative fencing, trees, and shrubs. Federal and State grants will pay for most of this project.

A new restroom facility is being planned for Kyle Park. Design work was started in 2006, with construction to take place in 2007. The estimated cost of this project is \$194,000. A bike path is also scheduled to be completed from Kyle Park north to Main Street at a cost of \$155,000. Grant funds will cover 80% of this cost.

Renovation of the Westside Fire Station will take place in 2007 with the demolition of two houses that were purchased for expansion. The City will extend the parking area and replace the driveway approaches and parking pads on this property.

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.

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

**FINANCIAL INFORMATION**

**Internal and Budgetary Controls**

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.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. A purchase control system is maintained which generally requires that an applicable appropriation be encumbered, or reserved, before a purchase may be made or a contract executed. Purchase orders, which result in an overrun above appropriated balances, are not released until additional appropriations are made available via amendments to the annual budget.

**Financial Reporting**

This is the fourth year the City has prepared financial statements following GASB Statement No. 34, "Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments." GASB 34 created new basic financial statements for reports as follows:

Government- wide financial statements- these statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the city that are governmental and those that are considered business type activities.

Fund financial statements- these statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons- these statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

GASB 34 requires management to prepare a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This discussion begins the financial section of this report, and provides an assessment of the City finances for 2006.

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

**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, flood, earthquake, public official liability, and bonding for the City. The Pool also provides extensive safety/loss control consulting and training. Tipp City joined MVRMA in 1996. The 2006 membership consisted of twenty Ohio cities.

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.

**Cash Management**

The City's investment policy is to minimize credit and market risks, while maintaining a competitive yield on its portfolio. 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.

Authorized investments are described in detail in Note 4 of the footnotes to the basic 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, U. S Treasury Bills, a Bank Money Market Account, and Certificates of Deposits.

**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, 2005. 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. The City of Tipp City has received a Certificate of Achievement for the last six years (2000-2005). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

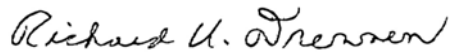
**ACKNOWLEDGMENTS**

The preparation of this report was made possible by the efforts of the Finance Department staff. My sincere appreciation is extended to all members of the City of Tipp City staff, whose efforts have made this report possible.

I would also like to express appreciation to Roy Porter, CPA, and the rest of the staff of Donald J. Schonhardt and Associates, for their guidance and assistance in preparing this report.

A special thanks is extended to City Council whose support enables the City of Tipp City to strive for excellence in its financial reporting and to maintain high standards of financial integrity.

Respectfully submitted,



Richard U. Drennen  
Director of Finance

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

---

***List of Principal Officials  
For the Year Ended December 31, 2006***

---

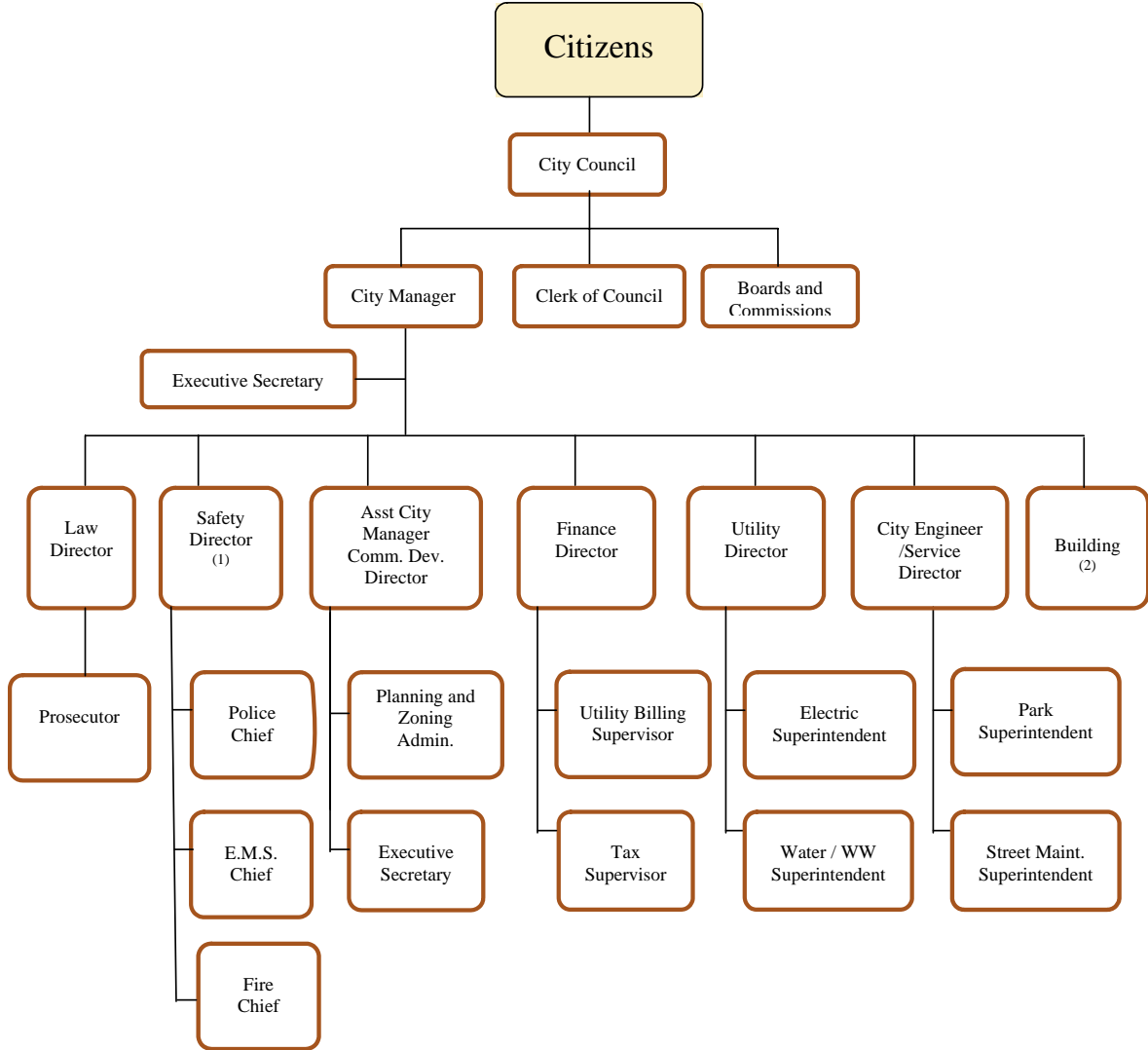
**ELECTED OFFICIALS**

Mayor	George H. Lovett
President Of Council	William Beagle
Council Members	Vickie Blakey Tim Evans Pat Hale Donald Ochs Richard Mains, Jr.

**APPOINTED OFFICIALS**

City Manager	David Collinworth
Assistant City Manager / Community Development Director	Bradley Vath
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

**City Organizational Chart  
For the Year Ended December 31, 2006**



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

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, 2005

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.



President

Executive Director



A photograph of a modern dental clinic. The room features a grid of dental chairs, each with a large overhead light. A reception desk is visible in the foreground on the right. The text "Financial Section" is overlaid on the image in a black box with white text.

***Financial Section***





Clark, Schaefer, Hackett & Co.  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
www.cshco.com

Independent Auditors' Report

City Council  
City of Tipp City, Ohio  
260 South Garber Drive  
Tipp City, Ohio 45371

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Ohio (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Ohio as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof 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 8, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, the governmental capital asset schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the governmental capital asset schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 8, 2007

The discussion and analysis of the City of Tipp City's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2006 are as follows:

- ❑ In total, net assets increased \$2.77 million. Net assets of governmental activities increased \$1.8 million, which represents a 5.1% increase from 2005. Net assets of business-type activities increased \$.945 million or 3.1% from 2005.
- ❑ General revenues accounted for \$6.27 million in revenue or 28.9% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 71.1% of total revenues of \$21.67 million.
- ❑ Total net assets of governmental activities increased by \$1.82 million. The main contributing factor to this increase is the fact the City continues to improve and add to the infrastructure assets via operating and capital grants concurrently while liquidating debt balances utilized to fund previous capital acquisitions.
- ❑ The City had \$8.03 million in expenses related to governmental activities; \$2.9 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$6.27 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5.4 million in revenues and \$5.3 million in expenditures. The general fund's fund balance increased \$128,610 to \$3.64 million.
- ❑ Net assets for enterprise funds increased by \$.945 million. This increase resulted primarily from capital contributions from developers.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements* and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

### **Government-wide Statements**

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's program's and services are reported here including security of persons and property, leisure time activities, community environment, basic utility services, transportation and general government.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's electric, water, sewer, and refuse services are reported as business activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

***Governmental Funds*** – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

**Proprietary Funds** – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table focuses on the net assets of the City's governmental and business- type activities for both 2006 and 2005.

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$8,948,618	\$9,480,537	\$14,228,404	\$13,646,849	\$23,177,022	\$23,127,386
Capital assets, Net	38,274,156	37,083,290	21,641,944	19,791,501	59,916,100	56,874,791
Total assets	47,222,774	46,563,827	35,870,348	33,438,350	83,093,122	80,002,177
Noncurrent liabilities	8,216,220	9,095,636	1,831,309	2,015,263	10,047,529	11,110,899
Other liabilities	1,622,149	1,906,086	2,645,080	974,382	4,267,229	2,880,468
Total liabilities	9,838,369	11,001,722	4,476,389	2,989,645	14,314,758	13,991,367
Net assets						
Invested in capital assets, net of related debt	30,829,948	28,985,972	19,874,577	18,012,991	50,704,525	46,998,963
Restricted	3,074,745	3,283,949	0	0	3,074,745	3,283,949
Unrestricted	3,479,712	3,292,184	11,519,382	12,435,714	14,999,094	15,727,898
Total net assets	\$37,384,405	\$35,562,105	\$31,393,959	\$30,448,705	\$68,778,364	\$66,010,810

The amount by which the city's assets exceed its liabilities is called net assets. At year-end, the City's net assets were \$68.8 million compared to \$66 million in 2005. Of that amount, in 2006 approximately \$50.7 million (73.7%) was invested in capital assets, net of debt related to those assets. At year-end 2005, that amount was approximately \$47 million (71.2%). For 2006 another \$3.1 million (4.5%) was subject to external restrictions upon its use. The remaining \$15 million (21.8%) in 2006 was unrestricted and available for future use. For 2005, this amount was \$15.7 million (23.8%).



**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

**Changes in Net Assets** – The following table shows the changes in net assets for the fiscal year 2006 compared with 2005:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,179,869	\$1,042,653	\$11,412,325	\$12,543,379	\$12,592,194	\$13,586,032
Operating Grants and Contributions	587,476	631,689	0	0	587,476	631,689
Capital Grants and Contributions	1,129,308	5,394,254	1,091,585	2,424,866	2,220,893	7,819,120
Total Program Revenues	2,896,653	7,068,596	12,503,910	14,968,245	15,400,563	22,036,841
General revenues:						
Income Taxes	3,801,640	4,189,850	0	0	3,801,640	4,189,850
Property Taxes	321,525	337,213	0	0	321,525	337,213
Other Local Taxes	32,640	32,993	0	0	32,640	32,993
Unrestricted Shared Revenues	1,302,928	1,354,519	0	0	1,302,928	1,354,519
Investment Earnings	610,310	377,781	0	0	610,310	377,781
Miscellaneous	196,113	156,746	0	0	196,113	156,746
Total General Revenues	6,265,156	6,449,102	0	0	6,265,156	6,449,102
Total Revenues	9,161,809	13,517,698	12,503,910	14,968,245	21,665,719	28,485,943
Program Expenses						
Security of Persons and Property	3,059,221	2,801,884	0	0	3,059,221	2,801,884
Leisure Time Activities	1,223,444	1,047,316	0	0	1,223,444	1,047,316
Community Environment	244,199	223,831	0	0	244,199	223,831
Basic Utility Services	208,175	187,154	0	0	208,175	187,154
Transportation	1,415,279	1,282,315	0	0	1,415,279	1,282,315
General Government	1,570,900	1,487,548	0	0	1,570,900	1,487,548
Interest and Fiscal Charges	311,856	325,851	0	0	311,856	325,851
Electric	0	0	8,279,720	9,042,072	8,279,720	9,042,072
Water	0	0	870,940	899,618	870,940	899,618
Sewer	0	0	1,153,467	1,085,803	1,153,467	1,085,803
Refuse	0	0	560,964	501,255	560,964	501,255
Total expenses	8,033,074	7,355,899	10,865,091	11,528,748	18,898,165	18,884,647
Change in Net Assets before transfers	1,128,735	6,161,799	1,638,819	3,439,497	2,767,554	9,601,296
Transfers	693,565	659,747	(693,565)	(659,747)	0	0
Total Change in Net Assets	1,822,300	6,821,546	945,254	2,779,750	2,767,554	9,601,296
Beginning Net Assets	35,562,105	28,740,559	30,448,705	27,668,955	66,010,810	56,409,514
Ending Net Assets	\$37,384,405	\$35,562,105	\$31,393,959	\$30,448,705	\$68,778,364	\$66,010,810

**Governmental Activities**

Net assets of the City's governmental activities increased by \$1,822,300 or 5.1%. The main contributing factor to this increase is the fact the City continues to improve and add to the infrastructure assets via operating and capital grants concurrently while liquidating debt balances utilized to fund previous capital acquisitions.



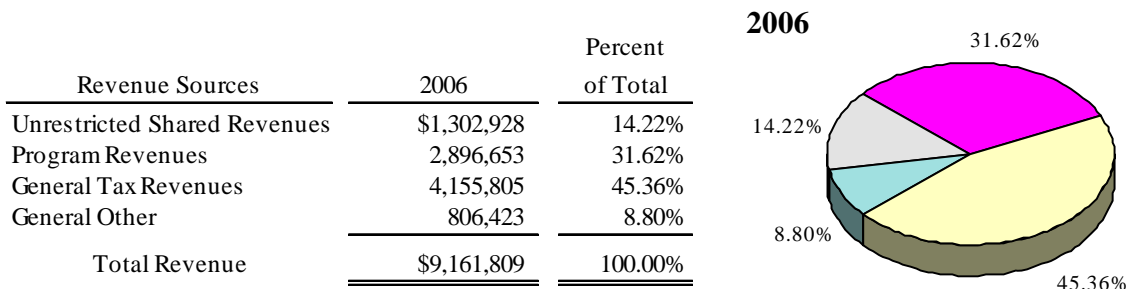
**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

The City receives an income tax, which is based on 1.25% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City. Income tax is the largest source of revenue for the City. 16% of our income tax received is designated for capital outlay for the City, and 20% is earmarked for park improvements. Income tax revenue was \$3,801,640 compared to \$4,189,850 in 2005, a decrease of 9.27%. This reduction in tax revenue is due to a change in the manner in which taxes receivable were captured.

Property taxes and income taxes made up 3.5% and 41.5% respectively of revenues for governmental activities for the City in fiscal year 2006. The City's reliance upon tax revenues is demonstrated by the following graph indicating 45.36% of total revenues from general tax revenues:



**Business-Type Activities**

Net assets of the business-type activities increased by \$945,254. Developer contributions in the form of electric, water and sewer infrastructure contributed to this increase. Electric, water, and refuse reported operating income in 2006. The sewer fund, however, had an operating loss in 2006.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$4,938,051, which is a decrease from last year's balance of \$5,234,060. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2006 and 2005:

	Fund Balance December 31, 2006	Fund Balance December 31, 2005	Increase (Decrease)
General	\$3,639,982	\$3,511,372	\$128,610
General Bond Retirement	0	0	0
Special Assessment Bond	1,568	587	981
Capital Improvement Reserve	799,898	1,048,336	(248,438)
25-A Construction	(400,275)	(211,155)	(189,120)
Other Governmental	896,878	884,920	11,958
<b>Total</b>	<b>\$4,938,051</b>	<b>\$5,234,060</b>	<b>(\$296,009)</b>

**CITY OF TIPP CITY, OHIO**

---

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

---

General Fund – The City's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2006 <u>Revenues</u>	2005 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$2,761,214	\$2,800,940	(\$39,726)
Intergovernmental Revenue	1,301,741	1,369,654	(67,913)
Charges for Services	564,826	528,709	36,117
Licenses, Permits and Fees	51,606	100,093	(48,487)
Investment Earnings	565,227	365,926	199,301
Special Assessments	4,009	5,068	(1,059)
Fines and Forfeitures	17,413	16,517	896
All Other Revenue	168,624	126,682	41,942
Total	<u>\$5,434,660</u>	<u>\$5,313,589</u>	<u>\$121,071</u>

General Fund revenues in 2006 increased approximately 2.3% compared to revenues in fiscal year 2005. The increase in investment earnings more than compensated for the decreases in other categories compared to fiscal year 2005.

	2006 <u>Expenditures</u>	2005 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$2,852,765	\$2,581,702	\$271,063
Leisure Time Activities	454,648	394,683	59,965
Community Environment	229,968	221,349	8,619
Basic Utility Services	207,205	198,912	8,293
General Government	1,392,166	1,316,489	75,677
Capital Outlay	182,376	232,486	(50,110)
Debt Service:			
Principal Retirement	11,632	5,660	5,972
Interest and Fiscal Charges	1,880	1,096	784
Total	<u>\$5,332,640</u>	<u>\$4,952,377</u>	<u>\$380,263</u>

General Fund expenditures increased by \$380,263 or 7.7% mostly due to increases in salary and wages, retirement contributions, and health insurance premiums. Security of Persons and Property increased 10.5% due to increases in wages for police officers, paramedics, and other Emergency Medical staff personnel.

*General Bond Retirement Fund* – The City typically maintains a zero fund balance within this fund by transferring in only the amount needed to fund debt service expenditures for a given year.

*Special Assessment Bond Fund* – The balance in this fund will typically change very little from year to year. Special assessment revenues collected each year should approximate the debt service required on the special assessment debt.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2006***

***Unaudited***

*Capital Improvement Reserve Fund* – The balance in this fund can fluctuate by 50% or more in a given year because this fund is utilized to account for the majority of the City's capital improvements. The level of funding and expenditures vary depending on the City's capital plans for the given year. During 2006, the fund balance decreased by 23.7% due to increased capital spending.

*25-A Construction Fund* – The balance in this fund decreased by \$189,120 in 2006. Spending on this construction project should continue to cause decreases in fund balances until the project is completed and closed out.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2006 the City amended its General Fund budget several times, none significant.

For the General Fund, original budgeted revenues were \$5.88 million. The final budgeted revenue amount was \$6.11 million. Actual revenues collected were \$6.19 million. The increase in actual revenues over budget was due to higher investment earnings and unanticipated estate tax revenues. Original General Fund appropriations were \$6.09 million. Final budgeted appropriations were \$6.3 million. The increase was due to higher than expected personnel cost and an unanticipated capital outlay. Actual expenditures were \$6.16 million. The General Fund had an adequate fund balance to cover expenditures in 2006.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2006 the City had \$59,916,100 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$38,274,156 was related to governmental activities and \$21,641,944 to the business-type activities. The following table shows fiscal year 2006 and 2005 balances:

	Governmental Activities		Increase (Decrease)
	2006	2005	
Land	\$12,333,673	\$11,761,322	\$572,351
Construction in Progress	137,541	1,383,432	(1,245,891)
Total Non-Depreciable Capital Assets	12,471,214	13,144,754	(673,540)
Buildings	6,181,225	6,013,246	167,979
Improvements Other Than Buildings	4,364,284	4,360,784	3,500
Machinery and Equipment	5,611,121	5,295,145	315,976
Infrastructure	23,001,282	20,469,919	2,531,363
Less: Accumulated Depreciation	(13,354,970)	(12,200,558)	(1,154,412)
Total Depreciable Capital Assets	25,802,942	23,938,536	1,864,406
Totals	\$38,274,156	\$37,083,290	\$1,190,866

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2006	2005	
Land	\$1,400,064	\$1,290,772	\$109,292
Construction in Progress	925,350	0	925,350
Total Non-Depreciable Capital Assets	2,325,414	1,290,772	1,034,642
Buildings	1,839,095	1,845,320	(6,225)
Improvements Other Than Buildings	26,653,055	25,204,236	1,448,819
Machinery and Equipment	2,163,992	2,301,054	(137,062)
Less: Accumulated Depreciation	(11,339,612)	(10,849,881)	(489,731)
Total Non-Depreciable Capital Assets	19,316,530	18,500,729	815,801
Totals	\$21,641,944	\$19,791,501	\$1,850,443

The largest increases in governmental activities capital assets occurred in land, infrastructure and machinery and equipment. The primary reason for increases in these categories relate to road construction projects (new and resurfacing), and new streets and storm sewers being dedicated to the City by developers. The largest increases in business-type activities are related to electric line extensions and capital contributions of water and sewer lines to the City by developers.

As of December 31, 2006, the City has contractual commitments of \$876,143 for the completion of the back-up generator project. Additional information on the City's capital assets can be found in Note 9.

**Debt**

At December 31, 2006, the City had \$8.54 million in bonds outstanding, \$1,070,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2006 and 2005:

	2006	2005
Governmental Activities:		
General Obligation Bonds	\$6,540,000	\$7,395,000
Special Assessment Bonds	860,000	895,000
Capital Lease	44,208	55,840
Compensated Absences	772,012	749,796
Total Governmental Activities	8,216,220	9,095,636
Business-Type Activities:		
General Obligation Bonds	\$1,135,000	\$1,370,000
State Loan	408,510	408,510
Compensated Absences	287,799	236,753
Total Business-Type Activities	1,831,309	2,015,263
Totals	\$10,047,529	\$11,110,899

During 2006, the City issued \$725,000 in General Obligation Notes to provide funding for the 25-A construction project. The City also issued \$1,100,000 in Electric Revenue Notes to provide financing for the Back-up generator project.

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Tipp City lies, is limited to ten mills. At December 31, 2006, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

### **ECONOMIC FACTORS**

The local economy continues to recover from our downswing four years ago. Due to growing investment income, higher than expected estate tax receipts, and significant increases in ambulance billing revenues, General fund receipts exceeded our original budgeted receipts by \$311,856. Inflationary trends in the area compare favorably to national indices. The General fund budget is balanced in 2007 with receipts and expenses estimated at \$6.3 million. Income tax revenues, property tax revenues, interest earnings, and ambulance run receipts are projected to increase in 2007, but state shared revenue will remain about the same as in 2007. General Fund budgeted expenses of \$6.3 million include a \$490,000 transfer to the Capital Improvement Reserve Fund for street improvements. The City can reduce this transfer and forgo some of our capital improvements in 2007, if revenue projections are lower than expected. Staffing levels within the General fund remain the same in 2007.

The water rates have been raised in 2007. This is the sixth year the City has increased its water rates in anticipation of higher water supply cost from our new water treatment facility.

The City also raised their electric rates and sewer rates in 2007. Council and staff place a high priority on making sure their Enterprise funds are self-supporting and therefore each fund's revenues need to cover their expenses.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources. If the State of Ohio continues to reduce the local share of state revenue, it will be imperative to increase revenue in order to maintain our present level of services.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling (937) 667-8426 or writing to City of Tipp City Finance Department, 260 South Garber Drive, Tipp City, Ohio 45371. This report is also available on the City's web site at [www.tippcity.org](http://www.tippcity.org).



**CITY OF TIPP CITY, OHIO**

**Statement of Net Assets  
December 31, 2006**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,832,111	\$ 1,320,368	\$ 3,152,479
Investments	3,207,592	5,557,860	8,765,452
Receivables:			
Taxes	1,287,662	0	1,287,662
Accounts	70,956	1,188,045	1,259,001
Intergovernmental	730,213	0	730,213
Interest	107,743	0	107,743
Special Assessments	1,524,679	696,126	2,220,805
Internal Balances	67,698	(67,698)	0
Inventory of Supplies at Cost	107,531	637,518	745,049
Prepaid Items	12,433	7,904	20,337
Restricted Assets:			
Cash and Cash Equivalents	0	150,149	150,149
Investment in Joint Ventures	0	4,738,132	4,738,132
Non-Depreciable Capital Assets	12,471,214	2,325,414	14,796,628
Depreciable Capital Assets, Net	25,802,942	19,316,530	45,119,472
<b>Total Assets</b>	<u>47,222,774</u>	<u>35,870,348</u>	<u>83,093,122</u>
<b>Liabilities:</b>			
Accounts Payable	263,316	1,228,005	1,491,321
Accrued Wages and Benefits Payable	275,800	86,004	361,804
Intergovernmental Payable	11,402	50,423	61,825
Refundable Deposits	0	150,149	150,149
Unearned Revenue	306,115	0	306,115
Accrued Interest Payable	40,516	30,499	71,015
General Obligation Notes Payable	725,000	1,100,000	1,825,000
Noncurrent liabilities:			
Due within one year	1,082,899	241,686	1,324,585
Due in more than one year	7,133,321	1,589,623	8,722,944
<b>Total Liabilities</b>	<u>9,838,369</u>	<u>4,476,389</u>	<u>14,314,758</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	30,829,948	19,874,577	50,704,525
Restricted For:			
Capital Projects	1,174,886	0	1,174,886
Debt Service	1,305,434	0	1,305,434
Other Purposes	594,425	0	594,425
Unrestricted	3,479,712	11,519,382	14,999,094
<b>Total Net Assets</b>	<u>\$ 37,384,405</u>	<u>\$ 31,393,959</u>	<u>\$ 68,778,364</u>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2006**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 3,059,221	\$ 600,915	\$ 0	\$ 0
Leisure Time Activities	1,223,444	382,974	0	0
Community Environment	244,199	191,900	0	0
Basic Utility Services	208,175	0	0	0
Transportation	1,415,279	4,080	587,476	1,129,308
General Government	1,570,900	0	0	0
Interest and Fiscal Charges	311,856	0	0	0
<b>Total Governmental Activities</b>	<b>8,033,074</b>	<b>1,179,869</b>	<b>587,476</b>	<b>1,129,308</b>
<b>Business-Type Activities:</b>				
Electric	8,279,720	8,591,803	0	571,767
Water	870,940	1,257,977	0	448,017
Sewer	1,153,467	967,542	0	71,801
Refuse Collection	560,964	595,003	0	0
<b>Total Business-Type Activities</b>	<b>10,865,091</b>	<b>11,412,325</b>	<b>0</b>	<b>1,091,585</b>
<b>Totals</b>	<b>\$ 18,898,165</b>	<b>\$ 12,592,194</b>	<b>\$ 587,476</b>	<b>\$ 2,220,893</b>

**General Revenues:**

Income Taxes  
Property Taxes  
Other Local Taxes  
Unrestricted Shared Revenues  
Investment Earnings  
Miscellaneous  
Transfers  
Total General Revenues and Transfers  
  
Change in Net Assets  
  
Net Assets Beginning of Year  
  
Net Assets End of Year

See accompanying notes to the basic financial statements



**CITY OF TIPP CITY, OHIO**

---

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,458,306)	\$ 0	\$ (2,458,306)
(840,470)	0	(840,470)
(52,299)	0	(52,299)
(208,175)	0	(208,175)
305,585	0	305,585
(1,570,900)	0	(1,570,900)
(311,856)	0	(311,856)
<u>(5,136,421)</u>	<u>0</u>	<u>(5,136,421)</u>
0	883,850	883,850
0	835,054	835,054
0	(114,124)	(114,124)
0	34,039	34,039
<u>0</u>	<u>1,638,819</u>	<u>1,638,819</u>
<u>(5,136,421)</u>	<u>1,638,819</u>	<u>(3,497,602)</u>
3,801,640	0	3,801,640
321,525	0	321,525
32,640	0	32,640
1,302,928	0	1,302,928
610,310	0	610,310
196,113	0	196,113
693,565	(693,565)	0
<u>6,958,721</u>	<u>(693,565)</u>	<u>6,265,156</u>
1,822,300	945,254	2,767,554
<u>35,562,105</u>	<u>30,448,705</u>	<u>66,010,810</u>
<u>\$ 37,384,405</u>	<u>\$ 31,393,959</u>	<u>\$ 68,778,364</u>

**CITY OF TIPP CITY, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2006**

	General	Special Assessment Bond	Capital Improvement Reserve
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 632,204	\$ 1,568	\$ 141,790
Investments	2,619,987	0	587,605
Receivables:			
Taxes	935,625	0	156,461
Accounts	70,956	0	0
Intergovernmental	264,928	0	0
Interest	107,743	0	0
Special Assessments	0	1,325,758	198,921
Due from Other Funds	70,660	0	0
Inventory of Supplies, at Cost	48,790	0	0
Prepaid Items	11,738	0	0
<b>Total Assets</b>	<b>\$ 4,762,631</b>	<b>\$ 1,327,326</b>	<b>\$ 1,084,777</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 39,846	\$ 0	\$ 2,890
Accrued Wages and Benefits Payable	257,652	0	0
Intergovernmental Payable	11,402	0	0
Due to Other Funds	2,710	0	0
Deferred Revenue	811,039	1,325,758	281,989
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
<b>Total Liabilities</b>	<b>1,122,649</b>	<b>1,325,758</b>	<b>284,879</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	144,058	0	452,690
Reserved for Prepaid Items	11,738	0	0
Reserved for Supplies Inventory	48,790	0	0
Reserved for Debt Service	0	1,568	0
Undesignated and Unreserved in:			
General Fund	3,435,396	0	0
Special Revenue Funds	0	0	0
Capital Projects Funds	0	0	347,208
<b>Total Fund Balances</b>	<b>3,639,982</b>	<b>1,568</b>	<b>799,898</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,762,631</b>	<b>\$ 1,327,326</b>	<b>\$ 1,084,777</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

---

25A- Construction	Other Governmental Funds	Total Governmental Funds
\$ 386,421	\$ 670,128	\$ 1,832,111
0	0	3,207,592
0	195,576	1,287,662
0	0	70,956
172,284	293,001	730,213
0	0	107,743
0	0	1,524,679
0	0	70,660
0	58,741	107,531
0	695	12,433
<u>\$ 558,705</u>	<u>\$ 1,218,141</u>	<u>\$ 8,951,580</u>
\$ 215,356	\$ 5,224	\$ 263,316
0	18,148	275,800
0	0	11,402
0	252	2,962
0	297,639	2,716,425
18,624	0	18,624
725,000	0	725,000
<u>958,980</u>	<u>321,263</u>	<u>4,013,529</u>
95,232	127,481	819,461
0	695	12,433
0	58,741	107,531
0	0	1,568
0	0	3,435,396
0	420,362	420,362
(495,507)	289,599	141,300
<u>(400,275)</u>	<u>896,878</u>	<u>4,938,051</u>
<u>\$ 558,705</u>	<u>\$ 1,218,141</u>	<u>\$ 8,951,580</u>

**CITY OF TIPP CITY, OHIO**

---

***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2006***

---

<b>Total Governmental Fund Balances</b>	\$ 4,938,051
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	38,274,156
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	2,410,310
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(8,238,112)</u>
<b><i>Net Assets of Governmental Funds</i></b>	<b><u><u>\$ 37,384,405</u></u></b>

See accompanying notes to the basic financial statements



**CITY OF TIPP CITY, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006**

	General	General Bond Retirement	Special Assessment Bond
<b>Revenues:</b>			
Taxes	\$ 2,761,214	\$ 0	\$ 0
Intergovernmental Revenues	1,301,741	0	0
Charges for Services	564,826	0	0
Licenses, Permits and Fees	51,606	0	0
Investment Earnings	565,227	0	0
Special Assessments	4,009	0	73,653
Fines and Forfeitures	17,413	0	0
All Other Revenue	168,624	0	0
<b>Total Revenue</b>	<b>5,434,660</b>	<b>0</b>	<b>73,653</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	2,852,765	0	0
Leisure Time Activities	454,648	0	0
Community Environment	229,968	0	0
Basic Utility Services	207,205	0	0
Transportation	0	0	0
General Government	1,392,166	0	3,507
Capital Outlay	182,376	0	0
Debt Service:			
Principal Retirement	11,632	855,000	35,000
Interest and Fiscal Charges	1,880	252,300	34,165
<b>Total Expenditures</b>	<b>5,332,640</b>	<b>1,107,300</b>	<b>72,672</b>
Excess (Deficiency) of Revenues Over Expenditures	102,020	(1,107,300)	981
<b>Other Financing Sources (Uses):</b>			
Transfers In	670,270	1,107,300	0
Transfers Out	(635,000)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>35,270</b>	<b>1,107,300</b>	<b>0</b>
Net Change in Fund Balances	137,290	0	981
<b>Fund Balances at Beginning of Year</b>	<b>3,511,372</b>	<b>0</b>	<b>587</b>
Increase (Decrease) in Inventory Reserve	(8,680)	0	0
<b>Fund Balances End of Year</b>	<b>\$ 3,639,982</b>	<b>\$ 0</b>	<b>\$ 1,568</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

---

Capital Improvement Reserve	25-A Construction	Other Governmental Funds	Total Governmental Funds
\$ 599,403	\$ 0	\$ 742,362	\$ 4,102,979
0	829,308	900,875	3,031,924
24,735	0	373,322	962,883
0	0	65	51,671
3,281	0	0	568,508
98,855	0	0	176,517
0	0	1,285	18,698
14,296	0	19,682	202,602
<u>740,570</u>	<u>829,308</u>	<u>2,037,591</u>	<u>9,115,782</u>
0	0	4,629	2,857,394
0	0	381,879	836,527
0	0	0	229,968
0	0	0	207,205
0	72,659	482,953	555,612
2,936	0	0	1,398,609
1,173,855	966,633	483,765	2,806,629
0	0	0	901,632
0	25,511	0	313,856
<u>1,176,791</u>	<u>1,064,803</u>	<u>1,353,226</u>	<u>10,107,432</u>
(436,221)	(235,495)	684,365	(991,650)
600,000	46,375	35,000	2,458,945
(412,217)	0	(718,163)	(1,765,380)
<u>187,783</u>	<u>46,375</u>	<u>(683,163)</u>	<u>693,565</u>
(248,438)	(189,120)	1,202	(298,085)
1,048,336	(211,155)	884,920	5,234,060
0	0	10,756	2,076
<u>\$ 799,898</u>	<u>\$ (400,275)</u>	<u>\$ 896,878</u>	<u>\$ 4,938,051</u>

**CITY OF TIPP CITY, OHIO**

---

***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For The Fiscal Year Ended December 31, 2006***

---

**Net Change in Fund Balances - Total Governmental Funds** \$ (298,085)

***Amounts reported for governmental activities in the statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and contributions exceeded depreciation. 1,216,873

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net assets. (26,007)

Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 46,027

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net assets. 901,632

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (20,140)

***Change in Net Assets of Governmental Activities*** \$ 1,822,300

See accompanying notes to the basic financial statements



**CITY OF TIPP CITY, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,829,267	\$ 2,829,267	\$ 2,842,662	\$ 13,395
Intergovernmental Revenue	1,205,021	1,300,021	1,330,116	30,095
Charges for Services	476,733	560,233	576,190	15,957
Licenses and Permits	79,690	48,190	51,606	3,416
Investment Earnings	450,000	530,000	545,072	15,072
Special Assessments	4,500	3,500	4,009	509
Fines and Forfeitures	16,500	17,500	17,639	139
All Other Revenues	136,497	141,497	153,430	11,933
Total Revenues	<u>5,198,208</u>	<u>5,430,208</u>	<u>5,520,724</u>	<u>90,516</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,855,042	2,904,542	2,866,117	38,425
Leisure Time Activities	487,162	487,162	464,548	22,614
Community Environment	244,169	240,669	235,796	4,873
Basic Utility Services	230,634	228,834	222,216	6,618
General Government	1,663,266	1,611,696	1,528,021	83,675
Capital Outlay	79,228	216,798	213,969	2,829
Total Expenditures	<u>5,559,501</u>	<u>5,689,701</u>	<u>5,530,667</u>	<u>159,034</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(361,293)	(259,493)	(9,943)	249,550
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	1,500	500	650	150
Transfers In	680,080	680,080	670,270	(9,810)
Transfers Out	(535,000)	(635,000)	(635,000)	0
Total Other Financing Sources (Uses):	<u>146,580</u>	<u>45,580</u>	<u>35,920</u>	<u>(9,660)</u>
Net Change in Fund Balance	(214,713)	(213,913)	25,977	239,890
Fund Balance at Beginning of Year	2,869,736	2,869,736	2,869,736	0
Prior Year Encumbrances	178,178	178,178	178,178	0
Fund Balance at End of Year	<u>\$ 2,833,201</u>	<u>\$ 2,834,001</u>	<u>\$ 3,073,891</u>	<u>\$ 239,890</u>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Fund Net Assets  
Proprietary Funds  
December 31, 2006**

	Business-Type Activities - Enterprise Funds				
	Electric	Water	Sewer	Refuse Collection	Total
<b>Assets:</b>					
Current assets:					
Cash and Cash Equivalents	\$ 524,738	\$ 551,573	\$ 114,658	\$ 129,399	\$ 1,320,368
Investments	2,796,868	2,285,829	475,163	0	5,557,860
Receivables:					
Accounts	940,076	146,627	101,342	0	1,188,045
Special Assessments	37,106	52,729	606,291	0	696,126
Due from Other Funds	7,128	479	665	0	8,272
Inventory of Supplies at Cost	524,214	104,333	8,971	0	637,518
Prepaid Items	2,814	4,728	362	0	7,904
Restricted Assets:					
Cash and Cash Equivalents	150,149	0	0	0	150,149
Total current assets	4,983,093	3,146,298	1,307,452	129,399	9,566,242
Noncurrent assets:					
Investment in Joint Venture	0	(40,976)	4,779,108	0	4,738,132
Capital assets:					
Non-Depreciable Capital Assets	969,648	1,351,650	4,116	0	2,325,414
Depreciable Capital Assets, net	6,824,167	6,667,338	5,825,025	0	19,316,530
Total capital assets	7,793,815	8,018,988	5,829,141	0	21,641,944
Total noncurrent assets	7,793,815	7,978,012	10,608,249	0	26,380,076
Total assets	12,776,908	11,124,310	11,915,701	129,399	35,946,318
<b>Liabilities:</b>					
Current liabilities:					
Accounts Payable	1,168,562	1,893	6,307	51,243	1,228,005
Accrued Wages and Benefits Payable	54,918	22,601	8,485	0	86,004
Intergovernmental Payable	1,824	27	48,572	0	50,423
Refundable Deposits	150,149	0	0	0	150,149
Due to Other Funds	67,888	4,150	1,160	2,772	75,970
Accrued Interest Payable	28,594	773	1,132	0	30,499
General Obligation Notes Payable	1,100,000	0	0	0	1,100,000
General Obligation Bonds Payable - Current	50,000	85,000	50,000	0	185,000
Compensated Absences Payable - Current	33,165	16,872	6,649	0	56,686
Total Current Liabilities	2,655,100	131,316	122,305	54,015	2,962,736
Noncurrent Liabilities:					
General Obligation Bonds Payable	445,000	130,000	375,000	0	950,000
State Loan Payable	0	0	408,510	0	408,510
Compensated Absences Payable	171,851	42,581	16,681	0	231,113
Total noncurrent liabilities	616,851	172,581	800,191	0	1,589,623
<b>Total Liabilities</b>	3,271,951	303,897	922,496	54,015	4,552,359
<b>Net Assets:</b>					
Invested in Capital Assets, Net of Related Debt	7,074,958	7,803,988	4,995,631	0	19,874,577
Unrestricted	2,429,999	3,016,425	5,997,574	75,384	11,519,382
Total Net Assets	\$ 9,504,957	\$ 10,820,413	\$ 10,993,205	\$ 75,384	\$ 31,393,959

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2006**

	Business-Type Activities - Enterprise Funds				
	Electric	Water	Sewer	Refuse Collection	Total
<b>Operating Revenues:</b>					
Charges for Services	\$ 8,526,071	\$ 1,218,848	\$ 915,979	\$ 595,003	\$ 11,255,901
Other Operating Revenues	54,990	80,819	20,135	0	155,944
<b>Total Operating Revenues</b>	<b>8,581,061</b>	<b>1,299,667</b>	<b>936,114</b>	<b>595,003</b>	<b>11,411,845</b>
<b>Operating Expenses:</b>					
Personal Services	971,338	328,120	149,604	0	1,449,062
Contractual Services	6,729,733	124,638	704,458	560,964	8,119,793
Materials and Supplies	128,403	46,341	22,877	0	197,621
Utilities	13,993	43,745	9,621	0	67,359
Depreciation	362,296	303,629	251,972	0	917,897
Other Operating Expenses	6,891	5,974	430	0	13,295
<b>Total Operating Expenses</b>	<b>8,212,654</b>	<b>852,447</b>	<b>1,138,962</b>	<b>560,964</b>	<b>10,765,027</b>
<b>Operating Income (Loss)</b>	<b>368,407</b>	<b>447,220</b>	<b>(202,848)</b>	<b>34,039</b>	<b>646,818</b>
<b>Non-Operating Revenue (Expenses):</b>					
Income (Loss) from Joint Venture	0	(51,271)	28,814	0	(22,457)
Loss on Disposal of Capital Assets	(623)	(5,524)	0	0	(6,147)
Interest and Fiscal Charges	(66,443)	(12,969)	(14,505)	0	(93,917)
Investment Earnings	10,742	9,581	2,614	0	22,937
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(56,324)</b>	<b>(60,183)</b>	<b>16,923</b>	<b>0</b>	<b>(99,584)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>312,083</b>	<b>387,037</b>	<b>(185,925)</b>	<b>34,039</b>	<b>547,234</b>
Transfers-Out	(489,171)	(98,039)	(95,507)	(10,848)	(693,565)
Capital Contributions	571,767	448,017	71,801	0	1,091,585
<b>Change in Net Assets</b>	<b>394,679</b>	<b>737,015</b>	<b>(209,631)</b>	<b>23,191</b>	<b>945,254</b>
<b>Net Assets Beginning of Year</b>	<b>9,110,278</b>	<b>10,083,398</b>	<b>11,202,836</b>	<b>52,193</b>	<b>30,448,705</b>
<b>Net Assets End of Year</b>	<b>\$ 9,504,957</b>	<b>\$ 10,820,413</b>	<b>\$ 10,993,205</b>	<b>\$ 75,384</b>	<b>\$ 31,393,959</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2006**

	Business-Type Activities - Enterprise Funds				Total
	Electric	Water	Sewer	Refuse Collection	
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$8,827,892	\$1,174,656	\$915,382	\$595,003	\$11,512,933
Cash Payments for Goods and Services	(6,823,875)	(238,981)	(745,537)	(555,295)	(8,363,688)
Cash Payments to Employees	(943,931)	(294,544)	(146,563)	0	(1,385,038)
Other Operating Revenues	78,932	83,928	53,307	0	216,167
Net Cash Provided by Operating Activities	1,139,018	725,059	76,589	39,708	1,980,374
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers Out to Other Funds	(489,171)	(98,039)	(95,507)	(10,848)	(693,565)
Net Cash Used for Noncapital Financing Activities	(489,171)	(98,039)	(95,507)	(10,848)	(693,565)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition and Construction of Assets	(845,373)	(232,498)	(110,086)	0	(1,187,957)
Principal Paid on General Obligation Bonds	(100,000)	(85,000)	(50,000)	0	(235,000)
Interest Paid on All Debt	(40,239)	(13,304)	(14,588)	0	(68,131)
Proceeds from the Sale of General Obligation Notes	1,100,000	0	0	0	1,100,000
Net Cash Provided (Used) for Capital and Related Financing Activities	114,388	(330,802)	(174,674)	0	(391,088)
<u>Cash Flows from Investing Activities:</u>					
Purchase of Investments	(452,330)	(85,395)	0	0	(537,725)
Sale of Investments	0	0	203,156	0	203,156
Net Cash Provided (Used) for Investing Activities	(452,330)	(85,395)	203,156	0	(334,569)
Net Increase in Cash and Cash Equivalents	311,905	210,823	9,564	28,860	561,152
Cash and Cash Equivalents at Beginning of Year	362,982	340,750	105,094	100,539	909,365
Cash and Cash Equivalents at End of Year	\$674,887	\$551,573	\$114,658	\$129,399	\$1,470,517
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>					
Cash and Cash Equivalents	\$524,738	\$551,573	\$114,658	\$129,399	\$1,320,368
Restricted Cash and Cash Equivalents	150,149	0	0	0	150,149
Cash and Cash Equivalents at End of Year	\$674,887	\$551,573	\$114,658	\$129,399	\$1,470,517

(Continued)

**CITY OF TIPP CITY, OHIO**

	Business-Type Activities - Enterprise Funds				Total
	Electric	Water	Sewer	Refuse Collection	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>					
Operating Income (Loss)	\$368,407	\$447,220	(\$202,848)	\$34,039	\$646,818
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation Expense	362,296	303,629	251,972	0	917,897
Adjustments to Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	296,211	(44,216)	(760)	0	251,235
Decrease in Special Assessments Receivable	2,061	3,109	33,172	0	38,342
(Increase) Decrease in Inventory	38,959	(12,317)	(391)	0	26,251
(Increase) Decrease in Prepaid Items	(1,609)	3,283	1,806	0	3,480
Decrease in Due from Other Funds	2,322	24	163	0	2,509
Increase (Decrease) in Accounts Payable	45,292	(395)	1,348	2,897	49,142
Increase in Accrued Wages and Benefits	3,764	7,300	1,914	0	12,978
Increase (Decrease) in Due to Other Funds	(8,443)	(1,140)	(360)	2,772	(7,171)
Decrease in Intergovernmental Payable	(61)	(7,714)	(10,554)	0	(18,329)
Increase in Customer Deposits Payable	6,176	0	0	0	6,176
Increase in Compensated Absences	23,643	26,276	1,127	0	51,046
Total Adjustments	770,611	277,839	279,437	5,669	1,333,556
Net Cash Provided by Operating Activities	\$1,139,018	\$725,059	\$76,589	\$39,708	\$1,980,374

**Schedule of Noncash Investing, Capital and Financing Activities:**

As of December 31, 2006, the Electric Fund had an outstanding liability of \$670,390 for the purchase of certain capital assets. During 2006 the Electric, Water and Sewer funds received capital contributions in the amounts of \$571,767, \$448,017 and \$71,801 respectively. During 2006 the fair value of investments increased by \$10,742, \$9,581 and \$2,614 in the Electric, Water and Sewer Funds, respectively.

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

---

***Statement of Assets and Liabilities  
Agency Funds  
December 31, 2006***

---

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 87,214
Restricted Assets:	
Cash and Cash Equivalents	<u>39,197</u>
<b>Total Assets</b>	<u><u>\$ 126,411</u></u>
<b>Liabilities:</b>	
Due to Others	<u>\$ 126,411</u>
<b>Total Liabilities</b>	<u><u>\$ 126,411</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**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 financial statements are presented as of December 31, 2006 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 (the 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 basic financial statements comply with the provisions of 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, 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 16 for further information.

**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 17 for further information.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**A. Reporting Entity (Continued)**

1. Joint Venture with Equity Interest (Continued)

*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. See Note 17 for further information.

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

The accounting system is organized and operated on the basis of funds, each of which is considered 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 basic financial statements. The following fund types are used by the City:

***Governmental Funds***

The governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those 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 major governmental funds:

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.

General Bond Retirement Fund - This fund is used to account for the accumulation of resources for the payment of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

Special Assessment Bond Fund – This fund is used to account for special assessments levied and for the payment of special assessment bonded debt with governmental commitment.

Capital Improvement Reserve Fund - This fund is used to account for financial resources used for major capital projects undertaken by the City.

25-A Construction Fund - This fund is used to account for improvements to 25A County Road financed by note proceeds.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

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

***Proprietary Funds***

All proprietary funds are accounted for on an “economic resources” measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where 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. The City’s major enterprise funds are:

Electric Fund – This fund is used to account for the operation of the City’s electric service.

Water Fund – This fund is used to account for the operation of the City’s water service.

Sewer Fund – This fund is used to account for the operation of the City’s sanitary sewer service.

Refuse Collection Fund - This fund is used to account for the operation of the City’s refuse collection service.

***Fiduciary Funds***

Agency Funds - These funds are used to account for assets held by a government unit as an agent for individuals, private organizations, other governmental units, and/or other funds. The City’s agency funds account for contractor fees and employee health insurance withholdings. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**C. Basis of Presentation – Financial Statements**

**Government-wide Financial Statements** – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column; however, the interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**C. Basis of Presentation – Financial Statements (Continued)**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

**D. 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 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**D. Basis of Accounting** (Continued)

Revenue considered susceptible to accrual at year end includes income taxes, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Special assessment installments including related interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2006 but which are not intended to finance 2006 operations and 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 government-wide statements, the enterprise funds and the agency 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, as included in business-type activities and proprietary fund statements, 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. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

**E. Budgetary Process**

The budgetary process is prescribed 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 at the department level within each fund. Budgetary modifications may only be made by ordinance of the City Council.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**E. Budgetary Process** (Continued)

1. Tax Budget

The City Finance Director submits an annual tax budget for the following fiscal year to City Council by July 15 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 if 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 2006.

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. Expenditures may not legally exceed budgeted appropriations at the department level. The allocation of appropriations within a fund may be modified with the approval of the City Council. During 2006, several supplemental appropriations measures were necessary to budget the use of contingency funds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**E. Budgetary Process (Continued)**

4. 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.

5. 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.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

<u>Net Change in Fund Balance</u>	<u>General Fund</u>
GAAP Basis (as reported)	\$137,290
Increase (Decrease):	
Accrued Revenues at December 31, 2006 received during 2007	(642,752)
Accrued Revenues at December 31, 2005 received during 2006	667,932
Accrued Expenditures at December 31, 2006 paid during 2007	311,610
Accrued Expenditures at December 31, 2005 paid during 2006	(277,890)
2005 Prepays for 2006	15,646
2006 Prepays for 2007	(11,738)
Outstanding Encumbrances	(174,121)
Budget Basis	<u>\$25,977</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**F. 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 basic 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, "Cash, Cash Equivalents and Investments."

**G. 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, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2006. 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, 2006.

**H. Restricted Assets**

Restricted assets in the enterprise funds represent cash and cash equivalents held as customer deposits.

**I. Inventory**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**K. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$750 and an estimated useful life threshold of three or more years.

**1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, construction in progress, buildings, improvements other than buildings, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets, drainage systems and lighting systems.

**2. Property, Plant and Equipment – Business Type Activities**

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

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

**K. Capital Assets and Depreciation** (Continued)

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation on newly acquired/constructed streets begins in the year following acquisition. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in Years)
Buildings	50
Improvements Other Than Buildings	10 - 45
Machinery, Equipment, Furniture and Fixtures	3 - 35
Infrastructure	50 - 65

**L. Long-Term Obligations**

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

Obligation	Fund
General Obligation Bonds	General Bond Retirement Fund Water Fund Sewer Fund Electric Fund
Special Assessment Bond	Special Assessment Bond Retirement Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Municipal Road Fund Water Fund Sewer Fund Electric Fund
State Loan	Sewer Fund
Capital Lease	General Fund

**M. 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**M. Compensated Absences (Continued)**

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 fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded. For proprietary funds, the entire compensated absences amount is reported as a fund liability.

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Other Purposes include programs for street and highway improvements, federal grants for security of persons and property and mandatory fines for various court programs.

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

**O. Pensions**

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

**P. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**Q. Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Long-term interfund loans are classified as “advances to/from other funds.”

**R. 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, debt service and encumbered amounts not accrued at year end.

**S. Estimates**

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

**T. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for electric generation and distribution, water treatment and distribution, wastewater collection and treatment and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

This space intentionally left blank.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Other long-term assets not available to pay for current-period expenditures:*

Deferred/Delinquent Income Tax Revenue	\$511,690
Delinquent Property Tax Revenue	4,904
Shared Revenues	306,178
Interest Revenue	62,859
Special Assessment Revenue	<u>1,524,679</u>
	\$2,410,310

*Long-Term liabilities not reported in the funds:*

General Obligation Bonds Payable	(\$6,540,000)
Special Assessment Bond Payable	(860,000)
Accrued Interest on Long-Term Debt	(21,892)
Capital Lease Payable	(44,208)
Compensated Absences Payable	<u>(772,012)</u>
	(\$8,238,112)

This space intentionally left blank.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Amount by which capital outlay and contributions exceeded depreciation in the current period:*

Capital Outlay	\$2,617,459
Depreciation Expense	<u>(1,400,586)</u>
	\$1,216,873

*Governmental revenues not reported in the funds:*

Increase in Deferred/Delinquent Income Tax Revenue	\$62,260
Decrease in Property Tax Revenue	(9,434)
Decrease in Shared Revenue	(12,212)
Decrease in Special Assessment Revenue	(36,389)
Increase in Interest Revenue	<u>41,802</u>
	\$46,027

*Net amount of new capital lease and bond and lease principal payments:*

General Obligation Bond Principal Payment	\$855,000
Special Assessment Bond Principal Payment	35,000
Capital Lease Payments	<u>11,632</u>
	\$901,632

*Expenses not requiring the use of current financial resources:*

Increase in Compensated Absences Payable	(\$22,216)
Increase in supplies inventory	<u>2,076</u>
	(\$20,140)

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**NOTE 3 – DEFICIT FUND EQUITY**

The fund deficit at December 31, 2006 of \$400,275 in the 25-A Construction Fund (capital projects fund) is the result of recording notes payable in the individual fund balance sheet. The General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

**NOTE 4 - 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." 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 a "cash" or "cash equivalent" 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 not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be 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;
- 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;

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

- 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).

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. 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. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$4,130,055 and the bank balance was \$4,702,850. Federal depository insurance covered \$200,000 of the bank balance. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$4,502,850</u>
Total Balance	<u><u>\$4,502,850</u></u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

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

**B. Investments**

The City's investments at December 31, 2006 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3</u>
STAR Ohio	\$2,400,000	AAAm <sup>1</sup>	\$2,400,000	\$0
United States Treasury Bills	1,677,843	N/A	1,677,843	0
United States Treasury Notes	<u>3,986,593</u>	N/A	<u>0</u>	<u>3,986,593</u>
Total Investments	<u>\$8,064,436</u>		<u>\$4,077,843</u>	<u>\$3,986,593</u>

<sup>1</sup> Standard & Poor's

N/A - Obligations of the U.S. Government are explicitly guaranteed by the US Government and are not considered to have credit risk.

*Interest Rate Risk* – The City's investment policy generally limits security purchases to those that mature within three years of settlement date.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 20.8% are U.S. Treasury Bills, and 49.4% are U.S. Treasury Notes.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy states that it will diversify its investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. All of the City's investments are collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City.

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

The classification of cash, cash equivalents and investments on the basic 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.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

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

**C. Reconciliation of Cash, Cash Equivalents and Investments (Continued)**

A reconciliation between classifications of cash and investments on the financial statements and the classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents	Investments
Per GASB Statement No. 9	\$3,429,039	\$8,765,452
Certificates of Deposit (with maturities of more than 3 months)	3,101,016	(3,101,016)
Investments:		
STAR Ohio	(2,400,000)	2,400,000
Per GASB Statement No. 3	<u>\$4,130,055</u>	<u>\$8,064,436</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 2006 were levied after October 1, 2005 on assessed values as of January 1, 2005, 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 equalization adjustment was completed in 2005. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with 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 18.75 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 semi-annually: 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 88 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**NOTE 5 – TAXES (Continued)**

**A. Property Taxes (Continued)**

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, 2006 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2006 levy was based was \$259,775,650. This amount constitutes \$215,408,790 in real property assessed value, \$5,436,670 in public utility assessed value and \$38,930,190 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% (1.40 mills) of assessed value.

**B. Income Tax**

During 2006, the City levied a tax of 1.25% 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.

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 2006 was \$3,801,640. This represents a 9.3% decrease under 2005 income tax revenue of \$4,189,850.

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2006 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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

**NOTE 7 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2006:

Fund	Transfer In	Transfer Out
General Fund	\$670,270	\$635,000
General Bond Retirement Fund	1,107,300	0
Capital Improvement Reserve Fund	600,000	412,217
25-A Construction Fund	46,375	0
Other Governmental Funds	35,000	718,163
Total Governmental Funds	2,458,945	1,765,380
Electric Fund	0	489,171
Water Fund	0	98,039
Sewer Fund	0	95,507
Refuse Collection Fund	0	10,848
Total Proprietary Funds	0	693,565
Totals	\$2,458,945	\$2,458,945

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

**NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

Following is a summary of interfund receivables and payables for all funds for 2006:

Fund	Due From	Due To
General Fund	\$70,660	\$2,710
Other Governmental Funds	0	252
Total Governmental Funds	70,660	2,962
Electric Fund	7,128	67,888
Water Fund	479	4,150
Sewer Fund	665	1,160
Refuse Collection Fund	0	2,772
Total Proprietary Funds	8,272	75,970
Totals	\$78,932	\$78,932

Interfund receivables and payables account for amounts due between funds for utility balances.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2006:

**Historical Cost:**

Class	December 31, 2005	Additions	Deletions	December 31, 2006
<b>Non-depreciable Capital assets:</b>				
Land	\$11,761,322	\$572,351	\$0	\$12,333,673
Construction in Progress	1,383,432	132,541	(1,378,432)	137,541
Total Non-depreciable Capital assets	13,144,754	704,892	(1,378,432)	12,471,214
<b>Capital assets being depreciated:</b>				
Buildings	6,013,246	167,979	0	6,181,225
Improvements Other Than Buildings	4,360,784	3,500	0	4,364,284
Machinery and Equipment	5,295,145	486,179	(170,203)	5,611,121
Infrastructure	20,469,919	2,633,341	(101,978)	23,001,282
Total Depreciable Capital assets	36,139,094	3,290,999	(272,181)	39,157,912
Total Cost	\$49,283,848	\$3,995,891	(\$1,650,613)	\$51,629,126
<b>Accumulated Depreciation:</b>				
Class	December 31, 2005	Additions	Deletions	December 31, 2006
Buildings	(\$1,119,924)	(\$125,232)	\$0	(\$1,245,156)
Improvements Other Than Buildings	(479,658)	(213,405)	0	(693,063)
Machinery and Equipment	(3,122,000)	(429,836)	154,609	(3,397,227)
Infrastructure	(7,478,976)	(632,113)	91,565	(8,019,524)
Total Depreciation	(\$12,200,558)	(\$1,400,586) *	\$246,174	(\$13,354,970)
<b>Net Value:</b>	\$37,083,290			\$38,274,156

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$184,368)
Leisure Time Activities	(374,738)
Transportation	(718,255)
General Government	(123,225)
Total Depreciation Expense	(\$1,400,586)

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

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

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2006:

***Historical Cost:***

Class	December 31, 2005	Additions	Deletions	December 31, 2006
<b><i>Non-depreciable Capital assets:</i></b>				
Land	\$1,290,772	\$109,292	\$0	\$1,400,064
Construction in Progress	0	925,350	0	925,350
Total Non-depreciable Capital Assets	1,290,772	1,034,642	0	2,325,414
<b><i>Capital assets being depreciated:</i></b>				
Buildings	1,845,320	0	(6,225)	1,839,095
Improvements Other Than Buildings	25,204,236	1,487,550	(38,731)	26,653,055
Machinery and Equipment	2,301,054	252,295	(389,357)	2,163,992
Total Depreciable Capital assets	29,350,610	1,739,845	(434,313)	30,656,142
Total Cost	\$30,641,382	\$2,774,487	(\$434,313)	\$32,981,556

***Accumulated Depreciation:***

Class	December 31, 2005	Additions	Deletions	December 31, 2006
Buildings	(\$567,408)	(\$35,269)	\$5,925	(\$596,752)
Improvements Other Than Buildings	(8,835,585)	(708,101)	38,108	(9,505,578)
Machinery and Equipment	(1,446,888)	(174,527)	384,133	(1,237,282)
Total Depreciation	(\$10,849,881)	(\$917,897)	\$428,166	(\$11,339,612)
<b><i>Net Value:</i></b>	\$19,791,501			\$21,641,944

This space intentionally left blank.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**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 one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. 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) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2006, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 9.0%. The 2006 employer contribution rate for local government employer units was 13.70%, of covered payroll, 9.20% to fund the pension and 4.5% 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, 2006, 2005, and 2004 were \$422,832, \$388,308 and \$363,083, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit under the TP and CO plans 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 2006 employer contribution rate (identified above) that was used to fund health care for the year 2006 was 4.5% of covered payroll which amounted to \$138,886.

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, 2005. The individual entry age 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 annually, not to exceed a 12% corridor. The investment assumption rate for 2005 was 6.5%. 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 plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 358,804. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2005 is \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, Ohio PERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**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, 2006, 2005, and 2004 were \$224,028, \$211,641 and \$196,938 for police, which were equal to the required contributions for each year.

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 2006 covered payroll that was used to fund postemployment health care benefits was \$89,037 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. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2005, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,922 for police and 10,537 for firefighters. 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, 2005 were \$108,039,449, which was net of member contributions of \$55,271,881.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

**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, 160 hours or 360 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.

At December 31, 2006, the City's accumulated, unpaid compensated absences amounted to \$1,059,811, of which \$772,012 is recorded as a liability of the Governmental Activities and \$287,799 is recorded as a liability of the Business-Type Activities. The amounts are recorded in "Due within One Year" and "Due in More Than One Year" on the Entity Wide Statement of Net Assets based upon estimated usage.

**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 bond anticipation note activity during 2006:

	Maturity Date	Balance December 31, 2005	Issued	(Retired)	Balance December 31, 2006
Capital Projects Notes Payable:					
3.79% 25A Reconstruction	4/26/2007	\$750,000	\$725,000	(\$750,000)	\$725,000
Enterprise Notes Payable:					
3.90% Electric Generator Note	5/16/2007	0	1,100,000	0	1,100,000
Total Notes Payable		\$750,000	\$1,825,000	(\$750,000)	\$1,825,000

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**NOTE 13 - CAPITAL LEASE**

The City is obligated under a capital lease for the lease-purchase of a phone system. The cost of the equipment obtained under the lease agreement (\$61,500) is included in the Governmental Activities capital assets as machinery and equipment. The liability for this lease is recorded on the Statement of Net Assets as due within one year and due in more than one year. The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2006:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2007	\$13,512
2008	13,512
2009	13,512
2010	<u>6,756</u>
Minimum Lease Payments	47,292
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(3,084)</u>
Present value of minimum lease payments	<u><u>\$44,208</u></u>

This space intentionally left blank.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

**NOTE 14 - LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2006 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2005	Issued	(Retired)	Balance December 31, 2006	Amount Due Within One Year
<b>Business Type-Activities:</b>							
General Obligation Bonds:							
7.13% Electric Improvement	\$850,000	2006	\$50,000	\$0	(\$50,000)	\$0	\$0
7.13% Water System Improvement	600,000	2008	90,000	0	(30,000)	60,000	30,000
4.6-4.625% Water Improvement Bonds	320,000	2007	60,000	0	(30,000)	30,000	30,000
4.6-4.625% Electric Improvement Bonds	995,000	2015	545,000	0	(50,000)	495,000	50,000
2.0-3.5% Woodlawn Water Bonds	200,000	2011	150,000	0	(25,000)	125,000	25,000
2.0-3.5% Woodlawn Sewer Bonds	250,000	2013	200,000	0	(25,000)	175,000	25,000
2.0-3.85% Rosewood Sewer Bonds	300,000	2016	275,000	0	(25,000)	250,000	25,000
Total General Obligation Bonds			1,370,000	0	(235,000)	1,135,000	185,000
0.00% North East Sewer Interceptor Loan	597,260	2014	408,510	0	0	408,510	0
Compensated Absences			236,753	287,799	(236,753)	287,799	56,686
Total Business-Type Activity Long-Term Liabilities			\$2,015,263	\$287,799	(\$471,753)	\$1,831,309	\$241,686
<b>Governmental Activities:</b>							
Unvoted General Obligation Bonds:							
7.13% Government Center Bond - I	\$560,000	2008	\$80,000	\$0	(\$30,000)	\$50,000	\$25,000
4.6-4.625% Service Center Improvement	940,000	2015	490,000	0	(50,000)	440,000	50,000
4.0-4.800% Capital Facilities Bond	2,325,000	2019	1,500,000	0	(150,000)	1,350,000	150,000
2.0-3.5% Recreation Facility Bond	5,200,000	2013	4,700,000	0	(550,000)	4,150,000	550,000
2.0-3.65% 25A Reconstruction Bond	250,000	2014	225,000	0	(25,000)	200,000	25,000
2.0-3.65% Fire Truck Equipment Bond	275,000	2014	250,000	0	(25,000)	225,000	25,000
2.0-4.15% Donn Davis Construction - City Share	250,000	2017	150,000	0	(25,000)	125,000	25,000
Total General Obligation Bonds			7,395,000	0	(855,000)	6,540,000	850,000
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	895,000	0	(35,000)	860,000	35,000
Capital Lease	61,500		55,840	0	(11,632)	44,208	12,062
Compensated Absences			749,796	772,012	(749,796)	772,012	185,837
Total Governmental Activity Long-Term Liabilities			\$9,095,636	\$772,012	(\$1,651,428)	\$8,216,220	\$1,082,899

The principal amount of the City's special assessment bonds outstanding at December 31, 2006, \$860,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. At December 31, 2006 the amount of delinquent special assessments receivable totaled \$3,270.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

**NOTE 14 - LONG-TERM OBLIGATIONS (Continued)**

**A. Future Long-Term Financing Requirements**

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2006, follow:

Years	General Obligation Bonds		Special Assessment Bonds		Loan Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$1,035,000	\$275,044	\$35,000	\$33,465	\$0	\$0
2008	990,000	243,020	35,000	32,678	0	0
2009	935,000	210,099	35,000	31,715	0	0
2010	990,000	179,139	40,000	30,665	0	0
2011	1,015,000	146,464	40,000	29,465	0	0
2012-2016	2,400,000	279,858	215,000	125,508	408,510	0
2017-2021	310,000	29,116	270,000	79,224	0	0
2022-2024	0	0	190,000	12,060	0	0
Totals	<u>\$7,675,000</u>	<u>\$1,362,740</u>	<u>\$860,000</u>	<u>\$374,780</u>	<u>\$408,510</u>	<u>\$0</u>

**NOTE 15 – CONSTRUCTION COMMITMENT**

At December 31, 2006 the City had the following contractual commitment outstanding:

Project	Remaining Contractual Commitment	Expected Date of Completion
Back-up Generator Project	\$876,143	Spring 2007
Total Commitments	<u>\$876,143</u>	

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

**NOTE 16 - 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. In 1992 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities.

As of December 31, 2006, the pool has twenty 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, surety, general liability, boiler and machinery, employment practices liability, 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 twenty 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 Claims Manager, a full-time 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, and the organization is covered by policies, procedures, and formally adopted bylaws.

The twenty participating cities and their respective pool contribution factors for the loss year ended December 31, 2006 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	5.32 %	Montgomery	2.97 %
Bellbrook	1.85 %	Piqua	6.34 %
Blue Ash	6.18 %	Sidney	6.68 %
Centerville	5.00 %	Springdale	3.75 %
Englewood	2.97 %	Tipp City	2.48 %
Indian Hill	3.58 %	Troy	6.76 %
Kettering	11.95 %	Vandalia	4.54 %
Madeira	3.09 %	West Carrollton	2.73 %
Mason	9.08 %	Wilmington	4.4 %
Miamisburg	7.87 %	Wyoming	2.46 %
Subtotal	<u>56.89 %</u>	Subtotal	<u>43.11 %</u>
		Total	<u>100.00 %</u>

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 multi-jurisdictional 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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

**NOTE 16 - RISK MANAGEMENT (Continued)**

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

Property	\$350,000,000	per occurrence
Crime / Employee Theft	1,000,000	per occurrence
Liability	10,000,000	per occurrence
Flood	20,000,000	Aggregate
Flood (Zones A & V)	20,000,000	Aggregate
Earthquake (Property)	25,000,000	Aggregate
Extra Expense	5,000,000	per occurrence

The deductible per occurrence is \$2,500. During 2006, MVRMA's self insured retention (SIR) limit for property was \$200,000 except boiler and machinery, which was \$5,000. The SIR for liability was \$1,000,000. 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, 2006.

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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**NOTE 17 - 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 annual usage and is adjusted each year accordingly. The City's equity interest is \$4,779,108 which represents 18.90% of the total equity in Tri-Cities. This reflects a decrease of .43% under the City's equity interest of 19.33% in 2005. 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 2006, the City paid \$615,038 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 is 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. During 2006, construction of the plant and water mains continued. The City's equity interest is a credit balance of \$40,976 which represents 50% of the total equity in NAWA. Until the construction phase of the treatment plant is complete, and the plant begins operation and revenue is generated from charges for services, NAWA will continue to have negative net assets. The construction phase was completed in early 2007 and NAWA has started to generate revenues from operation. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. NAWA did file a GAAP basis financial statement in accordance with Ohio Revised Code and copies of this report are available from the Northern Area Water Authority, 333 J.E. Bohanan Dr., Vandalia, Ohio 45377.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**NOTE 18 - 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 19 – SUBSEQUENT EVENTS**

On April 17, 2007 the State of Ohio announced that the City will receive a total of \$500,000 in Economic Development Grants to make improvements to the Northgate Commerce Center Industrial Park. The City will improve a 97- acre site to accommodate future investments by Transfreight, LLC and additional business prospects. The project will include the extension of road and infrastructure along Kinna Drive to open up additional “shovel- ready sites” for industrial development. The estimated cost of the project is \$1,060,000. Transfreight has committed to creating an additional 50 jobs due largely to the acquisition of these grant fund. The project is slated to start in September of this year.

On April 24, 2007 the City issued \$600,000 in one year General Obligation Notes. The proceeds of the notes were used to retire, with cash on hand, \$725,000 Notes due on April 25, 2007 issued for the purpose of improving County Road 25A. The Notes were sold to Seasongood and Mayer at a net interest rate of 3.841%.

On May 15, 2007 the City borrowed \$1,050,000 from Amp- Ohio for improvements to the City’s electric system, including the acquisition and installation of a new 1,825 kW back-up generator. The Revenue Note has an interest rate of 3.80% and is collateralized solely by electric revenues. Proceeds from the note issue were used to retire, with cash on hand, \$1,100,000 Notes due on May 16, 2007.



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

---

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE  
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, AND  
FIDUCIARY FUNDS.*

***Nonmajor Governmental Funds***

---

***Special Revenue Funds***

---

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.

**Law Enforcement Fund**

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

**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.

**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.

***Special Revenue Funds***

---

**Emergency Medical Services (EMS) 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.

***Capital Projects Funds***

---

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.

**Parks Capital Improvement Fund**

To account for various capital improvement projects for our city parks system. Revenues consist of a .25% city income tax levy approved by the voters to fund city park improvements.

**Donn Davis Way Construction Fund**

To account for the construction of Donn Davis Way.

**Swimming Pool Construction Fund**

To account for the construction of the Family Aquatic Center and baseball fields.

**Ohio Public Works Commission (OPWC) Grant Fund**

To account for street construction projects, partially funded by state grants from the Ohio Public Works Commission. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**CITY OF TIPP CITY, OHIO**

---

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2006**

---

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 371,233	\$ 298,895	\$ 670,128
Receivables:			
Taxes	0	195,576	195,576
Intergovernmental	293,001	0	293,001
Inventory of Supplies, at Cost	58,741	0	58,741
Prepaid Items	695	0	695
<b>Total Assets</b>	<b>\$ 723,670</b>	<b>\$ 494,471</b>	<b>\$ 1,218,141</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 5,224	\$ 0	\$ 5,224
Accrued Wages and Benefits Payable	18,148	0	18,148
Due to Other Funds	252	0	252
Deferred Revenue	195,301	102,338	297,639
<b>Total Liabilities</b>	<b>218,925</b>	<b>102,338</b>	<b>321,263</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	24,947	102,534	127,481
Reserved for Prepaid Items	695	0	695
Reserved for Supplies Inventory	58,741	0	58,741
Undesignated/Unreserved	420,362	289,599	709,961
<b>Total Fund Balances</b>	<b>504,745</b>	<b>392,133</b>	<b>896,878</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 723,670</b>	<b>\$ 494,471</b>	<b>\$ 1,218,141</b>

**CITY OF TIPP CITY, OHIO**

---

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2006***

---

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 0	\$ 742,362	\$ 742,362
Intergovernmental Revenues	600,875	300,000	900,875
Charges for Services	373,322	0	373,322
Licenses and Permits	65	0	65
Fines and Forfeitures	1,285	0	1,285
All Other Revenue	11,061	8,621	19,682
<b>Total Revenue</b>	<b>986,608</b>	<b>1,050,983</b>	<b>2,037,591</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	4,629	0	4,629
Leisure Time Activities	381,879	0	381,879
Transportation	482,842	111	482,953
Capital Outlay	88,902	394,863	483,765
<b>Total Expenditures</b>	<b>958,252</b>	<b>394,974</b>	<b>1,353,226</b>
Excess (Deficiency) of Revenues Over Expenditures	28,356	656,009	684,365
<b>Other Financing Sources (Uses):</b>			
Transfers In	35,000	0	35,000
Transfers Out	0	(718,163)	(718,163)
<b>Total Other Financing Sources (Uses)</b>	<b>35,000</b>	<b>(718,163)</b>	<b>(683,163)</b>
Net Change in Fund Balances	63,356	(62,154)	1,202
<b>Fund Balances at Beginning of Year</b>	<b>430,633</b>	<b>454,287</b>	<b>884,920</b>
Increase in Inventory Reserve	10,756	0	10,756
<b>Fund Balances End of Year</b>	<b>\$ 504,745</b>	<b>\$ 392,133</b>	<b>\$ 896,878</b>

**CITY OF TIPP CITY, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2006**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 46,580	\$ 214,711	\$ 34,763	\$ 50,271
Receivables:				
Intergovernmental	0	224,156	18,175	50,620
Inventory of Supplies, at Cost	0	58,741	0	0
Prepaid Items	0	695	0	0
<b>Total Assets</b>	<b>\$ 46,580</b>	<b>\$ 498,303</b>	<b>\$ 52,938</b>	<b>\$ 100,891</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 88	\$ 4,724	\$ 369	\$ 43
Accrued Wages and Benefits Payable	0	14,922	0	3,226
Due to Other Funds	0	252	0	0
Deferred Revenue	0	149,437	12,117	33,747
<b>Total Liabilities</b>	<b>88</b>	<b>169,335</b>	<b>12,486</b>	<b>37,016</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	19,670	1,963	1,626
Reserved for Prepaid Items	0	695	0	0
Reserved for Supplies Inventory	0	58,741	0	0
Undesignated/Unreserved	46,492	249,862	38,489	62,249
<b>Total Fund Balances</b>	<b>46,492</b>	<b>328,968</b>	<b>40,452</b>	<b>63,875</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 46,580</b>	<b>\$ 498,303</b>	<b>\$ 52,938</b>	<b>\$ 100,891</b>

**CITY OF TIPP CITY, OHIO**

<u>Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>EMS Donation Trust</u>	<u>Police Donation Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 3,099	\$ 8,826	\$ 3,769	\$ 7,813	\$ 1,401	\$ 371,233
0	50	0	0	0	293,001
0	0	0	0	0	58,741
0	0	0	0	0	695
<u>\$ 3,099</u>	<u>\$ 8,876</u>	<u>\$ 3,769</u>	<u>\$ 7,813</u>	<u>\$ 1,401</u>	<u>\$ 723,670</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,224
0	0	0	0	0	18,148
0	0	0	0	0	252
0	0	0	0	0	195,301
0	0	0	0	0	218,925
0	0	0	1,688	0	24,947
0	0	0	0	0	695
0	0	0	0	0	58,741
3,099	8,876	3,769	6,125	1,401	420,362
3,099	8,876	3,769	7,813	1,401	504,745
<u>\$ 3,099</u>	<u>\$ 8,876</u>	<u>\$ 3,769</u>	<u>\$ 7,813</u>	<u>\$ 1,401</u>	<u>\$ 723,670</u>

**CITY OF TIPP CITY, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2006**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 455,805	\$ 36,957	\$ 108,113
Charges for Services	373,322	0	0	0
Licenses and Permits	0	65	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	1,031	3,985	0	30
<b>Total Revenue</b>	<b>374,353</b>	<b>459,855</b>	<b>36,957</b>	<b>108,143</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	381,879	0	0	0
Transportation	0	370,802	30,942	81,098
Capital Outlay	0	53,102	13,425	22,375
<b>Total Expenditures</b>	<b>381,879</b>	<b>423,904</b>	<b>44,367</b>	<b>103,473</b>
Excess (Deficiency) of Revenues Over Expenditures	(7,526)	35,951	(7,410)	4,670
<b>Other Financing Sources (Uses):</b>				
Transfers In	35,000	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>35,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	27,474	35,951	(7,410)	4,670
<b>Fund Balances at Beginning of Year</b>	<b>19,018</b>	<b>282,261</b>	<b>47,862</b>	<b>59,205</b>
Increase in Inventory Reserve	0	10,756	0	0
<b>Fund Balances End of Year</b>	<b>\$ 46,492</b>	<b>\$ 328,968</b>	<b>\$ 40,452</b>	<b>\$ 63,875</b>



**CITY OF TIPP CITY, OHIO**

<u>Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>EMS Donation Trust</u>	<u>Police Donation Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 600,875
0	0	0	0	0	373,322
0	0	0	0	0	65
0	1,235	50	0	0	1,285
947	0	0	5,000	68	11,061
<u>947</u>	<u>1,235</u>	<u>50</u>	<u>5,000</u>	<u>68</u>	<u>986,608</u>
127	0	0	4,502	0	4,629
0	0	0	0	0	381,879
0	0	0	0	0	482,842
0	0	0	0	0	88,902
<u>127</u>	<u>0</u>	<u>0</u>	<u>4,502</u>	<u>0</u>	<u>958,252</u>
820	1,235	50	498	68	28,356
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>35,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>35,000</u>
820	1,235	50	498	68	63,356
2,279	7,641	3,719	7,315	1,333	430,633
0	0	0	0	0	10,756
<u>\$ 3,099</u>	<u>\$ 8,876</u>	<u>\$ 3,769</u>	<u>\$ 7,813</u>	<u>\$ 1,401</u>	<u>\$ 504,745</u>

**CITY OF TIPP CITY, OHIO**

---

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2006**

---

	Parks Capital Improvement	Donn Davis Way Construction	Swimming Pool Construction	Total Nonmajor Capital Projects Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 232,491	\$ 44,816	\$ 21,588	\$ 298,895
Receivables:				
Taxes	195,576	0	0	195,576
<b>Total Assets</b>	<u>\$ 428,067</u>	<u>\$ 44,816</u>	<u>\$ 21,588</u>	<u>\$ 494,471</u>
<b>Liabilities:</b>				
Deferred Revenue	\$ 102,338	\$ 0	\$ 0	\$ 102,338
<b>Total Liabilities</b>	<u>102,338</u>	<u>0</u>	<u>0</u>	<u>102,338</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	102,534	0	0	102,534
Undesignated/Unreserved	223,195	44,816	21,588	289,599
<b>Total Fund Balances</b>	<u>325,729</u>	<u>44,816</u>	<u>21,588</u>	<u>392,133</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 428,067</u>	<u>\$ 44,816</u>	<u>\$ 21,588</u>	<u>\$ 494,471</u>

**CITY OF TIPP CITY, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2006**

	Parks Capital Improvement	Donn Davis Way Construction	Swimming Pool Construction	OPWC Grant	Total Nonmajor Capital Project Funds
<b>Revenues:</b>					
Taxes	\$ 742,362	\$ 0	\$ 0	\$ 0	\$ 742,362
Intergovernmental Revenues	0	0	0	300,000	300,000
All Other Revenue	8,621	0	0	0	8,621
<b>Total Revenue</b>	<b>750,983</b>	<b>0</b>	<b>0</b>	<b>300,000</b>	<b>1,050,983</b>
<b>Expenditures:</b>					
Current:					
Transportation	0	111	0	0	111
Capital Outlay	51,818	0	43,045	300,000	394,863
<b>Total Expenditures</b>	<b>51,818</b>	<b>111</b>	<b>43,045</b>	<b>300,000</b>	<b>394,974</b>
Excess (Deficiency) of Revenues Over Expenditures	699,165	(111)	(43,045)	0	656,009
<b>Other Financing Sources (Uses):</b>					
Transfers Out	(688,625)	(29,538)	0	0	(718,163)
<b>Total Other Financing Sources (Uses)</b>	<b>(688,625)</b>	<b>(29,538)</b>	<b>0</b>	<b>0</b>	<b>(718,163)</b>
Net Change in Fund Balances	10,540	(29,649)	(43,045)	0	(62,154)
<b>Fund Balances at Beginning of Year</b>	<b>315,189</b>	<b>74,465</b>	<b>64,633</b>	<b>0</b>	<b>454,287</b>
<b>Fund Balances End of Year</b>	<b>\$ 325,729</b>	<b>\$ 44,816</b>	<b>\$ 21,588</b>	<b>\$ 0</b>	<b>\$ 392,133</b>

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,829,267	\$ 2,829,267	\$ 2,842,662	\$ 13,395
Intergovernmental Revenues	1,205,021	1,300,021	1,330,116	30,095
Charges for Services	476,733	560,233	576,190	15,957
Licenses and Permits	79,690	48,190	51,606	3,416
Investment Earnings	450,000	530,000	545,072	15,072
Special Assessments	4,500	3,500	4,009	509
Fines and Forfeitures	16,500	17,500	17,639	139
All Other Revenues	136,497	141,497	153,430	11,933
Total Revenues	<u>5,198,208</u>	<u>5,430,208</u>	<u>5,520,724</u>	<u>90,516</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	1,804,688	1,813,588	1,805,169	8,419
Travel and Training	17,720	18,620	18,009	611
Materials and Supplies	60,251	70,651	68,684	1,967
Contractual Services	113,158	118,158	111,605	6,553
Total Police	<u>1,995,817</u>	<u>2,021,017</u>	<u>2,003,467</u>	<u>17,550</u>
Fire:				
Personal Services	89,920	80,420	77,332	3,088
Travel and Training	4,000	3,000	2,486	514
Materials and Supplies	4,985	5,385	5,128	257
Contractual Services	50,541	49,941	47,405	2,536
Total Fire	<u>149,446</u>	<u>138,746</u>	<u>132,351</u>	<u>6,395</u>
Emergency Medical Services:				
Personal Services	592,110	626,210	623,090	3,120
Travel and Training	11,910	8,510	5,468	3,042
Materials and Supplies	21,990	22,790	20,315	2,475
Contractual Services	83,769	87,269	81,426	5,843
Total Emergency Medical Services	<u>709,779</u>	<u>744,779</u>	<u>730,299</u>	<u>14,480</u>
Total Security of Persons and Property	<u>2,855,042</u>	<u>2,904,542</u>	<u>2,866,117</u>	<u>38,425</u>

(Continued)

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	312,579	312,579	305,375	7,204
Travel and Training	750	750	425	325
Materials and Supplies	55,461	60,161	54,167	5,994
Contractual Services	100,872	96,172	89,081	7,091
Total Parks	<u>469,662</u>	<u>469,662</u>	<u>449,048</u>	<u>20,614</u>
Recreation:				
Contractual Services	17,500	17,500	15,500	2,000
Total Recreation	<u>17,500</u>	<u>17,500</u>	<u>15,500</u>	<u>2,000</u>
Total Leisure Time Activities	<u>487,162</u>	<u>487,162</u>	<u>464,548</u>	<u>22,614</u>
Community Environment:				
Planning:				
Personal Services	204,663	204,063	203,503	560
Travel and Training	7,818	8,668	8,535	133
Materials and Supplies	4,330	4,730	4,060	670
Contractual Services	27,358	23,208	19,698	3,510
Total Community Environment	<u>244,169</u>	<u>240,669</u>	<u>235,796</u>	<u>4,873</u>
Basic Utility Services:				
Utility Billing:				
Personal Services	178,655	178,155	174,307	3,848
Travel and Training	13,480	12,980	12,753	227
Materials and Supplies	28,478	28,478	27,042	1,436
Contractual Services	10,021	9,221	8,114	1,107
Total Basic Utility Services	<u>230,634</u>	<u>228,834</u>	<u>222,216</u>	<u>6,618</u>
General Government:				
City Council:				
Personal Services	101,940	94,240	91,668	2,572
Travel and Training	5,000	5,000	3,839	1,161
Materials and Supplies	3,966	4,866	4,479	387
Contractual Services	10,151	10,151	7,749	2,402
Total City Council	<u>121,057</u>	<u>114,257</u>	<u>107,735</u>	<u>6,522</u>
Commissions:				
Personal Services	16,237	16,237	16,073	164
Travel and Training	5,950	3,950	3,190	760
Materials and Supplies	5,381	5,681	4,164	1,517
Contractual Services	36,784	36,109	34,779	1,330
Total Commissions	<u>64,352</u>	<u>61,977</u>	<u>58,206</u>	<u>3,771</u>

(Continued)

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Administration:</b>				
Personal Services	194,579	197,614	197,525	89
Travel and Training	3,100	3,820	3,816	4
Materials and Supplies	1,400	1,225	1,168	57
Contractual Services	3,674	3,389	3,317	72
Total Administration	<u>202,753</u>	<u>206,048</u>	<u>205,826</u>	<u>222</u>
<b>Buildings and Grounds:</b>				
Personal Services	102,303	90,188	88,480	1,708
Travel and Training	500	700	698	2
Materials and Supplies	12,052	12,052	10,166	1,886
Contractual Services	105,159	111,359	106,686	4,673
Total Buildings and Grounds	<u>220,014</u>	<u>214,299</u>	<u>206,030</u>	<u>8,269</u>
<b>Finance - Accounting:</b>				
Personal Services	169,430	170,565	167,780	2,785
Travel and Training	3,430	3,430	2,266	1,164
Materials and Supplies	3,005	3,005	2,655	350
Contractual Services	19,145	17,510	13,887	3,623
Total Finance - Accounting	<u>195,010</u>	<u>194,510</u>	<u>186,588</u>	<u>7,922</u>
<b>Finance - Income Tax:</b>				
Personal Services	141,260	139,760	137,993	1,767
Travel and Training	3,850	3,350	3,317	33
Materials and Supplies	7,750	7,750	7,179	571
Contractual Services	10,255	9,855	9,334	521
Income Tax Refunds	73,920	73,920	61,534	12,386
Total Finance - Income Tax	<u>237,035</u>	<u>234,635</u>	<u>219,357</u>	<u>15,278</u>
<b>Legal:</b>				
Personal Services	57,212	57,212	56,899	313
Travel and Training	400	400	0	400
Materials and Supplies	300	250	0	250
Contractual Services	26,264	24,314	19,260	5,054
Total Legal	<u>84,176</u>	<u>82,176</u>	<u>76,159</u>	<u>6,017</u>
<b>Engineering:</b>				
Personal Services	164,713	169,063	167,557	1,506
Travel and Training	2,900	2,500	1,425	1,075
Materials and Supplies	4,435	4,285	3,409	876
Contractual Services	75,089	70,539	68,258	2,281
Total Engineering	<u>247,137</u>	<u>246,387</u>	<u>240,649</u>	<u>5,738</u>

(Continued)

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>General Administrative:</b>				
Personal Services	1,000	0	0	0
Materials and Supplies	55,000	3,475	0	3,475
Contractual Services	233,732	252,432	227,471	24,961
Other Expenditures	2,000	1,500	0	1,500
Total General Administrative	<u>291,732</u>	<u>257,407</u>	<u>227,471</u>	<u>29,936</u>
Total General Government	<u>1,663,266</u>	<u>1,611,696</u>	<u>1,528,021</u>	<u>83,675</u>
<b>Capital Outlay:</b>				
Police	18,295	13,095	12,521	574
Fire	35,613	46,313	46,236	77
Emergency Medical Services	3,896	3,896	3,386	510
Parks	4,965	4,965	3,844	1,121
Planning	500	4,000	3,954	46
Utility Billing	8,100	9,900	9,801	99
City Council	500	300	150	150
Commissions	3,000	3,375	3,375	0
Administration	300	105	105	0
Buildings and Grounds	2,309	3,024	3,011	13
Finance - Accounting	500	1,000	957	43
Finance - Income Tax	500	2,900	2,886	14
Engineering	750	1,500	1,445	55
General Administrative	0	122,425	122,298	127
Total Capital Outlay	<u>79,228</u>	<u>216,798</u>	<u>213,969</u>	<u>2,829</u>
Total Expenditures	<u>5,559,501</u>	<u>5,689,701</u>	<u>5,530,667</u>	<u>159,034</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(361,293)	(259,493)	(9,943)	249,550
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	1,500	500	650	150
Transfers In	680,080	680,080	670,270	(9,810)
Transfers Out	(535,000)	(635,000)	(635,000)	0
Total Other Financing Sources (Uses)	<u>146,580</u>	<u>45,580</u>	<u>35,920</u>	<u>(9,660)</u>
Net Change in Fund Balance	(214,713)	(213,913)	25,977	239,890
Fund Balance at Beginning of Year	2,869,736	2,869,736	2,869,736	0
Prior Year Encumbrances	178,178	178,178	178,178	0
Fund Balance at End of Year	<u>\$ 2,833,201</u>	<u>\$ 2,834,001</u>	<u>\$ 3,073,891</u>	<u>\$ 239,890</u>

**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund  
For the Year Ended December 31, 2006**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	1,840,000	1,840,000	0
Interest and Fiscal Charges	<u>330,616</u>	<u>330,255</u>	<u>361</u>
Total Expenditures	<u>2,170,616</u>	<u>2,170,255</u>	<u>361</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,170,616)	(2,170,255)	361
<b>Other Financing Sources (Uses):</b>			
General Obligation Notes Issued	725,000	725,000	0
Transfers In	<u>1,445,616</u>	<u>1,445,255</u>	<u>(361)</u>
Total Other Financing Sources (Uses)	<u>2,170,616</u>	<u>2,170,255</u>	<u>(361)</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund  
For the Year Ended December 31, 2006**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Special Assessments	\$ 73,653	\$ 73,653	\$ 0
Total Revenues	<u>73,653</u>	<u>73,653</u>	<u>0</u>
<b>Expenditures:</b>			
General Government:			
Contractual Services	3,883	3,507	376
Debt Service:			
Principal Retirement	35,000	35,000	0
Interest and Fiscal Charges	<u>34,165</u>	<u>34,165</u>	<u>0</u>
Total Expenditures	<u>73,048</u>	<u>72,672</u>	<u>376</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	605	981	376
Fund Balance at Beginning of Year	<u>587</u>	<u>587</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,192</u>	<u>\$ 1,568</u>	<u>\$ 376</u>

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund  
For the Year Ended December 31, 2006**

**CAPITAL IMPROVEMENT RESERVE FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 619,172	\$ 619,940	\$ 768
Charges for Services	26,000	24,735	(1,265)
Special Assessments	90,000	98,855	8,855
Total Revenues	<u>735,172</u>	<u>743,530</u>	<u>8,358</u>
<b>Expenditures:</b>			
General Government:			
Contractual Services	3,200	2,936	264
Other Expenditures	23,100	15,384	7,716
Total General Government	<u>26,300</u>	<u>18,320</u>	<u>7,980</u>
Capital Outlay	1,659,655	1,640,679	18,976
Total Expenditures	<u>1,685,955</u>	<u>1,658,999</u>	<u>26,956</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(950,783)	(915,469)	35,314
<b>Other Financing Sources (Uses):</b>			
Proceeds from the Sale of Capital Assets	0	14,296	14,296
Transfers In	600,000	600,000	0
Transfers Out	(412,574)	(412,217)	357
Total Other Financing Sources (Uses)	<u>187,426</u>	<u>202,079</u>	<u>14,653</u>
Net Change in Fund Balance	(763,357)	(713,390)	49,967
Fund Balance at Beginning of Year	287,628	287,628	0
Prior Year Encumbrances	699,552	699,552	0
Fund Balance at End of Year	<u>\$ 223,823</u>	<u>\$ 273,790</u>	<u>\$ 49,967</u>

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund  
For the Year Ended December 31, 2006**

**25-A CONSTRUCTION FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 1,068,236	\$ 886,071	\$ (182,165)
Total Revenues	<u>1,068,236</u>	<u>886,071</u>	<u>(182,165)</u>
<b>Expenditures:</b>			
Streets:			
Contractual Services	73,233	73,233	0
Total Streets	<u>73,233</u>	<u>73,233</u>	<u>0</u>
Capital Outlay	1,404,278	1,347,600	56,678
Total Expenditures	<u>1,477,511</u>	<u>1,420,833</u>	<u>56,678</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(409,275)	(534,762)	(125,487)
Fund Balance at Beginning of Year	(666,916)	(666,916)	0
Prior Year Encumbrances	1,277,511	1,277,511	0
Fund Balance at End of Year	<u>\$ 201,320</u>	<u>\$ 75,833</u>	<u>\$ (125,487)</u>

**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Fund  
For the Year Ended December 31, 2006**

---

	SWIMMING POOL FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Charges for Services	\$ 343,600	\$ 373,322	\$ 29,722
All Other Revenues	500	1,031	531
Total Revenues	<u>344,100</u>	<u>374,353</u>	<u>30,253</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	43,690	43,661	29
Contractual Services	<u>338,814</u>	<u>338,461</u>	<u>353</u>
Total Expenditures	<u>382,504</u>	<u>382,122</u>	<u>382</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,404)	(7,769)	30,635
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>35,000</u>	<u>35,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>35,000</u>	<u>35,000</u>	<u>0</u>
Net Change in Fund Balance	(3,404)	27,231	30,635
Fund Balance at Beginning of Year	<u>19,349</u>	<u>19,349</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,945</u>	<u>\$ 46,580</u>	<u>\$ 30,635</u>

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Fund  
For the Year Ended December 31, 2006**

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 443,100	\$ 461,536	\$ 18,436
Licenses and Permits	500	65	(435)
All Other Revenues	1,500	3,985	2,485
Total Revenues	<u>445,100</u>	<u>465,586</u>	<u>20,486</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Personal Services	277,134	266,929	10,205
Travel and Training	1,800	1,026	774
Materials and Supplies	65,438	59,239	6,199
Contractual Services	80,615	66,988	13,627
Total Transportation	<u>424,987</u>	<u>394,182</u>	<u>30,805</u>
Capital Outlay	55,265	54,262	1,003
Total Expenditures	<u>480,252</u>	<u>448,444</u>	<u>31,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,152)	17,142	52,294
Fund Balance at Beginning of Year	161,751	161,751	0
Prior Year Encumbrances	13,218	13,218	0
Fund Balance at End of Year	<u>\$ 139,817</u>	<u>\$ 192,111</u>	<u>\$ 52,294</u>

**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Fund  
For the Year Ended December 31, 2006**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 35,927	\$ 37,422	\$ 1,495
Total Revenues	<u>35,927</u>	<u>37,422</u>	<u>1,495</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Materials and Supplies	15,421	15,069	352
Contractual Services	<u>20,296</u>	<u>18,355</u>	<u>1,941</u>
Total Street	<u>35,717</u>	<u>33,424</u>	<u>2,293</u>
Capital Outlay	<u>13,425</u>	<u>13,425</u>	<u>0</u>
Total Expenditures	<u>49,142</u>	<u>46,849</u>	<u>2,293</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,215)	(9,427)	3,788
Fund Balance at Beginning of Year	35,141	35,141	0
Prior Year Encumbrances	<u>6,717</u>	<u>6,717</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 28,643</u>	<u>\$ 32,431</u>	<u>\$ 3,788</u>

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Fund  
For the Year Ended December 31, 2006**

<b>MUNICIPAL ROAD FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 112,000	\$ 108,616	\$ (3,384)
All Other Revenues	0	30	30
Total Revenues	<u>112,000</u>	<u>108,646</u>	<u>(3,354)</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Personal Services	61,087	59,789	1,298
Materials and Supplies	30,134	21,885	8,249
Contractual Services	2,750	1,460	1,290
Total Street	<u>93,971</u>	<u>83,134</u>	<u>10,837</u>
Capital Outlay	<u>22,375</u>	<u>22,375</u>	<u>0</u>
Total Expenditures	<u>116,346</u>	<u>105,509</u>	<u>10,837</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,346)	3,137	7,483
Fund Balance at Beginning of Year	43,331	43,331	0
Prior Year Encumbrances	2,134	2,134	0
Fund Balance at End of Year	<u>\$ 41,119</u>	<u>\$ 48,602</u>	<u>\$ 7,483</u>

**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Fund  
For the Year Ended December 31, 2006**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 300	\$ 947	\$ 647
Total Revenues	<u>300</u>	<u>947</u>	<u>647</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	<u>1,770</u>	<u>127</u>	<u>1,643</u>
Total Expenditures	<u>1,770</u>	<u>127</u>	<u>1,643</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,470)	820	2,290
Fund Balance at Beginning of Year	<u>2,279</u>	<u>2,279</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 809</u>	<u>\$ 3,099</u>	<u>\$ 2,290</u>



**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Fund  
For the Year Ended December 31, 2006**

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 700	\$ 1,235	\$ 535
Total Revenues	<u>700</u>	<u>1,235</u>	<u>535</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Total Expenditures	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,300)	1,235	4,535
Fund Balance at Beginning of Year	<u>7,591</u>	<u>7,591</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,291</u>	<u>\$ 8,826</u>	<u>\$ 4,535</u>

**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Fund  
For the Year Ended December 31, 2006**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 100	\$ 50	\$ (50)
Total Revenues	<u>100</u>	<u>50</u>	<u>(50)</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Total Expenditures	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,400)	50	2,450
Fund Balance at Beginning of Year	<u>3,719</u>	<u>3,719</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,319</u>	<u>\$ 3,769</u>	<u>\$ 2,450</u>

**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Fund  
For the Year Ended December 31, 2006**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 0	\$ 5,000	\$ 5,000
Total Revenues	<u>0</u>	<u>5,000</u>	<u>5,000</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Emergency Medic Service:			
Materials and Supplies	<u>7,000</u>	<u>6,190</u>	<u>810</u>
Total Expenditures	<u>7,000</u>	<u>6,190</u>	<u>810</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,000)	(1,190)	5,810
Fund Balance at Beginning of Year	<u>7,315</u>	<u>7,315</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 315</u>	<u>\$ 6,125</u>	<u>\$ 5,810</u>

**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Fund  
For the Year Ended December 31, 2006**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 50	\$ 68	\$ 18
Total Revenues	<u>50</u>	<u>68</u>	<u>18</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Contractual Services	900	0	900
Total Expenditures	<u>900</u>	<u>0</u>	<u>900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(850)	68	918
Fund Balance at Beginning of Year	<u>1,333</u>	<u>1,333</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 483</u>	<u>\$ 1,401</u>	<u>\$ 918</u>

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Fund  
For the Year Ended December 31, 2006**

<b>PARKS CAPITAL IMPROVEMENT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 773,965	\$ 768,033	\$ (5,932)
Intergovernmental Revenues	90,000	90,000	0
All Other Revenues	5,000	8,621	3,621
Total Revenues	<u>868,965</u>	<u>866,654</u>	<u>(2,311)</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Other Expenditures	31,975	19,230	12,745
Total Leisure Time Activities	<u>31,975</u>	<u>19,230</u>	<u>12,745</u>
Capital Outlay	160,637	155,064	5,573
Total Expenditures	<u>192,612</u>	<u>174,294</u>	<u>18,318</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	676,353	692,360	16,007
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(688,625)	(688,625)	0
Total Other Financing Sources (Uses)	<u>(688,625)</u>	<u>(688,625)</u>	<u>0</u>
Net Change in Fund Balance	(12,272)	3,735	16,007
Fund Balance at Beginning of Year	54,485	54,485	0
Prior Year Encumbrances	71,737	71,737	0
Fund Balance at End of Year	<u>\$ 113,950</u>	<u>\$ 129,957</u>	<u>\$ 16,007</u>

**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Fund  
For the Year Ended December 31, 2006**

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Transportation:			
Contractual Services	<u>20,000</u>	<u>111</u>	<u>19,889</u>
Total Expenditures	<u>20,000</u>	<u>111</u>	<u>19,889</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(111)	19,889
<b>Other Financing Sources (Uses):</b>			
Transfers Out	<u>(29,538)</u>	<u>(29,538)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(29,538)</u>	<u>(29,538)</u>	<u>0</u>
Net Change in Fund Balance	(49,538)	(29,649)	19,889
Fund Balance at Beginning of Year	<u>74,465</u>	<u>74,465</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,927</u>	<u>\$ 44,816</u>	<u>\$ 19,889</u>

**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Fund  
For the Year Ended December 31, 2006**

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
All Other Revenues	\$ 1	\$ 0	\$ (1)
Total Revenues	<u>1</u>	<u>0</u>	<u>(1)</u>
<b>Expenditures:</b>			
Capital Outlay	<u>248,522</u>	<u>226,934</u>	<u>21,588</u>
Total Expenditures	<u>248,522</u>	<u>226,934</u>	<u>21,588</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(248,521)	(226,934)	21,587
Fund Balance at Beginning of Year	248	248	0
Prior Year Encumbrances	<u>248,274</u>	<u>248,274</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 21,588</u>	<u>\$ 21,587</u>

**CITY OF TIPP CITY, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Fund  
For the Year Ended December 31, 2006**

---

	OPWC GRANT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 300,000	\$ 300,000	\$ 0
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>0</u>
<b>Expenditures:</b>			
Capital Outlay	300,000	300,000	0
Total Expenditures	<u>300,000</u>	<u>300,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>





***Fiduciary Funds***

---

---

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.

***Agency Funds***

---

**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.

**Health Insurance Fund**

To account for monies withheld from employees wages for health insurance premiums.

**CITY OF TIPP CITY, OHIO**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2006**

	Balance December 31, 2005	Additions	Deductions	Balance December 31, 2006
<u>Contractor Maintenance Deposit Fund</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$41,124	\$37,250	(\$39,177)	\$39,197
Total Assets	\$41,124	\$37,250	(\$39,177)	\$39,197
Liabilities:				
Due to Others	\$41,124	\$37,250	(\$39,177)	\$39,197
Total Liabilities	\$41,124	\$37,250	(\$39,177)	\$39,197
<u>Health Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$88,155	\$85,837	(\$86,778)	\$87,214
Total Assets	\$88,155	\$85,837	(\$86,778)	\$87,214
Liabilities:				
Due to Others	\$88,155	\$85,837	(\$86,778)	\$87,214
Total Liabilities	\$88,155	\$85,837	(\$86,778)	\$87,214
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$88,155	\$85,837	(\$86,778)	\$87,214
Restricted Cash and Cash Equivalents	41,124	37,250	(39,177)	39,197
Total Assets	\$129,279	\$123,087	(\$125,955)	\$126,411
Liabilities:				
Due to Others	\$129,279	\$123,087	(\$125,955)	\$126,411
Total Liabilities	\$129,279	\$123,087	(\$125,955)	\$126,411

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

---

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

---

***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2006***

---

<u>Capital Assets</u>	
Land	\$12,333,673
Construction in Progress	137,541
Buildings	6,181,225
Improvements Other Than Buildings	4,364,284
Machinery and Equipment	5,611,121
Infrastructure	<u>23,001,282</u>
Total Capital Assets	<u>\$51,629,126</u>
<u>Investment in Capital Assets</u>	
General Fund	\$2,689,782
Special Revenue Funds	192,874
Capital Projects Funds	29,112,135
General Revenue Sharing	56,336
Enterprise Funds	327,560
Trust/Agency Funds	29,069
Infrastructure Prior to 2003	18,451,225
Contributions	<u>770,145</u>
Total Investment in Capital Assets	<u>\$51,629,126</u>

**CITY OF TIPP CITY, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2006**

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings</u>
<u>General Government:</u>			
Clerk - Council	0	0	0
City Manager	0	0	0
Buildings and Grounds	525,836	0	2,546,486
Finance - Administration	0	0	0
Finance - Utility Billing	0	0	0
Finance - Income Tax	0	0	0
Miscellaneous	0	0	0
Total	<u>525,836</u>	<u>0</u>	<u>2,546,486</u>
<u>Security of Persons and Property:</u>			
Police	0	0	41,902
Fire	82,385	0	650,002
EMS	0	0	1,750
Total	<u>82,385</u>	<u>0</u>	<u>693,654</u>
<u>Transportation:</u>			
Planning/Engineering	0	0	0
Street	10,113,548	118,701	978,919
Total	<u>10,113,548</u>	<u>118,701</u>	<u>978,919</u>
<u>Leisure Time Activities:</u>			
Parks	1,611,904	18,840	599,666
Pool	0	0	1,362,500
Total	<u>1,611,904</u>	<u>18,840</u>	<u>1,962,166</u>
Total Capital Assets	<u>\$12,333,673</u>	<u>\$137,541</u>	<u>\$6,181,225</u>

**CITY OF TIPP CITY, OHIO**

---

<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
0	8,990	0	\$8,990
0	17,667	0	17,667
0	467,825	0	3,540,147
0	44,496	0	44,496
0	62,634	0	62,634
0	10,012	0	10,012
0	57,159	0	57,159
<u>0</u>	<u>668,783</u>	<u>0</u>	<u>3,741,105</u>
0	775,552	0	817,454
9,934	1,355,648	0	2,097,969
0	615,133	0	616,883
<u>9,934</u>	<u>2,746,333</u>	<u>0</u>	<u>3,532,306</u>
0	91,585	0	91,585
80,224	798,148	23,001,282	35,090,822
<u>80,224</u>	<u>889,733</u>	<u>23,001,282</u>	<u>35,182,407</u>
2,147,964	622,031	0	5,000,405
2,126,162	684,241	0	4,172,903
<u>4,274,126</u>	<u>1,306,272</u>	<u>0</u>	<u>9,173,308</u>
<u>\$4,364,284</u>	<u>\$5,611,121</u>	<u>\$23,001,282</u>	<u>\$51,629,126</u>

**CITY OF TIPP CITY, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function and Activity  
For Year Ended December 31, 2006**

<u>Function and Activity</u>	<u>December 31, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2006</u>
<u>General Government:</u>				
Clerk - Council	\$8,990	\$0	\$0	\$8,990
City Manager	17,667	0	0	17,667
Buildings and Grounds	3,469,808	70,339	0	3,540,147
Finance - Administration	52,144	0	(7,648)	44,496
Finance - Utility Billing	55,034	7,600	0	62,634
Finance - Income Tax	10,992	0	(980)	10,012
Miscellaneous	57,159	0	0	57,159
Total	<u>3,671,794</u>	<u>77,939</u>	<u>(8,628)</u>	<u>3,741,105</u>
<u>Security of Persons and Property:</u>				
Police	712,925	124,651	(20,122)	817,454
Fire	1,904,533	193,436	0	2,097,969
EMS	558,219	124,066	(65,402)	616,883
Total	<u>3,175,677</u>	<u>442,153</u>	<u>(85,524)</u>	<u>3,532,306</u>
<u>Transportation:</u>				
Planning/Engineering	92,507	0	(922)	91,585
Street	33,243,429	3,376,908	(1,529,515)	35,090,822
Total	<u>33,335,936</u>	<u>3,376,908</u>	<u>(1,530,437)</u>	<u>35,182,407</u>
<u>Leisure Time Activities:</u>				
Parks	4,927,538	98,891	(26,024)	5,000,405
Pool	4,172,903	0	0	4,172,903
Total	<u>9,100,441</u>	<u>98,891</u>	<u>(26,024)</u>	<u>9,173,308</u>
Total Capital Assets	<u>\$49,283,848</u>	<u>\$3,995,891</u>	<u>(\$1,650,613)</u>	<u>\$51,629,126</u>





***Statistical Section***



## ***STATISTICAL TABLES***

---

This part of the city’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city’s overall financial health.

### ***Contents***

---

<b>Financial Trends</b>	S 3 – S 11
These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 12 – S 15
These schedules contain information to help the reader understand and assess the factors affecting the city’s ability to generate its most significant local revenue sources, the property tax and the sales tax.	
<b>Debt Capacity</b>	S 16 – S 25
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 26 – S 29
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 30 – S 35
These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the district provides and the activities it performs.	

#### **Sources Note:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.



## *City of Tipp City*

*Net Assets by Component  
Last Four Years  
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$17,531,512	\$22,091,073	\$28,985,972	\$30,829,948
Restricted	483,118	2,645,126	3,283,949	3,074,745
Unrestricted	<u>5,087,254</u>	<u>2,531,296</u>	<u>3,292,184</u>	<u>3,479,712</u>
Total Governmental Activities Net Assets	<u>\$23,101,884</u>	<u>\$27,267,495</u>	<u>\$35,562,105</u>	<u>\$37,384,405</u>
<b>Business-type Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$14,824,726	\$15,751,376	\$18,012,991	\$19,874,577
Unrestricted (Deficit)	<u>11,793,935</u>	<u>13,390,643</u>	<u>12,435,714</u>	<u>11,519,382</u>
Total Business-type Activities Net Assets	<u>\$26,618,661</u>	<u>\$29,142,019</u>	<u>\$30,448,705</u>	<u>\$31,393,959</u>
<b>Primary Government:</b>				
Invested in Capital Assets, Net of Related Debt	\$32,356,238	\$37,842,449	\$46,998,963	\$50,704,525
Restricted	483,118	2,645,126	3,283,949	3,074,745
Unrestricted	<u>16,881,189</u>	<u>15,921,939</u>	<u>15,727,898</u>	<u>14,999,094</u>
Total Primary Government Net Assets	<u>\$49,720,545</u>	<u>\$56,409,514</u>	<u>\$66,010,810</u>	<u>\$68,778,364</u>

Source: Finance Director's Office

## City of Tipp City

*Changes in Net Assets  
Last Four Years  
(accrual basis of accounting)*

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$2,793,653	\$2,625,552	\$2,801,884	\$3,059,221
Leisure Time Activities	536,758	615,012	1,047,316	1,223,444
Community Environment	197,713	196,737	223,831	244,199
Basic Utility Services	177,799	205,980	187,154	208,175
Transportation	980,620	1,073,494	1,282,315	1,415,279
General Government	1,340,109	1,362,120	1,487,548	1,570,900
Interest and Fiscal Charges	163,118	269,576	325,851	311,856
<i>Total Governmental Activities Expenses</i>	<u>6,189,770</u>	<u>6,348,471</u>	<u>7,355,899</u>	<u>8,033,074</u>
Business-type Activities:				
Electric	7,868,067	8,287,261	9,042,072	8,279,720
Water	712,745	748,600	899,618	870,940
Sewer	986,680	986,537	1,085,803	1,153,467
Refuse Collection	0	236,867	501,255	560,964
<i>Total Business-type Activities Expenses</i>	<u>9,567,492</u>	<u>10,259,265</u>	<u>11,528,748</u>	<u>10,865,091</u>
<i>Total Primary Government Expenses</i>	<u>\$15,757,262</u>	<u>\$16,607,736</u>	<u>\$18,884,647</u>	<u>\$18,898,165</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$366,090	\$395,559	\$533,723	\$600,915
Leisure Time Activities	91,730	39,183	360,939	382,974
Community Environment	240,882	266,545	130,100	191,900
Transportation	11,078	210,443	17,891	4,080
Operating Grants and Contributions	436,175	515,541	631,689	587,476
Capital Grants and Contributions	711,678	2,392,215	5,394,254	1,129,308
<i>Total Governmental Activities Program Revenues</i>	<u>1,857,633</u>	<u>3,819,486</u>	<u>7,068,596</u>	<u>2,896,653</u>

(continued)

## City of Tipp City

### Changes in Net Assets Last Four Years (accrual basis of accounting)

	2003	2004	2005	2006
<b>Business-type Activities:</b>				
<b>Charges for Services</b>				
Electric	7,936,740	10,375,880	9,801,970	8,591,803
Water	846,644	1,085,022	1,045,330	1,257,977
Sewer	1,183,526	818,155	1,163,874	967,542
Refuse Collection	0	258,110	532,205	595,003
Capital Grants and Contributions	977,970	591,242	2,424,866	1,091,585
<i>Total Business-type Activities Program Revenues</i>	<u>10,944,880</u>	<u>13,128,409</u>	<u>14,968,245</u>	<u>12,503,910</u>
<i>Total Primary Government Program Revenues</i>	<u>12,802,513</u>	<u>16,947,895</u>	<u>22,036,841</u>	<u>15,400,563</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(4,332,137)	(2,528,985)	(287,303)	(5,136,421)
Business-type Activities	1,377,388	2,869,144	3,439,497	1,638,819
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$2,954,749)</u>	<u>\$340,159</u>	<u>\$3,152,194</u>	<u>(\$3,497,602)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
<b>Governmental Activities:</b>				
Income Taxes	\$3,140,017	\$3,393,013	\$4,189,850	\$3,801,640
Property Taxes	265,457	320,862	337,213	321,525
Other Local Taxes	24,476	27,586	32,993	32,640
Unrestricted Shared Revenues	1,481,185	1,205,612	1,354,519	1,302,928
Investment Earnings	190,610	212,326	377,781	610,310
Miscellaneous	182,860	201,834	156,746	196,113
Loss on Disposal of Capital Assets	(103,529)	0	0	0
Transfers	274,797	345,786	659,747	693,565
<i>Total Governmental Activities</i>	<u>5,455,873</u>	<u>5,707,019</u>	<u>7,108,849</u>	<u>6,958,721</u>
<b>Business-type Activities:</b>				
Loss on Disposal of Capital Assets	(3,199)	0	0	0
Transfers	(274,797)	(345,786)	(659,747)	(693,565)
<i>Total Business-type Activities</i>	<u>(277,996)</u>	<u>(345,786)</u>	<u>(659,747)</u>	<u>(693,565)</u>
<i>Total Primary Government</i>	<u>\$5,177,877</u>	<u>\$5,361,233</u>	<u>\$6,449,102</u>	<u>\$6,265,156</u>
<b>Change in Net Assets</b>				
Governmental Activities	\$1,123,736	\$3,178,034	\$6,821,546	\$1,822,300
Business-type Activities	1,099,392	2,523,358	2,779,750	945,254
<i>Total Primary Government Change in Net Assets</i>	<u>\$2,223,128</u>	<u>\$5,701,392</u>	<u>\$9,601,296</u>	<u>\$2,767,554</u>

Source: Finance Director's Office

## City of Tipp City

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	1997	1998	1999	2000	2001
General Fund					
Reserved	\$132,007	\$202,896	\$280,994	\$288,089	\$248,742
Unreserved	2,558,691	2,771,548	2,931,433	3,037,167	2,977,834
<i>Total General Fund</i>	<u>2,690,698</u>	<u>2,974,444</u>	<u>3,212,427</u>	<u>3,325,256</u>	<u>3,226,576</u>
All Other Governmental Funds					
Reserved	285,608	409,772	311,532	767,102	1,381,625
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	215,382	270,556	334,192	359,647	366,722
Capital Projects Funds	(242,668)	(117,181)	(28,800)	60,613	349,228
Total All Other Governmental Funds	<u>258,322</u>	<u>563,147</u>	<u>616,924</u>	<u>1,187,362</u>	<u>2,097,575</u>
<i>Total Governmental Funds</i>	<u><u>\$2,949,020</u></u>	<u><u>\$3,537,591</u></u>	<u><u>\$3,829,351</u></u>	<u><u>\$4,512,618</u></u>	<u><u>\$5,324,151</u></u>

Source: Finance Director's Office

NOTE: Years 1997-2002 Do not include the Fire, EMS, and Police Donation Funds which were classified as fiduciary funds prior to implementing GASB 34 in 2003.



*City of Tipp City*

---

---

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$181,997	\$212,848	\$227,633	\$225,007	\$204,586
<u>2,903,537</u>	<u>2,501,267</u>	<u>2,738,720</u>	<u>3,286,365</u>	<u>3,435,396</u>
<u>3,085,534</u>	<u>2,714,115</u>	<u>2,966,353</u>	<u>3,511,372</u>	<u>3,639,982</u>
2,666,384	1,030,652	4,382,752	1,880,597	736,407
328,567	303,803	362,068	361,808	420,362
<u>(1,208,457)</u>	<u>(1,137,330)</u>	<u>156,311</u>	<u>(519,717)</u>	<u>141,300</u>
<u>1,786,494</u>	<u>197,125</u>	<u>4,901,131</u>	<u>1,722,688</u>	<u>1,298,069</u>
<u>\$4,872,028</u>	<u>\$2,911,240</u>	<u>\$7,867,484</u>	<u>\$5,234,060</u>	<u>\$4,938,051</u>

# City of Tipp City

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	1997	1998	1999	2000
<b>Revenues:</b>				
Taxes	\$2,243,723	\$2,306,843	\$2,485,692	\$2,690,321
Intergovernmental Revenues	2,622,610	985,790	1,110,545	1,249,828
Charges for Services	318,556	309,291	322,313	300,753
Licenses, Permits and Fees	90,281	70,769	56,338	48,673
Investment Earnings	414,063	490,380	429,144	615,560
Special Assessments	51,660	72,992	64,168	44,536
Fines and Forfeitures	18,924	18,801	18,207	12,831
All Other Revenue	135,940	188,157	133,653	133,930
<b>Total Revenue</b>	<b>5,895,757</b>	<b>4,443,023</b>	<b>4,620,060</b>	<b>5,096,432</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	1,258,472	1,494,252	1,543,564	1,912,131
Leisure Time Activities	240,981	268,929	280,857	314,361
Community Environment	115,482	121,268	133,517	113,088
Basic Utility Services	115,812	170,865	120,321	129,327
Transportation	316,308	330,822	356,152	352,447
General Government	761,627	839,685	905,541	895,484
Capital Outlay	2,646,757	912,671	1,204,204	994,988
Debt Service:				
Principal Retirement	185,000	185,000	185,000	185,000
Interest and Fiscal Charges	112,421	98,125	85,204	78,686
<b>Total Expenditures</b>	<b>5,752,860</b>	<b>4,421,617</b>	<b>4,814,360</b>	<b>4,975,512</b>
Excess (Deficiency) of Revenues Over Expenditures	142,897	21,406	(194,300)	120,920

*City of Tipp City*

2001	2002	2003	2004	2005	2006
\$2,714,921	\$2,742,643	\$3,472,281	\$3,724,771	\$4,163,119	\$4,102,979
2,108,354	1,984,546	2,613,756	2,970,947	4,227,822	3,031,924
329,576	363,786	389,278	431,831	875,342	962,883
39,889	66,231	104,085	140,400	100,348	51,671
632,641	331,071	196,466	216,971	368,738	568,508
42,799	35,801	108,069	290,594	138,087	176,517
19,870	20,568	17,943	12,050	17,374	18,698
141,722	236,768	244,689	195,286	176,457	202,602
<u>6,029,772</u>	<u>5,781,414</u>	<u>7,146,567</u>	<u>7,982,850</u>	<u>10,067,287</u>	<u>9,115,782</u>
2,207,735	2,328,658	2,474,913	2,407,475	2,581,894	2,857,394
353,068	405,517	429,309	518,553	803,645	836,527
213,504	188,598	197,643	193,591	221,349	229,968
151,674	160,646	174,405	187,468	198,912	207,205
394,343	419,998	504,019	467,201	649,449	555,612
1,021,254	1,184,338	1,250,192	1,207,697	1,322,241	1,398,609
3,259,832	1,305,174	3,925,591	4,737,669	6,386,882	2,806,629
180,000	230,000	280,000	305,000	945,660	901,632
148,973	145,077	164,200	253,627	327,982	313,856
<u>7,930,383</u>	<u>6,368,006</u>	<u>9,400,272</u>	<u>10,278,281</u>	<u>13,438,014</u>	<u>10,107,432</u>
(1,900,611)	(586,592)	(2,253,705)	(2,295,431)	(3,370,727)	(991,650)

(Continued)

**City of Tipp City**

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	1997	1998	1999	2000
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	9,129	12,925	27,515	27,245
Other Financing Sources - Capital Leases	0	0	0	0
Special Assessment Bonds Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
Transfers In	1,284,233	1,310,115	1,253,549	1,880,033
Transfers Out	(838,662)	(778,303)	(799,488)	(1,354,509)
<b>Total Other Financing Sources (Uses)</b>	<u>454,700</u>	<u>544,737</u>	<u>481,576</u>	<u>552,769</u>
<b>Net Change in Fund Balance</b>	<u>\$597,597</u>	<u>\$566,143</u>	<u>\$287,276</u>	<u>\$673,689</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 10.59%	 8.78%	 8.09%	 7.09%

Source: Finance Director's Office

NOTE: Years 1997-2002 Do not include the Fire, EMS, and Police Donation Funds which were classified as fiduciary funds prior to implementing GASB 34 in 2003.

*City of Tipp City*

---



---

2001	2002	2003	2004	2005	2006
3,405	2,125	0	0	0	0
0	0	0	0	61,500	0
0	0	0	930,000	0	0
2,325,000	0	0	5,975,000	0	0
1,667,329	983,154	1,232,825	1,274,901	2,346,269	2,458,945
(1,395,501)	(865,255)	(958,028)	(929,115)	(1,686,522)	(1,765,380)
<u>2,600,233</u>	<u>120,024</u>	<u>274,797</u>	<u>7,250,786</u>	<u>721,247</u>	<u>693,565</u>
<u>\$699,622</u>	<u>(\$466,568)</u>	<u>(\$1,978,908)</u>	<u>\$4,955,355</u>	<u>(\$2,649,480)</u>	<u>(\$298,085)</u>
7.58%	8.00%	8.83%	11.21%	22.04%	19.97%

## *City of Tipp City*

*Income Tax Revenues by Source, Governmental Funds  
(Cash Basis of Accounting)  
Last Ten Years*

<b>Tax year</b>	1997	1998	1999	2000	2001
Income Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%
Estimated Personal Income	\$152,646	\$156,184	\$160,071	\$257,045	\$255,993
Total Tax Collected	\$2,030,336	\$2,110,841	\$2,381,963	\$2,409,590	\$2,584,714
Income Tax Receipts					
Withholding	1,475,539	1,578,290	1,795,923	1,780,255	1,962,686
Percentage	72.67%	74.77%	75.40%	73.88%	75.93%
Corporate	329,435	285,265	297,986	304,510	296,171
Percentage	16.23%	13.51%	12.51%	12.64%	11.46%
Individuals	225,362	247,286	288,054	324,825	325,857
Percentage	11.10%	11.72%	12.09%	13.48%	12.61%

Source: City Income Tax Department

Note:

The City levies a 1.25% income tax on substantially all income earned within the City. Additional increases in the income tax require voter approval. City residents pay City income tax on income earned outside the City, however; a credit is allowed for income paid to other municipalities.

Employers within the City withhold income tax on employee compensation and remit at least quarterly.

*City of Tipp City*

---

---

2002	2003	2004	2005	2006
1.00%	1.25%	1.25%	1.25%	1.25%
\$261,176	\$272,149	\$280,420	\$282,578	\$282,578
\$2,480,626	\$3,124,937	\$3,461,382	\$3,702,867	\$3,867,731
1,901,859	2,428,634	2,497,599	2,615,737	2,684,253
76.67%	77.72%	72.16%	70.64%	69.40%
269,046	330,632	543,935	636,113	696,447
10.85%	10.58%	15.71%	17.18%	18.01%
309,721	365,671	419,848	451,017	487,031
12.49%	11.70%	12.13%	12.18%	12.59%





## *City of Tipp City*

*Top Ten Income Tax Withholders  
(Cash Basis of Accounting)  
Current Year and Nine Years Ago*

Name of Taxpayer	Nature of Business	2006 Rank
A. O . Smith Corporation	Manufacturing	1
Meijer, Inc.	Warehouse Distribution	2
Tipp City Exempted Village School District	Education	3
Gardens Alive- Springhill	Agricultural-Nursery	4
Creative Extruded Products	Manufacturing	5
Federal Government	Government	6
Tipp Machine and Tool	Manufacturing	7
City of Tipp City	Government	8
Arbogast	Auto Dealer	9
DAP Products, Inc.	Manufacturing	10

Name of Taxpayer	Nature of Business	1997 Rank
A. O . Smith Corporation	Manufacturing	1
Meijer, Inc.	Warehouse Distribution	2
DAP Products, Inc.	Manufacturing	3
Tipp City Exempted Village School District	Education	4
Dolly, Inc.	Manufacturing	5
Gardens Alive- Springhill	Agricultural-Nursery	6
Tipp Machine and Tool	Manufacturing	7
Creative Extruded Products	Manufacturing	8
Federal Government	Government	9
Odawara Automation, Inc.	Manufacturing	10

Source: City Income Tax Department

Note:

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer. The City chose not to disclose percentages and number of filers by income level because the City does not require all taxpayers to file a return, therefore it does not have, nor can it obtain, this type of information.

## *City of Tipp City*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	1997	1998	1999	2000
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$1,550,000	\$1,365,000	\$1,180,000	\$995,000
Special Assessment Bonds Payable	0	0	0	0
Capital Leases	0	0	0	0
<b>Business-type Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$2,380,000	\$2,145,000	\$1,910,000	\$1,675,000
Long-Term Loan Payable	580,236	580,236	580,236	580,236
Total Primary Government	<u>\$4,510,236</u>	<u>\$4,090,236</u>	<u>\$3,670,236</u>	<u>\$3,250,236</u>
<b>Population</b> <sup>(2)</sup>				
City of Tipp City	6,027	6,027	6,027	9,221
Outstanding Debt Per Capita	\$748	\$679	\$609	\$352
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	152,646	156,184	160,071	257,045
Percentage of Personal Income	2.95%	2.62%	2.29%	1.26%

**Sources:**

- (1) City Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

*City of Tipp City*

2001	2002	2003	2004	2005	2006
\$3,140,000	\$2,910,000	\$2,630,000	\$8,300,000	\$7,395,000	\$6,540,000
0	0	0	930,000	895,000	860,000
0	0	0	0	55,840	44,208
\$1,450,000	\$1,225,000	\$1,065,000	\$1,605,000	\$1,370,000	\$1,135,000
467,837	464,505	432,095	432,095	408,510	408,510
<u>\$5,057,837</u>	<u>\$4,599,505</u>	<u>\$4,127,095</u>	<u>\$11,267,095</u>	<u>\$10,124,350</u>	<u>\$8,987,718</u>

9,221	9,221	9,221	9,221	9,221	9,221
\$549	\$499	\$448	\$1,222	\$1,098	\$975

255,993	261,176	272,149	280,420	282,578	282,578
1.98%	1.76%	1.52%	4.02%	3.58%	3.18%

## *City of Tipp City*

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	1997	1998	1999	2000
<b>Population</b> <sup>(1)</sup>	6,027	6,027	6,027	9,221
<b>Assessed Value</b> <sup>(2)</sup>	\$176,893,210	\$196,440,930	\$203,023,060	\$215,569,470
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$1,550,000	\$1,365,000	\$1,180,000	\$995,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$23	\$23	\$140	\$0
<b>Net General Bonded Debt</b>	\$1,549,977	\$1,364,977	\$1,179,860	\$995,000
<b>Ratio of Net Bonded Debt to Estimated Actual Value</b>	0.88%	0.69%	0.58%	0.46%
<b>Net Bonded Debt per Capita</b>	\$257.17	\$226.48	\$195.76	\$107.91

**Source:**

(1) U.S. Bureau of Census of Population

(2) Miami County Auditor

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

Does not include general obligation bonded debt supported by enterprise funds or special assessments.

(4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

*City of Tipp City*

---



---

2001	2002	2003	2004	2005	2006
9,221	9,221	9,221	9,221	9,221	9,221
\$237,924,370	\$244,019,430	\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650
\$3,140,000	\$2,910,000	\$2,630,000	\$8,300,000	\$7,395,000	\$6,540,000
\$0	\$1,087	\$83,030	\$8,589	\$0	\$0
\$3,140,000	\$2,908,913	\$2,546,970	\$8,291,411	\$7,395,000	\$6,540,000
1.32%	1.19%	1.02%	3.18%	2.77%	2.52%
\$340.53	\$315.47	\$276.21	\$899.19	\$801.97	\$709.25



## *City of Tipp City*

*Computation of Direct and Overlapping  
General Obligation Debt  
December 31, 2006*

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of Tipp City</u>	<u>Amount Applicable to the City of Tipp City</u>
<b>Direct:</b>			
City of Tipp City	\$0	100.00%	\$0
<b>Overlapping:</b>			
Tipp City Exempted Village School District	19,400,000	69.46%	13,475,240
Troy City School District	21,059,991	0.01%	2,106
Miami County	6,525,000	12.34%	805,185
		Subtotal	<u>14,282,531</u>
		Total	<u><u>\$14,282,531</u></u>

**Source:** Miami County Auditor and Fiscal Officers of Subdivisions.

**Note:**

Net debt outstanding include only general obligation debt payable from property taxes. Excludes general obligation debt payable from income taxes, enterprise funds, and special assessments.

## *City of Tipp City*

### *Debt Limitations Last Ten Years*

<b>Collection Year</b>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>Total Debt</b>				
Net Assessed Valuation	\$176,893,210	\$196,440,930	\$203,023,060	\$215,569,470
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	18,573,787	20,626,298	21,317,421	22,634,794
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u>\$18,573,787</u>	<u>\$20,626,298</u>	<u>\$21,317,421</u>	<u>\$22,634,794</u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$176,893,210	\$196,440,930	\$203,023,060	\$215,569,470
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	9,729,127	10,804,251	11,166,268	11,856,321
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u>\$9,729,127</u>	<u>\$10,804,251</u>	<u>\$11,166,268</u>	<u>\$11,856,321</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City debt outstanding does not include general obligation debt that is supported by enterprise funds, income tax receipts, and special assessments.

Source: Finance Director's Office



*City of Tipp City*

2001	2002	2003	2004	2005	2006
\$237,924,370	\$244,019,430	\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
24,982,059	25,622,040	26,171,814	27,373,491	28,032,877	27,276,443
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$24,982,059</u>	<u>\$25,622,040</u>	<u>\$26,171,814</u>	<u>\$27,373,491</u>	<u>\$28,032,877</u>	<u>\$27,276,443</u>
\$237,924,370	\$244,019,430	\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
13,085,840	13,421,069	13,709,045	14,338,495	14,683,888	14,287,661
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$13,085,840</u>	<u>\$13,421,069</u>	<u>\$13,709,045</u>	<u>\$14,338,495</u>	<u>\$14,683,888</u>	<u>\$14,287,661</u>



***City of Tipp City***

*Pledged Revenue Coverage  
Last Three Years*

	2004	2005	2006
<b>Special Assessment Bonds (1)</b>			
Special Assessment Collections	\$0	\$73,653	\$73,653
Debt Service			
Principal	0	35,000	35,000
Interest	20,338	34,865	34,165
Coverage	0.00	1.05	1.06

(1) The Street Special Assessment Bonds were issued in 2004, in the amount of \$ 930,000.

Source: Finance Director's Office

# City of Tipp City

## Demographic and Economic Statistics Last Ten Years

Calendar Year	1997	1998	1999	2000
<b>Population</b> (1)				
City of Tipp City	6,027	6,027	6,027	9,221
Miami County	93,182	93,182	93,182	98,868
<b>Income</b> (2) (a)				
Total Personal (in thousands)	152,646	156,184	160,071	257,045
Per Capita	25,327	25,914	26,559	27,876
<b>Unemployment Rate</b> (3)				
Federal	5.4%	4.9%	4.5%	4.2%
State	4.8%	4.6%	4.3%	4.3%
Miami County	4.3%	3.6%	3.8%	3.4%
<b>Civilian Work Force Estimates</b> (3)				
State	5,710,000	5,678,000	5,749,000	5,900,400
Miami County	51,100	50,700	51,000	50,500
<b>Total Assessed Property Value</b> (4)	176,893,210	196,440,930	203,023,060	215,569,470
<b>Estimated Actual Property Value</b> (4)	543,800,668	602,081,686	621,909,394	667,327,149

### Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2005 for the presentation of 2006 statistics, the City is using the latest information available.

(a) Total Personal Income is a calculation based on the County's Per Capita Income, which is the only information available.

(3) State Department of Labor Statistics

(4) Miami County Auditor

*City of Tipp City*

---



---

2001	2002	2003	2004	2005	2006
9,221	9,221	9,221	9,221	9,221	9,221
98,868	98,868	98,868	98,868	98,868	98,868
255,993	261,176	272,149	280,420	282,578	282,578
27,762	28,324	29,514	30,411	30,645	30,645
3.8%	4.8%	5.8%	6.0%	5.1%	4.6%
3.7%	4.3%	5.7%	6.1%	5.9%	5.5%
4.3%	5.5%	6.1%	5.6%	5.6%	5.5%
5,857,000	5,828,000	5,915,000	5,875,300	5,900,400	5,934,000
51,800	52,000	52,200	54,300	54,100	55,100
237,924,370	244,019,430	249,255,370	260,699,910	266,979,780	259,775,650
739,651,194	759,270,302	775,791,777	806,202,806	822,422,149	786,707,789



## *City of Tipp City*

### *Principal Employers Current Year and Six Years Ago*

<u>Employer</u>	<u>Nature of Business</u>	<u>2006</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Meijer, Inc.	Warehouse Distribution	800	1
A. O . Smith Corporation	Manufacturing	330	2
Tipp City Exempted Village School District	Education	290	3
Creative Extruded Products	Manufacturing	245	4
Springmeade Health Center	Health Care	147	5
Arbogast	Auto Dealer	120	6
DAP Products, Inc.	Manufacturing	110	7
Tipp Machine & Tool	Manufacturing	103	8
Gardens Alive- Springhill	Agricultural and Nursery	100	9
Allen Foods	Food Processing	88	10
Total		<u>2,333</u>	

<u>Employer</u>	<u>Nature of Business</u>	<u>2000</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Meijer, Inc.	Warehouse Distribution	980	1
A. O . Smith Corporation	Manufacturing	325	2
Tipp City Exempted Village School District	Education	283	3
Dolly, Inc.	Manufacturing	250	4
Creative Extruded Products	Manufacturing	225	5
Springhill Nurseries	Agricultural and Nursery	140	6
Adcare Health Systems	Health Care	138	7
Tipp Machine & Tool	Manufacturing	120	8
Allen Foods	Food Processing	100	9
S. K. Mold and Tool	Manufacturing	95	10
Total		<u>2,656</u>	

**Sources:** Tipp City Income Tax Department and Tipp City Chamber of Commerce

Note: The listing of principal employers from nine years ago is not available. Total number of employees within the City of Tipp City is not available.

## City of Tipp City

### Full Time Equivalent Employees by Function Last Ten Years

	1997	1998	1999	2000	2001
<b>Governmental Activities</b>					
General Government					
Legislative	4.00	4.00	4.00	4.00	4.00
City Manager	2.25	2.25	2.25	2.25	2.00
Building and Facility Services	0.00	0.00	0.00	0.00	0.00
Finance	6.50	6.50	7.00	7.25	7.25
Legal	0.50	0.50	0.50	0.50	0.50
Engineering	1.00	1.00	1.00	1.50	2.50
Security of Persons and Property					
Police	16.00	16.50	19.00	19.00	21.00
Fire and EMS	13.50	13.50	14.00	14.00	14.00
Transportation					
Street	5.75	5.75	5.75	5.75	5.75
Leisure Time Activities					
Parks	4.50	4.50	5.00	5.00	5.00
Pool	4.75	4.75	4.75	4.75	4.75
Community Environment					
Community and Economic Dev.	2.50	2.50	2.50	2.50	2.50
<b>Business-Type Activities</b>					
Utilities					
Electric	10.00	10.00	10.00	11.00	11.00
Water	4.00	4.50	4.50	4.50	4.50
Sewer	2.00	2.50	2.50	2.50	2.50
Refuse Collection	0.00	0.00	0.00	0.00	0.00
<i>Total Employees</i>	<u>77.25</u>	<u>78.75</u>	<u>82.75</u>	<u>84.50</u>	<u>87.25</u>

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: Finance Director's Office



*City of Tipp City*

---

---

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	2.00
0.50	0.50	1.50	1.50	2.00
7.50	7.50	7.50	7.50	7.50
0.50	0.50	0.50	0.50	0.50
2.50	2.50	2.50	3.00	3.00
21.50	21.50	22.00	22.00	22.50
15.00	15.00	15.50	15.50	15.50
6.00	6.00	6.00	6.00	6.00
6.00	6.00	6.00	6.00	6.00
4.75	4.75	0.00	0.00	0.00
2.50	2.50	2.50	2.50	2.50
14.50	14.50	14.50	14.50	15.50
5.00	5.00	5.00	5.25	5.50
3.00	3.00	3.00	5.25	3.50
0.00	0.00	0.00	0.00	0.00
<u>95.25</u>	<u>95.25</u>	<u>92.50</u>	<u>95.50</u>	<u>96.00</u>

## *City of Tipp City*

### *Operating Indicators by Function Last Ten Years*

	1997	1998	1999	2000
<b>Governmental Activities</b>				
General Government				
Accounts Payable Checks processed	2,653	2,550	4,124	3,181
Purchase Orders issued	3,453	3,409	3,210	2,925
Court				
Number of Criminal Cases	340	336	316	420
Number of Traffic Cases	620	634	586	633
Licenses and Permits				
Number of Residentail Building Permits	167	111	62	66
Number of Commercial Building Permits	24	22	13	16
Security of Persons and Property				
Police				
Criminal Arrests	n/a	n/a	n/a	n/a
Calls for Service	n/a	n/a	n/a	n/a
Number of Accidents	n/a	n/a	n/a	n/a
Fire and EMS				
Number of Fire Calls	395	351	392	383
Number of EMS Runs	1,051	1,029	1,155	1,191
Transportation				
Street				
Tons of Salt Used	n/a	n/a	874	925
Leisure Time Activities				
Swimming Pool Receipts	45,206	45,749	41,348	31,274
<b>Business-Type Activities</b>				
Electric				
Number of Service Connections	4,261	4,339	4,402	4,471
Peak Demand (megawatts)	24.9	27.6	29.8	27.3
Energy Purchased (MWh)	131,641	142,026	143,635	147,191
Water				
Number of Service Connections	3,473	3,552	3,608	3,647
Daily Average Consumption (mgd)	1.2	1.2	1.2	1.2
Peak Daily Consumption (mgd)	3.2	3.2	3.2	3.2
Sewer				
Sewer Treatment Charges	528,769	580,022	542,174	546,145
Daily Average Sewage Treatment (mgd)	1.2	1.2	1.2	1.2
Refuse Collection				
Number of Customers Billed	n/a	n/a	n/a	n/a

Source: Finance Director's Office

Note: n/a = Information is not available. Refuse billing started in 2004.

*City of Tipp City*

2001	2002	2003	2004	2005	2006
3,531	3,532	3,304	3,500	3,343	3,542
2,955	2,800	2,823	2,599	2,502	2,813
352	349	403	334	408	368
784	830	752	584	688	747
56	94	126	79	82	34
27	8	5	9	8	8
564	606	650	675	805	713
13,956	17,485	16,805	16,580	17,345	16,391
381	441	417	382	385	416
423	448	397	392	414	404
1,230	1,301	1,283	1,272	1,343	1,415
1,060	338	1,085	610	665	621
34,312	38,899	29,226	12,240	247,737	268,227
4,491	4,493	4,564	4,634	4,711	4,761
28.0	30.0	29.4	28.5	31.4	31.4
144,499	148,599	148,675	153,050	157,954	160,677
3,708	3,735	3,783	3,849	3,927	3,984
1.7	1.2	1.2	1.2	1.4	1.3
2.7	3.2	3.2	3.2	2.6	2.8
525,729	534,839	557,044	580,709	589,276	612,634
1.4	1.2	1.2	1.7	1.7	1.8
n/a	n/a	n/a	3,737	3,793	3,837

## *City of Tipp City*

### *Capital Asset Statistics by Function Last Seven Years*

	2000	2001	2002	2003
<b>Governmental Activities</b>				
General Government				
Area (square miles)	6.2	6.2	6.2	7.0
Security of Persons and Property				
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	2
Transportation				
Street				
Miles of Street	48	48	51	52
Street Lights	1,141	1,147	1,165	1,228
Miles of Storm Sewers	46	46	49	50
Leisure Time Activities				
Park Area (acres)	366	366	368	394
Number of Parks	11	11	12	12
Number of Tennis Courts	2	2	2	2
Number of Ball Fields	12	12	12	12
<b>Business-Type Activities</b>				
Utilities				
Electric				
Substations	3	3	3	3
Water				
Waterlines (Miles)	45	45	45	46
Number of Fire hydrants	525	525	561	590
Sewer				
Sewerlines (Miles)	43	43	45	46

Source: Finance Director's Office

Note: Most of these operating indicators were not maintained prior to 2000.

*City of Tipp City*

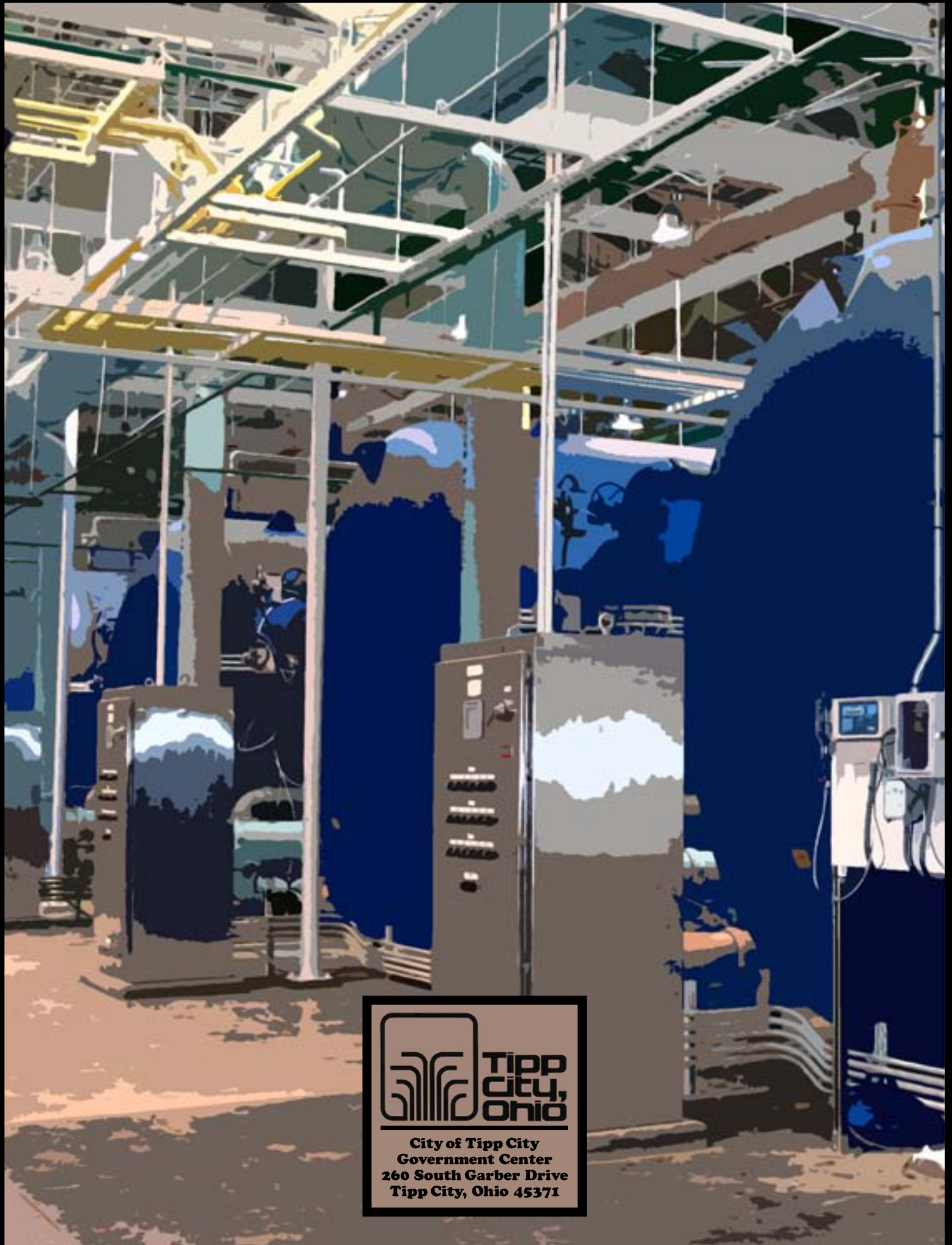
---

---

<u>2004</u>	<u>2005</u>	<u>2006</u>
7.1	7.2	7.2
1	1	1
2	2	2
58	60	60
1,276	1,302	1,328
56	58	58
394	434	434
12	17	17
2	2	2
12	20	20
3	3	3
52	54	54
639	658	658
52	54	54







**TIPP  
CITY,  
OHIO**

**City of Tipp City  
Government Center  
260 South Garber Drive  
Tipp City, Ohio 45371**





**Mary Taylor, CPA**  
Auditor of State

**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  
AUGUST 7, 2007**