

# City of Tipp City, Ohio

Comprehensive Annual  
Financial Report

# 2007



Year Ended  
December 31, 2007





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, 2007 through December 31, 2007. 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 11, 2008

**This Page is Intentionally Left Blank.**



**This Page is Intentionally Left Blank.**

# City of Tipp City, Ohio

## Miami County



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2007

*Prepared by the Finance Department*

Richard U. Drennen, Director



**TABLE OF CONTENTS**

**CITY OF TIPP CITY  
MIAMI COUNTY, OHIO**

---

**I INTRODUCTION 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:

*Special Revenue Funds:*

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 Five Years..... S 2  
Changes in Net Assets - Last Five Years ..... S 4  
Fund Balances, Governmental Funds - Last Ten Years ..... S 8  
Changes in Fund Balances, Governmental Funds - Last Ten Years ..... S 10  
Income Tax Revenues by Source, Governmental Funds - Last Ten Years ..... S 14  
Top Ten Income Tax Withholders - Current Year and Nine Years Ago..... S 17  
Ratios of Outstanding Debt By Type - Last Ten Years..... S 18  
Ratios of General Bonded Debt Outstanding - Last Ten Years..... S 20  
Computation of Direct and Overlapping – General Obligation Debt - Current Year..... S 23  
Debt Limitations - Last Ten Years ..... S 24  
Pledged Revenue Coverage - Last Four Years ..... S 27  
Demographic and Economic Statistics - Last Ten Years ..... S 28  
Principal Employers - Current Year and Seven Years Ago ..... S 31  
Full Time Equivalent Employees by Function - Last Ten Years ..... S 32  
Operating Indicators by Function - Last Ten Years ..... S 34  
Capital Asset Statistics by Function - Last Eight Years ..... S 36

PVT PAUL J OSWEILER  
KOREAN MEDIC BURN UN  
FORT SAM HOUSTON, TX

H MELVIN FUNDERB  
45TH DIV WWI  
PURPLE HEART

DEWEY WAYNE BISER  
OHIO NATIONAL GUARD  
1950 TO 1959

## Introductory Section

SER  
GUARD  
6

NORMAN U BISER  
TACRON-21  
1955-1961

M GENE BISER  
US NAVY  
CLG-4 1960 - 196

OS2 D  
USS KA  
PLANK

RICE  
ORCE  
NAM

EMERSON L CHRISM  
US NAVY  
WORLD WAR II & KOR





Council-Manager  
Government

June 16, 2008

To the Honorable Mayor, Members of City Council, and the Citizens of the City of Tipp City, Ohio:

The Comprehensive Annual Financial Report (CAFR) of the City of Tipp City, (the City) for the fiscal year ended December 31, 2007 is hereby submitted for your review.

Ohio Law requires that cities file their annual financial reports with the Auditor of State's office. Additionally, the Ohio Administrative Code requires that those reports be prepared pursuant to generally accepted accounting principles. The preparation of this CAFR represents the commitment of Tipp City to adhere to nationally recognized standards of excellence in financial reporting.

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.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A compliment this letter of transmittal and should be read in conjunction with it.

Clark, Schaefer, Hackett and Co., Certified Public Accountants, audited the basic financial statements that are included in this report. They have issued an unqualified ("clean") opinion on the City of Tipp City's financial statements for the year ended December 31, 2007. 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.

***Letter of Transmittal  
For the Year Ended December 31, 2007***

---

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

The legislative body of Tipp City consists of a seven-member Council, all of 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 Heads and employees 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 for the treatment of wastewater and production of potable water. 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.

The City also participates in the Miami Valley Risk Management Association, Inc. (MVRMA), a risk sharing insurance pool, which provides insurance coverage to the City. The pool consists of twenty municipalities who pool risk for property, crime, liability, machinery, flood, earthquake, and public official liability. This separate entity does not meet the established criteria for inclusion in the reporting entity and, accordingly is not included in the City's financial report.

**ECONOMIC CONDITIONS AND OUTLOOK**

Since Tipp City's beginning in 1841, location has played a prime role in our economic well being. What began as a canal town has burgeoned into an extremely attractive place for business and industry due to the city's location just north of the crossroads of America, Interstates I-70 and I-75. Interstate I-75 bisects the city from North to South and is a major factor in the continued success of the City's economic development. Over 50 industries call Tipp City home.

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

---

### ***Letter of Transmittal For the Year Ended December 31, 2007***

---

The 2000 census sets the population of Tipp City at 9,221. The Tipp City Planning Department estimates our 2007 population at 10,134. This represents an increase in population of 913, or 9.9% for the period of 2000 to 2007.

Tipp City continues to strive for innovative ways to attract new businesses to our town. In December 2006, the City and the Chamber of Commerce jointly hired a Downtown Coordinator/Chamber Executive Director to promote the business and economic interests of our community, as well as focus on the marketing of downtown Tipp City. 2007 was the first year of the Downtown Tipp City Partnership, and it was a very successful year. The Partnership set up the Tippecanoe Farmers Market which ran from May thru September 2007. The market provided 18 vendors booth spaces in downtown Tipp City and drew hundreds of customers each week. Many other events were also sponsored by the Partnership and all of these events led to many new visitors to our City.

Commercial and industrial growth in 2007 invested \$8,816,619 in the community, with nine projects undertaken. The largest project is the construction of the Menards Commercial Park Subdivision, which includes the Menards Home Improvement Center located in the northwest quadrant of the City. This project started in July 2007 and includes a 160,000 square foot store and a 40,000 square foot storage building. This development also adds an additional 26 acres of land to be sold as outlets for other commercial ventures in this subdivision immediately adjacent to Interstate 75.

Despite our best efforts, the region's unemployment rate averaged 5.4% in 2007, a slight improvement over the 2006 rate of 5.5%, but a far cry from our low of 3.3% in 2000. Due to our regions tie in with the auto industry, job loss continues to be a problem. Due to the area's job loss, Tipp City was able to secure a grant of \$500,000 from the Ohio Department of Development which will be used for road extension and facilitate the expansion of Transfreight, one of our local businesses. Transfreight plans to create an additional 50 jobs with their expansion. The road extension will open up an additional 80 acres of land for industrial development in this business park. We feel confident that our area will see an increase in jobs over the next few years.

During 2007, Tipp City had 31 new residential unit starts. This continued our downward trend from 2006 when only 34 new units were built. The housing market continues to be a problem in this area, as well as nationally. This slowdown has had a negative effect on our economy. The recent significant drop in interest rates should help the housing market recover in 2008. 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>
2004	3958	77	1.945%
2005	4035	82	2.032%
2006	4117	34	0.825%
2007	4151	31	0.747%

***Letter of Transmittal  
For the Year Ended December 31, 2007***

---

Over 1,000 acres of prime industrial land are available for development within the community.. Established industrial parks offer attractive sites for building as well. With its abundant natural resources, low cost utilities and facility of transportation, Tipp City is well situated for further expansion.

**MAJOR INITIATIVES**

**For the Year**

During 2007 the City continued efforts to enhance and expand services provided to local residents, businesses, and visitors.

Tipp City continues to invest heavily in the city's transportation network. Phase Two of our Main Street Enhancement Program was completed at a cost of \$1.3 million. This project was a complete reconstruction and realignment of the four lanes of West Main Street. New sidewalks, period lighting, brick pavers, decorative fencing, trees and shrubs were also added to the project. Federal and State grants paid for most of this project. The City also completed \$200,000 in street resurfacing projects on various roads throughout town.

In the public safety arena, two properties that were acquired immediately adjacent to our West Side Fire and EMS Station were demolished to make way for an expanded parking lot for the Station, and provide some much needed room for future station expansion.

A key community project in 2007 was the Veteran's Memorial Park. The park is a multi-faceted venture with financial support and in kind contributions coming from multiple sources. Key park components include the memorial itself, brick memorial pavers, decorative block retaining wall, gazebo, drinking fountain, landscaping, benches, and period lighting. The new park was dedicated on Veteran's Day in 2007.

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

In January 2007, the cities of Vandalia and Tipp City celebrated the dedication and initial start-up of the new joint venture water treatment plant through the Northern Area Water Authority (NAWA). Initially, the plant's level of treatment was limited to iron and manganese removal with services to Tipp. In mid-May, Tipp residents began receiving softened water from the plant as nano-filtration systems were brought fully on line. Then, in June, production at the facility finally hit its target, enabling citizens of Vandalia to receive water from the facility. The completion of this \$24 million project marks the end of more than a decade-long effort to evaluate, plan, design, finance, 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, a cost of service study was completed. As a result of the cost of service study, rates were increased by 5.0% in May 2007. Additional rate increases of 5% in 2008 and 2009 were also approved. The cost of service study found that Tipp City's purchase power cost is extremely competitive in the market place today and Tipp Electric customers will continue to enjoy a significant savings over investor owned utilities.

***Letter of Transmittal  
For the Year Ended December 31, 2007***

---

The City also implemented a new web- based work order management system in 2007. This new system allows the City to track the cost for various projects and programs. The program also allows citizens to go to the city's web site and initiate a citizen's request for service.

In October 2007, City Council awarded a contract to construct a new restroom facility in Kyle Park at a cost of \$165,000. The new facility will be located near the baseball quads that were completed in 2005.

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, car show, 5K road race, parade and live entertainment.

**For The Future**

In 2008, the City will continue to focus on street infrastructure needs. Reconstruction of N. Hyatt Street to include sanitary and storm sewer upgrades, street widening, asphalt resurfacing, and curb improvements will be completed at a cost of \$820,000. The City has a state grant to cover 50% of the cost of this project. The City will also embark on a major project to upgrade, link, and coordinate our traffic signals on Main Street. The Traffic Signal Interconnection Project will include eight new signals and controllers, central computer, I-75 camera, interconnection and timing of signals, new mast arms and additional fiber. The cost of the project is estimated to be \$1.1 million with \$725,000 coming from federal and state grants.

A segment of the Great Miami River Bikeway 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. The City is also coordinating with Miami County to extend the northern portion of the bike path thru the unincorporated areas of the county to connect with the bike trail in Troy, Ohio.

In the public safety arena, the replacement of a 1994 ambulance at a cost of \$130,000 is scheduled to take place in 2008.

In February 2008, Tipp City and Vandalia were recognized by the Ohio City/County Management Association with an award for Innovation in Local Government for the successful completion of their water treatment plant.

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, 2007***

---

**FINANCIAL INFORMATION**

**Internal and Budgetary Controls**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

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.

**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, 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, 2006. 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.

***Letter of Transmittal  
For the Year Ended December 31, 2007***

---

A Certificate of Achievement is valid for a period of one year only. The City Tipp City has received a Certificate of Achievement for the last seven years (2000-2006). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

**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, the City Manager, Assistant City Manager, and the Department Directors of the City. Their contributions to the financial condition of the City cannot be overemphasized. Their guidance and support represent invaluable factors necessary for the City to continue to manage the financial affairs and reporting requirements of municipal government within the Tipp City Community.

Respectfully submitted,



Richard U. Drennen  
Director of Finance

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

---

***List of Principal Officials  
For the Year Ended December 31, 2007***

---

**ELECTED OFFICIALS**

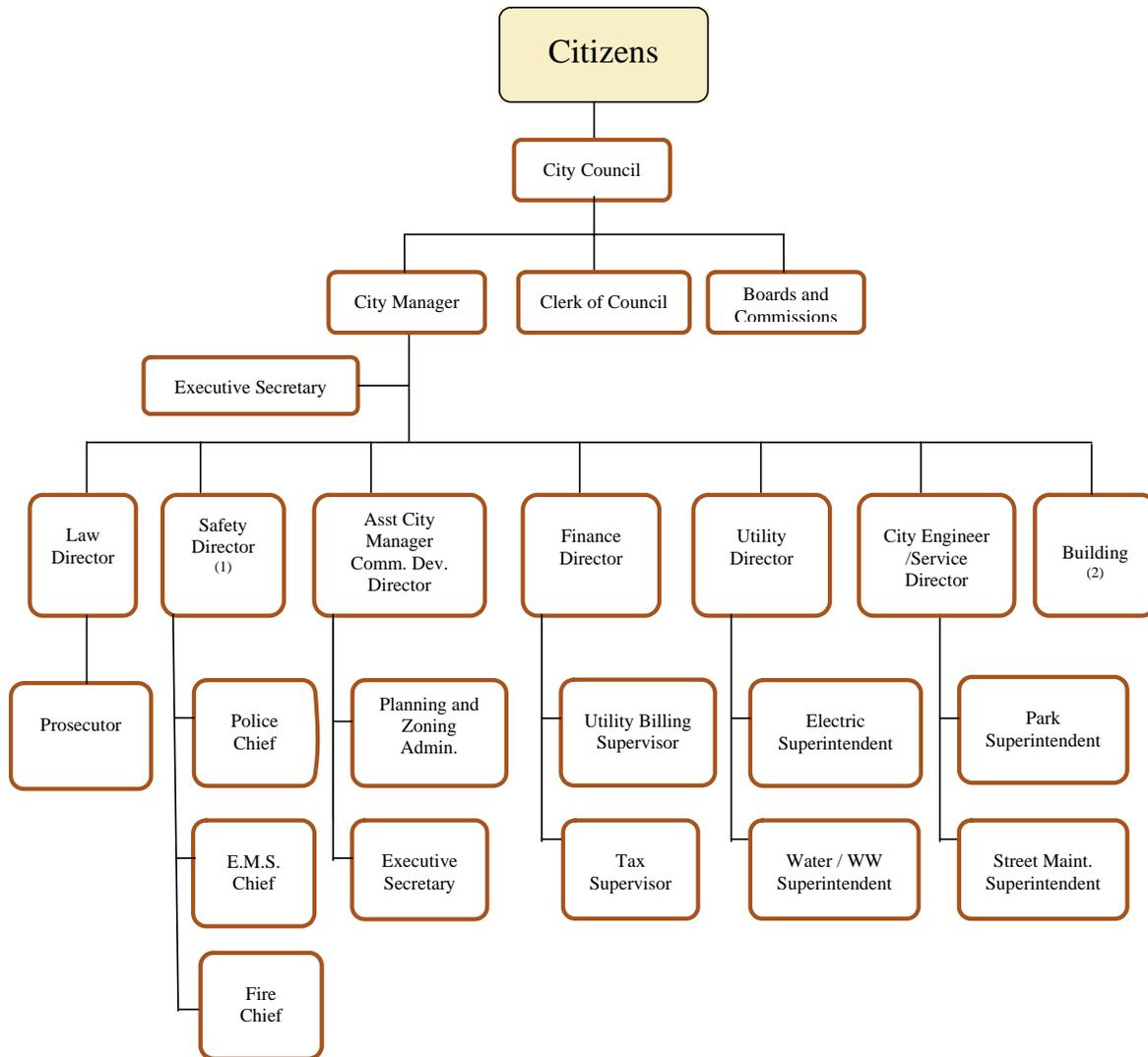
Mayor	George H. Lovett
President Of Council	William Beagle
Council Members	Vickie Blakey Tim Evans Pat Hale Donald Ochs Richard Mains, Jr.

**APPOINTED OFFICIALS**

City Manager	Vacant
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

\* Acting City Manager

**City Organizational Chart  
For the Year Ended December 31, 2007**



- (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

*Government Finance Officers Association of the United States and Canada  
Certificate of Achievement for Excellence in Financial Reporting*

---

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, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Enos*

Executive Director

PVT PAUL J OSWEILER  
KOREAN MEDIC BURN UN  
FORT SAM HOUSTON, TX

H MELVIN FUNDERB  
45TH DIV WWI  
PURPLE HEART

DEWEY WAYNE BISER  
OHIO NATIONAL GUARD  
1950 TO 1959

WILLARD L BISER  
PARATROOPER  
WORLD WAR II

D  
KOR

SER  
JARD  
6

NORMAN U BIS  
TACRON-21  
1955-1961

## Financial Section

CLG-4 1960 - 196

OS2  
USS KA  
PLANK

RICE  
ORCE  
NAM

EMERSON L CHRISM  
US NAVY  
WORLD WAR II & KOR





**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
[www.cshco.com](http://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, 2007, 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, 2007, 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 16, 2008 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 12 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 16, 2008

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, 2007. 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 2007 are as follows:

- ❑ In total, net assets increased \$1,243,294. Net assets of governmental activities increased \$662,183, which represents a 1.8% increase from 2006. Net assets of business-type activities increased \$581,111 or 1.85% from 2006.
- ❑ General revenues accounted for \$5.95 million in revenue or 27.2% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 72.8% of total revenues of \$21.87 million.
- ❑ Total net assets of governmental activities increased by \$662,183. Although total assets decreased \$452,746, total liabilities decreased \$1,114,929 due to reducing long-term liabilities by making debt payments utilized to fund previous capital acquisitions.
- ❑ The City had \$8.58 million in expenses related to governmental activities; \$2.56 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$5.95 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5.2 million in revenues and \$5.4 million in expenditures. The general fund's fund balance decreased \$33,461 to \$3.6 million.
- ❑ Net assets for enterprise funds increased by \$581,111. This increase resulted primarily from an increase in electric rates on May 1, 2007. This helped the electric fund increase its net assets by \$624,625.

## **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, 2007**

**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 2007 and 2006.

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$8,195,599	\$8,948,618	\$15,584,548	\$14,228,404	\$23,780,147	\$23,177,022
Capital assets, Net	38,574,429	38,274,156	20,654,491	21,641,944	59,228,920	59,916,100
Total assets	46,770,028	47,222,774	36,239,039	35,870,348	83,009,067	83,093,122
Noncurrent liabilities	7,329,213	8,216,220	1,675,455	1,831,309	9,004,668	10,047,529
Other liabilities	1,394,227	1,622,149	2,588,514	2,645,080	3,982,741	4,267,229
Total liabilities	8,723,440	9,838,369	4,263,969	4,476,389	12,987,409	14,314,758
Net assets						
Invested in capital assets, net of related debt	31,427,283	30,829,948	19,295,981	19,874,577	50,723,264	50,704,525
Restricted	2,443,299	3,074,745	0	0	2,443,299	3,074,745
Unrestricted	4,176,006	3,479,712	12,679,089	11,519,382	16,855,095	14,999,094
Total net assets	\$38,046,588	\$37,384,405	\$31,975,070	\$31,393,959	\$70,021,658	\$68,778,364

The amount by which the city's assets exceed its liabilities is called net assets. At year-end, the City's net assets were \$70 million compared to \$68.8 million in 2006. Of that amount, in 2007 approximately \$50.7 million (72.4%) was invested in capital assets, net of debt related to those assets. At year-end 2006, that amount was approximately \$50.7 million (73.7%). For 2007 another \$2.4 million (3.5%) was subject to external restrictions upon its use. The remaining \$16.9 million (24.1%) in 2007 was unrestricted and available for future use. For 2006, this amount was \$15 million (21.8%).

**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

**Unaudited**

**Changes in Net Assets** – The following table shows the changes in net assets for the fiscal year 2007 compared with 2006:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,165,986	\$1,179,869	\$13,064,617	\$11,412,325	\$14,230,603	\$12,592,194
Operating Grants and Contributions	593,159	587,476	0	0	593,159	587,476
Capital Grants and Contributions	799,014	1,129,308	290,512	1,091,585	1,089,526	2,220,893
Total Program Revenues	<u>2,558,159</u>	<u>2,896,653</u>	<u>13,355,129</u>	<u>12,503,910</u>	<u>15,913,288</u>	<u>15,400,563</u>
General revenues:						
Income Taxes	3,460,790	3,801,640	0	0	3,460,790	3,801,640
Property Taxes	321,337	321,525	0	0	321,337	321,525
Other Local Taxes	35,265	32,640	0	0	35,265	32,640
Unrestricted Shared Revenues	1,311,289	1,302,928	0	0	1,311,289	1,302,928
Investment Earnings	610,371	610,310	0	0	610,371	610,310
Miscellaneous	215,622	196,113	0	0	215,622	196,113
Total General Revenues	<u>5,954,674</u>	<u>6,265,156</u>	<u>0</u>	<u>0</u>	<u>5,954,674</u>	<u>6,265,156</u>
Total Revenues	<u>8,512,833</u>	<u>9,161,809</u>	<u>13,355,129</u>	<u>12,503,910</u>	<u>21,867,962</u>	<u>21,665,719</u>
Program Expenses						
Security of Persons and Property	3,195,571	3,059,221	0	0	3,195,571	3,059,221
Leisure Time Activities	1,407,319	1,223,444	0	0	1,407,319	1,223,444
Community Environment	231,885	244,199	0	0	231,885	244,199
Basic Utility Services	229,516	208,175	0	0	229,516	208,175
Transportation	1,465,686	1,415,279	0	0	1,465,686	1,415,279
General Government	1,763,783	1,570,900	0	0	1,763,783	1,570,900
Interest and Fiscal Charges	286,399	311,856	0	0	286,399	311,856
Electric	0	0	8,330,307	8,279,720	8,330,307	8,279,720
Water	0	0	1,907,331	870,940	1,907,331	870,940
Sewer	0	0	1,145,064	1,153,467	1,145,064	1,153,467
Refuse Collection	0	0	661,807	560,964	661,807	560,964
Total expenses	<u>8,580,159</u>	<u>8,033,074</u>	<u>12,044,509</u>	<u>10,865,091</u>	<u>20,624,668</u>	<u>18,898,165</u>
Change in Net Assets before transfers	(67,326)	1,128,735	1,310,620	1,638,819	1,243,294	2,767,554
Transfers	729,509	693,565	(729,509)	(693,565)	0	0
Total Change in Net Assets	<u>662,183</u>	<u>1,822,300</u>	<u>581,111</u>	<u>945,254</u>	<u>1,243,294</u>	<u>2,767,554</u>
Beginning Net Assets	<u>37,384,405</u>	<u>35,562,105</u>	<u>31,393,959</u>	<u>30,448,705</u>	<u>68,778,364</u>	<u>66,010,810</u>
Ending Net Assets	<u>\$38,046,588</u>	<u>\$37,384,405</u>	<u>\$31,975,070</u>	<u>\$31,393,959</u>	<u>\$70,021,658</u>	<u>\$68,778,364</u>

**Governmental Activities**

Net assets of the City's governmental activities increased by \$662,183 or 1.8%. The main contributing factor to this increase is that the City continues to liquidate debt balances utilized to fund previous capital acquisitions.

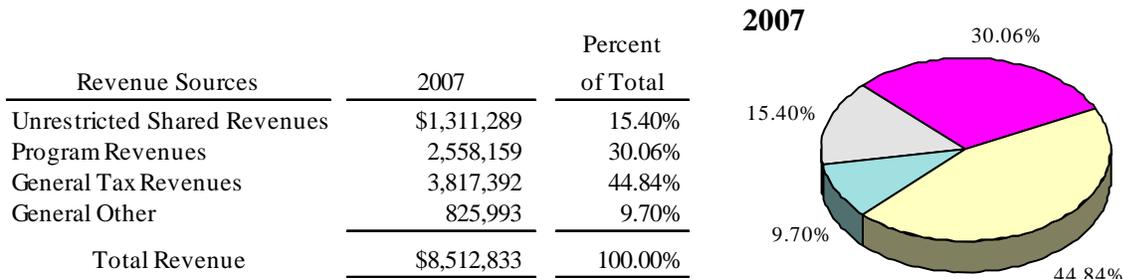
**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

**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 \$3,460,790 compared to \$3,801,640 in 2006, a decrease of 8.97%. This reduction in tax revenue is due to a decrease in taxes received from business net profit. This tax revenue source is subject to changes in the economy.

Property taxes and income taxes made up 3.8% and 41.04% respectively of revenues for governmental activities for the City in fiscal year 2007. The City's reliance upon tax revenues is demonstrated by the following graph indicating 44.84% of total revenues from general tax revenues:



**Business-Type Activities**

Net assets of the business-type activities increased by \$581,111. Electric and refuse reported operating income in 2007. The water and sewer funds, however, had operating losses in 2007.

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

The City's governmental funds reported a combined fund balance of \$4,301,121, which is a decrease from last year's balance of \$4,938,051. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2007 and 2006:

	Fund Balance December 31, 2007	Fund Balance December 31, 2006	Increase (Decrease)
General	\$3,606,521	\$3,639,982	(\$33,461)
General Bond Retirement	954	0	954
Special Assessment Bond	3,219	1,568	1,651
Capital Improvement Reserve	485,590	799,898	(314,308)
25-A Construction	(545,845)	(400,275)	(145,570)
Other Governmental	750,682	896,878	(146,196)
<b>Total</b>	<b>\$4,301,121</b>	<b>\$4,938,051</b>	<b>(\$636,930)</b>

**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

**Unaudited**

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

	2007 <u>Revenues</u>	2006 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$2,505,177	\$2,761,214	(\$256,037)
Intergovernmental Revenue	1,222,610	1,301,741	(79,131)
Charges for Services	579,516	564,826	14,690
Licenses, Permits and Fees	88,217	51,606	36,611
Investment Earnings	631,263	565,227	66,036
Special Assessments	964	4,009	(3,045)
Fines and Forfeitures	19,029	17,413	1,616
All Other Revenue	<u>147,598</u>	<u>168,624</u>	<u>(21,026)</u>
Total	<u>\$5,194,374</u>	<u>\$5,434,660</u>	<u>(\$240,286)</u>

General Fund revenues in 2007 decreased approximately 4.4% compared to revenues in fiscal year 2006. The decrease in taxes accounted for the majority of the decrease.

	2007 <u>Expenditures</u>	2006 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$2,973,305	\$2,852,765	\$120,540
Leisure Time Activities	451,807	454,648	(2,841)
Community Environment	238,806	229,968	8,838
Basic Utility Services	223,769	207,205	16,564
General Government	1,449,098	1,392,166	56,932
Capital Outlay	75,901	182,376	(106,475)
Debt Service:			
Principal Retirement	12,062	11,632	430
Interest and Fiscal Charges	<u>1,450</u>	<u>1,880</u>	<u>(430)</u>
Total	<u>\$5,426,198</u>	<u>\$5,332,640</u>	<u>\$93,558</u>

General Fund expenditures increased by \$93,558 or 1.8% due to increases in salary and wages, retirement contributions, health insurance premiums, and gasoline. Security of Persons and Property increased 4.2% primarily due to increases in wages and benefits for police officers.

*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, 2007**

**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 2007, the fund balance decreased by 39.3% due to increased capital spending.

*25-A Construction Fund* – The balance in this fund decreased by \$145,570 in 2007, due to the City finishing this project.

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 2007 the City amended its General Fund budget several times, none significant.

For the General Fund, original budgeted revenues were \$6.26 million. The final budgeted revenue amount was \$6.12 million. Actual revenues collected were \$6.09 million. The decrease in actual revenues under budget was due to lower than anticipated income tax revenues. Original General Fund appropriations were \$6.45 million. Final budgeted appropriations were \$6.55 million. The increase was due to higher than expected personnel cost and higher than anticipated tax refunds. Actual expenditures were \$6.24 million. The General Fund had an adequate fund balance to cover expenditures in 2007.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2007 the City had \$59,228,920 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$38,574,429 was related to governmental activities and \$20,654,491 to the business-type activities. The following table shows fiscal year 2007 and 2006 balances:

	Governmental Activities		Increase (Decrease)
	2007	2006	
Land	\$12,482,446	\$12,333,673	\$148,773
Construction in Progress	167,756	137,541	30,215
Total Non-Depreciable Capital Assets	12,650,202	12,471,214	178,988
Buildings	6,226,076	6,181,225	44,851
Improvements Other Than Buildings	4,532,048	4,364,284	167,764
Machinery and Equipment	5,926,967	5,611,121	315,846
Infrastructure	23,886,348	23,001,282	885,066
Less: Accumulated Depreciation	(14,647,212)	(13,354,970)	(1,292,242)
Total Depreciable Capital Assets	25,924,227	25,802,942	121,285
Totals	\$38,574,429	\$38,274,156	\$300,273

**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2007	2006	
Land	\$1,409,673	\$1,400,064	\$9,609
Construction in Progress	0	925,350	(925,350)
Total Non-Depreciable Capital Assets	1,409,673	2,325,414	(915,741)
Buildings	1,839,095	1,839,095	0
Improvements Other Than Buildings	27,440,454	26,653,055	787,399
Machinery and Equipment	2,167,949	2,163,992	3,957
Less: Accumulated Depreciation	(12,202,680)	(11,339,612)	(863,068)
Total Non-Depreciable Capital Assets	19,244,818	19,316,530	(71,712)
Totals	\$20,654,491	\$21,641,944	(\$987,453)

The largest increases in governmental activities capital assets occurred in land, infrastructure and machinery and equipment. The primary reason for increases in these categories relates to road construction projects (new and resurfacing). The largest increases in business-type activities are related to electric line, water, and sewer extensions.

As of December 31, 2007, the City has contractual commitments of \$83,176 for the completion of the Kyle Park restroom project. Additional information on the City's capital assets can be found in Note 9.

**Debt**

At December 31, 2007, the City had \$7.46 million in bonds outstanding, \$1,025,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2007 and 2006:

	2007	2006
Governmental Activities:		
General Obligation Bonds	\$5,690,000	\$6,540,000
Special Assessment Bonds	825,000	860,000
Capital Lease	32,146	44,208
Compensated Absences	782,067	772,012
Total Governmental Activities	7,329,213	8,216,220
Business-Type Activities:		
General Obligation Bonds	\$950,000	\$1,135,000
State Loan	408,510	408,510
Compensated Absences	316,945	287,799
Total Business-Type Activities	1,675,455	1,831,309
Totals	\$9,004,668	\$10,047,529

During 2007, the City issued \$600,000 in General Obligation Notes to provide funding for the 25-A construction project. The City also issued \$1,050,000 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, 2007, 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 region suffered from the loss of manufacturing jobs associated with continued attrition at Delphi. The shedding of jobs, combined with industrial mergers and consolidations, have had an impact on communities in the region heavily tied to manufacturing concerns, and Tipp City is no different. City income tax revenues were down 8.9% in 2007. Building permits also decreased reflecting the area's housing decline. In February 2007, the City placed a .25% income tax levy dedicated exclusively to capital improvements on the May ballot. Unfortunately, the voters did not approve the tax levy. Because of the defeat of the tax levy, the City entered 2008 with much uncertainty. Despite some negative economic conditions, the City's General Fund balance of \$3.6 million remains strong. Our 2008 General Fund budget reflected estimated receipts of \$6.25 million and expenses of \$6.45 million. The expenses included a transfer of \$390,000 to our Capital Improvement Reserve Fund.

In February 2008, the City tried to get the tax levy passed again, and, for a second time it failed. As a result of the tax levy failing, the City reduced its capital improvement program by \$420,000. With these cuts in spending, the City should have a balanced General Fund for 2008. Staffing levels within the General Fund remain the same in 2008.

After the failure of the tax levy, Council approved a \$10 increase in local motor vehicle license fees. This additional \$110,000 in tax revenue will be available in 2009 to be used for street improvements and repairs.

The water rates have been raised in 2008. This is the seventh 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, refuse, and sewer rates in 2008. 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.tippcityohio.gov](http://www.tippcityohio.gov).

**CITY OF TIPP CITY, OHIO**

**Statement of Net Assets  
December 31, 2007**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,048,833	\$ 655,295	\$ 1,704,128
Investments	3,301,090	5,615,228	8,916,318
Receivables:			
Taxes	1,293,620	0	1,293,620
Accounts	70,912	1,296,476	1,367,388
Intergovernmental	727,832	0	727,832
Interest	100,388	0	100,388
Special Assessments	1,466,370	683,616	2,149,986
Lease	0	1,569,750	1,569,750
Internal Balances	67,419	(67,419)	0
Inventory of Supplies at Cost	104,140	654,437	758,577
Prepaid Items	14,995	5,597	20,592
Investment in Joint Venture	0	5,018,439	5,018,439
Restricted Assets:			
Cash and Cash Equivalents	0	153,129	153,129
Non-Depreciable Capital Assets	12,650,202	1,409,673	14,059,875
Depreciable Capital Assets, Net	25,924,227	19,244,818	45,169,045
<b>Total Assets</b>	<b>46,770,028</b>	<b>36,239,039</b>	<b>83,009,067</b>
<b>Liabilities:</b>			
Accounts Payable	151,005	614,388	765,393
Accrued Wages and Benefits Payable	300,445	105,118	405,563
Intergovernmental Payable	7,109	118,010	125,119
Refundable Deposits	0	153,129	153,129
Unearned Revenue	299,418	519,750	819,168
Accrued Interest Payable	36,250	28,119	64,369
General Obligation Notes Payable	600,000	1,050,000	1,650,000
Noncurrent liabilities:			
Due within one year	1,067,288	219,641	1,286,929
Due in more than one year	6,261,925	1,455,814	7,717,739
<b>Total Liabilities</b>	<b>8,723,440</b>	<b>4,263,969</b>	<b>12,987,409</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	31,427,283	19,295,981	50,723,264
Restricted For:			
Capital Projects	600,978	0	600,978
Debt Service	1,236,505	0	1,236,505
Other Purposes	605,816	0	605,816
Unrestricted	4,176,006	12,679,089	16,855,095
<b>Total Net Assets</b>	<b>\$ 38,046,588</b>	<b>\$ 31,975,070</b>	<b>\$ 70,021,658</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2007**

	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	\$ 3,195,571	\$ 597,064	\$ 0	\$ 0
Leisure Time Activities	1,407,319	391,090	0	92,385
Community Environment	231,885	176,493	0	0
Basic Utility Services	229,516	0	0	0
Transportation	1,465,686	1,339	593,159	706,629
General Government	1,763,783	0	0	0
Interest and Fiscal Charges	286,399	0	0	0
<b>Total Governmental Activities</b>	<b>8,580,159</b>	<b>1,165,986</b>	<b>593,159</b>	<b>799,014</b>
<b>Business-Type Activities:</b>				
Electric	8,330,307	9,351,973	0	67,993
Water	1,907,331	1,818,669	0	0
Sewer	1,145,064	1,218,038	0	222,519
Refuse Collection	661,807	675,937	0	0
<b>Total Business-Type Activities</b>	<b>12,044,509</b>	<b>13,064,617</b>	<b>0</b>	<b>290,512</b>
<b>Totals</b>	<b>\$ 20,624,668</b>	<b>\$ 14,230,603</b>	<b>\$ 593,159</b>	<b>\$ 1,089,526</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
\$ (2,598,507)	\$ 0	\$ (2,598,507)
(923,844)	0	(923,844)
(55,392)	0	(55,392)
(229,516)	0	(229,516)
(164,559)	0	(164,559)
(1,763,783)	0	(1,763,783)
(286,399)	0	(286,399)
<u>(6,022,000)</u>	<u>0</u>	<u>(6,022,000)</u>
0	1,089,659	1,089,659
0	(88,662)	(88,662)
0	295,493	295,493
0	14,130	14,130
<u>0</u>	<u>1,310,620</u>	<u>1,310,620</u>
<u>(6,022,000)</u>	<u>1,310,620</u>	<u>(4,711,380)</u>
3,460,790	0	3,460,790
321,337	0	321,337
35,265	0	35,265
1,311,289	0	1,311,289
610,371	0	610,371
215,622	0	215,622
729,509	(729,509)	0
<u>6,684,183</u>	<u>(729,509)</u>	<u>5,954,674</u>
662,183	581,111	1,243,294
<u>37,384,405</u>	<u>31,393,959</u>	<u>68,778,364</u>
<u>\$ 38,046,588</u>	<u>\$ 31,975,070</u>	<u>\$ 70,021,658</u>

**CITY OF TIPP CITY, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2007**

	General	General Bond Retirement	Special Assessment Bond	Capital Improvement Reserve
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 369,401	\$ 954	\$ 3,219	\$ 49,183
Investments	2,913,214	0	0	387,876
Receivables:				
Taxes	937,395	0	0	158,322
Accounts	70,912	0	0	0
Intergovernmental	331,333	0	0	104,933
Interest	100,388	0	0	0
Special Assessments	0	0	1,252,115	214,255
Due from Other Funds	71,195	0	0	0
Inventory of Supplies, at Cost	55,133	0	0	0
Prepaid Items	12,230	0	0	0
<b>Total Assets</b>	<b>\$ 4,861,201</b>	<b>\$ 954</b>	<b>\$ 1,255,334</b>	<b>\$ 914,569</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 29,401	\$ 0	\$ 0	\$ 115,141
Accrued Wages and Benefits Payable	278,366	0	0	0
Intergovernmental Payable	7,109	0	0	0
Due to Other Funds	3,435	0	0	0
Deferred Revenue	936,369	0	1,252,115	313,838
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<b>1,254,680</b>	<b>0</b>	<b>1,252,115</b>	<b>428,979</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	137,343	0	0	186,860
Reserved for Prepaid Items	12,230	0	0	0
Reserved for Supplies Inventory	55,133	0	0	0
Reserved for Debt Service	0	954	3,219	0
Undesignated and Unreserved in:				
General Fund	3,401,815	0	0	0
Special Revenue Funds	0	0	0	0
Capital Projects Funds	0	0	0	298,730
<b>Total Fund Balances</b>	<b>3,606,521</b>	<b>954</b>	<b>3,219</b>	<b>485,590</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,861,201</b>	<b>\$ 954</b>	<b>\$ 1,255,334</b>	<b>\$ 914,569</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

---

25A- Construction	Other Governmental Funds	Total Governmental Funds
\$ 70,622	\$ 555,454	\$ 1,048,833
0	0	3,301,090
0	197,903	1,293,620
0	0	70,912
0	291,566	727,832
0	0	100,388
0	0	1,466,370
0	0	71,195
0	49,007	104,140
0	2,765	14,995
<u>\$ 70,622</u>	<u>\$ 1,096,695</u>	<u>\$ 8,199,375</u>
\$ 0	\$ 6,463	\$ 151,005
0	22,079	300,445
0	0	7,109
0	341	3,776
0	317,130	2,819,452
16,467	0	16,467
<u>600,000</u>	<u>0</u>	<u>600,000</u>
<u>616,467</u>	<u>346,013</u>	<u>3,898,254</u>
703	238,682	563,588
0	2,765	14,995
0	49,007	104,140
0	0	4,173
0	0	3,401,815
0	369,856	369,856
<u>(546,548)</u>	<u>90,372</u>	<u>(157,446)</u>
<u>(545,845)</u>	<u>750,682</u>	<u>4,301,121</u>
<u>\$ 70,622</u>	<u>\$ 1,096,695</u>	<u>\$ 8,199,375</u>

**CITY OF TIPP CITY, OHIO**

---

***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2007***

---

<b>Total Governmental Fund Balances</b>	\$ 4,301,121
<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.	38,574,429
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	2,520,034
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(7,348,996)</u>
<b><i>Net Assets of Governmental Funds</i></b>	<b><u><u>\$ 38,046,588</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, 2007**

	General	General Bond Retirement	Special Assessment Bond	Capital Improvement Reserve
<b>Revenues:</b>				
Taxes	\$ 2,505,177	\$ 0	\$ 0	\$ 536,836
Intergovernmental Revenues	1,222,610	0	0	384,111
Charges for Services	579,516	0	0	7,633
Licenses, Permits and Fees	88,217	0	0	0
Investment Earnings	631,263	0	0	2,805
Special Assessments	964	0	73,653	71,934
Fines and Forfeitures	19,029	0	0	0
All Other Revenue	147,598	0	0	145,040
<b>Total Revenue</b>	<b>5,194,374</b>	<b>0</b>	<b>73,653</b>	<b>1,148,359</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,973,305	0	0	0
Leisure Time Activities	451,807	0	0	0
Community Environment	238,806	0	0	0
Basic Utility Services	223,769	0	0	0
Transportation	0	0	0	0
General Government	1,449,098	0	3,537	4,438
Capital Outlay	75,901	0	0	1,579,441
Debt Service:				
Principal Retirement	12,062	850,000	35,000	0
Interest and Fiscal Charges	1,450	228,272	33,465	0
<b>Total Expenditures</b>	<b>5,426,198</b>	<b>1,078,272</b>	<b>72,002</b>	<b>1,583,879</b>
Excess (Deficiency) of Revenues Over Expenditures	(231,824)	(1,078,272)	1,651	(435,520)
<b>Other Financing Sources (Uses):</b>				
Transfers In	707,020	1,079,226	0	440,000
Transfers Out	(515,000)	0	0	(318,788)
<b>Total Other Financing Sources (Uses)</b>	<b>192,020</b>	<b>1,079,226</b>	<b>0</b>	<b>121,212</b>
Net Change in Fund Balances	(39,804)	954	1,651	(314,308)
<b>Fund Balances at Beginning of Year</b>	<b>3,639,982</b>	<b>0</b>	<b>1,568</b>	<b>799,898</b>
Increase (Decrease) in Inventory Reserve	6,343	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 3,606,521</b>	<b>\$ 954</b>	<b>\$ 3,219</b>	<b>\$ 485,590</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

---

25-A Construction	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 671,174	\$ 3,713,187
9,882	906,949	2,523,552
0	369,411	956,560
0	0	88,217
0	0	634,068
0	0	146,551
0	1,601	20,630
0	27,706	320,344
<u>9,882</u>	<u>1,976,841</u>	<u>8,403,109</u>
0	7,309	2,980,614
0	415,117	866,924
0	0	238,806
0	0	223,769
1,374	548,458	549,832
0	0	1,457,073
97,470	510,757	2,263,569
0	0	897,062
25,321	0	288,508
<u>124,165</u>	<u>1,481,641</u>	<u>9,766,157</u>
(114,283)	495,200	(1,363,048)
152,478	75,000	2,453,724
<u>(183,765)</u>	<u>(706,662)</u>	<u>(1,724,215)</u>
<u>(31,287)</u>	<u>(631,662)</u>	<u>729,509</u>
(145,570)	(136,462)	(633,539)
(400,275)	896,878	4,938,051
0	(9,734)	(3,391)
<u>\$ (545,845)</u>	<u>\$ 750,682</u>	<u>\$ 4,301,121</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, 2007***

---

**Net Change in Fund Balances - Total Governmental Funds** \$ (633,539)

***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. 462,558

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net assets. (162,285)

Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 109,724

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net assets. 897,062

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,109

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. (13,446)

***Change in Net Assets of Governmental Activities*** \$ 662,183

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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,902,174	\$ 2,723,053	\$ 2,711,416	\$ (11,637)
Intergovernmental Revenue	1,273,881	1,269,381	1,248,575	(20,806)
Charges for Services	567,845	572,345	576,439	4,094
Licenses and Permits	52,390	92,390	88,217	(4,173)
Investment Earnings	590,000	590,000	591,200	1,200
Special Assessments	5,000	1,000	964	(36)
Fines and Forfeitures	16,500	16,500	18,344	1,844
All Other Revenues	138,600	139,600	145,768	6,168
Total Revenues	<u>5,546,390</u>	<u>5,404,269</u>	<u>5,380,923</u>	<u>(23,346)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	3,082,539	3,079,639	2,995,025	84,614
Leisure Time Activities	501,605	501,605	452,976	48,629
Community Environment	257,486	257,486	241,733	15,753
Basic Utility Services	242,385	242,385	230,333	12,052
General Government	1,724,667	1,818,667	1,714,554	104,113
Capital Outlay	88,150	100,650	92,251	8,399
Total Expenditures	<u>5,896,832</u>	<u>6,000,432</u>	<u>5,726,872</u>	<u>273,560</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(350,442)	(596,163)	(345,949)	250,214
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	1,500	1,500	1,010	(490)
Transfers In	711,950	711,950	707,020	(4,930)
Transfers Out	(550,000)	(550,000)	(515,000)	35,000
Total Other Financing Sources (Uses):	<u>163,450</u>	<u>163,450</u>	<u>193,030</u>	<u>29,580</u>
Net Change in Fund Balance	(186,992)	(432,713)	(152,919)	279,794
Fund Balance at Beginning of Year	3,073,891	3,073,891	3,073,891	0
Prior Year Encumbrances	174,121	174,121	174,121	0
Fund Balance at End of Year	<u>\$ 3,061,020</u>	<u>\$ 2,815,299</u>	<u>\$ 3,095,093</u>	<u>\$ 279,794</u>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Fund Net Assets  
Proprietary Funds  
December 31, 2007**

	Business-Type Activities				
	Enterprise Funds				
	Electric	Water	Sewer	Refuse Collection	Total
<b>Assets:</b>					
Current assets:					
Cash and Cash Equivalents	\$ 184,090	\$ 327,143	\$ 47,658	\$ 96,404	\$ 655,295
Investments	2,659,419	2,579,961	375,848	0	5,615,228
Receivables:					
Accounts	1,015,957	161,366	119,153	0	1,296,476
Special Assessments	35,045	49,626	598,945	0	683,616
Lease - Current	97,250	0	0	0	97,250
Due from Other Funds	5,283	808	465	0	6,556
Inventory of Supplies at Cost	529,505	116,344	8,588	0	654,437
Prepaid Items	2,781	2,316	500	0	5,597
Restricted Assets:					
Cash and Cash Equivalents	153,129	0	0	0	153,129
Total current assets	<u>4,682,459</u>	<u>3,237,564</u>	<u>1,151,157</u>	<u>96,404</u>	<u>9,167,584</u>
Noncurrent assets:					
Lease Receivable	1,472,500	0	0	0	1,472,500
Investment in Joint Venture	0	(135,401)	5,153,840	0	5,018,439
Capital assets:					
Non-Depreciable Capital Assets	53,907	1,351,650	4,116	0	1,409,673
Depreciable Capital Assets, net	7,003,641	6,480,413	5,760,764	0	19,244,818
Total capital assets	<u>7,057,548</u>	<u>7,832,063</u>	<u>5,764,880</u>	<u>0</u>	<u>20,654,491</u>
Total noncurrent assets	<u>8,530,048</u>	<u>7,696,662</u>	<u>10,918,720</u>	<u>0</u>	<u>27,145,430</u>
Total assets	<u>13,212,507</u>	<u>10,934,226</u>	<u>12,069,877</u>	<u>96,404</u>	<u>36,313,014</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts Payable	556,263	2,602	1,871	53,652	614,388
Accrued Wages and Benefits Payable	62,053	33,869	9,196	0	105,118
Intergovernmental Payable	2,130	62,260	53,620	0	118,010
Refundable Deposits	153,129	0	0	0	153,129
Due to Other Funds	68,295	1,396	1,384	2,900	73,975
Deferred Revenue	519,750	0	0	0	519,750
Accrued Interest Payable	26,648	433	1,038	0	28,119
General Obligation Notes Payable	1,050,000	0	0	0	1,050,000
General Obligation Bonds Payable - Current	50,000	55,000	50,000	0	155,000
Compensated Absences Payable - Current	35,058	23,007	6,576	0	64,641
Total Current Liabilities	<u>2,523,326</u>	<u>178,567</u>	<u>123,685</u>	<u>56,552</u>	<u>2,882,130</u>
Noncurrent Liabilities:					
General Obligation Bonds Payable	395,000	75,000	325,000	0	795,000
State Loan Payable	0	0	408,510	0	408,510
Compensated Absences Payable	164,599	66,029	21,676	0	252,304
Total noncurrent liabilities	<u>559,599</u>	<u>141,029</u>	<u>755,186</u>	<u>0</u>	<u>1,455,814</u>
<b>Total Liabilities</b>	<u>3,082,925</u>	<u>319,596</u>	<u>878,871</u>	<u>56,552</u>	<u>4,337,944</u>
<b>Net Assets:</b>					
Invested in Capital Assets, Net of Related Debt	6,612,548	7,702,063	4,981,370	0	19,295,981
Unrestricted	3,517,034	2,912,567	6,209,636	39,852	12,679,089
Total Net Assets	<u>\$ 10,129,582</u>	<u>\$ 10,614,630</u>	<u>\$ 11,191,006</u>	<u>\$ 39,852</u>	<u>\$ 31,975,070</u>

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, 2007**

	Business-type activities - Enterprise Funds				Total
	Electric	Water	Sewer	Refuse Collection	
<b>Operating Revenues:</b>					
Charges for Services	\$ 9,237,139	\$ 1,857,456	\$ 1,061,437	\$ 675,937	\$ 12,831,969
Other Operating Revenues	50,997	34,579	1,530	0	87,106
<b>Total Operating Revenues</b>	<b>9,288,136</b>	<b>1,892,035</b>	<b>1,062,967</b>	<b>675,937</b>	<b>12,919,075</b>
<b>Operating Expenses:</b>					
Personal Services	1,048,679	548,272	163,193	0	1,760,144
Contractual Services	6,723,562	993,553	679,899	661,807	9,058,821
Materials and Supplies	86,581	31,620	19,274	0	137,475
Utilities	11,391	17,652	10,328	0	39,371
Depreciation	387,666	304,235	256,850	0	948,751
Other Operating Expenses	5,681	3,055	1,273	0	10,009
<b>Total Operating Expenses</b>	<b>8,263,560</b>	<b>1,898,387</b>	<b>1,130,817</b>	<b>661,807</b>	<b>11,954,571</b>
<b>Operating Income (Loss)</b>	<b>1,024,576</b>	<b>(6,352)</b>	<b>(67,850)</b>	<b>14,130</b>	<b>964,504</b>
<b>Non-Operating Revenue (Expenses):</b>					
Income (Loss) from Joint Venture	0	(94,425)	152,213	0	57,788
Loss on Disposal of Capital Assets	(2,967)	0	(753)	0	(3,720)
Interest and Fiscal Charges	(63,780)	(8,944)	(13,494)	0	(86,218)
Investment Earnings	63,837	21,059	2,858	0	87,754
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(2,910)</b>	<b>(82,310)</b>	<b>140,824</b>	<b>0</b>	<b>55,604</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>1,021,666</b>	<b>(88,662)</b>	<b>72,974</b>	<b>14,130</b>	<b>1,020,108</b>
Transfers-Out	(465,034)	(117,121)	(97,692)	(49,662)	(729,509)
Capital Contributions from Joint Venture	0	0	222,519	0	222,519
Capital Contributions	67,993	0	0	0	67,993
<b>Change in Net Assets</b>	<b>624,625</b>	<b>(205,783)</b>	<b>197,801</b>	<b>(35,532)</b>	<b>581,111</b>
<b>Net Assets Beginning 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>
<b>Net Assets End of Year</b>	<b>\$ 10,129,582</b>	<b>\$ 10,614,630</b>	<b>\$ 11,191,006</b>	<b>\$ 39,852</b>	<b>\$ 31,975,070</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, 2007**

	Business-type activities - Enterprise Funds				Total
	Electric	Water	Sewer	Refuse Collection	
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$9,163,103	\$1,842,388	\$1,043,826	\$675,937	\$12,725,254
Cash Payments for Goods and Services	(6,815,385)	(995,291)	(709,933)	(659,270)	(9,179,879)
Cash Payments to Employees	(1,046,903)	(507,421)	(157,320)	0	(1,711,644)
Other Operating Revenues	73,959	37,682	8,876	0	120,517
Net Cash Provided by Operating Activities	1,374,774	377,358	185,449	16,667	1,954,248
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers Out to Other Funds	(465,034)	(117,121)	(97,692)	(49,662)	(729,509)
Interest Paid on General Obligation Notes	(42,781)	0	0	0	(42,781)
Principal Paid on General Obligation Notes	(1,100,000)	0	0	0	(1,100,000)
Proceeds from the Sale of General Obligation Notes	1,050,000	0	0	0	1,050,000
Net Cash Used for Noncapital Financing Activities	(557,815)	(117,121)	(97,692)	(49,662)	(822,290)
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and Construction of Assets	(1,364,752)	(117,310)	(193,342)	0	(1,675,404)
Receipt of Lease Payments	124,565	0	0	0	124,565
Principal Paid on General Obligation Bonds	(50,000)	(85,000)	(50,000)	0	(185,000)
Interest Paid on General Obligation Bonds	(22,945)	(9,284)	(13,588)	0	(45,817)
Net Cash Used for Capital and Related Financing Activities	(1,313,132)	(211,594)	(256,930)	0	(1,781,656)
<b>Cash Flows from Investing Activities:</b>					
Purchase of Investments	0	(273,073)	0	0	(273,073)
Sale of Investments	158,505	0	102,173	0	260,678
Net Cash Provided (Used) for Investing Activities	158,505	(273,073)	102,173	0	(12,395)
Net Decrease in Cash and Cash Equivalents	(337,668)	(224,430)	(67,000)	(32,995)	(662,093)
Cash and Cash Equivalents at Beginning of Year	674,887	551,573	114,658	129,399	1,470,517
Cash and Cash Equivalents at End of Year	\$337,219	\$327,143	\$47,658	\$96,404	\$808,424
<b>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</b>					
Cash and Cash Equivalents	\$184,090	\$327,143	\$47,658	\$96,404	\$655,295
Restricted Cash and Cash Equivalents	153,129	0	0	0	153,129
Cash and Cash Equivalents at End of Year	\$337,219	\$327,143	\$47,658	\$96,404	\$808,424

(Continued)

**CITY OF TIPP CITY, OHIO**

(Continued)

	Business-type activities - Enterprise Funds				
	Electric	Water	Sewer	Refuse Collection	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Provided by Operating Activities:</u>					
Operating Income (Loss)	\$1,024,576	(\$6,352)	(\$67,850)	\$14,130	\$964,504
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation Expense	387,666	304,235	256,850	0	948,751
Adjustments to Assets and Liabilities:					
Increase in Accounts Receivable	(75,881)	(14,739)	(17,811)	0	(108,431)
Decrease in Special Assessments Receivable	2,061	3,103	7,346	0	12,510
(Increase) Decrease in Inventory	(5,291)	(12,011)	383	0	(16,919)
(Increase) Decrease in Prepaid Items	33	2,412	(138)	0	2,307
(Increase) Decrease in Due from Other Funds	1,845	(329)	200	0	1,716
Increase (Decrease) in Accounts Payable	34,296	709	(4,436)	2,409	32,978
Increase in Accrued Wages and Benefits	7,135	11,268	711	0	19,114
Increase (Decrease) in Due to Other Funds	407	(2,754)	224	128	(1,995)
Increase in Intergovernmental Payable	306	62,233	5,048	0	67,587
Increase in Customer Deposits Payable	2,980	0	0	0	2,980
Increase (Decrease) in Compensated Absences	(5,359)	29,583	4,922	0	29,146
Total Adjustments	350,198	383,710	253,299	2,537	989,744
Net Cash Provided by Operating Activities	<u>\$1,374,774</u>	<u>\$377,358</u>	<u>\$185,449</u>	<u>\$16,667</u>	<u>\$1,954,248</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2007, the Electric Fund had an outstanding liability of \$23,795 for the purchase of certain capital assets. During 2007 the Electric fund received capital contributions in the amount of \$67,993. The Sewer Fund received capital contributions in the amount of \$222,519 resulting from the Tri-Cities joint venture. During 2007 the fair value of investments increased by \$21,056, \$21,059 and \$2,858 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, 2007***

---

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 84,081
Restricted Assets:	
Cash and Cash Equivalents	<u>46,043</u>
<b>Total Assets</b>	<u>130,124</u>
<b>Liabilities:</b>	
Due to Others	<u>130,124</u>
<b>Total Liabilities</b>	<u>\$ 130,124</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

---

**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, 2007 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, 2007***

---

**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, 2007***

---

**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, 2007***

---

**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, 2007***

---

**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, 2007***

---

**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, 2007 but which are not intended to finance 2007 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 personal services and other expenditures level within each department 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, 2007***

---

**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 2007.

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 personal services and other expenditures level within each department within each fund, 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 personal services and other expenditures level within each department within each fund. The allocation of appropriations within a fund may be modified with the approval of the City Council. During 2007, 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, 2007***

---

**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)	(\$39,804)
Increase (Decrease):	
Accrued Revenues at December 31, 2007 received during 2008	(602,454)
Accrued Revenues at December 31, 2006 received during 2007	642,752
Accrued Expenditures at December 31, 2007 paid during 2008	318,311
Accrued Expenditures at December 31, 2006 paid during 2007	(311,610)
2006 Prepays for 2007	11,738
2007 Prepays for 2008	(12,230)
Outstanding Encumbrances	(159,622)
Budget Basis	<u>(\$152,919)</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

---

**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 2007. 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, 2007.

**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, 2007***

---

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

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2007, 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, 2007**

---

**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, 2007***

---

**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, 2007***

---

**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, 2007***

---

**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	\$614,914
Delinquent Property Tax Revenue	5,885
Shared Revenues	393,703
Interest Revenue	39,162
Special Assessment Revenue	<u>1,466,370</u>
	\$2,520,034

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

General Obligation Bonds Payable	(\$5,690,000)
Special Assessment Bond Payable	(825,000)
Accrued Interest on Long-Term Debt	(19,783)
Capital Lease Payable	(32,146)
Compensated Absences Payable	<u>(782,067)</u>
	(\$7,348,996)

This space intentionally left blank.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

---

**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	\$1,960,688
Depreciation Expense	(1,498,130)
	<u>\$462,558</u>

*Governmental revenues not reported in the funds:*

Increase in Deferred/Delinquent Income Tax Revenue	\$103,224
Increase in Property Tax Revenue	981
Increase in Shared Revenue	87,525
Decrease in Special Assessment Revenue	(58,309)
Decrease in Interest Revenue	(23,697)
	<u>\$109,724</u>

*Net amount of bond and lease principal payments:*

General Obligation Bond Principal Payment	\$850,000
Special Assessment Bond Principal Payment	35,000
Capital Lease Payments	12,062
	<u>\$897,062</u>

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

Increase in Compensated Absences Payable	(\$10,055)
Decrease in supplies inventory	(3,391)
	<u>(\$13,446)</u>

**NOTE 3 – COMPLIANCE AND ACCOUNTABILITY**

**A. Fund Deficit**

The fund deficit at December 31, 2007 of \$545,845 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

---

**NOTE 3 – COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Budgetary Deficit**

The budgetary deficit at December 31, 2007 of \$30,373 in the OPWC Grant Fund arises from the recording of encumbrances as expenditures. As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The deficit does not exist under the cash basis of accounting. Transfers are provided when cash is required, not when encumbrances are recorded.

**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, 2007**

---

**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 \$3,637,381 and the bank balance was \$4,189,893. 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>\$3,989,893</u>
Total Balance	<u><u>\$3,989,893</u></u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

---

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

**B. Investments**

The City's investments at December 31, 2007 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
STAR Ohio	\$1,700,000	AAAm <sup>1</sup>	\$1,700,000	\$0
United States Treasury Bills	497,927	N/A	497,927	0
United States Treasury Notes	<u>5,068,391</u>	N/A	<u>2,626,528</u>	<u>2,441,863</u>
Total Investments	<u>\$7,266,318</u>		<u>\$4,824,455</u>	<u>\$2,441,863</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, 6.8% are U.S. Treasury Bills, and 69.8% 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, 2007**

---

**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	\$1,987,381	\$8,916,318
Certificates of Deposit (with maturities of more than 3 months)	3,350,000	(3,350,000)
Investments:		
STAR Ohio	(1,700,000)	1,700,000
Per GASB Statement No. 3	<u>\$3,637,381</u>	<u>\$7,266,318</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 2007 were levied after October 1, 2006 on assessed values as of January 1, 2006, 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 2006. 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, 2007***

---

**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, 2007 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2007 levy was based was \$275,784,680. This amount constitutes \$243,646,040 in real property assessed value, \$5,109,250 in public utility assessed value and \$27,029,390 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 2007, 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 2007 was \$3,460,790. This represents an 8.97% decrease under 2006 income tax revenue of \$3,801,640.

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2007 consisted of taxes, special assessments, interfund receivables, interest, lease receivable, accounts receivable and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred revenues are considered collectable in full.

**CITY OF TIPP CITY, OHIO**

---

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

---

**NOTE 7 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2007:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$707,020	\$515,000
General Bond Retirement Fund	1,079,226	0
Capital Improvement Reserve Fund	440,000	318,788
25-A Construction Fund	152,478	183,765
Other Governmental Funds	75,000	706,662
Total Governmental Funds	<u>2,453,724</u>	<u>1,724,215</u>
Electric Fund	0	465,034
Water Fund	0	117,121
Sewer Fund	0	97,692
Refuse Collection Fund	0	49,662
Total Proprietary Funds	<u>0</u>	<u>729,509</u>
Totals	<u>\$2,453,724</u>	<u>\$2,453,724</u>

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 2007:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$71,195	\$3,435
Other Governmental Funds	0	341
Total Governmental Funds	<u>71,195</u>	<u>3,776</u>
Electric Fund	5,283	68,295
Water Fund	808	1,396
Sewer Fund	465	1,384
Refuse Collection Fund	0	2,900
Total Proprietary Funds	<u>6,556</u>	<u>73,975</u>
Totals	<u>\$77,751</u>	<u>\$77,751</u>

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, 2007**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2007:

**Historical Cost:**

Class	December 31, 2006	Additions	Deletions	December 31, 2007
<b>Non-depreciable Capital assets:</b>				
Land	\$12,333,673	\$152,595	(\$3,822)	\$12,482,446
Construction in Progress	137,541	153,916	(123,701)	167,756
Total Non-depreciable Capital assets	12,471,214	306,511	(127,523)	12,650,202
<b>Capital assets being depreciated:</b>				
Buildings	6,181,225	193,660	(148,809)	6,226,076
Improvements Other Than Buildings	4,364,284	167,764	0	4,532,048
Machinery and Equipment	5,611,121	469,321	(153,475)	5,926,967
Infrastructure	23,001,282	947,133	(62,067)	23,886,348
Total Depreciable Capital assets	39,157,912	1,777,878	(364,351)	40,571,439
Total Cost	\$51,629,126	\$2,084,389	(\$491,874)	\$53,221,641

**Accumulated Depreciation:**

Class	December 31, 2006	Additions	Deletions	December 31, 2007
Buildings	(\$1,245,156)	(\$128,249)	\$5,327	(\$1,368,078)
Improvements Other Than Buildings	(693,063)	(213,860)	0	(906,923)
Machinery and Equipment	(3,397,227)	(467,125)	139,995	(3,724,357)
Infrastructure	(8,019,524)	(688,896)	60,566	(8,647,854)
Total Depreciation	(\$13,354,970)	(\$1,498,130) *	\$205,888	(\$14,647,212)
<b>Net Value:</b>	\$38,274,156			\$38,574,429

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

Security of Persons and Property	(\$187,684)
Leisure Time Activities	(385,406)
Transportation	(784,336)
General Government	(140,704)
Total Depreciation Expense	(\$1,498,130)

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

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

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

Summary by Category at December 31, 2007:

***Historical Cost:***

Class	December 31, 2006	Additions	Deletions	December 31, 2007
<b><i>Non-depreciable Capital assets:</i></b>				
Land	\$1,400,064	\$9,609	\$0	\$1,409,673
Construction in Progress	925,350	0	(925,350)	0
Total Non-depreciable Capital Assets	2,325,414	9,609	(925,350)	1,409,673
<b><i>Capital assets being depreciated:</i></b>				
Buildings	1,839,095	0	0	1,839,095
Improvements Other Than Buildings	26,653,055	801,928	(14,529)	27,440,454
Machinery and Equipment	2,163,992	78,831	(74,874)	2,167,949
Total Depreciable Capital assets	30,656,142	880,759	(89,403)	31,447,498
Total Cost	\$32,981,556	\$890,368	(\$1,014,753)	\$32,857,171

***Accumulated Depreciation:***

Class	December 31, 2006	Additions	Deletions	December 31, 2007
Buildings	(\$596,752)	(\$35,253)	\$0	(\$632,005)
Improvements Other Than Buildings	(9,505,578)	(739,188)	11,457	(10,233,309)
Machinery and Equipment	(1,237,282)	(174,310)	74,226	(1,337,366)
Total Depreciation	(\$11,339,612)	(\$948,751)	\$85,683	(\$12,202,680)
<b><i>Net Value:</i></b>	\$21,641,944			\$20,654,491

This space intentionally left blank.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

---

**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 and full-time firefighters, 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 OPERS, Attention: Finance Director, 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 2007, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 9.5%. The 2007 employer contribution rate for local government employer units was 13.85%, of covered payroll. From January 1 through June 30, 2007, 8.85% was allocated to fund the pension and 5.0% to fund health care and from July 1, 2007 through December 31, 2007, 7.85% was allocated to fund the pension and 6.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2007, 2006, and 2005 were \$469,114, \$422,832 and \$388,308, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

---

**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 2007 employer contribution rate (identified above) that was used to fund health care was 5.0% from January 1 through June 30, 2007 and 6.0% from July 1 through December 31, 2007, of covered payroll which amounted to \$186,291.

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, 2006. 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 2006 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 5% for the next 8 years. In subsequent years (9 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 374,979. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2006 is \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

---

**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, 2007, 2006, and 2005 were \$245,534, \$224,028 and \$211,641, 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 2007 covered payroll that was used to fund postemployment health care benefits was \$84,993 representing 6.75% 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, 2006, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 14,120 for police and 10,563 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, 2006 were \$120,373,722, which was net of member contributions of \$58,532,848.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

---

**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, 2007, the City's accumulated, unpaid compensated absences amounted to \$1,099,012, of which \$782,067 is recorded as a liability of the Governmental Activities and \$316,945 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 2007:

	Maturity Date	Balance December 31, 2006	Issued	(Retired)	Balance December 31, 2007
Capital Projects Notes Payable:					
4.00% 25A Reconstruction	4/23/2008	\$725,000	\$600,000	(\$725,000)	\$600,000
Enterprise Notes Payable:					
3.80% Electric Generator Note	5/15/2008	1,100,000	1,050,000	(1,100,000)	1,050,000
Total Notes Payable		<u>\$1,825,000</u>	<u>\$1,650,000</u>	<u>(\$1,825,000)</u>	<u>\$1,650,000</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

---

**NOTE 13 - CAPITAL LEASES**

**A. Capital Lease Receivable**

The City and the Northern Area Water Authority (NAWA) have entered into a capital lease agreement where the City will finance the lease-purchase of a backup electric generator on behalf of NAWA. The value of the equipment leased under the lease agreement is \$1,245,755. The receivable is recorded within the Electric Fund and is recorded on the Statement of Net Assets as lease receivable – current and lease receivable. The following is a schedule of future minimum lease payments, to be received, under the capital lease together with the present value of the net minimum lease payments as of December 31, 2007:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>
2008	\$97,250
2009	95,000
2010	92,750
2011	90,500
2012	88,250
2013-2017	407,500
2018-2022	351,250
2023-2027	295,000
2028	<u>52,250</u>
Minimum Lease Payments	1,569,750
Less amount representing unearned revenue	<u>(519,750)</u>
Present value of minimum lease payments	<u><u>\$1,050,000</u></u>

**B. Capital Lease Payable**

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, 2007:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2008	\$13,512
2009	13,512
2010	<u>6,756</u>
Minimum Lease Payments	33,780
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(1,634)</u>
Present value of minimum lease payments	<u><u>\$32,146</u></u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

**NOTE 14 - LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2007 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2006	Issued	(Retired)	Balance December 31, 2007	Amount Due Within One Year
<b>Business Type-Activities:</b>							
General Obligation Bonds:							
7.13% Water System Improvement	600,000	2008	\$60,000	\$0	(\$30,000)	\$30,000	\$30,000
4.6-4.625% Water Improvement Bonds	320,000	2007	30,000	0	(30,000)	0	0
4.6-4.625% Electric Improvement Bonds	995,000	2015	495,000	0	(50,000)	445,000	50,000
2.0-3.5% Woodlawn Water Bonds	200,000	2011	125,000	0	(25,000)	100,000	25,000
2.0-3.5% Woodlawn Sewer Bonds	250,000	2013	175,000	0	(25,000)	150,000	25,000
2.0-3.85% Rosewood Sewer Bonds	300,000	2016	250,000	0	(25,000)	225,000	25,000
Total General Obligation Bonds			1,135,000	0	(185,000)	950,000	155,000
0.00% North East Sewer Interceptor Loan	597,260	2014	408,510	0	0	408,510	0
Compensated Absences			287,799	316,945	(287,799)	316,945	64,641
Total Business-Type Activity Long-Term Liabilities			\$1,831,309	\$316,945	(\$472,799)	\$1,675,455	\$219,641
<b>Governmental Activities:</b>							
Unvoted General Obligation Bonds:							
7.13% Government Center Bond - I	\$560,000	2008	\$50,000	\$0	(\$25,000)	\$25,000	\$25,000
4.6-4.625% Service Center Improvement	940,000	2015	440,000	0	(50,000)	390,000	50,000
4.0-4.800% Capital Facilities Bond	2,325,000	2019	1,350,000	0	(150,000)	1,200,000	100,000
2.0-3.5% Recreation Facility Bond	5,200,000	2013	4,150,000	0	(550,000)	3,600,000	600,000
2.0-3.65% 25A Reconstruction Bond	250,000	2014	200,000	0	(25,000)	175,000	25,000
2.0-3.65% Fire Truck Equipment Bond	275,000	2014	225,000	0	(25,000)	200,000	25,000
2.0-4.15% Donn Davis Construction - City Share	250,000	2017	125,000	0	(25,000)	100,000	10,000
Total General Obligation Bonds			6,540,000	0	(850,000)	5,690,000	835,000
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	860,000	0	(35,000)	825,000	35,000
Capital Lease	61,500		44,208	0	(12,062)	32,146	12,509
Compensated Absences			772,012	782,067	(772,012)	782,067	184,779
Total Governmental Activity Long-Term Liabilities			\$8,216,220	\$782,067	(\$1,669,074)	\$7,329,213	\$1,067,288

The principal amount of the City's special assessment bonds outstanding at December 31, 2007, \$825,000, 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, 2007 the amount of delinquent special assessments receivable totaled \$4,742.

**CITY OF TIPP CITY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

**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, 2007, follow:

Years	General Obligation Bonds		Special Assessment Bonds		Loan Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
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	990,000	108,964	40,000	28,065	0	0
2013-2017	1,520,000	185,610	225,000	117,601	408,510	0
2018-2022	200,000	14,400	280,000	67,616	0	0
2023-2024	0	0	130,000	3,510	0	0
Totals	<u>\$6,640,000</u>	<u>\$1,087,696</u>	<u>\$825,000</u>	<u>\$341,315</u>	<u>\$408,510</u>	<u>\$0</u>

**NOTE 15 – CONSTRUCTION COMMITMENT**

At December 31, 2007 the City had the following contractual commitment outstanding:

Project	Remaining Contractual Commitment	Expected Date of Completion
Kyle Park Restrooms	\$83,176	Spring 2008
Total Commitments	<u>\$83,176</u>	

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

---

**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 1996 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities.

As of December 31, 2007, 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, 2007 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	4.98 %	Montgomery	3.24 %
Bellbrook	1.31 %	NAWA	0.16 %
Blue Ash	7.60 %	Piqua	7.17 %
Centerville	4.28 %	Sidney	6.96 %
Englewood	3.28 %	Springdale	3.95 %
Indian Hill	3.68 %	Tipp City	3.14 %
Kettering	12.15 %	Troy	7.40 %
Madeira	2.68 %	Vandalia	4.32 %
Mason	6.38 %	West Carrollton	2.85 %
Miamisburg	8.11 %	Wilmington	4.469 %
Subtotal	<u>54.44 %</u>	Wyoming	1.91 %
		Subtotal	<u>45.56 %</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, 2007***

---

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

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

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

The deductible per occurrence is \$2,500. During 2007, 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, 2007.

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, 2007***

---

**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 \$5,153,840 which represents 19.78% of the total equity in Tri-Cities. This reflects an increase of .88% over the City's equity interest of 18.90% in 2006. 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 2007, the City paid \$633,786 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 created a joint venture to plan, finance, construct, and operate a water treatment plant to service the needs of both communities.

The Northern Area Water Authority (NAWA) is a joint venture among the cities of Tipp City and Vandalia. NAWA is governed by a five member management board who have complete authority over all aspects of the operation. NAWA supplies all participating residents of the member cities with water services. Each city owns the water lines located in its city and bills its residents for usage. Operations started in 2007. Continued existence of NAWA 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 a credit balance of \$135,401 which represents 45.91% of the total equity of NAWA on December 31, 2007. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2007, the City paid \$852,437 to NAWA for services provided. NAWA did file a GAAP basis financial statement in accordance with Ohio Revised Code and copies of this report are available from Northern Area Water Authority, 333 J. E. Bohanan Drive, Vandalia, Ohio 45377.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

---

**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 23, 2008 the City issued \$1,675,000 in one year General Obligation Notes. \$1,100,000 of the notes will be used to make road improvements on Kinna Drive. The balance of the proceeds was used to retire, along with cash on hand, \$600,000 Notes due on April 24, 2008. The Notes were sold to RBC Capital Markets at a net interest rate of 1.89%

On May 14, 2008 the City borrowed \$950,000 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 2.50% and is collateralized solely by electric revenues. Proceeds from the note issue were used to retire, with cash on hand, \$1,050,000 Notes due on May 15, 2008.

*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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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

To account for street construction projects, partially funded by state grants from the Ohio Public Works Commission.

**CITY OF TIPP CITY, OHIO**

---

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2007**

---

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 404,765	\$ 150,689	\$ 555,454
Receivables:			
Taxes	0	197,903	197,903
Intergovernmental	291,566	0	291,566
Inventory of Supplies, at Cost	49,007	0	49,007
Prepaid Items	2,765	0	2,765
<b>Total Assets</b>	<u>\$ 748,103</u>	<u>\$ 348,592</u>	<u>\$ 1,096,695</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 6,463	\$ 0	\$ 6,463
Accrued Wages and Benefits Payable	22,079	0	22,079
Due to Other Funds	341	0	341
Deferred Revenue	194,147	122,983	317,130
<b>Total Liabilities</b>	<u>223,030</u>	<u>122,983</u>	<u>346,013</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	103,445	135,237	238,682
Reserved for Prepaid Items	2,765	0	2,765
Reserved for Supplies Inventory	49,007	0	49,007
Undesignated/Unreserved	369,856	90,372	460,228
<b>Total Fund Balances</b>	<u>525,073</u>	<u>225,609</u>	<u>750,682</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 748,103</u>	<u>\$ 348,592</u>	<u>\$ 1,096,695</u>

**CITY OF TIPP CITY, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 0	\$ 671,174	\$ 671,174
Intergovernmental Revenues	594,313	312,636	906,949
Charges for Services	369,411	0	369,411
Fines and Forfeitures	1,601	0	1,601
All Other Revenue	6,781	20,925	27,706
<b>Total Revenue</b>	<b>972,106</b>	<b>1,004,735</b>	<b>1,976,841</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	7,309	0	7,309
Leisure Time Activities	415,117	0	415,117
Transportation	548,458	0	548,458
Capital Outlay	1,160	509,597	510,757
<b>Total Expenditures</b>	<b>972,044</b>	<b>509,597</b>	<b>1,481,641</b>
Excess (Deficiency) of Revenues Over Expenditures	62	495,138	495,200
<b>Other Financing Sources (Uses):</b>			
Transfers In	30,000	45,000	75,000
Transfers Out	0	(706,662)	(706,662)
<b>Total Other Financing Sources (Uses)</b>	<b>30,000</b>	<b>(661,662)</b>	<b>(631,662)</b>
Net Change in Fund Balances	30,062	(166,524)	(136,462)
<b>Fund Balances at Beginning of Year</b>	<b>504,745</b>	<b>392,133</b>	<b>896,878</b>
Decrease in Inventory Reserve	(9,734)	0	(9,734)
<b>Fund Balances End of Year</b>	<b>\$ 525,073</b>	<b>\$ 225,609</b>	<b>\$ 750,682</b>

**CITY OF TIPP CITY, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2007**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 30,363	\$ 236,959	\$ 47,296	\$ 66,554
Receivables:				
Intergovernmental	0	223,031	18,084	50,106
Inventory of Supplies, at Cost	0	49,007	0	0
Prepaid Items	1,300	1,430	0	35
<b>Total Assets</b>	<b>\$ 31,663</b>	<b>\$ 510,427</b>	<b>\$ 65,380</b>	<b>\$ 116,695</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 123	\$ 6,107	\$ 155	\$ 78
Accrued Wages and Benefits Payable	0	18,185	0	3,894
Due to Other Funds	0	341	0	0
Deferred Revenue	0	148,687	12,056	33,404
<b>Total Liabilities</b>	<b>123</b>	<b>173,320</b>	<b>12,211</b>	<b>37,376</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	63,312	16,187	23,946
Reserved for Prepaid Items	1,300	1,430	0	35
Reserved for Supplies Inventory	0	49,007	0	0
Undesignated/Unreserved	30,240	223,358	36,982	55,338
<b>Total Fund Balances</b>	<b>31,540</b>	<b>337,107</b>	<b>53,169</b>	<b>79,319</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 31,663</b>	<b>\$ 510,427</b>	<b>\$ 65,380</b>	<b>\$ 116,695</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>
\$ 7,012	\$ 10,082	\$ 3,819	\$ 1,139	\$ 1,541	\$ 404,765
0	345	0	0	0	291,566
0	0	0	0	0	49,007
0	0	0	0	0	2,765
<u>\$ 7,012</u>	<u>\$ 10,427</u>	<u>\$ 3,819</u>	<u>\$ 1,139</u>	<u>\$ 1,541</u>	<u>\$ 748,103</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,463
0	0	0	0	0	22,079
0	0	0	0	0	341
0	0	0	0	0	194,147
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>223,030</u>
0	0	0	0	0	103,445
0	0	0	0	0	2,765
0	0	0	0	0	49,007
7,012	10,427	3,819	1,139	1,541	369,856
<u>7,012</u>	<u>10,427</u>	<u>3,819</u>	<u>1,139</u>	<u>1,541</u>	<u>525,073</u>
<u>\$ 7,012</u>	<u>\$ 10,427</u>	<u>\$ 3,819</u>	<u>\$ 1,139</u>	<u>\$ 1,541</u>	<u>\$ 748,103</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, 2007**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 452,934	\$ 36,725	\$ 104,654
Charges for Services	369,411	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	754	1,284	0	55
<b>Total Revenue</b>	<u>370,165</u>	<u>454,218</u>	<u>36,725</u>	<u>104,709</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	415,117	0	0	0
Transportation	0	435,185	24,008	89,265
Capital Outlay	0	1,160	0	0
<b>Total Expenditures</b>	<u>415,117</u>	<u>436,345</u>	<u>24,008</u>	<u>89,265</u>
Excess (Deficiency) of Revenues Over Expenditures	(44,952)	17,873	12,717	15,444
<b>Other Financing Sources (Uses):</b>				
Transfers In	30,000	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(14,952)	17,873	12,717	15,444
<b>Fund Balances at Beginning of Year</b>	46,492	328,968	40,452	63,875
Decrease in Inventory Reserve	0	(9,734)	0	0
<b>Fund Balances End of Year</b>	<u>\$ 31,540</u>	<u>\$ 337,107</u>	<u>\$ 53,169</u>	<u>\$ 79,319</u>

**CITY OF TIPP CITY, OHIO**

---

Law Enforcement	Enforcement and Education	Drug Law Enforcement	EMS Donation Trust	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 594,313
0	0	0	0	0	369,411
0	1,551	50	0	0	1,601
4,548	0	0	0	140	6,781
<u>4,548</u>	<u>1,551</u>	<u>50</u>	<u>0</u>	<u>140</u>	<u>972,106</u>
635	0	0	6,674	0	7,309
0	0	0	0	0	415,117
0	0	0	0	0	548,458
0	0	0	0	0	1,160
<u>635</u>	<u>0</u>	<u>0</u>	<u>6,674</u>	<u>0</u>	<u>972,044</u>
3,913	1,551	50	(6,674)	140	62
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,000</u>
3,913	1,551	50	(6,674)	140	30,062
3,099	8,876	3,769	7,813	1,401	504,745
0	0	0	0	0	(9,734)
<u>\$ 7,012</u>	<u>\$ 10,427</u>	<u>\$ 3,819</u>	<u>\$ 1,139</u>	<u>\$ 1,541</u>	<u>\$ 525,073</u>

**CITY OF TIPP CITY, OHIO**

---

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2007**

---

	<u>Parks Capital Improvement</u>	<u>Donn Davis Way Construction</u>	<u>OPWC Grant</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 134,910	\$ 15,779	\$ 0	\$ 150,689
Receivables:				
Taxes	197,903	0	0	197,903
<b>Total Assets</b>	<u>\$ 332,813</u>	<u>\$ 15,779</u>	<u>\$ 0</u>	<u>\$ 348,592</u>
<b>Liabilities:</b>				
Deferred Revenue	\$ 122,983	\$ 0	\$ 0	\$ 122,983
<b>Total Liabilities</b>	<u>122,983</u>	<u>0</u>	<u>0</u>	<u>122,983</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	104,864	0	30,373	135,237
Undesignated/Unreserved	104,966	15,779	(30,373)	90,372
<b>Total Fund Balances</b>	<u>209,830</u>	<u>15,779</u>	<u>0</u>	<u>225,609</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 332,813</u>	<u>\$ 15,779</u>	<u>\$ 0</u>	<u>\$ 348,592</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, 2007**

	Parks Capital Improvement	Donn Davis Way Construction	Swimming Pool Construction	OPWC Grant	Total Nonmajor Capital Project Funds
<b>Revenues:</b>					
Taxes	\$ 671,174	\$ 0	\$ 0	\$ 0	\$ 671,174
Intergovernmental Revenues	0	0	0	312,636	312,636
All Other Revenue	20,925	0	0	0	20,925
<b>Total Revenue</b>	<u>692,099</u>	<u>0</u>	<u>0</u>	<u>312,636</u>	<u>1,004,735</u>
<b>Expenditures:</b>					
Capital Outlay	175,373	0	21,588	312,636	509,597
<b>Total Expenditures</b>	<u>175,373</u>	<u>0</u>	<u>21,588</u>	<u>312,636</u>	<u>509,597</u>
Excess (Deficiency) of Revenues Over Expenditures	516,726	0	(21,588)	0	495,138
<b>Other Financing Sources (Uses):</b>					
Transfers In	45,000	0	0	0	45,000
Transfers Out	(677,625)	(29,037)	0	0	(706,662)
<b>Total Other Financing Sources (Uses)</b>	<u>(632,625)</u>	<u>(29,037)</u>	<u>0</u>	<u>0</u>	<u>(661,662)</u>
Net Change in Fund Balances	(115,899)	(29,037)	(21,588)	0	(166,524)
<b>Fund Balances at Beginning of Year</b>	<u>325,729</u>	<u>44,816</u>	<u>21,588</u>	<u>0</u>	<u>392,133</u>
<b>Fund Balances End of Year</b>	<u>\$ 209,830</u>	<u>\$ 15,779</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 225,609</u>

**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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,902,174	\$ 2,723,053	\$ 2,711,416	\$ (11,637)
Intergovernmental Revenues	1,273,881	1,269,381	1,248,575	(20,806)
Charges for Services	567,845	572,345	576,439	4,094
Licenses and Permits	52,390	92,390	88,217	(4,173)
Investment Earnings	590,000	590,000	591,200	1,200
Special Assessments	5,000	1,000	964	(36)
Fines and Forfeitures	16,500	16,500	18,344	1,844
All Other Revenues	138,600	139,600	145,768	6,168
Total Revenues	<u>5,546,390</u>	<u>5,404,269</u>	<u>5,380,923</u>	<u>(23,346)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	1,967,432	1,951,432	1,916,725	34,707
Travel and Training	25,090	26,090	24,837	1,253
Materials and Supplies	71,238	85,238	82,183	3,055
Contractual Services	110,425	111,425	102,240	9,185
Total Police	<u>2,174,185</u>	<u>2,174,185</u>	<u>2,125,985</u>	<u>48,200</u>
Fire:				
Personal Services	86,513	85,863	83,785	2,078
Travel and Training	4,000	3,570	3,545	25
Materials and Supplies	5,050	6,630	6,100	530
Contractual Services	47,851	44,351	42,937	1,414
Total Fire	<u>143,414</u>	<u>140,414</u>	<u>136,367</u>	<u>4,047</u>
Emergency Medical Services:				
Personal Services	643,352	643,352	624,059	19,293
Travel and Training	10,260	10,260	8,159	2,101
Materials and Supplies	23,586	25,786	24,795	991
Contractual Services	87,742	85,642	75,660	9,982
Total Emergency Medical Services	<u>764,940</u>	<u>765,040</u>	<u>732,673</u>	<u>32,367</u>
Total Security of Persons and Property	<u>3,082,539</u>	<u>3,079,639</u>	<u>2,995,025</u>	<u>84,614</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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	327,133	327,133	308,109	19,024
Travel and Training	750	750	502	248
Materials and Supplies	58,962	61,962	46,945	15,017
Contractual Services	97,260	94,260	81,420	12,840
Total Parks	<u>484,105</u>	<u>484,105</u>	<u>436,976</u>	<u>47,129</u>
Recreation:				
Contractual Services	17,500	17,500	16,000	1,500
Total Recreation	<u>17,500</u>	<u>17,500</u>	<u>16,000</u>	<u>1,500</u>
Total Leisure Time Activities	<u>501,605</u>	<u>501,605</u>	<u>452,976</u>	<u>48,629</u>
Community Environment:				
Planning:				
Personal Services	215,377	215,377	213,924	1,453
Travel and Training	8,951	8,951	8,353	598
Materials and Supplies	4,896	4,896	3,493	1,403
Contractual Services	28,262	28,262	15,963	12,299
Total Community Environment	<u>257,486</u>	<u>257,486</u>	<u>241,733</u>	<u>15,753</u>
Basic Utility Services:				
Utility Billing:				
Personal Services	187,835	186,735	182,238	4,497
Travel and Training	13,725	13,225	7,551	5,674
Materials and Supplies	30,089	30,089	28,944	1,145
Contractual Services	10,736	12,336	11,600	736
Total Basic Utility Services	<u>242,385</u>	<u>242,385</u>	<u>230,333</u>	<u>12,052</u>
General Government:				
City Council:				
Personal Services	99,355	104,155	103,144	1,011
Travel and Training	5,000	6,100	5,944	156
Materials and Supplies	4,818	3,818	3,366	452
Contractual Services	10,271	10,171	8,282	1,889
Total City Council	<u>119,444</u>	<u>124,244</u>	<u>120,736</u>	<u>3,508</u>
Commissions:				
Personal Services	17,652	17,652	16,449	1,203
Travel and Training	5,950	5,950	4,114	1,836
Materials and Supplies	5,914	5,914	4,092	1,822
Contractual Services	37,083	37,083	31,368	5,715
Total Commissions	<u>66,599</u>	<u>66,599</u>	<u>56,023</u>	<u>10,576</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, 2007***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Administration:</b>				
Personal Services	206,227	225,027	222,423	2,604
Travel and Training	3,300	3,300	3,205	95
Materials and Supplies	1,628	1,628	844	784
Contractual Services	3,911	3,911	2,841	1,070
Total Administration	215,066	233,866	229,313	4,553
<b>Buildings and Grounds:</b>				
Personal Services	109,661	109,661	97,819	11,842
Travel and Training	1,500	1,000	167	833
Materials and Supplies	10,678	10,678	8,650	2,028
Contractual Services	117,360	114,360	108,711	5,649
Total Buildings and Grounds	239,199	235,699	215,347	20,352
<b>Finance - Accounting:</b>				
Personal Services	178,240	178,240	173,823	4,417
Travel and Training	4,230	3,230	2,153	1,077
Materials and Supplies	3,108	3,108	2,442	666
Contractual Services	19,311	20,311	19,667	644
Total Finance - Accounting	204,889	204,889	198,085	6,804
<b>Finance - Income Tax:</b>				
Personal Services	146,680	147,180	145,912	1,268
Travel and Training	4,088	4,088	4,005	83
Materials and Supplies	8,022	7,822	4,618	3,204
Contractual Services	9,447	10,247	9,928	319
Income Tax Refunds	73,920	153,120	147,261	5,859
Total Finance - Income Tax	242,157	322,457	311,724	10,733
<b>Legal:</b>				
Personal Services	61,860	61,860	61,292	568
Travel and Training	400	400	0	400
Materials and Supplies	300	300	0	300
Contractual Services	27,388	27,388	26,593	795
Total Legal	89,948	89,948	87,885	2,063
<b>Engineering:</b>				
Personal Services	180,379	180,379	175,271	5,108
Travel and Training	3,700	3,700	1,380	2,320
Materials and Supplies	4,370	4,370	3,712	658
Contractual Services	74,090	72,890	59,059	13,831
Total Engineering	262,539	261,339	239,422	21,917

(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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Administrative:				
Personal Services	1,000	1,000	0	1,000
Materials and Supplies	30,000	0	0	0
Contractual Services	251,826	278,126	255,928	22,198
Other Expenditures	2,000	500	91	409
Total General Administrative	<u>284,826</u>	<u>279,626</u>	<u>256,019</u>	<u>23,607</u>
Total General Government	<u>1,724,667</u>	<u>1,818,667</u>	<u>1,714,554</u>	<u>104,113</u>
Capital Outlay:				
Police	14,309	14,309	13,013	1,296
Fire	38,998	41,998	41,804	194
Emergency Medical Services	3,675	3,575	3,276	299
Parks	9,225	9,225	6,724	2,501
Planning	5,391	5,391	4,722	669
Utility Billing	2,210	2,210	2,025	185
City Council	500	500	0	500
Commissions	3,500	3,500	2,000	1,500
Administration	405	405	364	41
Buildings and Grounds	2,474	5,974	5,509	465
Finance - Accounting	1,110	1,110	610	500
Finance - Income Tax	3,012	2,712	2,512	200
Engineering	1,961	3,161	3,139	22
General Administrative	1,380	6,580	6,553	27
Total Capital Outlay	<u>88,150</u>	<u>100,650</u>	<u>92,251</u>	<u>8,399</u>
Total Expenditures	<u>5,896,832</u>	<u>6,000,432</u>	<u>5,726,872</u>	<u>273,560</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(350,442)	(596,163)	(345,949)	250,214
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	1,500	1,500	1,010	(490)
Transfers In	711,950	711,950	707,020	(4,930)
Transfers Out	(550,000)	(550,000)	(515,000)	35,000
Total Other Financing Sources (Uses)	<u>163,450</u>	<u>163,450</u>	<u>193,030</u>	<u>29,580</u>
Net Change in Fund Balance	(186,992)	(432,713)	(152,919)	279,794
Fund Balance at Beginning of Year	3,073,891	3,073,891	3,073,891	0
Prior Year Encumbrances	174,121	174,121	174,121	0
Fund Balance at End of Year	<u>\$ 3,061,020</u>	<u>\$ 2,815,299</u>	<u>\$ 3,095,093</u>	<u>\$ 279,794</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, 2007**

<b>GENERAL BOND RETIREMENT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	2,860,000	2,860,000	0
Interest and Fiscal Charges	345,425	345,302	123
Total Expenditures	<u>3,205,425</u>	<u>3,205,302</u>	<u>123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,205,425)	(3,205,302)	123
<b>Other Financing Sources (Uses):</b>			
General Obligation Notes Issued	1,650,000	1,650,000	0
Transfers In	1,555,426	1,555,302	(124)
Total Other Financing Sources (Uses)	<u>3,205,426</u>	<u>3,205,302</u>	<u>(124)</u>
Net Change in Fund Balance	1	0	(1)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ (1)</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, 2007**

---

	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	3,710	3,537	173
Debt Service:			
Principal Retirement	35,000	35,000	0
Interest and Fiscal Charges	<u>33,465</u>	<u>33,465</u>	<u>0</u>
Total Expenditures	<u>72,175</u>	<u>72,002</u>	<u>173</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,478	1,651	173
Fund Balance at Beginning of Year	<u>1,568</u>	<u>1,568</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,046</u>	<u>\$ 3,219</u>	<u>\$ 173</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, 2007***

**CAPITAL IMPROVEMENT RESERVE FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 593,600	\$ 588,305	\$ (5,295)
Intergovernmental Revenues	367,000	279,178	(87,822)
Charges for Services	8,000	7,633	(367)
Special Assessments	70,000	71,934	1,934
All Other Revenues	0	15,600	15,600
Total Revenues	<u>1,038,600</u>	<u>962,650</u>	<u>(75,950)</u>
<b>Expenditures:</b>			
General Government:			
Contractual Services	4,600	4,438	162
Other Expenditures	43,100	36,815	6,285
Total General Government	<u>47,700</u>	<u>41,253</u>	<u>6,447</u>
Capital Outlay	1,797,841	1,676,806	121,035
Total Expenditures	<u>1,845,541</u>	<u>1,718,059</u>	<u>127,482</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(806,941)	(755,409)	51,532
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	35,781	37,055	1,274
Transfers In	475,000	440,000	(35,000)
Transfers Out	(318,789)	(318,788)	1
Total Other Financing Sources (Uses)	<u>191,992</u>	<u>158,267</u>	<u>(33,725)</u>
Net Change in Fund Balance	(614,949)	(597,142)	17,807
Fund Balance at Beginning of Year	273,790	273,790	0
Prior Year Encumbrances	454,735	454,735	0
Fund Balance at End of Year	<u>\$ 113,576</u>	<u>\$ 131,383</u>	<u>\$ 17,807</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, 2007**

<b>25-A CONSTRUCTION FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 182,165	\$ 182,166	\$ 1
Total Revenues	<u>182,165</u>	<u>182,166</u>	<u>1</u>
<b>Expenditures:</b>			
Streets:			
Contractual Services	1,374	1,374	0
Total Streets	<u>1,374</u>	<u>1,374</u>	<u>0</u>
Capital Outlay	329,214	313,529	15,685
Total Expenditures	<u>330,588</u>	<u>314,903</u>	<u>15,685</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(148,423)	(132,737)	15,686
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(183,766)	(183,765)	1
Total Other Financing Sources (Uses)	<u>(183,766)</u>	<u>(183,765)</u>	<u>1</u>
Net Change in Fund Balance	(332,189)	(316,502)	15,687
Fund Balance at Beginning of Year	75,833	75,833	0
Prior Year Encumbrances	310,588	310,588	0
Fund Balance at End of Year	<u>\$ 54,232</u>	<u>\$ 69,919</u>	<u>\$ 15,687</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, 2007***

<b>SWIMMING POOL FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 350,000	\$ 369,411	\$ 19,411
All Other Revenues	500	754	254
Total Revenues	<u>350,500</u>	<u>370,165</u>	<u>19,665</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	44,805	44,560	245
Contractual Services	366,123	365,508	615
Total Leisure Time Activities	<u>410,928</u>	<u>410,068</u>	<u>860</u>
Capital Outlay	7,750	6,314	1,436
Total Expenditures	<u>418,678</u>	<u>416,382</u>	<u>2,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,178)	(46,217)	21,961
<b>Other Financing Sources (Uses):</b>			
Transfers In	30,000	30,000	0
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Net Change in Fund Balance	(38,178)	(16,217)	21,961
Fund Balance at Beginning of Year	46,580	46,580	0
Fund Balance at End of Year	<u>\$ 8,402</u>	<u>\$ 30,363</u>	<u>\$ 21,961</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, 2007**

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 456,700	\$ 453,309	\$ (3,391)
Licenses and Permits	500	0	(500)
All Other Revenues	1,500	1,284	(216)
Total Revenues	<u>458,700</u>	<u>454,593</u>	<u>(4,107)</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Personal Services	303,637	295,926	7,711
Travel and Training	2,000	374	1,626
Materials and Supplies	76,452	72,342	4,110
Contractual Services	84,540	75,880	8,660
Total Transportation	<u>466,629</u>	<u>444,522</u>	<u>22,107</u>
Capital Outlay	55,760	55,735	25
Total Expenditures	<u>522,389</u>	<u>500,257</u>	<u>22,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,689)	(45,664)	18,025
Fund Balance at Beginning of Year	192,111	192,111	0
Prior Year Encumbrances	22,600	22,600	0
Fund Balance at End of Year	<u>\$ 151,022</u>	<u>\$ 169,047</u>	<u>\$ 18,025</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, 2007***

**STATE HIGHWAY IMPROVEMENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 37,030	\$ 36,755	\$ (275)
Total Revenues	<u>37,030</u>	<u>36,755</u>	<u>(275)</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Materials and Supplies	16,332	14,136	2,196
Contractual Services	16,000	12,828	3,172
Total Street	<u>32,332</u>	<u>26,964</u>	<u>5,368</u>
Capital Outlay	<u>13,500</u>	<u>13,500</u>	<u>0</u>
Total Expenditures	<u>45,832</u>	<u>40,464</u>	<u>5,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,802)	(3,709)	5,093
Fund Balance at Beginning of Year	32,431	32,431	0
Prior Year Encumbrances	2,332	2,332	0
Fund Balance at End of Year	<u>\$ 25,961</u>	<u>\$ 31,054</u>	<u>\$ 5,093</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, 2007**

<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	\$ 104,825	\$ (7,175)
All Other Revenues	0	55	55
Total Revenues	<u>112,000</u>	<u>104,880</u>	<u>(7,120)</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Personal Services	63,535	63,232	303
Materials and Supplies	28,769	24,233	4,536
Contractual Services	2,750	2,619	131
Total Street	<u>95,054</u>	<u>90,084</u>	<u>4,970</u>
Capital Outlay	22,500	22,500	0
Total Expenditures	<u>117,554</u>	<u>112,584</u>	<u>4,970</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,554)	(7,704)	(2,150)
Fund Balance at Beginning of Year	48,602	48,602	0
Prior Year Encumbrances	1,669	1,669	0
Fund Balance at End of Year	<u>\$ 44,717</u>	<u>\$ 42,567</u>	<u>\$ (2,150)</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, 2007**

---

	LAW ENFORCEMENT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
All Other Revenues	<u>\$ 600</u>	<u>\$ 4,548</u>	<u>\$ 3,948</u>
Total Revenues	<u>600</u>	<u>4,548</u>	<u>3,948</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	<u>2,000</u>	<u>635</u>	<u>1,365</u>
Total Expenditures	<u>2,000</u>	<u>635</u>	<u>1,365</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,400)	3,913	5,313
Fund Balance at Beginning of Year	<u>3,099</u>	<u>3,099</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,699</u>	<u>\$ 7,012</u>	<u>\$ 5,313</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, 2007***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 850	\$ 1,256	\$ 406
Total Revenues	<u>850</u>	<u>1,256</u>	<u>406</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	5,500	0	5,500
Total Expenditures	<u>5,500</u>	<u>0</u>	<u>5,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,650)	1,256	5,906
Fund Balance at Beginning of Year	8,826	8,826	0
Fund Balance at End of Year	<u>\$ 4,176</u>	<u>\$ 10,082</u>	<u>\$ 5,906</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, 2007**

---

<b>DRUG LAW ENFORCEMENT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	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	2,500	0	2,500
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	3,769	3,769	0
Fund Balance at End of Year	<u>\$ 1,369</u>	<u>\$ 3,819</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, 2007**

---

	<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>			
Security of Persons and Property:			
Emergency Medic Service:			
Materials and Supplies	<u>7,688</u>	<u>6,674</u>	<u>1,014</u>
Total Expenditures	<u>7,688</u>	<u>6,674</u>	<u>1,014</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,688)	(6,674)	1,014
Fund Balance at Beginning of Year	6,125	6,125	0
Prior Year Encumbrances	<u>1,688</u>	<u>1,688</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 125</u>	<u>\$ 1,139</u>	<u>\$ 1,014</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, 2007**

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	<u>\$ 500</u>	<u>\$ 140</u>	<u>\$ (360)</u>
Total Revenues	<u>500</u>	<u>140</u>	<u>(360)</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Contractual Services	<u>1,400</u>	<u>0</u>	<u>1,400</u>
Total Expenditures	<u>1,400</u>	<u>0</u>	<u>1,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(900)	140	1,040
Fund Balance at Beginning of Year	<u>1,401</u>	<u>1,401</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 501</u>	<u>\$ 1,541</u>	<u>\$ 1,040</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, 2007**

**PARKS CAPITAL IMPROVEMENT FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 742,000	\$ 735,511	\$ (6,489)
All Other Revenues	12,866	20,925	8,059
Total Revenues	<u>754,866</u>	<u>756,436</u>	<u>1,570</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Other Expenditures	53,875	46,019	7,856
Total Leisure Time Activities	<u>53,875</u>	<u>46,019</u>	<u>7,856</u>
Capital Outlay	298,859	280,237	18,622
Total Expenditures	<u>352,734</u>	<u>326,256</u>	<u>26,478</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	402,132	430,180	28,048
<b>Other Financing Sources (Uses):</b>			
Transfers In	45,000	45,000	0
Transfers Out	(677,625)	(677,625)	0
Total Other Financing Sources (Uses)	<u>(632,625)</u>	<u>(632,625)</u>	<u>0</u>
Net Change in Fund Balance	(230,493)	(202,445)	28,048
Fund Balance at Beginning of Year	129,957	129,957	0
Prior Year Encumbrances	102,534	102,534	0
Fund Balance at End of Year	<u>\$ 1,998</u>	<u>\$ 30,046</u>	<u>\$ 28,048</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, 2007**

---

<b>DONN DAVIS WAY CONSTRUCTION FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(29,038)	(29,037)	1
Total Other Financing Sources (Uses)	(29,038)	(29,037)	1
Net Change in Fund Balance	(29,038)	(29,037)	1
Fund Balance at Beginning of Year	44,816	44,816	0
Fund Balance at End of Year	<u>\$ 15,778</u>	<u>\$ 15,779</u>	<u>\$ 1</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, 2007**

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ (1)</u>
Total Revenues	<u>1</u>	<u>0</u>	<u>(1)</u>
<b>Expenditures:</b>			
Capital Outlay	<u>21,589</u>	<u>21,588</u>	<u>1</u>
Total Expenditures	<u>21,589</u>	<u>21,588</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,588)</u>	<u>(21,588)</u>	<u>0</u>
Fund Balance at Beginning of Year	<u>21,588</u>	<u>21,588</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)  
Nonmajor Capital Projects Fund  
For the Year Ended December 31, 2007***

---

	<b>OPWC GRANT FUND</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 350,000	\$ 312,636	\$ (37,364)
Total Revenues	<u>350,000</u>	<u>312,636</u>	<u>(37,364)</u>
<b>Expenditures:</b>			
Capital Outlay	350,000	343,009	6,991
Total Expenditures	<u>350,000</u>	<u>343,009</u>	<u>6,991</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(30,373)	(30,373)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (30,373)</u>	<u>\$ (30,373)</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, 2007**

	Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007
<b><u>Contractor Maintenance Deposit Fund</u></b>				
Assets:				
Restricted Cash and Cash Equivalents	\$39,197	\$50,675	(\$43,829)	\$46,043
Total Assets	<u>\$39,197</u>	<u>\$50,675</u>	<u>(\$43,829)</u>	<u>\$46,043</u>
Liabilities:				
Due to Others	\$39,197	\$50,675	(\$43,829)	\$46,043
Total Liabilities	<u>\$39,197</u>	<u>\$50,675</u>	<u>(\$43,829)</u>	<u>\$46,043</u>
<b><u>Health Insurance Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$87,214	\$92,230	(\$95,363)	\$84,081
Total Assets	<u>\$87,214</u>	<u>\$92,230</u>	<u>(\$95,363)</u>	<u>\$84,081</u>
Liabilities:				
Due to Others	\$87,214	\$92,230	(\$95,363)	\$84,081
Total Liabilities	<u>\$87,214</u>	<u>\$92,230</u>	<u>(\$95,363)</u>	<u>\$84,081</u>
<b><u>Total Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$87,214	\$92,230	(\$95,363)	\$84,081
Restricted Cash and Cash Equivalents	39,197	50,675	(43,829)	46,043
Total Assets	<u>\$126,411</u>	<u>\$142,905</u>	<u>(\$139,192)</u>	<u>\$130,124</u>
Liabilities:				
Due to Others	\$126,411	\$142,905	(\$139,192)	\$130,124
Total Liabilities	<u>\$126,411</u>	<u>\$142,905</u>	<u>(\$139,192)</u>	<u>\$130,124</u>

*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, 2007***

---

<u>Capital Assets</u>	
Land	\$12,482,446
Construction in Progress	167,756
Buildings	6,226,076
Improvements Other Than Buildings	4,532,048
Machinery and Equipment	5,926,967
Infrastructure	23,886,348
Total Capital Assets	<u>\$53,221,641</u>
<u>Investment in Capital Assets</u>	
General Fund	\$2,581,953
Special Revenue Funds	195,809
Capital Projects Funds	30,654,051
General Revenue Sharing	56,336
Enterprise Funds	365,344
Trust/Agency Funds	33,943
Infrastructure Prior to 2003	18,451,225
Contributions	882,980
Total Investment in Capital Assets	<u>\$53,221,641</u>

**CITY OF TIPP CITY, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2007**

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other Than Buildings
<u>General Government:</u>				
Clerk - Council	\$0	\$0	\$0	\$0
City Manager	0	0	0	0
Buildings and Grounds	525,836	0	2,547,511	0
Finance - Administration	0	0	0	0
Finance - Utility Billing	0	0	0	0
Finance - Income Tax	0	0	0	0
Miscellaneous	0	0	0	0
Total	525,836	0	2,547,511	0
<u>Security of Persons and Property:</u>				
Police	0	0	42,175	0
Fire	82,385	0	581,844	9,934
EMS	0	0	1,750	0
Total	82,385	0	625,769	9,934
<u>Transportation:</u>				
Planning/Engineering	0	0	0	0
Street	10,227,555	29,688	983,015	80,224
Total	10,227,555	29,688	983,015	80,224
<u>Leisure Time Activities:</u>				
Parks	1,646,670	138,068	707,281	2,315,728
Pool	0	0	1,362,500	2,126,162
Total	1,646,670	138,068	2,069,781	4,441,890
Total Capital Assets	\$12,482,446	\$167,756	\$6,226,076	\$4,532,048

**CITY OF TIPP CITY, OHIO**

---

---

---

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$8,990	\$0	\$8,990
17,667	0	17,667
532,789	0	3,606,136
44,496	0	44,496
94,335	0	94,335
29,812	0	29,812
57,159	0	57,159
<u>785,248</u>	<u>0</u>	<u>3,858,595</u>
832,130	0	874,305
1,360,055	0	2,034,218
646,377	0	648,127
<u>2,838,562</u>	<u>0</u>	<u>3,556,650</u>
92,161	0	92,161
836,653	23,886,348	36,043,483
<u>928,814</u>	<u>23,886,348</u>	<u>36,135,644</u>
688,327	0	5,496,074
686,016	0	4,174,678
<u>1,374,343</u>	<u>0</u>	<u>9,670,752</u>
<u>\$5,926,967</u>	<u>\$23,886,348</u>	<u>\$53,221,641</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, 2007**

<u>Function and Activity</u>	<u>December 31, 2006</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2007</u>
<u>General Government:</u>					
Clerk - Council	\$8,990	\$0	\$0	\$0	\$8,990
City Manager	17,667	0	0	0	17,667
Buildings and Grounds	3,540,147	0	79,081	(13,092)	3,606,136
Finance - Administration	44,496	0	0	0	44,496
Finance - Utility Billing	62,634	0	31,701	0	94,335
Finance - Income Tax	10,012	0	19,800	0	29,812
Miscellaneous	57,159	0	0	0	57,159
Total	<u>3,741,105</u>	<u>0</u>	<u>130,582</u>	<u>(13,092)</u>	<u>3,858,595</u>
<u>Security of Persons and Property:</u>					
Police	817,454	(18,839)	78,165	(2,475)	874,305
Fire	2,097,969	0	93,115	(156,866)	2,034,218
EMS	616,883	0	51,636	(20,392)	648,127
Total	<u>3,532,306</u>	<u>(18,839)</u>	<u>222,916</u>	<u>(179,733)</u>	<u>3,556,650</u>
<u>Transportation:</u>					
Planning/Engineering	91,585	18,839	13,122	(31,385)	92,161
Street	35,090,822	0	1,167,450	(214,789)	36,043,483
Total	<u>35,182,407</u>	<u>18,839</u>	<u>1,180,572</u>	<u>(246,174)</u>	<u>36,135,644</u>
<u>Leisure Time Activities:</u>					
Parks	5,000,405	0	548,544	(52,875)	5,496,074
Pool	4,172,903	0	1,775	0	4,174,678
Total	<u>9,173,308</u>	<u>0</u>	<u>550,319</u>	<u>(52,875)</u>	<u>9,670,752</u>
Total Capital Assets	<u>\$51,629,126</u>	<u>\$0</u>	<u>\$2,084,389</u>	<u>(\$491,874)</u>	<u>\$53,221,641</u>

PVT PAUL J OSWEILER  
KOREAN MEDIC BURN UN  
FORT SAM HOUSTON, TX

H MELVIN FUNDERB  
45TH DIV WWI  
PURPLE HEART

DEWEY WAYNE BISER  
OHIO NATIONAL GUARD  
1950 TO 1959

WILLARD L BISER  
PARATROOPER  
WORLD WAR II

D  
KOR

SER  
JARD  
6

NORMAN U BISER  
TACRON-21  
1955-1961

M GENE BISER  
US NAVY

196

**Statistical  
Section**

OS2 D  
USS KA  
PLANK

RICE  
ORCE  
NAM

EMERSON L CHRISM  
US NAVY  
WORLD WAR II & KOR



## ***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 2 – S 13
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 14 – S 17
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 18 – S 27
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 28 – S 33
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 34 – S 37
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 City 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 Five Years  
(accrual basis of accounting)*

	2003	2004	2005	2006
<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	5,087,254	2,531,296	3,292,184	3,479,712
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	11,793,935	13,390,643	12,435,714	11,519,382
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	16,881,189	15,921,939	15,727,898	14,999,094
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*

---

---

2007

\$31,427,283  
2,443,299  
4,176,006  
\$38,046,588

\$19,295,981  
12,679,089  
\$31,975,070

\$50,723,264  
2,443,299  
16,855,095  
\$70,021,658

## City of Tipp City

*Changes in Net Assets  
Last Five 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>

*City of Tipp City*

---

---

2007

\$3,195,571

1,407,319

231,885

229,516

1,465,686

1,763,783

286,399

8,580,159

8,330,307

1,907,331

1,145,064

661,807

12,044,509

\$20,624,668

\$597,064

391,090

176,493

1,339

593,159

799,014

2,558,159

(continued)

## City of Tipp City

### Changes in Net Assets Last Five 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*

---

---

2007

9,351,973

1,818,669

1,218,038

675,937

290,512

13,355,129

15,913,288

(6,022,000)

1,310,620

(\$4,711,380)

\$3,460,790

321,337

35,265

1,311,289

610,371

215,622

0

729,509

6,684,183

0

(729,509)

(729,509)

\$5,954,674

\$662,183

581,111

\$1,243,294

## City of Tipp City

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

	1998	1999	2000	2001	2002
General Fund					
Reserved	\$202,896	\$280,994	\$288,089	\$248,742	\$181,997
Unreserved	<u>2,771,548</u>	<u>2,931,433</u>	<u>3,037,167</u>	<u>2,977,834</u>	<u>2,903,537</u>
<i>Total General Fund</i>	<u>2,974,444</u>	<u>3,212,427</u>	<u>3,325,256</u>	<u>3,226,576</u>	<u>3,085,534</u>
All Other Governmental Funds					
Reserved	409,772	311,532	767,102	1,381,625	2,666,384
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	270,556	334,192	359,647	366,722	328,567
Capital Projects Funds	<u>(117,181)</u>	<u>(28,800)</u>	<u>60,613</u>	<u>349,228</u>	<u>(1,208,457)</u>
Total All Other Governmental Funds	<u>563,147</u>	<u>616,924</u>	<u>1,187,362</u>	<u>2,097,575</u>	<u>1,786,494</u>
<i>Total Governmental Funds</i>	<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>	<u><u>\$4,872,028</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$212,848	\$227,633	\$225,007	\$204,586	\$204,706
<u>2,501,267</u>	<u>2,738,720</u>	<u>3,286,365</u>	<u>3,435,396</u>	<u>3,401,815</u>
<u>2,714,115</u>	<u>2,966,353</u>	<u>3,511,372</u>	<u>3,639,982</u>	<u>3,606,521</u>
1,030,652	4,382,752	1,880,597	736,407	482,190
303,803	362,068	361,808	420,362	369,856
<u>(1,137,330)</u>	<u>156,311</u>	<u>(519,717)</u>	<u>141,300</u>	<u>(157,446)</u>
<u>197,125</u>	<u>4,901,131</u>	<u>1,722,688</u>	<u>1,298,069</u>	<u>694,600</u>
<u>\$2,911,240</u>	<u>\$7,867,484</u>	<u>\$5,234,060</u>	<u>\$4,938,051</u>	<u>\$4,301,121</u>

## *City of Tipp City*

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

	1998	1999	2000	2001
<b>Revenues:</b>				
Taxes	\$2,306,843	\$2,485,692	\$2,690,321	\$2,714,921
Intergovernmental Revenues	985,790	1,110,545	1,249,828	2,108,354
Charges for Services	309,291	322,313	300,753	329,576
Licenses, Permits and Fees	70,769	56,338	48,673	39,889
Investment Earnings	490,380	429,144	615,560	632,641
Special Assessments	72,992	64,168	44,536	42,799
Fines and Forfeitures	18,801	18,207	12,831	19,870
All Other Revenue	188,157	133,653	133,930	141,722
<b>Total Revenue</b>	<u>4,443,023</u>	<u>4,620,060</u>	<u>5,096,432</u>	<u>6,029,772</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	1,494,252	1,543,564	1,912,131	2,207,735
Leisure Time Activities	268,929	280,857	314,361	353,068
Community Environment	121,268	133,517	113,088	213,504
Basic Utility Services	170,865	120,321	129,327	151,674
Transportation	330,822	356,152	352,447	394,343
General Government	839,685	905,541	895,484	1,021,254
Capital Outlay	912,671	1,204,204	994,988	3,259,832
Debt Service:				
Principal Retirement	185,000	185,000	185,000	180,000
Interest and Fiscal Charges	98,125	85,204	78,686	148,973
<b>Total Expenditures</b>	<u>4,421,617</u>	<u>4,814,360</u>	<u>4,975,512</u>	<u>7,930,383</u>
Excess (Deficiency) of Revenues Over Expenditures	21,406	(194,300)	120,920	(1,900,611)

*City of Tipp City*

2002	2003	2004	2005	2006	2007
\$2,742,643	\$3,472,281	\$3,724,771	\$4,163,119	\$4,102,979	\$3,713,187
1,984,546	2,613,756	2,970,947	4,227,822	3,031,924	2,523,552
363,786	389,278	431,831	875,342	962,883	956,560
66,231	104,085	140,400	100,348	51,671	88,217
331,071	196,466	216,971	368,738	568,508	634,068
35,801	108,069	290,594	138,087	176,517	146,551
20,568	17,943	12,050	17,374	18,698	20,630
236,768	244,689	195,286	176,457	202,602	320,344
<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>	<u>8,403,109</u>
2,328,658	2,474,913	2,407,475	2,581,894	2,857,394	2,980,614
405,517	429,309	518,553	803,645	836,527	866,924
188,598	197,643	193,591	221,349	229,968	238,806
160,646	174,405	187,468	198,912	207,205	223,769
419,998	504,019	467,201	649,449	555,612	549,832
1,184,338	1,250,192	1,207,697	1,322,241	1,398,609	1,457,073
1,305,174	3,925,591	4,737,669	6,386,882	2,806,629	2,263,569
230,000	280,000	305,000	945,660	901,632	897,062
145,077	164,200	253,627	327,982	313,856	288,508
<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>	<u>9,766,157</u>
(586,592)	(2,253,705)	(2,295,431)	(3,370,727)	(991,650)	(1,363,048)

(Continued)

**City of Tipp City**

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

	1998	1999	2000	2001
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	12,925	27,515	27,245	3,405
Other Financing Sources - Capital Leases	0	0	0	0
Special Assessment Bonds Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	2,325,000
Transfers In	1,310,115	1,253,549	1,880,033	1,667,329
Transfers Out	(778,303)	(799,488)	(1,354,509)	(1,395,501)
<b>Total Other Financing Sources (Uses)</b>	<u>544,737</u>	<u>481,576</u>	<u>552,769</u>	<u>2,600,233</u>
<b>Net Change in Fund Balance</b>	<u>\$566,143</u>	<u>\$287,276</u>	<u>\$673,689</u>	<u>\$699,622</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 8.78%	 8.09%	 7.09%	 7.58%

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*

---



---

2002	2003	2004	2005	2006	2007
2,125	0	0	0	0	0
0	0	0	61,500	0	0
0	0	930,000	0	0	0
0	0	5,975,000	0	0	0
983,154	1,232,825	1,274,901	2,346,269	2,458,945	2,453,724
(865,255)	(958,028)	(929,115)	(1,686,522)	(1,765,380)	(1,724,215)
<u>120,024</u>	<u>274,797</u>	<u>7,250,786</u>	<u>721,247</u>	<u>693,565</u>	<u>729,509</u>
<u>(\$466,568)</u>	<u>(\$1,978,908)</u>	<u>\$4,955,355</u>	<u>(\$2,649,480)</u>	<u>(\$298,085)</u>	<u>(\$633,539)</u>
8.00%	8.66%	11.21%	22.04%	19.37%	17.91%

## *City of Tipp City*

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

<b>Tax year</b>	1998	1999	2000	2001	2002
Income Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%
Estimated Personal Income (in thousands)	\$156,184	\$160,071	\$257,045	\$255,993	\$261,176
Total Tax Collected	\$2,110,841	\$2,381,963	\$2,409,590	\$2,584,714	\$2,480,626
Income Tax Receipts					
Withholding	1,578,290	1,795,923	1,780,255	1,962,686	1,901,859
Percentage	74.77%	75.40%	73.88%	75.93%	76.67%
Corporate	285,265	297,986	304,510	296,171	269,046
Percentage	13.51%	12.51%	12.64%	11.46%	10.85%
Individuals	247,286	288,054	324,825	325,857	309,721
Percentage	11.72%	12.09%	13.48%	12.61%	12.49%

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*

---

---

---

---

2003	2004	2005	2006	2007
1.25%	1.25%	1.25%	1.25%	1.25%
\$272,149	\$280,420	\$282,578	\$295,966	\$295,966
\$3,124,937	\$3,461,382	\$3,702,867	\$3,867,731	\$3,679,252
2,428,634	2,497,599	2,615,737	2,684,253	2,769,744
77.72%	72.16%	70.64%	69.40%	75.28%
330,632	543,935	636,113	696,447	414,080
10.58%	15.71%	17.18%	18.01%	11.25%
365,671	419,848	451,017	487,031	495,428
11.70%	12.13%	12.18%	12.59%	13.47%



## *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	2007 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
Federal Government	Government	5
Creative Extruded Products	Manufacturing	6
City of Tipp City	Government	7
Precision Strip	Agricultural and Nursery	8
Arbogast	Auto Dealer	9
DAP Products, Inc.	Manufacturing	10

Name of Taxpayer	Nature of Business	1998 Rank
Meijer, Inc.	Warehouse Distribution	1
A. O . Smith Corporation	Manufacturing	2
Tipp City Exempted Village School District	Education	3
DAP Products, Inc.	Manufacturing	4
Tipp Machine and Tool	Manufacturing	5
Dolly, Inc.	Manufacturing	6
Gardens Alive- Springhill	Agricultural-Nursery	7
Creative Extruded Products	Manufacturing	8
Federal Government	Government	9
Arbogast	Auto Dealer	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*

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

	1998	1999	2000	2001
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$1,365,000	\$1,180,000	\$995,000	\$3,140,000
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	\$2,145,000	\$1,910,000	\$1,675,000	\$1,450,000
Long-Term Loan Payable	580,236	580,236	580,236	467,837
Total Primary Government	<u>\$4,090,236</u>	<u>\$3,670,236</u>	<u>\$3,250,236</u>	<u>\$5,057,837</u>
<b>Population</b> <sup>(2)</sup>				
City of Tipp City	6,027	6,027	9,221	9,221
Outstanding Debt Per Capita	\$679	\$609	\$352	\$549
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	156,184	160,071	257,045	255,993
Percentage of Personal Income	2.62%	2.29%	1.26%	1.98%

**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*

2002	2003	2004	2005	2006	2007
\$2,910,000	\$2,630,000	\$8,300,000	\$7,395,000	\$6,540,000	\$5,690,000
0	0	930,000	895,000	860,000	825,000
0	0	0	55,840	44,208	32,146
\$1,225,000	\$1,065,000	\$1,605,000	\$1,370,000	\$1,135,000	\$950,000
464,505	432,095	432,095	408,510	408,510	408,510
<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>	<u>\$7,905,656</u>
9,221	9,221	9,221	9,221	9,221	9,221
\$499	\$448	\$1,222	\$1,098	\$975	\$857
261,176	272,149	280,420	282,578	295,966	295,966
1.76%	1.52%	4.02%	3.58%	3.04%	2.67%

## *City of Tipp City*

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

Year	1998	1999	2000	2001
<b>Population</b> <sup>(1)</sup>	6,027	6,027	9,221	9,221
<b>Assessed Value</b> <sup>(2)</sup>	\$196,440,930	\$203,023,060	\$215,569,470	\$237,924,370
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$1,365,000	\$1,180,000	\$995,000	\$3,140,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$23	\$140	\$0	\$0
<b>Net General Bonded Debt</b>	\$1,364,977	\$1,179,860	\$995,000	\$3,140,000
<b>Ratio of Net Bonded Debt to Estimated Assessed Value</b>	0.69%	0.58%	0.46%	1.32%
<b>Net Bonded Debt per Capita</b>	\$226.48	\$195.76	\$107.91	\$340.53

**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*

---

---

2002	2003	2004	2005	2006	2007
9,221	9,221	9,221	9,221	9,221	9,221
\$244,019,430	\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650	\$275,784,680
\$2,910,000	\$2,630,000	\$8,300,000	\$7,395,000	\$6,540,000	\$5,690,000
\$1,087	\$83,030	\$8,589	\$0	\$0	\$954
\$2,908,913	\$2,546,970	\$8,291,411	\$7,395,000	\$6,540,000	\$5,689,046
1.19%	1.02%	3.18%	2.77%	2.52%	2.06%
\$315.47	\$276.21	\$899.19	\$801.97	\$709.25	\$616.97



## *City of Tipp City*

*Computation of Direct and Overlapping  
General Obligation Debt  
December 31, 2007*

<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	18,659,985	68.90%	12,856,730
Troy City School District	19,845,000	0.01%	1,985
Miami County	7,421,500	12.24%	908,392
		Subtotal	<u>13,767,107</u>
		Total	<u><u>\$13,767,107</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>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>Total Debt</b>				
Net Assessed Valuation	\$196,440,930	\$203,023,060	\$215,569,470	\$237,924,370
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	20,626,298	21,317,421	22,634,794	24,982,059
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>\$20,626,298</u>	<u>\$21,317,421</u>	<u>\$22,634,794</u>	<u>\$24,982,059</u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$196,440,930	\$203,023,060	\$215,569,470	\$237,924,370
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	10,804,251	11,166,268	11,856,321	13,085,840
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>\$10,804,251</u>	<u>\$11,166,268</u>	<u>\$11,856,321</u>	<u>\$13,085,840</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*

2002	2003	2004	2005	2006	2007
\$244,019,430	\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650	\$275,784,680
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
25,622,040	26,171,814	27,373,491	28,032,877	27,276,443	28,957,391
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<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>	<u>\$28,957,391</u>
\$244,019,430	\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650	\$275,784,680
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
13,421,069	13,709,045	14,338,495	14,683,888	14,287,661	15,168,157
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<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>	<u>\$15,168,157</u>



**City of Tipp City**

*Pledged Revenue Coverage  
Last Four Years*

	2004	2005	2006	2007
<b>Special Assessment Bonds (1)</b>				
Special Assessment Collections	\$0	\$73,653	\$73,653	\$73,653
Debt Service				
Principal	0	35,000	35,000	35,000
Interest	20,338	34,865	34,165	33,465
Coverage	0.00	1.05	1.06	1.08

(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	1998	1999	2000	2001
<b>Population</b> <sup>(1)</sup>				
City of Tipp City	6,027	6,027	9,221	9,221
Miami County	93,182	93,182	98,868	98,868
<b>Income</b> <sup>(2) (a)</sup>				
Total Personal (in thousands)	156,184	160,071	257,045	255,993
Per Capita	25,914	26,559	27,876	27,762
<b>Unemployment Rate</b> <sup>(3)</sup>				
Federal	4.9%	4.5%	4.2%	3.8%
State	4.6%	4.3%	4.3%	3.7%
Miami County	3.6%	3.8%	3.4%	4.3%
<b>Civilian Work Force Estimates</b> <sup>(3)</sup>				
State	5,678,000	5,749,000	5,900,400	5,857,000
Miami County	50,700	51,000	50,500	51,800
<b>Total Assessed Property Value</b> <sup>(4)</sup>	196,440,930	203,023,060	215,569,470	237,924,370
<b>Estimated Actual Property Value</b> <sup>(4)</sup>	602,081,686	621,909,394	667,327,149	739,651,194

**Sources:**

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2006 for the presentation of 2007 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*

---



---

2002	2003	2004	2005	2006	2007
9,221	9,221	9,221	9,221	9,221	9,221
98,868	98,868	98,868	98,868	98,868	98,868
261,176	272,149	280,420	282,578	295,966	295,966
28,324	29,514	30,411	30,645	32,097	32,097
4.8%	5.8%	6.0%	5.1%	4.6%	4.6%
4.3%	5.7%	6.1%	5.9%	5.5%	5.6%
5.5%	6.1%	5.6%	5.6%	5.5%	5.4%
5,828,000	5,915,000	5,875,300	5,900,400	5,934,000	5,976,500
52,000	52,200	54,300	54,100	55,100	55,400
244,019,430	249,255,370	260,699,910	266,979,780	259,775,650	275,784,680
759,270,302	775,791,777	806,202,806	822,422,149	786,707,789	854,886,147



## *City of Tipp City*

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

<u>Employer</u>	<u>Nature of Business</u>	<u>2007</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Meijer, Inc.	Warehouse Distribution	802	1
A. O . Smith Corporation	Manufacturing	341	2
Tipp City Exempted Village School District	Education	290	3
Creative Extruded Products	Manufacturing	240	4
Arbogast	Auto Dealer	120	5
Springmeade Health Center	Health Care	110	6
DAP Products, Inc.	Manufacturing	110	7
Gardens Alive- Springhill	Agricultural and Nursery	100	8
Captor	Manufacturing	92	9
Allen Foods	Food Processing	84	10
Total		<u>2,289</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

	1998	1999	2000	2001	2002
<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	2.00	2.00
Building and Facility Services	0.00	0.00	0.00	0.00	0.50
Finance	6.50	7.00	7.25	7.25	7.50
Legal	0.50	0.50	0.50	0.50	0.50
Engineering	1.00	1.00	1.50	2.50	2.50
Security of Persons and Property					
Police	16.50	19.00	19.00	21.00	21.50
Fire and EMS	13.50	14.00	14.00	14.00	15.00
Transportation					
Street	5.75	5.75	5.75	5.75	6.00
Leisure Time Activities					
Parks	4.50	5.00	5.00	5.00	6.00
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	11.00	11.00	14.50
Water	4.50	4.50	4.50	4.50	5.00
Sewer	2.50	2.50	2.50	2.50	3.00
Refuse Collection	0.00	0.00	0.00	0.00	0.00
<i>Total Employees</i>	<u>78.75</u>	<u>82.75</u>	<u>84.50</u>	<u>87.25</u>	<u>95.25</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*

---

---

2003	2004	2005	2006	2007
4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	2.00
0.50	1.50	1.50	2.00	2.00
7.50	7.50	7.50	7.50	8.00
0.50	0.50	0.50	0.50	0.50
2.50	2.50	3.00	3.00	3.00
21.50	22.00	22.00	22.50	22.50
15.00	15.50	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	0.00	0.00	0.00	0.00
2.50	2.50	2.50	2.50	2.50
14.50	14.50	14.50	15.50	15.50
5.00	5.00	5.25	5.50	8.50
3.00	3.00	5.25	3.50	3.50
0.00	0.00	0.00	0.00	0.00
<u>95.25</u>	<u>92.50</u>	<u>95.50</u>	<u>96.00</u>	<u>99.50</u>

## *City of Tipp City*

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

	1998	1999	2000	2001
<b>Governmental Activities</b>				
General Government				
Accounts Payable Checks processed	2,550	4,124	3,181	3,531
Purchase Orders issued	3,409	3,210	2,925	2,955
Court				
Number of Criminal Cases	336	316	420	352
Number of Traffic Cases	634	586	633	784
Licenses and Permits				
Number of Residential Building Permits	111	62	66	56
Number of Commercial Building Permits	22	13	16	27
Security of Persons and Property				
Police				
Criminal Arrests	n/a	n/a	n/a	564
Calls for Service	n/a	n/a	n/a	13,956
Number of Accidents	n/a	n/a	n/a	381
Fire and EMS				
Number of Fire Calls	351	392	383	423
Number of EMS Runs	1,029	1,155	1,191	1,230
Transportation				
Street				
Tons of Salt Used	n/a	874	925	1,060
Leisure Time Activities				
Swimming Pool Receipts	45,749	41,348	31,274	34,312
<b>Business-Type Activities</b>				
Electric				
Number of Service Connections	4,339	4,402	4,471	4,491
Peak Demand (megawatts)	27.6	29.8	27.3	28.0
Energy Purchased (MWh)	142,026	143,635	147,191	144,499
Water				
Number of Service Connections	3,552	3,608	3,647	3,708
Daily Average Consumption (mgd)	1.2	1.2	1.2	1.7
Peak Daily Consumption (mgd)	3.2	3.2	3.2	2.7
Sewer				
Sewer Treatment Charges	580,022	542,174	546,145	525,729
Daily Average Sewage Treatment (mgd)	1.2	1.2	1.2	1.4
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*

2002	2003	2004	2005	2006	2007
3,532	3,304	3,500	3,343	3,542	3,576
2,800	2,823	2,599	2,502	2,813	2,780
349	403	334	408	368	412
830	752	584	688	747	742
94	126	79	82	34	31
8	5	9	8	8	9
606	650	675	805	676	770
17,485	16,805	16,580	17,345	16,391	15,420
441	417	382	385	416	390
448	397	392	414	404	408
1,301	1,283	1,272	1,343	1,415	1,353
338	1,085	610	665	621	1,121
38,899	29,226	12,240	247,737	268,227	268,574
4,493	4,564	4,634	4,711	4,761	4,804
30.0	29.4	28.5	31.4	31.4	33.0
148,599	148,675	153,050	157,954	160,677	154,852
3,735	3,783	3,849	3,927	3,984	4,026
1.2	1.2	1.2	1.4	1.3	1.3
3.2	3.2	3.2	2.6	2.8	2.5
534,839	557,044	580,709	589,276	612,634	621,828
1.2	1.2	1.7	1.7	1.8	1.6
n/a	n/a	3,737	3,793	3,837	3,852

## *City of Tipp City*

### *Capital Asset Statistics by Function Last Eight 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>	<u>2007</u>
7.1	7.2	7.2	7.5
1	1	1	1
2	2	2	2
58	60	60	61
1,276	1,302	1,328	1,400
56	58	58	59
394	434	434	434
12	17	17	17
2	2	2	2
12	20	20	20
3	3	3	3
52	54	54	55
639	658	658	658
52	54	54	55



PVT PAUL J OSWEILER  
KOREAN MEDIC BURN UN  
FORT SAM HOUSTON, TX

H MELVIN FUNDERB  
45TH DIV WWII  
PURPLE HEART

DEWEY WAYNE BISER  
OHIO NATIONAL GUARD  
1950 TO 1959

WILLARD L BISER  
PARATROOPER  
WORLD WAR II

DI  
KOR

SER  
GUARD  
6

NORMAN U BISER  
TACRON-21  
1955-1961

M GENE BISER  
US NAVY  
CLG-4 1960 - 196

OS2 D  
USS KA  
PLANK

RICE  
ORCE  
NAM



EMERSON L CHRISM  
US NAVY  
WORLD WAR II & KOR



**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, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 16, 2008. 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*.

We noted certain matters that we reported to management of the City in a separate letter dated June 16, 2008.

This report is intended for the information and use of the City Council, the management, others within the City, the Auditor of the State of Ohio 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, Schaefer, Hachett & Co.".

Springfield, Ohio  
June 16, 2008





**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  
JULY 24, 2008**