
**City of Tipp City
Miami County, Ohio**

Reports on Internal Controls and Compliance
and Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Tipp City, Miami County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2011 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 13, 2012

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**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

We have audited the financial statements of the governmental activities, 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2012. 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

Management of the City is responsible for establishing and maintaining effective 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 audit 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as finding 2011-001 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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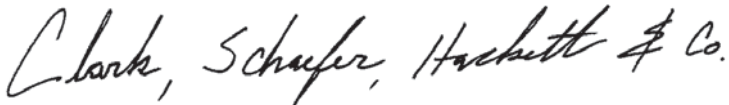
Compliance and Other Matters

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 28, 2012.

The City's response to the finding identified in our audit is described in the accompanying schedule of audit findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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



Springfield, Ohio
June 28, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR
A-133 AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Compliance

We have audited the compliance of the City of Tipp City, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2011, and have issued our report thereon date June 28, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



Springfield, Ohio
June 28, 2012

City of Tipp City, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Number	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through Miami County, Ohio</i>			
Community Development Block Grant/State Program	14.228	B-F-10-1BY-1	\$ <u>29,500</u>
Total U.S. Department of Housing and Urban Development			<u>29,500</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Bulletproof Vest Partnership Program	16.607	(1)	<u>1,863</u>
Total U.S. Department of Justice			<u>1,863</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction	20.205	PID 80028	311,109
ARRA - Highway Planning and Construction	20.205	PID 81040	<u>320,999</u>
Total U.S. Department of Transportation			<u>632,108</u>
TOTAL FEDERAL AWARD EXPENDITURES			<u>\$ 663,471</u>

(1) Pass through number not available.

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

NOTE 1 – GENERAL:

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Tipp City, Ohio (the City). The City's reporting entity is defined in Note A to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the Schedule.

NOTE 2 – BASIS OF ACCOUNTING:

The accompanying Schedule of Expenditures of Federal Awards is presented using the cash basis of accounting.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:

Grant expenditures are reported in the City's major and non-major special revenue funds.

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	None noted
Identification of major programs:	
CFDA 20.205 – Highway Planning and Construction - ARRA	
Dollar threshold to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding Number 2011-001

The City’s financial statements were adjusted based on the results of our audit. Audit adjustments were made to correct the following issues:

- Accounts receivables were booked in the City’s Refuse Fund in 2011 that are related to services that are paid in advance by the residents. Therefore, no receivable should be reported at year end for refuse services.
- Two payments to vendors which occurred in 2012 but related to services or goods received by the City’s General and Sewer Funds in 2011, were not properly recognized as accounts payables in the financial statements. In addition, retainage payable on the transportation contracts were not accounted for in the financial statements.

It is recommended the City implement sufficient control procedures over the financial reporting process in order to enable management to prevent and detect potential misstatements in the financial statements and footnotes.

Management Response: Management acknowledges these issues and corrections were made to the financial statements prior to issuance.

Section III – Federal Awards Findings and Questioned Costs

None noted

Section IV – Summary of Prior Audit Findings and Questioned Costs

Finding Number 2010-001

Audit adjustments were made to correct the recognition of accounts payables and the reporting of an Ohio Department of Transportation payment that is paid on behalf of the City.

Status: Partially corrected – See finding number 2011-001



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success

City of Tipp City, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2011





Tipp City

City of Tipp City, Ohio

Miami County



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011

Prepared by the Finance Department

John Green, Director



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MIAMI COUNTY, OHIO

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Tipp City **Introductory
Section**



Tipp City



Council-Manager
Government

June 28, 2012

To the Honorable Mayor, Members of City Council, and 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, 2011 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.

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, 2011. The independent auditor's report is located at the front of the financial section of this report.

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2011 can be found in a separately issued audit report.

This transmittal letter is designed to provide historical information about the City, as well as complement the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The City's MD&A, which focuses on the government wide statements, can be found immediately following the Independent Auditor's Report.

***Letter of Transmittal
For the Year Ended December 31, 2011***

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 and a half square mile area serves a residential population of 9,689 (2010 Census). The City is served by diversified transportation facilities. Immediate access is to four State Highways and to Interstate Highways 70 and 75. The main line of the CSX Railroad (CSX), between Cincinnati and Toledo, passes through the City. Passenger and freight air service is provided by the Dayton International Airport located approximately 10 miles from the City. Easy access to both Interstates 70 and 75 places Tipp City within approximately a one-hour drive of Columbus, Cincinnati, and Indianapolis.

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

The legislative body of Tipp City consists of a seven-member Council, all of whom are elected at-large for overlapping four-year terms. The City Council appoints a City Manager, and a 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 20.

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.

***Letter of Transmittal
For the Year Ended December 31, 2011***

Tipp City Council adopts a final budget on or about the first business day of the fiscal year. This annual budget serves as the foundation for the City of Tipp City's financial planning and control. The budget is prepared on a cash-encumbrance basis wherein transactions are recorded when cash is received or disbursed, or when a commitment has been recorded as an encumbrance against an applicable appropriation. Budgetary control is maintained by the encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the encumbrance of the amount of the purchase.

ECONOMIC CONDITIONS AND OUTLOOK

Since Tipp City's beginning in 1840, location has played a prime role in its 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.

The 2010 census sets the population of Tipp City at 9,689 compared to 9,221 at the 2000 census. This represents a population increase of 468 residents, or 5.08% for the period of 2000 to 2010. The number of residential units increased from 3,851 units in 2000 to 4,194 units in 2010, or an 8.91% increase. There were 333 unoccupied residential units in Tipp City when the 2010 Census count was taken.

Tipp City and the Chamber of Commerce continued their joint participation in the BusinessFirst! Business Retention and Expansion (BR&E) program. This regional BR&E is used in six counties by fifty different jurisdictions. Fifteen meetings were held with Tipp City area businesses and industries utilizing the Business First protocols. Keeping in touch with our existing local businesses and industries is vital, since studies have shown that 80-85% of job creation is done by existing small businesses. Our Assistant City Manager serves as the City's representative and attends the regional monthly meetings.

Commercial and industrial growth in 2011 invested \$1,235,000 in the community, with seven projects undertaken this year as compared to six projects in 2010. Of significance for 2011, Power Solutions is completing construction of an 11,000 square foot office and service center on Kerr Road. The Upper Room Worship Center is completing work on an 8,500 square foot church on North Hyatt Street. High Tech Industries will break ground on a new 19,000 square foot office/construction trades facility on North Third Street. Of significance for the future, in March, 2012, the City was notified that Abbott, a Fortune 100 company with nearly \$40 billion in sales, selected Tipp City as the site for the construction of a Liquid Nutrition Manufacturing Facility. Abbott is expected to invest \$270 million in the facility and to create 240 jobs in the community.

The Dayton region's unemployment rate averaged 9.4% in 2011, dipping to a low of 8.8% by year end. Miami County's unemployment rate averaged 8.9% in 2011, dipping to a low of 7.6% by year-end. These numbers show a significant improvement over the 2010 average rate of 10.8%, but are still a far cry from the low of 3.3% in 2000. We feel confident that our area will see an increase in jobs over the next few years.

CITY OF TIPP CITY, OHIO

Letter of Transmittal For the Year Ended December 31, 2011

During 2011, Tipp City had 12 new residential unit starts. This was up slightly from the 7 new units in 2010 but remains below 2006 levels when 34 new units were built. The housing market continues to be a concern in this area, as well as nationally. Even though interest rates remain at historic low rates, new housing starts have not significantly picked up. There are currently six active subdivisions being developed: Sycamore Woods, Curry Branch, Bowman Woods, Hunter's Ridge, Manchester Chase, and Rosewood Creek. The following table outlines the residential growth for the last several years:

Year	Base Units	New Units	Demolished Units	Net % Growth
2006	4110	34	3	.754%
2007	4141	31	3	.676%
2008	4169	21	0	.504%
2009	4190	10	0	.239%
2010	4200	7	1	.143%
2011	4206	12	1	.261%

Over 1,000 acres of vacant prime industrial land is 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 as the economy recovers in 2012-2013.

MAJOR INITIATIVES

For the Year

The City's primary focus in 2011 was towards maintenance, repair, and upgrade of capital improvements. In late fall of 2010, City Council established a citizens committee for the purpose of reviewing a ten-year capital improvement plan and recommending a funding option to meet the City's future capital improvement needs in the governmental funds. The committee's recommendation was to place before the City electorate a 0.25% increase in the City's income tax rate (from 1.25% to 1.5%) to be effective July 1, 2011 and a 0.25% increase in the City's income tax rate to be effective January 1, 2013. This second increase will take the place of an expiring tax levy of the same amount leaving the overall rate at 1.5%. The City's electorate approved the measure on May 3, 2011. These income tax increases will each be collected for a period of 10 years from the enacted dates and are expected to generate approximately \$13 million in additional revenues. The additional revenues are restricted for use for capital improvements to include replacing a 35 year-old aerial ladder truck in the Fire Department, expansion and renovation of the existing Fire/EMS station, street reconstruction and resurfacing, and replacement of vehicles and equipment as necessary.

The City continued to work on capital improvement projects in the enterprise funds as well. Replacement of the City's 350,000 gallon Bowman Avenue Water Tower (tank #1) started in the spring of 2010 and continued through 2011. The City's project includes building a new 1 million gallon tank along Donn Davis Way (tank #3). Once tank #3 is completed, the City will refurbish the existing 1 million gallon tank on Harmony Drive (tank #2), and remove the Bowman Avenue Tank (tank #1). The cost for the initial construction phase of this project is \$2.6 million, of which 50% is funded by the Ohio Public Works Commission (OPWC) with grants and 0% interest loans.

***Letter of Transmittal
For the Year Ended December 31, 2011***

During 2011, the City also upgraded the current electric and water meters to an automated meter reading system (AMR). The entire project was \$1.8 million and included the replacement of every electric and water meter in the City's system. The new meters provide more accurate meter readings, the smart grid provides outage management, leak detection, and multiple meter readings per day. It eliminates the need to roll a vehicle to the meter location to read the meter for monthly billing purposes, final reads, and certain installed meters have remote disconnect capabilities. The cost of this project was \$1.8 million and was funded partially by a 0% interest loan of \$600,000 from the State of Ohio OPWC program.

The City continues to monitor non-capital expenditures closely. In 2009, the City enacted several cost cutting measures. These measures were largely continued through the end of 2011. City Council continues to review closely every open employment position to determine whether there is a need to fill the position or if it can be delayed or consolidated with another position. Position consolidations from 2010 were continued. To a very large extent, non-capital expenses were held consistent with prior years wherever possible. The City Council did approve, in February 2011, a 1% wage increase and 1% lump sum payment (based on 2010's final hourly rate times 2,080 hours) for City employees who are represented by the American Federation of State, County, and Municipal Employees (AFSCME) as well as management and non-bargaining unit employees. This was the first wage increase approved for management and non-bargaining unit employees since February, 2008.

As a result of continued cost saving measures as well as overall cost containment throughout the General Fund, the City's cash basis expenditures ended the year approximately \$267,000 less than the original budget. Combined with higher than anticipated levels of income tax revenues, a planned for but unrealized reduction in State shared local government revenues, and payment received from the sale of a conservation easement in a City park, the City realized an increase of almost \$300,000 in the General Fund year-end cash balance versus a budgeted \$450,000 reduction. This was the fifth straight year the City increased its General Fund cash reserves.

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. The chrysanthemum was the inspiration for the City's new logo which is presented on the front of this document. Hometown activities featured at the Mum Festival include a street dance, car show, 5K road race, parade and live entertainment.

For The Future

The City of Tipp City faces a bright future. Economic development coupled with the commitment of the residents to fund necessary capital improvements over the next decade, will help ensure the sound financial position of the City. In 2012, the City will again be focused on capital improvements with initiation of the first comprehensive asphalt resurfacing program since 2007, renovation and expansion of the City Fire Station, reconstruction of South Third Street with accompanying utilities, and preparation for replacement of the utility trunk lines along Main Street scheduled for 2013.

***Letter of Transmittal
For the Year Ended December 31, 2011***

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, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Tipp City has received a Certificate of Achievement for the last eleven years (2000-2010). 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 requires the combined efforts and assistance of many employees of the City of Tipp City. My sincere appreciation is extended to all City employees whose efforts 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,



John W. Green
Director of Finance

***List of Principal Officials
For the Year Ended December 31, 2011***

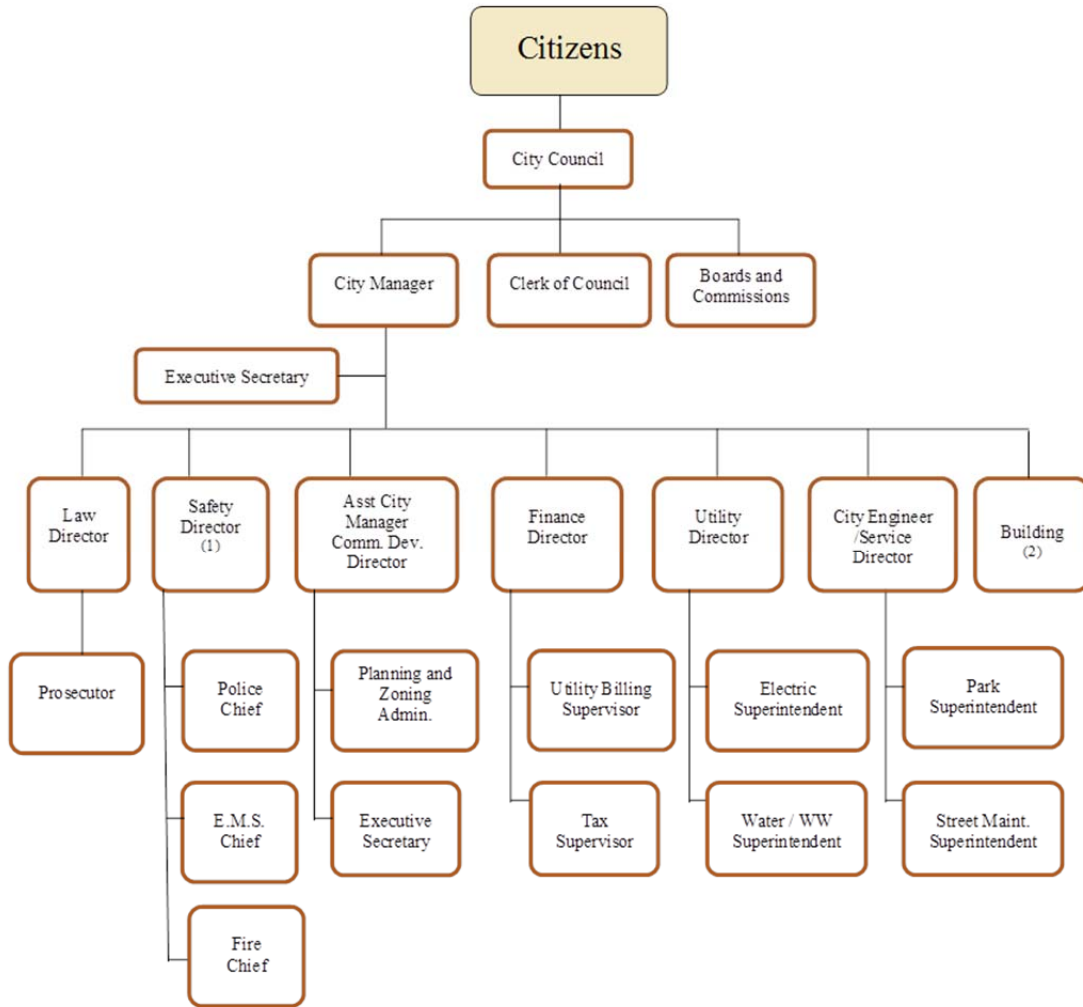
ELECTED OFFICIALS

Mayor	Dee Gillis
President Of Council	Pat Hale
Council Members	John Kessler George H. Lovett Joseph Gibson Bryan Budding Katelyn Black

APPOINTED OFFICIALS

City Manager	Jon Crusey
Assistant City Manager / Community Development Director	Bradley Vath
Clerk Of Council	Janice Bates
Finance Director	John Green
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	Christy Butera

**City Organizational Chart
For the Year Ended December 31, 2011**



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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Tipp City
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director





Tipp City **Financial
Section**



Tipp City

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, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

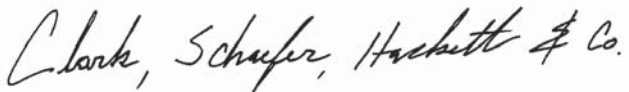
In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3 through 13, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and 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 non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script that reads "Clark, Schaefer, Hackett & Co." The signature is written in black ink on a light-colored background.

Springfield, Ohio
June 28, 2012

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, 2011. 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 2011 are as follows:

- ❑ In total, net assets increased \$3,646,367. Net assets of governmental activities increased \$1,574,727, which represents a 3.9% increase from 2010. Net assets of business-type activities increased \$2,071,640 or 5.6% from 2010.
- ❑ General revenues accounted for \$6.9 million in revenue or 26% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 74% of total revenues of \$26.7 million.
- ❑ Total net assets of governmental activities increased by \$1,574,727. Approximately one-half of this increase (\$716,000) is attributed to capital grants and contributions. The City also realized a sharp increase in income tax receipts with the passage of an income tax rate increase which went into effect July 1, 2011.
- ❑ The City had \$8.4 million in expenses related to governmental activities; \$3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$6.2 million in revenues and \$5.7 million in expenditures and other financing uses. The general fund's fund balance increased \$468,539 to \$4.52 million.
- ❑ Net assets for enterprise funds increased by \$2,071,640. The Electric Fund increased its net assets by \$1,959,638 or 94.6% of the increase. This increase is a reflection of operating income generated by the utility. Service charges for the Electric Fund were established based upon planned expense levels which included the completion of several large capital improvement projects. These projects have been delayed to future periods. Until they are completed, the Electric Fund will be adding cash to its fund balance which will then be used to decrease debt required to finance these projects.

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.

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 2011 and 2010.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$9,435,889	\$8,401,705	\$21,747,422	\$22,376,383	\$31,183,311	\$30,778,088
Capital assets, Net	37,998,303	38,442,957	23,683,584	21,025,806	61,681,887	59,468,763
Total assets	47,434,192	46,844,662	45,431,006	43,402,189	92,865,198	90,246,851
Noncurrent liabilities	3,548,393	4,577,157	1,777,972	1,219,900	5,326,365	5,797,057
Other liabilities	1,811,483	1,767,916	4,772,128	5,373,023	6,583,611	7,140,939
Total liabilities	5,359,876	6,345,073	6,550,100	6,592,923	11,909,976	12,937,996
Net assets						
Invested in capital assets, net of related debt	34,228,303	33,597,957	20,521,369	18,683,126	54,749,672	52,281,083
Restricted	2,367,676	1,885,841	0	0	2,367,676	1,885,841
Unrestricted	5,478,337	5,015,791	18,359,537	18,126,140	23,837,874	23,141,931
Total net assets	\$42,074,316	\$40,499,589	\$38,880,906	\$36,809,266	\$80,955,222	\$77,308,855

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

The amount by which the city's assets exceed its liabilities is called net assets. At year-end, the City's net assets were \$81.0 million compared to \$77.3 million in 2010. Of that amount, in 2011 approximately \$54.7 million (67.6%) was invested in capital assets, net of debt related to those assets. At year-end 2010, that amount was approximately \$52.3 million (67.6%). For 2011 another \$2.37 million (2.9%) was subject to external restrictions upon its use. The remaining \$23.9 million (29.5%) in 2011 was unrestricted and available for future use. For 2010, this amount was \$23.1 million (29.9%).

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2011 compared with 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,375,934	\$1,199,593	\$16,194,450	\$17,293,023	\$17,570,384	\$18,492,616
Operating Grants and Contributions	649,294	651,175	0	0	649,294	651,175
Capital Grants and Contributions	926,961	211,035	504,377	241,153	1,431,338	452,188
Total Program Revenues	2,952,189	2,061,803	16,698,827	17,534,176	19,651,016	19,595,979
General revenues:						
Income Taxes	4,006,199	3,449,915	0	0	4,006,199	3,449,915
Property Taxes	323,887	323,521	0	0	323,887	323,521
Other Local Taxes	58,523	46,875	0	0	58,523	46,875
Unrestricted Shared Revenues	1,286,470	1,327,627	0	0	1,286,470	1,327,627
Investment Earnings	91,692	121,044	0	0	91,692	121,044
Miscellaneous	1,194,172	931,681	0	0	1,194,172	931,681
Total General Revenues	6,960,943	6,200,663	0	0	6,960,943	6,200,663
Total Revenues	9,913,132	8,262,466	16,698,827	17,534,176	26,611,959	25,796,642
Program Expenses						
Security of Persons and Property	3,295,937	3,191,455	0	0	3,295,937	3,191,455
Leisure Time Activities	1,206,554	1,115,986	0	0	1,206,554	1,115,986
Community Environment	263,018	240,229	0	0	263,018	240,229
Basic Utility Services	207,591	209,396	0	0	207,591	209,396
Transportation	1,496,946	1,520,827	0	0	1,496,946	1,520,827
General Government	1,724,894	1,552,036	0	0	1,724,894	1,552,036
Interest and Fiscal Charges	159,465	195,839	0	0	159,465	195,839
Electric	0	0	10,162,311	10,934,711	10,162,311	10,934,711
Water	0	0	2,339,234	2,687,174	2,339,234	2,687,174
Sewer	0	0	1,332,069	1,293,025	1,332,069	1,293,025
Refuse Collection	0	0	777,573	762,941	777,573	762,941
Total expenses	8,354,405	8,025,768	14,611,187	15,677,851	22,965,592	23,703,619
Change in Net Assets before transfers	1,558,727	236,698	2,087,640	1,856,325	3,646,367	2,093,023
Transfers	16,000	41,943	(16,000)	(41,943)	0	0
Total Change in Net Assets	1,574,727	278,641	2,071,640	1,814,382	3,646,367	2,093,023
Beginning Net Assets	40,499,589	40,220,948	36,809,266	34,994,884	77,308,855	75,215,832
Ending Net Assets	\$42,074,316	\$40,499,589	\$38,880,906	\$36,809,266	\$80,955,222	\$77,308,855

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

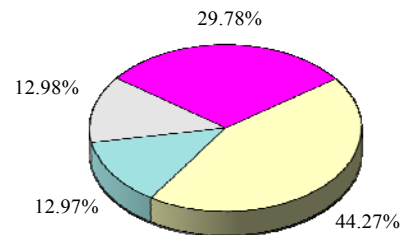
Governmental Activities

Net assets of the City's governmental activities increased by \$1,574,727 or 3.9%. Net assets invested in capital assets, net of related debt increased \$630,346 or 1.9%. Restricted net assets increased by \$481,835 or 25.6% while unrestricted net assets increased by \$462,546 or 9.2%.

The City receives an income tax, which was increased by a vote of the City electorate from 1.25% to 1.50% effective July, 2011. This income tax is assessed on 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. 30% of the City's income tax received is designated for capital outlay, and 16.7% is earmarked for park improvements. Income tax revenue was \$4,006,199 compared to \$3,449,915 in 2010, an increase of 16.1% which is largely attributed to the increase in the tax rate for the second half of 2011. However, this also follows an increase of 10.1% realized in 2010 prior to the implementation of the rate increase. These are positive signs that indicate the City is slowly recovering from the sharp revenue decline (14%) noted in 2009 at the heart of the recession. The most significant increase came from payroll withholding tax receipts which is reflective of the positive decline in the areas unemployment rate.

Property taxes and income taxes made up 3.3% and 40.4% respectively of revenues for governmental activities for the City in fiscal year 2011. The City's reliance upon tax revenues is demonstrated by the following graph indicating 44.27% of total revenues comes from general tax revenues:

Revenue Sources	2011	Percent of Total
Unrestricted Shared Revenues	\$1,286,470	12.98%
Program Revenues	2,952,189	29.78%
General Tax Revenues	4,388,609	44.27%
General Other	1,285,864	12.97%
Total Revenue	\$9,913,132	100.00%



Business-Type Activities

Net assets of the business-type activities increased \$2,071,640. Income from the Electric utility accounted for 94.6% of the increase. This increase is a reflection of operating income generated by the utility. Service charges for the Electric Fund were established based upon planned expense levels which included the completion of several large capital improvement projects. These projects have been delayed to future periods. Until they are completed, the Electric Fund will be adding cash to its fund balance which will then be used to decrease debt required to finance these projects.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$5,493,879, which is an increase from last year's balance of \$4,405,724. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2011 and 2010:

CITY OF TIPP CITY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

	Fund Balance December 31, 2011	Fund Balance December 31, 2010	Increase (Decrease)
General	\$4,520,269	\$4,051,730	\$468,539
Special Assessment Bond	8,955	8,324	631
Other Governmental	964,655	345,670	618,985
Total	<u>\$5,493,879</u>	<u>\$4,405,724</u>	<u>\$1,088,155</u>

General Fund – The City's General Fund balance had an increase of \$468,539 in 2011. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2011 Revenues	2010 Revenues	Increase (Decrease)
Taxes	\$2,828,319	\$2,581,886	\$246,433
Intergovernmental Revenue	1,252,631	1,354,379	(101,748)
Charges for Services	1,479,940	1,353,591	126,349
Licenses, Permits and Fees	13,092	13,963	(871)
Investment Earnings	73,890	125,491	(51,601)
Special Assessments	304	249	55
Fines and Forfeitures	12,417	17,417	(5,000)
All Other Revenue	495,749	208,629	287,120
Total	<u>\$6,156,342</u>	<u>\$5,655,605</u>	<u>\$500,737</u>

The increase in taxes is due primarily to economic recovery and helped to offset the decrease in intergovernmental revenue and investment earnings in 2011. All other revenue includes the sale of a conservation easement to the U.S. Department of Agriculture for wellfield protection in a City owned park.

	2011 Expenditures	2010 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,174,714	\$3,048,107	\$126,607
Leisure Time Activities	391,365	383,973	7,392
Community Environment	260,105	252,874	7,231
Basic Utility Services	208,818	229,294	(20,476)
General Government	1,562,779	1,421,622	141,157
Capital Outlay	35,529	20,415	15,114
Debt Service:			
Principal Retirement	0	6,665	(6,665)
Interest and Fiscal Charges	0	91	(91)
Total	<u>\$5,633,310</u>	<u>\$5,363,041</u>	<u>\$270,269</u>

General Fund expenditures increased slightly due to wage and related benefit increases in 2011. The City approved a 1% wage increase with a 1% lump sum payment in 2011 for members of management and non-union personnel. This was the first increase for these groups since February, 2008. Employees represented by bargaining unions received similar increases for 2011.

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.

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 2011 the City amended its general fund budget several times during the fiscal year. The general fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

Final general fund budgeted revenues did not change from original budgeted figures. Actual revenues collected were \$5,981,791, an increase of 8.7% over the final budget. There were no significant variations in the City's original budgeted appropriations and the final figure of \$6,318,147. In contrast, there was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$5,898,205. This is a decrease of \$419,942 from the final budget. City Council and staff continued to hold expenditures flat with the prior year where possible. Staffing levels were decreased slightly through retirement of full-time employees. Some vacancies which were reclassified and staffed with part-time assistance in prior years continued to be staffed with part-time staff in 2011. Employment of part-time and seasonal workers was reduced where possible.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2011 the City had \$61,681,887 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$37,998,303 was related to governmental activities and \$23,683,584 to the business-type activities. The following table shows fiscal year 2011 and 2010 balances:

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**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	\$13,530,894	\$13,530,894	\$0
Construction in Progress	907,910	185,869	722,041
Total Non-Depreciable Capital Assets	14,438,804	13,716,763	722,041
Buildings	6,430,813	6,430,813	0
Improvements Other Than Buildings	4,899,952	4,842,652	57,300
Machinery and Equipment	6,364,212	6,264,447	99,765
Infrastructure	26,057,679	26,040,573	17,106
Less: Accumulated Depreciation	(20,193,157)	(18,852,291)	(1,340,866)
Total Depreciable Capital Assets	23,559,499	24,726,194	(1,166,695)
Totals	\$37,998,303	\$38,442,957	(\$444,654)

	Business-Type Activities		Increase (Decrease)
	2011	2010	
Land	\$1,988,824	\$1,988,824	\$0
Construction in Progress	3,803,201	132,283	3,670,918
Total Non-Depreciable Capital Assets	5,792,025	2,121,107	3,670,918
Buildings	1,856,110	1,856,110	0
Improvements Other Than Buildings	29,224,653	29,522,742	(298,089)
Machinery and Equipment	2,705,802	2,427,988	277,814
Less: Accumulated Depreciation	(15,895,006)	(14,902,141)	(992,865)
Total Non-Depreciable Capital Assets	17,891,559	18,904,699	(1,013,140)
Totals	\$23,683,584	\$21,025,806	\$2,657,778

Capital assets, net of depreciation, in governmental activities decreased \$444,654 (1.16%) in 2011. Due to the economic downturn and an emphasis on cost containment, the City was not able to invest significant amounts in capital asset replacement or improvements. The increase in construction in progress is due to a streetscape improvement project funded by state grants. The overall decrease is attributed to depreciation costs exceeding amounts available for asset replacement. Capital assets, net of depreciation, for the business-type activities had an increase of \$2,657,778 (12.64%). The largest increase in business-type activities was related to construction in progress which includes construction of the City's new water tower and installation of the City's AMR/AMI water metering infrastructure improvements.

As of December 31, 2011, the City has contractual commitments of \$1,287,893 for various improvements. Additional information on the City's capital assets can be found in Note 11.

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

Debt

At December 31, 2011, the City had \$3.39 million in bonds outstanding, \$1,030,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Governmental Activities:		
General Obligation Bonds	\$2,290,000	\$3,180,000
Special Assessment Bonds	675,000	715,000
Compensated Absences	583,393	682,157
Total Governmental Activities	<u>3,548,393</u>	<u>4,577,157</u>
Business-Type Activities:		
General Obligation Bonds	\$420,000	\$545,000
State Loan	397,680	397,680
OPWC Loans	705,655	0
Compensated Absences	254,637	277,220
Total Business-Type Activities	<u>1,777,972</u>	<u>1,219,900</u>
Totals	<u>\$5,326,365</u>	<u>\$5,797,057</u>

During 2011, the City reissued \$500,000 in General Obligation Notes to provide funding for the 25-A construction project and \$305,000 to provide funding for the Kinna Drive Construction Project. The City also reissued \$1,330,000 in Water Notes for the construction of a water tower on Donn Davis Way, \$1,188,000 for the purchase and installation of an Automated Meter Reading (AMR) system, and \$900,000 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, 2011, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 17.

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ECONOMIC FACTORS

As the national economic downturn lingers, the City continues to experience issues similar to those faced by other municipalities. Unemployment, while improving, remained higher than usual and the City continued to experience limited growth and economic development in 2011. The City's tax revenues have improved from the sharp decline experienced in 2009 but are still depressed from collections before the national recession when factoring out the impact of the rate increase. The City continues to streamline operations where possible, reducing staffing by attrition and delaying purchases where possible. The 2011 operating budget reflected these reductions and budgeted expenditures were held flat with the 2010 budget where possible. The 2012 operating budget reflects a slightly more optimistic view. Total 2012 general fund revenues are projected at \$5.7 million which is equal to actual revenues received in 2011. While the City expects state shared revenue to decrease due to reductions included in the State of Ohio's biennial budget, we also anticipate increased income tax revenues as unemployment continues to decline and local business continue to recover.

The 2012 appropriation budget for the general fund totals \$5.8 million, a reduction of \$200,000 from the original 2011 appropriations and a reduction of \$400,000 from final 2011 appropriations. The \$118,000 difference between budgeted revenues and budgeted expenditures is a planned drawdown of the general fund unreserved fund balance. Sound long term financial planning has placed the City in a strong position to withstand the economic downturn in the short run. The City's unencumbered general fund balance of \$3.8 million (cash basis) remains strong. The City will continue to monitor its receipts and expenditure activity very closely.

On May 3, 2011 the City electorate approved an increase of 0.25% to the local income tax which was effective July 1, 2011 and an increase of 0.25% to the local income tax which will become effective January 1, 2013. The second rate increase replaces a 10-year, 0.25% income tax approved by the voters in 2002 for parks and recreation improvements which expires December 31, 2012. These income tax increases will each be collected for a period of 10 years from the enacted dates and are expected to generate approximately \$13 million in additional revenues. The additional revenues are restricted for use for capital improvements to include replacing a 35 year-old aerial ladder truck in the Fire Department, expansion and renovation of the existing Fire/EMS station, street reconstruction and resurfacing, and replacement of vehicles and equipment as required.

In March, 2012, the City was notified that Abbott, a Fortune 100 company with nearly \$40 billion in sales, selected Tipp City as the site for the construction of a Liquid Nutrition Manufacturing Facility. Abbott is expected to invest \$270 million in the facility and to create 240 jobs in the community.

Voter approval of the income tax increase to fund needed capital improvements and continued economic development and job creation have combined to improve an already positive future for the City of Tipp City.

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) 667-8424 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.



CITY OF TIPP CITY, OHIO

**Statement of Net Assets
December 31, 2011**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 3,240,130	\$ 5,356,073	\$ 8,596,203
Investments	2,252,062	5,756,116	8,008,178
Receivables:			
Taxes	1,365,604	0	1,365,604
Accounts	322,191	1,641,359	1,963,550
Intergovernmental	805,718	28,123	833,841
Interest	35,416	0	35,416
Special Assessments	1,159,718	631,584	1,791,302
Lease	0	1,176,125	1,176,125
Internal Balances	63,837	(63,837)	0
Inventory of Supplies at Cost	160,772	816,009	976,781
Prepaid Items	30,441	26,051	56,492
Investment in Joint Venture	0	6,206,640	6,206,640
Restricted Assets:			
Cash and Cash Equivalents	0	173,179	173,179
Non-Depreciable Capital Assets	14,438,804	5,792,025	20,230,829
Depreciable Capital Assets, Net	23,559,499	17,891,559	41,451,058
Total Assets	47,434,192	45,431,006	92,865,198
Liabilities:			
Accounts Payable	269,802	627,194	896,996
Accrued Wages and Benefits Payable	302,766	90,615	393,381
Intergovernmental Payable	9,128	141,504	150,632
Lawsuit Liability	80,206	0	80,206
Refundable Deposits	0	173,179	173,179
Unearned Revenue	324,245	276,125	600,370
Accrued Interest Payable	20,336	45,511	65,847
General Obligation Notes Payable	805,000	3,418,000	4,223,000
Noncurrent liabilities:			
Due within one year	1,110,930	196,736	1,307,666
Due in more than one year	2,437,463	1,581,236	4,018,699
Total Liabilities	5,359,876	6,550,100	11,909,976

CITY OF TIPP CITY, OHIO

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	34,228,303	20,521,369	54,749,672
Restricted For:			
Capital Projects	456,272	0	456,272
Debt Service	993,428	0	993,428
Transportation	817,634	0	817,634
Other Purposes	100,342	0	100,342
Unrestricted	5,478,337	18,359,537	23,837,874
Total Net Assets	<u>\$ 42,074,316</u>	<u>\$ 38,880,906</u>	<u>\$ 80,955,222</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Activities
For the Year Ended December 31, 2011**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,295,937	\$ 674,013	\$ 0	\$ 0
Leisure Time Activities	1,206,554	394,409	0	0
Community Environment	263,018	68,382	0	0
Basic Utility Services	207,591	207,662	0	0
Transportation	1,496,946	31,468	649,294	926,961
General Government	1,724,894	0	0	0
Interest and Fiscal Charges	159,465	0	0	0
Total Governmental Activities	<u>8,354,405</u>	<u>1,375,934</u>	<u>649,294</u>	<u>926,961</u>
Business-Type Activities:				
Electric	10,162,311	12,127,149	0	0
Water	2,339,234	2,151,483	0	504,377
Sewer	1,332,069	1,129,188	0	0
Refuse Collection	777,573	786,630	0	0
Total Business-Type Activities	<u>14,611,187</u>	<u>16,194,450</u>	<u>0</u>	<u>504,377</u>
Totals	<u>\$ 22,965,592</u>	<u>\$ 17,570,384</u>	<u>\$ 649,294</u>	<u>\$ 1,431,338</u>

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
\$ (2,621,924)	\$ 0	\$ (2,621,924)
(812,145)	0	(812,145)
(194,636)	0	(194,636)
71	0	71
110,777	0	110,777
(1,724,894)	0	(1,724,894)
(159,465)	0	(159,465)
<u>(5,402,216)</u>	<u>0</u>	<u>(5,402,216)</u>
0	1,964,838	1,964,838
0	316,626	316,626
0	(202,881)	(202,881)
0	9,057	9,057
<u>0</u>	<u>2,087,640</u>	<u>2,087,640</u>
<u>(5,402,216)</u>	<u>2,087,640</u>	<u>(3,314,576)</u>
4,006,199	0	4,006,199
323,887	0	323,887
58,523	0	58,523
1,286,470	0	1,286,470
91,692	0	91,692
1,194,172	0	1,194,172
16,000	(16,000)	0
<u>6,976,943</u>	<u>(16,000)</u>	<u>6,960,943</u>
1,574,727	2,071,640	3,646,367
<u>40,499,589</u>	<u>36,809,266</u>	<u>77,308,855</u>
<u>\$ 42,074,316</u>	<u>\$ 38,880,906</u>	<u>\$ 80,955,222</u>

CITY OF TIPP CITY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2011**

	General	Special Assessment Bond	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,798,304	\$ 8,955	\$ 1,432,871	\$ 3,240,130
Investments	2,252,062	0	0	2,252,062
Receivables:				
Taxes	1,029,587	0	336,017	1,365,604
Accounts	322,191	0	0	322,191
Intergovernmental	290,296	0	515,422	805,718
Interest	35,416	0	0	35,416
Special Assessments	0	957,503	202,215	1,159,718
Due from Other Funds	68,150	0	0	68,150
Inventory of Supplies, at Cost	75,218	0	85,554	160,772
Prepaid Items	26,285	0	4,156	30,441
Total Assets	\$ 5,897,509	\$ 966,458	\$ 2,576,235	\$ 9,440,202
Liabilities:				
Accounts Payable	\$ 44,841	\$ 0	\$ 224,961	\$ 269,802
Accrued Wages and Benefits Payable	287,297	0	15,469	302,766
Intergovernmental Payable	5,080	0	4,048	9,128
Lawsuit Liability	80,206	0	0	80,206
Due to Other Funds	3,923	0	390	4,313
Deferred Revenue	955,893	957,503	551,347	2,464,743
Accrued Interest Payable	0	0	10,365	10,365
General Obligation Notes Payable	0	0	805,000	805,000
Total Liabilities	1,377,240	957,503	1,611,580	3,946,323
Fund Balances:				
Nonspendable	101,503	0	89,710	191,213
Restricted	0	8,955	1,617,254	1,626,209
Committed	0	0	73,056	73,056
Assigned	182,888	0	0	182,888
Unassigned	4,235,878	0	(815,365)	3,420,513
Total Fund Balances	4,520,269	8,955	964,655	5,493,879
Total Liabilities and Fund Balances	\$ 5,897,509	\$ 966,458	\$ 2,576,235	\$ 9,440,202

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2011***

Total Governmental Fund Balances	\$ 5,493,879
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	37,998,303
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	2,140,498
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,558,364)</u>
<i>Net Assets of Governmental Funds</i>	<u>\$ 42,074,316</u>

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, 2011**

	General	Special Assessment Bond	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,828,319	\$ 0	\$ 1,652,462	\$ 4,480,781
Intergovernmental Revenues	1,252,631	0	1,580,786	2,833,417
Charges for Services	1,479,940	0	412,512	1,892,452
Licenses, Permits and Fees	13,092	0	0	13,092
Investment Earnings	73,890	0	0	73,890
Special Assessments	304	73,653	58,915	132,872
Fines and Forfeitures	12,417	0	2,909	15,326
All Other Revenue	495,749	0	75,894	571,643
Total Revenue	6,156,342	73,653	3,783,478	10,013,473
Expenditures:				
Current:				
Security of Persons and Property	3,174,714	0	1,200	3,175,914
Leisure Time Activities	391,365	0	387,442	778,807
Community Environment	260,105	0	0	260,105
Basic Utility Services	208,818	0	0	208,818
Transportation	0	0	531,100	531,100
General Government	1,562,779	3,557	1,946	1,568,282
Capital Outlay	35,529	0	1,310,669	1,346,198
Debt Service:				
Principal Retirement	0	40,000	890,000	930,000
Interest and Fiscal Charges	0	29,465	132,803	162,268
Total Expenditures	5,633,310	73,022	3,255,160	8,961,492
Excess (Deficiency) of Revenues Over Expenditures	523,032	631	528,318	1,051,981
Other Financing Sources (Uses):				
Transfers In	0	0	1,088,573	1,088,573
Transfers Out	(65,000)	0	(1,007,573)	(1,072,573)
Total Other Financing Sources (Uses)	(65,000)	0	81,000	16,000
Net Change in Fund Balances	458,032	631	609,318	1,067,981
Fund Balances at Beginning of Year	4,051,730	8,324	345,670	4,405,724
Increase in Inventory Reserve	10,507	0	9,667	20,174
Fund Balances End of Year	\$ 4,520,269	\$ 8,955	\$ 964,655	\$ 5,493,879

See accompanying notes to the basic financial statements

***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, 2011***

Net Change in Fund Balances - Total Governmental Funds	\$ 1,067,981
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
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 depreciation exceeded capital outlays.	(437,617)
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net assets.	(7,037)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(100,341)
The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net assets.	930,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	2,803
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.	<u>118,938</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$ 1,574,727</u>

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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,630,665	\$ 2,630,665	\$ 2,763,236	\$ 132,571
Intergovernmental Revenue	1,143,998	1,143,998	1,238,341	94,343
Charges for Services	1,398,232	1,398,232	1,369,619	(28,613)
Licenses and Permits	16,350	16,350	13,617	(2,733)
Investment Earnings	100,000	100,000	89,629	(10,371)
Special Assessments	500	500	304	(196)
Fines and Forfeitures	17,800	17,800	12,734	(5,066)
All Other Revenues	196,007	196,007	211,252	15,245
Total Revenues	5,503,552	5,503,552	5,698,732	195,180
Expenditures:				
Current:				
Security of Persons and Property	3,302,953	3,324,453	3,204,127	120,326
Leisure Time Activities	452,989	460,489	416,991	43,498
Community Environment	265,582	271,582	260,586	10,996
Basic Utility Services	221,839	223,839	209,609	14,230
General Government	1,745,358	1,902,708	1,675,072	227,636
Capital Outlay	70,076	70,076	66,820	3,256
Total Expenditures	6,058,797	6,253,147	5,833,205	419,942
Excess (Deficiency) of Revenues Over (Under) Expenditures	(555,245)	(749,595)	(134,473)	615,122
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	283,059	282,059
Transfers Out	(50,000)	(65,000)	(65,000)	0
Total Other Financing Sources (Uses):	(49,000)	(64,000)	218,059	282,059
Net Change in Fund Balance	(604,245)	(813,595)	83,586	897,181
Fund Balance at Beginning of Year	3,596,962	3,596,962	3,596,962	0
Prior Year Encumbrances	155,348	155,348	155,348	0
Fund Balance at End of Year	\$ 3,148,065	\$ 2,938,715	\$ 3,835,896	\$ 897,181

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Assets
Proprietary Funds
December 31, 2011**

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Assets:			
Current assets:			
Cash and Cash Equivalents	\$ 2,935,993	\$ 1,491,323	\$ 821,035
Investments	3,890,180	1,865,936	0
Receivables:			
Accounts	1,293,329	178,803	169,227
Intergovernmental	0	28,123	0
Special Assessments	26,799	37,203	567,582
Lease - Current	63,500	0	0
Due from Other Funds	6,930	973	535
Inventory of Supplies at Cost	714,900	85,843	15,266
Prepaid Items	16,078	6,494	3,479
Restricted Assets:			
Cash and Cash Equivalents	173,179	0	0
Total current assets	<u>9,120,888</u>	<u>3,694,698</u>	<u>1,577,124</u>
Noncurrent assets:			
Lease Receivable	1,112,625	0	0
Investment in Joint Venture	0	70,838	6,135,802
Capital assets:			
Non-Depreciable Capital Assets	1,268,821	4,519,088	4,116
Depreciable Capital Assets, net	<u>6,690,860</u>	<u>6,014,273</u>	<u>5,186,426</u>
Total capital assets	<u>7,959,681</u>	<u>10,533,361</u>	<u>5,190,542</u>
Total noncurrent assets	<u>9,072,306</u>	<u>10,604,199</u>	<u>11,326,344</u>
Total assets	<u>18,193,194</u>	<u>14,298,897</u>	<u>12,903,468</u>
Liabilities:			
Current liabilities:			
Accounts Payable	557,753	6,305	2,242
Accrued Wages and Benefits Payable	49,208	33,284	8,123
Intergovernmental Payable	1,104	82,383	58,017
Refundable Deposits	173,179	0	0
Due to Other Funds	64,841	1,726	2,399
Unearned Revenue	276,125	0	0
Accrued Interest Payable	23,882	21,101	528
General Obligation Notes Payable	1,779,120	1,638,880	0
General Obligation Bonds Payable - Current	50,000	0	50,000
OPWC Loans Payable - Current	0	30,000	0
Compensated Absences Payable - Current	34,889	24,396	7,451
Total Current Liabilities	<u>3,010,101</u>	<u>1,838,075</u>	<u>128,760</u>

CITY OF TIPP CITY, OHIO

Refuse Collection		Total	
\$	107,722	\$	5,356,073
	0		5,756,116
	0		1,641,359
	0		28,123
	0		631,584
	0		63,500
	0		8,438
	0		816,009
	0		26,051
	0		173,179
	<u>107,722</u>		<u>14,500,432</u>
	0		1,112,625
	0		6,206,640
	0		5,792,025
	0		17,891,559
	0		23,683,584
	0		31,002,849
	<u>107,722</u>		<u>45,503,281</u>
	60,894		627,194
	0		90,615
	0		141,504
	0		173,179
	3,309		72,275
	0		276,125
	0		45,511
	0		3,418,000
	0		100,000
	0		30,000
	0		66,736
	<u>64,203</u>		<u>5,041,139</u>

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Assets
Proprietary Funds
December 31, 2011**

	Business-Type Activities - Enterprise Funds		
	Electric	Water	Sewer
Noncurrent Liabilities:			
General Obligation Bonds Payable	195,000	0	125,000
OPWC Loans Payable	0	675,655	0
State Loan Payable	0	0	397,680
Compensated Absences Payable	145,473	33,858	8,570
Total noncurrent liabilities	<u>340,473</u>	<u>709,513</u>	<u>531,250</u>
Total Liabilities	<u>3,350,574</u>	<u>2,547,588</u>	<u>660,010</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	7,714,681	8,188,826	4,617,862
Unrestricted	7,127,939	3,562,483	7,625,596
Total Net Assets	<u>\$ 14,842,620</u>	<u>\$ 11,751,309</u>	<u>\$ 12,243,458</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
0	320,000
0	675,655
0	397,680
0	187,901
<u>0</u>	<u>1,581,236</u>
<u>64,203</u>	<u>6,622,375</u>
0	20,521,369
<u>43,519</u>	<u>18,359,537</u>
<u>\$ 43,519</u>	<u>\$ 38,880,906</u>

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 11,882,102	\$ 2,192,829	\$ 1,375,323
Other Operating Revenues	234,607	47,929	160
Total Operating Revenues	<u>12,116,709</u>	<u>2,240,758</u>	<u>1,375,483</u>
Operating Expenses:			
Personal Services	1,053,531	665,873	177,910
Contractual Services	8,505,738	1,250,025	850,226
Materials and Supplies	126,935	53,982	19,508
Utilities	8,951	11,285	15,964
Depreciation	434,621	318,433	258,684
Other Operating Expenses	5,773	10,006	634
Total Operating Expenses	<u>10,135,549</u>	<u>2,309,604</u>	<u>1,322,926</u>
Operating Income (Loss)	1,981,160	(68,846)	52,557
Non-Operating Revenue (Expenses):			
Loss from Joint Venture	0	(88,150)	(246,295)
Interest and Fiscal Charges	(26,762)	(29,630)	(9,143)
Investment Earnings	10,440	(1,125)	0
Total Non-Operating Revenues (Expenses)	<u>(16,322)</u>	<u>(118,905)</u>	<u>(255,438)</u>
Income (Loss) Before Contributions and Transfers	1,964,838	(187,751)	(202,881)
Transfers-Out	(5,200)	(5,605)	(5,195)
Capital Contributions	0	504,377	0
Change in Net Assets	1,959,638	311,021	(208,076)
Net Assets Beginning of Year	<u>12,882,982</u>	<u>11,440,288</u>	<u>12,451,534</u>
Net Assets End of Year	<u>\$ 14,842,620</u>	<u>\$ 11,751,309</u>	<u>\$ 12,243,458</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Refuse Collection	Total Enterprise Funds
\$ 786,630	\$ 16,236,884
0	282,696
786,630	16,519,580
0	1,897,314
777,573	11,383,562
0	200,425
0	36,200
0	1,011,738
0	16,413
777,573	14,545,652
9,057	1,973,928
0	(334,445)
0	(65,535)
0	9,315
0	(390,665)
9,057	1,583,263
0	(16,000)
0	504,377
9,057	2,071,640
34,462	36,809,266
\$ 43,519	\$ 38,880,906

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$11,966,905	\$2,182,075	\$1,339,423
Cash Payments for Goods and Services	(8,895,075)	(1,393,904)	(893,479)
Cash Payments to Employees	(1,062,322)	(671,338)	(185,590)
Other Operating Revenues	317,174	51,032	8,875
Net Cash Provided by Operating Activities	2,326,682	167,865	269,229
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	(5,200)	(5,605)	(5,195)
Interest Paid on General Obligation Notes	(27,750)	0	0
Principal Paid on General Obligation Notes	(2,175,000)	0	0
Premium on Sale of General Obligation Notes	10,568	0	0
Proceeds from the Sale of General Obligation Notes	1,779,120	0	0
Net Cash Used for Noncapital Financing Activities	(418,262)	(5,605)	(5,195)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(1,574,116)	(2,199,427)	(11,410)
Receipt of Lease Payments	58,863	0	0
Receipt of OPWC Loan	0	705,655	0
Sale of General Obligation Notes	0	1,638,880	0
Premium on Sale of General Obligation Notes	0	9,735	0
Principal Paid on General Obligation Notes	0	(1,400,000)	0
Principal Paid on General Obligation Bonds	(50,000)	(25,000)	(50,000)
Receipt of Intergovernmental Grants	0	504,377	0
Interest Paid on Capital Debt	(12,508)	(36,245)	(9,289)
Net Cash Used for Capital and Related Financing Activities	(1,577,761)	(802,025)	(70,699)
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	598,678	824,301	0
Net Cash Provided for Investing Activities	598,678	824,301	0
Net Increase (Decrease) in Cash and Cash Equivalents	929,337	184,536	193,335
Cash and Cash Equivalents at Beginning of Year	2,179,835	1,306,787	627,700
Cash and Cash Equivalents at End of Year	\$3,109,172	\$1,491,323	\$821,035
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$2,935,993	\$1,491,323	\$821,035
Restricted Cash and Cash Equivalents	173,179	0	0
Cash and Cash Equivalents at End of Year	\$3,109,172	\$1,491,323	\$821,035

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$786,630	\$16,275,033
(774,425)	(11,956,883)
0	(1,919,250)
0	377,081
12,205	2,775,981
<hr/>	
0	(16,000)
0	(27,750)
0	(2,175,000)
0	10,568
0	1,779,120
<hr/>	
0	(429,062)
<hr/>	
0	(3,784,953)
0	58,863
0	705,655
0	1,638,880
0	9,735
0	(1,400,000)
0	(125,000)
0	504,377
0	(58,042)
<hr/>	
0	(2,450,485)
<hr/>	
0	1,422,979
0	1,422,979
<hr/>	
12,205	1,319,413
95,517	4,209,839
\$107,722	\$5,529,252
<hr/>	
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\$107,722	\$5,356,073
0	173,179
\$107,722	\$5,529,252
<hr/>	
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(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>			
Operating Income (Loss)	\$1,981,160	(\$68,846)	\$52,557
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	434,621	318,433	258,684
Adjustments to Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	140,840	(6,318)	(36,203)
Increase in Intergovernmental Receivable	0	(4,948)	0
Decrease in Special Assessments Receivable	2,061	3,103	8,715
(Increase) Decrease in Inventory	(90,415)	11,571	(2,834)
Increase in Prepaid Items	(11,394)	(3,996)	(3,041)
Decrease in Due from Other Funds	2,461	512	303
Decrease in Accounts Payable	(122,210)	(9,584)	(2,591)
Increase (Decrease) in Accrued Wages and Benefits	(359)	927	(201)
Increase (Decrease) in Due to Other Funds	(6,988)	(687)	238
Increase (Decrease) in Intergovernmental Payable	69	(65,530)	1,031
Increase in Customer Deposits Payable	5,218	0	0
Decrease in Compensated Absences	(8,382)	(6,772)	(7,429)
Total Adjustments	345,522	236,711	216,672
Net Cash Provided by Operating Activities	\$2,326,682	\$167,865	\$269,229

Schedule of Noncash Investing, Capital and Financing Activities:

During 2011 the Electric Fund had an outstanding liability for capital assets of \$54.
 During 2011 the fair value of investments decreased by \$570 and \$1,125 in the Electric and Water Funds, respectively. During 2011 the Electric Fund marked down \$25,000 of lease receivable due to favorable interest rates available.

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
\$9,057	\$1,973,928
0	1,011,738
0	98,319
0	(4,948)
0	13,879
0	(81,678)
0	(18,431)
0	3,276
(161)	(134,546)
0	367
3,309	(4,128)
0	(64,430)
0	5,218
0	(22,583)
<u>3,148</u>	<u>802,053</u>
<u>\$12,205</u>	<u>\$2,775,981</u>

CITY OF TIPP CITY, OHIO

***Statement of Assets and Liabilities
Agency Funds
December 31, 2011***

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 55,711
Restricted Assets:	
Cash and Cash Equivalents	<u>51,163</u>
Total Assets	<u>106,874</u>
Liabilities:	
Due to Others	<u>106,874</u>
Total Liabilities	<u>\$ 106,874</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

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, 2011 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 19 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 20 for further information.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

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 20 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.

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.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

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, employee health insurance withholdings and employee medical reimbursement accounts. 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, 2011***

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 are 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, 2011***

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, 2011***

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, 2011 but which are not intended to finance 2011 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 7.

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 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, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. 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 2011.

2. 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 2011, 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, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. 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.

4. 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)	\$458,032
Increase (Decrease):	
Accrued Revenues at December 31, 2011 received during 2012	(793,534)
Accrued Revenues at December 31, 2010 received during 2011	555,988
Accrued Expenditures at December 31, 2011 paid during 2012	422,970
Accrued Expenditures at December 31, 2010 paid during 2011	(352,801)
2011 Prepays for 2012	(26,285)
2010 Prepays for 2011	31,222
Outstanding Encumbrances	<u>(212,006)</u>
Budget Basis	<u><u>\$83,586</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

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 6, "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 6, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2011. 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, 2011.

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, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, 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, 2011**

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:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in Years)</u>
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:

<u>Obligation</u>	<u>Fund</u>
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
OPWC Loans	Water Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balance (Continued)

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

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

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.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2011, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in a restatement of the City’s financial statements.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 3 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned, and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Special Assessment Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid Items	\$26,285	\$0	\$4,156	\$30,441
Supplies Inventory	75,218	0	85,554	160,772
Total Nonspendable	<u>101,503</u>	<u>0</u>	<u>89,710</u>	<u>191,213</u>
Restricted:				
Transportation Projects	0	0	627,215	627,215
Law Enforcement	0	0	25,676	25,676
Debt Retirement	0	8,955	36,941	45,896
Capital Improvements	<u>0</u>	<u>0</u>	<u>927,422</u>	<u>927,422</u>
Total Restricted	<u>0</u>	<u>8,955</u>	<u>1,617,254</u>	<u>1,626,209</u>
Committed:				
Parks and Recreation	0	0	71,565	71,565
Law Enforcement	<u>0</u>	<u>0</u>	<u>1,491</u>	<u>1,491</u>
Total Committed	<u>0</u>	<u>0</u>	<u>73,056</u>	<u>73,056</u>
Assigned:				
Encumbrances	<u>182,888</u>	<u>0</u>	<u>0</u>	<u>182,888</u>
Unassigned:	<u>4,235,878</u>	<u>0</u>	<u>(815,365)</u>	<u>3,420,513</u>
Total Fund Balances	<u>\$4,520,269</u>	<u>\$8,955</u>	<u>\$964,655</u>	<u>\$5,493,879</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 4 – 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	\$391,626
Delinquent Property Tax Revenue	12,215
Shared Revenues	423,874
Interest Revenue	32,768
Special Assessment Revenue	1,159,718
Deferred Charges for Services	120,297
	<hr/>
	\$2,140,498

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$2,290,000)
Special Assessment Bond Payable	(675,000)
Accrued Interest on Long-Term Debt	(9,971)
Compensated Absences Payable	(583,393)
	<hr/>
	(\$3,558,364)

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 4 – 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 depreciation exceeded capital outlay in the current period:

Capital Outlay	\$1,061,842
Depreciation Expense	(1,499,459)
	<u>(\$437,617)</u>

Governmental revenues not reported in the funds:

Decrease in Deferred/Delinquent Tax Revenue	(\$92,172)
Increase in Shared Revenue	29,308
Decrease in Special Assessment Revenue	(77,651)
Increase in Interest Revenue	17,802
Increase in Deferred Charges for Services	22,372
	<u>(\$100,341)</u>

Net amount of bond and lease principal payments:

General Obligation Bond Principal Payment	\$890,000
Special Assessment Bond Principal Payment	40,000
	<u>\$930,000</u>

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$98,764
Increase in supplies inventory	20,174
	<u>\$118,938</u>

NOTE 5 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits at December 31, 2011 of \$308,927, and \$506,438 in the Kinna Drive Construction and 25-A Construction Fund, respectively (capital projects funds), are the result of recording notes payable and accruals in the individual fund balance sheets. 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, 2011***

NOTE 5 – COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Budgetary Deficit

The budgetary deficit at December 31, 2011 of \$313,829 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 6 - 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;

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- * Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- * Interim deposits in eligible institutions applying for interim funds;
- * Bonds and other obligations of the State of Ohio;
- * No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- * The State Treasury Asset Reserve of Ohio (STAR Ohio).

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 \$12,196,117 and the bank balance was \$12,451,846. Federal depository insurance covered \$1,557,813 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>\$10,894,033</u>
Total Balance	<u><u>\$10,894,033</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2011 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
STAR Ohio	\$80,139	AAAm ¹	\$80,139	\$0
FNMA	500,413	AA ⁺	250,609	249,804
FHLB	1,257,348	AA ⁺	0	1,257,348
United States Treasury Notes	2,850,417	N/A	2,251,236	599,181
Total Investments	<u>\$4,688,317</u>		<u>\$2,581,984</u>	<u>\$2,106,333</u>

¹ 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.

Investment Credit Risk – The City has no investment policy that limits its investment choices other than the limitation of State statute for "interim" funds described previously.

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, 10.7% are FNMA, 26.8% are FHLB, 60.8% are U.S. Treasury Notes and 1.7% is invested in STAR Ohio.

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 but the policy does not specifically address custodial credit risk. 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, 2011**

NOTE 6 - 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:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$8,876,256	\$8,008,178
Certificates of Deposit (with maturities of more than 3 months)	3,400,000	(3,400,000)
Investments:		
STAR Ohio	(80,139)	80,139
Per GASB Statement No. 3	<u>\$12,196,117</u>	<u>\$4,688,317</u>

NOTE 7 - 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 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, 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 reappraisal was completed in 2007. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

The tax on telephone and telecommunications property was eliminated by the end of calendar year 2011. House Bill No. 66 was to hold governments harmless by replacing a portion of the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2012, the City will be fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

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 the real property taxes described previously.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 7 – 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, 2011 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2011 levy was based was \$261,212,250. This amount constitutes \$255,776,000 in real property assessed value and \$5,436,250 in public utility 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

Between January 1, 2011 and June 30, 2011, 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. Effective July 1, 2011 this tax was increased with the approval of the City electorate to 1.50%.

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 2011 was \$4,006,199. This represents a 16% increase over 2010 income tax revenue of \$3,449,915.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2011 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2011:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$65,000
Other Governmental Funds	1,088,573	1,007,573
Total Governmental Funds	<u>1,088,573</u>	<u>1,072,573</u>
Electric Fund	0	5,200
Water Fund	0	5,605
Sewer Fund	0	5,195
Total Proprietary Funds	<u>0</u>	<u>16,000</u>
Totals	<u>\$1,088,573</u>	<u>\$1,088,573</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 10 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of interfund receivables and payables for all funds for 2011:

Fund	Due From	Due To
General Fund	\$68,150	\$3,923
Other Governmental Funds	0	390
Total Governmental Funds	<u>68,150</u>	<u>4,313</u>
Electric Fund	6,930	64,841
Water Fund	973	1,726
Sewer Fund	535	2,399
Refuse Collection Fund	0	3,309
Total Proprietary Funds	<u>8,438</u>	<u>72,275</u>
Totals	<u>\$76,588</u>	<u>\$76,588</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, 2011**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2011:

Historical Cost:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Non-depreciable Capital assets:				
Land	\$13,530,894	\$0	\$0	\$13,530,894
Construction in Progress	185,869	777,475	(55,434)	907,910
Total Non-depreciable Capital assets	13,716,763	777,475	(55,434)	14,438,804
Capital assets being depreciated:				
Buildings	6,430,813	0	0	6,430,813
Improvements Other Than Buildings	4,842,652	57,300	0	4,899,952
Machinery and Equipment	6,264,447	265,395	(165,630)	6,364,212
Infrastructure	26,040,573	17,106	0	26,057,679
Total Depreciable Capital assets	43,578,485	339,801	(165,630)	43,752,656
Total Cost	\$57,295,248	\$1,117,276	(\$221,064)	\$58,191,460

Accumulated Depreciation:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings	(\$1,766,586)	(\$133,349)	\$0	(\$1,899,935)
Improvements Other Than Buildings	(1,593,612)	(230,269)	0	(1,823,881)
Machinery and Equipment	(4,771,539)	(432,982)	158,593	(5,045,928)
Infrastructure	(10,720,554)	(702,859)	0	(11,423,413)
Total Depreciation	(\$18,852,291)	(\$1,499,459) *	\$158,593	(\$20,193,157)
Net Value:	\$38,442,957			\$37,998,303

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$205,143)
Leisure Time Activities	(395,122)
Transportation	(771,029)
General Government	(128,165)
Total Depreciation Expense	(\$1,499,459)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 11 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2011:

Historical Cost:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Non-depreciable Capital assets:</i>				
Land	\$1,988,824	\$0	\$0	\$1,988,824
Construction in Progress	432,914	3,370,287	0	3,803,201
Total Non-depreciable Capital Assets	2,421,738	3,370,287	0	5,792,025
<i>Capital assets being depreciated:</i>				
Buildings	1,856,110	0	0	1,856,110
Improvements Other Than Buildings	29,222,111	2,542	0	29,224,653
Machinery and Equipment	2,427,988	296,687	(18,873)	2,705,802
Total Depreciable Capital assets	33,506,209	299,229	(18,873)	33,786,565
Total Cost	\$35,927,947	\$3,669,516	(\$18,873)	\$39,578,590

Accumulated Depreciation:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings	(\$735,801)	(\$35,631)	\$0	(\$771,432)
Improvements Other Than Buildings	(12,557,153)	(796,829)	0	(13,353,982)
Machinery and Equipment	(1,609,187)	(179,278)	18,873	(1,769,592)
Total Depreciation	(\$14,902,141)	(\$1,011,738)	\$18,873	(\$15,895,006)
<i>Net Value:</i>	\$21,025,806			\$23,683,584

The asset class balances changed in the December 31, 2010 column to correct a classification error from the previous year. The total amount of capital assets did not change.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 – 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 (“OPERS”)

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

All employees of the City, except full-time uniformed police officers, participate in one of the three pension plans administered by OPERS: 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.

OPERS 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 OPERS. 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 ORC provides statutory authority for employee and employer contributions. For 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2011. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2011, 2010, and 2009 were \$363,339, \$302,945 and \$281,180, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

All City full-time police officers participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F 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 ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. 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. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2011, 12.75% of annual covered salary for police were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2011, 2010, and 2009 were \$176,400, \$166,981 and \$168,839 for police, which were equal to the required contributions for each year.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

OPERS issues a stand-alone financial report. 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.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, local government employers contributed at a rate of 14.0% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$145,336, \$175,514 and \$205,374, respectively, which were equal to the required contributions for each year.

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 for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006 with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

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

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% for police. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2011, 2010, and 2009 were \$93,325, \$88,402 and \$89,385 for police, which were equal to the required contributions for each year.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - 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, 2011, the City's accumulated, unpaid compensated absences amounted to \$838,030, of which \$583,393 is recorded as a liability of the Governmental Activities and \$254,637 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 15 - 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 2011:

	Maturity Date	Balance December 31, 2010	Issued	(Retired)	Balance December 31, 2011
Capital Projects Notes Payable:					
1.50% 25A Reconstruction	2/21/2012	\$525,000	\$500,000	(\$525,000)	\$500,000
1.50% Kinna Drive Construction	2/21/2012	425,000	305,000	(425,000)	305,000
Total Capital Projects Notes Payable		950,000	805,000	(950,000)	805,000
Enterprise Notes Payable:					
1.50% Water Tower Construction	2/21/2012	1,400,000	1,330,000	(1,400,000)	1,330,000
1.50% Electric Generator Note	2/21/2012	925,000	900,000	(925,000)	900,000
1.50% AMR-AMI Note (Electric/Water)	2/21/2012	1,250,000	1,188,000	(1,250,000)	1,188,000
Total Enterprise Notes Payable		3,575,000	3,418,000	(3,575,000)	3,418,000
Total Notes Payable		\$4,525,000	\$4,223,000	(\$4,525,000)	\$4,223,000

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 16 - 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, 2011:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>
2012	63,500
2013	60,625
2014	62,000
2015	80,000
2016	78,000
2017-2021	360,000
2022-2026	310,000
2027-2029	<u>162,000</u>
Minimum Lease Payments	1,176,125
Less amount representing unearned revenue	<u>(276,125)</u>
Present value of minimum lease payments	<u><u>\$900,000</u></u>

The capital lease agreement was amended in 2011 due to the favorable interest rate environment and the City's intent to reissue the debt as short-term notes through 2014 rather than issuing long-term bonds. Savings on projected interest expense will be passed through to NAWA in the form of lower annual payment on the lease.

CITY OF TIPP CITY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 17 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2011 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2010	Issued	(Retired)	Balance December 31, 2011	Amount Due Within One Year
Business Type-Activities:							
General Obligation Bonds:							
4.6-4.625% Electric Improvement Bonds	995,000	2015	\$295,000	\$0	(\$50,000)	\$245,000	\$50,000
2.0-3.5% Woodlawn Water Bonds	200,000	2011	25,000	0	(25,000)	0	0
2.0-3.5% Woodlawn Sewer Bonds	250,000	2013	75,000	0	(25,000)	50,000	25,000
2.0-3.85% Rosewood Sewer Bonds	300,000	2016	150,000	0	(25,000)	125,000	25,000
Total General Obligation Bonds			545,000	0	(125,000)	420,000	100,000
0.00% North East Sewer Interceptor Loan	597,260	2014	397,680	0	0	397,680	0
0.00% OPWC Loan - AMR/AMI Project	600,000	2032	0	600,000	0	600,000	30,000
0.00% OPWC Loan - Water Tower Project	105,655	TBD	0	105,655	0	105,655	0
Compensated Absences			277,220	254,637	(277,220)	254,637	66,736
Total Business-Type Activity Long-Term Liabilities			\$1,219,900	\$960,292	(\$402,220)	\$1,777,972	\$196,736
Governmental Activities:							
Unvoted General Obligation Bonds:							
4.6-4.625% Service Center Improvement	940,000	2015	\$240,000	\$0	(\$50,000)	\$190,000	\$50,000
4.0-4.800% Capital Facilities Bond	2,325,000	2019	900,000	0	(100,000)	800,000	100,000
2.0-3.5% Recreation Facility Bond	5,200,000	2013	1,750,000	0	(675,000)	1,075,000	675,000
2.0-3.65% 25A Reconstruction Bond	250,000	2014	100,000	0	(25,000)	75,000	25,000
2.0-3.65% Fire Truck Equipment Bond	275,000	2014	120,000	0	(30,000)	90,000	30,000
2.0-4.15% Donn Davis Construction - City Share	250,000	2017	70,000	0	(10,000)	60,000	10,000
Total General Obligation Bonds			3,180,000	0	(890,000)	2,290,000	890,000
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	715,000	0	(40,000)	675,000	40,000
Compensated Absences			682,157	583,393	(682,157)	583,393	180,930
Total Governmental Activity Long-Term Liabilities			\$4,577,157	\$583,393	(\$1,612,157)	\$3,548,393	\$1,110,930

The principal amount of the City's special assessment bonds outstanding at December 31, 2011, \$675,000, 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 17 - 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, 2011, follow:

Years	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	990,000	108,964	40,000	28,065	30,000	0
2013	715,000	72,314	40,000	26,665	30,000	0
2014	290,000	45,164	45,000	25,265	427,680	0
2015	270,000	32,753	45,000	23,623	30,000	0
2016	135,000	20,663	45,000	21,890	30,000	0
2017-2021	310,000	29,116	270,000	79,224	150,000	0
2022-2026	0	0	190,000	12,060	150,000	0
2027-2031	0	0	0	0	150,000	0
Totals	<u>\$2,710,000</u>	<u>\$308,974</u>	<u>\$675,000</u>	<u>\$216,792</u>	<u>\$997,680</u>	<u>\$0</u>

The table above does not include amortization of the OPWC Loan for the Water Tower Project. This project is still in progress and the final loan amount and debt amortization will be set at the completion of the project.

NOTE 18 – CONSTRUCTION COMMITMENT

At December 31, 2011 the City had the following contractual commitments outstanding:

Project	Remaining Contractual Commitment	Estimated Date of Completion
Water Tower Construction	\$886,113	6/30/2012
West Main Street Streetscape	203,740	6/30/2012
Traffic Signalization Improvements	125,038	6/30/2012
Downtown Traffic Signal Replacement	46,091	12/31/2012
Fire Station Renovation - Design	9,915	2/29/2012
Franklin Street Reconstruction - Design	9,496	2/29/2012
AMR/AMI Meter Replacement Project	7,500	2/29/2012
Total Construction Commitments	<u>\$1,287,893</u>	

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 19 - 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, 2011, the pool has twenty-one 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 one participating entities and their respective pool contribution factors for the loss year ended December 31, 2011 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	6.24 %	Montgomery	3.13 %
Bellbrook	1.32 %	NAWA	0.61 %
Blue Ash	6.07 %	Piqua	7.91 %
Centerville	4.86 %	Sidney	6.94 %
Englewood	3.68 %	Springdale	3.38 %
Indian Hill	2.95 %	Tipp City	2.87 %
Kettering	12.33 %	Troy	6.41 %
Madeira	1.27 %	Vandalia	5.30 %
Mason	8.00 %	West Carrollton	2.21 %
Miamisburg	<u>5.15 %</u>	Wilmington	5.8 %
Subtotal	<u>51.87 %</u>	Wyoming	<u>3.57 %</u>
		Subtotal	<u>48.13 %</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, 2011***

NOTE 19 - RISK MANAGEMENT (Continued)

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

Property	\$1,000,000,000	per occurrence
Crime / Employee Theft	500,000	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 2011, MVRMA's self insured retention (SIR) limit for property was \$250,000 except boiler and machinery, which was \$5,000. The SIR for liability was \$500,000. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2011.

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, 2011***

NOTE 20 - 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 \$6,135,802 which represents 19.72% of the total equity in Tri-Cities. This reflects a decrease of .73% under the City's equity interest of 20.45% in 2010. 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 2011, the City paid \$646,175 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 \$70,838 which represents 50% of the total equity of NAWA on December 31, 2011. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2011, the City paid \$1,218,355 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, 2011***

NOTE 21 - 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.

As part of its normal business practice of purchasing available electric for distribution through its electric utility distribution fund, in November 2007, the City entered into a "take or pay" Contract with American Municipal Power (AMP) for the development of a 1,000 megawatt coal-fired generating station to be located on the Ohio River in Meigs County, Ohio, known as the American Municipal Power Generating Station (AMPGS). The City was one of 81 member participants in the AMPGS project and had committed to receive a 12 MW share of the project's output. In November 2009, participants in the AMPGS voted to terminate development of the project due to estimated cost increases of 37% with no guarantee that the costs would not continue to escalate. At the time the development was terminated, participants agreed to pursue a conversion of the AMPGS to a Natural Gas Combined Cycle (NGCC) Plant. In February 2011, development of the NCGG Plant was suspended due to availability of purchasing the AMP Fremont Energy Center (AFEC).

At the time the decision was made to abandon the AMPGS, AMP had incurred what they consider to be stranded costs of \$121,429,424. General Counsel for AMP has asserted that AMP intends to recover these stranded costs through sale of the property on which construction was started, AFEC development costs and a lawsuit filed against the contractor for breach of contract.

Due to the pending lawsuit against the contractor and the uncertainty regarding proceeds from the sale of the undeveloped property, the amount of the final costs to the participants has not yet been determined. Therefore the City has elected not to record the liability and related expense in the financial statements. If none of the stranded costs are recovered by AMP, the City's potential liability is \$1.5 million (net of AFEC development credits of \$400,000). Any liability not recovered through pending litigation, sale of property, or through participation in replacement projects will be recovered by AMP from participants over a period of time which has not currently been defined.

The City has not paid any monies to AMP associated with the AMPGS issue noted above as AMP has communicated the amount of the City's liability, if any, cannot be accurately determined. The City's management is of the opinion that the ultimate settlement of any liability, if any, from the AMPGS issues noted above will not have a material adverse effect on the financial position of the City or its Electric Utility Fund.

NOTE 22 – SUBSEQUENT EVENTS

In February, 2012, a zoning compliance/first amendment freedom of speech case concerning a mural painted on the exterior of a local business was resolved when the Supreme Court declined to hear the City's appeal of the decision rendered by the Second District Court of Appeals. The City was ordered to pay attorney fees of \$80,206 plus interest from February 26, 2010. The cost of the attorney fees has been included in the financial statements as Lawsuit Liability.

CITY OF TIPP CITY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 22 – SUBSEQUENT EVENTS (Continued)

On February 21, 2012, the City issued general obligation bond anticipation notes, in the amount of \$3,980,000 to retire notes previously issued, in the amount of \$4,223,000 for the purposes of improving County Road 25A and Kinna Drive, the purchase and installation of an electric generator at the water treatment plant, construction of a one million gallon elevated water storage tank, and purchase and installation of an AMR/AMI water metering infrastructure. The notes have an interest rate of 1.25 percent and mature on February 20, 2013.

In March, 2012, the City was notified that Abbott, a Fortune 100 company with nearly \$40 billion in sales, selected Tipp City as the site for the construction of a Liquid Nutrition Manufacturing Facility. Abbott is expected to invest \$270 million in the facility and to create 240 jobs in the community with an estimated payroll of \$12.9 million.

On June 6, 2012, the City issued general obligation bond anticipation notes, in the amount of \$1,325,000 for the purpose of purchasing a 100” Aerial Platform Ladder Truck for the fire department (\$650,000) and for the construction of a new City street and related utility line expansion to facilitate economic development of an industrial property within the City (\$675,000). The notes have an interest rate of 1.75 percent and mature on February 20, 2013.

NOTE 23 – SIGNIFICANT ENCUMBRANCES

At December 31, 2011 the City had the following significant encumbrances outstanding:

Fund	Total Encumbrances	Significant Encumbrances	Explanation
Major Funds:			
General	\$ 212,003	\$ 80,000	Review of Zoning/Subdivision Code
Electric	1,645,444	326,091 620,819 467,160	Downtown Traffic Signal Improvements Main Street Streetscape 69 KV Loop
Water	1,059,132	836,628 77,298 62,145 25,000	Construction - Water Tower #3 Design - Water Tower Improvements Water Treatment Charges Water Master Plan
Sewer	68,477	25,000 19,467	Sewer Master Plan Sewer Line Maintenance and Repairs
All Nonmajor Funds	607,313	235,237 95,000 78,780 75,000	Traffic Signal Improvement Project 2.5 Ton Dump Truck - Street Department Main Street Streetscape Project Engineering Design - Fire Station Improvement

*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.

Police Donation Trust Fund

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

(Continued)

Debt Service Fund

Debt Service Funds are used to account for retirement of the City's general obligation and special assessment bonds

General Bond Retirement Fund

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.

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.

Capital Improvement Reserve Fund

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

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.

Kinna Drive Construction Fund

To account for street improvements to Kinna Drive financed by note proceeds.

25-A Construction Fund

To account for improvements to 25A County Road financed by note proceeds.

Ohio Public Works Commission (OPWC) Grant Fund

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

Clean Ohio Grant Fund

To account for the grant funds received from the State of Ohio under the Clean Ohio Program. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 654,867	\$ 36,941	\$ 741,063	\$ 1,432,871
Receivables:				
Taxes	0	0	336,017	336,017
Intergovernmental	310,449	0	204,973	515,422
Special Assessments	0	0	202,215	202,215
Inventory of Supplies, at Cost	85,554	0	0	85,554
Prepaid Items	3,141	0	1,015	4,156
Total Assets	<u>\$ 1,054,011</u>	<u>\$ 36,941</u>	<u>\$ 1,485,283</u>	<u>\$ 2,576,235</u>
Liabilities:				
Accounts Payable	\$ 12,512	\$ 0	\$ 212,449	\$ 224,961
Accrued Wages and Benefits Payable	15,469	0	0	15,469
Intergovernmental Payable	4,048	0	0	4,048
Due to Other Funds	390	0	0	390
Deferred Revenue	206,950	0	344,397	551,347
Accrued Interest Payable	0	0	10,365	10,365
General Obligation Notes Payable	0	0	805,000	805,000
Total Liabilities	<u>239,369</u>	<u>0</u>	<u>1,372,211</u>	<u>1,611,580</u>
Fund Balances:				
Nonspendable	88,695	0	1,015	89,710
Restricted	652,891	36,941	927,422	1,617,254
Committed	73,056	0	0	73,056
Unassigned	0	0	(815,365)	(815,365)
Total Fund Balances	<u>814,642</u>	<u>36,941</u>	<u>113,072</u>	<u>964,655</u>
Total Liabilities and Fund Balances	<u>\$ 1,054,011</u>	<u>\$ 36,941</u>	<u>\$ 1,485,283</u>	<u>\$ 2,576,235</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, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 0	\$ 0	\$ 1,652,462	\$ 1,652,462
Intergovernmental Revenues	653,825	0	926,961	1,580,786
Charges for Services	412,512	0	0	412,512
Special Assessments	0	0	58,915	58,915
Fines and Forfeitures	2,909	0	0	2,909
All Other Revenue	16,610	0	59,284	75,894
Total Revenue	1,085,856	0	2,697,622	3,783,478
Expenditures:				
Current:				
Security of Persons and Property	1,200	0	0	1,200
Leisure Time Activities	387,442	0	0	387,442
Transportation	531,056	0	44	531,100
General Government	0	0	1,946	1,946
Capital Outlay	21,500	0	1,289,169	1,310,669
Debt Service:				
Principal Retirement	0	890,000	0	890,000
Interest and Fiscal Charges	0	129,272	3,531	132,803
Total Expenditures	941,198	1,019,272	1,294,690	3,255,160
Excess (Deficiency) of Revenues Over Expenditures	144,658	(1,019,272)	1,402,932	528,318
Other Financing Sources (Uses):				
Transfers In	0	1,023,573	65,000	1,088,573
Transfers Out	(53,099)	0	(954,474)	(1,007,573)
Total Other Financing Sources (Uses)	(53,099)	1,023,573	(889,474)	81,000
Net Change in Fund Balances	91,559	4,301	513,458	609,318
Fund Balances at Beginning of Year	713,416	32,640	(400,386)	345,670
Increase in Inventory Reserve	9,667	0	0	9,667
Fund Balances End of Year	\$ 814,642	\$ 36,941	\$ 113,072	\$ 964,655

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Assets:				
Cash and Cash Equivalents	\$ 75,617	\$ 265,967	\$ 98,299	\$ 187,842
Receivables:				
Intergovernmental	0	196,257	15,913	98,254
Inventory of Supplies, at Cost	0	85,554	0	0
Prepaid Items	1,610	1,531	0	0
Total Assets	<u>\$ 77,227</u>	<u>\$ 549,309</u>	<u>\$ 114,212</u>	<u>\$ 286,096</u>
Liabilities:				
Accounts Payable	\$ 4	\$ 8,849	\$ 584	\$ 3,075
Accrued Wages and Benefits Payable	0	12,478	0	2,991
Intergovernmental Payable	4,048	0	0	0
Due to Other Funds	0	390	0	0
Deferred Revenue	0	130,838	10,609	65,503
Total Liabilities	<u>4,052</u>	<u>152,555</u>	<u>11,193</u>	<u>71,569</u>
Fund Balances:				
Nonspendable	1,610	87,085	0	0
Restricted	0	309,669	103,019	214,527
Committed	71,565	0	0	0
Total Fund Balances	<u>73,175</u>	<u>396,754</u>	<u>103,019</u>	<u>214,527</u>
Total Liabilities and Fund Balances	<u>\$ 77,227</u>	<u>\$ 549,309</u>	<u>\$ 114,212</u>	<u>\$ 286,096</u>

CITY OF TIPP CITY, OHIO

<u>Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>Police Donation Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 15,331	\$ 3,429	\$ 6,891	\$ 1,491	\$ 654,867
0	25	0	0	310,449
0	0	0	0	85,554
0	0	0	0	3,141
<u>\$ 15,331</u>	<u>\$ 3,454</u>	<u>\$ 6,891</u>	<u>\$ 1,491</u>	<u>\$ 1,054,011</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,512
0	0	0	0	15,469
0	0	0	0	4,048
0	0	0	0	390
0	0	0	0	206,950
0	0	0	0	239,369
0	0	0	0	88,695
15,331	3,454	6,891	0	652,891
0	0	0	1,491	73,056
<u>15,331</u>	<u>3,454</u>	<u>6,891</u>	<u>1,491</u>	<u>814,642</u>
<u>\$ 15,331</u>	<u>\$ 3,454</u>	<u>\$ 6,891</u>	<u>\$ 1,491</u>	<u>\$ 1,054,011</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, 2011**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 407,810	\$ 33,065	\$ 212,950
Charges for Services	381,684	30,828	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	8,695	620	0	20
Total Revenue	<u>390,379</u>	<u>439,258</u>	<u>33,065</u>	<u>212,970</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	387,442	0	0	0
Transportation	0	382,680	25,646	122,730
Capital Outlay	0	0	0	5,054
Total Expenditures	<u>387,442</u>	<u>382,680</u>	<u>25,646</u>	<u>127,784</u>
Excess (Deficiency) of Revenues Over Expenditures	2,937	56,578	7,419	85,186
Other Financing Sources (Uses):				
Transfers Out	0	(40,499)	0	(12,600)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(40,499)</u>	<u>0</u>	<u>(12,600)</u>
Net Change in Fund Balances	2,937	16,079	7,419	72,586
Fund Balances at Beginning of Year	70,238	371,008	95,600	141,941
Increase in Inventory Reserve	0	9,667	0	0
Fund Balances End of Year	<u>\$ 73,175</u>	<u>\$ 396,754</u>	<u>\$ 103,019</u>	<u>\$ 214,527</u>

CITY OF TIPP CITY, OHIO

Law Enforcement	Enforcement and Education	Drug Law Enforcement	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 653,825
0	0	0	0	412,512
0	390	2,519	0	2,909
<u>7,162</u>	<u>0</u>	<u>0</u>	<u>113</u>	<u>16,610</u>
<u>7,162</u>	<u>390</u>	<u>2,519</u>	<u>113</u>	<u>1,085,856</u>
1,200	0	0	0	1,200
0	0	0	0	387,442
0	0	0	0	531,056
<u>5,082</u>	<u>9,639</u>	<u>1,725</u>	<u>0</u>	<u>21,500</u>
<u>6,282</u>	<u>9,639</u>	<u>1,725</u>	<u>0</u>	<u>941,198</u>
880	(9,249)	794	113	144,658
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(53,099)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(53,099)</u>
880	(9,249)	794	113	91,559
14,451	12,703	6,097	1,378	713,416
0	0	0	0	9,667
<u>\$ 15,331</u>	<u>\$ 3,454</u>	<u>\$ 6,891</u>	<u>\$ 1,491</u>	<u>\$ 814,642</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011**

	Capital Improvement Reserve	Parks Capital Improvement	Kinna Drive Construction	25-A Construction
Assets:				
Cash and Cash Equivalents	\$ 665,353	\$ 75,522	\$ 0	\$ 0
Receivables:				
Taxes	149,341	186,676	0	0
Intergovernmental	0	0	0	0
Special Assessments	202,215	0	0	0
Prepaid Items	1,015	0	0	0
Total Assets	<u>\$ 1,017,924</u>	<u>\$ 262,198</u>	<u>\$ 0</u>	<u>\$ 0</u>
Liabilities:				
Accounts Payable	\$ 7,476	\$ 0	\$ 0	\$ 0
Deferred Revenue	266,072	78,325	0	0
Accrued Interest Payable	0	0	3,927	6,438
General Obligation Notes Payable	0	0	305,000	500,000
Total Liabilities	<u>273,548</u>	<u>78,325</u>	<u>308,927</u>	<u>506,438</u>
Fund Balances:				
Nonspendable	1,015	0	0	0
Restricted	743,361	183,873	0	0
Unassigned	0	0	(308,927)	(506,438)
Total Fund Balances	<u>744,376</u>	<u>183,873</u>	<u>(308,927)</u>	<u>(506,438)</u>
Total Liabilities and Fund Balances	<u>\$ 1,017,924</u>	<u>\$ 262,198</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF TIPP CITY, OHIO

<u>OPWC Grant</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 188	\$ 741,063
0	336,017
204,973	204,973
0	202,215
0	1,015
<u>\$ 205,161</u>	<u>\$ 1,485,283</u>
\$ 204,973	\$ 212,449
0	344,397
0	10,365
0	805,000
<u>204,973</u>	<u>1,372,211</u>
0	1,015
188	927,422
0	(815,365)
<u>188</u>	<u>113,072</u>
<u>\$ 205,161</u>	<u>\$ 1,485,283</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, 2011**

	Capital Improvement Reserve	Parks Capital Improvement	Kinna Drive Construction	25-A Construction
Revenues:				
Taxes	\$ 887,769	\$ 764,693	\$ 0	\$ 0
Intergovernmental Revenues	31,318	0	0	0
Special Assessments	58,915	0	0	0
All Other Revenue	53,912	2,320	0	3,052
Total Revenue	<u>1,031,914</u>	<u>767,013</u>	<u>0</u>	<u>3,052</u>
Expenditures:				
Current:				
Transportation	0	0	44	0
General Government	1,946	0	0	0
Capital Outlay	341,454	31,058	0	0
Debt Service:				
Interest and Fiscal Charges	0	0	3,531	0
Total Expenditures	<u>343,400</u>	<u>31,058</u>	<u>3,575</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	688,514	735,955	(3,575)	3,052
Other Financing Sources (Uses):				
Transfers In	15,000	50,000	0	0
Transfers Out	(218,224)	(736,250)	0	0
Total Other Financing Sources (Uses)	<u>(203,224)</u>	<u>(686,250)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	485,290	49,705	(3,575)	3,052
Fund Balances at Beginning of Year	<u>259,086</u>	<u>134,168</u>	<u>(305,352)</u>	<u>(509,490)</u>
Fund Balances End of Year	<u>\$ 744,376</u>	<u>\$ 183,873</u>	<u>\$ (308,927)</u>	<u>\$ (506,438)</u>

CITY OF TIPP CITY, OHIO

<u>OPWC Grant</u>	<u>Clean Ohio Grant</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ 0	\$ 0	\$ 1,652,462
895,643	0	926,961
0	0	58,915
<u>0</u>	<u>0</u>	<u>59,284</u>
<u>895,643</u>	<u>0</u>	<u>2,697,622</u>
0	0	44
0	0	1,946
894,986	21,671	1,289,169
<u>0</u>	<u>0</u>	<u>3,531</u>
<u>894,986</u>	<u>21,671</u>	<u>1,294,690</u>
657	(21,671)	1,402,932
0	0	65,000
<u>0</u>	<u>0</u>	<u>(954,474)</u>
<u>0</u>	<u>0</u>	<u>(889,474)</u>
657	(21,671)	513,458
(469)	21,671	(400,386)
<u>\$ 188</u>	<u>\$ 0</u>	<u>\$ 113,072</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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,630,665	\$ 2,630,665	\$ 2,763,236	\$ 132,571
Intergovernmental Revenues	1,143,998	1,143,998	1,238,341	94,343
Charges for Services	1,398,232	1,398,232	1,369,619	(28,613)
Licenses and Permits	16,350	16,350	13,617	(2,733)
Investment Earnings	100,000	100,000	89,629	(10,371)
Special Assessments	500	500	304	(196)
Fines and Forfeitures	17,800	17,800	12,734	(5,066)
All Other Revenues	196,007	196,007	211,252	15,245
Total Revenues	<u>5,503,552</u>	<u>5,503,552</u>	<u>5,698,732</u>	<u>195,180</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,149,089	2,149,089	2,067,377	81,712
Travel and Training	27,700	27,700	27,535	165
Materials and Supplies	65,021	80,021	73,657	6,364
Contractual Services	134,236	134,236	121,348	12,888
Total Police	<u>2,376,046</u>	<u>2,391,046</u>	<u>2,289,917</u>	<u>101,129</u>
Fire:				
Personal Services	76,376	76,376	70,917	5,459
Travel and Training	4,000	4,000	4,000	0
Materials and Supplies	4,742	6,242	4,428	1,814
Contractual Services	51,540	51,540	49,613	1,927
Total Fire	<u>136,658</u>	<u>138,158</u>	<u>128,958</u>	<u>9,200</u>
Emergency Medical Services:				
Personal Services	669,921	669,921	672,348	(2,427)
Travel and Training	7,400	7,400	6,747	653
Materials and Supplies	34,585	39,585	37,855	1,730
Contractual Services	78,343	78,343	68,302	10,041
Total Emergency Medical Services	<u>790,249</u>	<u>795,249</u>	<u>785,252</u>	<u>9,997</u>
Total Security of Persons and Property	<u>3,302,953</u>	<u>3,324,453</u>	<u>3,204,127</u>	<u>120,326</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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	263,524	269,024	268,832	192
Travel and Training	750	750	474	276
Materials and Supplies	62,225	64,225	48,811	15,414
Contractual Services	98,940	98,940	81,174	17,766
Total Parks	<u>425,439</u>	<u>432,939</u>	<u>399,291</u>	<u>33,648</u>
Recreation:				
Contractual Services	27,550	27,550	17,700	9,850
Total Recreation	<u>27,550</u>	<u>27,550</u>	<u>17,700</u>	<u>9,850</u>
Total Leisure Time Activities	<u>452,989</u>	<u>460,489</u>	<u>416,991</u>	<u>43,498</u>
Community Environment:				
Planning:				
Personal Services	239,005	244,505	240,968	3,537
Travel and Training	3,745	3,745	3,284	461
Materials and Supplies	4,378	4,878	3,038	1,840
Contractual Services	18,454	18,454	13,296	5,158
Total Community Environment	<u>265,582</u>	<u>271,582</u>	<u>260,586</u>	<u>10,996</u>
Basic Utility Services:				
Utility Billing:				
Personal Services	169,220	171,220	164,162	7,058
Travel and Training	1,077	1,077	657	420
Materials and Supplies	30,684	30,684	30,089	595
Contractual Services	20,858	20,858	14,701	6,157
Total Basic Utility Services	<u>221,839</u>	<u>223,839</u>	<u>209,609</u>	<u>14,230</u>
General Government:				
City Council:				
Personal Services	60,225	60,225	51,389	8,836
Travel and Training	4,441	4,441	2,019	2,422
Materials and Supplies	3,860	3,860	2,680	1,180
Contractual Services	14,339	14,339	10,469	3,870
Total City Council	<u>82,865</u>	<u>82,865</u>	<u>66,557</u>	<u>16,308</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, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Commissions:				
Personal Services	17,830	17,830	16,941	889
Travel and Training	1,075	1,075	258	817
Materials and Supplies	4,168	4,168	1,602	2,566
Contractual Services	33,316	33,316	30,100	3,216
Total Commissions	56,389	56,389	48,901	7,488
Administration:				
Personal Services	204,788	204,788	171,532	33,256
Travel and Training	2,279	2,279	1,123	1,156
Materials and Supplies	910	910	766	144
Contractual Services	3,517	3,517	2,881	636
Total Administration	211,494	211,494	176,302	35,192
Buildings and Grounds:				
Personal Services	119,465	119,465	108,535	10,930
Travel and Training	210	210	210	0
Materials and Supplies	6,645	7,645	6,848	797
Contractual Services	121,573	121,573	110,004	11,569
Total Buildings and Grounds	247,893	248,893	225,597	23,296
Finance - Accounting:				
Personal Services	174,904	185,904	182,579	3,325
Travel and Training	2,723	2,723	2,254	469
Materials and Supplies	2,466	2,466	2,009	457
Contractual Services	32,968	32,968	24,743	8,225
Total Finance - Accounting	213,061	224,061	211,585	12,476
Finance - Income Tax:				
Personal Services	158,073	161,573	160,014	1,559
Travel and Training	2,730	2,730	2,154	576
Materials and Supplies	8,692	8,692	8,239	453
Contractual Services	13,141	13,141	12,190	951
Income Tax Refunds	100,000	100,000	62,995	37,005
Total Finance - Income Tax	282,636	286,136	245,592	40,544

(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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legal:				
Personal Services	64,970	66,170	63,914	2,256
Travel and Training	400	400	0	400
Materials and Supplies	300	300	0	300
Contractual Services	34,890	34,890	24,864	10,026
Total Legal	100,560	101,760	88,778	12,982
Engineering:				
Personal Services	154,446	159,946	155,994	3,952
Travel and Training	500	500	245	255
Materials and Supplies	3,962	4,112	2,667	1,445
Contractual Services	17,901	17,901	11,955	5,946
Total Engineering	176,809	182,459	170,861	11,598
General Administrative:				
Personal Services	51,000	186,000	169,329	16,671
Materials and Supplies	25,000	25,000	24,542	458
Contractual Services	296,151	296,151	246,613	49,538
Other Expenditures	1,500	1,500	415	1,085
Total General Administrative	373,651	508,651	440,899	67,752
Total General Government	1,745,358	1,902,708	1,675,072	227,636
Capital Outlay:				
Police	3,000	3,000	2,987	13
Fire	53,001	53,001	52,462	539
Emergency Medical Services	10,900	10,900	10,900	0
Parks	625	625	0	625
Utility Billing	500	500	101	399
City Council	300	300	0	300
Finance - Accounting	500	500	101	399
Finance - Income Tax	500	500	0	500
Engineering	750	750	269	481
Total Capital Outlay	70,076	70,076	66,820	3,256
Total Expenditures	6,058,797	6,253,147	5,833,205	419,942

(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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(555,245)	(749,595)	(134,473)	615,122
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	283,059	282,059
Transfers Out	<u>(50,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(49,000)</u>	<u>(64,000)</u>	<u>218,059</u>	<u>282,059</u>
Net Change in Fund Balance	(604,245)	(813,595)	83,586	897,181
Fund Balance at Beginning of Year	3,596,962	3,596,962	3,596,962	0
Prior Year Encumbrances	155,348	155,348	155,348	0
Fund Balance at End of Year	<u>\$ 3,148,065</u>	<u>\$ 2,938,715</u>	<u>\$ 3,835,896</u>	<u>\$ 897,181</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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 73,653	\$ 73,653	\$ 0
Total Revenues	<u>73,653</u>	<u>73,653</u>	<u>0</u>
Expenditures:			
General Government:			
Contractual Services	4,000	3,557	443
Debt Service:			
Principal Retirement	40,000	40,000	0
Interest and Fiscal Charges	29,465	29,465	0
Total Expenditures	<u>73,465</u>	<u>73,022</u>	<u>443</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	188	631	443
Fund Balance at Beginning of Year	<u>8,324</u>	<u>8,324</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,512</u>	<u>\$ 8,955</u>	<u>\$ 443</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, 2011**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 382,235	\$ 381,684	\$ (551)
All Other Revenues	3,550	8,695	5,145
Total Revenues	<u>385,785</u>	<u>390,379</u>	<u>4,594</u>
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	44,000	40,396	3,604
Contractual Services	355,142	346,570	8,572
Other Expenditures	45	45	0
Total Leisure Time Activities	<u>399,187</u>	<u>387,011</u>	<u>12,176</u>
Capital Outlay	7,600	2,300	5,300
Total Expenditures	<u>406,787</u>	<u>389,311</u>	<u>17,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,002)	1,068	22,070
Fund Balance at Beginning of Year	71,392	71,392	0
Prior Year Encumbrances	2,392	2,392	0
Fund Balance at End of Year	<u>\$ 52,782</u>	<u>\$ 74,852</u>	<u>\$ 22,070</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, 2011**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 445,000	\$ 410,279	\$ (34,721)
Charges for Services	30,000	30,828	828
All Other Revenues	<u>1,500</u>	<u>620</u>	<u>(880)</u>
Total Revenues	<u>476,500</u>	<u>441,727</u>	<u>(34,773)</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	292,821	281,468	11,353
Travel and Training	1,130	437	693
Materials and Supplies	60,169	46,157	14,012
Contractual Services	<u>90,725</u>	<u>79,898</u>	<u>10,827</u>
Total Expenditures	<u>444,845</u>	<u>407,960</u>	<u>36,885</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,655	33,767	2,112
Other Financing Sources (Uses):			
Transfers Out	<u>(40,499)</u>	<u>(40,499)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(40,499)</u>	<u>(40,499)</u>	<u>0</u>
Net Change in Fund Balance	(8,844)	(6,732)	2,112
Fund Balance at Beginning of Year	235,312	235,312	0
Prior Year Encumbrances	<u>11,503</u>	<u>11,503</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 237,971</u>	<u>\$ 240,083</u>	<u>\$ 2,112</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, 2011***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 35,600	\$ 33,266	\$ (2,334)
Total Revenues	<u>35,600</u>	<u>33,266</u>	<u>(2,334)</u>
Expenditures:			
Transportation:			
Street:			
Materials and Supplies	12,500	8,739	3,761
Contractual Services	<u>19,790</u>	<u>17,735</u>	<u>2,055</u>
Total Expenditures	<u>32,290</u>	<u>26,474</u>	<u>5,816</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,310	6,792	3,482
Fund Balance at Beginning of Year	87,805	87,805	0
Prior Year Encumbrances	<u>2,290</u>	<u>2,290</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 93,405</u>	<u>\$ 96,887</u>	<u>\$ 3,482</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, 2011**

MUNICIPAL ROAD FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 190,000	\$ 212,545	\$ 22,545
All Other Revenues	<u>0</u>	<u>20</u>	<u>20</u>
Total Revenues	<u>190,000</u>	<u>212,565</u>	<u>22,565</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	71,651	70,961	690
Materials and Supplies	75,276	53,069	22,207
Contractual Services	<u>2,750</u>	<u>470</u>	<u>2,280</u>
Total Transportation	<u>149,677</u>	<u>124,500</u>	<u>25,177</u>
Capital Outlay	<u>10,716</u>	<u>10,715</u>	<u>1</u>
Total Expenditures	<u>160,393</u>	<u>135,215</u>	<u>25,178</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,607	77,350	47,743
Other Financing Sources (Uses):			
Transfers Out	<u>(12,600)</u>	<u>(12,600)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(12,600)</u>	<u>(12,600)</u>	<u>0</u>
Net Change in Fund Balance	17,007	64,750	47,743
Fund Balance at Beginning of Year	92,156	92,156	0
Prior Year Encumbrances	<u>21,492</u>	<u>21,492</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 130,655</u>	<u>\$ 178,398</u>	<u>\$ 47,743</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, 2011**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 2,500	\$ 7,162	\$ 4,662
Total Revenues	<u>2,500</u>	<u>7,162</u>	<u>4,662</u>
Expenditures:			
Security of Persons and Property:			
State Grant:			
Materials and Supplies	300	0	300
Contractual Services	<u>1,200</u>	<u>1,200</u>	<u>0</u>
Total Security of Persons and Property	<u>1,500</u>	<u>1,200</u>	<u>300</u>
Capital Outlay	<u>5,500</u>	<u>5,082</u>	<u>418</u>
Total Expenditures	<u>7,000</u>	<u>6,282</u>	<u>718</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,500)	880	5,380
Fund Balance at Beginning of Year	<u>14,451</u>	<u>14,451</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,951</u>	<u>\$ 15,331</u>	<u>\$ 5,380</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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	<u>\$ 750</u>	<u>\$ 365</u>	<u>\$ (385)</u>
Total Revenues	<u>750</u>	<u>365</u>	<u>(385)</u>
Expenditures:			
Capital Outlay	<u>11,000</u>	<u>9,639</u>	<u>1,361</u>
Total Expenditures	<u>11,000</u>	<u>9,639</u>	<u>1,361</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,250)	(9,274)	976
Fund Balance at Beginning of Year	<u>12,703</u>	<u>12,703</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,453</u>	<u>\$ 3,429</u>	<u>\$ 976</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, 2011**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 50	\$ 2,519	\$ 2,469
Total Revenues	<u>50</u>	<u>2,519</u>	<u>2,469</u>
Expenditures:			
Security of Persons and Property:			
State Grant:			
Contractual Services	3,000	0	3,000
Total Security of Persons and Property	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Capital Outlay	1,725	1,725	0
Total Expenditures	<u>4,725</u>	<u>1,725</u>	<u>3,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,675)	794	5,469
Fund Balance at Beginning of Year	4,372	4,372	0
Prior Year Encumbrances	1,725	1,725	0
Fund Balance at End of Year	<u>\$ 1,422</u>	<u>\$ 6,891</u>	<u>\$ 5,469</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, 2011**

POLICE DONATION TRUST FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 0	\$ 113	\$ 113
Total Revenues	<u>0</u>	<u>113</u>	<u>113</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Materials and Supplies	500	0	500
Total Expenditures	<u>500</u>	<u>0</u>	<u>500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	113	613
Fund Balance at Beginning of Year	1,378	1,378	0
Fund Balance at End of Year	<u>\$ 878</u>	<u>\$ 1,491</u>	<u>\$ 613</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2011**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Debt Service:			
Principal Retirement	1,824,000	1,824,000	0
Interest and Fiscal Charges	<u>134,526</u>	<u>136,319</u>	<u>(1,793)</u>
Total Expenditures	<u>1,958,526</u>	<u>1,960,319</u>	<u>(1,793)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,958,526)	(1,960,319)	(1,793)
Other Financing Sources (Uses):			
General Obligation Notes Issued	805,000	805,000	0
Premium on General Obligation Notes	10,000	4,781	(5,219)
Transfers In	<u>1,154,839</u>	<u>1,154,839</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>1,969,839</u>	<u>1,964,620</u>	<u>(5,219)</u>
Net Change in Fund Balance	11,313	4,301	(7,012)
Fund Balance at Beginning of Year	<u>32,640</u>	<u>32,640</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 43,953</u>	<u>\$ 36,941</u>	<u>\$ (7,012)</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, 2011***

CAPITAL IMPROVEMENT RESERVE FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 572,636	\$ 874,519	\$ 301,883
Intergovernmental Revenues	37,500	31,318	(6,182)
Special Assessments	45,000	58,915	13,915
All Other Revenues	28,137	53,012	24,875
Total Revenues	<u>683,273</u>	<u>1,017,764</u>	<u>334,491</u>
Expenditures:			
General Government:			
Contractual Services	2,650	1,946	704
Other Expenditures	22,766	15,729	7,037
Total General Government	<u>25,416</u>	<u>17,675</u>	<u>7,741</u>
Capital Outlay	576,540	571,717	4,823
Total Expenditures	<u>601,956</u>	<u>589,392</u>	<u>12,564</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	81,317	428,372	347,055
Other Financing Sources (Uses):			
Sale of Capital Assets	0	900	900
Transfers In	15,000	15,000	0
Transfers Out	(218,224)	(218,224)	0
Total Other Financing Sources (Uses)	<u>(203,224)</u>	<u>(202,324)</u>	<u>900</u>
Net Change in Fund Balance	(121,907)	226,048	347,955
Fund Balance at Beginning of Year	194,325	194,325	0
Prior Year Encumbrances	39,168	39,168	0
Fund Balance at End of Year	<u>\$ 111,586</u>	<u>\$ 459,541</u>	<u>\$ 347,955</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, 2011**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 715,795	\$ 748,130	\$ 32,335
All Other Revenues	0	2,320	2,320
Total Revenues	<u>715,795</u>	<u>750,450</u>	<u>34,655</u>
Expenditures:			
Leisure Time Activities:			
Other Expenditures	30,000	19,661	10,339
Total Leisure Time Activities	<u>30,000</u>	<u>19,661</u>	<u>10,339</u>
Capital Outlay	50,563	37,658	12,905
Total Expenditures	<u>80,563</u>	<u>57,319</u>	<u>23,244</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	635,232	693,131	57,899
Other Financing Sources (Uses):			
Transfers In	50,000	50,000	0
Transfers Out	(736,250)	(736,250)	0
Total Other Financing Sources (Uses)	<u>(686,250)</u>	<u>(686,250)</u>	<u>0</u>
Net Change in Fund Balance	(51,018)	6,881	57,899
Fund Balance at Beginning of Year	42,478	42,478	0
Prior Year Encumbrances	19,563	19,563	0
Fund Balance at End of Year	<u>\$ 11,023</u>	<u>\$ 68,922</u>	<u>\$ 57,899</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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers Out	<u>(125,040)</u>	<u>(125,040)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(125,040)</u>	<u>(125,040)</u>	<u>0</u>
Net Change in Fund Balance	(125,040)	(125,040)	0
Fund Balance at Beginning of Year	<u>125,040</u>	<u>125,040</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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers Out	<u>(22,226)</u>	<u>(22,226)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(22,226)</u>	<u>(22,226)</u>	<u>0</u>
Net Change in Fund Balance	(22,226)	(22,226)	0
Fund Balance at Beginning of Year	<u>22,226</u>	<u>22,226</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, 2011**

	OPWC GRANT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Intergovernmental Revenues	\$ 1,006,828	\$ 755,450	\$ (251,378)
Total Revenues	<u>1,006,828</u>	<u>755,450</u>	<u>(251,378)</u>
Expenditures:			
Capital Outlay	<u>1,006,828</u>	<u>1,069,179</u>	<u>(62,351)</u>
Total Expenditures	<u>1,006,828</u>	<u>1,069,179</u>	<u>(62,351)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(313,729)	(313,729)
Fund Balance at Beginning of Year	(250,000)	(250,000)	0
Prior Year Encumbrances	<u>249,900</u>	<u>249,900</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (100)</u>	<u>\$ (313,829)</u>	<u>\$ (313,729)</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, 2011***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Capital Outlay	<u> 21,671</u>	<u> 21,671</u>	<u> 0</u>
Total Expenditures	<u> 21,671</u>	<u> 21,671</u>	<u> 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (21,671)</u>	<u> (21,671)</u>	<u> 0</u>
Fund Balance at Beginning of Year	<u> 21,671</u>	<u> 21,671</u>	<u> 0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></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.

Medical Reimbursement Fund

To account for monies withheld from employees wages designated for employees' medical reimbursement accounts established under Internal Revenue Code Section 125 Cafeteria Plan.

CITY OF TIPP CITY, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011**

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
<u>Contractor Maintenance Deposit Fund</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$56,485	\$26,470	(\$31,792)	\$51,163
Total Assets	<u>\$56,485</u>	<u>\$26,470</u>	<u>(\$31,792)</u>	<u>\$51,163</u>
Liabilities:				
Due to Others	\$56,485	\$26,470	(\$31,792)	\$51,163
Total Liabilities	<u>\$56,485</u>	<u>\$26,470</u>	<u>(\$31,792)</u>	<u>\$51,163</u>
<u>Health Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$70,196	\$105,221	(\$119,706)	\$55,711
Total Assets	<u>\$70,196</u>	<u>\$105,221</u>	<u>(\$119,706)</u>	<u>\$55,711</u>
Liabilities:				
Due to Others	\$70,196	\$105,221	(\$119,706)	\$55,711
Total Liabilities	<u>\$70,196</u>	<u>\$105,221</u>	<u>(\$119,706)</u>	<u>\$55,711</u>
<u>Medical Reimbursement Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$29,913	(\$29,913)	\$0
Total Assets	<u>\$0</u>	<u>\$29,913</u>	<u>(\$29,913)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$29,913	(\$29,913)	\$0
Total Liabilities	<u>\$0</u>	<u>\$29,913</u>	<u>(\$29,913)</u>	<u>\$0</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$70,196	\$135,134	(\$149,619)	\$55,711
Restricted Cash and Cash Equivalents	56,485	26,470	(31,792)	51,163
Total Assets	<u>\$126,681</u>	<u>\$161,604</u>	<u>(\$181,411)</u>	<u>\$106,874</u>
Liabilities:				
Due to Others	\$126,681	\$161,604	(\$181,411)	\$106,874
Total Liabilities	<u>\$126,681</u>	<u>\$161,604</u>	<u>(\$181,411)</u>	<u>\$106,874</u>



Tipp City **Statistical
Section**



Tipp City

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

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.	
Revenue Capacity	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 income tax.	
Debt Capacity	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.	
Economic and Demographic Information	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.	
Operating Information	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 Nine Years
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:				
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>
Business-type Activities:				
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>
Primary Government:				
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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$31,427,283	\$32,242,094	\$32,842,386	\$33,597,957	\$34,228,303
2,443,299	2,243,415	1,947,201	1,885,841	2,367,676
4,176,006	5,455,035	5,431,361	5,015,791	5,478,337
<u>\$38,046,588</u>	<u>\$39,940,544</u>	<u>\$40,220,948</u>	<u>\$40,499,589</u>	<u>\$42,074,316</u>
\$19,295,981	\$19,681,449	\$20,158,896	\$18,683,126	\$20,521,369
12,679,089	13,807,232	14,835,988	18,126,140	18,359,537
<u>\$31,975,070</u>	<u>\$33,488,681</u>	<u>\$34,994,884</u>	<u>\$36,809,266</u>	<u>\$38,880,906</u>
\$50,723,264	\$51,923,543	\$53,001,282	\$52,281,083	\$54,749,672
2,443,299	2,243,415	1,947,201	1,885,841	2,367,676
16,855,095	19,262,267	20,267,349	23,141,931	23,837,874
<u>\$70,021,658</u>	<u>\$73,429,225</u>	<u>\$75,215,832</u>	<u>\$77,308,855</u>	<u>\$80,955,222</u>

City of Tipp City

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

	2003	2004	2005	2006
Expenses				
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>
Program Revenues				
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
Basic Utility Services	0	0	0	0
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	2008	2009	2010	2011
\$3,195,571	\$3,319,976	\$3,286,305	\$3,191,455	\$3,295,937
1,407,319	1,285,709	1,320,200	1,115,986	1,206,554
231,885	251,345	260,189	240,229	263,018
229,516	247,636	238,584	209,396	207,591
1,465,686	1,595,113	1,858,692	1,520,827	1,496,946
1,763,783	1,645,898	1,601,373	1,552,036	1,724,894
286,399	264,771	243,087	195,839	159,465
<u>8,580,159</u>	<u>8,610,448</u>	<u>8,808,430</u>	<u>8,025,768</u>	<u>8,354,405</u>
8,330,307	9,488,473	10,043,278	10,934,711	10,162,311
1,907,331	2,183,762	2,492,331	2,687,174	2,339,234
1,145,064	1,296,882	1,236,664	1,293,025	1,332,069
661,807	716,728	741,101	762,941	777,573
<u>12,044,509</u>	<u>13,685,845</u>	<u>14,513,374</u>	<u>15,677,851</u>	<u>14,611,187</u>
<u>\$20,624,668</u>	<u>\$22,296,293</u>	<u>\$23,321,804</u>	<u>\$23,703,619</u>	<u>\$22,965,592</u>
\$597,064	\$539,207	\$613,231	\$526,499	\$674,013
391,090	381,063	332,688	387,874	394,409
176,493	131,771	89,325	20,431	68,382
0	238,266	116,993	232,627	207,662
1,339	3,366	33,388	32,162	31,468
593,159	656,539	693,882	651,175	649,294
799,014	1,927,765	1,168,819	211,035	926,961
<u>2,558,159</u>	<u>3,877,977</u>	<u>3,048,326</u>	<u>2,061,803</u>	<u>2,952,189</u>

(continued)

City of Tipp City

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

	2003	2004	2005	2006
Business-type Activities:				
Charges for Services				
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>
Net (Expense)/Revenue				
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>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
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>
Business-type Activities:				
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>
Change in Net Assets				
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	2008	2009	2010	2011
9,351,973	10,077,906	10,957,613	11,895,134	12,127,149
1,818,669	2,276,912	2,331,227	2,516,700	2,151,483
1,218,038	1,318,119	1,259,362	2,117,802	1,129,188
675,937	713,082	738,911	763,387	786,630
290,512	835,244	751,569	241,153	504,377
<u>13,355,129</u>	<u>15,221,263</u>	<u>16,038,682</u>	<u>17,534,176</u>	<u>16,698,827</u>
<u>15,913,288</u>	<u>19,099,240</u>	<u>19,087,008</u>	<u>19,595,979</u>	<u>19,651,016</u>
(6,022,000)	(4,732,471)	(5,760,104)	(5,963,965)	(5,402,216)
1,310,620	1,535,418	1,525,308	1,856,325	2,087,640
<u>(\$4,711,380)</u>	<u>(\$3,197,053)</u>	<u>(\$4,234,796)</u>	<u>(\$4,107,640)</u>	<u>(\$3,314,576)</u>
\$3,460,790	\$3,644,832	\$3,133,216	\$3,449,915	\$4,006,199
321,337	327,431	326,079	323,521	323,887
35,265	21,407	28,052	46,875	58,523
1,311,289	1,474,216	1,302,247	1,327,627	1,286,470
610,371	441,016	195,035	121,044	91,692
215,622	695,718	1,036,774	931,681	1,194,172
0	0	0	0	0
729,509	21,807	19,105	41,943	16,000
<u>6,684,183</u>	<u>6,626,427</u>	<u>6,040,508</u>	<u>6,242,606</u>	<u>6,976,943</u>
0	0	0	0	0
<u>(729,509)</u>	<u>(21,807)</u>	<u>(19,105)</u>	<u>(41,943)</u>	<u>(16,000)</u>
<u>(729,509)</u>	<u>(21,807)</u>	<u>(19,105)</u>	<u>(41,943)</u>	<u>(16,000)</u>
<u>\$5,954,674</u>	<u>\$6,604,620</u>	<u>\$6,021,403</u>	<u>\$6,200,663</u>	<u>\$6,960,943</u>
\$662,183	\$1,893,956	\$280,404	\$278,641	\$1,574,727
581,111	1,513,611	1,506,203	1,814,382	2,071,640
<u>\$1,243,294</u>	<u>\$3,407,567</u>	<u>\$1,786,607</u>	<u>\$2,093,023</u>	<u>\$3,646,367</u>

City of Tipp City

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	181,997	212,848	227,633	225,007	204,586
Unreserved	<u>2,903,537</u>	<u>2,501,267</u>	<u>2,738,720</u>	<u>3,286,365</u>	<u>3,435,396</u>
<i>Total General Fund</i>	<u>3,085,534</u>	<u>2,714,115</u>	<u>2,966,353</u>	<u>3,511,372</u>	<u>3,639,982</u>
All Other Governmental Funds					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	2,666,384	1,030,652	4,382,752	1,880,597	736,407
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	328,567	303,803	362,068	361,808	420,362
Capital Projects Funds	<u>(1,208,457)</u>	<u>(1,137,330)</u>	<u>156,311</u>	<u>(519,717)</u>	<u>141,300</u>
<i>Total All Other Governmental Funds</i>	<u>1,786,494</u>	<u>197,125</u>	<u>4,901,131</u>	<u>1,722,688</u>	<u>1,298,069</u>
<i>Total Governmental Funds</i>	<u><u>\$4,872,028</u></u>	<u><u>\$2,911,240</u></u>	<u><u>\$7,867,484</u></u>	<u><u>\$5,234,060</u></u>	<u><u>\$4,938,051</u></u>

Source: Finance Director's Office

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

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Tipp City

2007	2008	2009	2010	2011
\$0	\$0	\$0	\$0	\$101,503
0	0	0	0	182,888
0	0	0	0	4,235,878
204,706	228,586	147,861	221,064	0
<u>3,401,815</u>	<u>3,682,473</u>	<u>3,856,093</u>	<u>3,830,666</u>	<u>0</u>
<u>3,606,521</u>	<u>3,911,059</u>	<u>4,003,954</u>	<u>4,051,730</u>	<u>4,520,269</u>
0	0	0	0	89,710
0	0	0	0	1,626,209
0	0	0	0	73,056
0	0	0	0	(815,365)
482,190	1,652,697	477,377	431,853	0
369,856	505,158	514,834	599,921	0
<u>(157,446)</u>	<u>(1,628,054)</u>	<u>(644,828)</u>	<u>(677,780)</u>	<u>0</u>
<u>694,600</u>	<u>529,801</u>	<u>347,383</u>	<u>353,994</u>	<u>973,610</u>
<u>\$4,301,121</u>	<u>\$4,440,860</u>	<u>\$4,351,337</u>	<u>\$4,405,724</u>	<u>\$5,493,879</u>

City of Tipp City

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

	2002	2003	2004	2005
Revenues:				
Taxes	\$2,742,643	\$3,472,281	\$3,724,771	\$4,163,119
Intergovernmental Revenues	1,984,546	2,613,756	2,970,947	4,227,822
Charges for Services	363,786	389,278	431,831	875,342
Licenses, Permits and Fees	66,231	104,085	140,400	100,348
Investment Earnings	331,071	196,466	216,971	368,738
Special Assessments	35,801	108,069	290,594	138,087
Fines and Forfeitures	20,568	17,943	12,050	17,374
All Other Revenue	236,768	244,689	195,286	176,457
Total Revenue	<u>5,781,414</u>	<u>7,146,567</u>	<u>7,982,850</u>	<u>10,067,287</u>
Expenditures:				
Current:				
Security of Persons and Property	2,328,658	2,474,913	2,407,475	2,581,894
Leisure Time Activities	405,517	429,309	518,553	803,645
Community Environment	188,598	197,643	193,591	221,349
Basic Utility Services	160,646	174,405	187,468	198,912
Transportation	419,998	504,019	467,201	649,449
General Government	1,184,338	1,250,192	1,207,697	1,322,241
Capital Outlay	1,305,174	3,925,591	4,737,669	6,386,882
Debt Service:				
Principal Retirement	230,000	280,000	305,000	945,660
Interest and Fiscal Charges	145,077	164,200	253,627	327,982
Total Expenditures	<u>6,368,006</u>	<u>9,400,272</u>	<u>10,278,281</u>	<u>13,438,014</u>
Excess (Deficiency) of Revenues Over Expenditures	(586,592)	(2,253,705)	(2,295,431)	(3,370,727)

City of Tipp City

2006	2007	2008	2009	2010	2011
\$4,102,979	\$3,713,187	\$4,030,913	\$3,571,583	\$3,823,618	\$4,480,781
3,031,924	2,523,552	2,756,171	3,201,047	2,220,692	2,833,417
962,883	956,560	1,654,251	1,738,276	1,770,228	1,892,452
51,671	88,217	35,547	12,858	14,113	13,092
568,508	634,068	452,408	205,677	123,206	73,890
176,517	146,551	160,172	134,197	114,526	132,872
18,698	20,630	18,286	15,962	20,429	15,326
202,602	320,344	184,486	378,679	222,130	571,643
<u>9,115,782</u>	<u>8,403,109</u>	<u>9,292,234</u>	<u>9,258,279</u>	<u>8,308,942</u>	<u>10,013,473</u>

2,857,394	2,980,614	3,080,822	2,968,982	3,048,578	3,175,914
836,527	866,924	884,455	851,403	766,504	778,807
229,968	238,806	248,376	246,653	252,874	260,105
207,205	223,769	235,440	234,230	229,294	208,818
555,612	549,832	767,377	646,218	564,410	531,100
1,398,609	1,457,073	1,464,240	1,433,994	1,427,326	1,568,282
2,806,629	2,263,569	1,336,673	1,928,432	895,032	1,346,198
901,632	897,062	882,509	857,972	911,665	930,000
313,856	288,508	267,055	245,371	198,280	162,268
<u>10,107,432</u>	<u>9,766,157</u>	<u>9,166,947</u>	<u>9,413,255</u>	<u>8,293,963</u>	<u>8,961,492</u>

(991,650)	(1,363,048)	125,287	(154,976)	14,979	1,051,981
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(Continued)

City of Tipp City

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	2,125	0	0	0
Other Financing Sources - Capital Leases	0	0	0	61,500
Special Assessment Bonds Issued	0	0	930,000	0
General Obligation Bonds Issued	0	0	5,975,000	0
Transfers In	983,154	1,232,825	1,274,901	2,346,269
Transfers Out	(865,255)	(958,028)	(929,115)	(1,686,522)
Total Other Financing Sources (Uses)	<u>120,024</u>	<u>274,797</u>	<u>7,250,786</u>	<u>721,247</u>
Net Change in Fund Balance	<u>(\$466,568)</u>	<u>(\$1,978,908)</u>	<u>\$4,955,355</u>	<u>(\$2,649,480)</u>
Debt Service as a Percentage of Noncapital Expenditures	7.41%	7.97%	10.08%	18.06%

Source: Finance Director's Office

NOTE: Year 2002 Does 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

2006	2007	2008	2009	2010	2011
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,458,945	2,453,724	1,282,021	1,150,447	1,334,975	1,088,573
(1,765,380)	(1,724,215)	(1,260,214)	(1,131,342)	(1,293,032)	(1,072,573)
<u>693,565</u>	<u>729,509</u>	<u>21,807</u>	<u>19,105</u>	<u>41,943</u>	<u>16,000</u>
<u>(\$298,085)</u>	<u>(\$633,539)</u>	<u>\$147,094</u>	<u>(\$135,871)</u>	<u>\$56,922</u>	<u>\$1,067,981</u>

16.23%	15.19%	17.43%	13.57%	14.68%	13.83%
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City of Tipp City

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

Tax year	2002	2003	2004	2005	2006
Income Tax Rate	1.00%	1.25%	1.25%	1.25%	1.25%
Estimated Personal Income (in thousands)	\$261,176	\$272,149	\$280,420	\$282,578	\$293,855
Total Tax Collected	\$2,480,626	\$3,124,937	\$3,461,382	\$3,702,867	\$3,867,731
Income Tax Receipts					
Withholding	1,901,859	2,428,634	2,497,599	2,615,737	2,684,253
Percentage	76.67%	77.72%	72.16%	70.64%	69.40%
Corporate	269,046	330,632	543,935	636,113	696,447
Percentage	10.85%	10.58%	15.71%	17.18%	18.01%
Individuals	309,721	365,671	419,848	451,017	487,031
Percentage	12.49%	11.70%	12.13%	12.18%	12.59%

Source: City Income Tax Department

Note:

In 2011 the City's income tax rate was increased by voter approval from 1.25% to 1.50%.

The City levies a 1.50% 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

2007	2008	2009	2010	2011
1.25%	1.25%	1.25%	1.25%	1.50%
\$306,036	\$319,766	\$318,078	\$334,222	\$338,350
\$3,679,252	\$3,748,800	\$3,471,660	\$3,597,653	\$4,042,351
2,769,744	2,747,671	2,626,888	2,648,385	3,086,202
75.28%	73.29%	75.67%	73.61%	76.35%
414,080	508,418	296,977	469,352	411,038
11.25%	13.56%	8.55%	13.05%	10.17%
495,428	492,711	547,795	479,916	545,111
13.47%	13.15%	15.79%	13.35%	13.48%



City of Tipp City

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

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2011 Rank</u>
A. O . Smith Corporation	Manufacturing	1
Meijer, Inc.	Warehouse Distribution	2
Tipp City Exempted Village School District	Education	3
Federal Government	Government	4
Creative Extruded Products	Manufacturing	5
Arbogast Buick Pontiac GMC	Automotive Retail	6
Rostam Direct (formerly Gardens Alive- Springhill)	Agricultural-Nursery	7
City of Tipp City	Government	8
Precision Strip Inc.	Metal Processing	9
Indian Creek Fabricators	Manufacturing	10

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2002 Rank</u>
A. O . Smith Corporation	Manufacturing	1
Meijer, Inc.	Warehouse Distribution	2
Tipp City Exempted Village School District	Education	3
Creative Extruded Products	Manufacturing	4
Tipp Machine and Tool	Manufacturing	5
Arbogast	Auto Dealer	6
Federal Government	Government	7
DAP Products, Inc.	Manufacturing	8
Dolly, Inc.	Manufacturing	9
Allen Foods	Food Processing	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

	2002	2003	2004	2005
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$2,910,000	\$2,630,000	\$8,300,000	\$7,395,000
Special Assessment Bonds Payable	0	0	930,000	895,000
Capital Leases	0	0	0	55,840
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$1,225,000	\$1,065,000	\$1,605,000	\$1,370,000
Long-Term Loans Payable	464,505	432,095	432,095	408,510
Total Primary Government	<u>\$4,599,505</u>	<u>\$4,127,095</u>	<u>\$11,267,095</u>	<u>\$10,124,350</u>
Population ⁽²⁾				
City of Tipp City	9,221	9,221	9,221	9,221
Outstanding Debt Per Capita	\$499	\$448	\$1,222	\$1,098
Income ⁽³⁾				
Personal (in thousands)	261,176	272,149	280,420	282,578
Percentage of Personal Income	1.76%	1.52%	4.02%	3.58%

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

2006	2007	2008	2009	2010	2011
\$6,540,000	\$5,690,000	\$4,855,000	\$4,045,000	\$3,180,000	\$2,290,000
860,000	825,000	790,000	755,000	715,000	675,000
44,208	32,146	19,637	6,665	0	0
\$1,135,000	\$950,000	\$795,000	\$670,000	\$545,000	\$420,000
408,510	408,510	408,510	397,680	397,680	1,103,335
<u>\$8,987,718</u>	<u>\$7,905,656</u>	<u>\$6,868,147</u>	<u>\$5,874,345</u>	<u>\$4,837,680</u>	<u>\$4,488,335</u>
9,221	9,221	9,221	9,221	9,689	9,689
\$975	\$857	\$745	\$637	\$499	\$463
293,855	306,036	319,766	318,078	334,222	338,350
3.06%	2.58%	2.15%	1.85%	1.45%	1.33%

City of Tipp City

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2002	2003	2004	2005
Population (1)	9,221	9,221	9,221	9,221
Assessed Value (2)	\$244,019,430	\$249,255,370	\$260,699,910	\$266,979,780
General Bonded Debt (3)				
General Obligation Bonds	\$2,910,000	\$2,630,000	\$8,300,000	\$7,395,000
Resources Available to Pay Principal (4)	\$1,087	\$83,030	\$8,589	\$0
Net General Bonded Debt	\$2,908,913	\$2,546,970	\$8,291,411	\$7,395,000
Ratio of Net Bonded Debt to Estimated Assessed Value	1.19%	1.02%	3.18%	2.77%
Net Bonded Debt per Capita	\$315.47	\$276.21	\$899.19	\$801.97

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

2006	2007	2008	2009	2010	2011
9,221	9,221	9,221	9,221	9,689	9,689
\$259,775,650	\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010	\$261,212,250
\$6,540,000	\$5,690,000	\$4,855,000	\$4,045,000	\$3,180,000	\$2,290,000
\$0	\$954	\$4,164	\$3,754	\$32,640	\$36,941
\$6,540,000	\$5,689,046	\$4,850,836	\$4,041,246	\$3,147,360	\$2,253,059
2.52%	2.06%	1.81%	1.55%	1.22%	0.86%
\$709.25	\$616.97	\$526.06	\$438.27	\$324.84	\$232.54



City of Tipp City

*Computation of Direct and Overlapping
General Obligation Debt
December 31, 2011*

<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>
Direct:			
City of Tipp City	\$0	100.00%	\$0
Overlapping:			
Tipp City Exempted Village School District	17,405,844	67.92%	11,822,049
Troy City School District	19,821,261	0.01%	1,982
Miami County	8,452,850	12.19%	1,030,402
Miami Valley Career Center JVSD	6,728,695	3.79%	<u>255,018</u>
		Subtotal	<u>13,109,451</u>
		Total	<u><u>\$13,109,451</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.

Percentages determined by dividing each overlapping jurisdictions' assessed valuation within the City by the jurisdictions' total assessed valuation.

City of Tipp City

Debt Limitations Last Ten Years

Collection Year	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$244,019,430	\$249,255,370	\$260,699,910	\$266,979,780
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	25,622,040	26,171,814	27,373,491	28,032,877
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$25,622,040</u></u>	<u><u>\$26,171,814</u></u>	<u><u>\$27,373,491</u></u>	<u><u>\$28,032,877</u></u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$244,019,430	\$249,255,370	\$260,699,910	\$266,979,780
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	13,421,069	13,709,045	14,338,495	14,683,888
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$13,421,069</u></u>	<u><u>\$13,709,045</u></u>	<u><u>\$14,338,495</u></u>	<u><u>\$14,683,888</u></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

2006	2007	2008	2009	2010	2011
\$259,775,650	\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010	\$261,212,250
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
27,276,443	28,957,391	28,121,143	27,418,068	27,108,586	27,427,286
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$27,276,443</u>	<u>\$28,957,391</u>	<u>\$28,121,143</u>	<u>\$27,418,068</u>	<u>\$27,108,586</u>	<u>\$27,427,286</u>
\$259,775,650	\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010	\$261,212,250
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,287,661	15,168,157	14,730,123	14,361,845	14,199,736	14,366,674
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$14,287,661</u>	<u>\$15,168,157</u>	<u>\$14,730,123</u>	<u>\$14,361,845</u>	<u>\$14,199,736</u>	<u>\$14,366,674</u>

City of Tipp City

*Pledged Revenue Coverage
Last Eight Years*

	2004	2005	2006	2007	2008
Special Assessment Bonds (1)					
Special Assessment Collections	\$0	\$73,653	\$73,653	\$73,653	\$73,653
Debt Service					
Principal	0	35,000	35,000	35,000	35,000
Interest	20,338	34,865	34,165	33,465	32,678
Coverage	0.00	1.05	1.06	1.08	1.09

(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

<u>2009</u>	<u>2010</u>	<u>2011</u>
\$73,653	\$73,653	\$73,653
35,000	40,000	40,000
31,715	30,664	29,465
1.10	1.04	1.06

City of Tipp City

Demographic and Economic Statistics Last Ten Years

Calendar Year	2002	2003	2004	2005
Population (1)				
City of Tipp City	9,221	9,221	9,221	9,221
Miami County	98,868	98,868	98,868	98,868
Income (2) (a)				
Total Personal (in thousands)	261,176	272,149	280,420	282,578
Per Capita	28,324	29,514	30,411	30,645
Unemployment Rate (3)				
Federal	4.8%	5.8%	6.0%	5.1%
State	4.3%	5.7%	6.1%	5.9%
Miami County	5.5%	6.1%	5.6%	5.6%
Civilian Work Force Estimates (3)				
State	5,828,000	5,915,000	5,875,300	5,900,400
Miami County	52,000	52,200	54,300	54,100
Total Assessed Property Value (4)	244,019,430	249,255,370	260,699,910	266,979,780
Estimated Actual Property Value (4)	759,270,302	775,791,777	806,202,806	822,422,149

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2009 for the presentation of 2010 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

2006	2007	2008	2009	2010	2011
9,221	9,221	9,221	9,221	9,689	9,689
98,868	98,868	98,868	98,868	102,506	102,506
293,855	306,036	319,766	318,078	334,222	338,350
31,868	33,189	34,678	34,495	34,495	34,921
4.6%	4.6%	5.8%	9.3%	9.6%	8.5%
5.5%	5.6%	6.6%	10.2%	10.1%	7.9%
5.5%	5.4%	6.4%	11.7%	10.5%	7.6%
5,934,000	5,976,500	5,986,400	5,970,200	5,897,600	5,791,000
55,100	55,400	55,400	55,400	54,200	53,100
259,775,650	275,784,680	267,820,410	261,124,460	258,177,010	261,212,250
786,707,789	854,886,147	803,462,520	747,736,243	737,338,171	746,320,714



City of Tipp City

Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	<u>Nature of Business</u>	<u>2011</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Meijer, Inc.	Warehouse Distribution	1,247	1
Rostam Direct (formerly Gardens Alive- Springhill)	Agricultural-Nursery	523	2
Tipp City Exempted Village School District	Education	477	3
A. O . Smith Corporation	Manufacturing	306	4
Menards	Retail	249	5
Adcare Health Systems	Health Care	229	6
Creative Extruded Products	Manufacturing	207	7
FHI LLC	Warehouse Distribution	195	8
Tipp Topp Canning	Food Processing	176	9
Arbogast Buick Pontiac GMC	Automotive Retail	155	10
Total		<u>3,764</u>	

<u>Employer</u>	<u>Nature of Business</u>	<u>2002</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Meijer, Inc.	Warehouse Distribution	975	1
A. O . Smith Corporation	Manufacturing	300	2
Tipp City Exempted Village School District	Education	283	3
Creative Extruded Products	Manufacturing	240	4
Adcare Health Systems	Health Care	130	5
Tipp Machine & Tool	Manufacturing	125	6
DAP Products, Inc.	Manufacturing	125	7
Allen Foods	Food Processing	100	8
Precision Strip	Manufacturing	76	9
Dolly, Inc.	Manufacturing	75	10
Total		<u>2,429</u>	

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

Note: 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

	2002	2003	2004	2005
Governmental Activities				
General Government				
Legislative	4.00	4.00	4.00	4.00
City Manager	2.00	2.00	2.00	2.00
Building and Facility Services	0.50	0.50	1.50	1.50
Finance	7.50	7.50	7.50	7.50
Legal	0.50	0.50	0.50	0.50
Engineering	2.50	2.50	2.50	3.00
Security of Persons and Property				
Police	21.50	21.50	22.00	22.00
Fire and EMS	15.00	15.00	15.50	15.50
Transportation				
Street	6.00	6.00	6.00	6.00
Leisure Time Activities				
Parks	6.00	6.00	6.00	6.00
Pool	4.75	4.75	0.00	0.00
Community Environment				
Community and Economic Development	2.50	2.50	2.50	2.50
Business-Type Activities				
Utilities				
Electric	14.50	14.50	14.50	14.50
Water	5.00	5.00	5.00	5.25
Sewer	3.00	3.00	3.00	5.25
Refuse Collection	0.00	0.00	0.00	0.00
Total Employees	95.25	95.25	92.50	95.50

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

2006	2007	2008	2009	2010	2011
4.00	4.00	4.00	3.50	3.50	3.50
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
7.50	8.00	8.00	8.00	7.50	7.50
0.50	0.50	0.50	0.50	0.50	0.50
3.00	3.00	3.00	3.00	3.00	3.00
22.50	22.50	22.50	22.50	22.50	22.50
15.50	15.50	15.50	15.50	15.50	15.50
6.00	6.00	6.00	5.50	5.00	5.00
6.00	6.00	6.00	5.25	4.75	4.75
0.00	0.00	0.00	0.00	0.00	0.00
2.50	2.50	2.50	2.50	2.50	2.50
15.50	15.50	15.50	15.50	14.50	14.00
5.50	8.50	8.50	8.50	8.50	8.30
3.50	3.50	3.50	3.50	3.50	3.20
0.00	0.00	0.00	0.00	0.00	0.00
96.00	99.50	99.50	97.75	95.25	94.25

City of Tipp City

Operating Indicators by Function Last Ten Years

	2002	2003	2004	2005
Governmental Activities				
General Government				
Accounts Payable Checks processed	3,532	3,304	3,500	3,343
Purchase Orders issued	2,800	2,823	2,599	2,502
Court				
Number of Criminal Cases	349	403	334	408
Number of Traffic Cases	830	752	584	688
Licenses and Permits				
Number of Residential Building Permits	94	126	79	82
Number of Commercial Building Permits	8	5	9	8
Security of Persons and Property				
Police				
Criminal Arrests	606	650	675	805
Calls for Service	17,485	16,805	16,580	17,345
Number of Accidents	441	417	382	385
Fire and EMS				
Number of Fire Calls	448	397	392	414
Number of EMS Runs	1,301	1,283	1,272	1,343
Transportation				
Street				
Tons of Salt Used	338	1,085	610	665
Leisure Time Activities				
Swimming Pool Receipts	38,899	29,226	12,240	247,737
Business-Type Activities				
Electric				
Number of Service Connections	4,493	4,564	4,634	4,711
Peak Demand (megawatts)	30.0	29.4	28.5	31.4
Energy Purchased (MWh)	148,599	148,675	153,050	157,954
Water				
Number of Service Connections	3,735	3,783	3,849	3,927
Daily Average Consumption (mgd)	1.2	1.2	1.2	1.4
Peak Daily Consumption (mgd)	3.2	3.2	3.2	2.6
Sewer				
Sewer Treatment Charges	534,839	557,044	580,709	589,276
Daily Average Sewage Treatment (mgd)	1.2	1.2	1.7	1.7
Refuse Collection				
Number of Customers Billed	n/a	n/a	3,737	3,793

Source: Finance Director's Office

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

City of Tipp City

2006	2007	2008	2009	2010	2011
3,542	3,576	3,495	3,068	2,819	2,766
2,813	2,780	2,631	2,312	1,430	2,280
368	412	341	332	317	269
747	742	781	684	886	734
34	31	21	10	7	12
8	9	5	3	6	4
676	770	679	596	575	414
16,391	15,420	15,595	17,570	20,745	15,972
416	390	335	188	218	208
404	408	437	348	368	313
1,415	1,353	1,347	1,256	1,272	1,345
621	1,121	844	476	800	304
268,227	268,574	266,423	244,334	284,522	281,817
4,761	4,804	4,807	4,833	4,872	4,859
31.4	33.0	30.1	29.3	30.2	31.3
160,677	154,852	149,116	140,826	143,846	143,172
3,984	4,026	4,043	4,050	4,086	4,091
1.3	1.3	1.2	1.2	1.3	1.1
2.8	2.5	2.5	2.1	2.5	2.6
612,634	621,828	650,130	643,307	657,465	688,675
1.8	1.6	1.7	1.5	1.6	2.1
3,837	3,852	3,835	3,911	3,926	3,943

City of Tipp City

Capital Asset Statistics by Function Last Ten Years

	2002	2003	2004	2005
Governmental Activities				
General Government				
Area (square miles)	6.2	7.0	7.1	7.2
Security of Persons and Property				
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	2
Transportation				
Street				
Miles of Street	51	52	58	60
Street Lights	1,165	1,228	1,276	1,302
Miles of Storm Sewers	49	50	56	58
Leisure Time Activities				
Park Area (acres)	368	394	394	434
Number of Parks	12	12	12	17
Number of Tennis Courts	2	2	2	2
Number of Ball Fields	12	12	12	20
Business-Type Activities				
Utilities				
Electric				
Substations	3	3	3	3
Water				
Waterlines (Miles)	45	46	52	54
Number of Fire hydrants	561	590	639	658
Sewer				
Sewerlines (Miles)	45	46	52	54

Source: Finance Director's Office

City of Tipp City

2006	2007	2008	2009	2010	2011
7.2	7.5	7.5	7.5	7.5	7.5
1	1	1	1	1	1
2	2	2	2	2	2
60	61	61	61	61	61
1,328	1,400	1,409	1,419	1,419	1,419
58	59	60	60	60	60
434	434	436	436	436	436
17	17	17	17	17	17
2	2	2	2	2	2
20	20	20	17	17	17
3	3	3	3	3	3
54	55	56	57	57	57
658	658	665	675	675	675
54	55	56	57	57	57





Dave Yost • 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
SEPTEMBER 25, 2012**