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

Report on Internal Controls and Compliance
For Year Ended December 31, 2012



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 Auditors' Report* of the City of Tipp City, Miami County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2012 through December 31, 2012. 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

August 15, 2013

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**INDEPENDENT AUDITORS' 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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund of information of City of Tipp City, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon June 25, 2013, wherein we noted the City adopted the provisions of GASB Statements No. 63 and No. 65 for the year ended December 31, 2012.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2012-001 that we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Clark, Schaefer, Hackett & Co.".

Springfield, Ohio
June 25, 2013

Finding Number 2012-001

The City's financial statements were adjusted based on the results of our audit. Audit adjustments were proposed and made to correct receivable amounts as well as construction in progress for the year ended December 31, 2012.

While audit adjustments are not uncommon, we recommended the City implement additional review procedures over the financial reporting process which would enable management to identify such issues prior to the basic statements being presented for audit.

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

Finding Number 2011-001

Audit adjustments were made to correct the recognition of accounts receivable and accounts payable as of fiscal year end.

Status: Partially Corrected – While the nature of the adjustments for 2012 were different, audit adjustments were still necessary in 2012 (see finding number 2012-001).



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

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City of Tipp City, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2012





Tipp City

City of Tipp City, Ohio

Miami County



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2012

Prepared by the Finance Department

John Green, Director



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MIAMI COUNTY, OHIO

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**Introductory
Section**



Tipp City

*Letter of Transmittal
For the Year Ended December 31, 2012*



Council-Manager
Government

June 25, 2013

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, 2012 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 elected officials, 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 unmodified ("clean") opinion on the City of Tipp City's financial statements for the year ended December 31, 2012. 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, 2012 can be found in a separately issued report available from the City's Finance Department.

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, 2012***

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 distribution system, a wastewater 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 liability 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, 2012***

Tipp City Council adopts an operating 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. Thirteen 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 2012 invested \$66,225,014 in the community, with eleven projects undertaken this year as compared to seven projects in 2011. Of primary significance for 2012, Abbott, a Fortune 100 company with nearly \$40 billion in sales, began 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. Their 2012 investment in the community was \$61 million of the total \$66 million reported above.

The Dayton metropolitan region's unemployment rate averaged 7.54% in 2012, starting the year at 8.9% then dipping to a low of 6.7% by year end. Miami County's unemployment rate fell from a high of 8.6% in January, 2012 to a low of 6.2% by year-end. These numbers show a significant improvement over the 2011 average rate of 9.4%, 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, 2012

During 2012, Tipp City had 21 new residential unit starts. This was up from the 12 new units in 2011 and 7 new units in 2010. There are currently five active subdivisions being developed: Sycamore Woods, Curry Branch, Bowman Woods, Hunter's Ridge, 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	11	0	.261%
2012	4217	22	0	.522%

In 2012, the Granger Group broke ground on the 70,000 square foot assisted living facility called Randall Residence. This facility will have 24 Alzheimer/Dementia beds and 56 assisted living beds, dining room, exercise room, movie theater, and other amenities. The facility is slated to open in the Summer of 2013.

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 continues to recover.

MAJOR INITIATIVES

For the Year

The City's primary focus in 2012 continued to be maintenance, repair, and upgrade of capital facilities and infrastructure. 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.

***Letter of Transmittal
For the Year Ended December 31, 2012***

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 2012. 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.

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 2012. City Council continues to closely review 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.

As a result of continued cost saving measures as well as overall cost containment throughout the General Fund, the City's cash basis operating expenditures (not including a \$600,000 short-term advance to a capital improvement fund while awaiting receipt of grant funds) ended the year approximately \$236,000 less than the original budget. Combined with higher than anticipated levels of income tax and estate tax revenues and a smaller than anticipated reduction in State shared local government revenues, the City realized an increase of almost \$485,000 in the General Fund year-end cash balance versus a budgeted reduction of \$124,000 (again, net of the short-term advance). This was the sixth 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 2013-2014, the City will again be focused on capital improvements with continuation of the annual street resurfacing program; reconstruction of South Third Street along with replacement of associated utility lines; reconstruction of several blocks of Dow Street along with replacement of associated utility lines; reconstruction and revitalization of the Downtown Main Street corridor with replacement of utility lines, street reconstruction, and a comprehensive streetscape program; the replacement of multiple 4-inch residential water lines throughout the community; and reconstruction and expansion of the Main Street sanitary sewer lift station and installation of a new 36" gravity sewer line. Tipp City has an aggressive capital improvement program planned for the next few years.

***Letter of Transmittal
For the Year Ended December 31, 2012***

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance of the following:

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

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

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

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

Budgetary control is maintained at the personal services and other expenditures level for each department within each fund via legislation approved by City Council. Lower levels are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year, which coincides with the calendar year.

***Letter of Transmittal
For the Year Ended December 31, 2012***

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, 2011. 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 twelve years (2000-2011). 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, 2012***

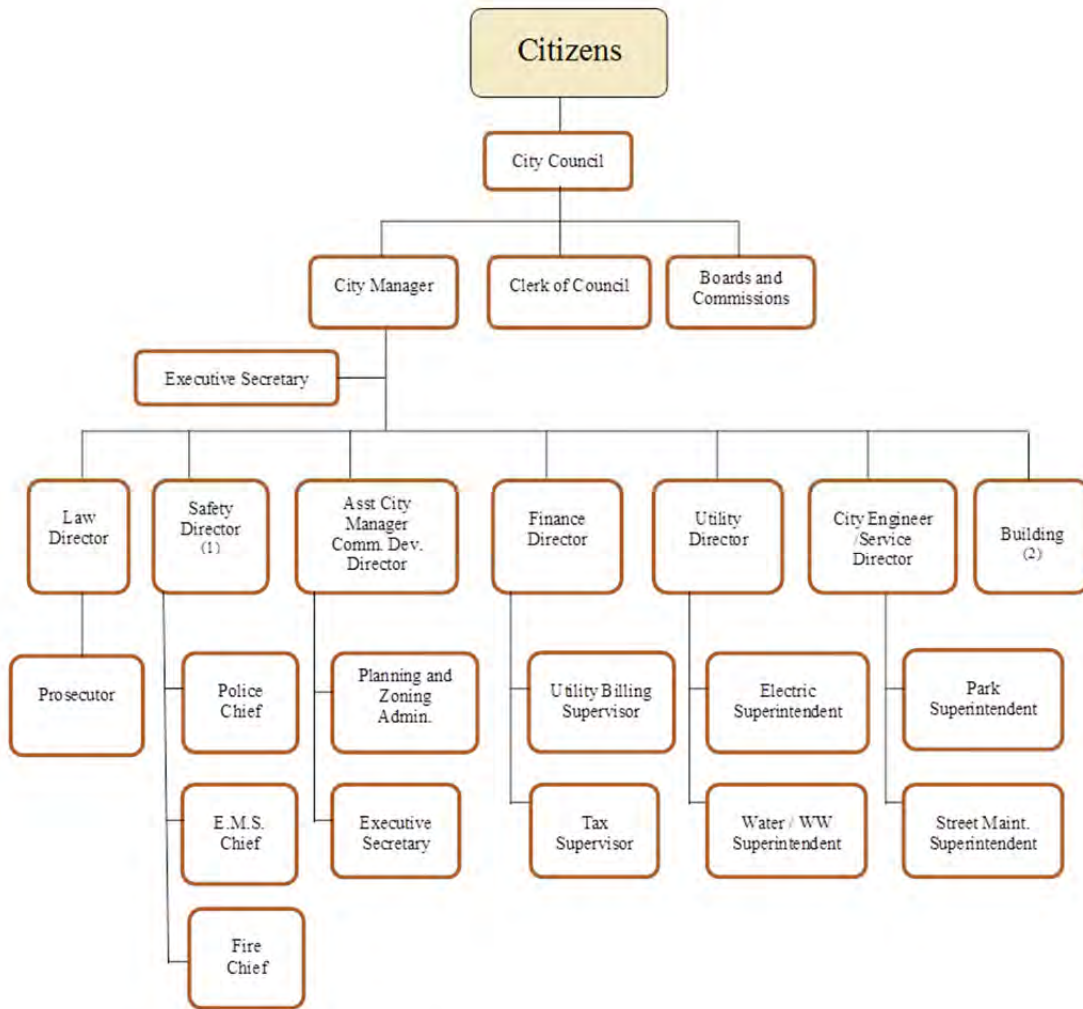
ELECTED OFFICIALS

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, 2012**



- (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, 2011

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.



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director



Tipp City **Financial
Section**



Tipp City

INDEPENDENT AUDITORS' REPORT

City Council
City of Tipp City, Ohio

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matters

Change in Accounting Principles

As described in Note 22, during the year ended December 31, 2012, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Additionally, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Other Matters

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining statements, individual fund schedules, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and individual fund schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 statements and individual fund 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 applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013 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, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Springfield, Ohio
June 25, 2013

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, 2012. 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 2012 are as follows:

- ❑ In total, net position increased \$2,485,599. Net position of governmental activities increased \$1,389,327, which represents a 3.3% increase from 2011. Net position of business-type activities increased \$1,096,272 or 2.8% from 2011.
- ❑ General revenues accounted for \$7.3 million in revenue or 27.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 72.7% of total revenues of \$26.9 million.
- ❑ Total net position of governmental activities increased by \$1,389,327. Approximately 65.8% of this increase (\$913,862) 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. 2012 was the first full year of collections at the increased tax rate.
- ❑ The City had \$9 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 \$7.3 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5.9 million in revenues and \$5.5 million in expenditures. The general fund's fund balance increased \$433,068 to \$4.95 million.
- ❑ Net position for enterprise funds increased by \$1,096,272. The Electric Fund increased its net position by \$1,161,307. 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 position includes all of the government's assets, liabilities and deferred inflows of resources. 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 position and how it has changed. Net-position (the difference between the City's assets, liabilities and deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position 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 Position 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 Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table focuses on the net position of the City’s governmental and business- type activities for both 2012 and 2011.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$12,905,483	\$9,435,889	\$23,437,809	\$21,747,422	\$36,343,292	\$31,183,311
Capital assets, Net	38,762,161	37,998,303	23,814,444	23,683,584	62,576,605	61,681,887
Total assets	51,667,644	47,434,192	47,252,253	45,431,006	98,919,897	92,865,198
Noncurrent liabilities	2,588,730	3,548,393	1,976,683	1,777,972	4,565,413	5,326,365
Other liabilities	5,288,294	1,487,238	5,037,892	4,496,003	10,326,186	5,983,241
Total liabilities	7,877,024	5,035,631	7,014,575	6,273,975	14,891,599	11,309,606
Deferred Inflows of Resources	326,977	324,245	260,500	276,125	587,477	600,370
Net position						
Net investment in capital assets	31,966,661	34,228,303	19,920,919	20,521,369	51,887,580	54,749,672
Restricted	1,858,164	2,367,676	0	0	1,858,164	2,367,676
Unrestricted	9,638,818	5,478,337	20,056,259	18,359,537	29,695,077	23,837,874
Total net position	\$43,463,643	\$42,074,316	\$39,977,178	\$38,880,906	\$83,440,821	\$80,955,222

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

The amount by which the city's assets exceed its liabilities and deferred inflows of resources is called net position. At year-end, the City's net position was \$83.4 million compared to \$81 million in 2011. Of that amount, in 2012 approximately \$51.9 million (62.2%) was invested in capital assets, net of debt related to those assets. At year-end 2011, that amount was approximately \$54.8 million (67.6%). For 2012 another \$1.86 million (2.2%) was subject to external restrictions upon its use. The remaining \$29.7 million (35.6%) in 2012 was unrestricted and available for future use. For 2011, this amount was \$23.8 million (29.4%).

Changes in Net position – The following table shows the changes in net position for the fiscal year 2012 compared with 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,413,573	\$1,375,934	\$16,576,424	\$16,194,450	\$17,989,997	\$17,570,384
Operating Grants and Contributions	688,116	649,294	0	0	688,116	649,294
Capital Grants and Contributions	913,862	926,961	0	504,377	913,862	1,431,338
Total Program Revenues	<u>3,015,551</u>	<u>2,952,189</u>	<u>16,576,424</u>	<u>16,698,827</u>	<u>19,591,975</u>	<u>19,651,016</u>
General revenues:						
Income Taxes	4,958,434	4,006,199	0	0	4,958,434	4,006,199
Property Taxes	327,145	323,887	0	0	327,145	323,887
Other Local Taxes	73,682	58,523	0	0	73,682	58,523
Unrestricted Shared Revenues	1,002,069	1,286,470	0	0	1,002,069	1,286,470
Investment Earnings	80,537	91,692	0	0	80,537	91,692
Miscellaneous	907,555	1,194,172	0	0	907,555	1,194,172
Total General Revenues	<u>7,349,422</u>	<u>6,960,943</u>	<u>0</u>	<u>0</u>	<u>7,349,422</u>	<u>6,960,943</u>
Total Revenues	<u>10,364,973</u>	<u>9,913,132</u>	<u>16,576,424</u>	<u>16,698,827</u>	<u>26,941,397</u>	<u>26,611,959</u>
Program Expenses						
Security of Persons and Property	3,807,107	3,295,937	0	0	3,807,107	3,295,937
Leisure Time Activities	1,258,269	1,206,554	0	0	1,258,269	1,206,554
Community Environment	266,399	263,018	0	0	266,399	263,018
Basic Utility Services	219,845	207,591	0	0	219,845	207,591
Transportation	1,748,615	1,496,946	0	0	1,748,615	1,496,946
General Government	1,546,497	1,724,894	0	0	1,546,497	1,724,894
Interest and Fiscal Charges	128,914	159,465	0	0	128,914	159,465
Electric	0	0	10,947,908	10,162,311	10,947,908	10,162,311
Water	0	0	2,450,611	2,339,234	2,450,611	2,339,234
Sewer	0	0	1,277,737	1,332,069	1,277,737	1,332,069
Refuse Collection	0	0	803,896	777,573	803,896	777,573
Total expenses	<u>8,975,646</u>	<u>8,354,405</u>	<u>15,480,152</u>	<u>14,611,187</u>	<u>24,455,798</u>	<u>22,965,592</u>
Change in Net Position before transfers	<u>1,389,327</u>	<u>1,558,727</u>	<u>1,096,272</u>	<u>2,087,640</u>	<u>2,485,599</u>	<u>3,646,367</u>
Transfers	<u>0</u>	<u>16,000</u>	<u>0</u>	<u>(16,000)</u>	<u>0</u>	<u>0</u>
Total Change in Net Position	<u>1,389,327</u>	<u>1,574,727</u>	<u>1,096,272</u>	<u>2,071,640</u>	<u>2,485,599</u>	<u>3,646,367</u>
Beginning Net Position	<u>42,074,316</u>	<u>40,499,589</u>	<u>38,880,906</u>	<u>36,809,266</u>	<u>80,955,222</u>	<u>77,308,855</u>
Ending Net Position	<u>\$43,463,643</u>	<u>\$42,074,316</u>	<u>\$39,977,178</u>	<u>\$38,880,906</u>	<u>\$83,440,821</u>	<u>\$80,955,222</u>

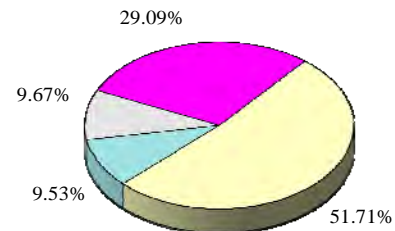
Governmental Activities

Net position of the City's governmental activities increased by \$1,389,327 or 3.3%. Net investment in capital assets decreased \$2,261,642 or 6.6%. Restricted net position decreased by \$509,512 or 21.5% while unrestricted net position increased by \$4,160,481 or 76%.

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 \$4,958,434 compared to \$4,006,199 in 2011, an increase of 23.8% which is largely attributed to the increase in the tax rate for all of 2012 versus only half a year in 2011. However, this also follows an increase of 10.1% realized in 2011 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 regions unemployment rate.

Property taxes and income taxes made up 3.2% and 47.8% respectively of revenues for governmental activities for the City in fiscal year 2012. The City's reliance upon tax revenues is demonstrated by the following graph indicating 51.71% of total revenues comes from general tax revenues:

Revenue Sources	2012	Percent of Total
Unrestricted Shared Revenues	\$1,002,069	9.67%
Program Revenues	3,015,551	29.09%
General Tax Revenues	5,359,261	51.71%
General Other	988,092	9.53%
Total Revenue	\$10,364,973	100.00%



Business-Type Activities

Net position of the business-type activities increased \$1,096,272. Income from the Electric utility accounted for all 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 \$4,608,640, which is a decrease from last year's balance of \$5,493,879. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	\$4,953,337	\$4,520,269	\$433,068
Special Assessment Bond	10,970	8,955	2,015
Capital Improvement Reserve	65,976	744,376	(678,400)
Abbott Drive Construction	(1,055,796)	(308,927)	(746,869)
Other Governmental	634,153	529,206	104,947
Total	\$4,608,640	\$5,493,879	(\$885,239)

General Fund – The City's General Fund balance had an increase of \$433,068 in 2012. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2012 Revenues	2011 Revenues	Increase (Decrease)
Taxes	\$2,931,362	\$2,828,319	\$103,043
Intergovernmental Revenue	1,099,054	1,252,631	(153,577)
Charges for Services	1,459,768	1,479,940	(20,172)
Licenses, Permits and Fees	63,444	13,092	50,352
Investment Earnings	110,478	73,890	36,588
Special Assessments	360	304	56
Fines and Forfeitures	14,627	12,417	2,210
All Other Revenue	250,369	495,749	(245,380)
Total	\$5,929,462	\$6,156,342	(\$226,880)

The increase in taxes is due to a full year of income tax receipts at the higher rate as well as economic recovery and helped to offset the decrease to intergovernmental revenue in 2012. All other revenue in 2011 included the sale of a conservation easement to the U.S. Department of Agriculture for wellfield protection in a City owned park.

	2012 Expenditures	2011 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,142,198	\$3,174,714	(\$32,516)
Leisure Time Activities	387,146	391,365	(4,219)
Community Environment	263,439	260,105	3,334
Basic Utility Services	217,147	208,818	8,329
General Government	1,437,545	1,562,779	(125,234)
Capital Outlay	50,742	35,529	15,213
Total	\$5,498,217	\$5,633,310	(\$135,093)

General Fund expenditures decreased slightly due to careful spending. The City approved a 2% wage increase in 2012 for members of management and non-union personnel. Employees represented by bargaining unions received similar increases for 2012.

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.

Capital Improvement Reserve Fund – This fund is the main fund for general capital improvements taking place throughout the City. The balance will fluctuate yearly according to the capital improvement activity taking place in any given year.

Abbott Drive Construction Fund – This fund is for street improvements on Abbott Drive. The fund deficit exists due to the recording of a note payable within the fund.

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 2012 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 \$6,225,029, an increase of 9.6% over the final budget. The City's original budgeted appropriations were increased during the year by \$942,704 to arrive at a final figure of \$6,955,732. \$775,000 of this amount was due to a short-term advance from the General Fund to the Abbott Drive Construction Fund in anticipation of reimbursement grant proceeds. There was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$6,487,655. This is a decrease of \$468,077 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 and significant delays in hiring replacement employees even when those positions were ultimately filled. Some vacancies which were reclassified and staffed with part-time assistance in prior years continued to be staffed with part-time staff in 2012. Employment of part-time and seasonal workers was reduced where possible.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2012 the City had \$62,576,605 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$38,762,161 was related to governmental activities and \$23,814,444 to the business-type activities. The following table shows fiscal year 2012 and 2011 balances:

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$13,549,726	\$13,530,894	\$18,832
Construction in Progress	15,085	907,910	(892,825)
Total Non-Depreciable Capital Assets	13,564,811	14,438,804	(873,993)
Buildings	6,430,813	6,430,813	0
Improvements Other Than Buildings	6,393,339	4,899,952	1,493,387
Machinery and Equipment	7,471,002	6,364,212	1,106,790
Infrastructure	26,378,407	26,057,679	320,728
Less: Accumulated Depreciation	(21,476,211)	(20,193,157)	(1,283,054)
Total Depreciable Capital Assets	25,197,350	23,559,499	1,637,851
Totals	\$38,762,161	\$37,998,303	\$763,858

	Business-Type Activities		Increase (Decrease)
	2012	2011	
Land	\$1,988,824	\$1,988,824	\$0
Construction in Progress	2,377,414	3,803,201	(1,425,787)
Total Non-Depreciable Capital Assets	4,366,238	5,792,025	(1,425,787)
Buildings	1,856,110	1,856,110	0
Improvements Other Than Buildings	31,447,113	29,224,653	2,222,460
Machinery and Equipment	3,007,466	2,705,802	301,664
Less: Accumulated Depreciation	(16,862,483)	(15,895,006)	(967,477)
Total Non-Depreciable Capital Assets	19,448,206	17,891,559	1,556,647
Totals	\$23,814,444	\$23,683,584	\$130,860

Capital assets, net of depreciation, in governmental activities increased \$763,858 (2%) in 2012. Due to the increase in the local income tax rate which was restricted for capital improvements, in 2012, the City was able to perform its first comprehensive street resurfacing project since 2007. The City also purchased a new aerial platform ladder truck for the fire department, replacing a thirty-seven year old piece of fire apparatus. The decrease in construction in progress is due to the completion of a streetscape improvement project funded by state grants. The overall increase is attributed to additions exceeding depreciation expenses. Capital assets, net of depreciation, for the business-type activities had an increase of \$130,860 (0.6%). The largest increase in business-type activities was related to the completion of the City's AMR/AMI water metering infrastructure improvements and continued work on a new water tower.

As of December 31, 2012, the City has contractual commitments of \$1,029,360 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, 2012***

Unaudited

Debt

At December 31, 2012, the City had \$2.36 million in bonds outstanding, \$755,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Governmental Activities:		
General Obligation Bonds	\$1,400,000	\$2,290,000
Special Assessment Bonds	635,000	675,000
Compensated Absences	<u>553,730</u>	<u>583,393</u>
Total Governmental Activities	2,588,730	3,548,393
Business-Type Activities:		
General Obligation Bonds	\$320,000	\$420,000
State Loan	397,680	397,680
OPWC Loans	988,225	705,655
Compensated Absences	<u>270,778</u>	<u>254,637</u>
Total Business-Type Activities	<u>1,976,683</u>	<u>1,777,972</u>
Totals	<u><u>\$4,565,413</u></u>	<u><u>\$5,326,365</u></u>

During 2012, the City reissued \$473,000 in General Obligation Notes to provide funding for the 25-A construction project and \$285,000 to provide funding for the Kinna Drive Construction Project. The City also reissued \$1,260,000 in Water Notes for the construction of a water tower on Donn Davis Way, \$1,112,000 for the purchase and installation of an Automated Meter Reading (AMR) system, and \$850,000 in Electric Revenue Notes to provide financing for the back-up generator project. During 2012 the City issued new General Obligation notes in the amount of \$245,000 related to roadway construction for the Abbott Park Way Construction Project, \$430,000 for sewer system improvements related to the Abbott Park Way Construction Project, \$650,000 for the purchase of a 100' Aerial Ladder Platform truck for the fire department, \$536,000 for the South 3rd Street Reconstruction Project, \$350,000 for the Main Street Improvement Project, \$530,000 for the Roselyn Subdivision Utility Replacement Project, and \$1,900,000 for the Fire Station Expansion 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, 2012, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 18.

ECONOMIC FACTORS

While the national economic downturn lingers, Tipp City's forecast is improving. Income tax receipts, the largest single source of general operating revenues, increased significantly in 2012 reflecting improvements in the local economy and reduced unemployment numbers. The City has retained its existing businesses while attracting business expansion with Abbott, a Fortune 100 company locating their new Liquid Nutrition Manufacturing Facility in Tipp City. Abbott is expected to invest \$270 million in the facility and to create 240 new jobs in the community. The residents committed in 2011 to increase funding necessary for capital improvement projects over the next ten years. This will enable the City to complete much needed infrastructure improvement projects. The 2013 operating budget reflected the cautious optimism present in the City. Total 2013 general fund revenues are projected at \$5.7 million which is slightly less than actual revenues received in 2012. While the City expects continued increases in income tax revenues as unemployment declines and local business continues to recover, the budget reflects decreases in state shared revenues which were included in the State of Ohio's biennial budget and which all Ohio communities are experiencing.

The 2013 appropriation budget for the general fund totals \$6 million which is essentially the same as the original 2012 appropriations and a reduction of \$925,000 from final 2012 appropriations. The \$300,000 difference between budgeted revenues and budgeted expenditures is a planned drawdown of the general fund unreserved fund balance. The City's unencumbered general fund balance has increased for nine consecutive years and remains strong at \$3.8 million (cash basis). The City will continue to monitor its receipts and expenditure activity very closely.

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 Position
December 31, 2012**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 7,226,997	\$ 8,879,673	\$ 16,106,670
Investments	1,342,612	3,910,214	5,252,826
Receivables:			
Taxes	1,487,651	0	1,487,651
Accounts	955,396	1,659,970	2,615,366
Intergovernmental	539,590	79,668	619,258
Interest	63,244	0	63,244
Special Assessments	1,046,841	618,546	1,665,387
Lease	0	1,110,500	1,110,500
Internal Balances	67,550	(67,550)	0
Inventory of Supplies at Cost	147,719	1,044,356	1,192,075
Prepaid Items	27,883	8,848	36,731
Investment in Joint Venture	0	6,015,819	6,015,819
Restricted Assets:			
Cash and Cash Equivalents	0	177,765	177,765
Non-Depreciable Capital Assets	13,564,811	4,366,238	17,931,049
Depreciable Capital Assets, Net	25,197,350	19,448,206	44,645,556
Total Assets	51,667,644	47,252,253	98,919,897
Liabilities:			
Accounts Payable	85,908	798,574	884,482
Accrued Wages and Benefits Payable	398,942	112,483	511,425
Intergovernmental Payable	8,648	49,550	58,198
Refundable Deposits	0	177,765	177,765
Accrued Interest Payable	34,296	39,020	73,316
General Obligation Notes Payable	4,760,500	3,860,500	8,621,000
Noncurrent liabilities:			
Due within one year	823,644	200,191	1,023,835
Due in more than one year	1,765,086	1,776,492	3,541,578
Total Liabilities	7,877,024	7,014,575	14,891,599

(Continued)

CITY OF TIPP CITY, OHIO

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred Inflows of Resources:			
Unearned Revenue	0	260,500	260,500
Property Tax Levy for Next Fiscal Year	326,977	0	326,977
Total Deferred Inflows of Resources	<u>326,977</u>	<u>260,500</u>	<u>587,477</u>
Net Position:			
Net Investment in Capital Assets	31,966,661	19,920,919	51,887,580
Restricted For:			
Debt Service	928,240	0	928,240
Transportation	883,567	0	883,567
Other Purposes	46,357	0	46,357
Unrestricted	9,638,818	20,056,259	29,695,077
Total Net Position	<u>\$ 43,463,643</u>	<u>\$ 39,977,178</u>	<u>\$ 83,440,821</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Activities
For the Year Ended December 31, 2012**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,807,107	\$ 677,146	\$ 0	\$ 0
Leisure Time Activities	1,258,269	362,673	0	0
Community Environment	266,399	65,012	0	0
Basic Utility Services	219,845	222,600	0	0
Transportation	1,748,615	86,142	668,918	913,862
General Government	1,546,497	0	19,198	0
Interest and Fiscal Charges	128,914	0	0	0
Total Governmental Activities	8,975,646	1,413,573	688,116	913,862
Business-Type Activities:				
Electric	10,947,908	12,114,762	0	0
Water	2,450,611	2,523,591	0	0
Sewer	1,277,737	1,121,499	0	0
Refuse Collection	803,896	816,572	0	0
Total Business-Type Activities	15,480,152	16,576,424	0	0
Totals	\$ 24,455,798	\$ 17,989,997	\$ 688,116	\$ 913,862

General Revenues:

Income Taxes
Property Taxes
Other Local Taxes
Unrestricted Shared Revenues
Investment Earnings
Miscellaneous
Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (3,129,961)	\$ 0	\$ (3,129,961)
(895,596)	0	(895,596)
(201,387)	0	(201,387)
2,755	0	2,755
(79,693)	0	(79,693)
(1,527,299)	0	(1,527,299)
(128,914)	0	(128,914)
<u>(5,960,095)</u>	<u>0</u>	<u>(5,960,095)</u>
0	1,166,854	1,166,854
0	72,980	72,980
0	(156,238)	(156,238)
0	12,676	12,676
<u>0</u>	<u>1,096,272</u>	<u>1,096,272</u>
<u>(5,960,095)</u>	<u>1,096,272</u>	<u>(4,863,823)</u>
4,958,434	0	4,958,434
327,145	0	327,145
73,682	0	73,682
1,002,069	0	1,002,069
80,537	0	80,537
907,555	0	907,555
<u>7,349,422</u>	<u>0</u>	<u>7,349,422</u>
1,389,327	1,096,272	2,485,599
<u>42,074,316</u>	<u>38,880,906</u>	<u>80,955,222</u>
<u>\$ 43,463,643</u>	<u>\$ 39,977,178</u>	<u>\$ 83,440,821</u>

CITY OF TIPP CITY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2012**

	General	Special Assessment Bond	Capital Improvement Reserve
Assets:			
Cash and Cash Equivalents	\$ 2,591,947	\$ 10,970	\$ 3,243,699
Investments	1,342,612	0	0
Receivables:			
Taxes	993,175	0	317,877
Accounts	353,038	0	0
Intergovernmental	171,193	0	0
Interest	63,244	0	0
Special Assessments	0	883,850	162,991
Due from Other Funds	69,906	0	0
Interfund Loans Receivable	600,000	0	0
Inventory of Supplies, at Cost	77,041	0	0
Prepaid Items	24,848	0	145
Total Assets	\$ 6,287,004	\$ 894,820	\$ 3,724,712
Liabilities:			
Accounts Payable	\$ 33,179	\$ 0	\$ 5,923
Accrued Wages and Benefits Payable	373,389	0	0
Intergovernmental Payable	4,288	0	0
Due to Other Funds	2,119	0	0
Interfund Loans Payable	0	0	0
Accrued Interest Payable	0	0	12,312
General Obligation Notes Payable	0	0	3,327,500
Total Liabilities	412,975	0	3,345,735
Deferred Inflows of Resources:			
Unavailable Amounts	593,715	883,850	313,001
Property Tax Levy for Next Fiscal Year	326,977	0	0
Total Deferred Inflows of Resources	920,692	883,850	313,001
Fund Balances:			
Nonspendable	101,889	0	145
Restricted	0	10,970	65,831
Committed	0	0	0
Assigned	127,985	0	0
Unassigned	4,723,463	0	0
Total Fund Balances	4,953,337	10,970	65,976
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,287,004	\$ 894,820	\$ 3,724,712

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Abbott Drive Construction	Other Governmental Funds	Total Governmental Funds
\$ 513,965	\$ 866,416	\$ 7,226,997
0	0	1,342,612
0	176,599	1,487,651
600,000	2,358	955,396
0	368,397	539,590
0	0	63,244
0	0	1,046,841
0	0	69,906
0	0	600,000
0	70,678	147,719
0	2,890	27,883
<u>\$ 1,113,965</u>	<u>\$ 1,487,338</u>	<u>\$ 13,507,839</u>
\$ 0	\$ 46,806	\$ 85,908
0	25,553	398,942
0	4,360	8,648
0	237	2,356
600,000	0	600,000
9,761	5,091	27,164
960,000	473,000	4,760,500
<u>1,569,761</u>	<u>555,047</u>	<u>5,883,518</u>
600,000	298,138	2,688,704
0	0	326,977
<u>600,000</u>	<u>298,138</u>	<u>3,015,681</u>
0	73,568	175,602
0	1,016,048	1,092,849
0	22,628	22,628
0	0	127,985
(1,055,796)	(478,091)	3,189,576
<u>(1,055,796)</u>	<u>634,153</u>	<u>4,608,640</u>
<u>\$ 1,113,965</u>	<u>\$ 1,487,338</u>	<u>\$ 13,507,839</u>

***Reconciliation Of Total Governmental Fund Balances
To Net position Of Governmental Activities
December 31, 2012***

Total Governmental Fund Balances	\$ 4,608,640
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	38,762,161
Other long-term assets are not available to pay for current- period expenditures and therefore are reported as deferred inflows in the funds.	2,688,704
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,595,862)</u>
<i>Net Position of Governmental Funds</i>	<u>\$ 43,463,643</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, 2012**

	General	Special Assessment Bond	Capital Improvement Reserve
Revenues:			
Taxes	\$ 2,931,362	\$ 0	\$ 1,538,647
Intergovernmental Revenues	1,099,054	0	10,000
Charges for Services	1,459,768	0	0
Licenses, Permits and Fees	63,444	0	0
Investment Earnings	110,478	0	0
Special Assessments	360	73,653	39,224
Fines and Forfeitures	14,627	0	0
All Other Revenue	250,369	0	4,176
Total Revenue	5,929,462	73,653	1,592,047
Expenditures:			
Current:			
Security of Persons and Property	3,142,198	0	0
Leisure Time Activities	387,146	0	0
Community Environment	263,439	0	0
Basic Utility Services	217,147	0	0
Transportation	0	0	0
General Government	1,437,545	3,573	6,611
Capital Outlay	50,742	0	2,004,202
Debt Service:			
Principal Retirement	0	40,000	0
Interest and Fiscal Charges	0	28,065	5,351
Total Expenditures	5,498,217	71,638	2,016,164
Excess (Deficiency) of Revenues			
Over Expenditures	431,245	2,015	(424,117)
Other Financing Sources (Uses):			
Transfers In	0	0	0
Transfers Out	0	0	(254,283)
Total Other Financing Sources (Uses)	0	0	(254,283)
Net Change in Fund Balances	431,245	2,015	(678,400)
Fund Balances at Beginning of Year	4,520,269	8,955	744,376
Change in Inventory	1,823	0	0
Fund Balances End of Year	\$ 4,953,337	\$ 10,970	\$ 65,976

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Abbott Drive Construction	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 780,217	\$ 5,250,226
175,000	809,130	2,093,184
0	383,123	1,842,891
0	0	63,444
0	0	110,478
0	0	113,237
0	375	15,002
50,000	23,760	328,305
<u>225,000</u>	<u>1,996,605</u>	<u>9,816,767</u>
0	170	3,142,368
0	413,121	800,267
0	0	263,439
0	0	217,147
4,596	571,777	576,373
0	0	1,447,729
987,130	137,803	3,179,877
0	890,000	930,000
2,597	95,740	131,753
<u>994,323</u>	<u>2,108,611</u>	<u>10,688,953</u>
(769,323)	(112,006)	(872,186)
22,454	1,017,698	1,040,152
0	(785,869)	(1,040,152)
<u>22,454</u>	<u>231,829</u>	<u>0</u>
(746,869)	119,823	(872,186)
(308,927)	529,206	5,493,879
0	(14,876)	(13,053)
<u>\$ (1,055,796)</u>	<u>\$ 634,153</u>	<u>\$ 4,608,640</u>

CITY OF TIPP CITY, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended December 31, 2012***

Net Change in Fund Balances - Total Governmental Funds \$ (872,186)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation. 773,053

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position. (9,195)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 548,206

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position. 930,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,839

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. 16,610

Change in Net Position of Governmental Activities \$ 1,389,327

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,846,762	\$ 2,846,762	\$ 3,045,220	\$ 198,458
Intergovernmental Revenue	1,074,110	1,074,110	1,137,218	63,108
Charges for Services	1,429,028	1,429,028	1,483,805	54,777
Licenses and Permits	15,000	15,000	63,444	48,444
Investment Earnings	100,000	100,000	55,564	(44,436)
Special Assessments	500	500	360	(140)
Fines and Forfeitures	16,000	16,000	14,840	(1,160)
All Other Revenues	194,875	194,875	249,578	54,703
Total Revenues	<u>5,676,275</u>	<u>5,676,275</u>	<u>6,050,029</u>	<u>373,754</u>
Expenditures:				
Current:				
Security of Persons and Property	3,271,694	3,271,394	3,107,498	163,896
Leisure Time Activities	455,864	462,701	400,559	62,142
Community Environment	266,514	268,514	263,364	5,150
Basic Utility Services	223,648	225,648	221,440	4,208
General Government	1,741,158	1,887,759	1,655,897	231,862
Capital Outlay	49,150	59,716	58,897	819
Total Expenditures	<u>6,008,028</u>	<u>6,175,732</u>	<u>5,707,655</u>	<u>468,077</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(331,753)	(499,457)	342,374	841,831
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	0	(1,000)
Transfers Out	(5,000)	(5,000)	(5,000)	0
Advances In	0	0	175,000	175,000
Advances Out	0	(775,000)	(775,000)	0
Total Other Financing Sources (Uses):	<u>(4,000)</u>	<u>(779,000)</u>	<u>(605,000)</u>	<u>174,000</u>
Net Change in Fund Balance	(335,753)	(1,278,457)	(262,626)	1,015,831
Fund Balance at Beginning of Year	3,835,896	3,835,896	3,835,896	0
Prior Year Encumbrances	212,006	212,006	212,006	0
Fund Balance at End of Year	<u>\$ 3,712,149</u>	<u>\$ 2,769,445</u>	<u>\$ 3,785,276</u>	<u>\$ 1,015,831</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
Current assets:			
Cash and Cash Equivalents	\$ 5,132,987	\$ 2,238,018	\$ 1,386,565
Investments	2,750,936	1,159,278	0
Receivables:			
Accounts	1,342,870	176,323	140,777
Intergovernmental	0	79,668	0
Special Assessments	24,738	34,100	559,708
Lease - Current	58,500	0	0
Due from Other Funds	3,579	513	324
Inventory of Supplies at Cost	900,584	129,416	14,356
Prepaid Items	5,409	2,214	1,225
Restricted Assets:			
Cash and Cash Equivalents	177,765	0	0
Total current assets	<u>10,397,368</u>	<u>3,819,530</u>	<u>2,102,955</u>
Noncurrent assets:			
Lease Receivable	1,052,000	0	0
Investment in Joint Venture	0	123,165	5,892,654
Capital assets:			
Non-Depreciable Capital Assets	80,096	4,215,071	71,071
Depreciable Capital Assets, net	7,835,494	6,668,769	4,943,943
Total capital assets	<u>7,915,590</u>	<u>10,883,840</u>	<u>5,015,014</u>
Total noncurrent assets	<u>8,967,590</u>	<u>11,007,005</u>	<u>10,907,668</u>
Total assets	<u>19,364,958</u>	<u>14,826,535</u>	<u>13,010,623</u>
Liabilities:			
Current liabilities:			
Accounts Payable	716,796	8,565	10,700
Accrued Wages and Benefits Payable	61,232	40,585	10,666
Intergovernmental Payable	1,647	1,508	46,395
Refundable Deposits	177,765	0	0
Due to Other Funds	66,511	1,131	929
Accrued Interest Payable	18,784	19,409	827
General Obligation Notes Payable	1,672,880	1,873,620	314,000
General Obligation Bonds Payable - Current	50,000	0	50,000
OPWC Loans Payable - Current	0	30,000	0
Compensated Absences Payable - Current	37,181	25,467	7,543
Total Current Liabilities	<u>2,802,796</u>	<u>2,000,285</u>	<u>441,060</u>

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$ 122,103	\$ 8,879,673
0	3,910,214
0	1,659,970
0	79,668
0	618,546
0	58,500
0	4,416
0	1,044,356
0	8,848
0	177,765
122,103	16,441,956
0	1,052,000
0	6,015,819
0	4,366,238
0	19,448,206
0	23,814,444
0	30,882,263
122,103	47,324,219
62,513	798,574
0	112,483
0	49,550
0	177,765
3,395	71,966
0	39,020
0	3,860,500
0	100,000
0	30,000
0	70,191
65,908	5,310,049

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Noncurrent Liabilities:			
General Obligation Bonds Payable	145,000	0	75,000
OPWC Loans Payable	0	958,225	0
State Loan Payable	0	0	397,680
Compensated Absences Payable	152,735	38,189	9,663
Total noncurrent liabilities	<u>297,735</u>	<u>996,414</u>	<u>482,343</u>
Total Liabilities	<u>3,100,531</u>	<u>2,996,699</u>	<u>923,403</u>
Deferred Inflows of Resources:			
Unavailable Amounts	<u>260,500</u>	<u>0</u>	<u>0</u>
Net Position:			
Net Investment in Capital Assets	7,720,590	8,021,995	4,178,334
Unrestricted	8,283,337	3,807,841	7,908,886
Total Net Position	<u>\$ 16,003,927</u>	<u>\$ 11,829,836</u>	<u>\$ 12,087,220</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
0	220,000
0	958,225
0	397,680
0	200,587
<u>0</u>	<u>1,776,492</u>
<u>65,908</u>	<u>7,086,541</u>
<u>0</u>	<u>260,500</u>
0	19,920,919
56,195	20,056,259
<u>\$ 56,195</u>	<u>\$ 39,977,178</u>

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 11,969,274	\$ 2,404,784	\$ 1,351,938
Other Operating Revenues	136,620	68,814	12,709
Total Operating Revenues	12,105,894	2,473,598	1,364,647
Operating Expenses:			
Personal Services	1,060,237	685,547	181,563
Contractual Services	9,139,307	1,360,618	799,220
Materials and Supplies	217,859	8,951	23,065
Utilities	8,776	9,689	11,884
Depreciation	495,625	364,618	254,757
Other Operating Expenses	6,127	6,180	784
Total Operating Expenses	10,927,931	2,435,603	1,271,273
Operating Income	1,177,963	37,995	93,374
Non-Operating Revenue (Expenses):			
Income (Loss) from Joint Venture	0	52,327	(243,148)
Interest and Fiscal Charges	(19,977)	(15,008)	(6,464)
Investment Earnings	8,868	(2,334)	0
Total Non-Operating Revenues (Expenses)	(11,109)	34,985	(249,612)
Income (Loss) Before Transfers	1,166,854	72,980	(156,238)
Transfers-In	0	5,547	0
Transfers-Out	(5,547)	0	0
Change in Net Position	1,161,307	78,527	(156,238)
Net Position Beginning of Year	14,842,620	11,751,309	12,243,458
Net Position End of Year	\$ 16,003,927	\$ 11,829,836	\$ 12,087,220

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total Enterprise Funds</u>
\$ 816,572	\$ 16,542,568
0	218,143
<u>816,572</u>	<u>16,760,711</u>
0	1,927,347
803,896	12,103,041
0	249,875
0	30,349
0	1,115,000
0	13,091
<u>803,896</u>	<u>15,438,703</u>
12,676	1,322,008
0	(190,821)
0	(41,449)
0	6,534
<u>0</u>	<u>(225,736)</u>
12,676	1,096,272
0	5,547
0	(5,547)
12,676	1,096,272
<u>43,519</u>	<u>38,880,906</u>
<u>\$ 56,195</u>	<u>\$ 39,977,178</u>

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$11,920,580	\$2,356,179	\$1,380,599
Cash Payments for Goods and Services	(9,433,688)	(1,507,497)	(836,348)
Cash Payments to Employees	(1,038,959)	(673,424)	(177,910)
Other Operating Revenues	163,649	71,917	20,583
Net Cash Provided by Operating Activities	1,611,582	247,175	386,924
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In From Other Funds	0	5,547	0
Transfers Out to Other Funds	(5,547)	0	0
Interest Paid on General Obligation Notes	(22,308)	0	0
Principal Paid on General Obligation Notes	(1,779,120)	0	0
Premium on Sale of General Obligation Notes	12,446	0	0
Proceeds from the Sale of General Obligation Notes	1,672,880	0	0
Net Cash Provided (Used) for Noncapital Financing Activities	(121,649)	5,547	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(421,252)	(710,961)	(79,229)
Receipt of Lease Payments	59,618	0	0
Receipt of OPWC Loan	0	312,570	0
Sale of General Obligation Notes	0	1,873,620	314,000
Premium on Sale of General Obligation Notes	0	13,456	1,868
Principal Paid on General Obligation Notes	0	(1,638,880)	0
Principal Paid on General Obligation Bonds	(50,000)	0	(50,000)
Principal Paid on OPWC Loan	0	(30,000)	0
Interest Paid on Capital Debt	(11,331)	(30,156)	(8,033)
Net Cash Provided (Used) for Capital and Related Financing Activities	(422,965)	(210,351)	178,606
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	1,134,612	704,324	0
Net Cash Provided for Investing Activities	1,134,612	704,324	0
Net Increase in Cash and Cash Equivalents	2,201,580	746,695	565,530
Cash and Cash Equivalents at Beginning of Year	3,109,172	1,491,323	821,035
Cash and Cash Equivalents at End of Year	\$5,310,752	\$2,238,018	\$1,386,565
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$5,132,987	\$2,238,018	\$1,386,565
Restricted Cash and Cash Equivalents	177,765	0	0
Cash and Cash Equivalents at End of Year	\$5,310,752	\$2,238,018	\$1,386,565

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$816,572	\$16,473,930
(802,191)	(12,579,724)
0	(1,890,293)
0	256,149
<u>14,381</u>	<u>2,260,062</u>
0	5,547
0	(5,547)
0	(22,308)
0	(1,779,120)
0	12,446
0	<u>1,672,880</u>
<u>0</u>	<u>(116,102)</u>
0	(1,211,442)
0	59,618
0	312,570
0	2,187,620
0	15,324
0	(1,638,880)
0	(100,000)
0	(30,000)
0	<u>(49,520)</u>
<u>0</u>	<u>(454,710)</u>
0	1,838,936
<u>0</u>	<u>1,838,936</u>
14,381	3,528,186
<u>107,722</u>	<u>5,529,252</u>
<u>\$122,103</u>	<u>\$9,057,438</u>
\$122,103	\$8,879,673
0	177,765
<u>\$122,103</u>	<u>\$9,057,438</u>

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$1,177,963	\$37,995	\$93,374
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	495,625	364,618	254,757
Adjustments to Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(49,541)	2,480	28,450
Increase in Intergovernmental Receivable	0	(51,545)	0
Decrease in Special Assessments Receivable	2,061	3,103	7,874
(Increase) Decrease in Inventory	(185,684)	(43,573)	910
Decrease in Prepaid Items	10,669	4,280	2,254
Decrease in Due from Other Funds	3,351	460	211
Increase (Decrease) in Accounts Payable	128,761	(1,876)	8,458
Increase in Accrued Wages and Benefits	12,024	7,301	2,543
Increase (Decrease) in Due to Other Funds	1,670	(595)	(1,470)
Increase (Decrease) in Intergovernmental Payable	543	(80,875)	(11,622)
Increase in Customer Deposits Payable	4,586	0	0
Increase in Compensated Absences	9,554	5,402	1,185
Total Adjustments	433,619	209,180	293,550
Net Cash Provided by Operating Activities	\$1,611,582	\$247,175	\$386,924

Schedule of Noncash Investing, Capital and Financing Activities:

During 2012 the Electric Fund had an outstanding liability for capital assets of \$30,336.
 During 2012 the Water Fund had an outstanding liability for capital assets of \$4,136.
 During 2012 the fair value of investments decreased by \$4,632 and \$2,334 in the
 Electric and Water Funds, respectively.

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
\$12,676	\$1,322,008
0	1,115,000
0	(18,611)
0	(51,545)
0	13,038
0	(228,347)
0	17,203
0	4,022
1,619	136,962
0	21,868
86	(309)
0	(91,954)
0	4,586
0	16,141
<u>1,705</u>	<u>938,054</u>
<u>\$14,381</u>	<u>\$2,260,062</u>

CITY OF TIPP CITY, OHIO

***Statement of Assets and Liabilities
Agency Funds
December 31, 2012***

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 48,883
Restricted Assets:	
Cash and Cash Equivalents	<u>66,962</u>
Total Assets	<u>115,845</u>
Liabilities:	
Due to Others	<u>115,845</u>
Total Liabilities	<u>\$ 115,845</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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, 2012 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, 2012***

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, deferred inflows of resources, 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.

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

Abbott Drive Construction Fund – This fund is used to account for street improvements to Abbott Drive financed by note proceeds.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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, all liabilities and deferred inflows of resources 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 position.

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, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position 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 Position. 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, 2012***

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, current liabilities and deferred inflows of resources, 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, all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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, 2012***

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 inflows of resources – unavailable amount. Property taxes measurable as of December 31, 2012 but which are not intended to finance 2012 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources – property tax levy for next fiscal year 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.

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, 2012***

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 2012.

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 2012, 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, 2012***

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)	\$431,245
Increase (Decrease):	
Accrued Revenues at December 31, 2012 received during 2013	(1,330,796)
Accrued Revenues at December 31, 2011 received during 2012	793,534
Accrued Expenditures at December 31, 2012 paid during 2013	412,975
Accrued Expenditures at December 31, 2011 paid during 2012	(422,970)
2011 Prepays for 2012	26,285
2012 Prepays for 2013	(24,848)
Outstanding Encumbrances	(148,051)
Budget Basis	<u>(\$262,626)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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 2012. 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, 2012.

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, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, 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 Position, 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 Position and in the respective funds.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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, 2012***

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 Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net investment in capital assets 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 position is 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 position 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 position 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, 2012***

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 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) it employed previously to commit those amounts.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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. The City Charter authorizes the Finance Director to assign fund balance.

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.

U. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. On the government-wide statement of net position and the proprietary statement of net position, unearned interest earnings, that will be earned over the term of the lease, are reported as unearned revenue. The governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2012 the City implemented GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*,” GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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:

Fund Balances	General Fund	Special Assessment Bond Fund	Capital Improvement Reserve Fund	Abbott Drive Construction Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid Items	\$24,848	\$0	\$145	\$0	\$2,890	\$27,883
Supplies Inventory	77,041	0	0	0	70,678	147,719
Total Nonspendable	<u>101,889</u>	<u>0</u>	<u>145</u>	<u>0</u>	<u>73,568</u>	<u>175,602</u>
Restricted:						
Transportation Projects	0	0	0	0	677,003	677,003
Law Enforcement	0	0	0	0	27,159	27,159
Debt Retirement	0	10,970	0	0	40,552	51,522
Capital Improvements	0	0	65,831	0	271,334	337,165
Total Restricted	<u>0</u>	<u>10,970</u>	<u>65,831</u>	<u>0</u>	<u>1,016,048</u>	<u>1,092,849</u>
Committed:						
Parks and Recreation	0	0	0	0	21,117	21,117
Law Enforcement	0	0	0	0	1,511	1,511
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,628</u>	<u>22,628</u>
Assigned:						
Encumbrances	127,985	0	0	0	0	127,985
Unassigned:						
	4,723,463	0	0	(1,055,796)	(478,091)	3,189,576
Total Fund Balances	<u>\$4,953,337</u>	<u>\$10,970</u>	<u>\$65,976</u>	<u>(\$1,055,796)</u>	<u>\$634,153</u>	<u>\$4,608,640</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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 position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental funds as reported in the government-wide statement of net position. 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	\$500,036
Delinquent Property Tax Revenue	12,840
Shared Revenues	934,737
Interest Revenue	2,827
Special Assessment Revenue	1,046,841
Deferred Charges for Services	191,423
	<hr/>
	\$2,688,704

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$1,400,000)
Special Assessment Bond Payable	(635,000)
Accrued Interest on Long-Term Debt	(7,132)
Compensated Absences Payable	(553,730)
	<hr/>
	(\$2,595,862)

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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 position 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	\$2,266,575
Depreciation Expense	(1,493,522)
	<u>\$773,053</u>

Governmental revenues not reported in the funds:

Increase in Deferred/Delinquent Tax Revenue	\$109,035
Increase in Shared Revenue	510,863
Decrease in Special Assessment Revenue	(112,877)
Decrease in Interest Revenue	(29,941)
Increase in Deferred Charges for Services	71,126
	<u>\$548,206</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	\$29,663
Decrease in supplies inventory	(13,053)
	<u>\$16,610</u>

NOTE 5 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits at December 31, 2012 of \$1,055,796 and \$478,091 in the Abbott 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, 2012***

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, 2012**

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 \$18,218,238 and the bank balance was \$18,307,925. Federal depository insurance covered \$750,000 of the bank balance. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$17,557,925</u>
Total Balance	<u><u>\$17,557,925</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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

B. Investments

The City's investments at December 31, 2012 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years) less than 1</u>
STAR Ohio	\$2,082,042	AAA ^m ¹	\$2,082,042
FHLB	753,645	AA ⁺	753,645
United States Treasury Notes	<u>599,181</u>	N/A	<u>599,181</u>
Total Investments	<u>\$3,434,868</u>		<u>\$3,434,868</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, 22% are FHLB, 17.4% are U.S. Treasury Notes and 60.6% 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, 2012**

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:

	Cash and Cash Equivalents	Investments
Per GASB Statement No. 9	\$16,400,280	\$5,252,826
Certificates of Deposit (with maturities of more than 3 months)	3,900,000	(3,900,000)
Investments:		
STAR Ohio	(2,082,042)	2,082,042
Per GASB Statement No. 3	<u>\$18,218,238</u>	<u>\$3,434,868</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 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, 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.

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.

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, 2012 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2012 levy was based was \$262,558,910. This amount constitutes \$255,839,120 in real property assessed value and \$6,719,790 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 7 – TAXES (Continued)

B. Income Tax

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

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

Municipal income tax revenue for 2012 was \$4,958,434. This represents a 23.8% increase over 2011 income tax revenue of \$4,006,199.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2012 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 inflows of resources are considered collectable in full.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2012:

Fund	Transfer In	Transfer Out
Capital Improvement Reserve Fund	\$0	\$254,283
Abbott Drive Construction Fund	22,454	0
Other Governmental Funds	1,017,698	785,869
Total Governmental Funds	1,040,152	1,040,152
Electric Fund	0	5,547
Water Fund	5,547	0
Total Proprietary Funds	5,547	5,547
Totals	\$1,045,699	\$1,045,699

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of interfund receivables and payables for all funds for 2012:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$69,906	\$2,119
Other Governmental Funds	0	237
Total Governmental Funds	<u>69,906</u>	<u>2,356</u>
Electric Fund	3,579	66,511
Water Fund	513	1,131
Sewer Fund	324	929
Refuse Collection Fund	0	3,395
Total Proprietary Funds	<u>4,416</u>	<u>71,966</u>
Totals	<u><u>\$74,322</u></u>	<u><u>\$74,322</u></u>

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Non-depreciable Capital assets:				
Land	\$13,530,894	\$18,832	\$0	\$13,549,726
Construction in Progress	907,910	0	(892,825)	15,085
Total Non-depreciable Capital assets	14,438,804	18,832	(892,825)	13,564,811
Capital assets being depreciated:				
Buildings	6,430,813	0	0	6,430,813
Improvements Other Than Buildings	4,899,952	1,493,387	0	6,393,339
Machinery and Equipment	6,364,212	1,136,537	(29,747)	7,471,002
Infrastructure	26,057,679	510,644	(189,916)	26,378,407
Total Depreciable Capital assets	43,752,656	3,140,568	(219,663)	46,673,561
Total Cost	\$58,191,460	\$3,159,400	(\$1,112,488)	\$60,238,372

Accumulated Depreciation:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$1,899,935)	(\$133,083)	\$0	(\$2,033,018)
Improvements Other Than Buildings	(1,823,881)	(269,975)	0	(2,093,856)
Machinery and Equipment	(5,045,928)	(410,953)	29,747	(5,427,134)
Infrastructure	(11,423,413)	(679,511)	180,721	(11,922,203)
Total Depreciation	(\$20,193,157)	(\$1,493,522) *	\$210,468	(\$21,476,211)
Net Value:	\$37,998,303			\$38,762,161

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$241,397)
Leisure Time Activities	(391,597)
Transportation	(744,024)
General Government	(116,504)
Total Depreciation Expense	(\$1,493,522)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 11 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Non-depreciable Capital assets:</i>				
Land	\$1,988,824	\$0	\$0	\$1,988,824
Construction in Progress	3,803,201	772,747	(2,198,534)	2,377,414
Total Non-depreciable Capital Assets	5,792,025	772,747	(2,198,534)	4,366,238
<i>Capital assets being depreciated:</i>				
Buildings	1,856,110	0	0	1,856,110
Improvements Other Than Buildings	29,224,653	2,222,460	0	31,447,113
Machinery and Equipment	2,705,802	449,187	(147,523)	3,007,466
Total Depreciable Capital assets	33,786,565	2,671,647	(147,523)	36,310,689
Total Cost	\$39,578,590	\$3,444,394	(\$2,346,057)	\$40,676,927

Accumulated Depreciation:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$771,432)	(\$35,630)	\$0	(\$807,062)
Improvements Other Than Buildings	(13,353,982)	(901,683)	0	(14,255,665)
Machinery and Equipment	(1,769,592)	(177,687)	147,523	(1,799,756)
Total Depreciation	(\$15,895,006)	(\$1,115,000)	\$147,523	(\$16,862,483)
<i>Net Value:</i>	\$23,683,584			\$23,814,444

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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 visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 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 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 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 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2012, 2011, and 2010 were \$345,307, \$363,339 and \$302,945, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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 2012, 12.75% of annual covered salary for police was the portion used to the fund pension obligation. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2012, 2011, and 2010 were \$156,637, \$176,400 and \$166,981 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, 2012***

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 visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 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 2012, local government employers contributed at a rate of 14.00% 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 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. 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, 2012, 2011, and 2010 were \$138,123, \$145,336 and \$175,514, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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, 2012***

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 2012, 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, 2012, 2011, and 2010 were \$82,926, \$93,325 and \$88,402 for police, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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, 2012, the City's accumulated, unpaid compensated absences amounted to \$824,508, of which \$553,730 is recorded as a liability of the Governmental Activities and \$270,778 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 position 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.

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CITY OF TIPP CITY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 15 - NOTES PAYABLE (Continued)

The City had the following bond anticipation note activity during 2012:

	Maturity Date	Balance December 31, 2011	Issued	(Retired)	Balance December 31, 2012
Capital Projects Notes Payable:					
1.25% 25A Reconstruction	2/20/2013	\$500,000	\$473,000	(\$500,000)	\$473,000
1.25% Abbott Drive Construction	2/20/2013	305,000	285,000	(305,000)	285,000
1.75% County Road 25A Construction	2/20/2013	0	245,000	0	245,000
1.75% Sewer System Improvement	2/20/2013	0	430,000	0	430,000
1.75% Fire Truck	2/20/2013	0	650,000	0	650,000
1.00% Fire Station Improvement	11/28/2013	0	1,900,000	0	1,900,000
1.00% Main Street Utility Improvement	11/28/2013	0	241,500	0	241,500
1.00% South Third Street Reconstruction	11/28/2013	0	536,000	0	536,000
Total Capital Projects Notes Payable		805,000	4,760,500	(805,000)	4,760,500
Enterprise Notes Payable:					
1.25% Water Tower Construction	2/20/2013	1,330,000	1,260,000	(1,330,000)	1,260,000
1.25% Electric Generator Note	2/20/2013	900,000	850,000	(900,000)	850,000
1.25% AMR-AMI Note (Electric/Water)	2/20/2013	1,188,000	1,112,000	(1,188,000)	1,112,000
1.00% Main Street Utility Improvement	11/28/2013	0	108,500	0	108,500
1.00% Roselyn Water/Sewer Improvement	11/28/2013	0	530,000	0	530,000
Total Enterprise Notes Payable		3,418,000	3,860,500	(3,418,000)	3,860,500
Total Notes Payable		\$4,223,000	\$8,621,000	(\$4,223,000)	\$8,621,000

NOTE 16 – CONSTRUCTION COMMITMENTS

At December 31, 2012 the City had the following contractual commitments outstanding:

Project	Remaining Contractual Commitment	Estimated Date of Completion
Abbott Park Way Construction	\$355,258	6/30/2013
Water Tower Construction	235,423	6/30/2013
County Road 25A Widening	206,960	12/31/2013
Various Utility Replacement Projects	116,761	9/30/2013
Fire Station Renovation - Design	62,883	9/30/2013
Various Road Construction Projects	31,881	9/30/2013
Downtown Traffic Signal Replacement	20,194	12/31/2013
Total Construction Commitments	\$1,029,360	

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 17 - 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 Position 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, 2012:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>
2013	58,500
2014	62,000
2015	80,000
2016	78,000
2017	76,000
2012-2022	350,000
2023-2027	300,000
2028-2029	106,000
Minimum Lease Payments	<u>1,110,500</u>
Less amount representing unearned revenue	<u>(260,500)</u>
Present value of minimum lease payments	<u><u>\$850,000</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.

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CITY OF TIPP CITY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 18 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2012 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2011	Issued	(Retired)	Balance December 31, 2012	Amount Due Within One Year
Business Type-Activities:							
General Obligation Bonds:							
4.6-4.625% Electric Improvement Bonds	\$995,000	2015	\$245,000	\$0	(\$50,000)	\$195,000	\$50,000
2.0-3.5% Woodlawn Sewer Bonds	250,000	2013	50,000	0	(25,000)	25,000	25,000
2.0-3.85% Rosewood Sewer Bonds	300,000	2016	125,000	0	(25,000)	100,000	25,000
Total General Obligation Bonds			420,000	0	(100,000)	320,000	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	600,000	0	(30,000)	570,000	30,000
0.00% OPWC Loan - Water Tower Project	105,655	TBD	105,655	312,570	0	418,225	0
Compensated Absences			254,637	270,778	(254,637)	270,778	70,191
Total Business-Type Activity Long-Term Liabilities			\$1,777,972	\$583,348	(\$384,637)	\$1,976,683	\$200,191
Governmental Activities:							
Unvoted General Obligation Bonds:							
4.6-4.625% Service Center Improvement	\$940,000	2015	\$190,000	\$0	(\$50,000)	\$140,000	\$50,000
4.0-4.800% Capital Facilities Bond	2,325,000	2019	800,000	0	(100,000)	700,000	100,000
2.0-3.5% Recreation Facility Bond	5,200,000	2013	1,075,000	0	(675,000)	400,000	400,000
2.0-3.65% 25A Reconstruction Bond	250,000	2014	75,000	0	(25,000)	50,000	25,000
2.0-3.65% Fire Truck Equipment Bond	275,000	2014	90,000	0	(30,000)	60,000	30,000
2.0-4.15% Donn Davis Construction - City Share	250,000	2017	60,000	0	(10,000)	50,000	10,000
Total General Obligation Bonds			2,290,000	0	(890,000)	1,400,000	615,000
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	675,000	0	(40,000)	635,000	40,000
Compensated Absences			583,393	553,730	(583,393)	553,730	168,644
Total Governmental Activity Long-Term Liabilities			\$3,548,393	\$553,730	(\$1,513,393)	\$2,588,730	\$823,644

The principal amount of the City's special assessment bonds outstanding at December 31, 2012, \$635,000, 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, 2012**

NOTE 18 - 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, 2012, follow:

Years	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
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	110,000	14,716	50,000	20,158	30,000	0
2018-2022	200,000	14,400	280,000	67,616	150,000	0
2023-2027	0	0	130,000	8,775	150,000	0
2028-2032	0	0	0	0	120,000	0
Totals	<u>\$1,720,000</u>	<u>\$200,010</u>	<u>\$635,000</u>	<u>\$193,992</u>	<u>\$967,680</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.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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, 2012, 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 one 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, 2012 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	4.90 %	Sidney	6.94 %
Englewood	3.67 %	Springdale	3.38 %
Indian Hill	2.95 %	Tipp City	2.86 %
Kettering	12.32 %	Troy	6.40 %
Madeira	1.27 %	Vandalia	5.30 %
Mason	8.00 %	West Carrollton	2.20 %
Miamisburg	5.16 %	Wilmington	5.80 %
Subtotal	<u>51.90 %</u>	Wyoming	<u>3.57 %</u>
		Subtotal	<u>48.10 %</u>
		Total	<u><u>100.00 %</u></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, 2012***

NOTE 19 - RISK MANAGEMENT (Continued)

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

General/Automobile Liability	\$10,000,000	per occurrence
Public Officials Liability	10,000,000	per occurrence
Property	1,000,000,000	per occurrence
Boiler and Machinery	100,000,000	per occurrence
Flood (Property in Zone A &B)	25,000,000	aggregate
Earthquake (Property)	25,000,000	aggregate

The member deductible per occurrence for most types of claims is \$2,500. The pool's self insured retention (SIR) for property claims is \$2,501 - \$200,000 per occurrence except Boiler and Machinery which is \$5,000. The pool's SIR for liability claims is \$1,000,000 per occurrence. Excess insurance coverage, provided by commercial companies and an excess insurance pool is \$9,000,000 to the limits stated above. 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, because an actuarial opinion issued as of that date (the latest information available) reported actual MVRMA loss reserves of \$4,242,820, which is a reasonable provision for all repaid losses and loss adjustment expenses as delivered by the actuarial

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, 2012***

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 \$5,892,654 which represents 18.98% of the total equity in Tri-Cities. This reflects a decrease of .74% under the City's equity interest of 19.72% in 2011. 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 2012, the City paid \$627,819 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 \$123,164 which represents 50% of the total equity of NAWA on December 31, 2012. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2012, the City paid \$1,247,830 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, 2012***

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 2012, 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 \$1.6 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 22 – SUBSEQUENT EVENTS

On January 3, 2013, the City authorized a contract with CK Excavating Inc. for the reconstruction of South Third Street in the amount of \$623,672.

On February 20, 2013, the City issued general obligation bond anticipation notes, in the amount of \$7,745,000 to retire notes previously issued, in the amount of \$5,305,000 for the various projects listed in Note 15. The issue also includes new money for other projects deemed necessary by City officials. The notes have an interest rate of 1 percent and mature on February 18, 2014.

On March 4, 2013, the City authorized a contract with Brumbaugh Construction Inc. for the renovation and expansion of the Fire/EMS facilities in the amount of \$1,557,000.

On March 4, 2013, the City authorized a contract with Double Jay Construction Inc. for the Downtown Utilities and Streetscape project in the amount of \$3,289,464.

On April 1, 2013, the City authorized the purchase of a piece of improved property for the future construction of an electric service center. The purchase price of the property is \$600,000.

On April 15, 2013, the City authorized a contract with Danis Industrial Construction Company for renovation and expansion to the Main Street Sanitary Lift Station as well as construction of a new 30” sewer main. The contract is in the amount of \$1,035,662.

On May 6, 2013, the City authorized a contract with CK Excavating Inc. for the reconstruction of Dow Street in the amount of \$694,485.

NOTE 23 – SIGNIFICANT ENCUMBRANCES

At December 31, 2012 the City had the following significant encumbrances outstanding:

Fund	Total Encumbrances	Significant Encumbrances	Explanation
Major Funds:			
Capital Improvement Reserve	\$ 2,725,856	\$ 1,779,000 472,712	Fire Station Expansion S. Third St. Reconstruction
Electric	2,436,367	564,191 480,000 467,160	Downtown Streetscape Improvements Downtown Traffic Signal Replacement 69 KV Loop
Water	971,221	247,000 147,451 105,209	Roselyn Waterline Miscellaneous Waterline Improvements S. Third St. Waterline
Sewer	677,482	292,348 247,000	Miscellaneous Sewerline Improvements Roselyn Sewerline

*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.

FEMA Grant Fund

To account for financial resources obtained from the Federal Emergency Management Agency (FEMA).

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.

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.

25-A Construction Fund

To account for improvements to 25A County Road financed by note proceeds. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Ohio Public Works Commission (OPWC) Grant Fund

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

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 671,813	\$ 40,552	\$ 154,051	\$ 866,416
Receivables:				
Taxes	0	0	176,599	176,599
Accounts	2,358	0	0	2,358
Intergovernmental	324,990	0	43,407	368,397
Inventory of Supplies, at Cost	70,678	0	0	70,678
Prepaid Items	2,890	0	0	2,890
Total Assets	\$ 1,072,729	\$ 40,552	\$ 374,057	\$ 1,487,338
Liabilities:				
Accounts Payable	\$ 8,225	\$ 0	\$ 38,581	\$ 46,806
Accrued Wages and Benefits Payable	25,553	0	0	25,553
Intergovernmental Payable	4,360	0	0	4,360
Due to Other Funds	237	0	0	237
Accrued Interest Payable	0	0	5,091	5,091
General Obligation Notes Payable	0	0	473,000	473,000
Total Liabilities	38,375	0	516,672	555,047
Deferred Inflows of Resources:				
Unavailable Amounts	214,798	0	83,340	298,138
Fund Balances:				
Nonspendable	73,568	0	0	73,568
Restricted	723,360	40,552	252,136	1,016,048
Committed	22,628	0	0	22,628
Unassigned	0	0	(478,091)	(478,091)
Total Fund Balances	819,556	40,552	(225,955)	634,153
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 1,072,729	\$ 40,552	\$ 374,057	\$ 1,487,338

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 0	\$ 0	\$ 780,217	\$ 780,217
Intergovernmental Revenues	680,268	0	128,862	809,130
Charges for Services	383,123	0	0	383,123
Fines and Forfeitures	375	0	0	375
All Other Revenue	23,760	0	0	23,760
Total Revenue	1,087,526	0	909,079	1,996,605
Expenditures:				
Current:				
Security of Persons and Property	170	0	0	170
Leisure Time Activities	413,121	0	0	413,121
Transportation	571,777	0	0	571,777
Capital Outlay	9,425	0	128,378	137,803
Debt Service:				
Principal Retirement	0	890,000	0	890,000
Interest and Fiscal Charges	0	93,106	2,634	95,740
Total Expenditures	994,493	983,106	131,012	2,108,611
Excess (Deficiency) of Revenues Over Expenditures				
	93,033	(983,106)	778,067	(112,006)
Other Financing Sources (Uses):				
Transfers In	0	986,717	30,981	1,017,698
Transfers Out	(73,243)	0	(712,626)	(785,869)
Total Other Financing Sources (Uses)	(73,243)	986,717	(681,645)	231,829
Net Change in Fund Balances	19,790	3,611	96,422	119,823
Fund Balances at Beginning of Year	814,642	36,941	(322,377)	529,206
Change in Inventory	(14,876)	0	0	(14,876)
Fund Balances End of Year	\$ 819,556	\$ 40,552	\$ (225,955)	\$ 634,153

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Assets:				
Cash and Cash Equivalents	\$ 24,098	\$ 277,966	\$ 104,746	\$ 219,928
Receivables:				
Accounts	0	2,358	0	0
Intergovernmental	0	203,685	16,515	101,997
Inventory of Supplies, at Cost	0	70,678	0	0
Prepaid Items	1,610	1,250	0	30
Total Assets	\$ 25,708	\$ 555,937	\$ 121,261	\$ 321,955
Liabilities:				
Accounts Payable	\$ 0	\$ 4,129	\$ 0	\$ 4,096
Accrued Wages and Benefits Payable	0	20,763	0	4,790
Intergovernmental Payable	2,981	1,379	0	0
Due to Other Funds	0	237	0	0
Total Liabilities	2,981	26,508	0	8,886
Deferred Inflows of Resources:				
Unavailable Amounts	0	135,790	11,010	67,998
Fund Balances:				
Nonspendable	1,610	71,928	0	30
Restricted	0	321,711	110,251	245,041
Committed	21,117	0	0	0
Total Fund Balances	22,727	393,639	110,251	245,071
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 25,708	\$ 555,937	\$ 121,261	\$ 321,955

CITY OF TIPP CITY, OHIO

Law Enforcement	Enforcement and Education	Drug Law Enforcement	FEMA Grant	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 16,439	\$ 3,779	\$ 6,891	\$ 16,455	\$ 1,511	\$ 671,813
0	0	0	0	0	2,358
0	50	0	2,743	0	324,990
0	0	0	0	0	70,678
0	0	0	0	0	2,890
<u>\$ 16,439</u>	<u>\$ 3,829</u>	<u>\$ 6,891</u>	<u>\$ 19,198</u>	<u>\$ 1,511</u>	<u>\$ 1,072,729</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,225
0	0	0	0	0	25,553
0	0	0	0	0	4,360
0	0	0	0	0	237
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>38,375</u>
0	0	0	0	0	214,798
0	0	0	0	0	73,568
16,439	3,829	6,891	19,198	0	723,360
0	0	0	0	1,511	22,628
<u>16,439</u>	<u>3,829</u>	<u>6,891</u>	<u>19,198</u>	<u>1,511</u>	<u>819,556</u>
<u>\$ 16,439</u>	<u>\$ 3,829</u>	<u>\$ 6,891</u>	<u>\$ 19,198</u>	<u>\$ 1,511</u>	<u>\$ 1,072,729</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, 2012**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 424,467	\$ 34,417	\$ 202,186
Charges for Services	349,839	33,284	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	12,834	2,842	0	16
Total Revenue	362,673	460,593	34,417	202,202
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	413,121	0	0	0
Transportation	0	386,725	27,185	157,867
Capital Outlay	0	1,114	0	1,541
Total Expenditures	413,121	387,839	27,185	159,408
Excess (Deficiency) of Revenues Over Expenditures	(50,448)	72,754	7,232	42,794
Other Financing Sources (Uses):				
Transfers Out	0	(60,993)	0	(12,250)
Total Other Financing Sources (Uses)	0	(60,993)	0	(12,250)
Net Change in Fund Balances	(50,448)	11,761	7,232	30,544
Fund Balances at Beginning of Year	73,175	396,754	103,019	214,527
Change in Inventory	0	(14,876)	0	0
Fund Balances End of Year	\$ 22,727	\$ 393,639	\$ 110,251	\$ 245,071

CITY OF TIPP CITY, OHIO

Law Enforcement	Enforcement and Education	Drug Law Enforcement	FEMA Grant	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 19,198	\$ 0	\$ 680,268
0	0	0	0	0	383,123
0	375	0	0	0	375
8,048	0	0	0	20	23,760
<u>8,048</u>	<u>375</u>	<u>0</u>	<u>19,198</u>	<u>20</u>	<u>1,087,526</u>
170	0	0	0	0	170
0	0	0	0	0	413,121
0	0	0	0	0	571,777
6,770	0	0	0	0	9,425
<u>6,940</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>994,493</u>
1,108	375	0	19,198	20	93,033
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(73,243)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(73,243)</u>
1,108	375	0	19,198	20	19,790
15,331	3,454	6,891	0	1,491	814,642
0	0	0	0	0	(14,876)
<u>\$ 16,439</u>	<u>\$ 3,829</u>	<u>\$ 6,891</u>	<u>\$ 19,198</u>	<u>\$ 1,511</u>	<u>\$ 819,556</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012**

	Parks Capital Improvement	25-A Construction	OPWC Grant	Total Nonmajor Capital Projects Funds
Assets:				
Cash and Cash Equivalents	\$ 154,051	\$ 0	\$ 0	\$ 154,051
Receivables:				
Taxes	176,599	0	0	176,599
Intergovernmental	0	0	43,407	43,407
Total Assets	<u>\$ 330,650</u>	<u>\$ 0</u>	<u>\$ 43,407</u>	<u>\$ 374,057</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 38,581	\$ 38,581
Accrued Interest Payable	0	5,091	0	5,091
General Obligation Notes Payable	0	473,000	0	473,000
Total Liabilities	<u>0</u>	<u>478,091</u>	<u>38,581</u>	<u>516,672</u>
Deferred Inflows of Resources:				
Unavailable Amounts	<u>83,340</u>	<u>0</u>	<u>0</u>	<u>83,340</u>
Fund Balances:				
Restricted	247,310	0	4,826	252,136
Unassigned	0	(478,091)	0	(478,091)
Total Fund Balances	<u>247,310</u>	<u>(478,091)</u>	<u>4,826</u>	<u>(225,955)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 330,650</u>	<u>\$ 0</u>	<u>\$ 43,407</u>	<u>\$ 374,057</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, 2012**

	Parks Capital Improvement	25-A Construction	OPWC Grant	Total Nonmajor Capital Project Funds
Revenues:				
Taxes	\$ 780,217	\$ 0	\$ 0	\$ 780,217
Intergovernmental Revenues	0	0	128,862	128,862
Total Revenue	<u>780,217</u>	<u>0</u>	<u>128,862</u>	<u>909,079</u>
Expenditures:				
Current:				
Capital Outlay	4,154	0	124,224	128,378
Debt Service:				
Interest and Fiscal Charges	0	2,634	0	2,634
Total Expenditures	<u>4,154</u>	<u>2,634</u>	<u>124,224</u>	<u>131,012</u>
Excess (Deficiency) of Revenues Over Expenditures	776,063	(2,634)	4,638	778,067
Other Financing Sources (Uses):				
Transfers In	0	30,981	0	30,981
Transfers Out	(712,626)	0	0	(712,626)
Total Other Financing Sources (Uses)	<u>(712,626)</u>	<u>30,981</u>	<u>0</u>	<u>(681,645)</u>
Net Change in Fund Balances	63,437	28,347	4,638	96,422
Fund Balances at Beginning of Year	<u>183,873</u>	<u>(506,438)</u>	<u>188</u>	<u>(322,377)</u>
Fund Balances End of Year	<u>\$ 247,310</u>	<u>\$ (478,091)</u>	<u>\$ 4,826</u>	<u>\$ (225,955)</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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,846,762	\$ 2,846,762	\$ 3,045,220	\$ 198,458
Intergovernmental Revenues	1,074,110	1,074,110	1,137,218	63,108
Charges for Services	1,429,028	1,429,028	1,483,805	54,777
Licenses and Permits	15,000	15,000	63,444	48,444
Investment Earnings	100,000	100,000	55,564	(44,436)
Special Assessments	500	500	360	(140)
Fines and Forfeitures	16,000	16,000	14,840	(1,160)
All Other Revenues	194,875	194,875	249,578	54,703
Total Revenues	<u>5,676,275</u>	<u>5,676,275</u>	<u>6,050,029</u>	<u>373,754</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,086,415	2,086,415	1,951,020	135,395
Travel and Training	22,995	29,495	29,047	448
Materials and Supplies	76,525	75,000	73,049	1,951
Contractual Services	138,207	135,232	131,468	3,764
Total Police	<u>2,324,142</u>	<u>2,326,142</u>	<u>2,184,584</u>	<u>141,558</u>
Fire:				
Personal Services	94,830	89,830	85,717	4,113
Travel and Training	5,551	3,796	3,639	157
Materials and Supplies	5,892	7,392	5,967	1,425
Contractual Services	48,022	49,777	48,310	1,467
Total Fire	<u>154,295</u>	<u>150,795</u>	<u>143,633</u>	<u>7,162</u>
Emergency Medical Services:				
Personal Services	669,719	669,719	664,317	5,402
Travel and Training	10,001	8,001	7,416	585
Materials and Supplies	38,451	39,716	37,272	2,444
Contractual Services	75,086	77,021	70,276	6,745
Total Emergency Medical Services	<u>793,257</u>	<u>794,457</u>	<u>779,281</u>	<u>15,176</u>
Total Security of Persons and Property	<u>3,271,694</u>	<u>3,271,394</u>	<u>3,107,498</u>	<u>163,896</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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	272,845	278,345	276,550	1,795
Travel and Training	785	785	522	263
Materials and Supplies	55,636	57,323	44,297	13,026
Contractual Services	107,898	107,548	70,340	37,208
Total Parks	<u>437,164</u>	<u>444,001</u>	<u>391,709</u>	<u>52,292</u>
Recreation:				
Contractual Services	18,700	18,700	8,850	9,850
Total Recreation	<u>18,700</u>	<u>18,700</u>	<u>8,850</u>	<u>9,850</u>
Total Leisure Time Activities	<u>455,864</u>	<u>462,701</u>	<u>400,559</u>	<u>62,142</u>
Community Environment:				
Planning:				
Personal Services	238,665	240,165	244,332	(4,167)
Travel and Training	3,750	3,710	1,171	2,539
Materials and Supplies	3,848	4,348	3,343	1,005
Contractual Services	20,251	20,291	14,518	5,773
Total Community Environment	<u>266,514</u>	<u>268,514</u>	<u>263,364</u>	<u>5,150</u>
Basic Utility Services:				
Utility Billing:				
Personal Services	166,984	168,984	168,791	193
Travel and Training	1,700	400	377	23
Materials and Supplies	32,104	32,154	31,884	270
Contractual Services	22,860	24,110	20,388	3,722
Total Basic Utility Services	<u>223,648</u>	<u>225,648</u>	<u>221,440</u>	<u>4,208</u>
General Government:				
City Council:				
Personal Services	72,180	72,180	32,823	39,357
Travel and Training	4,439	4,919	4,918	1
Materials and Supplies	4,209	3,509	1,389	2,120
Contractual Services	11,823	12,043	9,933	2,110
Total City Council	<u>92,651</u>	<u>92,651</u>	<u>49,063</u>	<u>43,588</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, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Commissions:				
Personal Services	17,720	17,720	16,955	765
Travel and Training	1,000	1,000	177	823
Materials and Supplies	4,233	4,079	1,655	2,424
Contractual Services	32,947	33,101	30,554	2,547
Total Commissions	<u>55,900</u>	<u>55,900</u>	<u>49,341</u>	<u>6,559</u>
Administration:				
Personal Services	206,901	210,901	209,519	1,382
Travel and Training	4,000	4,000	3,874	126
Materials and Supplies	1,149	989	743	246
Contractual Services	3,599	3,758	3,624	134
Total Administration	<u>215,649</u>	<u>219,648</u>	<u>217,760</u>	<u>1,888</u>
Buildings and Grounds:				
Personal Services	121,630	121,630	100,948	20,682
Travel and Training	1,000	1,000	23	977
Materials and Supplies	9,380	9,575	8,205	1,370
Contractual Services	112,402	112,207	101,211	10,996
Total Buildings and Grounds	<u>244,412</u>	<u>244,412</u>	<u>210,387</u>	<u>34,025</u>
Finance - Accounting:				
Personal Services	188,115	190,615	188,834	1,781
Travel and Training	1,700	1,700	1,621	79
Materials and Supplies	2,102	2,129	1,909	220
Contractual Services	31,193	31,193	24,102	7,091
Total Finance - Accounting	<u>223,110</u>	<u>225,637</u>	<u>216,466</u>	<u>9,171</u>
Finance - Income Tax:				
Personal Services	159,874	159,874	134,036	25,838
Travel and Training	2,000	2,000	1,534	466
Materials and Supplies	8,197	7,197	6,837	360
Contractual Services	14,054	15,604	14,497	1,107
Income Tax Refunds	100,000	97,450	57,829	39,621
Total Finance - Income Tax	<u>284,125</u>	<u>282,125</u>	<u>214,733</u>	<u>67,392</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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Legal:				
Personal Services	66,406	66,406	56,209	10,197
Travel and Training	400	400	0	400
Materials and Supplies	300	300	0	300
Contractual Services	27,444	27,444	6,278	21,166
Total Legal	<u>94,550</u>	<u>94,550</u>	<u>62,487</u>	<u>32,063</u>
Engineering:				
Personal Services	155,213	160,713	158,621	2,092
Travel and Training	750	350	250	100
Materials and Supplies	3,558	4,037	3,509	528
Contractual Services	18,667	18,957	18,103	854
Total Engineering	<u>178,188</u>	<u>184,057</u>	<u>180,483</u>	<u>3,574</u>
General Administrative:				
Personal Services	41,000	97,000	93,484	3,516
Materials and Supplies	25,000	23,750	21,163	2,587
Contractual Services	285,573	367,029	340,405	26,624
Other Expenditures	1,000	1,000	125	875
Total General Administrative	<u>352,573</u>	<u>488,779</u>	<u>455,177</u>	<u>33,602</u>
Total General Government	<u>1,741,158</u>	<u>1,887,759</u>	<u>1,655,897</u>	<u>231,862</u>
Capital Outlay:				
Fire	34,539	39,539	39,463	76
Emergency Medical Services	10,803	13,103	13,090	13
Parks	625	1,788	1,788	0
Utility Billing	500	500	346	154
City Council	300	300	0	300
Buildings and Grounds	500	500	500	0
Finance - Accounting	527	500	230	270
Finance - Income Tax	500	2,500	2,500	0
Engineering	856	986	980	6
Total Capital Outlay	<u>49,150</u>	<u>59,716</u>	<u>58,897</u>	<u>819</u>
Total Expenditures	<u>6,008,028</u>	<u>6,175,732</u>	<u>5,707,655</u>	<u>468,077</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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(331,753)	(499,457)	342,374	841,831
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	0	(1,000)
Transfers Out	(5,000)	(5,000)	(5,000)	0
Advances In	0	0	175,000	175,000
Advances Out	0	(775,000)	(775,000)	0
Total Other Financing Sources (Uses)	<u>(4,000)</u>	<u>(779,000)</u>	<u>(605,000)</u>	<u>174,000</u>
Net Change in Fund Balance	(335,753)	(1,278,457)	(262,626)	1,015,831
Fund Balance at Beginning of Year	3,835,896	3,835,896	3,835,896	0
Prior Year Encumbrances	212,006	212,006	212,006	0
Fund Balance at End of Year	<u>\$ 3,712,149</u>	<u>\$ 2,769,445</u>	<u>\$ 3,785,276</u>	<u>\$ 1,015,831</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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SPECIAL ASSESSMENT BOND RETIREMENT FUND			
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	3,573	427
Debt Service:			
Principal Retirement	40,000	40,000	0
Interest and Fiscal Charges	28,065	28,065	0
Total Expenditures	<u>72,065</u>	<u>71,638</u>	<u>427</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,588	2,015	427
Fund Balance at Beginning of Year	8,955	8,955	0
Fund Balance at End of Year	<u>\$ 10,543</u>	<u>\$ 10,970</u>	<u>\$ 427</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Funds
For the Year Ended December 31, 2012**

CAPITAL IMPROVEMENT RESERVE FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 1,453,780	\$ 1,489,992	\$ 36,212
Intergovernmental Revenues	0	10,000	10,000
Charges for Services	37,500	0	(37,500)
Special Assessments	45,000	39,224	(5,776)
Total Revenues	<u>1,536,280</u>	<u>1,539,216</u>	<u>2,936</u>
Expenditures:			
General Government:			
Contractual Services	7,276	6,611	665
Other Expenditures	35,369	32,531	2,838
Total General Government	<u>42,645</u>	<u>39,142</u>	<u>3,503</u>
Capital Outlay	<u>4,880,568</u>	<u>4,730,741</u>	<u>149,827</u>
Debt Service:			
Interest and Fiscal Charges	14,477	14,450	27
Total Expenditures	<u>4,937,690</u>	<u>4,784,333</u>	<u>153,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,401,410)	(3,245,117)	156,293
Other Financing Sources (Uses):			
Sale of Capital Assets	0	2,979	2,979
General Obligation Notes Issued	3,227,500	3,327,500	100,000
Premium on General Obligation Notes Issued	0	21,411	21,411
Transfers Out	(254,283)	(254,283)	0
Total Other Financing Sources (Uses)	<u>2,973,217</u>	<u>3,097,607</u>	<u>124,390</u>
Net Change in Fund Balance	(428,193)	(147,510)	280,683
Fund Balance at Beginning of Year	459,541	459,541	0
Prior Year Encumbrances	205,812	205,812	0
Fund Balance at End of Year	<u>\$ 237,160</u>	<u>\$ 517,843</u>	<u>\$ 280,683</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Funds
For the Year Ended December 31, 2012**

ABBOTT DRIVE CONSTRUCTION FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 775,000	\$ 175,000	\$ (600,000)
All Other Revenues	0	50,000	50,000
Total Revenues	<u>775,000</u>	<u>225,000</u>	<u>(550,000)</u>
Expenditures:			
Transportation:			
Contractual Services	4,596	4,596	0
Total Transportation	<u>4,596</u>	<u>4,596</u>	<u>0</u>
Capital Outlay	1,270,404	1,196,848	73,556
Total Expenditures	<u>1,275,000</u>	<u>1,201,444</u>	<u>73,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500,000)	(976,444)	(476,444)
Other Financing Sources (Uses):			
General Obligation Notes Issued	675,000	675,000	0
Premium on General Obligation Notes Issued	0	5,691	5,691
Advances In	775,000	775,000	0
Advances Out	(175,000)	(175,000)	0
Total Other Financing Sources (Uses)	<u>1,275,000</u>	<u>1,280,691</u>	<u>5,691</u>
Net Change in Fund Balance	775,000	304,247	(470,753)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 775,000</u>	<u>\$ 304,247</u>	<u>\$ (470,753)</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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 377,750	\$ 349,839	\$ (27,911)
All Other Revenues	3,550	12,834	9,284
Total Revenues	<u>381,300</u>	<u>362,673</u>	<u>(18,627)</u>
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	41,564	40,734	830
Contractual Services	391,736	373,708	18,028
Total Leisure Time Activities	<u>433,300</u>	<u>414,442</u>	<u>18,858</u>
Capital Outlay	5,000	193	4,807
Total Expenditures	<u>438,300</u>	<u>414,635</u>	<u>23,665</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,000)	(51,962)	5,038
Fund Balance at Beginning of Year	74,852	74,852	0
Prior Year Encumbrances	765	765	0
Fund Balance at End of Year	<u>\$ 18,617</u>	<u>\$ 23,655</u>	<u>\$ 5,038</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, 2012**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Intergovernmental Revenues	\$ 431,050	\$ 421,991	\$ (9,059)
Charges for Services	31,000	30,926	(74)
All Other Revenues	1,000	2,842	1,842
Total Revenues	<u>463,050</u>	<u>455,759</u>	<u>(7,291)</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	330,174	299,810	30,364
Travel and Training	1,000	116	884
Materials and Supplies	33,971	22,342	11,629
Contractual Services	84,567	68,034	16,533
Total Transportation	<u>449,712</u>	<u>390,302</u>	<u>59,410</u>
Capital Outlay	1,500	1,114	386
Total Expenditures	<u>451,212</u>	<u>391,416</u>	<u>59,796</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,838	64,343	52,505
Other Financing Sources (Uses):			
Transfers Out	(60,994)	(60,993)	1
Total Other Financing Sources (Uses)	<u>(60,994)</u>	<u>(60,993)</u>	<u>1</u>
Net Change in Fund Balance	(49,156)	3,350	52,506
Fund Balance at Beginning of Year	240,083	240,083	0
Prior Year Encumbrances	25,884	25,884	0
Fund Balance at End of Year	<u>\$ 216,811</u>	<u>\$ 269,317</u>	<u>\$ 52,506</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, 2012***

STATE HIGHWAY IMPROVEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental Revenues	\$ 33,936	\$ 34,216	\$ 280
Total Revenues	<u>33,936</u>	<u>34,216</u>	<u>280</u>
Expenditures:			
Transportation:			
Street:			
Materials and Supplies	18,000	17,090	910
Contractual Services	<u>18,412</u>	<u>14,845</u>	<u>3,567</u>
Total Expenditures	<u>36,412</u>	<u>31,935</u>	<u>4,477</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,476)	2,281	4,757
Fund Balance at Beginning of Year	96,887	96,887	0
Prior Year Encumbrances	<u>1,412</u>	<u>1,412</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 95,823</u>	<u>\$ 100,580</u>	<u>\$ 4,757</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, 2012**

MUNICIPAL ROAD FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 200,000	\$ 200,938	\$ 938
All Other Revenues	0	16	16
Total Revenues	<u>200,000</u>	<u>200,954</u>	<u>954</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	70,839	68,723	2,116
Materials and Supplies	78,083	54,611	23,472
Contractual Services	39,450	36,159	3,291
Total Transportation	<u>188,372</u>	<u>159,493</u>	<u>28,879</u>
Capital Outlay	6,461	5,661	800
Total Expenditures	<u>194,833</u>	<u>165,154</u>	<u>29,679</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,167	35,800	30,633
Other Financing Sources (Uses):			
Transfers Out	(12,250)	(12,250)	0
Total Other Financing Sources (Uses)	<u>(12,250)</u>	<u>(12,250)</u>	<u>0</u>
Net Change in Fund Balance	(7,083)	23,550	30,633
Fund Balance at Beginning of Year	178,398	178,398	0
Prior Year Encumbrances	9,444	9,444	0
Fund Balance at End of Year	<u>\$ 180,759</u>	<u>\$ 211,392</u>	<u>\$ 30,633</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, 2012**

LAW ENFORCEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
All Other Revenues	\$ 2,500	\$ 8,048	\$ 5,548
Total Revenues	<u>2,500</u>	<u>8,048</u>	<u>5,548</u>
Expenditures:			
Security of Persons and Property:			
State Grant:			
Contractual Services	170	170	0
Total Security of Persons and Property	<u>170</u>	<u>170</u>	<u>0</u>
Capital Outlay	9,480	6,770	2,710
Total Expenditures	<u>9,650</u>	<u>6,940</u>	<u>2,710</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,150)	1,108	8,258
Fund Balance at Beginning of Year	15,331	15,331	0
Fund Balance at End of Year	<u>\$ 8,181</u>	<u>\$ 16,439</u>	<u>\$ 8,258</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, 2012***

ENFORCEMENT AND EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and Forfeitures	\$ 500	\$ 350	\$ (150)
Total Revenues	<u>500</u>	<u>350</u>	<u>(150)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	500	350	(150)
Fund Balance at Beginning of Year	<u>3,429</u>	<u>3,429</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,929</u>	<u>\$ 3,779</u>	<u>\$ (150)</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2012***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and Forfeitures	\$ 250	\$ 0	\$ (250)
Total Revenues	<u>250</u>	<u>0</u>	<u>(250)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	250	0	(250)
Fund Balance at Beginning of Year	<u>6,891</u>	<u>6,891</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,141</u>	<u>\$ 6,891</u>	<u>\$ (250)</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, 2012**

	FEMA GRANT FUND		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental Revenues	\$ 0	\$ 16,455	\$ 16,455
Total Revenues	<u>0</u>	<u>16,455</u>	<u>16,455</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	16,455	16,455
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 16,455</u>	<u>\$ 16,455</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
All Other Revenues	\$ 0	\$ 20	\$ 20
Total Revenues	<u>0</u>	<u>20</u>	<u>20</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)	20	520
Fund Balance at Beginning of Year	<u>1,491</u>	<u>1,491</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 991</u>	<u>\$ 1,511</u>	<u>\$ 520</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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Debt Service:			
Principal Retirement	1,695,000	1,695,000	0
Interest and Fiscal Charges	113,371	105,181	8,190
Total Expenditures	<u>1,808,371</u>	<u>1,800,181</u>	<u>8,190</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,808,371)	(1,800,181)	8,190
Other Financing Sources (Uses):			
General Obligation Notes Issued	760,000	758,000	(2,000)
Premium on General Obligation Notes	5,000	5,640	640
Transfers In	1,036,346	1,040,152	3,806
Total Other Financing Sources (Uses)	<u>1,801,346</u>	<u>1,803,792</u>	<u>2,446</u>
Net Change in Fund Balance	(7,025)	3,611	10,636
Fund Balance at Beginning of Year	36,941	36,941	0
Fund Balance at End of Year	<u>\$ 29,916</u>	<u>\$ 40,552</u>	<u>\$ 10,636</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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PARKS CAPITAL IMPROVEMENT FUND			
Revenues:			
Taxes	\$ 773,558	\$ 813,385	\$ 39,827
Total Revenues	<u>773,558</u>	<u>813,385</u>	<u>39,827</u>
Expenditures:			
Leisure Time Activities:			
Other Expenditures	30,000	18,076	11,924
Total Leisure Time Activities	<u>30,000</u>	<u>18,076</u>	<u>11,924</u>
Capital Outlay	26,600	4,154	22,446
Total Expenditures	<u>56,600</u>	<u>22,230</u>	<u>34,370</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	716,958	791,155	74,197
Other Financing Sources (Uses):			
Transfers Out	(712,626)	(712,626)	0
Total Other Financing Sources (Uses)	<u>(712,626)</u>	<u>(712,626)</u>	<u>0</u>
Net Change in Fund Balance	4,332	78,529	74,197
Fund Balance at Beginning of Year	68,922	68,922	0
Prior Year Encumbrances	6,600	6,600	0
Fund Balance at End of Year	<u>\$ 79,854</u>	<u>\$ 154,051</u>	<u>\$ 74,197</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, 2012**

	OPWC GRANT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Intergovernmental Revenues	\$ 0	\$ 290,428	\$ 290,428
Total Revenues	<u>0</u>	<u>290,428</u>	<u>290,428</u>
Expenditures:			
Capital Outlay	<u>314,017</u>	<u>290,616</u>	<u>23,401</u>
Total Expenditures	<u>314,017</u>	<u>290,616</u>	<u>23,401</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(314,017)	(188)	313,829
Fund Balance at Beginning of Year	(313,829)	(313,829)	0
Prior Year Encumbrances	<u>314,017</u>	<u>314,017</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (313,829)</u>	<u>\$ 0</u>	<u>\$ 313,829</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, 2012***

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<u>Contractor Maintenance Deposit Fund</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$51,163	\$64,847	(\$49,048)	\$66,962
Total Assets	<u>\$51,163</u>	<u>\$64,847</u>	<u>(\$49,048)</u>	<u>\$66,962</u>
Liabilities:				
Due to Others	\$51,163	\$64,847	(\$49,048)	\$66,962
Total Liabilities	<u>\$51,163</u>	<u>\$64,847</u>	<u>(\$49,048)</u>	<u>\$66,962</u>
<u>Health Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$55,711	\$114,469	(\$127,000)	\$43,180
Total Assets	<u>\$55,711</u>	<u>\$114,469</u>	<u>(\$127,000)</u>	<u>\$43,180</u>
Liabilities:				
Due to Others	\$55,711	\$114,469	(\$127,000)	\$43,180
Total Liabilities	<u>\$55,711</u>	<u>\$114,469</u>	<u>(\$127,000)</u>	<u>\$43,180</u>
<u>Medical Reimbursement Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$21,346	(\$15,643)	\$5,703
Total Assets	<u>\$0</u>	<u>\$21,346</u>	<u>(\$15,643)</u>	<u>\$5,703</u>
Liabilities:				
Due to Others	\$0	\$21,346	(\$15,643)	\$5,703
Total Liabilities	<u>\$0</u>	<u>\$21,346</u>	<u>(\$15,643)</u>	<u>\$5,703</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$55,711	\$135,815	(\$142,643)	\$48,883
Restricted Cash and Cash Equivalents	51,163	64,847	(49,048)	66,962
Total Assets	<u>\$106,874</u>	<u>\$200,662</u>	<u>(\$191,691)</u>	<u>\$115,845</u>
Liabilities:				
Due to Others	\$106,874	\$200,662	(\$191,691)	\$115,845
Total Liabilities	<u>\$106,874</u>	<u>\$200,662</u>	<u>(\$191,691)</u>	<u>\$115,845</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 Position by Component
Last Ten Years
(accrual basis of accounting)*

	2003	2004	2005	2006
Governmental Activities:				
Net Investment in Capital Assets	\$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 Position	<u>\$23,101,884</u>	<u>\$27,267,495</u>	<u>\$35,562,105</u>	<u>\$37,384,405</u>
Business-type Activities:				
Net Investment in Capital Assets	\$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 Position	<u>\$26,618,661</u>	<u>\$29,142,019</u>	<u>\$30,448,705</u>	<u>\$31,393,959</u>
Primary Government:				
Net Investment in Capital Assets	\$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 Position	<u>\$49,720,545</u>	<u>\$56,409,514</u>	<u>\$66,010,810</u>	<u>\$68,778,364</u>

Source: Finance Director's Office

City of Tipp City

2007	2008	2009	2010	2011	2012
\$31,427,283	\$32,242,094	\$32,842,386	\$33,597,957	\$34,228,303	\$31,966,661
2,443,299	2,243,415	1,947,201	1,885,841	2,367,676	1,858,164
4,176,006	5,455,035	5,431,361	5,015,791	5,478,337	9,638,818
<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>	<u>\$43,463,643</u>
\$19,295,981	\$19,681,449	\$20,158,896	\$18,683,126	\$20,521,369	\$19,920,919
12,679,089	13,807,232	14,835,988	18,126,140	18,359,537	20,056,259
<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>	<u>\$39,977,178</u>
\$50,723,264	\$51,923,543	\$53,001,282	\$52,281,083	\$54,749,672	\$51,887,580
2,443,299	2,243,415	1,947,201	1,885,841	2,367,676	1,858,164
16,855,095	19,262,267	20,267,349	23,141,931	23,837,874	29,695,077
<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>	<u>\$83,440,821</u>

City of Tipp City

Changes in Net Position Last Ten 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	2012
\$3,195,571	\$3,319,976	\$3,286,305	\$3,191,455	\$3,295,937	\$3,807,107
1,407,319	1,285,709	1,320,200	1,115,986	1,206,554	1,258,269
231,885	251,345	260,189	240,229	263,018	266,399
229,516	247,636	238,584	209,396	207,591	219,845
1,465,686	1,595,113	1,858,692	1,520,827	1,496,946	1,748,615
1,763,783	1,645,898	1,601,373	1,552,036	1,724,894	1,546,497
286,399	264,771	243,087	195,839	159,465	128,914
<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>	<u>8,975,646</u>
8,330,307	9,488,473	10,043,278	10,934,711	10,162,311	10,947,908
1,907,331	2,183,762	2,492,331	2,687,174	2,339,234	2,450,611
1,145,064	1,296,882	1,236,664	1,293,025	1,332,069	1,277,737
661,807	716,728	741,101	762,941	777,573	803,896
<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>15,480,152</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>	<u>\$24,455,798</u>
\$597,064	\$539,207	\$613,231	\$526,499	\$674,013	\$677,146
391,090	381,063	332,688	387,874	394,409	362,673
176,493	131,771	89,325	20,431	68,382	65,012
0	238,266	116,993	232,627	207,662	222,600
1,339	3,366	33,388	32,162	31,468	86,142
593,159	656,539	693,882	651,175	649,294	688,116
799,014	1,927,765	1,168,819	211,035	926,961	913,862
<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>	<u>3,015,551</u>

(continued)

City of Tipp City

Changes in Net Position Last Ten 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 Position				
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 Position				
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 Position</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	2012
9,351,973	10,077,906	10,957,613	11,895,134	12,127,149	12,114,762
1,818,669	2,276,912	2,331,227	2,516,700	2,151,483	2,523,591
1,218,038	1,318,119	1,259,362	2,117,802	1,129,188	1,121,499
675,937	713,082	738,911	763,387	786,630	816,572
290,512	835,244	751,569	241,153	504,377	0
<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>16,576,424</u>
15,913,288	19,099,240	19,087,008	19,595,979	19,651,016	19,591,975
(6,022,000)	(4,732,471)	(5,760,104)	(5,963,965)	(5,402,216)	(5,960,095)
1,310,620	1,535,418	1,525,308	1,856,325	2,087,640	1,096,272
<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>	<u>(\$4,863,823)</u>
\$3,460,790	\$3,644,832	\$3,133,216	\$3,449,915	\$4,006,199	\$4,958,434
321,337	327,431	326,079	323,521	323,887	327,145
35,265	21,407	28,052	46,875	58,523	73,682
1,311,289	1,474,216	1,302,247	1,327,627	1,286,470	1,002,069
610,371	441,016	195,035	121,044	91,692	80,537
215,622	695,718	1,036,774	931,681	1,194,172	907,555
0	0	0	0	0	0
729,509	21,807	19,105	41,943	16,000	0
<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>	<u>7,349,422</u>
0	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>0</u>
<u>(729,509)</u>	<u>(21,807)</u>	<u>(19,105)</u>	<u>(41,943)</u>	<u>(16,000)</u>	<u>0</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>	<u>\$7,349,422</u>
\$662,183	\$1,893,956	\$280,404	\$278,641	\$1,574,727	\$1,389,327
581,111	1,513,611	1,506,203	1,814,382	2,071,640	1,096,272
<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>	<u>\$2,485,599</u>

City of Tipp City

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

	2003	2004	2005	2006	2007
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	212,848	227,633	225,007	204,586	204,706
Unreserved	<u>2,501,267</u>	<u>2,738,720</u>	<u>3,286,365</u>	<u>3,435,396</u>	<u>3,401,815</u>
<i>Total General Fund</i>	<u>2,714,115</u>	<u>2,966,353</u>	<u>3,511,372</u>	<u>3,639,982</u>	<u>3,606,521</u>
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	1,030,652	4,382,752	1,880,597	736,407	482,190
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	303,803	362,068	361,808	420,362	369,856
Capital Projects Funds	<u>(1,137,330)</u>	<u>156,311</u>	<u>(519,717)</u>	<u>141,300</u>	<u>(157,446)</u>
<i>Total All Other Governmental Funds</i>	<u>197,125</u>	<u>4,901,131</u>	<u>1,722,688</u>	<u>1,298,069</u>	<u>694,600</u>
<i>Total Governmental Funds</i>	<u>\$2,911,240</u>	<u>\$7,867,484</u>	<u>\$5,234,060</u>	<u>\$4,938,051</u>	<u>\$4,301,121</u>

Source: Finance Director's Office

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

City of Tipp City

2008	2009	2010	2011	2012
\$0	\$0	\$0	\$101,503	\$101,889
0	0	0	182,888	127,985
0	0	0	4,235,878	4,723,463
228,586	147,861	221,064	0	0
<u>3,682,473</u>	<u>3,856,093</u>	<u>3,830,666</u>	<u>0</u>	<u>0</u>
<u>3,911,059</u>	<u>4,003,954</u>	<u>4,051,730</u>	<u>4,520,269</u>	<u>4,953,337</u>
0	0	0	89,710	73,713
0	0	0	1,626,209	1,092,849
0	0	0	73,056	22,628
0	0	0	(815,365)	(1,533,887)
1,652,697	477,377	431,853	0	0
505,158	514,834	599,921	0	0
<u>(1,628,054)</u>	<u>(644,828)</u>	<u>(677,780)</u>	<u>0</u>	<u>0</u>
<u>529,801</u>	<u>347,383</u>	<u>353,994</u>	<u>973,610</u>	<u>(344,697)</u>
<u>\$4,440,860</u>	<u>\$4,351,337</u>	<u>\$4,405,724</u>	<u>\$5,493,879</u>	<u>\$4,608,640</u>

City of Tipp City

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

	2003	2004	2005	2006
Revenues:				
Taxes	\$3,472,281	\$3,724,771	\$4,163,119	\$4,102,979
Intergovernmental Revenues	2,613,756	2,970,947	4,227,822	3,031,924
Charges for Services	389,278	431,831	875,342	962,883
Licenses, Permits and Fees	104,085	140,400	100,348	51,671
Investment Earnings	196,466	216,971	368,738	568,508
Special Assessments	108,069	290,594	138,087	176,517
Fines and Forfeitures	17,943	12,050	17,374	18,698
All Other Revenue	244,689	195,286	176,457	202,602
Total Revenue	<u>7,146,567</u>	<u>7,982,850</u>	<u>10,067,287</u>	<u>9,115,782</u>
Expenditures:				
Current:				
Security of Persons and Property	2,474,913	2,407,475	2,581,894	2,857,394
Leisure Time Activities	429,309	518,553	803,645	836,527
Community Environment	197,643	193,591	221,349	229,968
Basic Utility Services	174,405	187,468	198,912	207,205
Transportation	504,019	467,201	649,449	555,612
General Government	1,250,192	1,207,697	1,322,241	1,398,609
Capital Outlay	3,925,591	4,737,669	6,386,882	2,806,629
Debt Service:				
Principal Retirement	280,000	305,000	945,660	901,632
Interest and Fiscal Charges	164,200	253,627	327,982	313,856
Total Expenditures	<u>9,400,272</u>	<u>10,278,281</u>	<u>13,438,014</u>	<u>10,107,432</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,253,705)	(2,295,431)	(3,370,727)	(991,650)

City of Tipp City

2007	2008	2009	2010	2011	2012
\$3,713,187	\$4,030,913	\$3,571,583	\$3,823,618	\$4,480,781	\$5,250,226
2,523,552	2,756,171	3,201,047	2,220,692	2,833,417	2,093,184
956,560	1,654,251	1,738,276	1,770,228	1,892,452	1,842,891
88,217	35,547	12,858	14,113	13,092	63,444
634,068	452,408	205,677	123,206	73,890	110,478
146,551	160,172	134,197	114,526	132,872	113,237
20,630	18,286	15,962	20,429	15,326	15,002
320,344	184,486	378,679	222,130	571,643	328,305
<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>	<u>9,816,767</u>

2,980,614	3,080,822	2,968,982	3,048,578	3,175,914	3,142,368
866,924	884,455	851,403	766,504	778,807	800,267
238,806	248,376	246,653	252,874	260,105	263,439
223,769	235,440	234,230	229,294	208,818	217,147
549,832	767,377	646,218	564,410	531,100	576,373
1,457,073	1,464,240	1,433,994	1,427,326	1,568,282	1,447,729
2,263,569	1,336,673	1,928,432	895,032	1,346,198	3,179,877
897,062	882,509	857,972	911,665	930,000	930,000
288,508	267,055	245,371	198,280	162,268	131,753
<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>	<u>10,688,953</u>

(1,363,048)	125,287	(154,976)	14,979	1,051,981	(872,186)
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(Continued)

City of Tipp City

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Other Financing Sources (Uses):				
Other Financing Sources - Capital Leases	0	0	61,500	0
Special Assessment Bonds Issued	0	930,000	0	0
General Obligation Bonds Issued	0	5,975,000	0	0
Transfers In	1,232,825	1,274,901	2,346,269	2,458,945
Transfers Out	<u>(958,028)</u>	<u>(929,115)</u>	<u>(1,686,522)</u>	<u>(1,765,380)</u>
Total Other Financing Sources (Uses)	<u>274,797</u>	<u>7,250,786</u>	<u>721,247</u>	<u>693,565</u>
Net Change in Fund Balance	<u><u>(\$1,978,908)</u></u>	<u><u>\$4,955,355</u></u>	<u><u>(\$2,649,480)</u></u>	<u><u>(\$298,085)</u></u>
Debt Service as a Percentage of Noncapital Expenditures	7.97%	10.08%	18.06%	16.23%

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

2007	2008	2009	2010	2011	2012
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,453,724	1,282,021	1,150,447	1,334,975	1,088,573	1,040,152
<u>(1,724,215)</u>	<u>(1,260,214)</u>	<u>(1,131,342)</u>	<u>(1,293,032)</u>	<u>(1,072,573)</u>	<u>(1,040,152)</u>
<u>729,509</u>	<u>21,807</u>	<u>19,105</u>	<u>41,943</u>	<u>16,000</u>	<u>0</u>
<u>(\$633,539)</u>	<u>\$147,094</u>	<u>(\$135,871)</u>	<u>\$56,922</u>	<u>\$1,067,981</u>	<u>(\$872,186)</u>
15.19%	17.43%	13.57%	14.68%	13.83%	12.61%

City of Tipp City

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

Tax year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Income Tax Rate	1.25%	1.25%	1.25%	1.25%	1.25%
Estimated Personal Income (in thousands)	\$272,149	\$280,420	\$282,578	\$293,855	\$306,036
Total Tax Collected	\$3,124,937	\$3,461,382	\$3,702,867	\$3,867,731	\$3,679,252
Income Tax Receipts					
Withholding	2,428,634	2,497,599	2,615,737	2,684,253	2,769,744
Percentage	77.72%	72.16%	70.64%	69.40%	75.28%
Corporate	330,632	543,935	636,113	696,447	414,080
Percentage	10.58%	15.71%	17.18%	18.01%	11.25%
Individuals	365,671	419,848	451,017	487,031	495,428
Percentage	11.70%	12.13%	12.18%	12.59%	13.47%

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

2008	2009	2010	2011	2012
1.25%	1.25%	1.25%	1.50%	1.50%
\$319,766	\$318,078	\$334,222	\$338,350	\$358,696
\$3,748,800	\$3,471,660	\$3,597,653	\$4,042,351	\$4,960,000
2,747,671	2,626,888	2,648,385	3,086,202	3,594,951
73.29%	75.67%	73.61%	76.35%	72.48%
508,418	296,977	469,352	411,038	764,934
13.56%	8.55%	13.05%	10.17%	15.42%
492,711	547,795	479,916	545,111	600,115
13.15%	15.79%	13.35%	13.48%	12.10%



City of Tipp City

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

Name of Taxpayer	Nature of Business	2012 Rank
Meijer, Inc.	Warehouse Distribution	1
Regal Beloit America (formerly A.O. Smith Corp.)	Manufacturing	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
Precision Strip Inc.	Metal Processing	8
City of Tipp City	Government	9
Captor Corporation	Manufacturing	10

Name of Taxpayer	Nature of Business	2003 Rank
A. O . Smith Corporation	Manufacturing	1
Meijer, Inc.	Warehouse Distribution	2
Tipp City Exempted Village School District	Education	3
Creative Extruded Products	Manufacturing	4
Arbogast	Auto Dealer	5
Gardens Alive- Springhill	Agricultural-Nursery	6
Tipp Machine and Tool	Manufacturing	7
Allen Foods	Food Processing	8
Federal Government	Government	9
DAP Products, Inc.	Manufacturing	10

Source: City Income Tax Department

Note:

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

City of Tipp City

Ratios of Outstanding Debt By Type Last Ten Years

	2003	2004	2005	2006
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$2,630,000	\$8,300,000	\$7,395,000	\$6,540,000
Special Assessment Bonds Payable	0	930,000	895,000	860,000
Capital Leases	0	0	55,840	44,208
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$1,065,000	\$1,605,000	\$1,370,000	\$1,135,000
Long-Term Loans Payable	432,095	432,095	408,510	408,510
Total Primary Government	<u>\$4,127,095</u>	<u>\$11,267,095</u>	<u>\$10,124,350</u>	<u>\$8,987,718</u>
Population ⁽²⁾				
City of Tipp City	9,221	9,221	9,221	9,221
Outstanding Debt Per Capita	\$448	\$1,222	\$1,098	\$975
Income ⁽³⁾				
Personal (in thousands)	272,149	280,420	282,578	293,855
Percentage of Personal Income	1.52%	4.02%	3.58%	3.06%

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

2007	2008	2009	2010	2011	2012
\$5,690,000	\$4,855,000	\$4,045,000	\$3,180,000	\$2,290,000	\$1,400,000
825,000	790,000	755,000	715,000	675,000	635,000
32,146	19,637	6,665	0	0	0
\$950,000	\$795,000	\$670,000	\$545,000	\$420,000	\$320,000
408,510	408,510	397,680	397,680	1,103,335	1,385,905
<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>	<u>\$3,740,905</u>
9,221	9,221	9,221	9,689	9,689	9,689
\$857	\$745	\$637	\$499	\$463	\$386
306,036	319,766	318,078	334,222	338,350	358,696
2.58%	2.15%	1.85%	1.45%	1.33%	1.04%

City of Tipp City

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2003	2004	2005	2006
Population ⁽¹⁾	9,221	9,221	9,221	9,221
Assessed Value ⁽²⁾	\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$2,630,000	\$8,300,000	\$7,395,000	\$6,540,000
Resources Available to Pay Principal ⁽⁴⁾	\$83,030	\$8,589	\$0	\$0
Net General Bonded Debt	\$2,546,970	\$8,291,411	\$7,395,000	\$6,540,000
Ratio of Net Bonded Debt to Estimated Assessed Value	1.02%	3.18%	2.77%	2.52%
Net Bonded Debt per Capita	\$276.21	\$899.19	\$801.97	\$709.25

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

2007	2008	2009	2010	2011	2012
9,221	9,221	9,221	9,689	9,689	9,689
\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010	\$261,212,250	\$262,558,910
\$5,690,000	\$4,855,000	\$4,045,000	\$3,180,000	\$2,290,000	\$1,400,000
\$954	\$4,164	\$3,754	\$32,640	\$36,941	\$40,552
\$5,689,046	\$4,850,836	\$4,041,246	\$3,147,360	\$2,253,059	\$1,359,448
2.06%	1.81%	1.55%	1.22%	0.86%	0.52%
\$616.97	\$526.06	\$438.27	\$324.84	\$232.54	\$140.31



City of Tipp City

*Computation of Direct and Overlapping
General Obligation Debt
December 31, 2012*

<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	\$6,795,500	100.00%	\$6,795,500
Overlapping:			
Tipp City Exempted Village School District	16,519,416	67.92%	11,219,987
Troy City School District	18,150,000	0.01%	1,815
Miami County	6,239,000	12.19%	760,534
Miami Valley Career Center JVSD	6,635,000	3.79%	251,467
		Subtotal	<u>12,233,803</u>
		Total	<u><u>\$19,029,303</u></u>

Source: Miami County Auditor and Fiscal Officers of Subdivisions.

Note:

Direct debt includes all long-term debt instruments payable by Governmental Activities, including notes payable.

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	2003	2004	2005	2006
Total Debt				
Net Assessed Valuation	\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	26,171,814	27,373,491	28,032,877	27,276,443
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$26,171,814</u>	<u>\$27,373,491</u>	<u>\$28,032,877</u>	<u>\$27,276,443</u>
Unvoted Debt				
Net Assessed Valuation	\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	13,709,045	14,338,495	14,683,888	14,287,661
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$13,709,045</u>	<u>\$14,338,495</u>	<u>\$14,683,888</u>	<u>\$14,287,661</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

2007	2008	2009	2010	2011	2012
\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010	\$261,212,250	\$262,558,910
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
28,957,391	28,121,143	27,418,068	27,108,586	27,427,286	27,568,686
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<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>	<u>\$27,568,686</u>
\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010	\$261,212,250	\$262,558,910
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
15,168,157	14,730,123	14,361,845	14,199,736	14,366,674	14,440,740
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<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>	<u>\$14,440,740</u>

City of Tipp City

*Pledged Revenue Coverage
Last Nine 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

2009	2010	2011	2012
\$73,653	\$73,653	\$73,653	\$73,653
35,000	40,000	40,000	40,000
31,715	30,664	29,465	28,065
1.10	1.04	1.06	1.08

City of Tipp City

Demographic and Economic Statistics Last Ten Years

Calendar Year	2003	2004	2005	2006
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)	272,149	280,420	282,578	293,855
Per Capita	29,514	30,411	30,645	31,868
Unemployment Rate (3)				
Federal	5.8%	6.0%	5.1%	4.6%
State	5.7%	6.1%	5.9%	5.5%
Miami County	6.1%	5.6%	5.6%	5.5%
Civilian Work Force Estimates (3)				
State	5,915,000	5,875,300	5,900,400	5,934,000
Miami County	52,200	54,300	54,100	55,100
Total Assessed Property Value (4)	249,255,370	260,699,910	266,979,780	259,775,650
Estimated Actual Property Value (4)	775,791,777	806,202,806	822,422,149	786,707,789

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2011 for the presentation of 2012 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

2007	2008	2009	2010	2011	2012
9,221	9,221	9,221	9,689	9,689	9,689
98,868	98,868	98,868	102,506	102,506	102,506
306,036	319,766	318,078	334,222	338,350	358,696
33,189	34,678	34,495	34,495	34,921	37,021
4.6%	5.8%	9.3%	9.6%	8.5%	8.1%
5.6%	6.6%	10.2%	10.1%	7.9%	7.2%
5.4%	6.4%	11.7%	10.5%	7.6%	7.0%
5,976,500	5,986,400	5,970,200	5,897,600	5,791,000	5,747,900
55,400	55,400	55,400	54,200	53,100	52,400
275,784,680	267,820,410	261,124,460	258,177,010	261,212,250	262,558,910
854,886,147	803,462,520	747,736,243	737,338,171	746,320,714	750,168,314



City of Tipp City

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2012	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	1,366	1
CBS Personnel Services	Temporary Employment Services	518	2
Rostam Direct (formerly Gardens Alive-Springhill)	Agricultural-Nursery	489	3
Tipp City Exempted Village School District	Education	465	4
Regal Beloit (formerly AO Smith Corporation)	Manufacturing	299	5
Menards	Retail	297	6
Adcare Health Systems (formerly Springmeade)	Health Care	268	7
Creative Extruded Products	Manufacturing	218	8
FHI LLC	Warehouse Distribution	212	9
Arbogast	Automotive Retail	193	10
Total		<u>4,325</u>	

Employer	Nature of Business	2003	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	770	1
A. O . Smith Corporation	Manufacturing	300	2
Tipp City Exempted Village School District	Education	285	3
Creative Extruded Products	Manufacturing	240	4
Springmeade Health Center	Health Care	147	5
Arbogast	Auto Dealer	130	6
Dolly, Inc.	Manufacturing	128	7
Tipp Machine & Tool	Manufacturing	125	8
DAP Products, Inc.	Manufacturing	125	9
Allen Foods	Food Processing	100	10
Total		<u>2,350</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

	2003	2004	2005	2006
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	1.50	1.50	2.00
Finance	7.50	7.50	7.50	7.50
Legal	0.50	0.50	0.50	0.50
Engineering	2.50	2.50	3.00	3.00
Security of Persons and Property				
Police	21.50	22.00	22.00	22.50
Fire and EMS	15.00	15.50	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	0.00	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	15.50
Water	5.00	5.00	5.25	5.50
Sewer	3.00	3.00	5.25	3.50
Refuse Collection	0.00	0.00	0.00	0.00
Total Employees	95.25	92.50	95.50	96.00

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

2007	2008	2009	2010	2011	2012
4.00	4.00	3.50	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	1.50
8.00	8.00	8.00	7.50	7.50	7.00
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	5.50	5.00	5.00	5.00
6.00	6.00	5.25	4.75	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	14.50	14.00	14.00
8.50	8.50	8.50	8.50	8.30	8.30
3.50	3.50	3.50	3.50	3.20	3.20
0.00	0.00	0.00	0.00	0.00	0.00
99.50	99.50	97.75	95.25	94.25	93.25

City of Tipp City

Operating Indicators by Function Last Ten Years

	2003	2004	2005	2006
Governmental Activities				
General Government				
Accounts Payable Checks processed	3,304	3,500	3,343	3,542
Purchase Orders issued	2,823	2,599	2,502	2,813
Court				
Number of Criminal Cases	403	334	408	368
Number of Traffic Cases	752	584	688	747
Licenses and Permits				
Number of Residential Building Permits	126	79	82	34
Number of Commercial Building Permits	5	9	8	8
Security of Persons and Property				
Police				
Criminal Arrests	650	675	805	676
Calls for Service	16,805	16,580	17,345	16,391
Number of Accidents	417	382	385	416
Fire and EMS				
Number of Fire Calls	397	392	414	404
Number of EMS Runs	1,283	1,272	1,343	1,415
Transportation				
Street				
Tons of Salt Used	1,085	610	665	621
Leisure Time Activities				
Swimming Pool Receipts	29,226	12,240	247,737	268,227
Business-Type Activities				
Electric				
Number of Service Connections	4,564	4,634	4,711	4,761
Peak Demand (megawatts)	29.4	28.5	31.4	31.4
Energy Purchased (MWh)	148,675	153,050	157,954	160,677
Water				
Number of Service Connections	3,783	3,849	3,927	3,984
Daily Average Consumption (mgd)	1.2	1.2	1.4	1.3
Peak Daily Consumption (mgd)	3.2	3.2	2.6	2.8
Sewer				
Sewer Treatment Charges	557,044	580,709	589,276	612,634
Daily Average Sewage Treatment (mgd)	1.2	1.7	1.7	1.8
Refuse Collection				
Number of Customers Billed	n/a	3,737	3,793	3,837

Source: Finance Director's Office

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

City of Tipp City

2007	2008	2009	2010	2011	2012
3,576	3,495	3,068	2,819	2,766	3,549
2,780	2,631	2,312	1,430	2,280	2,429
412	341	332	317	269	373
742	781	684	886	734	887
31	21	10	7	12	21
9	5	3	6	4	11
770	679	596	575	414	480
15,420	15,595	17,570	20,745	15,972	10,010
390	335	188	218	208	207
408	437	348	368	313	327
1,353	1,347	1,256	1,272	1,345	1,390
1,121	844	476	800	304	637
268,574	266,423	244,334	284,522	281,817	254,257
4,804	4,807	4,833	4,872	4,859	4,946
33.0	30.1	29.3	30.2	31.3	31.2
154,852	149,116	140,826	143,846	143,172	142,617
4,026	4,043	4,050	4,086	4,091	4,272
1.3	1.2	1.2	1.3	1.1	1.2
2.5	2.5	2.1	2.5	2.6	2.5
621,828	650,130	643,307	657,465	688,675	653,840
1.6	1.7	1.5	1.6	2.1	1.4
3,852	3,835	3,911	3,926	3,943	3,964

City of Tipp City

Capital Asset Statistics by Function Last Ten Years

	2003	2004	2005	2006
Governmental Activities				
General Government				
Area (square miles)	7.0	7.1	7.2	7.2
Security of Persons and Property				
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	2
Transportation				
Street				
Miles of Street	52	58	60	60
Street Lights	1,228	1,276	1,302	1,328
Miles of Storm Sewers	50	56	58	58
Leisure Time Activities				
Park Area (acres)	394	394	434	434
Number of Parks	12	12	17	17
Number of Tennis Courts	2	2	2	2
Number of Ball Fields	12	12	20	20
Business-Type Activities				
Utilities				
Electric				
Substations	3	3	3	3
Water				
Waterlines (Miles)	46	52	54	54
Number of Fire hydrants	590	639	658	658
Sewer				
Sewerlines (Miles)	46	52	54	54

Source: Finance Director's Office

City of Tipp City

2007	2008	2009	2010	2011	2012
7.5	7.5	7.5	7.5	7.5	7.5
1	1	1	1	1	1
2	2	2	2	2	2
61	61	61	61	61	61
1,400	1,409	1,419	1,419	1,419	1,419
59	60	60	60	60	60
434	436	436	436	436	436
17	17	17	17	17	17
2	2	2	2	2	2
20	20	17	17	17	17
3	3	3	3	3	3
55	56	57	57	57	57
658	665	675	675	675	675
55	56	57	57	57	57





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

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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
AUGUST 27, 2013**