



**Auditor of State  
Betty Montgomery**



CITY OF TIPP CITY  
MIAMI COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	1

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## **Auditor of State Betty Montgomery**

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Miami County (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2004, wherein we noted the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the City's management in a separate letter dated June 24, 2004.

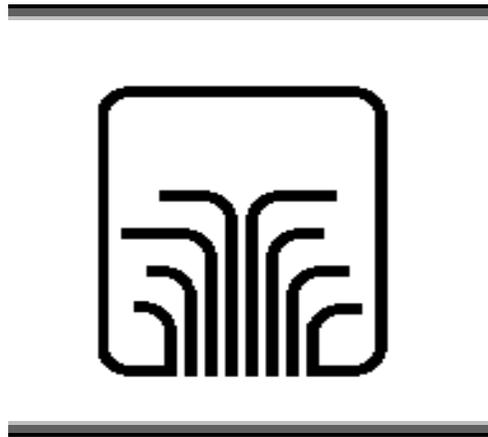
This report is intended for the information and use of management and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

June 24, 2004

*Miami County, Ohio*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2003



**Tipp City, Ohio**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2003

*Prepared by the Finance Department*

Richard U. Drennen  
Director



**Tipp City, Ohio**

TABLE OF CONTENTS

CITY OF TIPP CITY  
MIAMI COUNTY, OHIO

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**I** INTRODUCTORY SECTION

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

**II** FINANCIAL SECTION

**A** Independent Accountants' Report .....1  
**B** Management's Discussion and Analysis.....3  
**C** Basic Financial Statements:  
    Government-wide Financial Statements:  
        Statement of Net Assets.....13  
        Statement of Activities .....14  
    Fund Financial Statements:  
        *Governmental Funds:*  
            Balance Sheet .....16  
            Reconciliation of Total Governmental Fund Balances to Net Assets of  
            Governmental Activities.....17  
            Statement of Revenues, Expenditures and Changes in Fund Balances .....18  
            Reconciliation of the Statement of Revenues, Expenditures and Changes  
            in Fund Balances to the Statement of Activities.....19  
            Statement of Revenues, Expenditures and Changes in Fund Balance  
            (Budget and Actual):  
                General Fund .....20  
        *Proprietary Funds:*  
            Statement of Net Assets.....21  
            Statement of Revenues, Expenses and Changes in Fund Net Assets .....22  
            Statement of Cash Flows .....23  
        *Fiduciary Funds:*  
            Statement of Net Assets.....24  
Notes to the Basic Financial Statements.....25

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

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	63
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	66
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	70

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

Major Governmental Funds:

<i>General Fund</i> .....	72
---------------------------	----

*Capital Projects Funds:*

Capital Improvement Reserve Fund.....	76
Donn Davis Way Construction Fund.....	77

Nonmajor Governmental Funds:

*Special Revenue Funds:*

Swimming Pool Fund.....	78
Street Construction, Maintenance and Repair Fund.....	79
State Highway Improvement Fund.....	80
Municipal Road Fund.....	81
Law Enforcement Fund.....	82
Enforcement and Education Fund.....	83
Drug Law Enforcement Fund.....	84
DARE Projects Fund.....	85
FEMA Grant Fund.....	86
Fire Donation Trust Fund.....	87
EMS Donation Trust Fund.....	88
Police Donation Trust Fund.....	89

*Debt Service Fund:*

General Bond Retirement Fund.....90

*Capital Projects Funds:*

Police Facility Construction Fund .....91  
Park Capital Improvement Fund .....92  
Storm Sewer Construction Fund .....93  
North Third Street Reconstruction Fund .....94  
West Main Street Reconstruction Fund.....95  
25-A Construction Fund .....96  
South First Street Improvement Fund .....97  
Swimming Pool Construction Fund .....98  
Fire Truck Equipment Fund .....99  
Clean Ohio Grant Fund .....100

*Fiduciary Funds – Agency Funds:*

Combining Statement of Changes in Assets and Liabilities .....102

*Capital Assets Used in the Operation of Governmental Funds:*

Schedule by Source.....105  
Schedule by Function and Activity.....106  
Schedule of Changes by Function and Activity.....108

**III**

**STATISTICAL SECTION**

General Governmental Expenditures by Function - Last Ten Years ..... S 2

General Governmental Revenues by Source - Last Ten Years..... S 3

Property Tax Levies and Collections - Last Ten Years ..... S 4

Tangible Tax Collected - Last Ten Years ..... S 5

Assessed Valuations and Estimated True Values of Taxable Property - Last  
Ten Years..... S 6

Property Tax Rates - Direct and Overlapping Governments - Last Ten Years ..... S 7

Special Assessment Billings and Collections - Last Ten Years ..... S 8

Computation of Legal Debt Margin ..... S 9

Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General  
Obligation Bonded Debt Per Capita - Last Ten Years..... S 10

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt  
to Total General Governmental Expenditures - Last Ten Years..... S 11

Computation of All Direct and Overlapping Debt..... S 12

Demographic Statistics - Last Ten Years ..... S 13

Property Value and Construction Permits - Last Ten Years..... S 14

Principal Taxpayers (Personal Property Tax) ..... S 15

Principal Taxpayers (Real Property Tax) ..... S 16

Principal Taxpayers (Income Tax) ..... S 17

Principal Employers ..... S 18

Miscellaneous Statistics..... S 19

## *INTRODUCTORY SECTION*

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**Tipp City, Ohio**



## CITY OF TIPP CITY

260 South Garber Drive • Tipp City, Ohio 45371  
Richard U. Drennen, Director of Finance

phone (937) 667-8426

fax (937)-667-5816

June 24, 2004

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

I am pleased to present the Comprehensive Annual Financial Report for the City of Tipp City for the fiscal year ended December 31, 2003. This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

### **Introduction**

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Tipp City (the "City") to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City and includes all disclosures necessary to enable the reader to gain an understanding of the City's financial activity.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Tipp City's MD&A can be found immediately following the report of the independent accountants.

### **The Report**

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

1. The Introductory Section includes this letter of transmittal which presents the City's organization, operational structure and accomplishments; an organizational chart; a list of elected officials; and the GFOA Certificate of Achievement.
2. The Financial Section contains the Independent Auditors' Report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the City's financial position and operating results, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. The Statistical Section presents social, economic and historical data in a multi-year format useful in identifying financial trends and data relative to the fiscal capacity of the City.

**REPORTING ENTITY**

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the City.

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

The City has representation on the board of two entities. The City is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), and the Northern Area Water Authority (NAWA), which are both defined as joint ventures. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 17.

**THE CITY OF TIPP CITY**

The City of Tipp City is a vibrant Ohio community located fourteen miles north of Dayton. The City was incorporated as a village in 1850, and became a City in 1960. Its seven square mile area serves a residential population of 9,221 (2000 Census). The City is in the Dayton-Springfield, Ohio Metropolitan Statistical Area (MSA), comprised of the four counties of Clark, Greene, Miami and Montgomery and being the 65<sup>th</sup> largest of 261 MSA's in the United States. 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. The Dayton International Airport is served by seven commercial air carriers and eleven regional airlines. 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 who are elected at-large for overlapping four-year terms. The City Council appoints a City Manager, and a Clerk. The City Manager is the City's chief administrative officer. He appoints all Department Managers of the City.

**Letter of Transmittal  
For the Year Ended December 31, 2003**

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**ECONOMIC CONDITIONS AND OUTLOOK**

The economic environment for Tipp City's business community continued to be one of relative stability during 2003. While the economic recovery continues to be fairly slow across the United States, the overall impact on Tipp City's economy has been minimal.

Industrial and commercial expansions have recently included a significant expansion to Dale's Goodyear (\$205,000), a new horticultural building for expansion of Spring Hill Nurseries research and development activities (\$55,000), remodeling of the commercial building located at 120-122 West Broadway Avenue, and several other smaller projects. Commercial tenants are locating into the Tipp Center and Tipp Plaza, which was recently remodeled, indicating a strong retail base within Tipp City.

This year the City partnered with a private developer (Logan-Berry Properties) to facilitate with the installation of the roadway and public utilities for the new Tipp Center 75, a 90 acre commercial and industrial development located on Donn Davis Way at exit 69 directly off I-75. Six commercial lots and four industrial lots, ranging from 3.4 to 33.2 acres were created. Northgate Commerce Center, located south of State Route 571 adjacent to I-75, has 50 acres in phase one and 80 acres in phase two available for industrial development. Overall, the City has over 1,000 acres of industrially zoned property, ranging from 5 to 135 acre tracts.

The City's economic base continues to grow, even during the difficult economic times. Residential housing starts remain strong and continue to grow at a steady pace. There are currently four active subdivisions being developed: Sycamore Woods, Curry Branch, Hunter's Ridge, and Manchester Chase. A fifth subdivision, Rosewood Creek, is in the final approval process. The following table outlines the residential growth for the last several years.

<b>Year</b>	<b>Base Units</b>	<b>New Units</b>	<b>% Growth</b>
2000	3799	21	0.552%
2001	3820	37	0.968%
2002	3857	46	1.192%
2003	3912	55	1.406%

With the recent annexation law change, several annexations occurred in 2003. The City aggressively expanded its parks and well field protection areas by annexing over 200 acres of lands adjacent to the Great Miami River and the existing well fields. One 27 acre annexation south of the Hunter's Ridge Subdivision was initiated, and a small annexation between two industrial properties.

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

**MAJOR INITIATIVES**

**For the Year**

The voters in the City approved a 0.25% additional local income tax, which is dedicated to parks, paths, preservation, and the municipal pool. This year design was started on the replacement of the 1970's era pool with a new family aquatic center, estimated at \$3,800,000. This facility will be constructed in 2004. Tipp City continues to emphasize the expansion of the multi-use recreational trail backbone, which follows the old Miami-Erie Canal, and will link to the Miami County trail system to the north and the Montgomery County trail system to the south.

In February 2003, the City purchased 29 acres of land in the northwest quadrant of the City near the new high school. This land was purchased at a cost of \$440,475 with \$265,078 coming from the State of Ohio's Clean Ohio Program. This acreage is one of the oldest "first growth" forests left in the area and will be preserved as such for future generations.

In December 2003, the City purchased 105 acres of land east of the City for use as a passive preserve and open space at a cost of \$584,000. A State of Ohio EPA Grant through its Water Resource Restoration Sponsor Program (WRRSP) and a Clean Ohio Grant secured by the Miami Conservancy District covered the purchase of the land. The plan is to convert the area to prairie land that will also serve as additional well fields for the new water treatment plant currently being developed by the Cities of Tipp City and Vandalia.

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.

An aggressive street improvement program was continued in 2003, with the start of the Donn Davis Way Extension at a cost of \$1.16 million. In addition to the road construction, the contract includes installation of a water line and bike path. Construction is to be completed in the summer of 2004.

In May 2003, Tipp City residents voted overwhelmingly to authorize the city to serve as a "natural gas aggregator". The major advantage of the gas aggregation program is that it enables municipal governments (who serve as aggregators) to take an active role in negotiating natural gas supply prices on behalf of their residents. After extensive negotiations, the city chose Interstate Gas Supply (IGS) as its supplier. The contract runs through November 2005, and gives our residents a cost savings on their gas bill.

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

***Letter of Transmittal  
For the Year Ended December 31, 2003***

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**For The Future**

Priority items for the future are related primarily to the City's infrastructure. Two of the major projects are the Broadway Street reconstruction and the Kessler-Cowlesville Road reconstruction. The city remains steadfast in its commitment to insure the maintenance of existing infrastructure and the development of adequate new infrastructure to meet future demands.

Construction of the new Aquatic Center is scheduled to begin in July at a cost of \$3,800,000. The City will also be building eight new baseball diamonds with lights and parking at an estimated cost of \$1,000,000.

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

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

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

**FINANCIAL INFORMATION**

**Accounting Controls**

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2003***

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

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

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

**Budgetary Control**

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

**Financial Condition**

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

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

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

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

As part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion begins the financial section of this report, providing an assessment of the City finances for 2003.

**Letter of Transmittal  
For the Year Ended December 31, 2003**

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**Risk Management**

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

The Pool's overall loss experience has been excellent since its inception in 1988 and Tipp City's loss experience for 2003 was also favorable. The decision to join the Pool has resulted in significant savings for the City and the City expects future contributions to remain considerably lower than the cost of traditional insurance.

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

**Debt Administration**

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

The total bonded debt of the City at December 31, 2003 was \$3,695,000 all of which was unvoted general obligation bonds.

The ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the City's debt position. The City's debt position as of December 31, 2003, was as follows:

Overall Legal Debt Margin	\$26,171,814
Unvoted Legal Debt Margin	\$13,709,045
General Bonded Debt to Assessed Value	1.02%
General Bonded Debt per Capita	\$276.21

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

**Cash Management**

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

***Letter of Transmittal  
For the Year Ended December 31, 2003***

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

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

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

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

Authorized investments are described in detail in Note 5 of the footnotes to the basic financial statements included within the financial section of this comprehensive annual financial report. The City currently has investments in STAR Ohio (State Treasurer's Investment Pool), U. S. Treasury Notes, and a small portion in Certificates of Deposits.

**INDEPENDENT AUDIT**

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

**CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tipp City, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

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

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

*Letter of Transmittal  
For the Year Ended December 31, 2003*

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#### ACKNOWLEDGMENTS

The publication of this report could not have been accomplished without the professional, efficient and dedicated services of the Finance Department staff. I appreciate all of their hard work.

I would also like to express appreciation to Scott Vagedes, our Service Director/City Engineer, and his staff for their continued effort in helping gather the infrastructure information presented in this report.

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

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

Respectfully submitted,



Richard U. Drennen  
Director of Finance

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

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***List of Principal Officials  
For the Year Ended December 31, 2003***

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**ELECTED OFFICIALS**

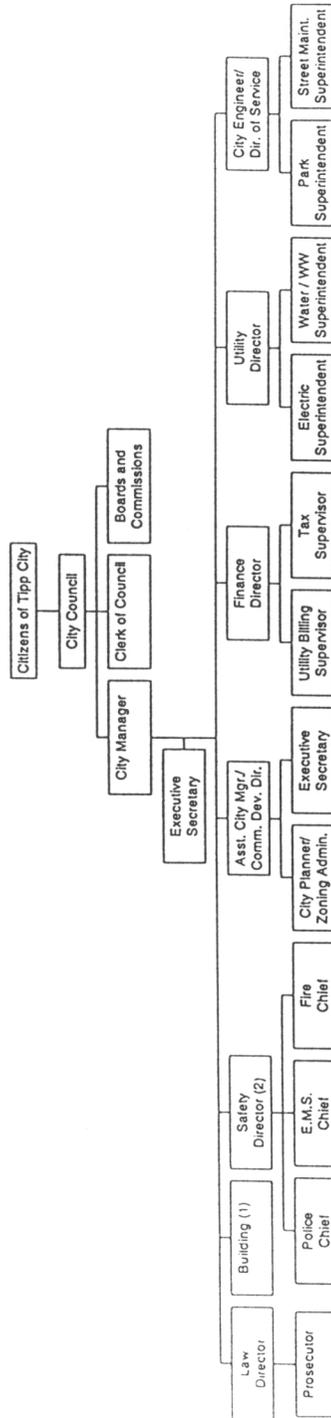
MAYOR	Vickie Blakey
PRESIDENT OF COUNCIL	Donald Ochs
COUNCIL MEMBERS	William Beagle R. Adam Blake Donald Earnest L. William Jones Keith Kingrey

**APPOINTED OFFICIALS**

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

CITY OF TIPP CITY, OHIO

City Organizational Chart  
For the Year Ended December 31, 2003



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

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Tipp City,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2002

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



President

Executive Director

## *FINANCIAL SECTION*

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**Tipp City, Ohio**



# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying 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, Miami County, (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tipp City, Miami County, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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City of Tipp City  
Miami County  
Independent Accountants' Report

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. We did not subject the introductory section and the statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



**Betty Montgomery**  
Auditor of State

June 24, 2004

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, 2003. 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 2003 are as follows:

- ❑ In total, net assets increased \$2.2 million. Net assets of governmental activities increased \$1.1 million which represents a 5.1% increase from 2002. Net assets of business-type activities increased \$1.1 million or 4.3% from 2002.
- ❑ General revenues accounted for \$5.2 million in revenue or 28.8% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 71.2% of total revenues of \$18 million.
- ❑ Total assets of governmental activities increased by \$2.9 million. The increase in capital asset balances accounts for virtually all of the increase in total assets.
- ❑ The City had \$6.2 million in expenses related to governmental activities; only \$1.9 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$5.5 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$4.5 million in revenues and \$4.5 million in expenditures. The general fund's fund balance declined \$371,419 to \$2.7 million.
- ❑ Net assets for enterprise funds increased by almost \$1.1 million. This increase resulted primarily from the acquisition of capital assets.

### **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 required supplementary information that further explains and supports the information in the financial statements.

### **Government-wide Statements**

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

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

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property 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 and sewer 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 to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

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

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

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Current and other assets	\$7,282,596	\$12,829,573	\$20,112,169
Capital assets, Net	22,986,512	16,846,821	39,833,333
Total assets	30,269,108	29,676,394	59,945,502
Long-term debt outstanding	3,308,519	1,728,632	5,037,151
Other liabilities	3,858,705	1,329,101	5,187,806
Total liabilities	7,167,224	3,057,733	10,224,957
Net assets			
Invested in capital assets, net of related debt	17,531,512	14,824,726	32,356,238
Restricted	483,118	0	483,118
Unrestricted	5,087,254	11,793,935	16,881,189
Total net assets	\$23,101,884	\$26,618,661	\$49,720,545

**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

**Changes in Net Assets** – The following table shows the changes in net assets for the fiscal year 2003:

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Revenues			
Program revenues:			
Charges for Services and Sales	\$709,780	\$9,966,910	\$10,676,690
Operating Grants and Contributions	436,175	0	436,175
Capital Grants and Contributions	711,678	977,970	1,689,648
General revenues:			
Income Taxes	3,140,017	0	3,140,017
Property Taxes	265,457	0	265,457
Other Local Taxes	24,476	0	24,476
Shared Revenues	1,481,185	0	1,481,185
Investment Earnings	190,610	0	190,610
Miscellaneous	182,860	0	182,860
Transfers In (Out)	274,797	(274,797)	0
Loss on Disposal of Fixed Assets	(103,529)	(3,199)	(106,728)
Total revenues	<u>7,313,506</u>	<u>10,666,884</u>	<u>17,980,390</u>
Program Expenses			
Security of Persons and Property	2,793,653	0	2,793,653
Leisure Time Activities	536,758	0	536,758
Community Environment	197,713	0	197,713
Basic Utility Services	177,799	0	177,799
Transportation	980,620	0	980,620
General Government	1,340,109	0	1,340,109
Interest and Fiscal Charges	163,118	0	163,118
Electric	0	7,868,067	7,868,067
Water	0	712,745	712,745
Sewer	0	986,680	986,680
Total expenses	<u>6,189,770</u>	<u>9,567,492</u>	<u>15,757,262</u>
Total Change in Net Assets	1,123,736	1,099,392	2,223,128
Beginning Net Assets	<u>21,978,148</u>	<u>25,519,269</u>	<u>47,497,417</u>
Ending Net Assets	<u>\$23,101,884</u>	<u>\$26,618,661</u>	<u>\$49,720,545</u>

**Governmental Activities**

Net assets of the City's governmental activities increased by \$1,123,736. This was due primarily to an increase in income tax revenue due to an increase in our income tax rate from 1.0% to 1.25%. The .25 percent income tax levy is earmarked for Park improvements. Capital Grants for street improvements also contributed to the increase in net assets.

**CITY OF TIPP CITY, OHIO**

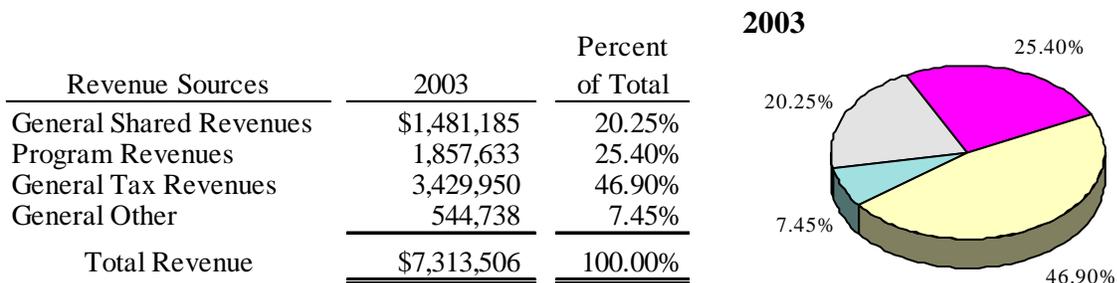
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**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

The City receives an income tax, which is based on 1.25% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City. Income tax is the largest source of revenue for the City. 16% of our income tax received is designated for capital outlay for the City, and 20% is earmarked for park improvements.

Property taxes and income taxes made up 4% and 42.9% respectively of revenues for governmental activities for the City in fiscal year 2003. The City's reliance upon tax revenues is demonstrated by the following graph indicating 46.9% of total revenues from general tax revenues:



**Business-Type Activities**

Net assets of the business-type activities increased by \$1,099,392. This increase was the result of higher electric user charges due to higher energy costs which are passed on to our customers. Water rates were increased 9%, which also contributed to the increase in net assets.

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

The City's governmental funds reported a combined fund balance of \$2,911,240, which is a decrease from last year's balance of \$4,885,993. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2003 and 2002:

	Fund Balance December 31, 2003	Fund Balance December 31, 2002	Increase (Decrease)
General	\$2,714,115	\$3,085,534	(\$371,419)
Capital Improvement Reserve	800,660	1,037,144	(236,484)
Donn Davis Way Construction	(874,255)	131,892	(1,006,147)
Other Governmental	270,720	631,423	(360,703)
<b>Total</b>	<b>\$2,911,240</b>	<b>\$4,885,993</b>	<b>(\$1,974,753)</b>

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

	2003 Revenues	2002 Revenues	Increase (Decrease)
Taxes	\$2,381,678	\$2,244,459	\$137,219
Intergovernmental Revenue	1,252,091	1,309,697	(57,606)
Charges for Services	360,052	324,887	35,165
Licenses, Permits and Fees	103,757	66,195	37,562
Investment Earnings	196,466	329,984	(133,518)
Special Assessments	2,554	5,082	(2,528)
Fines and Forfeitures	16,950	19,897	(2,947)
All Other Revenue	151,368	227,634	(76,266)
<b>Total</b>	<b>\$4,464,916</b>	<b>\$4,527,835</b>	<b>(\$62,919)</b>

General Fund revenues in 2003 decreased approximately 1.4% compared to revenues in fiscal year 2002. The most significant factor contributing to this decrease was investment earnings. Investment earnings decreased 40.5% due to the significant decrease in rates earned by investments.

	2003 Expenditures	2002 Expenditures	Increase (Decrease)
Security of Persons and Property	\$2,470,033	\$2,303,550	\$166,483
Leisure Time Activities	362,448	331,512	30,936
Community Environment	197,643	188,598	9,045
Basic Utility Services	174,405	160,646	13,759
General Government	1,248,630	1,182,566	66,064
Capital Outlay	76,692	84,745	(8,053)
<b>Total</b>	<b>\$4,529,851</b>	<b>\$4,251,617</b>	<b>\$278,234</b>

**CITY OF TIPP CITY, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

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General Fund expenditures increased by \$278,234 or 6.5% over the prior year mostly due to increases in salary and wages, retirement contributions, and health insurance premiums for the City's employees. Security of Persons and Property increased 7.2% due to significant cost increases in the Emergency Medical Services Department. This increase was due largely to the loss of paid on -call (volunteer) staffing which has made this historically mostly- volunteer department more of a mostly part- time staffed department.

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 2003 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$4.500 million did not significantly change over the original budget estimates of \$4.513 million. The General Fund had an adequate fund balance to cover expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2003 the City had \$39,833,333 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$22,986,512 was related to governmental activities and \$16,846,821 to the business-type activities. The following table shows fiscal year 2003 and 2002 balances:

	Governmental Activities		Increase (Decrease)
	2003	2002	
Land	\$8,686,872	\$7,958,024	\$728,848
Construction in Progress	996,669	0	996,669
Total Non-Depreciable Capital Assets	9,683,541	7,958,024	1,725,517
Buildings	4,612,317	4,613,237	(920)
Improvements Other Than Buildings	1,067,113	843,468	223,645
Machinery and Equipment	4,165,779	3,676,747	489,032
Infrastructure	12,961,246	11,910,791	1,050,455
Less: Accumulated Depreciation	(9,503,484)	(8,881,377)	(622,107)
Total Depreciable Capital Assets	13,302,971	12,162,866	1,140,105
Totals	\$22,986,512	\$20,120,890	\$2,865,622

**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2003	2002	
Land	\$1,285,272	\$701,272	\$584,000
Construction in Progress	91,516	54,179	37,337
Total Non-Depreciable Capital Assets	1,376,788	755,451	621,337
Buildings	1,462,846	1,462,846	0
Improvements Other Than Buildings	21,271,734	20,621,660	650,074
Machinery and Equipment	2,126,407	2,055,396	71,011
Less: Accumulated Depreciation	(9,390,954)	(8,726,257)	(664,697)
Total Non-Depreciable Capital Assets	15,470,033	15,413,645	56,388
Totals	\$16,846,821	\$16,169,096	\$677,725

The largest increases in governmental activities capital assets occurred in land, construction in progress and infrastructure. The primary reason for increases in these categories relate to road construction projects (new and resurfacing). The purchase of land, mainly from capital grants, also contributed to the increase.

As of December 31, 2003, the City has contractual commitments of \$644,148 for various projects. Included in these projects are the design of the aquatic center, street improvements and well rehab work. Additional information on the City's capital assets can be found in Note 10.

**Debt**

At December 31, 2003, the City had \$3.7 million in bonds outstanding, \$465,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2003 and 2002:

	2003	2002
Governmental Activities:		
General Obligation Bonds	\$2,630,000	\$2,910,000
Compensated Absences	678,519	634,633
Total Governmental Activities	3,308,519	3,544,633
Business-Type Activities:		
General Obligation Bonds	\$1,065,000	\$1,225,000
State Loan	432,095	464,505
Compensated Absences	231,537	230,638
Total Business-Type Activities	1,728,632	1,920,143
Totals	\$5,037,151	\$5,464,776

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, 2003, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

### **ECONOMIC FACTORS**

The City's budget for 2004 is very conservative. City Council decided they wanted to maintain current service levels to the residents of the City, utilizing some of the reserve funds. General Fund revenues are projected to be 3% more than actual receipts for 2003. While we anticipate our income tax revenues to increase, interest income and state shared revenue will continue to decline.

General Fund budgeted expenditures include a \$600,000 transfer to the Capital Improvement Reserve Fund for street improvements and repair. If the economy does not pick up, the City can reduce this transfer and forgo some of our capital improvements in 2004.

Both the water and the electric rates have been raised in 2004. This is the third year we have had an increase in our water rates in anticipation of higher water supply cost from NAWA after the new treatment plant opens.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources. If the current economic conditions continue, it will be imperative to increase revenue in order to maintain fiscal stability.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling (937) 667-8426 or writing to City of Tipp City Finance Department, 260 South Garber Drive, Tipp City, Ohio 45317.



**CITY OF TIPP CITY, OHIO**

**Statement of Net Assets  
December 31, 2003**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 3,672,210	\$ 1,483,605	\$ 5,155,815
Investments	1,802,116	4,073,981	5,876,097
Receivables:			
Taxes	696,015	0	696,015
Accounts	56,787	1,131,195	1,187,982
Intergovernmental	701,190	2,375	703,565
Interest	33,551	0	33,551
Special Assessments	152,810	700,317	853,127
Internal Balances	66,433	(66,433)	0
Inventory of Supplies at Cost	88,510	679,107	767,617
Prepaid Items	12,974	5,770	18,744
Investment in Joint Venture	0	4,709,612	4,709,612
Restricted Assets:			
Cash and Cash Equivalents	0	110,044	110,044
Non-Depreciable Capital Assets	9,683,541	1,376,788	11,060,329
Depreciable Capital Assets, Net	13,302,971	15,470,033	28,773,004
<b>Total Assets</b>	<b>30,269,108</b>	<b>29,676,394</b>	<b>59,945,502</b>
<b>Liabilities:</b>			
Accounts Payable	328,837	587,189	916,026
Accrued Wages and Benefits Payable	311,009	86,081	397,090
Intergovernmental Payable	11,632	15,617	27,249
Refundable Deposits	0	110,044	110,044
Deferred Revenue	351,467	0	351,467
Accrued Interest Payable	30,760	5,170	35,930
General Obligation Notes Payable	875,000	525,000	1,400,000
Special Assessment Notes Payable	1,950,000	0	1,950,000
Noncurrent liabilities:			
Due within one year	472,432	236,778	709,210
Due in more than one year	2,836,087	1,491,854	4,327,941
<b>Total Liabilities</b>	<b>7,167,224</b>	<b>3,057,733</b>	<b>10,224,957</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	17,531,512	14,824,726	32,356,238
Restricted For:			
Debt Service	72,956	0	72,956
Other Purposes	410,162	0	410,162
Unrestricted	5,087,254	11,793,935	16,881,189
<b>Total Net Assets</b>	<b>\$ 23,101,884</b>	<b>\$ 26,618,661</b>	<b>\$ 49,720,545</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2003**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 2,793,653	\$ 366,090	\$ 1,050	\$ 0
Leisure Time Activities	536,758	91,730	0	0
Community Environment	197,713	240,882	0	265,079
Basic Utility Services	177,799	0	0	0
Transportation	980,620	11,078	424,288	446,599
General Government	1,340,109	0	10,837	0
Interest and Fiscal Charges	163,118	0	0	0
<b>Total Governmental Activities</b>	<b>6,189,770</b>	<b>709,780</b>	<b>436,175</b>	<b>711,678</b>
<b>Business-Type Activities:</b>				
Electric	7,868,067	7,936,740	0	0
Water	712,745	846,644	0	520,032
Sewer	986,680	1,183,526	0	457,938
<b>Total Business-Type Activities</b>	<b>9,567,492</b>	<b>9,966,910</b>	<b>0</b>	<b>977,970</b>
<b>Totals</b>	<b>\$ 15,757,262</b>	<b>\$ 10,676,690</b>	<b>\$ 436,175</b>	<b>\$ 1,689,648</b>

**General Revenues:**

Income Taxes  
Property Taxes  
Other Local Taxes  
Shared Revenues  
Investment Earnings  
Miscellaneous  
Loss on Disposal of Capital Assets  
Transfers  
  
Total General Revenues  
  
Change in Net Assets  
  
Net Assets Beginning of Year  
  
Net Assets End of Year

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,426,513)	\$ 0	\$ (2,426,513)
(445,028)	0	(445,028)
308,248	0	308,248
(177,799)	0	(177,799)
(98,655)	0	(98,655)
(1,329,272)	0	(1,329,272)
(163,118)	0	(163,118)
<u>(4,332,137)</u>	<u>0</u>	<u>(4,332,137)</u>
0	68,673	68,673
0	653,931	653,931
0	654,784	654,784
<u>0</u>	<u>1,377,388</u>	<u>1,377,388</u>
<u>(4,332,137)</u>	<u>1,377,388</u>	<u>(2,954,749)</u>
3,140,017	0	3,140,017
265,457	0	265,457
24,476	0	24,476
1,481,185	0	1,481,185
190,610	0	190,610
182,860	0	182,860
(103,529)	(3,199)	(106,728)
274,797	(274,797)	0
<u>5,455,873</u>	<u>(277,996)</u>	<u>5,177,877</u>
1,123,736	1,099,392	2,223,128
<u>21,978,148</u>	<u>25,519,269</u>	<u>47,497,417</u>
<u>\$ 23,101,884</u>	<u>\$ 26,618,661</u>	<u>\$ 49,720,545</u>

**CITY OF TIPP CITY, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2003**

	General	Capital Improvement Reserve	Donn Davis Way Construction	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 704,948	\$ 635,164	\$ 1,252,456	\$ 1,079,642	\$ 3,672,210
Investments	1,802,116	0	0	0	1,802,116
Receivables:					
Taxes	576,172	53,263	0	66,580	696,015
Accounts	56,787	0	0	0	56,787
Intergovernmental	317,511	166,648	0	217,031	701,190
Interest	33,551	0	0	0	33,551
Special Assessments	0	152,810	0	0	152,810
Due from Other Funds	67,941	0	0	0	67,941
Inventory of Supplies, at Cost	45,674	0	0	42,836	88,510
Prepaid Items	12,109	0	0	865	12,974
<b>Total Assets</b>	<b>\$ 3,616,809</b>	<b>\$ 1,007,885</b>	<b>\$ 1,252,456</b>	<b>\$ 1,406,954</b>	<b>\$ 7,284,104</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 34,457	\$ 46,817	\$ 160,750	\$ 86,813	\$ 328,837
Accrued Wages and Benefits Payable	287,436	0	0	23,573	311,009
Intergovernmental Payable	8,236	0	0	3,396	11,632
Due to Other Funds	1,335	0	0	173	1,508
Deferred Revenue	571,230	160,408	0	142,554	874,192
Accrued Interest Payable	0	0	15,961	4,725	20,686
General Obligation Notes Payable	0	0	0	875,000	875,000
Special Assessment Notes Payable	0	0	1,950,000	0	1,950,000
<b>Total Liabilities</b>	<b>902,694</b>	<b>207,225</b>	<b>2,126,711</b>	<b>1,136,234</b>	<b>4,372,864</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	155,065	291,470	204,692	407,759	1,058,986
Reserved for Prepaid Items	12,109	0	0	865	12,974
Reserved for Supplies Inventory	45,674	0	0	42,836	88,510
Reserved for Debt Service	0	0	0	83,030	83,030
Undesignated and Unreserved in:					
General Fund	2,501,267	0	0	0	2,501,267
Special Revenue Funds	0	0	0	303,803	303,803
Capital Projects Funds	0	509,190	(1,078,947)	(567,573)	(1,137,330)
<b>Total Fund Balances</b>	<b>2,714,115</b>	<b>800,660</b>	<b>(874,255)</b>	<b>270,720</b>	<b>2,911,240</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,616,809</b>	<b>\$ 1,007,885</b>	<b>\$ 1,252,456</b>	<b>\$ 1,406,954</b>	<b>\$ 7,284,104</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2003***

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**Total Governmental Fund Balances** \$ 2,911,240

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

Capital Assets used in governmental activities are not  
resources and therefore are not reported in the funds. 22,986,512

Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds. 522,725

Long-term liabilities, including bonds payable, are not due  
and payable in the current period and therefore are not  
reported in the funds. (3,318,593)

***Net Assets of Governmental Funds*** \$ 23,101,884

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, 2003**

	General	Capital Improvement Reserve	Donn Davis Way Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 2,381,678	\$ 510,164	\$ 0	\$ 580,439	\$ 3,472,281
Intergovernmental Revenues	1,252,091	264,856	0	1,096,809	2,613,756
Charges for Services	360,052	0	0	29,226	389,278
Licenses, Permits and Fees	103,757	0	0	328	104,085
Investment Earnings	196,466	0	0	0	196,466
Special Assessments	2,554	105,515	0	0	108,069
Fines and Forfeitures	16,950	0	0	993	17,943
All Other Revenue	151,368	17,906	0	75,415	244,689
<b>Total Revenue</b>	<b>4,464,916</b>	<b>898,441</b>	<b>0</b>	<b>1,783,210</b>	<b>7,146,567</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	2,470,033	0	0	4,880	2,474,913
Leisure Time Activities	362,448	0	0	66,861	429,309
Community Environment	197,643	0	0	0	197,643
Basic Utility Services	174,405	0	0	0	174,405
Transportation	0	0	34,848	469,171	504,019
General Government	1,248,630	1,562	0	0	1,250,192
Capital Outlay	76,692	1,249,182	950,946	1,648,771	3,925,591
Debt Service:					
Principal Retirement	0	0	0	280,000	280,000
Interest & Fiscal Charges	0	0	20,653	143,547	164,200
<b>Total Expenditures</b>	<b>4,529,851</b>	<b>1,250,744</b>	<b>1,006,447</b>	<b>2,613,230</b>	<b>9,400,272</b>
Excess (Deficiency) of Revenues Over Expenditures	(64,935)	(352,303)	(1,006,447)	(830,020)	(2,253,705)
<b>Other Financing Sources (Uses):</b>					
Transfers In	168,631	514,540	300	549,354	1,232,825
Transfers Out	(475,000)	(398,721)	0	(84,307)	(958,028)
<b>Total Other Financing Sources (Uses)</b>	<b>(306,369)</b>	<b>115,819</b>	<b>300</b>	<b>465,047</b>	<b>274,797</b>
Net Change in Fund Balances	(371,304)	(236,484)	(1,006,147)	(364,973)	(1,978,908)
<b>Fund Balances at Beginning of Year</b>	<b>3,085,534</b>	<b>1,037,144</b>	<b>131,892</b>	<b>631,423</b>	<b>4,885,993</b>
Increase (Decrease) in Inventory Reserve	(115)	0	0	4,270	4,155
<b>Fund Balances End of Year</b>	<b>\$ 2,714,115</b>	<b>\$ 800,660</b>	<b>\$ (874,255)</b>	<b>\$ 270,720</b>	<b>\$ 2,911,240</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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***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, 2003***

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**Net Change in Fund Balances - Total Governmental Funds** \$ (1,978,908)

***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 in the current period.	2,969,151
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net assets.	(103,529)
Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(4,329)
The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not have any effect on net assets.	280,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	1,082
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(39,731)</u>
<b><i>Change in Net Assets of Governmental Activities</i></b>	<b><u><u>\$ 1,123,736</u></u></b>

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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,343,348	\$ 2,415,148	\$ 2,423,222	\$ 8,074
Intergovernmental Revenue	1,373,423	1,281,193	1,252,692	(28,501)
Charges for Services	325,050	333,050	354,137	21,087
Licenses and Permits	58,475	101,275	103,757	2,482
Investment Earnings	260,000	225,000	212,596	(12,404)
Special Assessments	3,200	3,200	2,554	(646)
Fines and Forfeitures	18,400	18,400	17,424	(976)
All Other Revenues	131,395	122,995	135,548	12,553
Total Revenues	<u>4,513,291</u>	<u>4,500,261</u>	<u>4,501,930</u>	<u>1,669</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,463,259	2,524,849	2,466,053	58,796
Leisure Time Activities	413,491	412,241	405,194	7,047
Community Environment	208,438	208,438	197,074	11,364
Basic Utility Services	195,298	195,298	184,245	11,053
General Government	1,510,509	1,558,354	1,416,268	142,086
Capital Outlay	79,549	91,129	84,613	6,516
Total Expenditures	<u>4,870,544</u>	<u>4,990,309</u>	<u>4,753,447</u>	<u>236,862</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(357,253)	(490,048)	(251,517)	238,531
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Fixed Assets	1,500	1,500	8,736	7,236
Transfers In	188,355	188,355	168,631	(19,724)
Transfers Out	(690,000)	(570,235)	(475,000)	95,235
Advances In	500,000	500,000	500,000	0
Advances Out	(500,000)	(500,000)	(500,000)	0
Total Other Financing Sources (Uses):	<u>(500,145)</u>	<u>(380,380)</u>	<u>(297,633)</u>	<u>82,747</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(857,398)	(870,428)	(549,150)	321,278
Fund Balance at Beginning of Year	2,703,834	2,703,834	2,703,834	0
Prior Year Encumbrances	171,967	171,967	171,967	0
Fund Balance at End of Year	<u>\$ 2,018,403</u>	<u>\$ 2,005,373</u>	<u>\$ 2,326,651</u>	<u>\$ 321,278</u>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2003**

	Business-Type Activities			
	Enterprise Funds			
	Electric	Water	Sewer	Total
<b>Assets:</b>				
Current assets:				
Cash and Cash Equivalents	\$ 655,560	\$ 593,027	\$ 235,018	\$ 1,483,605
Investments	1,957,178	1,516,005	600,798	4,073,981
Receivables:				
Accounts	956,047	78,727	96,421	1,131,195
Intergovernmental	0	2,375	0	2,375
Special Assessments	0	62,061	638,256	700,317
Due from Other Funds	4,219	267	417	4,903
Inventory of Supplies at Cost	573,619	99,166	6,322	679,107
Prepaid Items	1,209	2,445	2,116	5,770
Total current assets	<u>4,147,832</u>	<u>2,354,073</u>	<u>1,579,348</u>	<u>8,081,253</u>
Noncurrent assets:				
Restricted Assets:				
Cash and Cash Equivalents	110,044	0	0	110,044
Total restricted assets	<u>110,044</u>	<u>0</u>	<u>0</u>	<u>110,044</u>
Investment in Joint Venture	0	10,195	4,699,417	4,709,612
Capital assets:				
Non-Depreciable Capital Assets	118,646	1,254,026	4,116	1,376,788
Depreciable Capital Assets, net	5,433,369	5,558,170	4,478,494	15,470,033
Total capital assets	<u>5,552,015</u>	<u>6,812,196</u>	<u>4,482,610</u>	<u>16,846,821</u>
Total noncurrent assets	<u>5,662,059</u>	<u>6,822,391</u>	<u>9,182,027</u>	<u>21,666,477</u>
Total assets	<u>9,809,891</u>	<u>9,176,464</u>	<u>10,761,375</u>	<u>29,747,730</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts Payable	509,291	23,346	54,552	587,189
Accrued Wages and Benefits Payable	59,437	18,078	8,566	86,081
Intergovernmental Payable	7,698	7,919	0	15,617
Refundable Deposits	110,044	0	0	110,044
Due to Other Funds	67,941	2,699	696	71,336
Accrued Interest Payable	3,366	1,524	280	5,170
General Obligation Notes Payable	0	200,000	325,000	525,000
General Obligation Bonds Payable - Current	100,000	60,000	0	160,000
State Loan Payable - Current	0	0	36,000	36,000
Compensated Absences Payable - Current	29,872	7,234	3,672	40,778
Total Current Liabilities	<u>887,649</u>	<u>320,800</u>	<u>428,766</u>	<u>1,637,215</u>
Noncurrent Liabilities:				
General Obligation Bonds Payable	695,000	210,000	0	905,000
State Loan Payable	0	0	396,095	396,095
Compensated Absences Payable	136,267	34,230	20,262	190,759
Total noncurrent liabilities	<u>831,267</u>	<u>244,230</u>	<u>416,357</u>	<u>1,491,854</u>
<b>Total Liabilities</b>	<u>1,718,916</u>	<u>565,030</u>	<u>845,123</u>	<u>3,129,069</u>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	4,757,015	6,342,196	3,725,515	14,824,726
Unrestricted	3,333,960	2,269,238	6,190,737	11,793,935
Total Net Assets	<u>\$ 8,090,975</u>	<u>\$ 8,611,434</u>	<u>\$ 9,916,252</u>	<u>\$ 26,618,661</u>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2003**

	Business-type activities - Enterprise Funds			
	Electric	Water	Sewer	Total
<b>Operating Revenues:</b>				
Charges for Services	\$ 7,918,993	\$ 773,693	\$ 892,128	\$ 9,584,814
Other Operating Revenues	33,856	83,134	127,823	244,813
<b>Total Operating Revenues</b>	<b>7,952,849</b>	<b>856,827</b>	<b>1,019,951</b>	<b>9,829,627</b>
<b>Operating Expenses:</b>				
Personal Services	815,994	264,565	121,067	1,201,626
Contractual Services	6,612,463	58,033	635,048	7,305,544
Materials and Supplies	70,810	53,209	18,435	142,454
Utilities	11,662	44,438	9,649	65,749
Depreciation	307,816	264,372	195,061	767,249
Other Operating Expenses	3,539	4,801	1,367	9,707
<b>Total Operating Expenses</b>	<b>7,822,284</b>	<b>689,418</b>	<b>980,627</b>	<b>9,492,329</b>
<b>Operating Income (Loss)</b>	<b>130,565</b>	<b>167,409</b>	<b>39,324</b>	<b>337,298</b>
<b>Non-Operating Revenue (Expenses):</b>				
Intergovernmental Revenue	0	269,951	0	269,951
Income from Joint Venture	0	148	168,472	168,620
Capital Contributions from Joint Venture	0	0	457,938	457,938
Capital Contributions	0	250,081	0	250,081
Loss on Disposal of Fixed Assets	(2,403)	(796)	0	(3,199)
Interest and Fiscal Charges	(45,783)	(23,327)	(6,053)	(75,163)
Investment Earnings	(16,109)	(10,331)	(4,897)	(31,337)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(64,295)</b>	<b>485,726</b>	<b>615,460</b>	<b>1,036,891</b>
<b>Income (Loss) Before Transfers</b>	<b>66,270</b>	<b>653,135</b>	<b>654,784</b>	<b>1,374,189</b>
<b>Transfers:</b>				
Transfers-Out	(92,540)	(56,002)	(126,255)	(274,797)
<b>Total Transfers</b>	<b>92,540</b>	<b>56,002</b>	<b>126,255</b>	<b>274,797</b>
<b>Change in Net Assets</b>	<b>(26,270)</b>	<b>597,133</b>	<b>528,529</b>	<b>1,099,392</b>
<b>Net Assets Beginning of Year</b>	<b>8,117,245</b>	<b>8,014,301</b>	<b>9,387,723</b>	<b>25,519,269</b>
<b>Net Assets End of Year</b>	<b>\$ 8,090,975</b>	<b>\$ 8,611,434</b>	<b>\$ 9,916,252</b>	<b>\$ 26,618,661</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2003**

	Electric	Water	Sewer	Total
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$7,859,174	\$777,430	\$887,765	\$9,524,369
Cash Payments for Goods and Services	(6,670,879)	(155,970)	(663,964)	(7,490,813)
Cash Payments to Employees	(805,211)	(270,114)	(123,580)	(1,198,905)
Other Operating Revenues	67,238	21,073	47,244	135,555
Net Cash Provided by Operating Activities	450,322	372,419	147,465	970,206
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers Out to Other Funds	(92,540)	(56,002)	(126,255)	(274,797)
Net Cash Used for Noncapital Financing Activities	(92,540)	(56,002)	(126,255)	(274,797)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(606,234)	(496,477)	(72,553)	(1,175,264)
Principal Paid on General Obligation Bonds	(100,000)	(60,000)	0	(160,000)
Principal Paid on General Obligation Notes	0	(225,000)	(350,000)	(575,000)
Principal Paid on State Loans	0	0	(32,410)	(32,410)
Interest Paid on All Debt	(46,271)	(23,674)	(6,125)	(76,070)
Cash Received from Intergovernmental Grants	0	267,576	0	267,576
Proceeds from the Sale of General Obligation Notes	0	200,000	325,000	525,000
Net Cash Used for Capital and Related Financing Activities	(752,505)	(337,575)	(136,088)	(1,226,168)
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	(183,471)	(303,742)	(59,893)	(547,106)
Net Cash Used for Investing Activities	(183,471)	(303,742)	(59,893)	(547,106)
Net Decrease in Cash and Cash Equivalents	(578,194)	(324,900)	(174,771)	(1,077,865)
Cash and Cash Equivalents at Beginning of Year	1,343,798	917,927	409,789	2,671,514
Cash and Cash Equivalents at End of Year	\$765,604	\$593,027	\$235,018	\$1,593,649
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$655,560	\$593,027	\$235,018	\$1,483,605
Restricted Cash and Cash Equivalents	110,044	0	0	110,044
Cash and Cash Equivalents at End of Year	\$765,604	\$593,027	\$235,018	\$1,593,649
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>				
Operating Income	\$130,565	\$167,409	\$39,324	\$337,298
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	307,816	264,372	195,061	767,249
Adjustments to Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(60,327)	3,345	(4,461)	(61,443)
Increase in Special Assessments Receivable	0	(62,061)	(78,809)	(140,870)
(Increase) Decrease in Inventory	(32,792)	(5,237)	1,333	(36,696)
Increase in Prepaid Items	(313)	(1,922)	(1,738)	(3,973)
Decrease in Due from Other Funds	9,884	392	98	10,374
Increase in Accounts Payable	63,338	5,828	54,062	123,228
Increase (Decrease) in Accrued Wages and Benefits	2,580	(730)	(676)	1,174
Increase (Decrease) in Due to Other Funds	(937)	(226)	26	(1,137)
Increase (Decrease) in Intergovernmental Payable	6,663	6,351	(54,633)	(41,619)
Increase in Customer Deposits Payable	15,722	0	0	15,722
Increase (Decrease) in Compensated Absences	8,123	(5,102)	(2,122)	899
Total Adjustments	319,757	205,010	108,141	632,908
Net Cash Provided by Operating Activities	\$450,322	\$372,419	\$147,465	\$970,206

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2003, the Water and Electric Funds had an outstanding liabilities of \$16,779 and \$33,238, respectively, for the purchase of certain capital assets. During 2003 the fair value of investments decreased by \$10,331, \$4,897 and \$16,109 in the Water, Sewer and Electric Funds respectively.

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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**Statement of Net Assets  
Fiduciary Funds  
December 31, 2003**

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	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 128,167
Restricted Assets:	
Cash and Cash Equivalents	<u>36,892</u>
<b>Total Assets</b>	<u>165,059</u>
<b>Liabilities:</b>	
Intergovernmental Payable	39,017
Due to Others	<u>126,042</u>
<b>Total Liabilities</b>	<u>165,059</u>
<b>Total Net Assets</b>	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

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

The financial statements are presented as of December 31, 2003 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

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

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

The City is a participant in a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA) with other local cities. This organization is a jointly governed organization. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. See Note 16 for further information.

**1. Joint Venture with Equity Interest**

*Tri-Cities North Regional Wastewater Authority* - The City is a participant with the cities of Huber Heights and Vandalia in a joint venture to provide reliable, reasonably priced and environmentally sound wastewater utility collection and treatment service for their respective communities. See Note 17 for further information.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**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. NAWA is reported as an investment trust fund of the City and as an investment in joint venture within the Water Fund. See Note 17 for further information.

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

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

***Governmental Funds***

The governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of “financial flow” (sources, uses and balances of financial resources). The following are the City's major governmental funds:

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

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

Donn Davis Way Construction Fund - This fund is used to account for the construction of Donn Davis Way.

***Proprietary Funds***

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

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

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.

***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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

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

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column.

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**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.

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, 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, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Special assessment installments including related interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2003 but which are not intended to finance 2003 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

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

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

**E. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is at the object level (personal services, operations and maintenance and capital outlay) within each department. Budgetary modifications may only be made by ordinance of the City Council.

**1. Tax Budget**

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

**2. Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**E. Budgetary Process** (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. The allocation of appropriations within a fund may be modified with the approval of the City Council. During 2003, 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 Balances--Budget and Actual (Non-GAAP Budget) 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.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**E. Budgetary Process (Continued)**

**5. Budgetary Basis of Accounting**

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

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

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	General Fund
GAAP Basis (as reported)	(\$371,304)
Increase (Decrease):	
Accrued Revenues at December 31, 2003 received during 2004	(487,478)
Accrued Revenues at December 31, 2002 received during 2003	477,845
Accrued Expenditures at December 31, 2003 paid during 2004	331,464
Accrued Expenditures at December 31, 2002 paid during 2003	(322,216)
2002 Prepays for 2003	7,995
2003 Prepays for 2004	(12,109)
Outstanding Encumbrances	(173,347)
Budget Basis	<u><u>(\$549,150)</u></u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**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 5, "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 5, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2003. 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, 2003.

**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, 2003***

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

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**K. Capital Assets and Depreciation**

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

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

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

3. Depreciation

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

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

**L. Long-Term Obligations**

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

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

**M. Compensated Absences**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**M. Compensated Absences (Continued)**

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

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

**N. Net Assets**

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

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

**O. Pensions**

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

**P. Interfund Activity**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**Q. Interfund Assets/Liabilities**

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

**R. Reservations of Fund Balance**

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

**S. Estimates**

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

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2003.

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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

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

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

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

Delinquent Income Tax Revenue	\$40,008
Delinquent Property Tax Revenue	10,133
Shared Revenues	303,115
Interest Revenue	16,659
Special Assessment Revenue	152,810
	<hr/>
	\$522,725

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

General Obligation Bonds Payable	\$2,630,000
Accrued Interest on Long-Term Debt	10,074
Compensated Absences Payable	678,519
	<hr/>
	\$3,318,593

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

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

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

Capital Outlay	\$3,829,168
Depreciation Expense	(860,017)
	<hr/>
	\$2,969,151

*Governmental revenues not reported in the funds:*

Increase in Delinquent Income Tax Revenue	\$8,892
Decrease in Property Tax Revenue	(51,223)
Decrease in Shared Revenue	15,282
Increase in Special Assessment Revenue	28,576
Decrease in Interest Revenue	(5,856)
	<hr/>
	(\$4,329)

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

Increase in Compensated Absences Payable	(\$43,886)
Decrease in supplies inventory	4,155
	<hr/>
	(\$39,731)

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE**

**A. Changes in Accounting Principles**

For fiscal year 2003, the City has implemented GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”; GASB Statement No. 37, “*Basic Financial Statements for State and Local Governments: Omnibus*”; GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*”; and GASB Interpretation No. 6, “*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement.*” At December 31, 2002, there was no effect on fund balance as a result of implementing GASB Statements 36, 37 and 38, or Interpretation No. 6.

GASB 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2002, caused by the conversion to the accrual basis of accounting.

**B. Restatement of Fund Balance**

The changes to the beginning retained earnings/fund balance, as well as the transition from fund balance to net assets of the governmental activities are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Fund Balance December 31, 2002	\$4,872,028	\$15,806,814
Adjustments:		
Reclassified fund from Expendable Trust Fund to Special Revenue Funds	<u>13,965</u>	<u>0</u>
Total Prior Period Adjustments	<u>13,965</u>	<u>0</u>
GASB 34 Adjustments:		
Capital Assets	20,120,890	0
Contributed Capital	0	9,712,455
Long-Term Liabilities	(3,555,789)	0
Long-Term (Deferred) Assets	<u>527,054</u>	<u>0</u>
Net Assets, December 31, 2002	<u>\$21,978,148</u>	<u>\$25,519,269</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 4 – COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Deficit**

The budgetary deficit at December 31, 2003 of \$20,827 in the West Main Street Reconstruction Fund arises from the recording of encumbrances as expenditures. As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The deficit does not exist under the cash basis of accounting. Transfers are provided when cash is required, not when encumbrances are recorded.

**B. Deficit Fund Equity**

The fund deficits at December 31, 2003 of \$874,255 in the Donn Davis Way Construction Fund, of \$3,115 in the 25-A Construction Fund, of \$161,668 in the Swimming Pool Construction Fund and of \$275,237 in the Fire Truck Equipment Fund (all Capital Projects Funds) result from the recording of general obligation and special assessment notes payable within the funds. These deficits do not exist under the budgetary basis of accounting. Transfers are provided when cash is required, not when accruals occur.

**NOTE 5 - 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;

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

*Deposits:*

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

*Investments:*

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

**A. Deposits**

At year end the carrying amount of the City's deposits was \$990,918, and the bank balance was \$1,330,881. Federal depository insurance covered \$439,017, of the bank balance. All remaining deposits were classified as Category 3.

**B. Investments**

The City's investments at December 31, 2003 were as follows:

<u>Categorized Investments</u>	<u>Fair Value</u>
United States Treasury Notes (Category 1)	<u>\$5,116,097</u>
Total Categorized Investments	5,116,097
<u>Non-Categorized Investments</u>	
STAR Ohio	<u>5,200,000</u>
Total Investments	<u><u>\$10,316,097</u></u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$5,430,918	\$5,876,097
Certificates of Deposit (with maturities of more than 3 months)	760,000	(760,000)
Investments:		
STAR Ohio	<u>(5,200,000)</u>	<u>5,200,000</u>
Per GASB Statement No. 3	<u>\$990,918</u>	<u>\$10,316,097</u>

**NOTE 6 - 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 2003 were levied after October 1, 2002 on assessed values as of January 1, 2002, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2001. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 6 – TAXES (Continued)**

**A. Property Taxes (Continued)**

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

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, 2003 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2003 levy was based was \$249,255,370. This amount constitutes \$187,632,000 in real property assessed value, \$5,943,990 in public utility assessed value and \$55,679,380 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .140% (1.40 mills) of assessed value.

**B. Income Tax**

During 2003, the City levied a tax of 1.25% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed. The 2003 income tax rate (1.25%) was increased over the 2002 rate by .25%.

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

Municipal income tax revenue for 2003 was \$3,140,017. This represents a 28% increase over 2002 income tax revenue of \$2,447,968.

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2003 consisted of taxes, special assessments, interfund receivables, interest, accounts receivable and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred revenues are considered collectable in full.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2003:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$168,631	\$475,000
Capital Improvement Reserve Fund	514,540	398,721
Donn Davis Way Construction Fund	300	0
Other Governmental Funds	549,354	84,307
Total Governmental Funds	1,232,825	958,028
Electric Fund	0	92,540
Water Fund	0	56,002
Sewer Fund	0	126,255
Total Proprietary Funds	0	274,797
Totals	<u>\$1,232,825</u>	<u>\$1,232,825</u>

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

**NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES**

Following is a summary of interfund receivables and payables for all funds for 2003:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$67,941	\$1,335
Other Governmental Funds	0	173
Total Governmental Funds	67,941	1,508
Electric Fund	4,219	67,941
Water Fund	267	2,699
Sewer Fund	417	696
Total Proprietary Funds	4,903	71,336
Totals	<u>\$72,844</u>	<u>\$72,844</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 10 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2003:

**Historical Cost:**

Class	December 31, 2002	Additions	Deletions	December 31, 2003
<b>Non-depreciable Capital assets:</b>				
Land	\$7,958,024	\$728,848	\$0	\$8,686,872
Costruction in Progress	0	996,669	0	996,669
Total Non-depreciable Capital assets	7,958,024	1,725,517	0	9,683,541
<b>Capital assets being depreciated:</b>				
Buildings	4,613,237	71,133	(72,053)	4,612,317
Improvements Other Than Buildings	843,468	223,645	0	1,067,113
Machinery and Equipment	3,676,747	594,237	(105,205)	4,165,779
Infrastructure	11,910,791	1,224,916	(174,461)	12,961,246
Total Depreciable Capital assets	21,044,243	2,113,931	(351,719)	22,806,455
Total Cost	\$29,002,267	\$3,839,448	(\$351,719)	\$32,489,996

**Accumulated Depreciation:**

Class	December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$865,730)	(\$94,312)	\$5,044	(\$954,998)
Improvements Other Than Buildings	(492,687)	(48,643)	0	(541,330)
Machinery and Equipment	(2,386,082)	(342,794)	84,832	(2,644,044)
Infrastructure	(5,136,878)	(384,548)	158,314	(5,363,112)
Total Depreciation	(\$8,881,377)	(\$870,297) *	\$248,190	(\$9,503,484)
<b>Net Value:</b>	\$20,120,890			\$22,986,512

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

Security of Persons and Property	(\$210,054)
Leisure Time Activities	(98,921)
Transportation	(465,065)
General Government	(85,977)
Total Depreciation Expense	(860,017)
Amount Transferred In from Water	(10,280)
Total Additions to Accumulated Depreciation	(\$870,297)

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 10 - CAPITAL ASSETS (Continued)**

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

Summary by Category at December 31, 2003:

**Historical Cost:**

Class	December 31, 2002	Additions	Deletions	December 31, 2003
<b>Non-depreciable Capital assets:</b>				
Land	\$701,272	\$584,000	\$0	\$1,285,272
Construction in Progress	54,179	37,337	0	91,516
Total Non-depreciable Capital Assets	755,451	621,337	0	1,376,788
<b>Capital assets being depreciated:</b>				
Buildings	1,462,846	0	0	1,462,846
Improvements Other Than Buildings	20,621,660	656,081	(6,007)	21,271,734
Machinery and Equipment	2,055,396	170,755	(99,744)	2,126,407
Total Depreciable Capital assets	24,139,902	826,836	(105,751)	24,860,987
Total Cost	\$24,895,353	\$1,448,173	(\$105,751)	\$26,237,775

**Accumulated Depreciation:**

Class	December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$499,219)	(\$27,876)	\$0	(\$527,095)
Improvements Other Than Buildings	(7,047,820)	(559,606)	3,604	(7,603,822)
Machinery and Equipment	(1,179,218)	(179,767)	98,948	(1,260,037)
Total Depreciation	(\$8,726,257)	(\$767,249)	\$102,552	(\$9,390,954)
<b>Net Value:</b>	\$16,169,096			\$16,846,821

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2003 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2003, 2002 and 2001 were \$369,497, \$344,061 and \$314,237, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll which amounted to \$136,346.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 364,881. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2002 is \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The City's contributions to the OP&F Fund for the years ending December 31, 2003, 2002 and 2001 were \$204,308, \$194,246 and \$191,394 for police, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2003 covered payroll that was used to fund postemployment health care benefits was \$81,199 representing 7.75% of covered payroll for police. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2002, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,527 for police. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2002 were \$141,028,006, which was net of member contributions of \$12,623,875.

**NOTE 12 - COMPENSATED ABSENCES**

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

At December 31, 2003, the City's accumulated, unpaid compensated absences amounted to \$910,056, of which \$678,519 is recorded as a liability of the Governmental Activities and \$231,537 is recorded as a liability of the Business-Type Activities. The amounts are recorded in “Due within One Year” and “Due in More Than One Year” on the Entity Wide Statement of Net Assets based upon estimated usage.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 13 - NOTES PAYABLE**

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

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

The City had the following bond anticipation notes outstanding at December 31, 2003:

	Maturity Date	Balance December 31, 2002	Issued	(Retired)	Balance December 31, 2003
Capital Projects Notes Payable:					
1.50% Donn Davis Way	4/30/2003	\$810,000	\$0	(\$810,000)	\$0
1.25% Swimming Pool Construction	7/1/2004	0	350,000	0	350,000
1.25% 25A Reconstruction	7/1/2004	0	250,000	0	250,000
1.50% Fire Truck Improvement	5/6/2004	300,000	275,000	(300,000)	275,000
Total Capital Projects Notes Payable		<u>1,110,000</u>	<u>875,000</u>	<u>(1,110,000)</u>	<u>875,000</u>
Special Assessment Note Payable:					
1.25% Donn Davis Way Construction	5/6/2004	0	1,950,000	0	1,950,000
Enterprise Notes Payable:					
1.50% Water Note	5/6/2004	225,000	200,000	(225,000)	200,000
1.50% Sewer Note	5/6/2004	350,000	325,000	(350,000)	325,000
Total Enterprise Notes Payable		<u>575,000</u>	<u>525,000</u>	<u>(575,000)</u>	<u>525,000</u>
Grand Total Notes Payable		<u>\$1,685,000</u>	<u>\$3,350,000</u>	<u>(\$1,685,000)</u>	<u>\$3,350,000</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 14 - LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2003 were as follows:

		Balance December 31, 2002	Issued	(Retired)	Balance December 31, 2003	Amount Due Within One Year
<b>Business Type-Activities:</b>						
General Obligation Bonds:						
7.13% Electric Improvement	2006	\$200,000	\$0	(\$50,000)	\$150,000	\$50,000
7.13% Water System Improvement	2008	180,000	0	(30,000)	150,000	30,000
4.6-4.625% Water Improvement Bonds	2007	150,000	0	(30,000)	120,000	30,000
4.6-4.625% Electric Improvement Bonds	2015	695,000	0	(50,000)	645,000	50,000
Total General Obligation Bonds		1,225,000	0	(160,000)	1,065,000	160,000
0.00% North East Sewer Interceptor Loan	2014	464,505	0	(32,410)	432,095	36,000
Compensated Absences		230,638	231,537	(230,638)	231,537	40,778
Total Business-Type Activity Long-Term Liabilities		\$1,920,143	\$231,537	(\$423,048)	\$1,728,632	\$236,778
<b>Governmental Activities:</b>						
Unvoted General Obligation Bonds:						
7.13% Government Center Bond - I	2008	\$170,000	\$0	(\$30,000)	\$140,000	\$30,000
4.6-4.625% Service Center Improvement	2015	640,000	0	(50,000)	590,000	50,000
4.0-4.800% Capital Facilities Bond	2019	2,100,000	0	(200,000)	1,900,000	225,000
Total General Obligation Bonds		2,910,000	0	(280,000)	2,630,000	305,000
Compensated Absences		634,633	678,519	(634,633)	678,519	167,432
Total Governmental Activity Long-Term Liabilities		\$3,544,633	\$678,519	(\$914,633)	\$3,308,519	\$472,432

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

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2003, follow:

Years	General Obligation Bonds		Loan Payable	
	Principal	Interest	Principal	Interest
2004	\$465,000	\$177,564	\$36,000	\$0
2005	415,000	154,184	0	0
2006	390,000	132,929	0	0
2007	335,000	112,736	0	0
2008	255,000	96,463	0	0
2009-2013	1,000,000	329,255	0	0
2014-2018	735,000	111,213	396,095	0
2019-2023	100,000	4,800	0	0
Totals	\$3,695,000	\$1,119,144	\$432,095	\$0

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 15 – CONSTRUCTION COMMITMENTS**

At December 31, 2003 the City had the following contractual commitments outstanding:

<u>Project</u>	<u>Remaining Contractual Commitment</u>	<u>Expected Date of Completion</u>
Donn Davis Way St. Project	\$347,338	Spring 2004
Aquatic Center Design	115,230	Spring 2004
25A Road Engineering	146,600	Fall 2004
Well Number 4 Rehab.	34,980	Winter 2004
Total Commitments	<u>\$644,148</u>	

**NOTE 16 - RISK MANAGEMENT**

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

As of December 31, 2003, the pool has seventeen members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, general liability, boiler and machinery, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a seventeen member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. Management is provided by an Executive Director, who is assisted by a full-time Claims Manager, Loss Control Manager and office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board.

The seventeen participating cities and their respective pool contribution factors for the loss year ended December 31, 2003 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>	<u>Total</u>
Beavercreek	7.340 %	Sidney	7.190 %	
Blue Ash	6.456	Springdale	4.679	
Indian Hill	2.673	Tipp City	2.554	
Kettering	16.801	Troy	6.834	
Madeira	1.786	Vandalia	5.074	
Mason	10.564	West Carrollton	3.547	
Miamisburg	6.269	Wilmington	5.956	
Montgomery	3.007	Wyoming	3.412	
Piqua	5.858			
Subtotal	<u>60.754 %</u>	Subtotal	<u>39.246 %</u>	<u>100.00%</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

The individual MVRMA, Inc. members are not considered “participants having equity interest” as defined by GASB Statement No. 14 since members have no rights to any assets of MVRMA, Inc. other than possible residual claims upon dissolution. The risk of loss is transferred from the City to the pool. Therefore, MVRMA, Inc. is a 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.

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

Property	\$100,000,000	per occurrence
General Liability	12,000,000	per occurrence
Boiler and Machinery	100,000,000	per occurrence
Public Officials Liability / Police Professional Liability	1,000,000 11,000,000	per occurrence excess \$1 Million
Automobile Liability	12,000,000	per occurrence
Flood (Property)	25,000,000	annual aggregate
Earthquake (Property)	25,000,000	annual aggregate

The deductible per occurrence is \$2,500. During 2003, MVRMA’s self insured retention (SIR) limit for property was \$250,000 except boiler and machinery, which was \$5,000. The SIR for liability was \$1,000,000. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2003.

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, 2003***

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**NOTE 17 - JOINT VENTURES**

**A. Tri-Cities North Regional Wastewater Authority**

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

Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Tipp City, Vandalia and Huber Heights. Tri-Cities is governed by a management board consisting of the city managers of the three participating cities. The Board has complete authority over all the aspects of the Plant's operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation, and the City does have an equity interest. The percentage of equity interest for each city is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$4,699,415 which represents 20.58% of the total equity in Tri-Cities. This reflects an increase of 2.08% above the City's equity interest of 18.5% in 2002. 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 2003, the City paid \$610,920 to Tri-Cities for services provided. Complete financial statements can be obtained from Tri-Cities North Regional Wastewater Authority, 3777 Old Needmore Road, Dayton, Ohio 45424.

**B. Northern Area Water Authority**

On March 8, 2002, City officials from Tipp City and Vandalia signed a joint venture agreement, creating the Northern Area Water Authority (NAWA). The joint venture is the result of years of study and planning on the best and most efficient way to service the water treatment needs of both communities. As a result of the joint venture agreement, NAWA will oversee the design, construction and operation of a new water treatment plant that will be located in Tipp City. NAWA is governed by a five-member management board, which will have complete authority over all aspects of the plant's operation. The organization is currently in its infancy stages. The City of Tipp City is the fiscal agent for NAWA and is reported as an agency fund of the City. The City's equity interest is \$10,195 which represents 50% of the total equity in NAWA. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. NAWA did file a GAAP basis financial statement in accordance with Ohio Revised Code and copies of this report are available from the Northern Area Water Authority, 260 S. Garber Drive, Tipp City, Ohio 45371.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 18 - CONTINGENCIES**

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

**NOTE 19 – SUBSEQUENT EVENTS**

On May 5, 2004 the City issued \$7,655,000 in General Obligation Bonds. The proceeds of the bonds will be used to construct a City aquatic center, baseball fields, sanitary sewer improvements and to retire \$3,350,000 in bond anticipation notes maturing in May 6, 2004 and July 1, 2004. The bonds were sold to Morgan, Keegan & Company, Inc. at the total interest cost of 3.307%.

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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



***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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

**Swimming Pool Fund**

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

**Street Construction, Maintenance and Repair Fund**

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

**State Highway Improvement Fund**

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

**Municipal Road Fund**

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

**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.

**DARE Projects Fund**

To account for revenues and expenditures relative to DARE activities. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

(Continued)

***Special Revenue Funds***

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**FEMA Grant Fund**

This fund is to account for grant funds received from the Federal Emergency Management Agency and the Ohio Emergency Management Agency for approved projects under the Public Assistance Grant Program. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Fire Donation Trust Fund**

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

**EMS Donation Trust Fund**

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

**Police Donation Trust Fund**

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

***Debt Service Fund***

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The 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***

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

**Police Facility Construction Fund**

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

**Park 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.

**Storm Sewer Construction Fund**

To account for construction of a new storm sewer financed by note proceeds. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**North Third Street Reconstruction Fund**

To account for improvements to north Third Street. This project is funded by State Issue II funds and a transfer from the General Fund. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**West Main Street Reconstruction Fund**

To account for improvements to West Main Street.

**25-A Construction Fund**

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

**South First Street Improvement Fund**

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

**Swimming Pool Construction Fund**

To account for construction of a new swimming pool financed by note proceeds.

**Fire Truck Equipment Fund**

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

**Clean Ohio Grant Fund**

To account for grant funds received from the State of Ohio under the Clean Ohio program.

**CITY OF TIPP CITY, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 287,215	\$ 83,030	\$ 709,397	\$ 1,079,642
Receivables:				
Taxes	0	0	66,580	66,580
Intergovernmental	202,478	0	14,553	217,031
Inventory of Supplies, at Cost	42,836	0	0	42,836
Prepaid Items	865	0	0	865
<b>Total Assets</b>	<b>\$ 533,394</b>	<b>\$ 83,030</b>	<b>\$ 790,530</b>	<b>\$ 1,406,954</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 8,792	\$ 0	\$ 78,021	\$ 86,813
Accrued Wages and Benefits Payable	23,573	0	0	23,573
Intergovernmental Payable	780	0	2,616	3,396
Due to Other Funds	173	0	0	173
Deferred Revenue	134,552	0	8,002	142,554
Accrued Interest Payable	0	0	4,725	4,725
General Obligation Notes Payable	0	0	875,000	875,000
<b>Total Liabilities</b>	<b>167,870</b>	<b>0</b>	<b>968,364</b>	<b>1,136,234</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	18,020	0	389,739	407,759
Reserved for Prepaid Items	865	0	0	865
Reserved for Supplies Inventory	42,836	0	0	42,836
Reserved for Debt Service	0	83,030	0	83,030
Undesignated/Unreserved	303,803	0	(567,573)	(263,770)
<b>Total Fund Balances</b>	<b>365,524</b>	<b>83,030</b>	<b>(177,834)</b>	<b>270,720</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 533,394</b>	<b>\$ 83,030</b>	<b>\$ 790,530</b>	<b>\$ 1,406,954</b>

**CITY OF TIPP CITY, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 580,439	\$ 580,439
Intergovernmental Revenues	415,131	0	681,678	1,096,809
Charges for Services	29,226	0	0	29,226
Licenses and Permits	328	0	0	328
Fines and Forfeitures	993	0	0	993
All Other Revenue	11,934	1,713	61,768	75,415
<b>Total Revenue</b>	<b>457,612</b>	<b>1,713</b>	<b>1,323,885</b>	<b>1,783,210</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,880	0	0	4,880
Leisure Time Activities	66,861	0	0	66,861
Transportation	452,020	0	17,151	469,171
Capital Outlay	4,354	0	1,644,417	1,648,771
Debt Service:				
Principal Retirement	0	280,000	0	280,000
Interest & Fiscal Charges	0	133,874	9,673	143,547
<b>Total Expenditures</b>	<b>528,115</b>	<b>413,874</b>	<b>1,671,241</b>	<b>2,613,230</b>
Excess (Deficiency) of Revenues Over Expenditures	(70,503)	(412,161)	(347,356)	(830,020)
<b>Other Financing Sources (Uses):</b>				
Transfers In	25,000	494,104	30,250	549,354
Transfers Out	0	0	(84,307)	(84,307)
<b>Total Other Financing Sources (Uses)</b>	<b>25,000</b>	<b>494,104</b>	<b>(54,057)</b>	<b>465,047</b>
Net Change in Fund Balances	(45,503)	81,943	(401,413)	(364,973)
<b>Fund Balances at Beginning of Year</b>	<b>406,757</b>	<b>1,087</b>	<b>223,579</b>	<b>631,423</b>
Increase in Inventory Reserve	4,270	0	0	4,270
<b>Fund Balances End of Year</b>	<b>\$ 365,524</b>	<b>\$ 83,030</b>	<b>\$ (177,834)</b>	<b>\$ 270,720</b>

**CITY OF TIPP CITY, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2003**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road	Law Enforcement
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 8,272	\$ 152,401	\$ 42,422	\$ 61,078	\$ 752
Receivables:					
Intergovernmental	0	162,570	13,139	26,694	0
Inventory of Supplies, at Cost	0	42,836	0	0	0
Prepaid Items	0	865	0	0	0
<b>Total Assets</b>	<b>\$ 8,272</b>	<b>\$ 358,672</b>	<b>\$ 55,561</b>	<b>\$ 87,772</b>	<b>\$ 752</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 506	\$ 8,286	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	456	19,356	0	3,761	0
Intergovernmental Payable	0	105	675	0	0
Due to Other Funds	0	173	0	0	0
Deferred Revenue	0	107,996	8,760	17,796	0
<b>Total Liabilities</b>	<b>962</b>	<b>135,916</b>	<b>9,435</b>	<b>21,557</b>	<b>0</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	9,337	455	8,176	52
Reserved for Prepaid Items	0	865	0	0	0
Reserved for Supplies Inventory	0	42,836	0	0	0
Undesignated/Unreserved	7,310	169,718	45,671	58,039	700
<b>Total Fund Balances</b>	<b>7,310</b>	<b>222,756</b>	<b>46,126</b>	<b>66,215</b>	<b>752</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,272</b>	<b>\$ 358,672</b>	<b>\$ 55,561</b>	<b>\$ 87,772</b>	<b>\$ 752</b>

**CITY OF TIPP CITY, OHIO**

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<u>Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>Fire Donation Trust</u>	<u>EMS Donation Trust</u>	<u>Police Donation Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 5,852	\$ 3,719	\$ 6	\$ 11,961	\$ 752	\$ 287,215
75	0	0	0	0	202,478
0	0	0	0	0	42,836
0	0	0	0	0	865
<u>\$ 5,927</u>	<u>\$ 3,719</u>	<u>\$ 6</u>	<u>\$ 11,961</u>	<u>\$ 752</u>	<u>\$ 533,394</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,792
0	0	0	0	0	23,573
0	0	0	0	0	780
0	0	0	0	0	173
0	0	0	0	0	134,552
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>167,870</u>
0	0	0	0	0	18,020
0	0	0	0	0	865
0	0	0	0	0	42,836
5,927	3,719	6	11,961	752	303,803
<u>5,927</u>	<u>3,719</u>	<u>6</u>	<u>11,961</u>	<u>752</u>	<u>365,524</u>
<u>\$ 5,927</u>	<u>\$ 3,719</u>	<u>\$ 6</u>	<u>\$ 11,961</u>	<u>\$ 752</u>	<u>\$ 533,394</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, 2003**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road	Law Enforcement
<b>Revenues:</b>					
Intergovernmental Revenues	\$ 0	\$ 320,759	\$ 26,009	\$ 56,476	\$ 0
Charges for Services	29,226	0	0	0	0
Licenses and Permits	0	328	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	736	9,501	0	1,249	173
<b>Total Revenue</b>	<b>29,962</b>	<b>330,588</b>	<b>26,009</b>	<b>57,725</b>	<b>173</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	1,111
Leisure Time Activities	66,861	0	0	0	0
Transportation	0	361,770	16,469	62,944	0
Capital Outlay	0	3,380	0	0	0
Debt Service:					
<b>Total Expenditures</b>	<b>66,861</b>	<b>365,150</b>	<b>16,469</b>	<b>62,944</b>	<b>1,111</b>
Excess (Deficiency) of Revenues Over Expenditures	(36,899)	(34,562)	9,540	(5,219)	(938)
<b>Other Financing Sources (Uses):</b>					
Transfers In	25,000	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>25,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	(11,899)	(34,562)	9,540	(5,219)	(938)
<b>Fund Balances at Beginning of Year</b>	<b>19,209</b>	<b>253,048</b>	<b>36,586</b>	<b>71,434</b>	<b>1,690</b>
Increase in Inventory Reserve	0	4,270	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 7,310</b>	<b>\$ 222,756</b>	<b>\$ 46,126</b>	<b>\$ 66,215</b>	<b>\$ 752</b>

**CITY OF TIPP CITY, OHIO**

<u>Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>DARE Projects</u>	<u>FEMA Grant</u>	<u>Fire Donation Trust</u>	<u>EMS Donation Trust</u>	<u>Police Donation Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 1,050	\$ 10,837	\$ 0	\$ 0	\$ 0	\$ 415,131
0	0	0	0	0	0	0	29,226
0	0	0	0	0	0	0	328
893	100	0	0	0	0	0	993
<u>0</u>	<u>0</u>	<u>75</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>200</u>	<u>11,934</u>
<u>893</u>	<u>100</u>	<u>1,125</u>	<u>10,837</u>	<u>0</u>	<u>0</u>	<u>200</u>	<u>457,612</u>
0	870	2,427	0	0	0	472	4,880
0	0	0	0	0	0	0	66,861
0	0	0	10,837	0	0	0	452,020
0	0	0	0	974	0	0	4,354
<u>0</u>	<u>870</u>	<u>2,427</u>	<u>10,837</u>	<u>974</u>	<u>0</u>	<u>472</u>	<u>528,115</u>
893	(770)	(1,302)	0	(974)	0	(272)	(70,503)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
893	(770)	(1,302)	0	(974)	0	(272)	(45,503)
5,034	4,489	1,302	0	980	11,961	1,024	406,757
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,270</u>
<u>\$ 5,927</u>	<u>\$ 3,719</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6</u>	<u>\$ 11,961</u>	<u>\$ 752</u>	<u>\$ 365,524</u>

**CITY OF TIPP CITY, OHIO**

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**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2003**

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	<u>Police Facilities Construction</u>	<u>Parks Capital Improvement</u>	<u>West Main Street Reconstruction</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 30,715	\$ 188,887	\$ 19,565
Receivables:			
Taxes	0	66,580	0
Intergovernmental	<u>0</u>	<u>0</u>	<u>14,553</u>
<b>Total Assets</b>	<u><u>\$ 30,715</u></u>	<u><u>\$ 255,467</u></u>	<u><u>\$ 34,118</u></u>
<b>Liabilities:</b>			
Accounts Payable	\$ 0	\$ 27,930	\$ 19,566
Intergovernmental Payable	0	2,616	0
Deferred Revenue	0	8,002	0
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities</b>	<u>0</u>	<u>38,548</u>	<u>19,566</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	29,248	46,660	20,826
Undesignated/Unreserved	<u>1,467</u>	<u>170,259</u>	<u>(6,274)</u>
<b>Total Fund Balances</b>	<u>30,715</u>	<u>216,919</u>	<u>14,552</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 30,715</u></u>	<u><u>\$ 255,467</u></u>	<u><u>\$ 34,118</u></u>

**CITY OF TIPP CITY, OHIO**

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<u>25-A Construction</u>	<u>Swimming Pool Construction</u>	<u>Fire Truck Equipment</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 250,000	\$ 220,230	\$ 0	\$ 709,397
0	0	0	66,580
0	0	0	14,553
<u>\$ 250,000</u>	<u>\$ 220,230</u>	<u>\$ 0</u>	<u>\$ 790,530</u>
\$ 1,245	\$ 29,280	\$ 0	\$ 78,021
0	0	0	2,616
0	0	0	8,002
1,870	2,618	237	4,725
<u>250,000</u>	<u>350,000</u>	<u>275,000</u>	<u>875,000</u>
<u>253,115</u>	<u>381,898</u>	<u>275,237</u>	<u>968,364</u>
132,055	160,950	0	389,739
<u>(135,170)</u>	<u>(322,618)</u>	<u>(275,237)</u>	<u>(567,573)</u>
<u>(3,115)</u>	<u>(161,668)</u>	<u>(275,237)</u>	<u>(177,834)</u>
<u>\$ 250,000</u>	<u>\$ 220,230</u>	<u>\$ 0</u>	<u>\$ 790,530</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, 2003**

	Police Facilities Construction	Parks Capital Improvement	Storm Sewer Construction	North Third Street Reconstruction	West Main Street Reconstruction
<b>Revenues:</b>					
Taxes	\$ 0	\$ 580,439	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0	416,599
All Other Revenue	0	61,768	0	0	0
<b>Total Revenue</b>	<b>0</b>	<b>642,207</b>	<b>0</b>	<b>0</b>	<b>416,599</b>
<b>Expenditures:</b>					
Current:					
Transportation	0	0	0	0	0
Capital Outlay	22,819	425,288	0	0	470,936
Debt Service:					
Interest & Fiscal Charges	0	0	0	0	0
<b>Total Expenditures</b>	<b>22,819</b>	<b>425,288</b>	<b>0</b>	<b>0</b>	<b>470,936</b>
Excess (Deficiency) of Revenues					
Over Expenditures	(22,819)	216,919	0	0	(54,337)
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
Transfers Out	0	0	(19,767)	(64,540)	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>(19,767)</b>	<b>(64,540)</b>	<b>0</b>
Net Change in Fund Balances	(22,819)	216,919	(19,767)	(64,540)	(54,337)
<b>Fund Balances at Beginning of Year</b>	<b>53,534</b>	<b>0</b>	<b>19,767</b>	<b>64,540</b>	<b>68,889</b>
<b>Fund Balances End of Year</b>	<b>\$ 30,715</b>	<b>\$ 216,919</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 14,552</b>

**CITY OF TIPP CITY, OHIO**

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<u>25-A Construction</u>	<u>South First Street Improvement</u>	<u>Swimming Pool Construction</u>	<u>Fire Truck Equipment</u>	<u>Clean Ohio Grant</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 580,439
0	0	0	0	265,079	681,678
0	0	0	0	0	61,768
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>265,079</u>	<u>1,323,885</u>
0	17,151	0	0	0	17,151
1,245	0	159,050	300,000	265,079	1,644,417
<u>1,870</u>	<u>0</u>	<u>2,618</u>	<u>5,185</u>	<u>0</u>	<u>9,673</u>
<u>3,115</u>	<u>17,151</u>	<u>161,668</u>	<u>305,185</u>	<u>265,079</u>	<u>1,671,241</u>
(3,115)	(17,151)	(161,668)	(305,185)	0	(347,356)
0	0	0	30,250	0	30,250
0	0	0	0	0	(84,307)
0	0	0	30,250	0	(54,057)
(3,115)	(17,151)	(161,668)	(274,935)	0	(401,413)
0	17,151	0	(302)	0	223,579
<u>\$ (3,115)</u>	<u>\$ 0</u>	<u>\$ (161,668)</u>	<u>\$ (275,237)</u>	<u>\$ 0</u>	<u>\$ (177,834)</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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,343,348	\$ 2,415,148	\$ 2,423,222	\$ 8,074
Intergovernmental Revenues	1,373,423	1,281,193	1,252,692	(28,501)
Charges for Services	325,050	333,050	354,137	21,087
Licenses and Permits	58,475	101,275	103,757	2,482
Investment Earnings	260,000	225,000	212,596	(12,404)
Special Assessments	3,200	3,200	2,554	(646)
Fines and Forfeitures	18,400	18,400	17,424	(976)
All Other Revenues	131,395	122,995	135,548	12,553
Total Revenues	4,513,291	4,500,261	4,501,930	1,669
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	1,607,712	1,605,712	1,580,085	25,627
Travel and Training	18,069	23,069	21,908	1,161
Materials and Supplies	45,265	45,265	43,047	2,218
Contractual Services	85,986	85,986	76,733	9,253
Total Police	1,757,032	1,760,032	1,721,773	38,259
Fire:				
Personal Services	83,487	75,387	74,174	1,213
Travel and Training	4,925	3,925	3,313	612
Materials and Supplies	5,541	4,841	4,027	814
Contractual Services	45,707	42,107	41,702	405
Total Fire	139,660	126,260	123,216	3,044
Emergency Medical Services:				
Personal Services	473,666	542,166	542,053	113
Travel and Training	12,270	9,770	5,690	4,080
Materials and Supplies	15,070	15,070	14,498	572
Contractual Services	65,561	71,551	58,823	12,728
Total Emergency Medical Services	566,567	638,557	621,064	17,493
Total Security of Persons and Property	2,463,259	2,524,849	2,466,053	58,796
Leisure Time Activities:				
Parks:				
Personal Services	257,098	258,398	257,782	616
Travel and Training	765	1,265	1,234	31
Materials and Supplies	52,325	45,525	42,044	3,481
Contractual Services	78,053	81,803	80,884	919
Total Parks	388,241	386,991	381,944	5,047

(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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Recreation:				
Contractual Services	25,250	25,250	23,250	2,000
Total Recreation	25,250	25,250	23,250	2,000
Total Leisure Time Activities	413,491	412,241	405,194	7,047
Community Environment:				
Planning:				
Personal Services	176,119	176,119	172,340	3,779
Travel and Training	7,035	7,035	4,219	2,816
Materials and Supplies	3,550	3,550	2,674	876
Contractual Services	21,734	21,734	17,841	3,893
Total Community Environment	208,438	208,438	197,074	11,364
Basic Utility Services:				
Utility Billing:				
Personal Services	145,144	145,144	142,796	2,348
Travel and Training	12,600	12,600	12,525	75
Materials and Supplies	30,068	30,068	23,148	6,920
Contractual Services	7,486	7,486	5,776	1,710
Total Basic Utility Services	195,298	195,298	184,245	11,053
General Government:				
City Council:				
Personal Services	77,128	77,128	72,969	4,159
Travel and Training	6,000	6,000	5,237	763
Materials and Supplies	3,989	3,989	3,582	407
Contractual Services	9,558	9,558	8,148	1,410
Total City Council	96,675	96,675	89,936	6,739
Commissions:				
Personal Services	14,720	14,720	14,256	464
Travel and Training	2,000	2,000	574	1,426
Materials and Supplies	4,100	4,400	4,063	337
Contractual Services	47,550	47,250	40,498	6,752
Total Commissions	68,370	68,370	59,391	8,979
Administration:				
Personal Services	169,418	170,623	169,977	646
Travel and Training	3,035	1,830	1,654	176
Materials and Supplies	1,900	1,700	1,636	64
Contractual Services	3,395	3,995	3,899	96
Total Administration	177,748	178,148	177,166	982

(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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Buildings and Grounds:				
Personal Services	41,080	40,990	40,805	185
Travel and Training	500	400	264	136
Materials and Supplies	6,000	4,815	4,809	6
Contractual Services	144,914	146,289	145,499	790
Total Buildings and Grounds	<u>192,494</u>	<u>192,494</u>	<u>191,377</u>	<u>1,117</u>
Finance - Accounting:				
Personal Services	153,823	153,823	150,462	3,361
Travel and Training	3,580	2,580	1,554	1,026
Materials and Supplies	3,368	3,368	2,930	438
Contractual Services	12,636	13,636	12,247	1,389
Total Finance - Accounting	<u>173,407</u>	<u>173,407</u>	<u>167,193</u>	<u>6,214</u>
Finance - Income Tax:				
Personal Services	125,560	125,560	120,917	4,643
Travel and Training	3,850	3,850	2,864	986
Materials and Supplies	7,424	7,424	7,035	389
Contractual Services	8,105	8,105	7,050	1,055
Income Tax Refunds	85,000	85,000	55,403	29,597
Total Finance - Income Tax	<u>229,939</u>	<u>229,939</u>	<u>193,269</u>	<u>36,670</u>
Legal:				
Personal Services	50,426	50,426	49,735	691
Travel and Training	400	400	0	400
Materials and Supplies	300	300	0	300
Contractual Services	32,243	32,243	17,706	14,537
Total Legal	<u>83,369</u>	<u>83,369</u>	<u>67,441</u>	<u>15,928</u>
Engineering:				
Personal Services	123,688	132,463	130,376	2,087
Travel and Training	2,972	2,972	1,983	989
Materials and Supplies	2,450	2,650	2,484	166
Contractual Services	70,605	79,075	70,834	8,241
Total Engineering	<u>199,715</u>	<u>217,160</u>	<u>205,677</u>	<u>11,483</u>
General Administrative:				
Personal Services	1,000	1,000	686	314
Materials and Supplies	30,000	1,160	0	1,160
Contractual Services	255,792	314,632	264,132	50,500
Other Expenditures	2,000	2,000	0	2,000
Total General Administrative	<u>288,792</u>	<u>318,792</u>	<u>264,818</u>	<u>53,974</u>
Total General Government	<u>1,510,509</u>	<u>1,558,354</u>	<u>1,416,268</u>	<u>142,086</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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Capital Outlay:				
Police	12,695	9,695	8,313	1,382
Fire	50,972	64,372	63,883	489
Emergency Medical Services	1,700	1,700	287	1,413
Parks	6,415	7,665	7,571	94
Planning	2,550	2,550	506	2,044
Utility Billing	1,175	1,175	1,042	133
City Council	500	500	199	301
Administration	500	100	100	0
Finance - Accounting	1,400	1,400	1,020	380
Finance - Income Tax	500	500	415	85
Engineering	1,142	1,472	1,277	195
Total Capital Outlay	<u>79,549</u>	<u>91,129</u>	<u>84,613</u>	<u>6,516</u>
Total Expenditures	<u>4,870,544</u>	<u>4,990,309</u>	<u>4,753,447</u>	<u>236,862</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(357,253)	(490,048)	(251,517)	238,531
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Fixed Assets	1,500	1,500	8,736	7,236
Transfers In	188,355	188,355	168,631	(19,724)
Transfers Out	(690,000)	(570,235)	(475,000)	95,235
Advances In	500,000	500,000	500,000	0
Advances Out	(500,000)	(500,000)	(500,000)	0
Total Other Financing Sources (Uses)	<u>(500,145)</u>	<u>(380,380)</u>	<u>(297,633)</u>	<u>82,747</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(857,398)	(870,428)	(549,150)	321,278
Fund Balance at Beginning of Year	2,703,834	2,703,834	2,703,834	0
Prior Year Encumbrances	<u>171,967</u>	<u>171,967</u>	<u>171,967</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,018,403</u>	<u>\$ 2,005,373</u>	<u>\$ 2,326,651</u>	<u>\$ 321,278</u>

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund  
For the Year Ended December 31, 2003**

<b>CAPITAL IMPROVEMENT RESERVE FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 518,750	\$ 520,615	\$ 1,865
Intergovernmental Revenues	61,247	98,208	36,961
Special Assessments	70,000	105,515	35,515
All Other Revenues	17,151	17,151	0
Total Revenues	<u>667,148</u>	<u>741,489</u>	<u>74,341</u>
<b>Expenditures:</b>			
General Government:			
Contractual Services	3,100	1,562	1,538
Other Expenditures	14,000	13,851	149
Total General Government	<u>17,100</u>	<u>15,413</u>	<u>1,687</u>
Capital Outlay	1,761,026	1,544,100	216,926
Total Expenditures	<u>1,778,126</u>	<u>1,559,513</u>	<u>218,613</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,110,978)	(818,024)	292,954
<b>Other Financing Sources (Uses):</b>			
Proceeds from the Sale of Fixed Assets	700	755	55
Transfers In	514,541	514,540	(1)
Transfers Out	(400,491)	(398,721)	1,770
Total Other Financing Sources (Uses)	<u>114,750</u>	<u>116,574</u>	<u>1,824</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(996,228)	(701,450)	294,778
Fund Balance at Beginning of Year	101,256	101,256	0
Prior Year Encumbrances	897,071	897,071	0
Fund Balance at End of Year	<u>\$ 2,099</u>	<u>\$ 296,877</u>	<u>\$ 294,778</u>

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund  
For the Year Ended December 31, 2003**

<b>DONN DAVIS WAY CONSTRUCTION FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Transportation:			
Contractual Services	52,178	37,562	14,616
Total Transportation	52,178	37,562	14,616
Capital Outlay	1,983,081	1,152,924	830,157
Total Expenditures	2,035,259	1,190,486	844,773
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,035,259)	(1,190,486)	844,773
<b>Other Financing Sources (Uses):</b>			
General Obligation Notes Issued	1,950,000	1,950,000	0
Transfers Out	(845,090)	(814,858)	30,232
Total Other Financing Sources (Uses)	1,104,910	1,135,142	30,232
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(930,349)	(55,344)	875,005
Fund Balance at Beginning of Year	97,099	97,099	0
Prior Year Encumbrances	845,259	845,259	0
Fund Balance at End of Year	<u>\$ 12,009</u>	<u>\$ 887,014</u>	<u>\$ 875,005</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, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>SWIMMING POOL FUND</b>			
<b>Revenues:</b>			
Charges for Services	\$ 29,830	\$ 29,226	\$ (604)
All Other Revenues	1,200	736	(464)
Total Revenues	<u>31,030</u>	<u>29,962</u>	<u>(1,068)</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Swimming Pool:			
Personal Services	51,710	51,529	181
Materials and Supplies	9,143	9,036	107
Contractual Services	<u>6,160</u>	<u>5,724</u>	<u>436</u>
Total Expenditures	<u>67,013</u>	<u>66,289</u>	<u>724</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,983)	(36,327)	(344)
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(10,983)	(11,327)	(344)
Fund Balance at Beginning of Year	19,056	19,056	0
Prior Year Encumbrances	<u>543</u>	<u>543</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,616</u>	<u>\$ 8,272</u>	<u>\$ (344)</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, 2003**

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 289,600	\$ 311,298	\$ 21,698
Licenses and Permits	500	328	(172)
All Other Revenues	1,500	8,925	7,425
Total Revenues	<u>291,600</u>	<u>320,551</u>	<u>28,951</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Personal Services	267,925	257,944	9,981
Travel and Training	2,080	558	1,522
Materials and Supplies	61,796	59,002	2,794
Contractual Services	58,302	50,912	7,390
Total Transportation	<u>390,103</u>	<u>368,416</u>	<u>21,687</u>
Capital Outlay	5,339	3,400	1,939
Total Expenditures	<u>395,442</u>	<u>371,816</u>	<u>23,626</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(103,842)	(51,265)	52,577
Fund Balance at Beginning of Year	176,935	176,935	0
Prior Year Encumbrances	14,933	14,933	0
Fund Balance at End of Year	<u>\$ 88,026</u>	<u>\$ 140,603</u>	<u>\$ 52,577</u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 23,480	\$ 25,241	\$ 1,761
Total Revenues	<u>23,480</u>	<u>25,241</u>	<u>1,761</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Materials and Supplies	9,500	9,140	360
Contractual Services	<u>17,932</u>	<u>7,784</u>	<u>10,148</u>
Total Expenditures	<u>27,432</u>	<u>16,924</u>	<u>10,508</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,952)	8,317	12,269
Fund Balance at Beginning of Year	28,543	28,543	0
Prior Year Encumbrances	<u>4,432</u>	<u>4,432</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 29,023</u>	<u>\$ 41,292</u>	<u>\$ 12,269</u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>MUNICIPAL ROAD FUND</b>			
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 54,500	\$ 56,181	\$ 1,681
All Other Revenues	0	1,249	1,249
Total Revenues	<u>54,500</u>	<u>57,430</u>	<u>2,930</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Personal Services	50,941	48,318	2,623
Materials and Supplies	31,201	24,034	7,167
Contractual Services	<u>1,750</u>	<u>1,666</u>	<u>84</u>
Total Expenditures	<u>83,892</u>	<u>74,018</u>	<u>9,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,392)	(16,588)	12,804
Fund Balance at Beginning of Year	61,289	61,289	0
Prior Year Encumbrances	<u>8,201</u>	<u>8,201</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 40,098</u>	<u>\$ 52,902</u>	<u>\$ 12,804</u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 150	\$ 173	\$ 23
Total Revenues	<u>150</u>	<u>173</u>	<u>23</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	<u>1,500</u>	<u>1,163</u>	<u>337</u>
Total Expenditures	<u>1,500</u>	<u>1,163</u>	<u>337</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,350)	(990)	360
Fund Balance at Beginning of Year	<u>1,690</u>	<u>1,690</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 340</u>	<u>\$ 700</u>	<u>\$ 360</u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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<b>ENFORCEMENT AND EDUCATION FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 700	\$ 846	\$ 146
Total Revenues	<u>700</u>	<u>846</u>	<u>146</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Expenditures	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,300)	846	5,146
Fund Balance at Beginning of Year	4,006	4,006	0
Prior Year Encumbrances	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 706</u>	<u>\$ 5,852</u>	<u>\$ 5,146</u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 50	\$ 100	\$ 50
Total Revenues	<u>50</u>	<u>100</u>	<u>50</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	4,370	870	3,500
Total Expenditures	<u>4,370</u>	<u>870</u>	<u>3,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,320)	(770)	3,550
Fund Balance at Beginning of Year	2,119	2,119	0
Prior Year Encumbrances	2,370	2,370	0
Fund Balance at End of Year	<u>\$ 169</u>	<u>\$ 3,719</u>	<u>\$ 3,550</u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 2,365	\$ 1,050	\$ (1,315)
All Other Revenues	75	75	0
Total Revenues	<u>2,440</u>	<u>1,125</u>	<u>(1,315)</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	<u>3,740</u>	<u>2,427</u>	<u>1,313</u>
Total Expenditures	<u>3,740</u>	<u>2,427</u>	<u>1,313</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,300)	(1,302)	(2)
Fund Balance at Beginning of Year	<u>1,302</u>	<u>1,302</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2</u>	<u>\$ 0</u>	<u>\$ (2)</u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>FEMA GRANT FUND</b>			
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 10,837	\$ 10,837	\$ 0
Total Revenues	<u>10,837</u>	<u>10,837</u>	<u>0</u>
<b>Expenditures:</b>			
Transportation:			
Grants:			
Materials and Supplies	604	604	0
Contractual Services	358	358	0
Other Expenditures	<u>9,875</u>	<u>9,875</u>	<u>0</u>
Total Expenditures	<u>10,837</u>	<u>10,837</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Fire:			
Capital Outlay	<u>980</u>	<u>974</u>	<u>6</u>
Total Expenditures	<u>980</u>	<u>974</u>	<u>6</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(980)	(974)	6
Fund Balance at Beginning of Year	<u>980</u>	<u>980</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 6</u></u>	<u><u>\$ 6</u></u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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<b>E.M.S. DONATION TRUST FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Emergency Medic Service:			
Materials and Supplies	<u>11,000</u>	<u>0</u>	<u>11,000</u>
Total Expenditures	<u>11,000</u>	<u>0</u>	<u>11,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,000)	0	11,000
Fund Balance at Beginning of Year	<u>11,961</u>	<u>11,961</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 961</u></u>	<u><u>\$ 11,961</u></u>	<u><u>\$ 11,000</u></u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 200	\$ 200	\$ 0
Total Revenues	<u>200</u>	<u>200</u>	<u>0</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Contractual Services	<u>1,000</u>	<u>472</u>	<u>528</u>
Total Expenditures	<u>1,000</u>	<u>472</u>	<u>528</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(800)	(272)	528
Fund Balance at Beginning of Year	<u>1,024</u>	<u>1,024</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 224</u>	<u>\$ 752</u>	<u>\$ 528</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, 2003**

<b>GENERAL BOND RETIREMENT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	2,125,000	2,125,000	0
Interest and Fiscal Charges	224,768	220,352	4,416
Total Expenditures	<u>2,349,768</u>	<u>2,345,352</u>	<u>4,416</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,349,768)	(2,345,352)	4,416
<b>Other Financing Sources (Uses):</b>			
General Obligation Notes Issued	800,000	800,000	0
Premium on General Obligation Notes Issued	0	1,713	1,713
Transfers In	1,625,581	1,625,582	1
Total Other Financing Sources (Uses)	<u>2,425,581</u>	<u>2,427,295</u>	<u>1,714</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	75,813	81,943	6,130
Fund Balance at Beginning of Year	<u>1,087</u>	<u>1,087</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 76,900</u>	<u>\$ 83,030</u>	<u>\$ 6,130</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, 2003***

<b>POLICE FACILITIES CONSTRUCTION FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Contractual Services	<u>2,391</u>	<u>2,391</u>	<u>0</u>
Total Security of Persons and Property	<u>2,391</u>	<u>2,391</u>	<u>0</u>
Capital Outlay	<u>51,296</u>	<u>51,296</u>	<u>0</u>
Total Expenditures	<u>53,687</u>	<u>53,687</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,687)	(53,687)	0
Fund Balance at Beginning of Year	1,467	1,467	0
Prior Year Encumbrances	<u>53,687</u>	<u>53,687</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,467</u></u>	<u><u>\$ 1,467</u></u>	<u><u>\$ 0</u></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, 2003**

<b>PARKS CAPITAL IMPROVEMENT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 500,000	\$ 521,861	\$ 21,861
All Other Revenues	<u>60,000</u>	<u>61,768</u>	<u>1,768</u>
Total Revenues	<u>560,000</u>	<u>583,629</u>	<u>23,629</u>
<b>Expenditures:</b>			
Capital Outlay	<u>500,000</u>	<u>471,948</u>	<u>28,052</u>
Total Expenditures	<u>500,000</u>	<u>471,948</u>	<u>28,052</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,000	111,681	51,681
<b>Other Financing Sources (Uses):</b>			
Advances In	500,000	500,000	0
Advances Out	<u>(500,000)</u>	<u>(500,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	60,000	111,681	51,681
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 60,000</u>	<u>\$ 111,681</u>	<u>\$ 51,681</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, 2003**

<b>STORM SEWER CONSTRUCTION FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
<b>Other Financing Sources (Uses):</b>			
Transfers Out	<u>(19,767)</u>	<u>(19,767)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(19,767)</u>	<u>(19,767)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(19,767)	(19,767)	0
Fund Balance at Beginning of Year	<u>19,767</u>	<u>19,767</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF TIPP CITY, OHIO**

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***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, 2003***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
<b>Other Financing Sources (Uses):</b>			
Transfers In	1	0	(1)
Transfers Out	<u>(64,541)</u>	<u>(64,540)</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>(64,540)</u>	<u>(64,540)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(64,540)	(64,540)	0
Fund Balance at Beginning of Year	<u>64,540</u>	<u>64,540</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF TIPP CITY, OHIO**

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***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, 2003***

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<b>WEST MAIN STREET RECONSTRUCTION FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 468,086	\$ 428,898	\$ (39,188)
Total Revenues	<u>468,086</u>	<u>428,898</u>	<u>(39,188)</u>
<b>Expenditures:</b>			
Capital Outlay	<u>551,434</u>	<u>533,073</u>	<u>18,361</u>
Total Expenditures	<u>551,434</u>	<u>533,073</u>	<u>18,361</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(83,348)	(104,175)	(20,827)
Fund Balance (Deficit) at Beginning of Year	(468,086)	(468,086)	0
Prior Year Encumbrances	<u>551,434</u>	<u>551,434</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 0</u>	<u>\$ (20,827)</u>	<u>\$ (20,827)</u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Capital Outlay	<u>250,000</u>	<u>133,300</u>	<u>116,700</u>
Total Expenditures	<u>250,000</u>	<u>133,300</u>	<u>116,700</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(250,000)	(133,300)	116,700
<b>Other Financing Sources (Uses):</b>			
General Obligation Notes Issued	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	116,700	116,700
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>\$ 116,700</u>	<u>\$ 116,700</u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Transportation:			
Other Expenditures	<u>17,150</u>	<u>17,151</u>	<u>(1)</u>
Total Expenditures	<u>17,150</u>	<u>17,151</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,150)	(17,151)	(1)
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>1</u>	<u>0</u>	<u>(1)</u>
Total Other Financing Sources (Uses)	<u>1</u>	<u>0</u>	<u>(1)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(17,149)	(17,151)	(2)
Fund Balance at Beginning of Year	<u>17,151</u>	<u>17,151</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2</u>	<u>\$ 0</u>	<u>\$ (2)</u>

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Leisure Time Activities:			
Contractual Services	75,000	75,000	0
Total Leisure Time Activities	75,000	75,000	0
Capital Outlay	275,000	245,000	30,000
Total Expenditures	350,000	320,000	30,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(350,000)	(320,000)	30,000
<b>Other Financing Sources (Uses):</b>			
General Obligation Notes Issued	350,000	350,000	0
Total Other Financing Sources (Uses)	350,000	350,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	30,000	30,000
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 0	\$ 30,000	\$ 30,000

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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

**CITY OF TIPP CITY, OHIO**

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**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, 2003**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 265,079	\$ 265,079	\$ 0
Total Revenues	<u>265,079</u>	<u>265,079</u>	<u>0</u>
<b>Expenditures:</b>			
Capital Outlay	<u>265,079</u>	<u>265,079</u>	<u>0</u>
Total Expenditures	<u>265,079</u>	<u>265,079</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

***Fiduciary Funds***

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

***Agency Funds***

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**Contractor Maintenance Deposit**

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.

**Northern Area Water Authority Fund**

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

**CITY OF TIPP CITY, OHIO**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2003**

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
<b><u>Contractor Maintenance Deposit</u></b>				
Assets:				
Restricted Cash and Cash Equivalents	\$45,968	\$18,000	(\$27,076)	\$36,892
Total Assets	<u>\$45,968</u>	<u>\$18,000</u>	<u>(\$27,076)</u>	<u>\$36,892</u>
Liabilities:				
Due to Others	\$45,968	\$18,000	(\$27,076)	\$36,892
Total Liabilities	<u>\$45,968</u>	<u>\$18,000</u>	<u>(\$27,076)</u>	<u>\$36,892</u>
<b><u>Health Insurance Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$88,890	\$58,668	(\$58,408)	\$89,150
Total Assets	<u>\$88,890</u>	<u>\$58,668</u>	<u>(\$58,408)</u>	<u>\$89,150</u>
Liabilities:				
Due to Others	\$88,890	\$58,668	(\$58,408)	\$89,150
Total Liabilities	<u>\$88,890</u>	<u>\$58,668</u>	<u>(\$58,408)</u>	<u>\$89,150</u>
<b><u>Northern Area Water Authority Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$20,094	\$874,186	(\$855,263)	\$39,017
Total Assets	<u>\$20,094</u>	<u>\$874,186</u>	<u>(\$855,263)</u>	<u>\$39,017</u>
Liabilities:				
Intergovernmental Payable	\$20,094	\$874,186	(\$855,263)	\$39,017
Total Liabilities	<u>\$20,094</u>	<u>\$874,186</u>	<u>(\$855,263)</u>	<u>\$39,017</u>
<b><u>Total Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$108,984	\$932,854	(\$913,671)	\$128,167
Restricted Cash and Cash Equivalents	45,968	18,000	(27,076)	36,892
Total Assets	<u>\$154,952</u>	<u>\$950,854</u>	<u>(\$940,747)</u>	<u>\$165,059</u>
Liabilities:				
Intergovernmental Payable	\$20,094	\$874,186	(\$855,263)	\$39,017
Due to Others	134,858	76,668	(85,484)	126,042
Total Liabilities	<u>\$154,952</u>	<u>\$950,854</u>	<u>(\$940,747)</u>	<u>\$165,059</u>



*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

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

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2003***

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<u>Capital Assets</u>	
Land	\$8,686,872
Construction in Progress	\$996,669
Buildings	4,612,317
Improvements Other Than Buildings	1,067,113
Machinery and Equipment	4,165,779
Infrastructure	<u>12,961,246</u>
Total Capital Assets	<u>\$32,489,996</u>
<u>Investment in Capital Assets</u>	
General Fund	\$2,315,337
Special Revenue Funds	375,114
Capital Projects Funds	10,556,159
General Revenue Sharing	56,336
Enterprise Funds	296,777
Trust/Agency Funds	29,069
Infrastructure Prior to 2003	18,553,203
Contributions	<u>308,001</u>
Total Investment in Capital Assets	<u>\$32,489,996</u>

**CITY OF TIPP CITY, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2003**

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other Than Buildings
<u>General Government:</u>				
Clerk - Council	\$0	\$0	\$0	\$0
City Manager	0	0	0	0
Buildings and Grounds	124,536	0	2,523,092	0
Finance - Administration	0	0	0	0
Finance - Utility Billing	0	0	0	0
Finance - Income Tax	0	0	0	0
Miscellaneous	0	0	0	0
Total	124,536	0	2,523,092	0
<u>Security of Persons and Property:</u>				
Police	0	0	31,949	0
Fire	13,330	0	451,606	9,934
EMS	0	0	1,750	0
Total	13,330	0	485,305	9,934
<u>Transportation:</u>				
Planning/Engineering	0	0	0	0
Street	6,992,851	996,669	970,659	80,224
Total	6,992,851	996,669	970,659	80,224
<u>Leisure Time Activities:</u>				
Parks	1,556,155	0	594,077	680,188
Pool	0	0	39,184	296,767
Total	1,556,155	0	633,261	976,955
Total Capital Assets	\$8,686,872	\$996,669	\$4,612,317	\$1,067,113

**CITY OF TIPP CITY, OHIO**

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Machinery and Equipment	Infrastructure	Total
\$4,384	\$0	\$4,384
17,902	0	17,902
288,921	0	2,936,549
35,374	0	35,374
45,660	0	45,660
12,192	0	12,192
26,488	0	26,488
<u>430,921</u>	<u>0</u>	<u>3,078,549</u>
667,580	0	699,529
1,321,628	0	1,796,498
478,011	0	479,761
<u>2,467,219</u>	<u>0</u>	<u>2,975,788</u>
70,917	0	70,917
669,912	12,961,246	22,671,561
<u>740,829</u>	<u>12,961,246</u>	<u>22,742,478</u>
492,885	0	3,323,305
33,925	0	369,876
<u>526,810</u>	<u>0</u>	<u>3,693,181</u>
<u>\$4,165,779</u>	<u>\$12,961,246</u>	<u>\$32,489,996</u>

**CITY OF TIPP CITY, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule Changes by Function and Activity  
For Year Ended December 31, 2003**

Function and Activity	Restated December 31, 2002	Transfers	Additions	Deletions	December 31, 2003
<b><u>General Government:</u></b>					
Clerk - Council	\$11,149	\$0	\$0	(\$6,765)	\$4,384
City Manager	19,699	0	0	(1,797)	17,902
Buildings and Grounds	2,906,484	0	30,065	0	2,936,549
Finance - Administration	37,612	0	0	(2,238)	35,374
Finance - Utility Billing	48,254	0	0	(2,594)	45,660
Finance - Income Tax	12,192	0	0	0	12,192
Miscellaneous	26,488	0	0	0	26,488
Total	3,061,878	0	30,065	(13,394)	3,078,549
<b><u>Security of Persons and Property:</u></b>					
Police	703,842	(34,381)	70,025	(39,957)	699,529
Fire	1,408,285	0	388,213	0	1,796,498
EMS	455,986	20,392	5,609	(2,226)	479,761
Total	2,568,113	(13,989)	463,847	(42,183)	2,975,788
<b><u>Transportation:</u></b>					
Planning/Engineering	70,438	13,989	3,689	(17,199)	70,917
Street	20,269,145	0	2,596,877	(194,461)	22,671,561
Total	20,339,583	13,989	2,600,566	(211,660)	22,742,478
<b><u>Leisure Time Activities:</u></b>					
Parks	2,662,817	10,280	734,690	(84,482)	3,323,305
Pool	369,876	0	0	0	369,876
Total	3,032,693	10,280	734,690	(84,482)	3,693,181
Total Capital Assets	\$29,002,267	\$10,280	\$3,829,168	(\$351,719)	\$32,489,996

# *STATISTICAL SECTION*

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**Tipp City, Ohio**

*STATISTICAL TABLES*

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

**CITY OF TIPP CITY, OHIO**

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**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
LAST TEN YEARS**

<u>Year</u>	<u>Security of Persons and Property</u>	<u>Leisure Time Activities</u>	<u>Community Environment</u>	<u>Basic Utilities</u>	<u>Trans- portation</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1994	\$1,127,120	\$214,296	\$65,530	\$91,772	\$319,358	\$751,137	\$52,182	\$112,724	\$2,734,119
1995	1,125,168	224,685	54,466	89,361	332,903	739,643	44,996	125,269	2,736,491
1996	1,262,467	240,203	120,162	99,321	324,913	809,177	44,388	176,836	3,077,467
1997	1,258,472	240,981	115,482	115,812	316,308	758,825	123,880	274,354	3,204,114
1998	1,494,252	268,929	121,268	170,865	330,822	835,009	292,749	265,016	3,778,910
1999	1,543,564	280,857	133,517	120,321	333,911	901,757	421,574	255,632	3,991,133
2000	1,912,131	314,361	113,088	129,327	342,793	892,442	115,729	246,195	4,066,066
2001	2,160,173	353,068	213,504	151,674	359,026	1,018,998	122,484	299,225	4,678,152
2002	2,307,522	405,517	188,598	160,646	410,717	1,182,566	93,968	374,309	5,123,843
2003	2,474,913	429,309	197,643	174,405	452,020	1,248,630	81,046	413,874	5,471,840

- 52 -

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

**CITY OF TIPP CITY, OHIO**

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**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
LAST TEN YEARS**

<u>Year</u>	<u>Taxes</u>	<u>Inter-Governmental Revenues</u>	<u>Charges for Services</u>	<u>Licenses and Permits</u>	<u>Investment Earnings</u>	<u>Fines and Forfeitures</u>	<u>All Other (2)</u>	<u>Total</u>
1994	\$1,293,661	\$623,336	\$215,381	\$112,345	\$180,661	\$23,315	\$147,963	\$2,596,662
1995	1,427,129	721,492	210,519	118,008	266,203	30,930	167,959	2,942,240
1996	1,569,061	801,571	230,153	143,895	348,173	17,790	142,883	3,253,526
1997	1,829,546	890,691	318,556	90,281	405,443	18,924	129,090	3,682,531
1998	1,878,229	917,625	309,291	70,769	490,380	18,801	125,318	3,810,413
1999	2,029,562	1,110,545	302,952	56,338	429,144	18,207	129,482	4,076,230
2000	2,197,531	1,050,707	300,753	48,673	611,282	12,831	124,000	4,345,777
2001	2,215,268	1,570,423	329,576	39,889	632,641	19,870	134,541	4,942,208
2002	2,244,459	1,677,572	363,786	66,231	331,071	20,568	237,192	4,940,879
2003	2,381,678	1,667,222	389,278	104,085	196,466	17,943	167,569	4,924,241

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

(2) Includes Special Assessment Revenue

Source: Tipp City Department of Finance

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

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***PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS***

<b><u>Collection Year</u></b>	<b><u>Total Tax Levy</u></b>	<b><u>Current Tax Collections</u></b>	<b><u>Delinquent Tax Collections</u></b>	<b><u>Total Tax Collections</u></b>	<b><u>Percent of Total Tax Collections To Tax Levy</u></b>	<b><u>Accumulated Outstanding Delinquent Taxes</u></b>	<b><u>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</u></b>
1994	\$141,303	\$138,937	\$2,514	\$141,451	100.10%	\$2,403	1.70%
1995	149,792	150,836	2,141	152,977	102.13%	1,942	1.30%
1996	191,148	185,664	2,055	187,719	98.21%	4,121	2.16%
1997	203,009	197,422	2,587	200,009	98.52%	4,145	2.04%
1998	214,793	209,440	2,771	212,211	98.80%	3,716	1.73%
1999	243,582	237,143	3,697	240,840	98.87%	3,411	1.40%
2000	249,639	243,570	2,965	246,535	98.76%	3,790	1.52%
2001	253,638	249,303	2,988	252,291	99.47%	4,939	1.95%
2002	257,854	253,598	3,606	257,204	99.75%	6,655	2.58%
2003	266,432	260,168	4,549	264,717	99.36%	9,241	3.47%

Source: Miami County Auditor

**CITY OF TIPP CITY, OHIO**

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**TANGIBLE TAX COLLECTED  
LAST TEN YEARS**

<b>Collection Year</b>	<b>Current Billings</b>	<b>Current Collections</b>	<b>% Collected</b>	<b>Accumulated Outstanding Delinquent Taxes</b>
1994	\$28,567	\$31,444	110.1%	\$5,122
1995	31,960	34,274	107.2%	3,782
1996	37,114	35,280	95.1%	8,247
1997	45,771	45,713	99.9%	3,037
1998	48,366	47,488	98.2%	2,845
1999	49,382	48,565	98.3%	831
2000	61,030	60,592	99.3%	3,752
2001	71,422	70,516	98.7%	4,383
2002	69,299	68,695	99.1%	13,715
2003	71,478	68,890	96.4%	7,722

Source: Miami County Auditor

**CITY OF TIPP CITY, OHIO**

**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES  
OF TAXABLE PROPERTY  
LAST TEN YEARS**

-56-

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1994	\$90,106,730	\$257,447,800	\$9,771,120	\$27,917,486	\$22,687,430	\$90,749,720	\$122,565,280	\$376,115,006	32.59%
1995	116,621,050	333,203,000	9,796,050	27,988,714	23,989,360	95,957,440	150,406,460	457,149,154	32.90%
1996	122,044,480	348,698,514	11,055,280	31,586,514	26,535,050	106,140,200	159,634,810	486,425,228	32.82%
1997	131,610,120	376,028,914	11,690,530	33,401,514	33,592,560	134,370,240	176,893,210	543,800,668	32.53%
1998	149,111,080	426,031,657	11,610,700	33,173,429	35,719,150	142,876,600	196,440,930	602,081,686	32.63%
1999	154,572,570	441,635,914	11,837,420	33,821,200	36,613,070	146,452,280	203,023,060	621,909,394	32.65%
2000	159,341,120	455,260,343	11,240,770	32,116,486	44,987,580	179,950,320	215,569,470	667,327,149	32.30%
2001	179,671,860	513,348,171	5,868,640	16,767,543	52,383,870	209,535,480	237,924,370	739,651,194	32.17%
2002	183,598,860	524,568,171	6,107,630	17,450,371	54,312,940	217,251,760	244,019,430	759,270,302	32.14%
2003	187,632,000	536,091,429	5,943,990	16,982,829	55,679,380	222,717,520	249,255,370	775,791,777	32.13%

Source: Miami County Auditor

**CITY OF TIPP CITY, OHIO**

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

<b>Collection Year</b>	<b>City of Tipp City</b>		<b>Tipp City Exempted Village School District</b>	<b>Miami Valley Joint Vocational School District</b>	<b>Miami County</b>	<b>Special Taxing District</b>	<b>Total</b>
	<b>General Fund</b>	<b>Total City</b>					
1994	1.40	1.40	41.65	2.58	10.51	1.70	57.84
1995	1.40	1.40	43.69	2.58	10.51	1.70	59.88
1996	1.40	1.40	43.20	2.58	6.02	1.70	54.90
1997	1.40	1.40	43.28	2.58	7.03	1.70	55.99
1998	1.40	1.40	43.20	2.58	8.82	1.70	57.70
1999	1.40	1.40	43.20	2.58	8.82	1.70	57.70
2000	1.40	1.40	43.20	2.58	8.81	1.70	57.69
2001	1.40	1.40	47.86	2.58	8.83	1.70	62.37
2002	1.40	1.40	47.50	2.58	8.43	1.70	61.61
2003	1.40	1.40	47.30	2.58	9.13	1.70	62.11

Source: Miami County Auditor  
Miami County Treasurer

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

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***SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN YEARS***

<b><u>Collection Year</u></b>	<b><u>Amount Billed</u></b>	<b><u>Amount Collected</u></b>	<b><u>Percent Collected</u></b>
1994	\$44,287	\$41,329	93.32%
1995	42,713	42,442	99.37%
1996	43,391	41,934	96.64%
1997	59,737	51,614	86.40%
1998	42,251	33,928	80.30%
1999	43,372	33,872	78.10%
2000	48,879	47,558	97.30%
2001	44,370	39,921	89.97%
2002	36,628	30,739	83.92%
2003	32,775	27,363	83.49%

Source: Miami County Auditor

**CITY OF TIPP CITY, OHIO**

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**COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2003**

	<u><b>Total Debt</b></u>	<u><b>Unvoted Debt</b></u>
Net Assessed Valuation	\$249,255,370	\$249,255,370
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	26,171,814	13,709,045
Applicable City Debt Outstanding (2)	0	0
Less: Applicable Debt Service Fund Amounts	0	0
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>
Legal Debt Margin	<u><u>\$26,171,814</u></u>	<u><u>\$13,709,045</u></u>

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

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

# CITY OF TIPP CITY, OHIO

## RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA LAST TEN YEARS

Tax Year		Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1994	a	6,027	\$122,565,280	\$610,000	\$21	\$609,979	0.50%	\$101.21
1995	a	6,027	150,406,460	730,000	103	729,897	0.49%	121.10
1996	a	6,027	159,634,810	1,735,000	1,025	1,733,975	1.09%	287.70
1997	a	6,027	176,893,210	1,550,000	23	1,549,977	0.88%	257.17
1998	a	6,027	196,440,930	1,365,000	23	1,364,977	0.69%	226.48
1999	a	6,027	203,023,060	1,180,000	140	1,179,860	0.58%	195.76
2000	b	9,221	215,569,470	995,000	0	995,000	0.46%	107.91
2001	b	9,221	237,924,370	3,140,000	0	3,140,000	1.32%	340.53
2002	b	9,221	244,019,430	2,910,000	1,087	2,908,913	1.19%	315.47
2003	b	9,221	249,255,370	2,630,000	83,030	2,546,970	1.02%	276.21

Source:

- (1) U.S. Bureau of Census of Population - (a) U.S. Bureau of Census, Federal 1990 Census  
(b) U.S. Bureau of Census, Federal 2000 Census
- (2) Miami County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes. Does not include General Obligation bonded debt supported by enterprise funds.

**CITY OF TIPP CITY, OHIO**

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**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN YEARS**

<b>Year</b>	<b>Debt Principal</b>	<b>Debt Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Tax Debt Service to General Governmental Expenditures</b>
1994	\$70,000	\$42,724	\$112,724	\$2,734,119	4.12%
1995	80,000	45,269	125,269	2,736,491	4.58%
1996	95,000	81,836	176,836	3,077,467	5.75%
1997	185,000	89,354	274,354	3,204,114	8.56%
1998	185,000	80,076	265,076	3,778,910	7.01%
1999	185,000	70,632	255,632	3,991,133	6.40%
2000	185,000	61,195	246,195	4,066,066	6.05%
2001	180,000	119,225	299,225	4,678,152	6.40%
2002	230,000	144,309	374,309	5,123,843	7.31%
2003	280,000	133,875	413,875	5,471,840	7.56%

**CITY OF TIPP CITY, OHIO**

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**COMPUTATION OF ALL DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 2003**

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Tipp City</u>	<u>Amount Applicable to City of Tipp City</u>
<b>Direct</b>			
City of Tipp City	\$0	0.00%	\$0
<b>Overlapping Subdivisions</b>			
Tipp City Exempted Village School District	21,275,000	68.89%	14,656,348
Miami Valley Joint Vocational School District	0	3.50%	0
Miami County	7,060,000	12.08%	<u>852,848</u>
		Subtotal	<u>15,509,196</u>
		Total	<u><u>\$15,509,196</u></u>

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

Source: Miami County Auditor and Fiscal Officers of Subdivisions

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

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***DEMOGRAPHIC STATISTICS  
LAST TEN YEARS***

<b>Year</b>		<b>City of Tipp City Population (1)</b>	<b>Miami County Population (1)</b>	<b>Unemployment Rate County Area (2)</b>	<b>School Enrollment (3)</b>
1994	a	6,027	93,182	4.3%	2,456
1995	a	6,027	93,182	3.7%	2,588
1996	a	6,027	93,182	4.2%	2,532
1997	a	6,027	93,182	4.3%	2,609
1998	a	6,027	93,182	3.6%	2,625
1999	a	6,027	93,182	3.8%	2,659
2000	b	9,221	98,868	3.3%	2,714
2001	b	9,221	98,868	4.3%	2,631
2002	b	9,221	98,868	5.5%	2,558
2003	b	9,221	98,868	6.1%	2,589

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

(2) Ohio Department of Jobs and Family Services

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

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

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## ***PROPERTY VALUE AND CONSTRUCTION PERMITS LAST TEN YEARS***

<b><u>Year</u></b>	<b><u>Residential</u></b>		<b><u>Commercial</u></b>	
	<b><u>Number of Permits</u></b>	<b><u>Property Value</u></b>	<b><u>Number of Permits</u></b>	<b><u>Property Value</u></b>
1994	226	\$14,375,680	41	\$3,593,920
1995	190	21,050,422	47	7,649,500
1996	151	20,950,812	36	9,116,640
1997	167	14,724,000	24	16,620,000
1998	111	13,051,534	22	19,361,300
1999	62	6,419,669	13	2,876,000
2000	66	6,366,753	16	11,132,537
2001	56	8,965,574	27	3,570,109
2002	94	9,150,500	8	6,660,000
2003	126	13,561,468	5	354,500

Source: City of Tipp City Building Department

# CITY OF TIPP CITY, OHIO

## PRINCIPAL TAXPAYERS (PERSONAL PROPERTY TAX) DECEMBER 31, 2003

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Meijer, Inc.	Warehouse Distribution	\$21,029,340	37.77%
2	A. O. Smith Corporation	Manufacturing	4,273,980	7.68%
3	Arbogast	Auto Dealer	3,979,170	7.15%
4	DAP Products, Inc.	Manufacturing	3,410,900	6.12%
5	Tipp Machine and Tool	Manufacturing	1,768,540	3.18%
6	Precision Strip, Inc.	Manufacturing	1,536,570	2.76%
7	AK Steel Corporation	Manufacturing	1,388,740	2.49%
8	Tip Top Canning Company	Food Processing	1,333,080	2.39%
9	Trophy Nut Company	Food Processing	1,239,900	2.23%
10	Winco Industries	Manufacturing	970,880	1.74%
		Sub-Total	40,931,100	73.51%
		All Others	14,748,280	26.49%
		Total	<u>\$55,679,380</u>	<u>100.00%</u>

Based on valuation of property taxes assessed in 2003  
Source: Miami County Auditor

**CITY OF TIPP CITY, OHIO**

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**PRINCIPAL TAXPAYERS (PROPERTY TAX)  
DECEMBER 31, 2003**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Dayton Power & Light	Utility - Gas and Electric	\$4,201,220	2.24%
2	Borchers Construction	Property Management	3,999,700	2.13%
3	UVMC Nursing Care	Health Care - Nursing Home	3,089,800	1.65%
4	Meijer, Inc.	Warehouse Distribution	1,963,360	1.04%
5	Dodd Limited Partnership	Property Management	1,521,400	0.81%
6	Spring Hill Nurseries, LLC	Wholesale/Retail	1,441,790	0.77%
7	Precision Strip, Inc.	Manufacturing	1,392,300	0.74%
8	Arborgast David	Auto Dealer	1,295,180	0.69%
9	A. O. Smith Corporation	Manufacturing	1,197,260	0.64%
10	TCP Center LTD	Property Management	1,099,250	0.59%
		Sub-Total	21,201,260	11.30%
		All Others	166,430,740	88.70%
		Total	<u>\$187,632,000</u>	<u>100.00%</u>

Based on valuation of property taxes assessed in 2003  
Source: Miami County Auditor

**CITY OF TIPP CITY, OHIO**

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**PRINCIPAL TAXPAYERS (INCOME TAX)  
DECEMBER 31, 2003**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Amount of Tax Paid</u>	<u>Percentage of Total Tax</u>
1	A. O. Smith Corporation	Manufacturing	\$290,842	9.26%
2	Meijer, Inc.	Warehouse Distribution	261,628	8.33%
3	Tipp City Exempted Village School District	Education	144,870	4.62%
4	Creative Extruded Products	Manufacturing	83,348	2.65%
5	Arbogast	Auto Dealer	68,185	2.17%
6	Gardens Alive-Springhill	Agricultural-Nursery	66,410	2.12%
7	Tipp Machine and Tool	Manufacturing	64,640	2.06%
8	Allen Foods	Food Processing	62,614	1.99%
9	Wright Patterson Air Force Base	U.S. Government	58,574	1.87%
10	DAP Products, Inc.	Manufacturing	55,850	1.78%
		Sub-Total	1,156,961	36.85%
		All Others	1,983,056	63.15%
		Total	\$3,140,017	100.00%

Source: Tipp City Department of Finance

**CITY OF TIPP CITY, OHIO**

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**PRINCIPAL EMPLOYERS  
DECEMBER 31, 2003**

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

Source: City of Tipp City Income Tax Department

**CITY OF TIPP CITY, OHIO**

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**MISCELLANEOUS STATISTICS  
DECEMBER 31, 2003**

- 519 -

	Date of City Incorporation		1960		
	Charter Adopted		1968		
	Form of Government		Council-Manager		
Area (square miles)	7.01	Education:		Water System:	
Facilities and Services:		Number of Schools	5	Miles of Waterlines	46
Miles of Streets	52	Number of Teachers	179	Number of Fire Hydrants	590
Number of Street Lights	1,228	Number of Students	2,558	Average Daily Consumption (mgd)	1.6
Miles of Storm Sewers	50			Maximum Daily Capacity of Plant (mgd)	3.2
Police Services:		Recreation and Culture:		Sewerage System:	
Number of Stations	1	Number of Parks	12	Miles of Sanitary Sewers	46
Number of Uniformed Police Officers	18	Park Area (acres)	394	Average Daily Treatment (mgd)	1.6
Fire/Emergency Medical Services:		Number of Ball Fields	12	Maximum Daily Capacity of Treatment (mgd)	4.3
Number of Stations	2	Number of Tennis Courts	2		
Number of Full-time Officers and Fire Personnel	1	Swimming Pools	2		
Number of Part-time Fire/EMS Personnel	38	Number of Libraries	1		

Source: Tipp City Department of Finance





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF TIPP CITY**

**MIAMI COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 12, 2004**