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

Independent Auditors' Report on  
Internal Controls and Compliance

December 31, 2010





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Tipp City, Miami County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

July 21, 2011

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Ohio (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of audit findings and responses as finding 2010-001 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

2525 north limestone street, ste. 103  
springfield, oh 45503

www.cshco.com  
p. 937.399.2000  
f. 937.399.5433

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the City in a separate letter dated June 17, 2011.

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

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

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

Springfield, Ohio  
June 17, 2011

**Finding Number 2010-001**

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

- Two payments to vendors which occurred in 2011 but related to services or goods received by the City's Electric Fund in 2010, were not properly recognized as accounts payables in the financial statements.
- The City did not record \$99,912 paid directly to contractors related to traffic signal projects based on contracts entered into by the City and Ohio Department of Transportation. Since this project represents "on-behalf-of" payments for the City, the receipts and disbursements associated with the project should have been captured in the City's accounting records. Auditor of State Bulletin 2000-008, states in part that governments operating on the cash basis of accounting should record the cash value of the benefit received as memorandum receipts and disbursements in the year the on-behalf-of disbursements are made and budgetary information amended accordingly.

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

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



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



City of Tipp City, Ohio  
Comprehensive Annual Financial Report  
Year Ended December 31, 2010





Tipp City

# City of Tipp City, Ohio

## Miami County



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2010

*Prepared by the Finance Department*

John Green, Director



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CITY OF TIPP CITY  
MIAMI COUNTY, OHIO

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**Tipp City** **Introductory  
Section**



Tipp City



Council-Manager  
Government

June 17, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the City of Tipp City, (the City) for the fiscal year ended December 31, 2010 is hereby submitted for your review.

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

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

Clark, Schaefer, Hackett and Co., Certified Public Accountants, audited the basic financial statements that are included in this report. They have issued an unqualified ("clean") opinion on the City of Tipp City's financial statements for the year ended December 31, 2010. The independent auditor's report is located at the front of the financial section of this report.

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2010 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

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

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***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**PROFILE OF THE CITY**

The City of Tipp City is a progressive, growing community located fourteen miles north of Dayton on Interstate 75. The City was incorporated as a village in 1850, and became a City in 1960. Its seven square mile area serves a residential population of 9,689 (2010 Census). The City is served by diversified transportation facilities. Immediate access is to four State Highways and to Interstate Highways 70 and 75. The main line of the CSX Railroad (CSX), between Cincinnati and Toledo, passes through the City. Passenger and freight air service is provided by the Dayton International Airport located approximately 10 miles from the City. Easy access to both Interstates 70 and 75 places Tipp City within approximately a one-hour drive of Columbus, Cincinnati, and Indianapolis.

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

The legislative body of Tipp City consists of a seven-member Council, all of whom are elected at-large for overlapping four-year terms. The City Council appoints a City Manager, and a Council Clerk. The City Manager is the City's Chief Executive and Administrative Officer. He appoints all Department Heads and employees of the City.

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

The primary government consists of all funds and departments which provide various services including police and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance, and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system, and an electric distribution system, each of which is reported as an enterprise fund. Council and the City Manager have direct responsibility for these activities.

The City has representation on the board of two entities for the treatment of wastewater and production of potable water. The City is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), and the Northern Area Water Authority (NAWA), which are both defined as joint ventures. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 18.

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

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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

**ECONOMIC CONDITIONS AND OUTLOOK**

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

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

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

Commercial and industrial growth in 2010 invested \$911,400 in the community, with six projects undertaken this year as compared to three projects in 2009. Broadway Hair Studio & Company purchased the former Town & Country Market building, will be remodeling (\$130,400) the building into four retail/commercial spaces, and moving the business from 120 West Broadway Avenue into this location. Repacorp Label Company completed a \$700,000, 11,200 square foot expansion to their building on Industry Park Court in 2010. Creative Extruded applied for and received a 40 percent job creation tax credit for a six-year term as a result of the company's \$1.4 million dollar line expansion project, which will create 34 jobs and retain 154 positions.

The region's unemployment rate averaged 10.8% in 2010, a slight improvement over the 2009 rate of 11.7%, but still a far cry from our low of 3.3% in 2000. Due to our regions tie-in with the auto industry, job loss continues to be a problem. We feel confident that our area will see an increase in jobs over the next few years.

**CITY OF TIPP CITY, OHIO**

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***Letter of Transmittal  
For the Year Ended December 31, 2010***

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During 2010, Tipp City had 7 new residential unit starts. This continued our downward trend from 2006 when 34 new units were built (compared to 10 new units in 2009). The housing market continues to be a problem in this area, as well as nationally. This slowdown has had a negative effect on our economy. Even though interest rates were very low in 2010, new housing starts have not picked up. There are currently six active subdivisions being developed: Sycamore Woods, Curry Branch, Bowman Woods, Hunter's Ridge, Manchester Chase, and Rosewood Creek. The following table outlines the residential growth for the last several years:

<u>Year</u>	<u>Base Units</u>	<u>New Units</u>	<u>Demolished Units</u>	<u>Net % Growth</u>
2007	4141	31	3	.676%
2008	4169	21	0	.504%
2009	4190	10	0	.239%
2010	4200	7	1	.143%

Over 1,000 acres of vacant prime industrial land is available for development within the community. Established industrial parks offer attractive sites for building as well. With its abundant natural resources, low cost utilities and facility of transportation, Tipp City is well situated for further expansion as the economy recovers in 2011-2012.

**MAJOR INITIATIVES**

**For The Year**

In reaction to the economic downturn in 2009-2010, and in an effort to reduce a projected \$300,000 General Fund operating deficit, the City continued a number of cost saving measures enacted in 2009. The City has implemented a hiring freeze and no pay raises were approved for management and non-union employees in 2010. The Street Superintendent's position was consolidated with the Parks Superintendent position due to a retirement. Several seasonal positions in the parks department and the street department were not filled for the second year. The City continued to contract out some park mowing and delayed replacement of several units of capital equipment. As a result of these continued cost reductions as well as overall cost containment noted throughout the General Fund, the City's cash basis expenditures ended the year approximately \$300,000 less than the original budget. Combined with higher than anticipated levels of income tax and estate tax revenues, the City realized a \$100,000 increase in the General Fund year-end cash balance (not including encumbrances) versus the budgeted \$300,000 reduction.

During 2010, City Council authorized street reconstruction projects for Horton and Hartman Avenues. These projects involved a complete rebuild of the City streets as well as curb, sidewalk, and gutter and utility line replacements where needed at a cost of \$108,600 and \$358,600 respectively.

Major projects in the City's electric and water system continued to be top priority items for 2010. Replacement of the City's 350,000 gallon Bowman Avenue Water Tower started in the spring of 2010. This tower was constructed in 1931 and needed to be replaced. The City is building a new 1 million gallon tank. Once this tank is finished, mid-year 2011, the City will refurbish the existing 1 million gallon tank. The estimated cost for this project is \$2.6 million, of which 50% is funded by the State of Ohio with grants and loans.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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The City is also upgrading the current electric and water meters to an automated meter reading system (AMR). This smart grid infrastructure system will save the City the expense of monthly trips to each physical location to read the meters, will provide outage management and leak detection. The contract for this project was awarded to Elster Corporation at a cost of \$1.8 million and is funded partially by a 0% interest loan of \$600,000 from the State of Ohio.

The City continued to focus on building upon its solid financial position through a five-year operational and capital budgeting program, and an aggressive debt repayment schedule.

The City is well known for the Tipp City Mum Festival. The Festival, which takes place the fourth weekend of September, celebrates the long lasting fall flower, the chrysanthemum, and its connection to Tipp City's Springhill Nursery. The chrysanthemum was the inspiration for the City's new logo which is presented on the front of this document. Hometown activities featured at the Mum Festival include a street dance, car show, 5K road race, parade and live entertainment.

**For The Future**

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

As mentioned previously, higher than anticipated income tax and estate tax revenues, coupled with cost containment throughout the budget, enabled the City to increase its General Fund reserves for the fourth straight year. As a result, the City remains in good position to weather the continued economic uncertainties.

**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, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

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

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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A Certificate of Achievement is valid for a period of one year only. The City of Tipp City has received a Certificate of Achievement for the last ten years (2000-2009). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

**ACKNOWLEDGMENTS**

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

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

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

Respectfully submitted,



John W. Green  
Director of Finance



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

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***List of Principal Officials  
For the Year Ended December 31, 2010***

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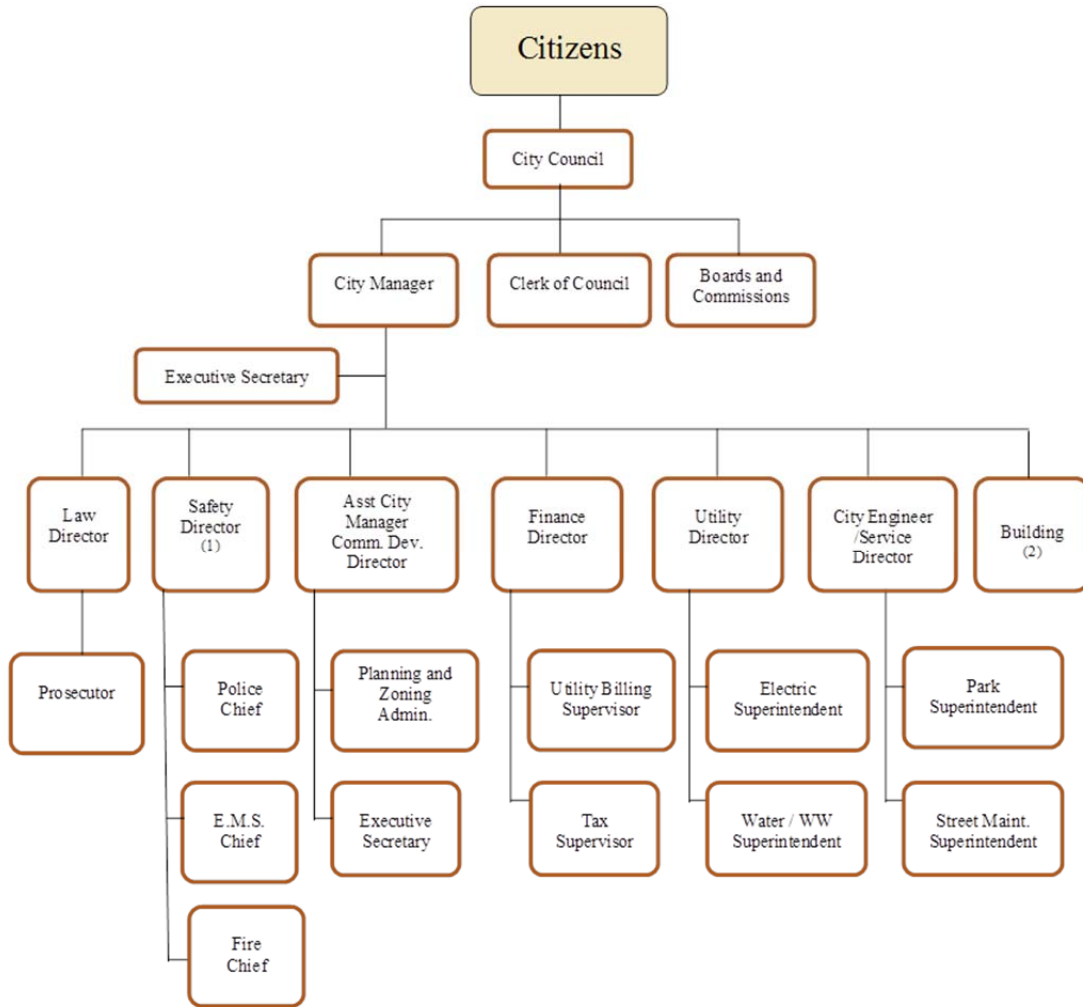
**ELECTED OFFICIALS**

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

**APPOINTED OFFICIALS**

City Manager	Jon Crusey
Assistant City Manager / Community Development Director	Bradley Vath
Clerk Of Council	Cathy Ross
Finance Director	John Green
Law Director	Joseph Moore
Chief of Police	Tom Davidson
City Engineer/Service Director	Scott Vagedes
EMS Chief	Mark Senseman
Fire Chief	Steve Kessler
Utility Director	Milton Eichman

**City Organizational Chart  
For the Year Ended December 31, 2010**



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

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Tipp City  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

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





**Tipp City** **Financial  
Section**



Tipp City

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Ohio (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Ohio as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

2525 north limestone street, ste. 103  
springfield, oh 45503

www.cshco.com  
p. 937.399.2000  
f. 937.399.5433

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 17, 2011



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, 2010. 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 2010 are as follows:

- ❑ In total, net assets increased \$2,093,023. Net assets of governmental activities increased \$278,641, which represents a .7% increase from 2009. Net assets of business-type activities increased \$1,814,382 or 5.2% from 2009.
- ❑ General revenues accounted for \$6.2 million in revenue or 24% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 76% of total revenues of \$25.8 million.
- ❑ Total net assets of governmental activities increased by \$278,641. The City was able to reduce both short-term notes payable and long-term liabilities by making debt principal payments. This brought about a decrease in total liabilities which was greater than the decrease in total assets.
- ❑ The City had \$8 million in expenses related to governmental activities; \$2.06 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$6.2 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5.66 million in revenues and \$5.62 million in expenditures and other financing uses. The general fund's fund balance increased \$47,776 to \$4.05 million.
- ❑ Net assets for enterprise funds increased by \$1,814,382. The Sewer Fund increased its net assets by \$853,522 or 47% of the increase while the Electric Fund increased its net assets by \$940,786 or 51.9% of the increase. The increase in the Sewer Fund is attributable to an increase in the City's equity interest in the Tri-City North Regional Wastewater Authority (described in Note 18). The Electric Fund increase is a reflection of operating income generated by the utility.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

### **Government-wide Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

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

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

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

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

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

The following table focuses on the net assets of the City's governmental and business- type activities for both 2010 and 2009.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$8,401,705	\$9,175,189	\$22,376,383	\$17,648,050	\$30,778,088	\$26,823,239
Capital assets, Net	38,442,957	39,299,051	21,025,806	21,226,576	59,468,763	60,525,627
Total assets	46,844,662	48,474,240	43,402,189	38,874,626	90,246,851	87,348,866
Noncurrent liabilities	4,577,157	5,701,540	1,219,900	1,382,914	5,797,057	7,084,454
Other liabilities	1,767,916	2,551,752	5,373,023	2,496,828	7,140,939	5,048,580
Total liabilities	6,345,073	8,253,292	6,592,923	3,879,742	12,937,996	12,133,034
Net assets						
Invested in capital assets, net of related debt	33,597,957	32,842,386	18,683,126	20,158,896	52,281,083	53,001,282
Restricted	1,885,841	1,947,201	0	0	1,885,841	1,947,201
Unrestricted	5,015,791	5,431,361	18,126,140	14,835,988	23,141,931	20,267,349
Total net assets	<u>\$40,499,589</u>	<u>\$40,220,948</u>	<u>\$36,809,266</u>	<u>\$34,994,884</u>	<u>\$77,308,855</u>	<u>\$75,215,832</u>

The amount by which the city's assets exceed its liabilities is called net assets. At year-end, the City's net assets were \$77.3 million compared to \$75.2 million in 2009. Of that amount, in 2010 approximately \$52.3 million (67.7%) was invested in capital assets, net of debt related to those assets. At year-end 2009, that amount was approximately \$53 million (70.5%). For 2010 another \$1.89 million (2.4%) was subject to external restrictions upon its use. The remaining \$23.1 million (29.9%) in 2010 was unrestricted and available for future use. For 2009, this amount was \$20.3 million (27%).

**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

**Changes in Net Assets** – The following table shows the changes in net assets for the fiscal year 2010 compared with 2009:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,199,593	\$1,185,625	\$17,293,023	\$15,287,113	\$18,492,616	\$16,472,738
Operating Grants and Contributions	651,175	693,882	0	0	651,175	693,882
Capital Grants and Contributions	211,035	1,168,819	241,153	751,569	452,188	1,920,388
Total Program Revenues	<u>2,061,803</u>	<u>3,048,326</u>	<u>17,534,176</u>	<u>16,038,682</u>	<u>19,595,979</u>	<u>19,087,008</u>
General revenues:						
Income Taxes	3,449,915	3,133,216	0	0	3,449,915	3,133,216
Property Taxes	323,521	326,079	0	0	323,521	326,079
Other Local Taxes	46,875	28,052	0	0	46,875	28,052
Unrestricted Shared Revenues	1,327,627	1,302,247	0	0	1,327,627	1,302,247
Investment Earnings	121,044	195,035	0	0	121,044	195,035
Miscellaneous	931,681	1,036,774	0	0	931,681	1,036,774
Total General Revenues	<u>6,200,663</u>	<u>6,021,403</u>	<u>0</u>	<u>0</u>	<u>6,200,663</u>	<u>6,021,403</u>
Total Revenues	<u>8,262,466</u>	<u>9,069,729</u>	<u>17,534,176</u>	<u>16,038,682</u>	<u>25,796,642</u>	<u>25,108,411</u>
Program Expenses						
Security of Persons and Property	3,191,455	3,286,305	0	0	3,191,455	3,286,305
Leisure Time Activities	1,115,986	1,320,200	0	0	1,115,986	1,320,200
Community Environment	240,229	260,189	0	0	240,229	260,189
Basic Utility Services	209,396	238,584	0	0	209,396	238,584
Transportation	1,520,827	1,858,692	0	0	1,520,827	1,858,692
General Government	1,552,036	1,601,373	0	0	1,552,036	1,601,373
Interest and Fiscal Charges	195,839	243,087	0	0	195,839	243,087
Electric	0	0	10,934,711	10,043,278	10,934,711	10,043,278
Water	0	0	2,687,174	2,492,331	2,687,174	2,492,331
Sewer	0	0	1,293,025	1,236,664	1,293,025	1,236,664
Refuse Collection	0	0	762,941	741,101	762,941	741,101
Total expenses	<u>8,025,768</u>	<u>8,808,430</u>	<u>15,677,851</u>	<u>14,513,374</u>	<u>23,703,619</u>	<u>23,321,804</u>
Change in Net Assets before transfers	<u>236,698</u>	<u>261,299</u>	<u>1,856,325</u>	<u>1,525,308</u>	<u>2,093,023</u>	<u>1,786,607</u>
Transfers	41,943	19,105	(41,943)	(19,105)	0	0
Total Change in Net Assets	<u>278,641</u>	<u>280,404</u>	<u>1,814,382</u>	<u>1,506,203</u>	<u>2,093,023</u>	<u>1,786,607</u>
Beginning Net Assets	<u>40,220,948</u>	<u>39,940,544</u>	<u>34,994,884</u>	<u>33,488,681</u>	<u>75,215,832</u>	<u>73,429,225</u>
Ending Net Assets	<u>\$40,499,589</u>	<u>\$40,220,948</u>	<u>\$36,809,266</u>	<u>\$34,994,884</u>	<u>\$77,308,855</u>	<u>\$75,215,832</u>

**Governmental Activities**

Net assets of the City's governmental activities increased by \$278,641 or .7%. Net assets invested in capital assets, net of related debt increased \$755,571 or 2.3%. Restricted net assets decreased by \$61,360 while unrestricted net assets decreased by \$415,570, a decrease of 7.6%.

**CITY OF TIPP CITY, OHIO**

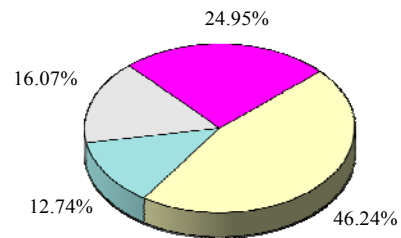
**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**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 the City's income tax received is designated for capital outlay, and 20% is earmarked for park improvements. Income tax revenue was \$3,449,915 compared to \$3,133,216 in 2009, an increase of 10.1%. The City experienced a 14% decrease in income tax collections during 2009. The 10.1% increase in 2010 indicates the City has experienced a partial recovery in income tax collections. The most significant increase came from business net profit tax receipts which experienced the most significant decrease noted in 2009. This source is the most volatile source of income tax collections and traditionally has been subject to upward and downward swings from year to year. The City also realized a modest increase in employer withholding payments.

Property taxes and income taxes made up 3.9% and 41.8% respectively of revenues for governmental activities for the City in fiscal year 2010. The City's reliance upon tax revenues is demonstrated by the following graph indicating 46.24% of total revenues from general tax revenues:

Revenue Sources	2010	Percent of Total
Unrestricted Shared Revenues	\$1,327,627	16.07%
Program Revenues	2,061,803	24.95%
General Tax Revenues	3,820,311	46.24%
General Other	1,052,725	12.74%
<b>Total Revenue</b>	<b>\$8,262,466</b>	<b>100.00%</b>



**Business-Type Activities**

Net assets of the business-type activities increased by \$1,814,382. Income from the joint venture in Tri-Cities sewer operation accounted for 45.5% of the increase. All of the enterprise funds reported operating income in 2010 except for the Water Fund.

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

The City's governmental funds reported a combined fund balance of \$4,405,724, which is an increase from last year's balance of \$4,351,337. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2010 and 2009:

	Fund Balance December 31, 2010	Fund Balance December 31, 2009	Increase (Decrease)
General	\$4,051,730	\$4,003,954	\$47,776
Special Assessment Bond	8,324	8,893	(569)
Other Governmental	345,670	338,490	7,180
<b>Total</b>	<b>\$4,405,724</b>	<b>\$4,351,337</b>	<b>\$54,387</b>

**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

*General Fund* – The City's General Fund balance had a modest increase of \$47,776 in 2010. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2010 <u>Revenues</u>	2009 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$2,581,886	\$2,410,382	\$171,504
Intergovernmental Revenue	1,354,379	1,315,357	39,022
Charges for Services	1,353,591	1,374,717	(21,126)
Licenses, Permits and Fees	13,963	12,678	1,285
Investment Earnings	125,491	216,809	(91,318)
Special Assessments	249	746	(497)
Fines and Forfeitures	17,417	15,194	2,223
All Other Revenue	208,629	223,999	(15,370)
Total	<u>\$5,655,605</u>	<u>\$5,569,882</u>	<u>\$85,723</u>

The increase in taxes helped to offset the decrease in investment earnings in 2010.

	2010 <u>Expenditures</u>	2009 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$3,048,107	\$2,968,572	\$79,535
Leisure Time Activities	383,973	430,250	(46,277)
Community Environment	252,874	246,653	6,221
Basic Utility Services	229,294	234,230	(4,936)
General Government	1,421,622	1,423,844	(2,222)
Capital Outlay	20,415	47,546	(27,131)
Debt Service:			
Principal Retirement	6,665	12,972	(6,307)
Interest and Fiscal Charges	91	540	(449)
Total	<u>\$5,363,041</u>	<u>\$5,364,607</u>	<u>(\$1,566)</u>

General Fund expenditures remained relatively flat in 2010. Security of Persons and Property increased 2.7% primarily due to increases in wage and benefit costs for personnel in the Police and Emergency Medical Service departments.

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

***Management's Discussion and Analysis  
For the Year Ended December 31, 2010***

***Unaudited***

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 2010 the City amended its general fund budget at the end of the fiscal year. The General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

Final general fund budgeted revenues did not change from original budgeted figures. Actual revenues collected were \$5,795,544, an increase of 1.5% over the final budget. There were no significant variations in the City's original budgeted appropriations and the final figure of \$6,219,264. In contrast, there was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$5,848,824. This is a decrease of \$370,440 from the final budget. City Council and staff continued to hold expenditures flat with the prior year where possible. Staffing levels were decreased slightly through retirement of full-time employees. Some vacancies were reclassified and staffed with part-time assistance. Cost of living raises were not given to the non-union and management personnel in 2010. Some union members also did not receive raises for a second year. Employment of part-time and seasonal workers was reduced where possible.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2010 the City had \$59,468,763 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$38,442,957 was related to governmental activities and \$21,025,806 to the business-type activities. The following table shows fiscal year 2010 and 2009 balances:

	Governmental Activities		Increase (Decrease)
	2010	2009	
Land	\$13,530,894	\$13,405,452	\$125,442
Construction in Progress	185,869	0	185,869
Total Non-Depreciable Capital Assets	13,716,763	13,405,452	311,311
Buildings	6,430,813	6,430,813	0
Improvements Other Than Buildings	4,842,652	4,842,652	0
Machinery and Equipment	6,264,447	6,221,182	43,265
Infrastructure	26,040,573	25,851,111	189,462
Less: Accumulated Depreciation	(18,852,291)	(17,452,159)	(1,400,132)
Total Depreciable Capital Assets	24,726,194	25,893,599	(1,167,405)
Totals	\$38,442,957	\$39,299,051	(\$856,094)

**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2010	2009	
Land	\$1,988,824	\$1,988,824	\$0
Construction in Progress	132,283	48,305	83,978
Total Non-Depreciable Capital Assets	2,121,107	2,037,129	83,978
Buildings	1,856,110	1,840,650	15,460
Improvements Other Than Buildings	29,522,742	28,971,977	550,765
Machinery and Equipment	2,427,988	2,285,010	142,978
Less: Accumulated Depreciation	(14,902,141)	(13,908,190)	(993,951)
Total Non-Depreciable Capital Assets	18,904,699	19,189,447	(284,748)
Totals	\$21,025,806	\$21,226,576	(\$200,770)

Capital assets, net of depreciation, in governmental activities decreased in 2010. Due to the economic downturn and an emphasis on cost containment, the City was not able to invest significant amounts in capital asset replacement or improvements. The increase in infrastructure of \$189,462 was due to road construction (new and resurfacing). Capital assets, net of depreciation, for the business-type activities had a decrease of \$200,770. The largest increase in business-type activities was related to improvements other than buildings.

As of December 31, 2010, the City has contractual commitments of \$4,284,707 for various improvements. Additional information on the City's capital assets can be found in Note 9.

**Debt**

At December 31, 2010, the City had \$4.44 million in bonds outstanding, \$1,055,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2010 and 2009:

	2010	2009
Governmental Activities:		
General Obligation Bonds	\$3,180,000	\$4,045,000
Special Assessment Bonds	715,000	755,000
Capital Lease	0	6,665
Compensated Absences	682,157	894,875
Total Governmental Activities	4,577,157	5,701,540
Business-Type Activities:		
General Obligation Bonds	\$545,000	\$670,000
State Loan	397,680	397,680
Compensated Absences	277,220	315,234
Total Business-Type Activities	1,219,900	1,382,914
Totals	\$5,797,057	\$7,084,454



During 2010, the City issued \$1,250,000 in General Obligation Notes for the purchase and installation of an Automated Meter Reading (AMR) system and \$1,400,000 in General Obligation Notes for the construction of a new water tower. The City also rolled over \$525,000 in General Obligation Notes to provide funding for the 25-A construction project and \$425,000 to provide funding for the Kinna Drive Construction Project. The City also rolled over \$925,000 in Electric Revenue Notes to provide financing for the back-up generator project.

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Tipp City lies, is limited to ten mills. At December 31, 2010, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 15.

## **ECONOMIC FACTORS**

As the national economic downturn lingers, the City continues to experience issues similar to those faced by all municipalities. Unemployment remains higher than usual and the City experienced limited growth and economic development in 2010. The City's tax revenues started to rebound in 2010 from the decline experienced in 2009 but are still depressed from collections before the national recession. The City continues to streamline operations where possible, reducing staffing by attrition and delaying purchases where possible. The City worked diligently in 2009 and 2010 to reduce operating expenditures without jeopardizing safety or affecting the current levels of service. The 2011 operating budget reflected these reductions and budgeted expenditures were held flat or were reduced from 2010 numbers where possible. The City expects state shared revenue to decrease due to reductions included in the budget proposed for the State of Ohio. Total 2011 General Fund revenues are projected at \$5.5 million, a 3.5% decrease from the final 2010 budget total of \$5.7 million.

The 2011 appropriation budget for the General Fund totals \$5.9 million, a reduction of \$200,000 from the 2010 appropriations. The \$400,000 difference between budgeted revenues and budgeted expenditures is a planned drawdown of the General Fund unreserved fund balance. Sound long term financial planning has placed the City in a strong position to withstand the economic downturn in the short run. The City's unencumbered General Fund balance of \$3.6 million remains strong. The City will continue to monitor its receipts and expenditure activity very closely.

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

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling (937) 667-8424 or writing to City of Tipp City Finance Department, 260 South Garber Drive, Tipp City, Ohio 45371. This report is also available on the City's web site at [www.tippcityohio.gov](http://www.tippcityohio.gov).





**CITY OF TIPP CITY, OHIO**

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**Statement of Net Assets**  
**December 31, 2010**

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,289,102	\$ 4,041,878	\$ 6,330,980
Investments	2,528,773	7,180,790	9,709,563
Receivables:			
Taxes	1,214,804	0	1,214,804
Accounts	193,277	1,739,678	1,932,955
Intergovernmental	665,804	23,175	688,979
Interest	33,135	0	33,135
Special Assessments	1,237,369	645,463	1,882,832
Lease	0	1,359,091	1,359,091
Internal Balances	64,689	(64,689)	0
Inventory of Supplies at Cost	140,598	734,331	874,929
Prepaid Items	34,154	7,620	41,774
Investment in Joint Venture	0	6,541,085	6,541,085
Restricted Assets:			
Cash and Cash Equivalents	0	167,961	167,961
Non-Depreciable Capital Assets	13,716,763	2,121,107	15,837,870
Depreciable Capital Assets, Net	<u>24,726,194</u>	<u>18,904,699</u>	<u>43,630,893</u>
<b>Total Assets</b>	<u>46,844,662</u>	<u>43,402,189</u>	<u>90,246,851</u>
<b>Liabilities:</b>			
Accounts Payable	153,210	829,855	983,065
Accrued Wages and Benefits Payable	306,882	90,248	397,130
Intergovernmental Payable	8,653	228,256	236,909
Refundable Deposits	0	167,961	167,961
Unearned Revenue	324,245	434,091	758,336
Accrued Interest Payable	24,926	47,612	72,538
General Obligation Notes Payable	950,000	3,575,000	4,525,000
Noncurrent liabilities:			
Due within one year	1,103,226	182,002	1,285,228
Due in more than one year	<u>3,473,931</u>	<u>1,037,898</u>	<u>4,511,829</u>
<b>Total Liabilities</b>	<u>6,345,073</u>	<u>6,592,923</u>	<u>12,937,996</u>

**CITY OF TIPP CITY, OHIO**

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	33,597,957	18,683,126	52,281,083
Restricted For:			
Debt Service	1,059,346	0	1,059,346
Transportation	721,628	0	721,628
Other Purposes	104,867	0	104,867
Unrestricted	5,015,791	18,126,140	23,141,931
<b>Total Net Assets</b>	<u>\$ 40,499,589</u>	<u>\$ 36,809,266</u>	<u>\$ 77,308,855</u>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2010**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 3,191,455	\$ 526,499	\$ 0	\$ 0
Leisure Time Activities	1,115,986	387,874	0	0
Community Environment	240,229	20,431	0	0
Basic Utility Services	209,396	232,627	0	0
Transportation	1,520,827	32,162	651,175	211,035
General Government	1,552,036	0	0	0
Interest and Fiscal Charges	195,839	0	0	0
<b>Total Governmental Activities</b>	<b>8,025,768</b>	<b>1,199,593</b>	<b>651,175</b>	<b>211,035</b>
<b>Business-Type Activities:</b>				
Electric	10,934,711	11,895,134	0	0
Water	2,687,174	2,516,700	0	205,561
Sewer	1,293,025	2,117,802	0	35,592
Refuse Collection	762,941	763,387	0	0
<b>Total Business-Type Activities</b>	<b>15,677,851</b>	<b>17,293,023</b>	<b>0</b>	<b>241,153</b>
<b>Totals</b>	<b>\$ 23,703,619</b>	<b>\$ 18,492,616</b>	<b>\$ 651,175</b>	<b>\$ 452,188</b>

**General Revenues:**

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

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,664,956)	\$ 0	\$ (2,664,956)
(728,112)	0	(728,112)
(219,798)	0	(219,798)
23,231	0	23,231
(626,455)	0	(626,455)
(1,552,036)	0	(1,552,036)
(195,839)	0	(195,839)
<u>(5,963,965)</u>	<u>0</u>	<u>(5,963,965)</u>
0	960,423	960,423
0	35,087	35,087
0	860,369	860,369
<u>0</u>	<u>446</u>	<u>446</u>
<u>0</u>	<u>1,856,325</u>	<u>1,856,325</u>
<u>\$ (5,963,965)</u>	<u>\$ 1,856,325</u>	<u>\$ (4,107,640)</u>
3,449,915	0	3,449,915
323,521	0	323,521
46,875	0	46,875
1,327,627	0	1,327,627
121,044	0	121,044
931,681	0	931,681
41,943	(41,943)	0
<u>6,242,606</u>	<u>(41,943)</u>	<u>6,200,663</u>
278,641	1,814,382	2,093,023
<u>40,220,948</u>	<u>34,994,884</u>	<u>75,215,832</u>
<u>\$ 40,499,589</u>	<u>\$ 36,809,266</u>	<u>\$ 77,308,855</u>

**CITY OF TIPP CITY, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2010**

	General	Special Assessment Bond	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,224,696	\$ 8,324	\$ 1,056,082	\$ 2,289,102
Investments	2,528,773	0	0	2,528,773
Receivables:				
Taxes	910,072	0	304,732	1,214,804
Accounts	193,277	0	0	193,277
Intergovernmental	283,804	0	382,000	665,804
Interest	33,135	0	0	33,135
Special Assessments	0	1,031,156	206,213	1,237,369
Due from Other Funds	71,829	0	0	71,829
Interfund Loans Receivable	100	0	0	100
Inventory of Supplies, at Cost	64,711	0	75,887	140,598
Prepaid Items	31,222	0	2,932	34,154
<b>Total Assets</b>	<b>\$ 5,341,619</b>	<b>\$ 1,039,480</b>	<b>\$ 2,027,846</b>	<b>\$ 8,408,945</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 48,842	\$ 0	\$ 104,368	\$ 153,210
Accrued Wages and Benefits Payable	289,359	0	17,523	306,882
Intergovernmental Payable	4,902	0	3,751	8,653
Due to Other Funds	6,652	0	488	7,140
Interfund Loans Payable	0	0	100	100
Deferred Revenue	940,134	1,031,156	593,794	2,565,084
Accrued Interest Payable	0	0	12,152	12,152
General Obligation Notes Payable	0	0	950,000	950,000
<b>Total Liabilities</b>	<b>1,289,889</b>	<b>1,031,156</b>	<b>1,682,176</b>	<b>4,003,221</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	125,131	0	312,070	437,201
Reserved for Prepaid Items	31,222	0	2,932	34,154
Reserved for Supplies Inventory	64,711	0	75,887	140,598
Reserved for Debt Service	0	8,324	32,640	40,964
Undesignated and Unreserved in:				
General Fund	3,830,666	0	0	3,830,666
Special Revenue Funds	0	0	599,921	599,921
Capital Projects Funds	0	0	(677,780)	(677,780)
<b>Total Fund Balances</b>	<b>4,051,730</b>	<b>8,324</b>	<b>345,670</b>	<b>4,405,724</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,341,619</b>	<b>\$ 1,039,480</b>	<b>\$ 2,027,846</b>	<b>\$ 8,408,945</b>

See accompanying notes to the basic financial statements



***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2010***

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<b>Total Governmental Fund Balances</b>	\$ 4,405,724
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	38,442,957
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	2,240,839
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(4,589,931)</u>
<b><i>Net Assets of Governmental Funds</i></b>	<b><u>\$ 40,499,589</u></b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2010**

	General	Special Assessment Bond	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 2,581,886	\$ 0	\$ 1,241,732	\$ 3,823,618
Intergovernmental Revenues	1,354,379	0	866,313	2,220,692
Charges for Services	1,353,591	0	416,637	1,770,228
Licenses, Permits and Fees	13,963	0	150	14,113
Investment Earnings	125,491	0	(2,285)	123,206
Special Assessments	249	73,653	40,624	114,526
Fines and Forfeitures	17,417	0	3,012	20,429
All Other Revenue	208,629	0	13,501	222,130
<b>Total Revenue</b>	<u>5,655,605</u>	<u>73,653</u>	<u>2,579,684</u>	<u>8,308,942</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	3,048,107	0	471	3,048,578
Leisure Time Activities	383,973	0	382,531	766,504
Community Environment	252,874	0	0	252,874
Basic Utility Services	229,294	0	0	229,294
Transportation	0	0	564,410	564,410
General Government	1,421,622	3,557	2,147	1,427,326
Capital Outlay	20,415	0	874,617	895,032
Debt Service:				
Principal Retirement	6,665	40,000	865,000	911,665
Interest and Fiscal Charges	91	30,665	167,524	198,280
<b>Total Expenditures</b>	<u>5,363,041</u>	<u>74,222</u>	<u>2,856,700</u>	<u>8,293,963</u>
Excess (Deficiency) of Revenues Over Expenditures	292,564	(569)	(277,016)	14,979
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	1,334,975	1,334,975
Transfers Out	(257,000)	0	(1,036,032)	(1,293,032)
<b>Total Other Financing Sources (Uses)</b>	<u>(257,000)</u>	<u>0</u>	<u>298,943</u>	<u>41,943</u>
Net Change in Fund Balances	35,564	(569)	21,927	56,922
<b>Fund Balances at Beginning of Year</b>	4,003,954	8,893	338,490	4,351,337
Increase (Decrease) in Inventory Reserve	12,212	0	(14,747)	(2,535)
<b>Fund Balances End of Year</b>	<u>\$ 4,051,730</u>	<u>\$ 8,324</u>	<u>\$ 345,670</u>	<u>\$ 4,405,724</u>

See accompanying notes to the basic financial statements

***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For The Fiscal Year Ended December 31, 2010***

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 56,922
<b><i>Amounts reported for governmental activities in the statement of activities are different because</i></b>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays.	(824,283)
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net assets.	(31,811)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(46,476)
The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net assets.	911,665
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	2,441
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>210,183</u>
<b><i>Change in Net Assets of Governmental Activities</i></b>	<b><u>\$ 278,641</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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,610,097	\$ 2,610,097	\$ 2,673,367	\$ 63,270
Intergovernmental Revenue	1,319,283	1,319,283	1,411,254	91,971
Charges for Services	1,429,475	1,429,475	1,357,512	(71,963)
Licenses and Permits	16,400	16,400	13,438	(2,962)
Investment Earnings	135,000	135,000	114,971	(20,029)
Special Assessments	0	0	249	249
Fines and Forfeitures	17,800	17,800	17,443	(357)
All Other Revenues	183,460	183,460	207,310	23,850
Total Revenues	<u>5,711,515</u>	<u>5,711,515</u>	<u>5,795,544</u>	<u>84,029</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	3,228,984	3,211,280	3,061,293	149,987
Leisure Time Activities	491,684	491,684	397,928	93,756
Community Environment	259,192	259,191	253,546	5,645
Basic Utility Services	254,094	253,495	232,294	21,201
General Government	1,627,936	1,670,062	1,587,969	82,093
Capital Outlay	39,729	61,552	58,794	2,758
Total Expenditures	<u>5,901,619</u>	<u>5,947,264</u>	<u>5,591,824</u>	<u>355,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(190,104)	(235,749)	203,720	439,469
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	1,500	1,500	441	(1,059)
Transfers Out	(272,000)	(272,000)	(257,000)	15,000
Total Other Financing Sources (Uses):	<u>(270,500)</u>	<u>(270,500)</u>	<u>(256,559)</u>	<u>13,941</u>
Net Change in Fund Balance	(460,604)	(506,249)	(52,839)	453,410
Fund Balance at Beginning of Year	3,553,277	3,553,277	3,553,277	0
Prior Year Encumbrances	96,524	96,524	96,524	0
Fund Balance at End of Year	<u>\$ 3,189,197</u>	<u>\$ 3,143,552</u>	<u>\$ 3,596,962</u>	<u>\$ 453,410</u>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Fund Net Assets  
Proprietary Funds  
December 31, 2010**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<b>Assets:</b>			
Current assets:			
Cash and Cash Equivalents	\$ 2,011,874	\$ 1,306,787	\$ 627,700
Investments	4,489,428	2,691,362	0
Receivables:			
Accounts	1,434,169	172,485	133,024
Intergovernmental	0	23,175	0
Special Assessments	28,860	40,306	576,297
Lease - Current	84,844	0	0
Due from Other Funds	9,391	1,485	838
Inventory of Supplies at Cost	624,485	97,414	12,432
Prepaid Items	4,684	2,498	438
Restricted Assets:			
Cash and Cash Equivalents	167,961	0	0
Total current assets	<u>8,855,696</u>	<u>4,335,512</u>	<u>1,350,729</u>
Noncurrent assets:			
Lease Receivable	1,274,247	0	0
Investment in Joint Venture	0	158,988	6,382,097
Capital assets:			
Non-Depreciable Capital Assets	62,135	2,054,856	4,116
Depreciable Capital Assets, net	6,851,166	6,619,833	5,433,700
Total capital assets	<u>6,913,301</u>	<u>8,674,689</u>	<u>5,437,816</u>
Total noncurrent assets	<u>8,187,548</u>	<u>8,833,677</u>	<u>11,819,913</u>
Total assets	<u>17,043,244</u>	<u>13,169,189</u>	<u>13,170,642</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts Payable	748,078	15,889	4,833
Accrued Wages and Benefits Payable	49,567	32,357	8,324
Intergovernmental Payable	1,035	170,235	56,986
Refundable Deposits	167,961	0	0
Due to Other Funds	71,829	2,413	2,161
Unearned Revenue	434,091	0	0
Accrued Interest Payable	28,957	17,981	674
General Obligation Notes Payable	2,175,000	1,400,000	0
General Obligation Bonds Payable - Current	50,000	25,000	50,000
Compensated Absences Payable - Current	28,479	21,943	6,580
Total Current Liabilities	<u>3,754,997</u>	<u>1,685,818</u>	<u>129,558</u>

**CITY OF TIPP CITY, OHIO**

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Refuse Collection	Total
\$ 95,517	\$ 4,041,878
0	7,180,790
0	1,739,678
0	23,175
0	645,463
0	84,844
0	11,714
0	734,331
0	7,620
0	167,961
<u>95,517</u>	<u>14,637,454</u>
0	1,274,247
0	6,541,085
0	2,121,107
<u>0</u>	<u>18,904,699</u>
<u>0</u>	<u>21,025,806</u>
<u>0</u>	<u>28,841,138</u>
<u>95,517</u>	<u>43,478,592</u>
61,055	829,855
0	90,248
0	228,256
0	167,961
0	76,403
0	434,091
0	47,612
0	3,575,000
0	125,000
0	57,002
<u>61,055</u>	<u>5,631,428</u>

(Continued)

**CITY OF TIPP CITY, OHIO**

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**Statement of Fund Net Assets  
Proprietary Funds  
December 31, 2010**

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	<u>Business-type activities - Enterprise Funds</u>		
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Noncurrent Liabilities:			
General Obligation Bonds Payable	245,000	0	175,000
State Loan Payable	0	0	397,680
Compensated Absences Payable	160,265	43,083	16,870
Total noncurrent liabilities	<u>405,265</u>	<u>43,083</u>	<u>589,550</u>
<b>Total Liabilities</b>	<u>4,160,262</u>	<u>1,728,901</u>	<u>719,108</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	6,618,301	7,249,689	4,815,136
Unrestricted	6,264,681	4,190,599	7,636,398
Total Net Assets	<u>\$ 12,882,982</u>	<u>\$ 11,440,288</u>	<u>\$ 12,451,534</u>

See accompanying notes to the basic financial statements



**CITY OF TIPP CITY, OHIO**

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<u>Refuse Collection</u>	<u>Total</u>
0	420,000
0	397,680
0	220,218
<u>0</u>	<u>1,037,898</u>
<u>61,055</u>	<u>6,669,326</u>
0	18,683,126
<u>34,462</u>	<u>18,126,140</u>
<u>\$ 34,462</u>	<u>\$ 36,809,266</u>

**CITY OF TIPP CITY, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2010**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<b>Operating Revenues:</b>			
Charges for Services	\$ 11,632,421	\$ 2,286,082	\$ 1,293,696
Other Operating Revenues	240,114	158,561	187
<b>Total Operating Revenues</b>	<u>11,872,535</u>	<u>2,444,643</u>	<u>1,293,883</u>
<b>Operating Expenses:</b>			
Personal Services	1,062,065	609,790	176,679
Contractual Services	9,328,826	1,581,743	806,975
Materials and Supplies	61,033	45,595	21,584
Utilities	9,026	11,278	14,452
Depreciation	427,316	315,749	261,774
Other Operating Expenses	7,447	110,251	419
<b>Total Operating Expenses</b>	<u>10,895,713</u>	<u>2,674,406</u>	<u>1,281,883</u>
<b>Operating Income (Loss)</b>	976,822	(229,763)	12,000
<b>Non-Operating Revenue (Expenses):</b>			
Income (Loss) from Joint Venture	0	73,619	824,776
Loss on Disposal of Capital Assets	0	(1,678)	(1,679)
Interest and Fiscal Charges	(38,998)	(11,090)	(9,463)
Investment Earnings	22,599	(1,562)	(857)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(16,399)</u>	<u>59,289</u>	<u>812,777</u>
<b>Income (Loss) Before Contributions and Transfers</b>	960,423	(170,474)	824,777
Transfers-Out	(19,637)	(15,459)	(6,847)
Capital Contributions from Joint Venture	0	4,354	35,592
Capital Contributions	0	201,207	0
<b>Change in Net Assets</b>	940,786	19,628	853,522
<b>Net Assets Beginning of Year</b>	<u>11,942,196</u>	<u>11,420,660</u>	<u>11,598,012</u>
<b>Net Assets End of Year</b>	<u>\$ 12,882,982</u>	<u>\$ 11,440,288</u>	<u>\$ 12,451,534</u>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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Refuse Collection	Total
\$ 763,387	\$ 15,975,586
0	398,862
763,387	16,374,448
0	1,848,534
762,941	12,480,485
0	128,212
0	34,756
0	1,004,839
0	118,117
762,941	15,614,943
446	759,505
0	898,395
0	(3,357)
0	(59,551)
0	20,180
0	855,667
446	1,615,172
0	(41,943)
0	39,946
0	201,207
446	1,814,382
34,016	34,994,884
\$ 34,462	\$ 36,809,266

**CITY OF TIPP CITY, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2010**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$11,456,182	\$2,257,926	\$1,288,712
Cash Payments for Goods and Services	(9,307,167)	(1,668,536)	(840,618)
Cash Payments to Employees	(1,104,845)	(615,071)	(169,530)
Other Operating Revenues	250,678	161,786	7,524
Net Cash Provided by Operating Activities	1,294,848	136,105	286,088
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	(19,637)	(15,459)	(6,847)
Interest Paid on General Obligation Notes	(15,480)	0	0
Principal Paid on General Obligation Notes	(950,000)	0	0
Proceeds from the Sale of General Obligation Notes	2,175,000	0	0
Net Cash Provided (Used) for Noncapital Financing Activities	1,189,883	(15,459)	(6,847)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(119,701)	(591,685)	(16,004)
Receipt of Lease Payments	51,273	0	0
Sale of General Obligation Notes	0	1,400,000	0
Premium on Sale of General Obligation Notes	0	8,381	0
Principal Paid on General Obligation Bonds	(50,000)	(25,000)	(50,000)
Receipt of Intergovernmental Grants	0	201,207	0
Interest Paid on General Obligation Bonds	(15,929)	(1,625)	(9,588)
Net Cash Provided (Used) for Capital and Related Financing Activities	(134,357)	991,278	(75,592)
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	(1,494,438)	(690,022)	0
Sale of Investments	0	0	293,849
Net Cash Provided (Used) for Investing Activities	(1,494,438)	(690,022)	293,849
Net Increase in Cash and Cash Equivalents	855,936	421,902	497,498
Cash and Cash Equivalents at Beginning of Year	1,323,899	884,885	130,202
Cash and Cash Equivalents at End of Year	\$2,179,835	\$1,306,787	\$627,700
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$2,011,874	\$1,306,787	\$627,700
Restricted Cash and Cash Equivalents	167,961	0	0
Cash and Cash Equivalents at End of Year	\$2,179,835	\$1,306,787	\$627,700

**CITY OF TIPP CITY, OHIO**

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Refuse Collection	Total
\$763,387	\$15,766,207
(762,469)	(12,578,790)
0	(1,889,446)
0	419,988
918	1,717,959
0	(41,943)
0	(15,480)
0	(950,000)
0	2,175,000
0	1,167,577
0	(727,390)
0	51,273
0	1,400,000
0	8,381
0	(125,000)
0	201,207
0	(27,142)
0	781,329
0	(2,184,460)
0	293,849
0	(1,890,611)
918	1,776,254
94,599	2,433,585
\$95,517	\$4,209,839
\$95,517	\$4,041,878
0	167,961
\$95,517	\$4,209,839

(Continued)

**CITY OF TIPP CITY, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2010**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	\$976,822	(\$229,763)	\$12,000
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	427,316	315,749	261,774
Adjustments to Assets and Liabilities:			
Increase in Accounts Receivable	(199,314)	(4,438)	(4,661)
(Increase) Decrease in Intergovernmental Receivable	9,621	(23,175)	0
Decrease in Special Assessments Receivable	2,061	3,225	7,337
Decrease in Inventory	28,952	3,836	106
(Increase) Decrease in Prepaid Items	(1,591)	(538)	9
Increase in Due from Other Funds	(3,367)	(543)	(323)
Increase in Accounts Payable	76,902	14,332	4,557
Increase (Decrease) in Accrued Wages and Benefits	(5,663)	3,416	681
Increase (Decrease) in Due to Other Funds	8,133	923	482
Increase (Decrease) in Intergovernmental Payable	(792)	61,778	(2,342)
Increase in Customer Deposits Payable	11,553	0	0
Increase (Decrease) in Compensated Absences	(35,785)	(8,697)	6,468
Total Adjustments	318,026	365,868	274,088
Net Cash Provided by Operating Activities	\$1,294,848	\$136,105	\$286,088

Schedule of Noncash Investing, Capital and Financing Activities:

During 2010 the Electric and Water Funds had outstanding liabilities for capital assets of \$68,169 and \$22,322 respectively. During 2010 the fair value of investments decreased by \$1,604 and \$1,562 in the Electric and Water Funds, respectively.

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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<u>Refuse Collection</u>	<u>Total</u>
\$446	\$759,505
0	1,004,839
0	(208,413)
0	(13,554)
0	12,623
0	32,894
0	(2,120)
0	(4,233)
3,560	99,351
0	(1,566)
(3,088)	6,450
0	58,644
0	11,553
0	(38,014)
<u>472</u>	<u>958,454</u>
<u>\$918</u>	<u>\$1,717,959</u>

**CITY OF TIPP CITY, OHIO**

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***Statement of Assets and Liabilities  
Agency Funds  
December 31, 2010***

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	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 70,196
Restricted Assets:	
Cash and Cash Equivalents	<u>56,485</u>
<b>Total Assets</b>	<u>126,681</u>
<b>Liabilities:</b>	
Due to Others	<u>126,681</u>
<b>Total Liabilities</b>	<u>\$ 126,681</u>

See accompanying notes to the basic financial statements



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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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, 2010 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 17 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 18 for further information.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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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. See Note 18 for further information.

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

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

***Governmental Funds***

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

***Proprietary Funds***

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

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

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

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City’s major enterprise funds are:

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

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

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

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

***Fiduciary Funds***

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

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

**D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

Special assessment installments including related interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2010 but which are not intended to finance 2010 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

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

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

**E. Budgetary Process**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**E. Budgetary Process (Continued)**

1. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2010.

2. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the personal services and other expenditures level within each department within each fund, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the personal services and other expenditures level within each department within each fund. The allocation of appropriations within a fund may be modified with the approval of the City Council. During 2010, several supplemental appropriations measures were necessary to budget the use of contingency funds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**E. Budgetary Process (Continued)**

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

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

<u>Net Change in Fund Balance</u>	<u>General Fund</u>
GAAP Basis (as reported)	\$35,564
Increase (Decrease):	
Accrued Revenues at December 31, 2010 received during 2011	(555,988)
Accrued Revenues at December 31, 2009 received during 2010	592,864
Accrued Expenditures at December 31, 2010 paid during 2011	352,801
Accrued Expenditures at December 31, 2009 paid during 2010	(314,751)
2010 Prepays for 2011	(31,222)
2009 Prepays for 2010	23,241
Outstanding Encumbrances	(155,348)
Budget Basis	<u>(\$52,839)</u>



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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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 4, "Cash, Cash Equivalents and Investments."

**G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the City's Investment Policies. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 4, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2010. 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, 2010.

**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, 2010***

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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, 2010, 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, 2010***

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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:

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

**L. Long-Term Obligations**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**M. Compensated Absences**

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

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

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

**N. Net Assets**

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

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

**O. Pensions**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**P. Interfund Activity**

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

**Q. Interfund Assets/Liabilities**

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

**R. Reservations of Fund Balance**

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

**S. Estimates**

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

**T. Operating Revenues and Expenses**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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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:*

Deferred/Delinquent Income Tax Revenue	\$485,840
Delinquent Property Tax Revenue	10,173
Shared Revenues	394,566
Interest Revenue	14,966
Special Assessment Revenue	1,237,369
Deferred Charges for Services	97,925
	<hr/>
	\$2,240,839

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

General Obligation Bonds Payable	(\$3,180,000)
Special Assessment Bond Payable	(715,000)
Accrued Interest on Long-Term Debt	(12,774)
Compensated Absences Payable	(682,157)
	<hr/>
	(\$4,589,931)

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

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

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

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

Capital Outlay	\$734,545
Depreciation Expense	(1,558,828)
	<u>(\$824,283)</u>

*Governmental revenues not reported in the funds:*

Decrease in Deferred/Delinquent Income Tax Revenue	(\$434)
Decrease in Property Tax Revenue	(2,873)
Decrease in Shared Revenue	(30,855)
Decrease in Special Assessment Revenue	(108,077)
Decrease in Interest Revenue	(2,162)
Increase in Deferred Charges for Services	97,925
	<u>(\$46,476)</u>

*Net amount of bond and lease principal payments:*

General Obligation Bond Principal Payment	\$865,000
Special Assessment Bond Principal Payment	40,000
Capital Lease Payments	6,665
	<u>\$911,665</u>

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

Decrease in Compensated Absences Payable	\$212,718
Decrease in supplies inventory	(2,535)
	<u>\$210,183</u>

**NOTE 3 – COMPLIANCE AND ACCOUNTABILITY**

**A. Fund Deficit**

The fund deficits at December 31, 2010 of \$305,352, \$509,490 and \$469 in the Kinna Drive Construction, 25-A Construction Fund and OPWC Grant Funds, respectively (capital projects funds), are the result of recording notes payable and accruals in the individual fund balance sheets. The General Fund provides transfers, upon City Council’s approval when cash is required not when accruals occur.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**B. Budgetary Deficit**

The budgetary deficit at December 31, 2010 of \$250,000 in the OPWC Grant Fund arises from the recording of encumbrances as expenditures. As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The deficit does not exist under the cash basis of accounting. Transfers are provided when cash is required, not when encumbrances are recorded.

**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$10,145,536 and the bank balance was \$9,956,814. Federal depository insurance covered \$750,000 of the bank balance. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$9,206,814</u>
Total Balance	<u><u>\$9,206,814</u></u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

**B. Investments**

The City's investments at December 31, 2010 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
STAR Ohio	\$80,086	AAAm <sup>1</sup>	\$80,086	\$0
FNMA	498,026	AAA <sup>1</sup>	0	498,026
FHLB	1,755,142	AAA <sup>1</sup>	0	1,755,142
United States Treasury Notes	3,856,395	N/A	1,204,672	2,651,723
Total Investments	<u>\$6,189,649</u>		<u>\$1,284,758</u>	<u>\$4,904,891</u>

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

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

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

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

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 8% are FNMA, 28.4% are FHLB, 62.3% are U.S. Treasury Notes and 1.3% is invested in STAR Ohio.

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

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

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

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

	Cash and Cash Equivalents	Investments
Per GASB Statement No. 9	\$6,625,622	\$9,709,563
Certificates of Deposit (with maturities of more than 3 months)	3,600,000	(3,600,000)
Investments:		
STAR Ohio	(80,086)	80,086
Per GASB Statement No. 3	<u>\$10,145,536</u>	<u>\$6,189,649</u>

**NOTE 5 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2010 were levied after October 1, 2009 on assessed values as of January 1, 2009, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last reappraisal was completed in 2007. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in 2010, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2012, the City will be fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 5 – TAXES (Continued)**

**A. Property Taxes (Continued)**

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Tipp City. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2010 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2010 levy was based was \$258,177,010. This amount constitutes \$252,739,270 in real property assessed value, \$5,329,090 in public utility assessed value and \$108,650 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 2010, the City levied a tax of 1.25% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

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

Municipal income tax revenue for 2010 was \$3,449,915. This represents a 10% increase over 2009 income tax revenue of \$3,133,216.

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2010 consisted of taxes, special assessments, interfund receivables, interest, lease receivable, accounts receivable and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred revenues are considered collectable in full.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 7 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2010:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$257,000
Other Governmental Funds	1,334,975	1,036,032
Total Governmental Funds	<u>1,334,975</u>	<u>1,293,032</u>
Electric Fund	0	19,637
Water Fund	0	15,459
Sewer Fund	0	6,847
Total Proprietary Funds	<u>0</u>	<u>41,943</u>
Totals	<u><u>\$1,334,975</u></u>	<u><u>\$1,334,975</u></u>

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

**NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

Following is a summary of interfund receivables and payables for all funds for 2010:

Fund	Due From	Due To
General Fund	\$71,829	\$6,652
Other Governmental Funds	0	488
Total Governmental Funds	<u>71,829</u>	<u>7,140</u>
Electric Fund	9,391	71,829
Water Fund	1,485	2,413
Sewer Fund	838	2,161
Total Proprietary Funds	<u>11,714</u>	<u>76,403</u>
Totals	<u><u>\$83,543</u></u>	<u><u>\$83,543</u></u>

Interfund receivables and payables account for amounts due between funds for utility balances. There was also a \$100 interfund loan receivable in the General Fund and an interfund loan payable in the same amount within the Other Governmental Funds. This was a result of cash flow timing differences and will be repaid immediately upon receipt of the expected monies that caused the shortfall.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2010:

**Historical Cost:**

Class	December 31, 2009	Additions	Deletions	December 31, 2010
<b>Non-depreciable Capital assets:</b>				
Land	\$13,405,452	\$129,619	(\$4,177)	\$13,530,894
Construction in Progress	0	185,869	0	185,869
Total Non-depreciable Capital assets	13,405,452	315,488	(4,177)	13,716,763
<b>Capital assets being depreciated:</b>				
Buildings	6,430,813	0	0	6,430,813
Improvements Other Than Buildings	4,842,652	0	0	4,842,652
Machinery and Equipment	6,221,182	179,125	(135,860)	6,264,447
Infrastructure	25,851,111	239,932	(50,470)	26,040,573
Total Depreciable Capital assets	43,345,758	419,057	(186,330)	43,578,485
Total Cost	\$56,751,210	\$734,545	(\$190,507)	\$57,295,248

**Accumulated Depreciation:**

Class	December 31, 2009	Additions	Deletions	December 31, 2010
Buildings	(\$1,632,962)	(\$133,624)	\$0	(\$1,766,586)
Improvements Other Than Buildings	(1,360,717)	(232,895)	0	(1,593,612)
Machinery and Equipment	(4,439,355)	(445,398)	113,214	(4,771,539)
Infrastructure	(10,019,125)	(746,911)	45,482	(10,720,554)
Total Depreciation	(\$17,452,159)	(\$1,558,828) *	\$158,696	(\$18,852,291)
<b>Net Value:</b>	\$39,299,051			\$38,442,957

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

Security of Persons and Property	(\$208,304)
Leisure Time Activities	(397,298)
Transportation	(818,599)
General Government	(134,627)
Total Depreciation Expense	(\$1,558,828)

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

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

Summary by Category at December 31, 2010:

**Historical Cost:**

Class	December 31, 2009	Additions	Deletions	December 31, 2010
<b>Non-depreciable Capital assets:</b>				
Land	\$1,988,824	\$0	\$0	\$1,988,824
Construction in Progress	48,305	92,473	(8,495)	132,283
Total Non-depreciable Capital Assets	2,037,129	92,473	(8,495)	2,121,107
<b>Capital assets being depreciated:</b>				
Buildings	1,840,650	15,460	0	1,856,110
Improvements Other Than Buildings	28,971,977	550,765	0	29,522,742
Machinery and Equipment	2,285,010	157,223	(14,245)	2,427,988
Total Depreciable Capital assets	33,097,637	723,448	(14,245)	33,806,840
Total Cost	\$35,134,766	\$815,921	(\$22,740)	\$35,927,947

**Accumulated Depreciation:**

Class	December 31, 2009	Additions	Deletions	December 31, 2010
Buildings	(\$700,359)	(\$35,442)	\$0	(\$735,801)
Improvements Other Than Buildings	(11,764,876)	(792,277)	0	(12,557,153)
Machinery and Equipment	(1,442,955)	(177,120)	10,888	(1,609,187)
Total Depreciation	(\$13,908,190)	(\$1,004,839)	\$10,888	(\$14,902,141)
<b>Net Value:</b>	\$21,226,576			\$21,025,806

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

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

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

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2010, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2010 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 8.5% from January 1 through February 28, 2010 and 9.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 9.27% from January 1 through February 28, 2010, and 9.77% from March 1 through December 31, 2010. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$302,945, \$281,180 and \$245,349, respectively, which were equal to the required contributions for each year.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5 for police officers. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2010, 12.75% of annual covered salary for police was the portion used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2010, 2009, and 2008 were \$166,981, \$168,839 and \$164,894 for police, which were equal to the required contributions for each year.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2010, 2009, and 2008 were \$175,514, \$205,374 and \$245,349, respectively, which were equal to the required contributions for each year.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2010, 2009, and 2008 were \$88,402, \$89,385 and \$87,297 for police, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

**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, 160 hours or 360 hours to the following year dependent on their employment contract. Upon separation from the City, the employee (or his estate) receives 100% of all vacation and from 25% (up to a maximum of 30 days) to 75% (up to a maximum of 180 days) of the employee's sick leave balance based on years of service and dependent upon the employment contract.

At December 31, 2010, the City's accumulated, unpaid compensated absences amounted to \$959,377, of which \$682,157 is recorded as a liability of the Governmental Activities and \$277,220 is recorded as a liability of the Business-Type Activities. The amounts are recorded in "Due within One Year" and "Due in More Than One Year" on the Entity Wide Statement of Net Assets based upon estimated usage.

**NOTE 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 note activity during 2010:

	Maturity Date	Balance December 31, 2009	Issued	(Retired)	Balance December 31, 2010
Capital Projects Notes Payable:					
1.50% 25A Reconstruction	2/22/2011	\$550,000	\$525,000	(\$550,000)	\$525,000
1.50% Kinna Drive Construction	2/22/2011	1,100,000	425,000	(1,100,000)	425,000
Total Capital Projects Notes Payable		<u>1,650,000</u>	<u>950,000</u>	<u>(1,650,000)</u>	<u>950,000</u>
Enterprise Notes Payable:					
1.50% Water Tower Construction	2/22/2011	0	1,400,000	0	1,400,000
1.50% Electric Generator Note	2/22/2011	950,000	925,000	(950,000)	925,000
1.50% AMR-AMI Note (Electric)	2/22/2011	0	1,250,000	0	1,250,000
Total Enterprise Notes Payable		<u>950,000</u>	<u>3,575,000</u>	<u>(950,000)</u>	<u>3,575,000</u>
Total Notes Payable		<u>\$2,600,000</u>	<u>\$4,525,000</u>	<u>(\$2,600,000)</u>	<u>\$4,525,000</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 14 - CAPITAL LEASE RECEIVABLE**

The City and the Northern Area Water Authority (NAWA) have entered into a capital lease agreement where the City will finance the lease-purchase of a backup electric generator on behalf of NAWA. The value of the equipment leased under the lease agreement is \$1,245,755. The receivable is recorded within the Electric Fund and is recorded on the Statement of Net Assets as lease receivable – current and lease receivable. The following is a schedule of future minimum lease payments, to be received, under the capital lease together with the present value of the net minimum lease payments as of December 31, 2010:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>
2011	\$90,500
2012	88,250
2013	86,000
2014	83,750
2015	81,500
2016-2020	373,750
2021-2025	317,500
2026-2028	<u>237,841</u>
Minimum Lease Payments	1,359,091
Less amount representing unearned revenue	<u>(434,091)</u>
Present value of minimum lease payments	<u><u>\$925,000</u></u>

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**CITY OF TIPP CITY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 15 - LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2010 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2009	Issued	(Retired)	Balance December 31, 2010	Amount Due Within One Year
<b>Business Type-Activities:</b>							
General Obligation Bonds:							
4.6-4.625% Electric Improvement Bonds	995,000	2015	\$345,000	\$0	(\$50,000)	\$295,000	\$50,000
2.0-3.5% Woodlawn Water Bonds	200,000	2011	50,000	0	(25,000)	25,000	25,000
2.0-3.5% Woodlawn Sewer Bonds	250,000	2013	100,000	0	(25,000)	75,000	25,000
2.0-3.85% Rosewood Sewer Bonds	300,000	2016	175,000	0	(25,000)	150,000	25,000
Total General Obligation Bonds			670,000	0	(125,000)	545,000	125,000
0.00% North East Sewer Interceptor Loan	597,260	2014	397,680	0	0	397,680	0
Compensated Absences			315,234	22,025	(60,039)	277,220	57,002
Total Business-Type Activity Long-Term Liabilities			\$1,382,914	\$22,025	(\$185,039)	\$1,219,900	\$182,002
<b>Governmental Activities:</b>							
Unvoted General Obligation Bonds:							
4.6-4.625% Service Center Improvement	940,000	2015	\$290,000	\$0	(\$50,000)	\$240,000	\$50,000
4.0-4.800% Capital Facilities Bond	2,325,000	2019	1,000,000	0	(100,000)	900,000	100,000
2.0-3.5% Recreation Facility Bond	5,200,000	2013	2,400,000	0	(650,000)	1,750,000	675,000
2.0-3.65% 25A Reconstruction Bond	250,000	2014	125,000	0	(25,000)	100,000	25,000
2.0-3.65% Fire Truck Equipment Bond	275,000	2014	150,000	0	(30,000)	120,000	30,000
2.0-4.15% Donn Davis Construction - City Share	250,000	2017	80,000	0	(10,000)	70,000	10,000
Total General Obligation Bonds			4,045,000	0	(865,000)	3,180,000	890,000
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	755,000	0	(40,000)	715,000	40,000
Capital Lease	61,500		6,665	0	(6,665)	0	0
Compensated Absences			894,875	160,068	(372,786)	682,157	173,226
Total Governmental Activity Long-Term Liabilities			\$5,701,540	\$160,068	(\$1,284,451)	\$4,577,157	\$1,103,226

The principal amount of the City's special assessment bonds outstanding at December 31, 2010, \$715,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 15 - LONG-TERM OBLIGATIONS (Continued)**

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

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2010, follow:

Years	General Obligation Bonds		Special Assessment Bonds		Loan Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$1,015,000	\$146,464	\$40,000	\$29,465	\$0	\$0
2012	990,000	108,964	40,000	28,065	0	0
2013	715,000	72,314	40,000	26,665	0	0
2014	290,000	45,164	45,000	25,265	397,680	0
2015	270,000	32,753	45,000	23,623	0	0
2016-2020	445,000	49,779	255,000	89,864	0	0
2021-2024	0	0	250,000	23,310	0	0
Totals	<u>\$3,725,000</u>	<u>\$455,438</u>	<u>\$715,000</u>	<u>\$246,257</u>	<u>\$397,680</u>	<u>\$0</u>

**NOTE 16 – CONSTRUCTION COMMITMENT**

At December 31, 2010 the City had the following contractual commitments outstanding:

Project	Remaining Contractual Commitment	Estimated Date of Completion
Water Tower Construction	\$1,873,585	12/31/11
AMR/AMI Meter Replacement Project	1,784,573	12/31/11
Traffic Signalization Improvements	626,549	6/30/2011
Total Construction Commitments	<u>\$4,284,707</u>	

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 17 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1996 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2010, the pool has twenty-one members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. Management is provided by an Executive Director, who is assisted by a Claims Manager, a full-time Loss Control Manager and office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board, and the organization is covered by policies, procedures, and formally adopted bylaws.

The twenty one participating entities and their respective pool contribution factors for the loss year ended December 31, 2010 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	5.96 %	Montgomery	3.17 %
Bellbrook	0.97 %	NAWA	0.17 %
Blue Ash	7.03 %	Piqua	6.01 %
Centerville	3.92 %	Sidney	6.89 %
Englewood	2.92 %	Springdale	4.06 %
Indian Hill	3.45 %	Tipp City	2.87 %
Kettering	12.11 %	Troy	7.28 %
Madeira	1.94 %	Vandalia	4.80 %
Mason	6.55 %	West Carrollton	3.30 %
Miamisburg	8.46 %	Wilmington	5.84 %
Subtotal	<u>53.31 %</u>	Wyoming	2.30 %
		Subtotal	<u>46.69 %</u>
		Total	<u>100.00 %</u>

The individual MVRMA, Inc. members are not considered "participants having equity interest" as defined by GASB Statement No. 14 since members have no rights to any assets of MVRMA, Inc. other than possible residual claims upon dissolution. The risk of loss is transferred from the City to the pool. Therefore, MVRMA, Inc. is a multi-jurisdictional arrangement that has the characteristics of a joint venture but has additional features that distinguish it, for financial reporting purposes, from the traditional joint venture defined in GASB Statement No. 14.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 17 - RISK MANAGEMENT (Continued)**

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

Property	\$1,000,000,000	per occurrence
Crime / Employee Theft	500,000	per occurrence
Liability	10,000,000	per occurrence
Flood	25,000,000	Aggregate
Flood (Zones A &V)	5,000,000	per occurrence
Earthquake (Property)	25,000,000	Aggregate
Extra Expense	5,000,000	per occurrence

The deductible per occurrence is \$2,500. During 2010, MVRMA's self insured retention (SIR) limit for property was \$250,000 except boiler and machinery, which was \$5,000. The SIR for liability was \$500,000. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2010.

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 eleven 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, 2010***

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**NOTE 18 - JOINT VENTURES**

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

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

Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Tipp City, Vandalia and Huber Heights. Tri-Cities is governed by a management board consisting of the city managers of the three participating cities. The Board has complete authority over all the aspects of the Plant's operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation, and the City does have an equity interest. The percentage of equity interest for each city is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$6,382,097 which represents 20.45% of the total equity in Tri-Cities. This reflects an increase of .12% over the City's equity interest of 20.33% in 2009. 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 2010, the City paid \$654,831 to Tri-Cities for services provided. Complete financial statements can be obtained from Tri-Cities North Regional Wastewater Authority, 3777 Old Needmore Road, Dayton, Ohio 45424.

**B. Northern Area Water Authority**

On March 8, 2002, City officials from Tipp City and Vandalia created a joint venture to plan, finance, construct, and operate a water treatment plant to service the needs of both communities.

The Northern Area Water Authority (NAWA) is a joint venture among the cities of Tipp City and Vandalia. NAWA is governed by a five member management board who have complete authority over all aspects of the operation. NAWA supplies all participating residents of the member cities with water services. Each city owns the water lines located in its city and bills its residents for usage. Operations started in 2007. Continued existence of NAWA is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each city is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$158,988 which represents 50% of the total equity of NAWA on December 31, 2010. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2010, the City paid \$1,272,475 to NAWA for services provided. NAWA did file a GAAP basis financial statement in accordance with Ohio Revised Code and copies of this report are available from Northern Area Water Authority, 333 J. E. Bohanan Drive, Vandalia, Ohio 45377.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 19 - 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 20 – SUBSEQUENT EVENTS**

In January 2011, the City entered into a contract with Double Jay Construction Inc. of Englewood, Ohio for a Main Street Streetscape Improvement project at a cost of \$580,157. Approximately 93% of the contract amount will be grant funded through three grantor agencies.

On February 22, 2011, the City issued general obligation bond anticipation notes, in the amount of \$4,223,000 to retire notes previously issued, in the amount of \$4,525,000 for the purposes of improving County Road 25A and Kinna Drive, the purchase and installation of an electric generator at the water treatment plant, construction of a one million gallon elevated water storage tank, and purchase and installation of an AMR/AMI water metering infrastructure. The notes have an interest rate of 1.50 percent and mature on February 21, 2012.

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



*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.

**Emergency Medical Services (EMS) Donation Trust Fund**

To account for revenue from contributions of gifts and donations to the Emergency Medical Services department. . (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Police Donation Trust Fund**

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

(Continued)

***Debt Service Fund***

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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.

**Capital Improvement Reserve Fund**

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

**Parks Capital Improvement Fund**

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

**Kinna Drive Construction Fund**

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

**25-A Construction Fund**

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

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

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

**Clean Ohio Grant Fund**

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

**CITY OF TIPP CITY, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 558,971	\$ 32,640	\$ 464,471	\$ 1,056,082
Receivables:				
Taxes	0	0	304,732	304,732
Intergovernmental	317,220	0	64,780	382,000
Special Assessments	0	0	206,213	206,213
Inventory of Supplies, at Cost	75,887	0	0	75,887
Prepaid Items	2,326	0	606	2,932
<b>Total Assets</b>	<u>\$ 954,404</u>	<u>\$ 32,640</u>	<u>\$ 1,040,802</u>	<u>\$ 2,027,846</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 7,745	\$ 0	\$ 96,623	\$ 104,368
Accrued Wages and Benefits Payable	17,523	0	0	17,523
Intergovernmental Payable	3,751	0	0	3,751
Due to Other Funds	488	0	0	488
Interfund Loans Payable	0	0	100	100
Deferred Revenue	211,481	0	382,313	593,794
Accrued Interest Payable	0	0	12,152	12,152
General Obligation Notes Payable	0	0	950,000	950,000
<b>Total Liabilities</b>	<u>240,988</u>	<u>0</u>	<u>1,441,188</u>	<u>1,682,176</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	35,282	0	276,788	312,070
Reserved for Prepaid Items	2,326	0	606	2,932
Reserved for Supplies Inventory	75,887	0	0	75,887
Reserved for Debt Service	0	32,640	0	32,640
Undesignated/Unreserved	599,921	0	(677,780)	(77,859)
<b>Total Fund Balances</b>	<u>713,416</u>	<u>32,640</u>	<u>(400,386)</u>	<u>345,670</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 954,404</u>	<u>\$ 32,640</u>	<u>\$ 1,040,802</u>	<u>\$ 2,027,846</u>



**CITY OF TIPP CITY, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 1,241,732	\$ 1,241,732
Intergovernmental Revenues	655,278	0	211,035	866,313
Charges for Services	416,637	0	0	416,637
Licenses and Permits	150	0	0	150
Investment Earnings	0	0	(2,285)	(2,285)
Special Assessments	0	0	40,624	40,624
Fines and Forfeitures	3,012	0	0	3,012
All Other Revenue	7,936	0	5,565	13,501
<b>Total Revenue</b>	<b>1,083,013</b>	<b>0</b>	<b>1,496,671</b>	<b>2,579,684</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	471	0	0	471
Leisure Time Activities	382,531	0	0	382,531
Transportation	564,154	0	256	564,410
General Government	0	0	2,147	2,147
Capital Outlay	78,333	0	796,284	874,617
Debt Service:				
Principal Retirement	0	865,000	0	865,000
Interest and Fiscal Charges	0	147,697	19,827	167,524
<b>Total Expenditures</b>	<b>1,025,489</b>	<b>1,012,697</b>	<b>818,514</b>	<b>2,856,700</b>
Excess (Deficiency) of Revenues Over Expenditures	57,524	(1,012,697)	678,157	(277,016)
<b>Other Financing Sources (Uses):</b>				
Transfers In	40,000	1,041,583	253,392	1,334,975
Transfers Out	(42,188)	0	(993,844)	(1,036,032)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,188)</b>	<b>1,041,583</b>	<b>(740,452)</b>	<b>298,943</b>
Net Change in Fund Balances	55,336	28,886	(62,295)	21,927
<b>Fund Balances at Beginning of Year</b>	<b>672,827</b>	<b>3,754</b>	<b>(338,091)</b>	<b>338,490</b>
Decrease in Inventory Reserve	(14,747)	0	0	(14,747)
<b>Fund Balances End of Year</b>	<b>\$ 713,416</b>	<b>\$ 32,640</b>	<b>\$ (400,386)</b>	<b>\$ 345,670</b>

**CITY OF TIPP CITY, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2010**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 73,784	\$ 246,815	\$ 90,095	\$ 113,648
Receivables:				
Intergovernmental	0	203,666	16,514	97,040
Inventory of Supplies, at Cost	0	75,887	0	0
Prepaid Items	460	1,831	0	35
<b>Total Assets</b>	<b>\$ 74,244</b>	<b>\$ 528,199</b>	<b>\$ 106,609</b>	<b>\$ 210,723</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 255	\$ 6,635	\$ 0	\$ 855
Accrued Wages and Benefits Payable	0	14,290	0	3,233
Intergovernmental Payable	3,751	0	0	0
Due to Other Funds	0	488	0	0
Deferred Revenue	0	135,778	11,009	64,694
<b>Total Liabilities</b>	<b>4,006</b>	<b>157,191</b>	<b>11,009</b>	<b>68,782</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	2,392	8,118	2,290	20,757
Reserved for Prepaid Items	460	1,831	0	35
Reserved for Supplies Inventory	0	75,887	0	0
Undesignated/Unreserved	67,386	285,172	93,310	121,149
<b>Total Fund Balances</b>	<b>70,238</b>	<b>371,008</b>	<b>95,600</b>	<b>141,941</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 74,244</b>	<b>\$ 528,199</b>	<b>\$ 106,609</b>	<b>\$ 210,723</b>

**CITY OF TIPP CITY, OHIO**

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<u>Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>Police Donation Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 14,451	\$ 12,703	\$ 6,097	\$ 1,378	\$ 558,971
0	0	0	0	317,220
0	0	0	0	75,887
0	0	0	0	2,326
<u>\$ 14,451</u>	<u>\$ 12,703</u>	<u>\$ 6,097</u>	<u>\$ 1,378</u>	<u>\$ 954,404</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,745
0	0	0	0	17,523
0	0	0	0	3,751
0	0	0	0	488
0	0	0	0	211,481
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>240,988</u>
0	0	1,725	0	35,282
0	0	0	0	2,326
0	0	0	0	75,887
<u>14,451</u>	<u>12,703</u>	<u>4,372</u>	<u>1,378</u>	<u>599,921</u>
<u>14,451</u>	<u>12,703</u>	<u>6,097</u>	<u>1,378</u>	<u>713,416</u>
<u>\$ 14,451</u>	<u>\$ 12,703</u>	<u>\$ 6,097</u>	<u>\$ 1,378</u>	<u>\$ 954,404</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, 2010**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 437,091	\$ 35,441	\$ 182,746
Charges for Services	385,767	30,870	0	0
Licenses and Permits	0	150	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	2,107	1,142	0	0
<b>Total Revenue</b>	<u>387,874</u>	<u>469,253</u>	<u>35,441</u>	<u>182,746</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	382,531	0	0	0
Transportation	0	439,513	10,188	114,453
Capital Outlay	0	0	1,071	76,375
<b>Total Expenditures</b>	<u>382,531</u>	<u>439,513</u>	<u>11,259</u>	<u>190,828</u>
Excess (Deficiency) of Revenues Over Expenditures	5,343	29,740	24,182	(8,082)
<b>Other Financing Sources (Uses):</b>				
Transfers In	40,000	0	0	0
Transfers Out	0	(29,288)	0	(12,900)
<b>Total Other Financing Sources (Uses)</b>	<u>40,000</u>	<u>(29,288)</u>	<u>0</u>	<u>(12,900)</u>
Net Change in Fund Balances	45,343	452	24,182	(20,982)
<b>Fund Balances at Beginning of Year</b>	24,895	385,303	71,418	162,923
Decrease in Inventory Reserve	0	(14,747)	0	0
<b>Fund Balances End of Year</b>	<u>\$ 70,238</u>	<u>\$ 371,008</u>	<u>\$ 95,600</u>	<u>\$ 141,941</u>

**CITY OF TIPP CITY, OHIO**

Law Enforcement	Enforcement and Education	Drug Law Enforcement	EMS Donation Trust	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 655,278
0	0	0	0	0	416,637
0	0	0	0	0	150
0	721	2,291	0	0	3,012
4,687	0	0	0	0	7,936
<u>4,687</u>	<u>721</u>	<u>2,291</u>	<u>0</u>	<u>0</u>	<u>1,083,013</u>
0	0	146	187	138	471
0	0	0	0	0	382,531
0	0	0	0	0	564,154
887	0	0	0	0	78,333
<u>887</u>	<u>0</u>	<u>146</u>	<u>187</u>	<u>138</u>	<u>1,025,489</u>
3,800	721	2,145	(187)	(138)	57,524
0	0	0	0	0	40,000
0	0	0	0	0	(42,188)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,188)</u>
3,800	721	2,145	(187)	(138)	55,336
10,651	11,982	3,952	187	1,516	672,827
0	0	0	0	0	(14,747)
<u>\$ 14,451</u>	<u>\$ 12,703</u>	<u>\$ 6,097</u>	<u>\$ 0</u>	<u>\$ 1,378</u>	<u>\$ 713,416</u>

**CITY OF TIPP CITY, OHIO**

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2010**

	Capital Improvement Reserve	Parks Capital Improvement	Kinna Drive Construction	25-A Construction
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 233,493	\$ 62,041	\$ 125,040	\$ 22,226
Receivables:				
Taxes	135,436	169,296	0	0
Intergovernmental	0	0	0	0
Special Assessments	206,213	0	0	0
Prepaid Items	562	0	44	0
<b>Total Assets</b>	<u>\$ 575,704</u>	<u>\$ 231,337</u>	<u>\$ 125,084</u>	<u>\$ 22,226</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 31,474	\$ 0	\$ 0	\$ 0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	285,144	97,169	0	0
Accrued Interest Payable	0	0	5,436	6,716
General Obligation Notes Payable	0	0	425,000	525,000
<b>Total Liabilities</b>	<u>316,618</u>	<u>97,169</u>	<u>430,436</u>	<u>531,716</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	7,694	19,563	0	0
Reserved for Prepaid Items	562	0	44	0
Undesignated/Unreserved	250,830	114,605	(305,396)	(509,490)
<b>Total Fund Balances</b>	<u>259,086</u>	<u>134,168</u>	<u>(305,352)</u>	<u>(509,490)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 575,704</u>	<u>\$ 231,337</u>	<u>\$ 125,084</u>	<u>\$ 22,226</u>

**CITY OF TIPP CITY, OHIO**

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<u>OPWC Grant</u>	<u>Clean Ohio Grant</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 0	\$ 21,671	\$ 464,471
0	0	304,732
64,780	0	64,780
0	0	206,213
0	0	606
<u>\$ 64,780</u>	<u>\$ 21,671</u>	<u>\$ 1,040,802</u>
\$ 65,149	\$ 0	\$ 96,623
100	0	100
0	0	382,313
0	0	12,152
0	0	950,000
<u>65,249</u>	<u>0</u>	<u>1,441,188</u>
249,531	0	276,788
0	0	606
<u>(250,000)</u>	<u>21,671</u>	<u>(677,780)</u>
<u>(469)</u>	<u>21,671</u>	<u>(400,386)</u>
<u>\$ 64,780</u>	<u>\$ 21,671</u>	<u>\$ 1,040,802</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, 2010**

	Capital Improvement Reserve	Parks Capital Improvement	Kinna Drive Construction	25-A Construction
<b>Revenues:</b>				
Taxes	\$ 552,154	\$ 689,578	\$ 0	\$ 0
Intergovernmental Revenues	5,000	0	0	0
Investment Earnings	(614)	0	(1,671)	0
Special Assessments	40,624	0	0	0
All Other Revenue	5,565	0	0	0
<b>Total Revenue</b>	<u>602,729</u>	<u>689,578</u>	<u>(1,671)</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
Transportation	0	0	256	0
General Government	2,147	0	0	0
Capital Outlay	574,012	15,768	0	0
Debt Service:				
Interest and Fiscal Charges	0	0	11,800	8,027
<b>Total Expenditures</b>	<u>576,159</u>	<u>15,768</u>	<u>12,056</u>	<u>8,027</u>
Excess (Deficiency) of Revenues Over Expenditures	26,570	673,810	(13,727)	(8,027)
<b>Other Financing Sources (Uses):</b>				
Transfers In	137,000	80,000	0	36,392
Transfers Out	(263,054)	(730,750)	(40)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(126,054)</u>	<u>(650,750)</u>	<u>(40)</u>	<u>36,392</u>
Net Change in Fund Balances	(99,484)	23,060	(13,767)	28,365
<b>Fund Balances at Beginning of Year</b>	<u>358,570</u>	<u>111,108</u>	<u>(291,585)</u>	<u>(537,855)</u>
<b>Fund Balances End of Year</b>	<u>\$ 259,086</u>	<u>\$ 134,168</u>	<u>\$ (305,352)</u>	<u>\$ (509,490)</u>



**CITY OF TIPP CITY, OHIO**

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OPWC Grant	Clean Ohio Grant	Total Nonmajor Capital Project Funds
\$ 0	\$ 0	\$ 1,241,732
206,035	0	211,035
0	0	(2,285)
0	0	40,624
0	0	5,565
<u>206,035</u>	<u>0</u>	<u>1,496,671</u>
0	0	256
0	0	2,147
206,504	0	796,284
<u>0</u>	<u>0</u>	<u>19,827</u>
<u>206,504</u>	<u>0</u>	<u>818,514</u>
(469)	0	678,157
0	0	253,392
<u>0</u>	<u>0</u>	<u>(993,844)</u>
<u>0</u>	<u>0</u>	<u>(740,452)</u>
(469)	0	(62,295)
0	21,671	(338,091)
<u>\$ (469)</u>	<u>\$ 21,671</u>	<u>\$ (400,386)</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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,610,097	\$ 2,610,097	\$ 2,673,367	\$ 63,270
Intergovernmental Revenues	1,319,283	1,319,283	1,411,254	91,971
Charges for Services	1,429,475	1,429,475	1,357,512	(71,963)
Licenses and Permits	16,400	16,400	13,438	(2,962)
Investment Earnings	135,000	135,000	114,971	(20,029)
Special Assessments	0	0	249	249
Fines and Forfeitures	17,800	17,800	17,443	(357)
All Other Revenues	183,460	183,460	207,310	23,850
Total Revenues	5,711,515	5,711,515	5,795,544	84,029
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	2,091,150	2,091,150	2,003,125	88,025
Travel and Training	15,857	15,857	13,407	2,450
Materials and Supplies	67,939	67,939	62,545	5,394
Contractual Services	113,668	113,668	113,663	5
Total Police	2,288,614	2,288,614	2,192,740	95,874
Fire:				
Personal Services	97,143	85,682	80,537	5,145
Travel and Training	5,000	3,769	3,569	200
Materials and Supplies	5,850	3,950	2,817	1,133
Contractual Services	45,992	42,880	40,971	1,909
Total Fire	153,985	136,281	127,894	8,387
Emergency Medical Services:				
Personal Services	666,572	666,572	644,824	21,748
Travel and Training	10,000	10,000	4,187	5,813
Materials and Supplies	29,719	29,719	23,307	6,412
Contractual Services	80,094	80,094	68,341	11,753
Total Emergency Medical Services	786,385	786,385	740,659	45,726
Total Security of Persons and Property	3,228,984	3,211,280	3,061,293	149,987

(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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	322,710	322,710	273,428	49,282
Travel and Training	750	750	369	381
Materials and Supplies	56,771	56,771	40,536	16,235
Contractual Services	92,753	92,753	65,895	26,858
Total Parks	<u>472,984</u>	<u>472,984</u>	<u>380,228</u>	<u>92,756</u>
Recreation:				
Contractual Services	18,700	18,700	17,700	1,000
Total Recreation	<u>18,700</u>	<u>18,700</u>	<u>17,700</u>	<u>1,000</u>
Total Leisure Time Activities	<u>491,684</u>	<u>491,684</u>	<u>397,928</u>	<u>93,756</u>
Community Environment:				
Planning:				
Personal Services	235,273	235,273	236,631	(1,358)
Travel and Training	4,099	4,099	1,419	2,680
Materials and Supplies	3,935	3,935	2,840	1,095
Contractual Services	15,885	15,884	12,656	3,228
Total Community Environment	<u>259,192</u>	<u>259,191</u>	<u>253,546</u>	<u>5,645</u>
Basic Utility Services:				
Utility Billing:				
Personal Services	194,415	194,315	184,329	9,986
Travel and Training	6,580	6,580	1,264	5,316
Materials and Supplies	30,740	30,740	28,759	1,981
Contractual Services	22,359	21,860	17,942	3,918
Total Basic Utility Services	<u>254,094</u>	<u>253,495</u>	<u>232,294</u>	<u>21,201</u>
General Government:				
City Council:				
Personal Services	60,225	60,225	58,631	1,594
Travel and Training	3,541	4,221	4,174	47
Materials and Supplies	2,920	2,920	2,588	332
Contractual Services	11,274	10,594	10,544	50
Total City Council	<u>77,960</u>	<u>77,960</u>	<u>75,937</u>	<u>2,023</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, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Commissions:</b>				
Personal Services	18,330	18,330	17,080	1,250
Travel and Training	1,000	1,000	524	476
Materials and Supplies	4,000	4,000	2,281	1,719
Contractual Services	33,408	33,408	29,898	3,510
Total Commissions	56,738	56,738	49,783	6,955
<b>Administration:</b>				
Personal Services	202,232	202,232	203,890	(1,658)
Travel and Training	1,500	1,500	1,385	115
Materials and Supplies	1,110	1,110	931	179
Contractual Services	3,762	3,662	3,632	30
Total Administration	208,604	208,504	209,838	(1,334)
<b>Buildings and Grounds:</b>				
Personal Services	120,410	120,410	113,018	7,392
Travel and Training	1,179	1,179	1,068	111
Materials and Supplies	10,281	10,456	9,147	1,309
Contractual Services	112,029	111,854	103,645	8,209
Total Buildings and Grounds	243,899	243,899	226,878	17,021
<b>Finance - Accounting:</b>				
Personal Services	195,590	195,590	181,717	13,873
Travel and Training	1,575	1,575	1,524	51
Materials and Supplies	3,233	2,768	2,724	44
Contractual Services	26,649	27,664	28,043	(379)
Total Finance - Accounting	227,047	227,597	214,008	13,589
<b>Finance - Income Tax:</b>				
Personal Services	155,555	155,555	155,536	19
Travel and Training	2,340	2,680	2,680	0
Materials and Supplies	8,923	7,983	7,013	970
Contractual Services	12,595	13,195	12,414	781
Income Tax Refunds	72,920	107,920	103,504	4,416
Total Finance - Income Tax	252,333	287,333	281,147	6,186

(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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Travel and Training	400	400	0	400
Materials and Supplies	300	300	0	300
Contractual Services	33,921	33,922	25,063	8,859
Total Legal	98,341	98,342	88,044	10,298
Engineering:				
Personal Services	161,646	161,646	154,994	6,652
Travel and Training	750	750	682	68
Materials and Supplies	3,685	3,685	3,380	305
Contractual Services	15,189	15,189	9,498	5,691
Total Engineering	181,270	181,270	168,554	12,716
General Administrative:				
Personal Services	56,925	69,425	70,014	(589)
Materials and Supplies	23,600	17,775	17,775	0
Contractual Services	199,719	199,719	185,726	13,993
Other Expenditures	1,500	1,500	265	1,235
Total General Administrative	281,744	288,419	273,780	14,639
Total General Government	1,627,936	1,670,062	1,587,969	82,093
Capital Outlay:				
Police	0	3,780	3,780	0
Fire	27,983	45,686	45,686	0
Emergency Medical Services	5,300	5,300	4,438	862
Parks	1,625	1,625	1,276	349
Utility Billing	2,200	2,800	2,622	178
City Council	300	300	0	300
Buildings and Grounds	571	571	455	116
Finance - Accounting	500	240	156	84
Finance - Income Tax	500	500	120	380
Engineering	750	750	261	489
Total Capital Outlay	39,729	61,552	58,794	2,758
Total Expenditures	5,901,619	5,947,264	5,591,824	355,440

(Continued)

**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)  
Major Funds – General Fund  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(190,104)	(235,749)	203,720	439,469
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	1,500	1,500	441	(1,059)
Transfers Out	<u>(272,000)</u>	<u>(272,000)</u>	<u>(257,000)</u>	<u>15,000</u>
Total Other Financing Sources (Uses)	<u>(270,500)</u>	<u>(270,500)</u>	<u>(256,559)</u>	<u>13,941</u>
Net Change in Fund Balance	(460,604)	(506,249)	(52,839)	453,410
Fund Balance at Beginning of Year	3,553,277	3,553,277	3,553,277	0
Prior Year Encumbrances	<u>96,524</u>	<u>96,524</u>	<u>96,524</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,189,197</u>	<u>\$ 3,143,552</u>	<u>\$ 3,596,962</u>	<u>\$ 453,410</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)  
Major Funds – Debt Service Fund  
For the Year Ended December 31, 2010***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Special Assessments	\$ 73,653	\$ 73,653	\$ 0
Total Revenues	<u>73,653</u>	<u>73,653</u>	<u>0</u>
<b>Expenditures:</b>			
General Government:			
Contractual Services	4,010	3,557	453
Debt Service:			
Principal Retirement	40,000	40,000	0
Interest and Fiscal Charges	<u>30,665</u>	<u>30,665</u>	<u>0</u>
Total Expenditures	<u>74,675</u>	<u>74,222</u>	<u>453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,022)	(569)	453
Fund Balance at Beginning of Year	<u>8,893</u>	<u>8,893</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,871</u>	<u>\$ 8,324</u>	<u>\$ 453</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, 2010**

<b>SWIMMING POOL FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 372,600	\$ 385,767	\$ 13,167
All Other Revenues	550	2,107	1,557
Total Revenues	<u>373,150</u>	<u>387,874</u>	<u>14,724</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	47,000	38,260	8,740
Contractual Services	384,024	344,674	39,350
Total Leisure Time Activities	<u>431,024</u>	<u>382,934</u>	<u>48,090</u>
Capital Outlay	3,000	971	2,029
Total Expenditures	<u>434,024</u>	<u>383,905</u>	<u>50,119</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,874)	3,969	64,843
<b>Other Financing Sources (Uses):</b>			
Transfers In	55,000	40,000	(15,000)
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>40,000</u>	<u>(15,000)</u>
Net Change in Fund Balance	(5,874)	43,969	49,843
Fund Balance at Beginning of Year	24,895	24,895	0
Prior Year Encumbrances	2,528	2,528	0
Fund Balance at End of Year	<u>\$ 21,549</u>	<u>\$ 71,392</u>	<u>\$ 49,843</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, 2010**

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 427,000	\$ 438,835	\$ 11,835
Charges for Services	27,760	30,870	3,110
Licenses and Permits	500	150	(350)
All Other Revenues	1,500	1,142	(358)
Total Revenues	<u>456,760</u>	<u>470,997</u>	<u>14,237</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Personal Services	339,629	331,140	8,489
Travel and Training	1,000	668	332
Materials and Supplies	55,770	40,360	15,410
Contractual Services	98,821	79,351	19,470
Total Expenditures	<u>495,220</u>	<u>451,519</u>	<u>43,701</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,460)	19,478	57,938
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(29,288)	(29,288)	0
Total Other Financing Sources (Uses)	<u>(29,288)</u>	<u>(29,288)</u>	<u>0</u>
Net Change in Fund Balance	(67,748)	(9,810)	57,938
Fund Balance at Beginning of Year	222,334	222,334	0
Prior Year Encumbrances	22,788	22,788	0
Fund Balance at End of Year	<u>\$ 177,374</u>	<u>\$ 235,312</u>	<u>\$ 57,938</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, 2010**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 34,602	\$ 35,582	\$ 980
Total Revenues	<u>34,602</u>	<u>35,582</u>	<u>980</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Materials and Supplies	13,716	6,829	6,887
Contractual Services	<u>19,040</u>	<u>5,649</u>	<u>13,391</u>
Total Transportation	<u>32,756</u>	<u>12,478</u>	<u>20,278</u>
Capital Outlay	<u>1,100</u>	<u>1,071</u>	<u>29</u>
Total Expenditures	<u>33,856</u>	<u>13,549</u>	<u>20,307</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	746	22,033	21,287
Fund Balance at Beginning of Year	63,016	63,016	0
Prior Year Encumbrances	<u>2,756</u>	<u>2,756</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 66,518</u>	<u>\$ 87,805</u>	<u>\$ 21,287</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, 2010**

<b>MUNICIPAL ROAD FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 199,980	\$ 182,913	\$ (17,067)
Total Revenues	<u>199,980</u>	<u>182,913</u>	<u>(17,067)</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Personal Services	68,036	68,695	(659)
Materials and Supplies	65,983	55,782	10,201
Contractual Services	2,781	114	2,667
Total Transportation	<u>136,800</u>	<u>124,591</u>	<u>12,209</u>
Capital Outlay	95,300	87,091	8,209
Total Expenditures	<u>232,100</u>	<u>211,682</u>	<u>20,418</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,120)	(28,769)	3,351
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(12,900)	(12,900)	0
Total Other Financing Sources (Uses)	<u>(12,900)</u>	<u>(12,900)</u>	<u>0</u>
Net Change in Fund Balance	(45,020)	(41,669)	3,351
Fund Balance at Beginning of Year	88,011	88,011	0
Prior Year Encumbrances	45,814	45,814	0
Fund Balance at End of Year	<u>\$ 88,805</u>	<u>\$ 92,156</u>	<u>\$ 3,351</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, 2010**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 600	\$ 4,687	\$ 4,087
Total Revenues	<u>600</u>	<u>4,687</u>	<u>4,087</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Materials and Supplies	<u>1,895</u>	<u>0</u>	<u>1,895</u>
Total Security of Persons and Property	<u>1,895</u>	<u>0</u>	<u>1,895</u>
Capital Outlay	<u>6,950</u>	<u>887</u>	<u>6,063</u>
Total Expenditures	<u>8,845</u>	<u>887</u>	<u>7,958</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,245)	3,800	12,045
Fund Balance at Beginning of Year	<u>10,651</u>	<u>10,651</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,406</u>	<u>\$ 14,451</u>	<u>\$ 12,045</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, 2010**

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 1,100	\$ 746	\$ (354)
Total Revenues	<u>1,100</u>	<u>746</u>	<u>(354)</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Total Expenditures	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,900)	746	6,646
Fund Balance at Beginning of Year	<u>11,957</u>	<u>11,957</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,057</u>	<u>\$ 12,703</u>	<u>\$ 6,646</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, 2010**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 50	\$ 2,291	\$ 2,241
Total Revenues	<u>50</u>	<u>2,291</u>	<u>2,241</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	<u>1,275</u>	<u>146</u>	<u>1,129</u>
Total Security of Persons and Property	<u>1,275</u>	<u>146</u>	<u>1,129</u>
Capital Outlay	<u>1,725</u>	<u>1,725</u>	<u>0</u>
Total Expenditures	<u>3,000</u>	<u>1,871</u>	<u>1,129</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,950)	420	3,370
Fund Balance at Beginning of Year	<u>3,952</u>	<u>3,952</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,002</u>	<u>\$ 4,372</u>	<u>\$ 3,370</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, 2010**

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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>          187</u>	<u>          187</u>	<u>          0</u>
Total Expenditures	<u>          187</u>	<u>          187</u>	<u>          0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>          (187)</u>	<u>          (187)</u>	<u>          0</u>
Fund Balance at Beginning of Year	182	182	0
Prior Year Encumbrances	<u>          5</u>	<u>          5</u>	<u>          0</u>
Fund Balance at End of Year	<u><u>\$          0</u></u>	<u><u>\$          0</u></u>	<u><u>\$          0</u></u>

**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, 2010**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Materials and Supplies	900	138	762
Total Expenditures	900	138	762
Excess (Deficiency) of Revenues Over (Under) Expenditures	(900)	(138)	762
Fund Balance at Beginning of Year	1,516	1,516	0
Fund Balance at End of Year	\$ 616	\$ 1,378	\$ 762



**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 Debt Service Fund  
For the Year Ended December 31, 2010**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	3,590,000	3,590,000	0
Interest and Fiscal Charges	251,246	246,945	4,301
Total Expenditures	3,841,246	3,836,945	4,301
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,841,246)	(3,836,945)	4,301
<b>Other Financing Sources (Uses):</b>			
General Obligation Notes Issued	1,875,000	1,875,000	0
Premium on General Obligation Notes	0	27,089	27,089
Transfers In	1,967,249	1,963,742	(3,507)
Total Other Financing Sources (Uses)	3,842,249	3,865,831	23,582
Net Change in Fund Balance	1,003	28,886	27,883
Fund Balance at Beginning of Year	3,754	3,754	0
Fund Balance at End of Year	\$ 4,757	\$ 32,640	\$ 27,883

**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, 2010**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 561,408	\$ 575,574	\$ 14,166
Intergovernmental Revenues	417,177	203,418	(213,759)
Special Assessments	45,000	40,743	(4,257)
Total Revenues	<u>1,023,585</u>	<u>819,735</u>	<u>(203,850)</u>
<b>Expenditures:</b>			
General Government:			
Contractual Services	2,689	2,147	542
Other Expenditures	25,876	25,876	0
Total General Government	<u>28,565</u>	<u>28,023</u>	<u>542</u>
Capital Outlay	996,643	780,686	215,957
Total Expenditures	<u>1,025,208</u>	<u>808,709</u>	<u>216,499</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,623)	11,026	12,649
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	0	5,565	5,565
Transfers In	137,000	137,000	0
Transfers Out	(263,054)	(263,054)	0
Total Other Financing Sources (Uses)	<u>(126,054)</u>	<u>(120,489)</u>	<u>5,565</u>
Net Change in Fund Balance	(127,677)	(109,463)	18,214
Fund Balance at Beginning of Year	56,676	56,676	0
Prior Year Encumbrances	247,112	247,112	0
Fund Balance at End of Year	<u>\$ 176,111</u>	<u>\$ 194,325</u>	<u>\$ 18,214</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, 2010**

**PARKS CAPITAL IMPROVEMENT FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 701,760	\$ 718,853	\$ 17,093
Total Revenues	<u>701,760</u>	<u>718,853</u>	<u>17,093</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Other Expenditures	<u>32,470</u>	<u>32,345</u>	<u>125</u>
Total Leisure Time Activities	<u>32,470</u>	<u>32,345</u>	<u>125</u>
Capital Outlay	<u>42,350</u>	<u>35,331</u>	<u>7,019</u>
Total Expenditures	<u>74,820</u>	<u>67,676</u>	<u>7,144</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	626,940	651,177	24,237
<b>Other Financing Sources (Uses):</b>			
Transfers In	80,000	80,000	0
Transfers Out	<u>(730,750)</u>	<u>(730,750)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(650,750)</u>	<u>(650,750)</u>	<u>0</u>
Net Change in Fund Balance	(23,810)	427	24,237
Fund Balance at Beginning of Year	34,701	34,701	0
Prior Year Encumbrances	<u>7,350</u>	<u>7,350</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,241</u>	<u>\$ 42,478</u>	<u>\$ 24,237</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, 2010**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Transportation:			
Contractual Services	300	300	0
Total Expenditures	300	300	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300)	(300)	0
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(704,773)	(701,566)	3,207
Total Other Financing Sources (Uses)	(704,773)	(701,566)	3,207
Net Change in Fund Balance	(705,073)	(701,866)	3,207
Fund Balance at Beginning of Year	826,906	826,906	0
Fund Balance at End of Year	\$ 121,833	\$ 125,040	\$ 3,207

**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, 2010**

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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	703	0	703
Total Expenditures	703	0	703
Excess (Deficiency) of Revenues Over (Under) Expenditures	(703)	0	703
Fund Balance at Beginning of Year	21,523	21,523	0
Prior Year Encumbrances	703	703	0
Fund Balance at End of Year	<u>\$ 21,523</u>	<u>\$ 22,226</u>	<u>\$ 703</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, 2010**

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	OPWC GRANT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Intergovernmental Revenues	<u>\$ 550,000</u>	<u>\$ 141,255</u>	<u>\$ (408,745)</u>
Total Revenues	<u>550,000</u>	<u>141,255</u>	<u>(408,745)</u>
<b>Expenditures:</b>			
Capital Outlay	<u>550,000</u>	<u>391,255</u>	<u>158,745</u>
Total Expenditures	<u>550,000</u>	<u>391,255</u>	<u>158,745</u>
Net Change in Fund Balance	0	(250,000)	(250,000)
Fund Balance at Beginning of Year	(250,000)	(250,000)	0
Prior Year Encumbrances	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (250,000)</u>	<u>\$ (250,000)</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, 2010**

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<b>CLEAN OHIO GRANT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 21,671	\$ 21,671	\$ 0
Total Revenues	<u>21,671</u>	<u>21,671</u>	<u>0</u>
<b>Expenditures:</b>			
Capital Outlay	<u>21,671</u>	<u>0</u>	<u>21,671</u>
Total Expenditures	<u>21,671</u>	<u>0</u>	<u>21,671</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	21,671	21,761
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>\$ 21,671</u>	<u>\$ 21,761</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 Fund**

To account for monies received from contractors while they are building structures in the City. Money is returned when the structures are completed.

**Health Insurance Fund**

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

**Medical Reimbursement Fund**

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



**CITY OF TIPP CITY, OHIO**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2010**

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
<u>Contractor Maintenance Deposit Fund</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$35,443	\$64,430	(\$43,388)	\$56,485
Total Assets	<u>\$35,443</u>	<u>\$64,430</u>	<u>(\$43,388)</u>	<u>\$56,485</u>
Liabilities:				
Due to Others	\$35,443	\$64,430	(\$43,388)	\$56,485
Total Liabilities	<u>\$35,443</u>	<u>\$64,430</u>	<u>(\$43,388)</u>	<u>\$56,485</u>
<u>Health Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$85,413	\$103,791	(\$119,008)	\$70,196
Total Assets	<u>\$85,413</u>	<u>\$103,791</u>	<u>(\$119,008)</u>	<u>\$70,196</u>
Liabilities:				
Due to Others	\$85,413	\$103,791	(\$119,008)	\$70,196
Total Liabilities	<u>\$85,413</u>	<u>\$103,791</u>	<u>(\$119,008)</u>	<u>\$70,196</u>
<u>Medical Reimbursement Fund</u>				
Assets:				
Cash and Cash Equivalents	\$4,480	\$43,233	(\$47,713)	\$0
Total Assets	<u>\$4,480</u>	<u>\$43,233</u>	<u>(\$47,713)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$4,480	\$43,233	(\$47,713)	\$0
Total Liabilities	<u>\$4,480</u>	<u>\$43,233</u>	<u>(\$47,713)</u>	<u>\$0</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$89,893	\$147,024	(\$166,721)	\$70,196
Restricted Cash and Cash Equivalents	35,443	64,430	(43,388)	56,485
Total Assets	<u>\$125,336</u>	<u>\$211,454</u>	<u>(\$210,109)</u>	<u>\$126,681</u>
Liabilities:				
Due to Others	\$125,336	\$211,454	(\$210,109)	\$126,681
Total Liabilities	<u>\$125,336</u>	<u>\$211,454</u>	<u>(\$210,109)</u>	<u>\$126,681</u>





**Tipp City** **Statistical  
Section**



Tipp City

## ***STATISTICAL TABLES***

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

### ***Contents***

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<b>Financial Trends</b>	S 2 – S 13
These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the city’s ability to generate its most significant local revenue sources, the property tax and the income tax.	
<b>Debt Capacity</b>	S 18 – S 27
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 28 – S 33
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 34 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the City provides and the activities it performs.	
<b>Sources Note:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	

## *City of Tipp City*

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

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

Source: Finance Director's Office

*City of Tipp City*

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

## City of Tipp City

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

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



*City of Tipp City*

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2007	2008	2009	2010
\$3,195,571	\$3,319,976	\$3,286,305	\$3,191,455
1,407,319	1,285,709	1,320,200	1,115,986
231,885	251,345	260,189	240,229
229,516	247,636	238,584	209,396
1,465,686	1,595,113	1,858,692	1,520,827
1,763,783	1,645,898	1,601,373	1,552,036
286,399	264,771	243,087	195,839
<u>8,580,159</u>	<u>8,610,448</u>	<u>8,808,430</u>	<u>8,025,768</u>
8,330,307	9,488,473	10,043,278	10,934,711
1,907,331	2,183,762	2,492,331	2,687,174
1,145,064	1,296,882	1,236,664	1,293,025
661,807	716,728	741,101	762,941
<u>12,044,509</u>	<u>13,685,845</u>	<u>14,513,374</u>	<u>15,677,851</u>
<u>\$20,624,668</u>	<u>\$22,296,293</u>	<u>\$23,321,804</u>	<u>\$23,703,619</u>
\$597,064	\$539,207	\$613,231	\$526,499
391,090	381,063	332,688	387,874
176,493	131,771	89,325	20,431
0	238,266	116,993	232,627
1,339	3,366	33,388	32,162
593,159	656,539	693,882	651,175
799,014	1,927,765	1,168,819	211,035
<u>2,558,159</u>	<u>3,877,977</u>	<u>3,048,326</u>	<u>2,061,803</u>

(continued)

## City of Tipp City

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

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

Source: Finance Director's Office

*City of Tipp City*

2007	2008	2009	2010
9,351,973	10,077,906	10,957,613	11,895,134
1,818,669	2,276,912	2,331,227	2,516,700
1,218,038	1,318,119	1,259,362	2,117,802
675,937	713,082	738,911	763,387
290,512	835,244	751,569	241,153
<u>13,355,129</u>	<u>15,221,263</u>	<u>16,038,682</u>	<u>17,534,176</u>
<u>15,913,288</u>	<u>19,099,240</u>	<u>19,087,008</u>	<u>19,595,979</u>
(6,022,000)	(4,732,471)	(5,760,104)	(5,963,965)
1,310,620	1,535,418	1,525,308	1,856,325
<u>(\$4,711,380)</u>	<u>(\$3,197,053)</u>	<u>(\$4,234,796)</u>	<u>(\$4,107,640)</u>
\$3,460,790	\$3,644,832	\$3,133,216	\$3,449,915
321,337	327,431	326,079	323,521
35,265	21,407	28,052	46,875
1,311,289	1,474,216	1,302,247	1,327,627
610,371	441,016	195,035	121,044
215,622	695,718	1,036,774	931,681
0	0	0	0
729,509	21,807	19,105	41,943
<u>6,684,183</u>	<u>6,626,427</u>	<u>6,040,508</u>	<u>6,242,606</u>
0	0	0	0
(729,509)	(21,807)	(19,105)	(41,943)
<u>(729,509)</u>	<u>(21,807)</u>	<u>(19,105)</u>	<u>(41,943)</u>
<u>\$5,954,674</u>	<u>\$6,604,620</u>	<u>\$6,021,403</u>	<u>\$6,200,663</u>
\$662,183	\$1,893,956	\$280,404	\$278,641
581,111	1,513,611	1,506,203	1,814,382
<u>\$1,243,294</u>	<u>\$3,407,567</u>	<u>\$1,786,607</u>	<u>\$2,093,023</u>

## *City of Tipp City*

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund					
Reserved	\$248,742	\$181,997	\$212,848	\$227,633	\$225,007
Unreserved	<u>2,977,834</u>	<u>2,903,537</u>	<u>2,501,267</u>	<u>2,738,720</u>	<u>3,286,365</u>
<i>Total General Fund</i>	<u>3,226,576</u>	<u>3,085,534</u>	<u>2,714,115</u>	<u>2,966,353</u>	<u>3,511,372</u>
All Other Governmental Funds					
Reserved	1,381,625	2,666,384	1,030,652	4,382,752	1,880,597
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	366,722	328,567	303,803	362,068	361,808
Capital Projects Funds	<u>349,228</u>	<u>(1,208,457)</u>	<u>(1,137,330)</u>	<u>156,311</u>	<u>(519,717)</u>
Total All Other Governmental Funds	<u>2,097,575</u>	<u>1,786,494</u>	<u>197,125</u>	<u>4,901,131</u>	<u>1,722,688</u>
<i>Total Governmental Funds</i>	<u>\$5,324,151</u>	<u>\$4,872,028</u>	<u>\$2,911,240</u>	<u>\$7,867,484</u>	<u>\$5,234,060</u>

Source: Finance Director's Office

NOTE: Years 2001-2002 Do not include the Fire, EMS, and Police Donation Funds which were classified as fiduciary funds prior to implementing GASB 34 in 2003.

*City of Tipp City*

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<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$204,586	\$204,706	\$228,586	\$147,861	\$221,064
<u>3,435,396</u>	<u>3,401,815</u>	<u>3,682,473</u>	<u>3,856,093</u>	<u>3,830,666</u>
<u>3,639,982</u>	<u>3,606,521</u>	<u>3,911,059</u>	<u>4,003,954</u>	<u>4,051,730</u>
736,407	482,190	1,652,697	477,377	431,853
420,362	369,856	505,158	514,834	599,921
<u>141,300</u>	<u>(157,446)</u>	<u>(1,628,054)</u>	<u>(644,828)</u>	<u>(677,780)</u>
<u>1,298,069</u>	<u>694,600</u>	<u>529,801</u>	<u>347,383</u>	<u>353,994</u>
<u>\$4,938,051</u>	<u>\$4,301,121</u>	<u>\$4,440,860</u>	<u>\$4,351,337</u>	<u>\$4,405,724</u>

## *City of Tipp City*

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

	2001	2002	2003	2004
<b>Revenues:</b>				
Taxes	\$2,714,921	\$2,742,643	\$3,472,281	\$3,724,771
Intergovernmental Revenues	2,108,354	1,984,546	2,613,756	2,970,947
Charges for Services	329,576	363,786	389,278	431,831
Licenses, Permits and Fees	39,889	66,231	104,085	140,400
Investment Earnings	632,641	331,071	196,466	216,971
Special Assessments	42,799	35,801	108,069	290,594
Fines and Forfeitures	19,870	20,568	17,943	12,050
All Other Revenue	141,722	236,768	244,689	195,286
<b>Total Revenue</b>	<u>6,029,772</u>	<u>5,781,414</u>	<u>7,146,567</u>	<u>7,982,850</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,207,735	2,328,658	2,474,913	2,407,475
Leisure Time Activities	353,068	405,517	429,309	518,553
Community Environment	213,504	188,598	197,643	193,591
Basic Utility Services	151,674	160,646	174,405	187,468
Transportation	394,343	419,998	504,019	467,201
General Government	1,021,254	1,184,338	1,250,192	1,207,697
Capital Outlay	3,259,832	1,305,174	3,925,591	4,737,669
Debt Service:				
Principal Retirement	180,000	230,000	280,000	305,000
Interest and Fiscal Charges	148,973	145,077	164,200	253,627
<b>Total Expenditures</b>	<u>7,930,383</u>	<u>6,368,006</u>	<u>9,400,272</u>	<u>10,278,281</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,900,611)	(586,592)	(2,253,705)	(2,295,431)

*City of Tipp City*

2005	2006	2007	2008	2009	2010
\$4,163,119	\$4,102,979	\$3,713,187	\$4,030,913	\$3,571,583	\$3,823,618
4,227,822	3,031,924	2,523,552	2,756,171	3,201,047	2,220,692
875,342	962,883	956,560	1,654,251	1,738,276	1,770,228
100,348	51,671	88,217	35,547	12,858	14,113
368,738	568,508	634,068	452,408	205,677	123,206
138,087	176,517	146,551	160,172	134,197	114,526
17,374	18,698	20,630	18,286	15,962	20,429
176,457	202,602	320,344	184,486	378,679	222,130
<u>10,067,287</u>	<u>9,115,782</u>	<u>8,403,109</u>	<u>9,292,234</u>	<u>9,258,279</u>	<u>8,308,942</u>

2,581,894	2,857,394	2,980,614	3,080,822	2,968,982	3,048,578
803,645	836,527	866,924	884,455	851,403	766,504
221,349	229,968	238,806	248,376	246,653	252,874
198,912	207,205	223,769	235,440	234,230	229,294
649,449	555,612	549,832	767,377	646,218	564,410
1,322,241	1,398,609	1,457,073	1,464,240	1,433,994	1,427,326
6,386,882	2,806,629	2,263,569	1,336,673	1,928,432	895,032
945,660	901,632	897,062	882,509	857,972	911,665
327,982	313,856	288,508	267,055	245,371	198,280
<u>13,438,014</u>	<u>10,107,432</u>	<u>9,766,157</u>	<u>9,166,947</u>	<u>9,413,255</u>	<u>8,293,963</u>

(3,370,727)	(991,650)	(1,363,048)	125,287	(154,976)	14,979
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## *City of Tipp City*

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

	2001	2002	2003	2004
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	3,405	2,125	0	0
Other Financing Sources - Capital Leases	0	0	0	0
Special Assessment Bonds Issued	0	0	0	930,000
General Obligation Bonds Issued	2,325,000	0	0	5,975,000
Transfers In	1,667,329	983,154	1,232,825	1,274,901
Transfers Out	(1,395,501)	(865,255)	(958,028)	(929,115)
<b>Total Other Financing Sources (Uses)</b>	<u>2,600,233</u>	<u>120,024</u>	<u>274,797</u>	<u>7,250,786</u>
<b>Net Change in Fund Balance</b>	<u>\$699,622</u>	<u>(\$466,568)</u>	<u>(\$1,978,908)</u>	<u>\$4,955,355</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 7.04%	 7.41%	 7.97%	 10.08%

Source: Finance Director's Office

NOTE: Years 2001-2002 Do not include the Fire, EMS, and Police Donation Funds which were classified as fiduciary funds prior to implementing GASB 34 in 2003.



*City of Tipp City*

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2005	2006	2007	2008	2009	2010
0	0	0	0	0	0
61,500	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,346,269	2,458,945	2,453,724	1,282,021	1,150,447	1,334,975
(1,686,522)	(1,765,380)	(1,724,215)	(1,260,214)	(1,131,342)	(1,293,032)
<u>721,247</u>	<u>693,565</u>	<u>729,509</u>	<u>21,807</u>	<u>19,105</u>	<u>41,943</u>
<u>(\$2,649,480)</u>	<u>(\$298,085)</u>	<u>(\$633,539)</u>	<u>\$147,094</u>	<u>(\$135,871)</u>	<u>\$56,922</u>

18.06%	16.23%	15.19%	17.43%	13.57%	14.68%
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## *City of Tipp City*

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

<b>Tax year</b>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Income Tax Rate	1.00%	1.00%	1.25%	1.25%	1.25%
Estimated Personal Income (in thousands)	\$255,993	\$261,176	\$272,149	\$280,420	\$282,578
Total Tax Collected	\$2,584,714	\$2,480,626	\$3,124,937	\$3,461,382	\$3,702,867
Income Tax Receipts					
Withholding	1,962,686	1,901,859	2,428,634	2,497,599	2,615,737
Percentage	75.93%	76.67%	77.72%	72.16%	70.64%
Corporate	296,171	269,046	330,632	543,935	636,113
Percentage	11.46%	10.85%	10.58%	15.71%	17.18%
Individuals	325,857	309,721	365,671	419,848	451,017
Percentage	12.61%	12.49%	11.70%	12.13%	12.18%

Source: City Income Tax Department

Note:

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

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

*City of Tipp City*

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2006	2007	2008	2009	2010
1.25%	1.25%	1.25%	1.25%	1.25%
\$293,855	\$306,036	\$319,766	\$318,078	\$334,222
\$3,867,731	\$3,679,252	\$3,748,800	\$3,471,660	\$3,597,653
2,684,253	2,769,744	2,747,671	2,626,888	2,648,385
69.40%	75.28%	73.29%	75.67%	73.61%
696,447	414,080	508,418	296,977	469,352
18.01%	11.25%	13.56%	8.55%	13.05%
487,031	495,428	492,711	547,795	479,916
12.59%	13.47%	13.15%	15.79%	13.35%



## *City of Tipp City*

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

Name of Taxpayer	Nature of Business	2010 Rank
Meijer, Inc.	Warehouse Distribution	1
A. O . Smith Corporation	Manufacturing	2
Tipp City Exempted Village School District	Education	3
Gardens Alive- Springhill	Agricultural-Nursery	4
Creative Extruded Products	Manufacturing	5
Federal Government	Government	6
City of Tipp City	Government	7
Arbogast Buick Pontiac GMC	Automotive Retail	8
Captor Corporation	Manufacturing	9
Precision Strip Inc.	Agricultural and Nursery	10

Name of Taxpayer	Nature of Business	2001 Rank
A. O . Smith Corporation	Manufacturing	1
Meijer, Inc.	Warehouse Distribution	2
Tipp City Exempted Village School District	Education	3
Creative Extruded Products	Manufacturing	4
Tipp Machine and Tool	Manufacturing	5
Dolly, Inc.	Manufacturing	6
Arbogast	Auto Dealer	7
Gardens Alive- Springhill	Agricultural-Nursery	8
Federal Government	Government	9
DAP Products, Inc.	Manufacturing	10

Source: City Income Tax Department

Note:

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

## *City of Tipp City*

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

	2001	2002	2003	2004
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$3,140,000	\$2,910,000	\$2,630,000	\$8,300,000
Special Assessment Bonds Payable	0	0	0	930,000
Capital Leases	0	0	0	0
<b>Business-type Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$1,450,000	\$1,225,000	\$1,065,000	\$1,605,000
Long-Term Loan Payable	467,837	464,505	432,095	432,095
Total Primary Government	<u>\$5,057,837</u>	<u>\$4,599,505</u>	<u>\$4,127,095</u>	<u>\$11,267,095</u>
<b>Population</b> <sup>(2)</sup>				
City of Tipp City	9,221	9,221	9,221	9,221
Outstanding Debt Per Capita	\$549	\$499	\$448	\$1,222
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	255,993	261,176	272,149	280,420
Percentage of Personal Income	1.98%	1.76%	1.52%	4.02%

**Sources:**

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

*City of Tipp City*

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2005	2006	2007	2008	2009	2010
\$7,395,000	\$6,540,000	\$5,690,000	\$4,855,000	\$4,045,000	\$3,180,000
895,000	860,000	825,000	790,000	755,000	715,000
55,840	44,208	32,146	19,637	6,665	0
\$1,370,000	\$1,135,000	\$950,000	\$795,000	\$670,000	\$545,000
408,510	408,510	408,510	408,510	397,680	397,680
<u>\$10,124,350</u>	<u>\$8,987,718</u>	<u>\$7,905,656</u>	<u>\$6,868,147</u>	<u>\$5,874,345</u>	<u>\$4,837,680</u>
9,221	9,221	9,221	9,221	9,221	9,689
\$1,098	\$975	\$857	\$745	\$637	\$499
282,578	293,855	306,036	319,766	318,078	334,222
3.58%	3.06%	2.58%	2.15%	1.85%	1.45%

***City of Tipp City***

*Ratios of General Bonded Debt Outstanding  
Last Ten Years*

Year	2001	2002	2003	2004
<b>Population</b> (1)	9,221	9,221	9,221	9,221
<b>Assessed Value</b> (2)	\$237,924,370	\$244,019,430	\$249,255,370	\$260,699,910
<b>General Bonded Debt</b> (3)				
General Obligation Bonds	\$3,140,000	\$2,910,000	\$2,630,000	\$8,300,000
<b>Resources Available to Pay Principal</b> (4)	\$0	\$1,087	\$83,030	\$8,589
<b>Net General Bonded Debt</b>	\$3,140,000	\$2,908,913	\$2,546,970	\$8,291,411
<b>Ratio of Net Bonded Debt to Estimated Assessed Value</b>	1.32%	1.19%	1.02%	3.18%
<b>Net Bonded Debt per Capita</b>	\$340.53	\$315.47	\$276.21	\$899.19

**Source:**

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

(2) Miami County Auditor

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

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

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



*City of Tipp City*

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2005	2006	2007	2008	2009	2010
9,221	9,221	9,221	9,221	9,221	9,689
\$266,979,780	\$259,775,650	\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010
\$7,395,000	\$6,540,000	\$5,690,000	\$4,855,000	\$4,045,000	\$3,180,000
\$0	\$0	\$954	\$4,164	\$3,754	\$32,640
\$7,395,000	\$6,540,000	\$5,689,046	\$4,850,836	\$4,041,246	\$3,147,360
2.77%	2.52%	2.06%	1.81%	1.55%	1.22%
\$801.97	\$709.25	\$616.97	\$526.06	\$438.27	\$324.84



## *City of Tipp City*

*Computation of Direct and Overlapping  
General Obligation Debt  
December 31, 2010*

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of Tipp City</u>	<u>Amount Applicable to the City of Tipp City</u>
<b>Direct:</b>			
City of Tipp City	\$0	100.00%	\$0
<b>Overlapping:</b>			
Tipp City Exempted Village School District	16,524,985	67.92%	11,223,770
Troy City School District	18,715,565	0.01%	1,872
Miami County	18,290,000	12.19%	2,229,551
Miami Valley Career Center JVSD	6,655,000	3.79%	<u>252,225</u>
		Subtotal	<u>13,707,418</u>
		Total	<u><u>\$13,707,418</u></u>

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

**Note:**

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

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

## *City of Tipp City*

### *Debt Limitations Last Ten Years*

<b>Collection Year</b>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Total Debt</b>				
Net Assessed Valuation	\$237,924,370	\$244,019,430	\$249,255,370	\$260,699,910
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	24,982,059	25,622,040	26,171,814	27,373,491
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$24,982,059</u></u>	<u><u>\$25,622,040</u></u>	<u><u>\$26,171,814</u></u>	<u><u>\$27,373,491</u></u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$237,924,370	\$244,019,430	\$249,255,370	\$260,699,910
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	13,085,840	13,421,069	13,709,045	14,338,495
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$13,085,840</u></u>	<u><u>\$13,421,069</u></u>	<u><u>\$13,709,045</u></u>	<u><u>\$14,338,495</u></u>

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

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

Source: Finance Director's Office

*City of Tipp City*

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2005	2006	2007	2008	2009	2010
\$266,979,780	\$259,775,650	\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
28,032,877	27,276,443	28,957,391	28,121,143	27,418,068	27,108,586
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$28,032,877</u>	<u>\$27,276,443</u>	<u>\$28,957,391</u>	<u>\$28,121,143</u>	<u>\$27,418,068</u>	<u>\$27,108,586</u>
\$266,979,780	\$259,775,650	\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,683,888	14,287,661	15,168,157	14,730,123	14,361,845	14,199,736
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$14,683,888</u>	<u>\$14,287,661</u>	<u>\$15,168,157</u>	<u>\$14,730,123</u>	<u>\$14,361,845</u>	<u>\$14,199,736</u>

**City of Tipp City**

*Pledged Revenue Coverage  
Last Seven Years*

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

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

Source: Finance Director's Office

*City of Tipp City*

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

# City of Tipp City

## Demographic and Economic Statistics Last Ten Years

Calendar Year	2001	2002	2003	2004
<b>Population</b> (1)				
City of Tipp City	9,221	9,221	9,221	9,221
Miami County	98,868	98,868	98,868	98,868
<b>Income</b> (2) (a)				
Total Personal (in thousands)	255,993	261,176	272,149	280,420
Per Capita	27,762	28,324	29,514	30,411
<b>Unemployment Rate</b> (3)				
Federal	3.8%	4.8%	5.8%	6.0%
State	3.7%	4.3%	5.7%	6.1%
Miami County	4.3%	5.5%	6.1%	5.6%
<b>Civilian Work Force Estimates</b> (3)				
State	5,857,000	5,828,000	5,915,000	5,875,300
Miami County	51,800	52,000	52,200	54,300
<b>Total Assessed Property Value</b> (4)	237,924,370	244,019,430	249,255,370	260,699,910
<b>Estimated Actual Property Value</b> (4)	739,651,194	759,270,302	775,791,777	806,202,806

### Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2009 for the presentation of 2010 statistics, the City is using the latest information available.
  - (a) Total Personal Income is a calculation based on the County's Per Capita Income, which is the only information available.
- (3) State Department of Labor Statistics
- (4) Miami County Auditor



*City of Tipp City*

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2005	2006	2007	2008	2009	2010
9,221	9,221	9,221	9,221	9,221	9,689
98,868	98,868	98,868	98,868	98,868	102,506
282,578	293,855	306,036	319,766	318,078	334,222
30,645	31,868	33,189	34,678	34,495	34,495
5.1%	4.6%	4.6%	5.8%	9.3%	9.6%
5.9%	5.5%	5.6%	6.6%	10.2%	10.1%
5.6%	5.5%	5.4%	6.4%	11.7%	10.5%
5,900,400	5,934,000	5,976,500	5,986,400	5,970,200	5,897,600
54,100	55,100	55,400	55,400	55,400	54,200
266,979,780	259,775,650	275,784,680	267,820,410	261,124,460	258,177,010
822,422,149	786,707,789	854,886,147	803,462,520	747,736,243	737,338,171



## *City of Tipp City*

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

<u>Employer</u>	<u>Nature of Business</u>	<u>2010</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Meijer, Inc.	Warehouse Distribution	975	1
Gardens Alive- Springhill	Agricultural and Nursery	523	2
A. O . Smith Corporation	Manufacturing	312	3
Tipp City Exempted Village School District	Education	288	4
Adcare Health Systems	Health Care	225	5
Creative Extruded Products	Manufacturing	182	6
FHI LLC	Trucking	163	7
Tip Top Canning	Food Processing	115	8
Arbogast	Auto Dealer	115	9
Transfreight	Trucking	113	10
Total		<u>3,011</u>	

<u>Employer</u>	<u>Nature of Business</u>	<u>2001</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Meijer, Inc.	Warehouse Distribution	975	1
A. O . Smith Corporation	Manufacturing	300	2
Tipp City Exempted Village School District	Education	286	3
Creative Extruded Products	Manufacturing	240	4
Adcare Health Systems	Health Care	130	5
Dolly, Inc.	Manufacturing	128	6
Tipp Machine & Tool	Manufacturing	120	7
Allen Foods	Food Processing	100	8
S. K. Mold and Tool	Manufacturing	80	9
Precision Strip	Manufacturing	76	10
Total		<u>2,435</u>	

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

Note: Total number of employees within the City of Tipp City is not available.

## *City of Tipp City*

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

	2001	2002	2003	2004
<b>Governmental Activities</b>				
General Government				
Legislative	4.00	4.00	4.00	4.00
City Manager	2.00	2.00	2.00	2.00
Building and Facility Services	0.00	0.50	0.50	1.50
Finance	7.25	7.50	7.50	7.50
Legal	0.50	0.50	0.50	0.50
Engineering	2.50	2.50	2.50	2.50
Security of Persons and Property				
Police	21.00	21.50	21.50	22.00
Fire and EMS	14.00	15.00	15.00	15.50
Transportation				
Street	5.75	6.00	6.00	6.00
Leisure Time Activities				
Parks	5.00	6.00	6.00	6.00
Pool	4.75	4.75	4.75	0.00
Community Environment				
Community and Economic Development	2.50	2.50	2.50	2.50
<b>Business-Type Activities</b>				
Utilities				
Electric	11.00	14.50	14.50	14.50
Water	4.50	5.00	5.00	5.00
Sewer	2.50	3.00	3.00	3.00
Refuse Collection	0.00	0.00	0.00	0.00
Total Employees	87.25	95.25	95.25	92.50

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

Source: Finance Director's Office

*City of Tipp City*

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2005	2006	2007	2008	2009	2010
4.00	4.00	4.00	4.00	3.50	3.50
2.00	2.00	2.00	2.00	2.00	2.00
1.50	2.00	2.00	2.00	2.00	2.00
7.50	7.50	8.00	8.00	8.00	7.50
0.50	0.50	0.50	0.50	0.50	0.50
3.00	3.00	3.00	3.00	3.00	3.00
22.00	22.50	22.50	22.50	22.50	22.50
15.50	15.50	15.50	15.50	15.50	15.50
6.00	6.00	6.00	6.00	5.50	5.00
6.00	6.00	6.00	6.00	5.25	4.75
0.00	0.00	0.00	0.00	0.00	0.00
2.50	2.50	2.50	2.50	2.50	2.50
14.50	15.50	15.50	15.50	15.50	14.50
5.25	5.50	8.50	8.50	8.50	8.50
5.25	3.50	3.50	3.50	3.50	3.50
0.00	0.00	0.00	0.00	0.00	0.00
<u>95.50</u>	<u>96.00</u>	<u>99.50</u>	<u>99.50</u>	<u>97.75</u>	<u>95.25</u>

## *City of Tipp City*

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

	2001	2002	2003	2004
<b>Governmental Activities</b>				
General Government				
Accounts Payable Checks processed	3,531	3,532	3,304	3,500
Purchase Orders issued	2,955	2,800	2,823	2,599
Court				
Number of Criminal Cases	352	349	403	334
Number of Traffic Cases	784	830	752	584
Licenses and Permits				
Number of Residential Building Permits	56	94	126	79
Number of Commercial Building Permits	27	8	5	9
Security of Persons and Property				
Police				
Criminal Arrests	564	606	650	675
Calls for Service	13,956	17,485	16,805	16,580
Number of Accidents	381	441	417	382
Fire and EMS				
Number of Fire Calls	423	448	397	392
Number of EMS Runs	1,230	1,301	1,283	1,272
Transportation				
Street				
Tons of Salt Used	1,060	338	1,085	610
Leisure Time Activities				
Swimming Pool Receipts	34,312	38,899	29,226	12,240
<b>Business-Type Activities</b>				
Electric				
Number of Service Connections	4,491	4,493	4,564	4,634
Peak Demand (megawatts)	28.0	30.0	29.4	28.5
Energy Purchased (MWh)	144,499	148,599	148,675	153,050
Water				
Number of Service Connections	3,708	3,735	3,783	3,849
Daily Average Consumption (mgd)	1.7	1.2	1.2	1.2
Peak Daily Consumption (mgd)	2.7	3.2	3.2	3.2
Sewer				
Sewer Treatment Charges	525,729	534,839	557,044	580,709
Daily Average Sewage Treatment (mgd)	1.4	1.2	1.2	1.7
Refuse Collection				
Number of Customers Billed	n/a	n/a	n/a	3,737

Source: Finance Director's Office

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

*City of Tipp City*

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2005	2006	2007	2008	2009	2010
3,343	3,542	3,576	3,495	3,068	2,819
2,502	2,813	2,780	2,631	2,312	1,430
408	368	412	341	332	317
688	747	742	781	684	886
82	34	31	21	10	7
8	8	9	5	3	6
805	676	770	679	596	575
17,345	16,391	15,420	15,595	17,570	20,745
385	416	390	335	188	218
414	404	408	437	348	368
1,343	1,415	1,353	1,347	1,256	1,272
665	621	1,121	844	476	800
247,737	268,227	268,574	266,423	244,334	284,522
4,711	4,761	4,804	4,807	4,833	4,872
31.4	31.4	33.0	30.1	29.3	30.2
157,954	160,677	154,852	149,116	140,826	143,846
3,927	3,984	4,026	4,043	4,050	4,086
1.4	1.3	1.3	1.2	1.2	1.3
2.6	2.8	2.5	2.5	2.1	2.5
589,276	612,634	621,828	650,130	643,307	657,465
1.7	1.8	1.6	1.7	1.5	1.6
3,793	3,837	3,852	3,835	3,911	3,926

## *City of Tipp City*

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

	2001	2002	2003	2004
<b>Governmental Activities</b>				
General Government				
Area (square miles)	6.2	6.2	7.0	7.1
Security of Persons and Property				
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	2
Transportation				
Street				
Miles of Street	48	51	52	58
Street Lights	1,147	1,165	1,228	1,276
Miles of Storm Sewers	46	49	50	56
Leisure Time Activities				
Park Area (acres)	366	368	394	394
Number of Parks	11	12	12	12
Number of Tennis Courts	2	2	2	2
Number of Ball Fields	12	12	12	12
<b>Business-Type Activities</b>				
Utilities				
Electric				
Substations	3	3	3	3
Water				
Waterlines (Miles)	45	45	46	52
Number of Fire hydrants	525	561	590	639
Sewer				
Sewerlines (Miles)	43	45	46	52

Source: Finance Director's Office



*City of Tipp City*

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2005	2006	2007	2008	2009	2010
7.2	7.2	7.5	7.5	7.5	7.5
1	1	1	1	1	1
2	2	2	2	2	2
60	60	61	61	61	61
1,302	1,328	1,400	1,409	1,419	1,419
58	58	59	60	60	60
434	434	434	436	436	436
17	17	17	17	17	17
2	2	2	2	2	2
20	20	20	20	17	17
3	3	3	3	3	3
54	54	55	56	57	57
658	658	658	665	675	675
54	54	55	56	57	57





# Dave Yost • Auditor of State

**CITY OF TIPP CITY**

**MIAMI COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 4, 2011**