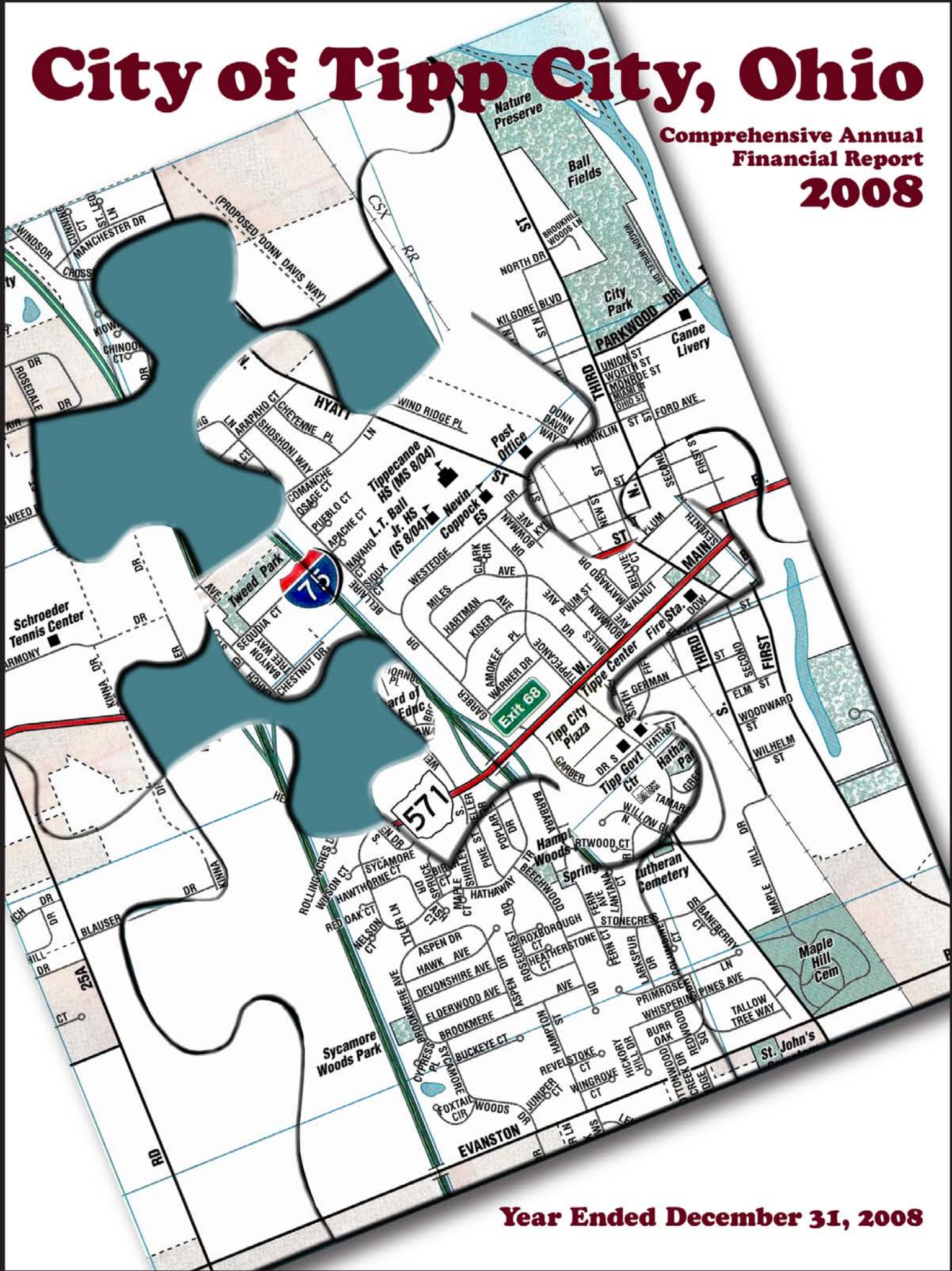


City of Tipp City, Ohio

Comprehensive Annual
Financial Report
2008



Year Ended December 31, 2008



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Tipp City, Miami County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 25, 2009

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City of Tipp City, Ohio

Miami County



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2008

Prepared by the Finance Department

Richard U. Drennen, Director



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MIAMI COUNTY, OHIO

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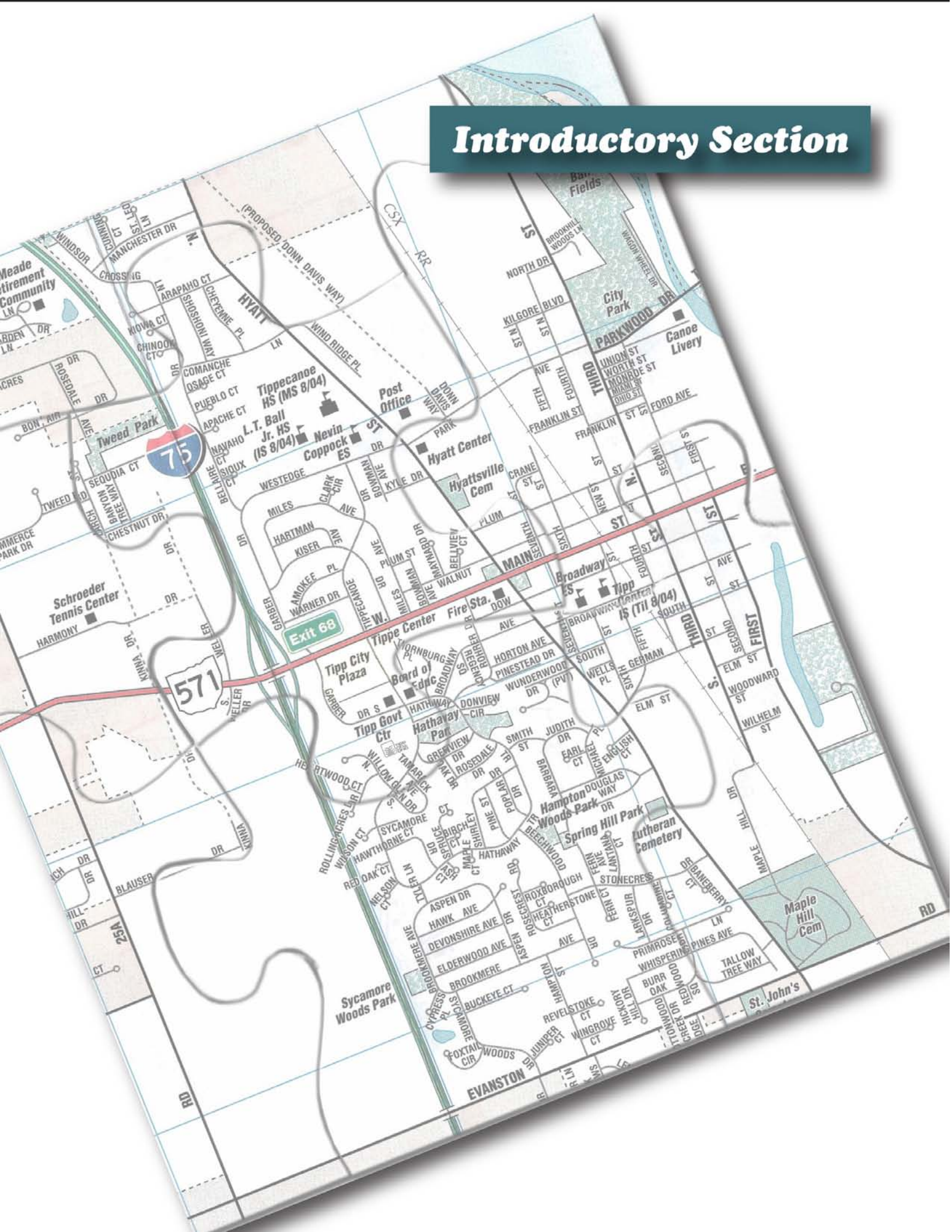
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Introductory Section







Council-Manager
Government

June 17, 2009

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, 2008 is hereby submitted for your review.

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

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

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

Clark, Schaefer, Hackett and Co., Certified Public Accountants, audited the basic financial statements that are included in this report. They have issued an unqualified ("clean") opinion on the City of Tipp City's financial statements for the year ended December 31, 2008. The independent auditor's report is located at the front of the financial section of this report.

PROFILE OF THE CITY

The City of Tipp City is a progressive, growing community located fourteen miles north of Dayton on Interstate 75. The City was incorporated as a village in 1850, and became a City in 1960. Its seven square mile area serves a residential population of 9,221 (2000 Census). The City is served by diversified transportation facilities. Immediate access is to four State Highways and to Interstate Highways 70 and 75. The main line of the CSX Railroad (CSX), between Cincinnati and Toledo, passes through the City. Passenger and freight air service is provided by the Dayton International Airport located approximately 10 miles from the City. Easy access to both Interstates 70 and 75 places Tipp City within approximately a one-hour drive of Columbus, Cincinnati, and Indianapolis.

***Letter of Transmittal
For the Year Ended December 31, 2008***

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

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

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

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

The City has representation on the board of two entities for the treatment of wastewater and production of potable water. The City is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), and the Northern Area Water Authority (NAWA), which are both defined as joint ventures. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 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 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, 2008***

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 2000 census sets the population of Tipp City at 9,221. The Tipp City Planning Department estimates our 2008 population at 10,161. This represents a mild increase in population of 940 residents, or 10.2% for the period of 2000 to 2008.

Tipp City continues to strive for innovative ways to attract new businesses to our town. In 2008, a Joint Economic Development Committee was formed consisting of members from the Development Committees from the Chamber, Downtown Partnership, and the City. Quarterly meetings are held to facilitate and coordinate efforts and have a program for all members.

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 four counties by fifty different jurisdictions. Our Assistant City Manager serves as the City's representative and attends the monthly meetings.

Commercial and industrial growth in 2008 invested \$3,260,000 in the community, with five projects undertaken. The largest project is the construction of Holiday Inn Express on a three acre site adjacent to Interstate 75. This project started in November 2008 and will be completed by May 2009. The Menards Home Improvement Center was completed in March 2008. This retail development is a part of the Menards Commercial Park Subdivision which consists of 26 acres of land to be sold as outlets for other commercial ventures. The Home Improvement Center is located in the northwest quadrant of the City and includes a 160,000 square foot store and a 40,000 square foot storage building.

Despite our best efforts, the region's unemployment rate averaged 6.4% in 2008, an increase over the 2007 rate of 5.4%, and a far cry from our low of 3.3% in 2000. Due to our regions tie in with the auto industry, job loss continues to be a problem. Due to the area's job loss, Tipp City was able to secure a grant of \$500,000 from the Ohio Department of Development which will be used for road extension and facilitate the expansion of Transfreight, one of our local businesses. Transfreight plans to create an additional 50 jobs with their expansion. Construction of the new roadway started in November 2008 and is scheduled to be completed in June 2009. The road extension will open up an additional 80 acres of land for industrial development in this business park. We feel confident that our area will see an increase in jobs over the next few years.

***Letter of Transmittal
For the Year Ended December 31, 2008***

During 2008, Tipp City had 21 new residential unit starts. This continued our downward trend from 2007 when only 31 new units were built. The housing market continues to be a problem in this area, as well as nationally. This slowdown has had a negative effect on our economy. The recent significant drop in interest rates should help the housing market recover in 2009. There are currently five active subdivisions being developed: Sycamore Woods, Curry Branch, Hunter's Ridge, Manchester Chase, and Rosewood Creek. The following table outlines the residential growth for the last several years:

<u>Year</u>	<u>Base Units</u>	<u>New Units</u>	<u>Demolished Units</u>	<u>Net % Growth</u>
2005	4035	82	7	1.858%
2006	4110	34	3	.754%
2007	4141	31	3	.676%
2008	4169	21	0	.504%

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

MAJOR INITIATIVES

For the Year

Tipp City continues to invest heavily in the city's transportation network. Phase Two of the North Hyatt Street Reconstruction project was completed at a cost of \$942,000. This project included sanitary and storm sewer upgrades, street widening, asphalt resurfacing, and curb improvements. A state grant of \$400,000 and a \$135,000 contribution from the Miami County Engineer's Office made this project possible.

A number of improvements were completed in Kyle Park. In March 2008, a restroom facility was completed at a cost of \$165,000. The City also completed a segment of their bike path thru the Park. The city spent \$144,000 on the bike path project, of which 80% was covered by a grant from the State of Ohio.

Within the City's Electric system, the second of three rate adjustments took place in May 2008. Rates were increased by customer classification with residential rates increasing by 5%, general service rates by 9% and large power (industrial) by 1%. The rate increases were the result of a cost of service study completed in January 2007. The cost of service study found that Tipp City's purchase power cost is extremely competitive in the market place today and Tipp Electric customers will continue to enjoy a significant savings over investor owned utilities.

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

In March 2008, voters turned down a proposed .25 % Capital Improvement Income Tax levy. This was the second time this levy has been turned down by our residents. In response to this defeat and the continuing decline in the economy, the City eliminated the 2008 Street resurfacing program for a cost savings of \$200,000. The City also delayed purchasing a number of equipment items totaling \$180,000 which were scheduled to be replaced in 2008.

In order to increase revenues, the city increased it's local motor vehicle license fees by \$10. This fee takes effect in January 2009, and will generate an additional \$110,000 to be used for street maintenance and improvement projects.

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

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

For The Future

In 2009, the City will embark on a major project to upgrade, link, and coordinate our traffic signals on Main Street. The Traffic Signal Interconnection Project will include eight new signals and controllers, central computer, I-75 camera, interconnection and timing of signals, new mast arms and additional fiber. The cost of the project is estimated to be \$1.1 million with \$725,000 coming from federal and state grants.

Replacement of the City's 350,000 gallon Bowman Avenue Water Tower has been scheduled for the summer of 2009. This tower was constructed in 1931 and needs to be replaced. The City will build a new 1 million gallon tank and refurbish the existing 1 million gallon tank. The estimated cost for this project is \$2.4 million, of which 50% is coming from the State of Ohio.

Another major project scheduled is to upgrade the City's current electric and water meters to an automatic meter reading system (AMR). This advance will save the City the expense of monthly trips to each physical location to read a meter. The cost of this project is estimated to be \$1.5 million and will be split between the electric and water funds.

In the public safety arena, the replacement of a 1994 ambulance at a cost of \$130,000 will take place in 2009. The ambulance was scheduled to be replaced in 2008, but was delayed because of revenue constraints.

In reaction to the economic downturn, the city enacted a broad range of cost cutting measures designed to reduce operating expenses by approximately \$100,000. By implementing these cost saving measures, the city hopes to reduce a projected \$218,000 deficit in our general fund in 2009.

***Letter of Transmittal
For the Year Ended December 31, 2008***

FINANCIAL INFORMATION

Internal and Budgetary Controls

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

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. A purchase control system is maintained which generally requires that an applicable appropriation be encumbered, or reserved, before a purchase may be made or a contract executed. Purchase orders, which result in an overrun above appropriated balances, are not released until additional appropriations are made available via amendments to the annual budget.

Cash Management

The City's investment policy is to minimize credit and market risks, while maintaining a competitive yield on its portfolio. The Finance Director is charged with the responsibility for the operation of the City's investment program and is required to report to the City Council and the Treasury Investment Board on a quarterly basis.

Authorized investments are described in detail in Note 4 of the footnotes to the basic financial statements included within the financial section of this comprehensive annual financial report. The City currently has investments in STAR Ohio (State Treasurer's Investment Pool), U. S. Treasury Notes, U. S Treasury Bills, and Certificates of Deposits.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tipp City, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2007. 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, 2008***

A Certificate of Achievement is valid for a period of one year only. The City Tipp City has received a Certificate of Achievement for the last eight years (2000-2007). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

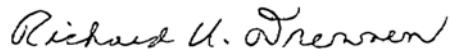
ACKNOWLEDGMENTS

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

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

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

Respectfully submitted,



Richard U. Drennen
Director of Finance

CITY OF TIPP CITY, OHIO

***List of Principal Officials
For the Year Ended December 31, 2008***

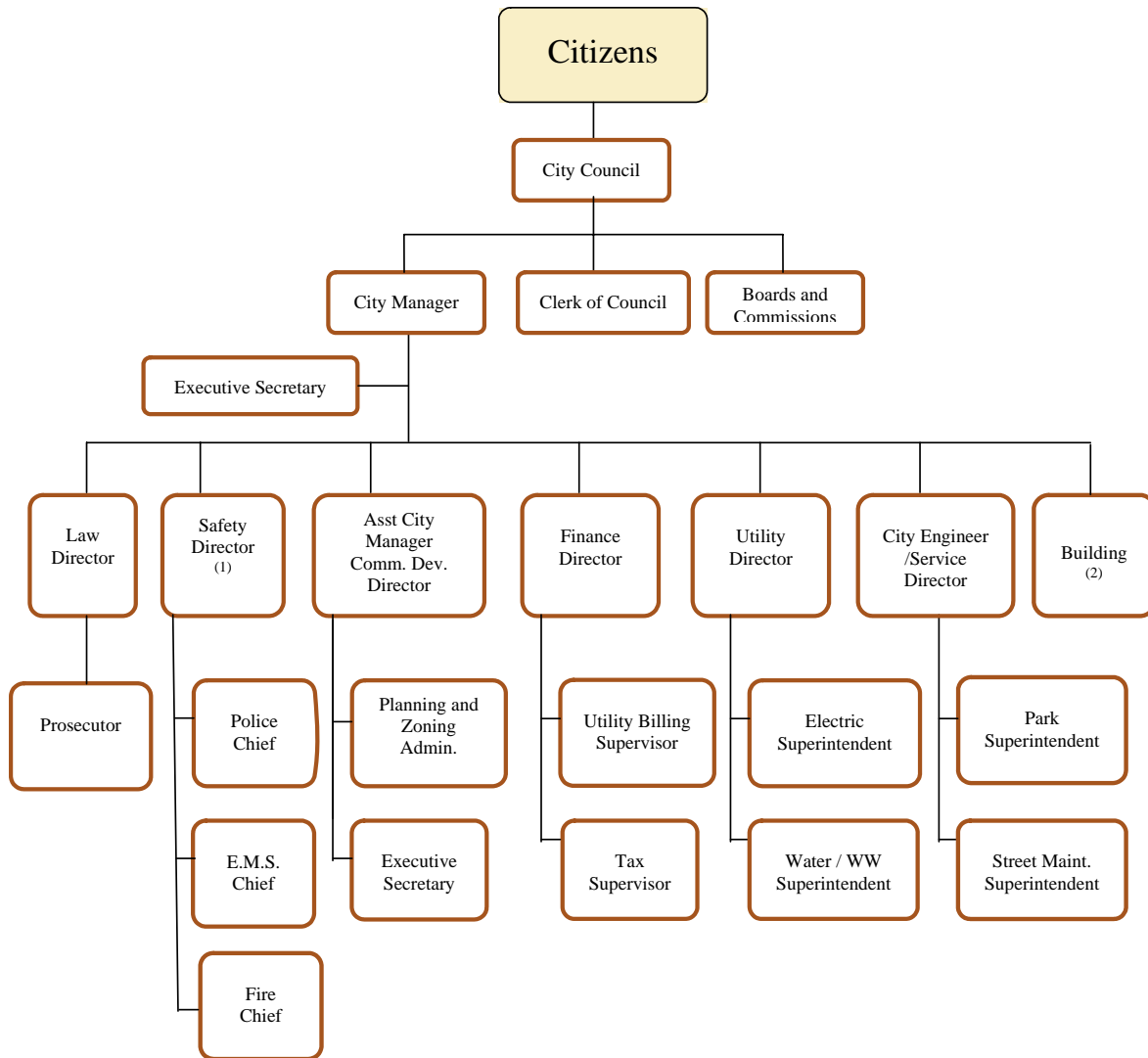
ELECTED OFFICIALS

Mayor	Tim Evans
President Of Council	Pat Hale
Council Members	William Beagle Vickie Blakey Dee Gillis John Kessler George H. Lovett

APPOINTED OFFICIALS

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

**City Organizational Chart
For the Year Ended December 31, 2008**



- (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, 2007

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.



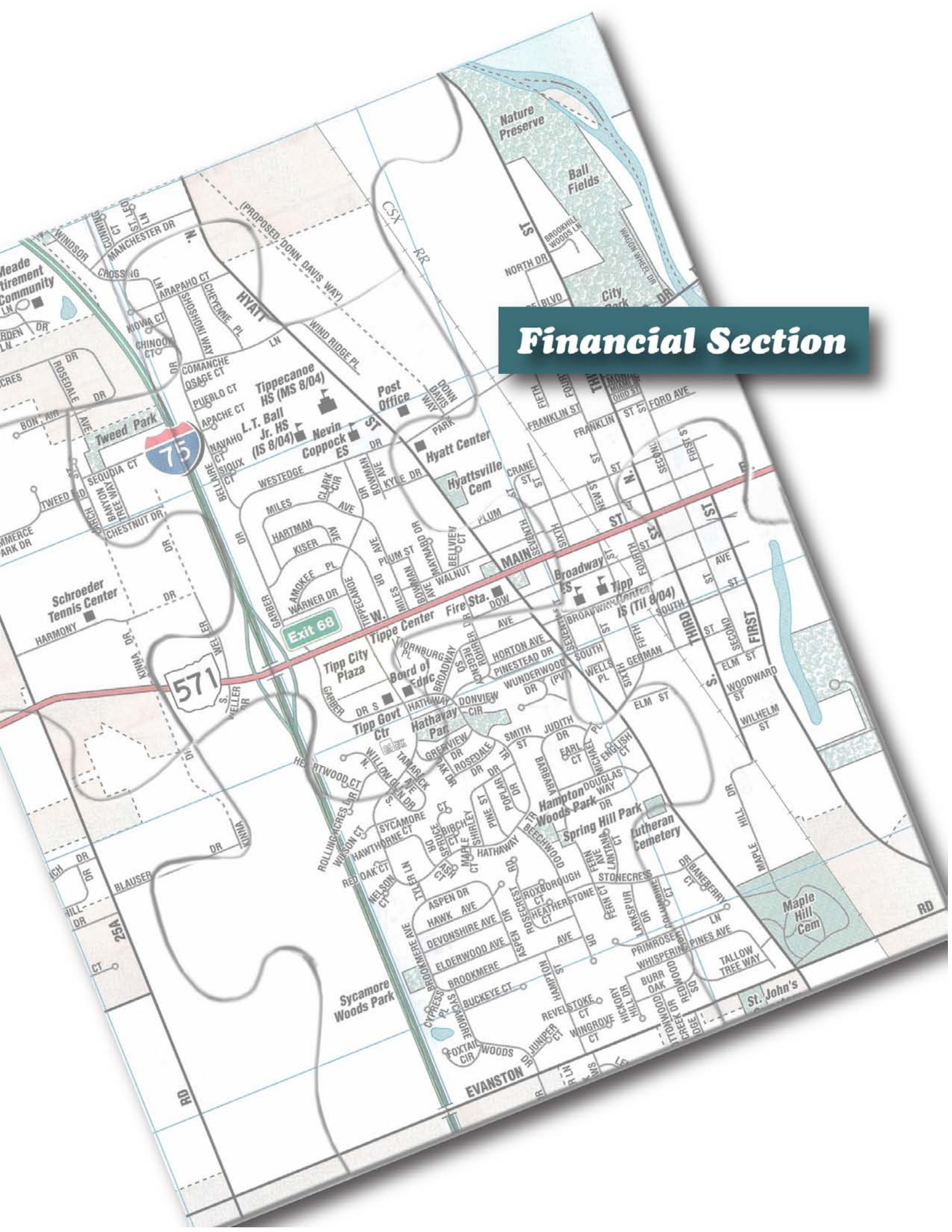
A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

Financial Section



Meade Retirement Community

Nature Preserve

Ball Fields

City Park

Tippicanoe HS (MS 8/04)
L.T. Ball Jr. HS (IS 8/04)
Nevin Coppock ES

Post Office

Hyatt Center

Hyattville Cem

Schroeder Tennis Center

75

571

Exit 68

Tippe Center Fire Sta.

Tipp City Plaza

Board of Educ

Tipp Govt Ctr

Hathaway Park

Tipp Center

Tipp Center

IS (Til 8/04)

Hampton Woods Park

Spring Hill Park

Lutheran Cemetery

Maple Hill Cem

Sycamore Woods Park

EVANSTON

St. John's



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, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information 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.

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p. 937.399.2000
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, the governmental capital asset schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the governmental capital asset schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clark, Schaefer, Hachett & Co.

Springfield, Ohio
June 17, 2009

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, 2008. 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 2008 are as follows:

- ❑ In total, net assets increased \$3,407,567. Net assets of governmental activities increased \$1,893,956, which represents a 5% increase from 2007. Net assets of business-type activities increased \$1,513,611 or 4.7% from 2007.
- ❑ General revenues accounted for \$6.6 million in revenue or 25.7% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 74.3% of total revenues of \$25.7 million.
- ❑ Total net assets of governmental activities increased by \$1,893,956. Increases in total assets outpaced the increase in liabilities during 2008. The City continues to improve and add to the infrastructure assets via capital grants and capital contributions by developers.
- ❑ The City had \$8.61 million in expenses related to governmental activities; \$3.88 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$6.6 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$6.1 million in revenues and \$5.8 million in expenditures and other financing uses. The general fund's fund balance increased \$304,538 to \$3.9 million.
- ❑ Net assets for enterprise funds increased by \$1,513,611. The Electric Fund increased its net assets by \$903,008 or 60% of the increase.

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, 2008**

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 2008 and 2007.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$9,359,557	\$8,195,599	\$16,619,561	\$15,584,548	\$25,979,118	\$23,780,147
Capital assets, Net	39,581,731	38,574,429	20,884,959	20,654,491	60,466,690	59,228,920
Total assets	48,941,288	46,770,028	37,504,520	36,239,039	86,445,808	83,009,067
Noncurrent liabilities	6,540,413	7,329,213	1,547,433	1,675,455	8,087,846	9,004,668
Other liabilities	2,460,331	1,394,227	2,468,406	2,588,514	4,928,737	3,982,741
Total liabilities	9,000,744	8,723,440	4,015,839	4,263,969	13,016,583	12,987,409
Net assets						
Invested in capital assets, net of related debt	32,242,094	31,427,283	19,681,449	19,295,981	51,923,543	50,723,264
Restricted	2,243,415	2,443,299	0	0	2,243,415	2,443,299
Unrestricted	5,455,035	4,176,006	13,807,232	12,679,089	19,262,267	16,855,095
Total net assets	\$39,940,544	\$38,046,588	\$33,488,681	\$31,975,070	\$73,429,225	\$70,021,658

The amount by which the city's assets exceed its liabilities is called net assets. At year-end, the City's net assets were \$73.4 million compared to \$70 million in 2007. Of that amount, in 2008 approximately \$51.9 million (70.7%) was invested in capital assets, net of debt related to those assets. At year-end 2007, that amount was approximately \$50.7 million (72.4%). For 2008 another \$2.24 million (3%) was subject to external restrictions upon its use. The remaining \$19.2 million (26.3%) in 2008 was unrestricted and available for future use. For 2007, this amount was \$16.8 million (24%).

CITY OF TIPP CITY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2008 compared with 2007:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,293,673	\$1,165,986	\$14,386,019	\$13,064,617	\$15,679,692	\$14,230,603
Operating Grants and Contributions	656,539	593,159	0	0	656,539	593,159
Capital Grants and Contributions	1,927,765	799,014	835,244	290,512	2,763,009	1,089,526
Total Program Revenues	<u>3,877,977</u>	<u>2,558,159</u>	<u>15,221,263</u>	<u>13,355,129</u>	<u>19,099,240</u>	<u>15,913,288</u>
General revenues:						
Income Taxes	3,644,832	3,460,790	0	0	3,644,832	3,460,790
Property Taxes	327,431	321,337	0	0	327,431	321,337
Other Local Taxes	21,407	35,265	0	0	21,407	35,265
Unrestricted Shared Revenues	1,474,216	1,311,289	0	0	1,474,216	1,311,289
Investment Earnings	441,016	610,371	0	0	441,016	610,371
Miscellaneous	695,718	215,622	0	0	695,718	215,622
Total General Revenues	<u>6,604,620</u>	<u>5,954,674</u>	<u>0</u>	<u>0</u>	<u>6,604,620</u>	<u>5,954,674</u>
Total Revenues	<u>10,482,597</u>	<u>8,512,833</u>	<u>15,221,263</u>	<u>13,355,129</u>	<u>25,703,860</u>	<u>21,867,962</u>
Program Expenses						
Security of Persons and Property	3,319,976	3,195,571	0	0	3,319,976	3,195,571
Leisure Time Activities	1,285,709	1,407,319	0	0	1,285,709	1,407,319
Community Environment	251,345	231,885	0	0	251,345	231,885
Basic Utility Services	247,636	229,516	0	0	247,636	229,516
Transportation	1,595,113	1,465,686	0	0	1,595,113	1,465,686
General Government	1,645,898	1,763,783	0	0	1,645,898	1,763,783
Interest and Fiscal Charges	264,771	286,399	0	0	264,771	286,399
Electric	0	0	9,488,473	8,330,307	9,488,473	8,330,307
Water	0	0	2,183,762	1,907,331	2,183,762	1,907,331
Sewer	0	0	1,296,882	1,145,064	1,296,882	1,145,064
Refuse Collection	0	0	716,728	661,807	716,728	661,807
Total expenses	<u>8,610,448</u>	<u>8,580,159</u>	<u>13,685,845</u>	<u>12,044,509</u>	<u>22,296,293</u>	<u>20,624,668</u>
Change in Net Assets before transfers	1,872,149	(67,326)	1,535,418	1,310,620	3,407,567	1,243,294
Transfers	21,807	729,509	(21,807)	(729,509)	0	0
Total Change in Net Assets	<u>1,893,956</u>	<u>662,183</u>	<u>1,513,611</u>	<u>581,111</u>	<u>3,407,567</u>	<u>1,243,294</u>
Beginning Net Assets	<u>38,046,588</u>	<u>37,384,405</u>	<u>31,975,070</u>	<u>31,393,959</u>	<u>70,021,658</u>	<u>68,778,364</u>
Ending Net Assets	<u>\$39,940,544</u>	<u>\$38,046,588</u>	<u>\$33,488,681</u>	<u>\$31,975,070</u>	<u>\$73,429,225</u>	<u>\$70,021,658</u>

Governmental Activities

Net assets of the City's governmental activities increased by \$1,893,956 or 5%. Net assets invested in capital assets, net of related debt increased \$814,811 or 2.6%. Restricted net assets decreased by \$199,884 while unrestricted net assets increased by \$1,279,029, an increase of 30.6%. Increases in unrestricted net assets generally indicate an improved financial position.

CITY OF TIPP CITY, OHIO

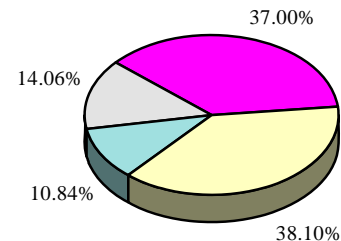
**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

The City receives an income tax, which is based on 1.25% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City. Income tax is the largest source of revenue for the City. 16% of our income tax received is designated for capital outlay for the City, and 20% is earmarked for park improvements. Income tax revenue was \$3,644,832 compared to \$3,460,790 in 2007, an increase of 5.32%. This increase in tax revenue is due primarily to an increase in taxes received from business net profit. This tax revenue source is subject to changes in the economy.

Property taxes and income taxes made up 3.33% and 34.77% respectively of revenues for governmental activities for the City in fiscal year 2008. The City's reliance upon tax revenues is demonstrated by the following graph indicating 38.10% of total revenues from general tax revenues:

Revenue Sources	2008	Percent of Total
Unrestricted Shared Revenues	\$1,474,216	14.06%
Program Revenues	3,877,977	37.00%
General Tax Revenues	3,993,670	38.10%
General Other	1,136,734	10.84%
Total Revenue	\$10,482,597	100.00%



Business-Type Activities

Net assets of the business-type activities increased by \$1,513,611. Capital Contributions from developers is 42% of the increase. Electric and water reported operating income in 2008. The sewer and refuse funds, however, had operating losses in 2008.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$4,440,860, which is an increase from last year's balance of \$4,301,121. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2008 and 2007:

	Fund Balance December 31, 2008	Fund Balance December 31, 2007	Increase (Decrease)
General	\$3,911,059	\$3,606,521	\$304,538
Special Assessment Bond	5,637	3,219	2,418
Kinna Drive Construction	(23,590)	0	(23,590)
25-A Construction	(560,664)	(545,845)	(14,819)
Other Governmental	1,108,418	1,237,226	(128,808)
Total	\$4,440,860	\$4,301,121	\$139,739

CITY OF TIPP CITY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

General Fund – The City's General Fund balance increase is due to many factors. The main reason was the City was able to reduce transfers to other Governmental Funds by \$275,000 which helped to increase our fund balance by \$304,538. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2008 <u>Revenues</u>	2007 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$2,706,351	\$2,505,177	\$201,174
Intergovernmental Revenue	1,450,825	1,222,610	228,215
Charges for Services	1,282,659	579,516	703,143
Licenses, Permits and Fees	34,895	88,217	(53,322)
Investment Earnings	442,666	631,263	(188,597)
Special Assessments	3,058	964	2,094
Fines and Forfeitures	17,366	19,029	(1,663)
All Other Revenue	170,077	147,598	22,479
Total	<u>\$6,107,897</u>	<u>\$5,194,374</u>	<u>\$913,523</u>

General Fund revenues in 2008 increased approximately 17.6% compared to revenues in fiscal year 2007. The increase in charges for services accounted for the majority of the increase. This increase in charges for services was caused by a change in classification of a portion of General fund revenues.

	2008 <u>Expenditures</u>	2007 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$3,079,960	\$2,973,305	\$106,655
Leisure Time Activities	479,768	451,807	27,961
Community Environment	248,376	238,806	9,570
Basic Utility Services	235,440	223,769	11,671
General Government	1,458,674	1,449,098	9,576
Capital Outlay	47,375	75,901	(28,526)
Debt Service:			
Principal Retirement	12,509	12,062	447
Interest and Fiscal Charges	1,003	1,450	(447)
Total	<u>\$5,563,105</u>	<u>\$5,426,198</u>	<u>\$136,907</u>

General Fund expenditures increased by \$136,907 or 2.5% due to increases in salary and wages, retirement contributions, health insurance premiums, utilities and gasoline. Security of Persons and Property increased 3.6% primarily due to increases in wages and benefits for police officers, paramedics, and other Emergency Medical staff personnel.

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, 2008***

Unaudited

Kinna Drive Construction Fund – This is a new fund for 2008 related to the street improvements on Kinna Drive. The fund deficit exists due to the recording of a note payable within the fund.

25-A Construction Fund – This fund will continue to fluctuate due to note activity throughout the year.

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 2008 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.

Original general fund budgeted revenues decreased \$241,045 from \$6,265,361 to \$6,024,316. Municipal income tax and investment revenue were over estimated. Actual revenues collected were \$6,105,638, an increase of 1% over the final budget. There were no significant variations in the City's original budgeted appropriations and the final figure of \$6,619,368. In contrast, there was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$6,052,831. This is a decrease of \$566,537 from the final budget. City Council and staff made a concerted effort to reduce expenditures because revenues were going to be short of our original estimate. The General Fund had an adequate fund balance to cover expenditures in 2008.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2008 the City had \$60,466,690 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$39,581,731 was related to governmental activities and \$20,884,959 to the business-type activities. The following table shows fiscal year 2008 and 2007 balances:

	Governmental Activities		Increase (Decrease)
	2008	2007	
Land	\$13,237,135	\$12,482,446	\$754,689
Construction in Progress	0	167,756	(167,756)
Total Non-Depreciable Capital Assets	13,237,135	12,650,202	586,933
Buildings	6,419,576	6,226,076	193,500
Improvements Other Than Buildings	4,723,532	4,532,048	191,484
Machinery and Equipment	6,046,536	5,926,967	119,569
Infrastructure	25,217,146	23,886,348	1,330,798
Less: Accumulated Depreciation	(16,062,194)	(14,647,212)	(1,414,982)
Total Depreciable Capital Assets	26,344,596	25,924,227	420,369
Totals	\$39,581,731	\$38,574,429	\$1,007,302

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2008	2007	
Land	\$1,409,673	\$1,409,673	\$0
Construction in Progress	8,495	0	8,495
Total Non-Depreciable Capital Assets	1,418,168	1,409,673	8,495
Buildings	1,840,650	1,839,095	1,555
Improvements Other Than Buildings	28,409,873	27,440,454	969,419
Machinery and Equipment	2,236,410	2,167,949	68,461
Less: Accumulated Depreciation	(13,020,142)	(12,202,680)	(817,462)
Total Non-Depreciable Capital Assets	19,466,791	19,244,818	221,973
Totals	\$20,884,959	\$20,654,491	\$230,468

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

As of December 31, 2008, the City has contractual commitments of \$787,902 for improvements to Kinna Drive. Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2008, the City had \$6.44 million in bonds outstanding, \$970,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2008 and 2007:

	2008	2007
Governmental Activities:		
General Obligation Bonds	\$4,855,000	\$5,690,000
Special Assessment Bonds	790,000	825,000
Capital Lease	19,637	32,146
Compensated Absences	875,776	782,067
Total Governmental Activities	6,540,413	7,329,213
Business-Type Activities:		
General Obligation Bonds	\$795,000	\$950,000
State Loan	408,510	408,510
Compensated Absences	343,923	316,945
Total Business-Type Activities	1,547,433	1,675,455
Totals	\$8,087,846	\$9,004,668

During 2008, the City issued \$575,000 in General Obligation Notes to provide funding for the 25-A construction project and \$1,100,000 to provide funding for the Kinna Drive Construction Project. The City also issued \$950,000 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, 2008, 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

The 2009 budget process for the General Fund required balance between the continued strong demand for city-provided services, the city's commitment to excellence, and the projected resources available. Our area is experiencing manufacturing job losses and a reduction in new housing starts. Despite the downturn in the economy, our tax receipts grew 5.2% in 2008. The 2009 operating budget assumes no growth in income tax receipts and continued reduction in interest earnings, and state shared revenues. Total fiscal year 2009 General Fund revenues are projected at \$5.9 million, a 2% decrease over the final 2008 budget total of \$ 6.0 million.

The 2009 appropriations budget for the General Fund totals \$6.1 million. This is a reduction of 7.5% from the final 2008 budget. Since revenues are expected to be \$200,000 short of expenses, the City has recently implemented a number of budget cuts to close this gap. The City has reduced part time staff, eliminated some seasonal positions, reduced overtime in the police department, and eliminated some equipment purchases. The estimated savings from these budget cuts is \$100,000. The City will continue to monitor its receipts and expenses very closely. The City's General Fund balance of \$3.9 million remains strong.

The Enterprise Funds are self supporting and, therefore, each fund's revenues need to cover the expenses generated by its activity. Electric, water, and sewer rates have been raised in 2009. Refuse rates will be increased in October 2009. The City will continue to closely monitor the enterprise funds in the future to ensure they remain healthy and self- supporting.

The City continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of reducing operating expenditures. A close watch of current economic conditions and city operations is maintained in order to sustain fiscal stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling (937) 667-8426 or writing to City of Tipp City Finance Department, 260 South Garber Drive, Tipp City, Ohio 45371. This report is also available on the City's web site at www.tippcityohio.gov.

CITY OF TIPP CITY, OHIO

**Statement of Net Assets
December 31, 2008**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 1,656,761	\$ 1,432,733	\$ 3,089,494
Investments	3,910,358	5,281,755	9,192,113
Receivables:			
Taxes	1,420,912	0	1,420,912
Accounts	63,098	1,548,478	1,611,576
Intergovernmental	674,625	5,491	680,116
Interest	48,529	0	48,529
Special Assessments	1,403,019	682,894	2,085,913
Lease	0	1,429,961	1,429,961
Internal Balances	67,843	(67,843)	0
Inventory of Supplies at Cost	96,785	754,163	850,948
Prepaid Items	17,627	10,987	28,614
Investment in Joint Venture	0	5,384,664	5,384,664
Restricted Assets:			
Cash and Cash Equivalents	0	156,278	156,278
Non-Depreciable Capital Assets	13,237,135	1,418,168	14,655,303
Depreciable Capital Assets, Net	26,344,596	19,466,791	45,811,387
Total Assets	48,941,288	37,504,520	86,445,808
Liabilities:			
Accounts Payable	138,281	644,129	782,410
Accrued Wages and Benefits Payable	290,767	92,169	382,936
Intergovernmental Payable	3,922	128,380	132,302
Refundable Deposits	0	156,278	156,278
Unearned Revenue	311,878	479,961	791,839
Accrued Interest Payable	40,483	17,489	57,972
General Obligation Notes Payable	1,675,000	950,000	2,625,000
Noncurrent liabilities:			
Due within one year	1,057,615	193,552	1,251,167
Due in more than one year	5,482,798	1,353,881	6,836,679
Total Liabilities	9,000,744	4,015,839	13,016,583
Net Assets:			
Invested in Capital Assets, Net of Related Debt	32,242,094	19,681,449	51,923,543
Restricted For:			
Capital Projects	391,083	0	391,083
Debt Service	1,170,764	0	1,170,764
Transportation	538,631	0	538,631
Other Purposes	142,937	0	142,937
Unrestricted	5,455,035	13,807,232	19,262,267
Total Net Assets	\$ 39,940,544	\$ 33,488,681	\$ 73,429,225

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Activities
For the Year Ended December 31, 2008**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,319,976	\$ 539,207	\$ 0	\$ 0
Leisure Time Activities	1,285,709	381,063	0	117,697
Community Environment	251,345	131,771	0	0
Basic Utility Services	247,636	238,266	0	0
Transportation	1,595,113	3,366	578,652	1,810,068
General Government	1,645,898	0	77,887	0
Interest and Fiscal Charges	264,771	0	0	0
Total Governmental Activities	8,610,448	1,293,673	656,539	1,927,765
Business-Type Activities:				
Electric	9,488,473	10,077,906	0	320,540
Water	2,183,762	2,276,912	0	258,648
Sewer	1,296,882	1,318,119	0	256,056
Refuse Collection	716,728	713,082	0	0
Total Business-Type Activities	13,685,845	14,386,019	0	835,244
Totals	\$ 22,296,293	\$ 15,679,692	\$ 656,539	\$ 2,763,009

General Revenues:

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

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,780,769)	\$ 0	\$ (2,780,769)
(786,949)	0	(786,949)
(119,574)	0	(119,574)
(9,370)	0	(9,370)
796,973	0	796,973
(1,568,011)	0	(1,568,011)
(264,771)	0	(264,771)
<u>(4,732,471)</u>	<u>0</u>	<u>(4,732,471)</u>
0	909,973	909,973
0	351,798	351,798
0	277,293	277,293
0	(3,646)	(3,646)
<u>0</u>	<u>1,535,418</u>	<u>1,535,418</u>
<u>(4,732,471)</u>	<u>1,535,418</u>	<u>(3,197,053)</u>
3,644,832	0	3,644,832
327,431	0	327,431
21,407	0	21,407
1,474,216	0	1,474,216
441,016	0	441,016
695,718	0	695,718
21,807	(21,807)	0
<u>6,626,427</u>	<u>(21,807)</u>	<u>6,604,620</u>
1,893,956	1,513,611	3,407,567
<u>38,046,588</u>	<u>31,975,070</u>	<u>70,021,658</u>
<u>\$ 39,940,544</u>	<u>\$ 33,488,681</u>	<u>\$ 73,429,225</u>

CITY OF TIPP CITY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2008**

	General	Special Assessment Bond	Kinna Drive Construction	25A- Construction
Assets:				
Cash and Cash Equivalents	\$ 773,368	\$ 5,637	\$ 240,638	\$ 22,226
Investments	2,734,534	0	850,866	0
Receivables:				
Taxes	1,069,809	0	0	0
Accounts	63,098	0	0	0
Intergovernmental	313,855	0	0	0
Interest	48,529	0	0	0
Special Assessments	0	1,178,462	0	0
Due from Other Funds	72,040	0	0	0
Inventory of Supplies, at Cost	54,879	0	0	0
Prepaid Items	17,464	0	0	0
Total Assets	\$ 5,147,576	\$ 1,184,099	\$ 1,091,504	\$ 22,226
Liabilities:				
Accounts Payable	\$ 19,410	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	272,941	0	0	0
Intergovernmental Payable	3,922	0	0	0
Due to Other Funds	3,778	0	0	0
Deferred Revenue	936,466	1,178,462	0	0
Accrued Interest Payable	0	0	15,094	7,890
General Obligation Notes Payable	0	0	1,100,000	575,000
Total Liabilities	1,236,517	1,178,462	1,115,094	582,890
Fund Balances:				
Reserved for Encumbrances	156,243	0	1,081,795	703
Reserved for Prepaid Items	17,464	0	0	0
Reserved for Supplies Inventory	54,879	0	0	0
Reserved for Debt Service	0	5,637	0	0
Undesignated and Unreserved in:				
General Fund	3,682,473	0	0	0
Special Revenue Funds	0	0	0	0
Capital Projects Funds	0	0	(1,105,385)	(561,367)
Total Fund Balances	3,911,059	5,637	(23,590)	(560,664)
Total Liabilities and Fund Balances	\$ 5,147,576	\$ 1,184,099	\$ 1,091,504	\$ 22,226

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 614,892	\$ 1,656,761
324,958	3,910,358
351,103	1,420,912
0	63,098
360,770	674,625
0	48,529
224,557	1,403,019
0	72,040
41,906	96,785
163	17,627
<u>\$ 1,918,349</u>	<u>\$ 9,363,754</u>
\$ 118,871	\$ 138,281
17,826	290,767
0	3,922
419	4,197
672,815	2,787,743
0	22,984
0	1,675,000
<u>809,931</u>	<u>4,922,894</u>
518,329	1,757,070
163	17,627
41,906	96,785
4,164	9,801
0	3,682,473
505,158	505,158
38,698	(1,628,054)
<u>1,108,418</u>	<u>4,440,860</u>
<u>\$ 1,918,349</u>	<u>\$ 9,363,754</u>

CITY OF TIPP CITY, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2008***

Total Governmental Fund Balances \$ 4,440,860

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 39,581,731

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds. 2,475,865

Long-term liabilities, including bonds payable, are not due
and payable in the current period and therefore are not
reported in the funds. (6,557,912)

Net Assets of Governmental Funds \$ 39,940,544

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, 2008**

	General	Special Assessment Bond	Kinna Drive Construction	25-A Construction
Revenues:				
Taxes	\$ 2,706,351	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	1,450,825	0	0	0
Charges for Services	1,282,659	0	0	0
Licenses, Permits and Fees	34,895	0	0	0
Investment Earnings	442,666	0	9,709	0
Special Assessments	3,058	73,653	0	0
Fines and Forfeitures	17,366	0	0	0
All Other Revenue	170,077	0	0	0
Total Revenue	<u>6,107,897</u>	<u>73,653</u>	<u>9,709</u>	<u>0</u>
Expenditures:				
Current:				
Security of Persons and Property	3,079,960	0	0	0
Leisure Time Activities	479,768	0	0	0
Community Environment	248,376	0	0	0
Basic Utility Services	235,440	0	0	0
Transportation	0	0	0	350
General Government	1,458,674	3,557	0	0
Capital Outlay	47,375	0	18,205	0
Debt Service:				
Principal Retirement	12,509	35,000	0	0
Interest and Fiscal Charges	1,003	32,678	15,094	15,423
Total Expenditures	<u>5,563,105</u>	<u>71,235</u>	<u>33,299</u>	<u>15,773</u>
Excess (Deficiency) of Revenues Over Expenditures	544,792	2,418	(23,590)	(15,773)
Other Financing Sources (Uses):				
Transfers In	0	0	0	954
Transfers Out	(240,000)	0	0	0
Total Other Financing Sources (Uses)	<u>(240,000)</u>	<u>0</u>	<u>0</u>	<u>954</u>
Net Change in Fund Balances	304,792	2,418	(23,590)	(14,819)
Fund Balances at Beginning of Year	3,606,521	3,219	0	(545,845)
Decrease in Inventory Reserve	(254)	0	0	0
Fund Balances End of Year	<u>\$ 3,911,059</u>	<u>\$ 5,637</u>	<u>\$ (23,590)</u>	<u>\$ (560,664)</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 1,324,562	\$ 4,030,913
1,305,346	2,756,171
371,592	1,654,251
652	35,547
33	452,408
83,461	160,172
920	18,286
14,409	184,486
<u>3,100,975</u>	<u>9,292,234</u>
862	3,080,822
404,687	884,455
0	248,376
0	235,440
767,027	767,377
2,009	1,464,240
1,271,093	1,336,673
835,000	882,509
<u>202,857</u>	<u>267,055</u>
<u>3,483,535</u>	<u>9,166,947</u>
(382,560)	125,287
1,281,067	1,282,021
<u>(1,020,214)</u>	<u>(1,260,214)</u>
<u>260,853</u>	<u>21,807</u>
(121,707)	147,094
1,237,226	4,301,121
<u>(7,101)</u>	<u>(7,355)</u>
<u>\$ 1,108,418</u>	<u>\$ 4,440,860</u>

CITY OF TIPP CITY, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended December 31, 2008***

Net Change in Fund Balances - Total Governmental Funds	\$ 147,094
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and contributions exceeded depreciation.	1,027,478
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net assets.	(20,176)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(44,169)
The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net assets.	882,509
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	2,284
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>(101,064)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 1,893,956</u></u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,874,570	\$ 2,724,475	\$ 2,752,443	\$ 27,968
Intergovernmental Revenue	1,304,150	1,355,150	1,361,591	6,441
Charges for Services	1,320,091	1,284,241	1,287,731	3,490
Licenses and Permits	71,050	33,050	34,895	1,845
Investment Earnings	525,000	455,000	479,532	24,532
Special Assessments	3,000	3,000	3,058	58
Fines and Forfeitures	18,000	16,600	16,711	111
All Other Revenues	149,500	152,800	169,677	16,877
Total Revenues	<u>6,265,361</u>	<u>6,024,316</u>	<u>6,105,638</u>	<u>81,322</u>
Expenditures:				
Current:				
Security of Persons and Property	3,207,831	3,206,791	3,103,220	103,571
Leisure Time Activities	524,233	524,233	495,181	29,052
Community Environment	271,025	271,025	252,944	18,081
Basic Utility Services	255,804	255,804	244,441	11,363
General Government	1,810,743	1,840,743	1,636,018	204,725
Capital Outlay	73,772	90,772	81,027	9,745
Total Expenditures	<u>6,143,408</u>	<u>6,189,368</u>	<u>5,812,831</u>	<u>376,537</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	121,953	(165,052)	292,807	457,859
Other Financing Sources (Uses):				
Sale of Capital Assets	1,500	100	80	(20)
Transfers Out	(460,000)	(430,000)	(240,000)	190,000
Total Other Financing Sources (Uses):	<u>(458,500)</u>	<u>(429,900)</u>	<u>(239,920)</u>	<u>189,980</u>
Net Change in Fund Balance	(336,547)	(594,952)	52,887	647,839
Fund Balance at Beginning of Year	3,095,093	3,095,093	3,095,093	0
Prior Year Encumbrances	159,622	159,622	159,622	0
Fund Balance at End of Year	<u>\$ 2,918,168</u>	<u>\$ 2,659,763</u>	<u>\$ 3,307,602</u>	<u>\$ 647,839</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Assets
Proprietary Funds
December 31, 2008**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
Assets:			
Current assets:			
Cash and Cash Equivalents	\$ 570,283	\$ 694,954	\$ 72,245
Investments	2,569,031	2,457,273	255,451
Receivables:			
Accounts	1,233,746	191,331	123,401
Intergovernmental	5,491	0	0
Special Assessments	32,983	46,523	603,388
Lease - Current	95,000	0	0
Due from Other Funds	6,142	1,017	538
Inventory of Supplies at Cost	625,785	116,326	12,052
Prepaid Items	2,601	8,113	273
Restricted Assets:			
Cash and Cash Equivalents	156,278	0	0
Total current assets	<u>5,297,340</u>	<u>3,515,537</u>	<u>1,067,348</u>
Noncurrent assets:			
Lease Receivable	1,334,961	0	0
Investment in Joint Venture	0	(85,946)	5,470,610
Capital assets:			
Non-Depreciable Capital Assets	53,907	1,360,145	4,116
Depreciable Capital Assets, net	7,268,627	6,443,501	5,754,663
Total capital assets	<u>7,322,534</u>	<u>7,803,646</u>	<u>5,758,779</u>
Total noncurrent assets	<u>8,657,495</u>	<u>7,717,700</u>	<u>11,229,389</u>
Total assets	<u>13,954,835</u>	<u>11,233,237</u>	<u>12,296,737</u>
Liabilities:			
Current liabilities:			
Accounts Payable	583,170	1,082	3,858
Accrued Wages and Benefits Payable	53,481	30,167	8,521
Intergovernmental Payable	2,219	75,122	51,039
Refundable Deposits	156,278	0	0
Due to Other Funds	69,014	1,702	1,798
Unearned Revenue	479,961	0	0
Accrued Interest Payable	16,367	198	924
General Obligation Notes Payable	950,000	0	0
General Obligation Bonds Payable - Current	50,000	25,000	50,000
Compensated Absences Payable - Current	37,602	23,462	7,488
Total Current Liabilities	<u>2,398,092</u>	<u>156,733</u>	<u>123,628</u>

CITY OF TIPP CITY, OHIO

<u>Refuse</u>		<u>Collection</u>		<u>Total</u>	
\$	95,251	\$	1,432,733		
	0		5,281,755		
	0		1,548,478		
	0		5,491		
	0		682,894		
	0		95,000		
	0		7,697		
	0		754,163		
	0		10,987		
	0		156,278		
	<u>95,251</u>		<u>9,975,476</u>		
	0		1,334,961		
	0		5,384,664		
	0		1,418,168		
	0		19,466,791		
	<u>0</u>		<u>20,884,959</u>		
	<u>0</u>		<u>27,604,584</u>		
	<u>95,251</u>		<u>37,580,060</u>		
	56,019		644,129		
	0		92,169		
	0		128,380		
	0		156,278		
	3,026		75,540		
	0		479,961		
	0		17,489		
	0		950,000		
	0		125,000		
	0		68,552		
	<u>59,045</u>		<u>2,737,498</u>		

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Assets
Proprietary Funds
December 31, 2008**

	<u>Business-type activities - Enterprise Funds</u>		
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Noncurrent Liabilities:			
General Obligation Bonds Payable	345,000	50,000	275,000
State Loan Payable	0	0	408,510
Compensated Absences Payable	179,153	67,612	28,606
Total noncurrent liabilities	<u>524,153</u>	<u>117,612</u>	<u>712,116</u>
Total Liabilities	<u>2,922,245</u>	<u>274,345</u>	<u>835,744</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	6,927,534	7,728,646	5,025,269
Unrestricted	4,105,056	3,230,246	6,435,724
Total Net Assets	<u>\$ 11,032,590</u>	<u>\$ 10,958,892</u>	<u>\$ 11,460,993</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
0	670,000
0	408,510
<u>0</u>	<u>275,371</u>
<u>0</u>	<u>1,353,881</u>
<u>59,045</u>	<u>4,091,379</u>
0	19,681,449
<u>36,206</u>	<u>13,807,232</u>
<u>\$ 36,206</u>	<u>\$ 33,488,681</u>

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 9,886,028	\$ 1,974,075	\$ 1,145,320
Other Operating Revenues	147,972	249,787	13,010
Total Operating Revenues	10,034,000	2,223,862	1,158,330
Operating Expenses:			
Personal Services	1,094,656	554,327	177,021
Contractual Services	7,789,045	1,254,597	815,405
Materials and Supplies	108,487	36,189	18,765
Utilities	13,926	12,326	12,718
Depreciation	405,461	306,447	260,624
Other Operating Expenses	11,612	6,210	0
Total Operating Expenses	9,423,187	2,170,096	1,284,533
Operating Income (Loss)	610,813	53,766	(126,203)
Non-Operating Revenue (Expenses):			
Intergovernmental Revenue	0	39,000	0
Income (Loss) from Joint Venture	0	49,455	160,435
Loss on Disposal of Capital Assets	(15,139)	(8,700)	0
Interest and Fiscal Charges	(50,147)	(4,966)	(12,349)
Investment Earnings	43,906	3,595	(646)
Total Non-Operating Revenues (Expenses)	(21,380)	78,384	147,440
Income (Loss) Before Contributions and Transfers	589,433	132,150	21,237
Transfers-Out	(6,965)	(7,536)	(7,306)
Capital Contributions from Joint Venture	0	0	156,335
Capital Contributions	320,540	219,648	99,721
Change in Net Assets	903,008	344,262	269,987
Net Assets Beginning of Year	10,129,582	10,614,630	11,191,006
Net Assets End of Year	\$ 11,032,590	\$ 10,958,892	\$ 11,460,993

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$ 713,082	\$ 13,718,505
0	410,769
713,082	14,129,274
0	1,826,004
716,728	10,575,775
0	163,441
0	38,970
0	972,532
0	17,822
716,728	13,594,544
(3,646)	534,730
0	39,000
0	209,890
0	(23,839)
0	(67,462)
0	46,855
0	204,444
(3,646)	739,174
0	(21,807)
0	156,335
0	639,909
(3,646)	1,513,611
39,852	31,975,070
\$ 36,206	\$ 33,488,681

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008**

	<u>Business-type activities - Enterprise Funds</u>		
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$9,698,023	\$1,943,901	\$1,140,999
Cash Payments for Goods and Services	(7,985,468)	(1,303,453)	(850,065)
Cash Payments to Employees	(1,086,130)	(555,991)	(170,094)
Other Operating Revenues	134,857	252,890	8,567
Net Cash Provided (Used) by Operating Activities	<u>761,282</u>	<u>337,347</u>	<u>129,407</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	(6,965)	(7,536)	(7,306)
Interest Paid on General Obligation Notes	(39,900)	0	0
Principal Paid on General Obligation Notes	(1,050,000)	0	0
Proceeds from the Sale of General Obligation Notes	950,000	0	0
Net Cash Used for Noncapital Financing Activities	<u>(146,865)</u>	<u>(7,536)</u>	<u>(7,306)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(388,841)	(67,082)	(154,802)
Receipt of Lease Payments	139,789	0	0
Receipt of Intergovernmental Grants	0	39,000	0
Principal Paid on General Obligation Bonds	(50,000)	(55,000)	(50,000)
Interest Paid on General Obligation Bonds	(20,528)	(5,201)	(12,463)
Net Cash Used for Capital and Related Financing Activities	<u>(319,580)</u>	<u>(88,283)</u>	<u>(217,265)</u>
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	94,505	126,283	119,751
Net Cash Provided for Investing Activities	<u>94,505</u>	<u>126,283</u>	<u>119,751</u>
Net Increase (Decrease) in Cash and Cash Equivalents	389,342	367,811	24,587
Cash and Cash Equivalents at Beginning of Year	<u>337,219</u>	<u>327,143</u>	<u>47,658</u>
Cash and Cash Equivalents at End of Year	<u>\$726,561</u>	<u>\$694,954</u>	<u>\$72,245</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$570,283	\$694,954	\$72,245
Restricted Cash and Cash Equivalents	156,278	0	0
Cash and Cash Equivalents at End of Year	<u>\$726,561</u>	<u>\$694,954</u>	<u>\$72,245</u>

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$713,082	\$13,496,005
(714,235)	(10,853,221)
0	(1,812,215)
0	396,314
<u>(1,153)</u>	<u>1,226,883</u>
0	(21,807)
0	(39,900)
0	(1,050,000)
<u>0</u>	<u>950,000</u>
<u>0</u>	<u>(161,707)</u>
0	(610,725)
0	139,789
0	39,000
0	(155,000)
<u>0</u>	<u>(38,192)</u>
<u>0</u>	<u>(625,128)</u>
<u>0</u>	<u>340,539</u>
<u>0</u>	<u>340,539</u>
(1,153)	780,587
96,404	808,424
<u>\$95,251</u>	<u>\$1,589,011</u>

\$95,251	\$1,432,733
0	156,278
<u>\$95,251</u>	<u>\$1,589,011</u>

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$610,813	\$53,766	(\$126,203)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	405,461	306,447	260,624
Adjustments to Assets and Liabilities:			
Increase in Accounts Receivable	(217,789)	(29,965)	(4,248)
Increase in Intergovernmental Receivable	(5,491)	0	0
(Increase) Decrease in Special Assessments Receivable	2,062	3,103	(4,443)
(Increase) Decrease in Inventory	(96,280)	18	(3,464)
(Increase) Decrease in Prepaid Items	180	(5,797)	227
Increase in Due from Other Funds	(859)	(209)	(73)
Increase (Decrease) in Accounts Payable	50,702	(1,520)	1,987
Decrease in Accrued Wages and Benefits	(8,572)	(3,702)	(675)
Increase in Due to Other Funds	719	306	414
Increase (Decrease) in Intergovernmental Payable	89	12,862	(2,581)
Increase in Customer Deposits Payable	3,149	0	0
Increase in Compensated Absences	17,098	2,038	7,842
Total Adjustments	150,469	283,581	255,610
Net Cash Provided (Used) by Operating Activities	\$761,282	\$337,347	\$129,407

Schedule of Noncash Investing, Capital and Financing Activities:

During 2008 the Electric, Water and Sewer Funds received capital contributions in the amounts of \$320,540, \$219,648 and \$99,721 respectively. The Sewer Fund received capital contributions in the amount of \$156,335 resulting from the Tri-Cities joint venture. During 2008 the fair value of investments increased by \$4,117 and \$3,595 in the Electric and Water Funds, respectively. The fair value of investments in the Sewer Fund decreased by \$646 during 2008.

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
(\$3,646)	\$534,730
0	972,532
0	(252,002)
0	(5,491)
0	722
0	(99,726)
0	(5,390)
0	(1,141)
2,367	53,536
0	(12,949)
126	1,565
0	10,370
0	3,149
0	26,978
<u>2,493</u>	<u>692,153</u>
<u>(\$1,153)</u>	<u>\$1,226,883</u>

CITY OF TIPP CITY, OHIO

***Statement of Assets and Liabilities
Agency Funds
December 31, 2008***

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 88,781
Restricted Assets:	
Cash and Cash Equivalents	<u>34,640</u>
Total Assets	<u>123,421</u>
Liabilities:	
Due to Others	<u>123,421</u>
Total Liabilities	<u>\$ 123,421</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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, 2008 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, 2008***

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.

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

25-A Construction Fund - This fund is used to account for improvements to 25A County Road financed by note proceeds.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

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

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

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

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

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

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

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

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

Fiduciary Funds

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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, 2008***

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, 2008 but which are not intended to finance 2008 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. For 2008, the FEMA Fund did not have any activity therefore a budget was not prepared. The activity on the combining special revenue income statement was recorded on the modified accrual basis.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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 2008.

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 2008, 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, 2008***

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)	\$304,792
Increase (Decrease):	
Accrued Revenues at December 31, 2008 received during 2009	(662,066)
Accrued Revenues at December 31, 2007 received during 2008	602,454
Accrued Expenditures at December 31, 2008 paid during 2009	300,051
Accrued Expenditures at December 31, 2007 paid during 2008	(318,311)
2008 Prepays for 2009	(17,464)
2007 Prepays for 2008	12,230
Outstanding Encumbrances	(168,799)
Budget Basis	<u><u>\$52,887</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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 2008. 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, 2008.

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, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, 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, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation (Continued)

3. Depreciation

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

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

L. Long-Term Obligations

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

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

M. Compensated Absences

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences (Continued)

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

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

N. Net Assets

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

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

O. Pensions

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

P. Interfund Activity

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Interfund Assets/Liabilities

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

R. Reservations of Fund Balance

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

S. Estimates

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

T. Operating Revenues and Expenses

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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	\$579,132
Delinquent Property Tax Revenue	4,424
Shared Revenues	461,520
Interest Revenue	27,770
Special Assessment Revenue	<u>1,403,019</u>
	\$2,475,865

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$4,855,000)
Special Assessment Bond Payable	(790,000)
Accrued Interest on Long-Term Debt	(17,499)
Capital Lease Payable	(19,637)
Compensated Absences Payable	<u>(875,776)</u>
	(\$6,557,912)

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

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

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

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

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

Capital Outlay	\$ 2,571,205
Depreciation Expense	(1,543,727)
	<u>\$ 1,027,478</u>

Governmental revenues not reported in the funds:

Decrease in Deferred/Delinquent Income Tax Revenue	(\$35,782)
Decrease in Property Tax Revenue	(1,461)
Increase in Shared Revenue	67,817
Decrease in Special Assessment Revenue	(63,351)
Decrease in Interest Revenue	(11,392)
	<u>(\$44,169)</u>

Net amount of bond and lease principal payments:

General Obligation Bond Principal Payment	\$835,000
Special Assessment Bond Principal Payment	35,000
Capital Lease Payments	12,509
	<u>\$882,509</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$93,709)
Decrease in supplies inventory	(7,355)
	<u>(\$101,064)</u>

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits at December 31, 2008 of \$23,590 and \$560,664 in the Kinna Drive Construction and 25-A Construction Funds, respectively (capital projects funds), are the result of recording notes payable 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, 2008***

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Budgetary Deficit

The budgetary deficit at December 31, 2008 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, 2008**

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 \$4,769,193 and the bank balance was \$4,861,345. 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>\$4,111,345</u>
Total Balance	<u><u>\$4,111,345</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

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

B. Investments

The City's investments at December 31, 2008 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3</u>
STAR Ohio	\$3,100,000	AAAm ¹	\$3,100,000	\$0
United States Treasury Bills	599,502	N/A	599,502	0
United States Treasury Notes	<u>4,092,611</u>	N/A	<u>2,445,407</u>	<u>1,647,204</u>
Total Investments	<u>\$7,792,113</u>		<u>\$6,144,909</u>	<u>\$1,647,204</u>

¹ Standard & Poor's

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

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

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, 7.7% are U.S. Treasury Bills, and 52.5% are U.S. Treasury Notes.

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

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	\$3,369,193	\$9,192,113
Certificates of Deposit (with maturities of more than 3 months)	4,500,000	(4,500,000)
Investments:		
STAR Ohio	(3,100,000)	3,100,000
Per GASB Statement No. 3	<u>\$4,769,193</u>	<u>\$7,792,113</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 2008 were levied after October 1, 2007 on assessed values as of January 1, 2007, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last equalization adjustment was completed in 2007. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 6.25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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, 2008 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2008 levy was based was \$267,820,410. This amount constitutes \$249,701,950 in real property assessed value, \$5,195,840 in public utility assessed value and \$12,922,620 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 2008, 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 2008 was \$3,644,832. This represents a 5.32% increase over 2007 income tax revenue of \$3,460,790.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2008 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, 2008**

NOTE 7 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2008:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$240,000
25-A Construction Fund	954	0
Other Governmental Funds	1,281,067	1,020,214
Total Governmental Funds	<u>1,282,021</u>	<u>1,260,214</u>
Electric Fund	0	6,965
Water Fund	0	7,536
Sewer Fund	0	7,306
Total Proprietary Funds	<u>0</u>	<u>21,807</u>
Totals	<u>\$1,282,021</u>	<u>\$1,282,021</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 2008:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$72,040	\$3,778
Other Governmental Funds	0	419
Total Governmental Funds	<u>72,040</u>	<u>4,197</u>
Electric Fund	6,142	69,014
Water Fund	1,017	1,702
Sewer Fund	538	1,798
Refuse Collection Fund	0	3,026
Total Proprietary Funds	<u>7,697</u>	<u>75,540</u>
Totals	<u>\$79,737</u>	<u>\$79,737</u>

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2008:

Historical Cost:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
Non-depreciable Capital assets:				
Land	\$12,482,446	\$759,843	(\$5,154)	\$13,237,135
Construction in Progress	167,756	0	(167,756)	0
Total Non-depreciable Capital assets	12,650,202	759,843	(172,910)	13,237,135
Capital assets being depreciated:				
Buildings	6,226,076	193,500	0	6,419,576
Improvements Other Than Buildings	4,532,048	191,484	0	4,723,532
Machinery and Equipment	5,926,967	212,644	(93,075)	6,046,536
Infrastructure	23,886,348	1,381,490	(50,692)	25,217,146
Total Depreciable Capital assets	40,571,439	1,979,118	(143,767)	42,406,790
Total Cost	\$53,221,641	\$2,738,961	(\$316,677)	\$55,643,925

Accumulated Depreciation:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
Buildings	(\$1,368,078)	(\$131,426)	\$0	(\$1,499,504)
Improvements Other Than Buildings	(906,923)	(223,015)	0	(1,129,938)
Machinery and Equipment	(3,724,357)	(470,705)	80,035	(4,115,027)
Infrastructure	(8,647,854)	(718,581)	48,710	(9,317,725)
Total Depreciation	(\$14,647,212)	(\$1,543,727) *	\$128,745	(\$16,062,194)
Net Value:	\$38,574,429			\$39,581,731

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$187,298)
Leisure Time Activities	(394,006)
Transportation	(815,072)
General Government	(147,351)
Total Depreciation Expense	(\$1,543,727)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2008:

Historical Cost:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
Non-depreciable Capital assets:				
Land	\$1,409,673	\$0	\$0	\$1,409,673
Construction in Progress	0	8,495	0	8,495
Total Non-depreciable Capital Assets	1,409,673	8,495	0	1,418,168
Capital assets being depreciated:				
Buildings	1,839,095	3,708	(2,153)	1,840,650
Improvements Other Than Buildings	27,440,454	973,870	(4,451)	28,409,873
Machinery and Equipment	2,167,949	240,766	(172,305)	2,236,410
Total Depreciable Capital assets	31,447,498	1,218,344	(178,909)	32,486,933
Total Cost	\$32,857,171	\$1,226,839	(\$178,909)	\$33,905,101

Accumulated Depreciation:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
Buildings	(\$632,005)	(\$35,254)	\$2,153	(\$665,106)
Improvements Other Than Buildings	(10,233,309)	(761,983)	1,481	(10,993,811)
Machinery and Equipment	(1,337,366)	(175,295)	151,436	(1,361,225)
Total Depreciation	(\$12,202,680)	(\$972,532)	\$155,070	(\$13,020,142)
Net Value:	\$20,654,491			\$20,884,959

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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 2008, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2008 employer contribution rate for local government employer units was 14.00%, of covered payroll. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2008, 7.0% of annual covered salary was the portion used to fund pension obligations. 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, 2008, 2007, and 2006 were \$245,349, \$282,823 and \$283,946, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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 2008, 12.75% of annual covered salary was used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2008, 2007, and 2006 were \$164,894, \$160,541 and \$134,991 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.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, 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. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. 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, 2008, 2007, and 2006 were \$245,349, \$186,291 and \$138,886, 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.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2008, 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, 2008, 2007, and 2006 were \$87,297, \$84,993 and \$89,037 for police, which were equal to the required contributions for each year.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

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, 2008, the City's accumulated, unpaid compensated absences amounted to \$1,219,699, of which \$875,776 is recorded as a liability of the Governmental Activities and \$343,923 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 2008:

	Maturity Date	Balance December 31, 2007	Issued	(Retired)	Balance December 31, 2008
Capital Projects Notes Payable:					
2.00% 25A Reconstruction	4/22/2009	\$600,000	\$575,000	(\$600,000)	\$575,000
2.00% Kinna Drive Construction	4/22/2009	0	1,100,000	0	1,100,000
Total Capital Projects Notes Payable		600,000	1,675,000	(600,000)	1,675,000
Enterprise Notes Payable:					
2.50% Electric Generator Note	5/15/2009	1,050,000	950,000	(1,050,000)	950,000
Total Notes Payable		\$1,650,000	\$2,625,000	(\$1,650,000)	\$2,625,000

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 14 - CAPITAL LEASES

A. Capital Lease Receivable

The City and the Northern Area Water Authority (NAWA) have entered into a capital lease agreement where the City will finance the lease-purchase of a backup electric generator on behalf of NAWA. The value of the equipment leased under the lease agreement is \$1,245,755. The receivable is recorded within the Electric Fund and is recorded on the Statement of Net Assets as lease receivable – current and lease receivable. The following is a schedule of future minimum lease payments, to be received, under the capital lease together with the present value of the net minimum lease payments as of December 31, 2008:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>
2009	\$95,000
2010	92,750
2011	90,500
2012	88,250
2013	86,000
2014-2018	396,250
2019-2023	340,000
2024-2028	241,211
Minimum Lease Payments	1,429,961
Less amount representing unearned revenue	(472,500)
Present value of minimum lease payments	<u>\$957,461</u>

B. Capital Lease Payable

The City is obligated under a capital lease for the lease-purchase of a phone system. The cost of the equipment obtained under the lease agreement (\$61,500) is included in the Governmental Activities capital assets as machinery and equipment. The liability for this lease is recorded on the Statement of Net Assets as due within one year and due in more than one year. The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2008:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2009	\$13,512
2010	6,756
Minimum Lease Payments	20,268
Less amount representing interest at the City's incremental borrowing rate of interest	(631)
Present value of minimum lease payments	<u>\$19,637</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 15 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2008 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2007	Issued	(Retired)	Balance December 31, 2008	Amount Due Within One Year
Business Type-Activities:							
General Obligation Bonds:							
7.13% Water System Improvement	600,000	2008	\$30,000	\$0	(\$30,000)	\$0	\$0
4.6-4.625% Electric Improvement Bonds	995,000	2015	445,000	0	(50,000)	395,000	50,000
2.0-3.5% Woodlawn Water Bonds	200,000	2011	100,000	0	(25,000)	75,000	25,000
2.0-3.5% Woodlawn Sewer Bonds	250,000	2013	150,000	0	(25,000)	125,000	25,000
2.0-3.85% Rosewood Sewer Bonds	300,000	2016	225,000	0	(25,000)	200,000	25,000
Total General Obligation Bonds			950,000	0	(155,000)	795,000	125,000
0.00% North East Sewer Interceptor Loan	597,260	2014	408,510	0	0	408,510	0
Compensated Absences			316,945	343,923	(316,945)	343,923	68,552
Total Business-Type Activity Long-Term Liabilities			\$1,675,455	\$343,923	(\$471,945)	\$1,547,433	\$193,552
Governmental Activities:							
Unvoted General Obligation Bonds:							
7.13% Government Center Bond - I	\$560,000	2008	\$25,000	\$0	(\$25,000)	\$0	\$0
4.6-4.625% Service Center Improvement	940,000	2015	390,000	0	(50,000)	340,000	50,000
4.0-4.800% Capital Facilities Bond	2,325,000	2019	1,200,000	0	(100,000)	1,100,000	100,000
2.0-3.5% Recreation Facility Bond	5,200,000	2013	3,600,000	0	(600,000)	3,000,000	600,000
2.0-3.65% 25A Reconstruction Bond	250,000	2014	175,000	0	(25,000)	150,000	25,000
2.0-3.65% Fire Truck Equipment Bond	275,000	2014	200,000	0	(25,000)	175,000	25,000
2.0-4.15% Donn Davis Construction - City Share	250,000	2017	100,000	0	(10,000)	90,000	10,000
Total General Obligation Bonds			5,690,000	0	(835,000)	4,855,000	810,000
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	825,000	0	(35,000)	790,000	35,000
Capital Lease	61,500		32,146	0	(12,509)	19,637	12,972
Compensated Absences			782,067	875,776	(782,067)	875,776	199,643
Total Governmental Activity Long-Term Liabilities			\$7,329,213	\$875,776	(\$1,664,576)	\$6,540,413	\$1,057,615

The principal amount of the City's special assessment bonds outstanding at December 31, 2008, \$790,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. At December 31, 2008 the amount of delinquent special assessments receivable totaled \$4,499.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

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, 2008, follow:

Years	General Obligation Bonds		Special Assessment Bonds		Loan Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$935,000	\$210,099	\$35,000	\$31,715	\$0	\$0
2010	990,000	179,139	40,000	30,665	0	0
2011	1,015,000	146,464	40,000	29,465	0	0
2012	990,000	108,964	40,000	28,065	0	0
2013	715,000	72,314	40,000	26,665	0	0
2014-2018	905,000	122,896	235,000	109,019	408,510	0
2019-2023	100,000	4,800	295,000	52,458	0	0
2024	0	0	65,000	585	0	0
Totals	\$5,650,000	\$844,676	\$790,000	\$308,637	\$408,510	\$0

NOTE 16 – CONSTRUCTION COMMITMENT

At December 31, 2008 the City had the following contractual commitment outstanding:

Project	Remaining Contractual Commitment	Estimated Date of Completion
Kinna Drive Construction	\$787,902	Summer 2009

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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, 2008, the pool has twenty members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. Management is provided by an Executive Director, who is assisted by a Claims Manager, a full-time Loss Control Manager and office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board, and the organization is covered by policies, procedures, and formally adopted bylaws.

The twenty one participating entities and their respective pool contribution factors for the loss year ended December 31, 2008 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	5.43 %	Montgomery	2.36 %
Bellbrook	1.27 %	NAWA	0.19 %
Blue Ash	7.34 %	Piqua	6.61 %
Centerville	4.39 %	Sidney	6.66 %
Englewood	3.82 %	Springdale	4.07 %
Indian Hill	3.82 %	Tipp City	3.28 %
Kettering	12.18 %	Troy	6.92 %
Madeira	2.05 %	Vandalia	4.99 %
Mason	6.71 %	West Carrollton	3.06 %
Miamisburg	7.36 %	Wilmington	5.13 %
Subtotal	<u>54.37 %</u>	Wyoming	2.36 %
		Subtotal	<u>45.63 %</u>
		Total	<u><u>100.00 %</u></u>

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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	1,000,000	per occurrence
Liability	10,000,000	per occurrence
Flood	25,000,000	Aggregate
Flood (Zones A & V)	5,000,000	per occurrence
Earthquake (Property)	25,000,000	Aggregate
Extra Expense	5,000,000	per occurrence

The deductible per occurrence is \$2,500. During 2008, MVRMA's self insured retention (SIR) limit for property was \$200,000 except boiler and machinery, which was \$5,000. The SIR for liability was \$1,000,000. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2008.

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 nine 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, 2008***

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 \$5,470,610 which represents 20.38% of the total equity in Tri-Cities. This reflects an increase of .60% over the City's equity interest of 19.78% in 2007. 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 2008, the City paid \$663,589 to Tri-Cities for services provided. Complete financial statements can be obtained from Tri-Cities North Regional Wastewater Authority, 3777 Old Needmore Road, Dayton, Ohio 45424.

B. Northern Area Water Authority

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

The Northern Area Water Authority (NAWA) is a joint venture among the cities of Tipp City and Vandalia. NAWA is governed by a five member management board who have complete authority over all aspects of the operation. NAWA supplies all participating residents of the member cities with water services. Each city owns the water lines located in its city and bills its residents for usage. Operations started in 2007. Continued existence of NAWA is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each city is based on annual usage and is adjusted each year accordingly. The City's equity interest is a credit balance of \$85,946 which represents 45.68% of the total equity of NAWA on December 31, 2008. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2008, the City paid \$1,069,874 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, 2008***

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

On April 22, 2009 the City issued \$1,650,000 in one year General Obligation Notes. The proceeds of the Notes were used to retire, along with cash on hand, \$1,675,000 Notes due on April 23, 2009 issued for the purpose of improving County Road 25A and Kinna Drive. The Notes were sold to RBC Capital Markets at a net interest rate of 2.42%.

On May 15, 2009 the City borrowed \$950,000 from Amp-Ohio for improvements to the City's Electric System, including the acquisition and installation of a new 1,825 kW back-up generator. The Revenue Note has an interest rate of 3.00% and is collateralized solely by electric revenues. Proceeds from the Note issue were used to retire \$950,000 Notes due on May 15, 2009.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Swimming Pool Fund

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Municipal Road Fund

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

Law Enforcement Fund

To account for all monies and expenditures related to property or goods obtained by seizure or forfeiture.

Enforcement and Education Fund

To account for financial resources used to educate the public regarding laws governing the operation of motor vehicles while under the influence of alcohol.

Drug Law Enforcement Fund

To account for monies obtained through fines distributed to the City from drug related offenses or the sale and/or seizure of contraband, and are used to subsidize the City's law enforcement efforts.

Federal Emergency Management Agency (FEMA) Fund

To account for grant funds received from the Federal Emergency Management Agency for approved projects under the Public Assistance Grant Program. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Special Revenue Funds

Emergency Medical Services (EMS) Donation Trust Fund

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

Police Donation Trust Fund

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

Debt Service Fund

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

General Bond Retirement Fund

To account for the accumulation of resources for the payment of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

Capital Projects Funds

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

Capital Improvement Reserve Fund

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

Parks Capital Improvement Fund

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

Donn Davis Way Construction Fund

To account for the construction of Donn Davis Way. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Ohio Public Works Commission (OPWC) Grant Fund

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

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 420,502	\$ 4,164	\$ 190,226	\$ 614,892
Investments	0	0	324,958	324,958
Receivables:				
Taxes	0	0	351,103	351,103
Intergovernmental	360,770	0	0	360,770
Special Assessments	0	0	224,557	224,557
Inventory of Supplies, at Cost	41,906	0	0	41,906
Prepaid Items	163	0	0	163
Total Assets	<u>\$ 823,341</u>	<u>\$ 4,164</u>	<u>\$ 1,090,844</u>	<u>\$ 1,918,349</u>
Liabilities:				
Accounts Payable	\$ 4,561	\$ 0	\$ 114,310	\$ 118,871
Accrued Wages and Benefits Payable	17,826	0	0	17,826
Due to Other Funds	419	0	0	419
Deferred Revenue	238,573	0	434,242	672,815
Total Liabilities	<u>261,379</u>	<u>0</u>	<u>548,552</u>	<u>809,931</u>
Fund Balances:				
Reserved for Encumbrances	14,735	0	503,594	518,329
Reserved for Prepaid Items	163	0	0	163
Reserved for Supplies Inventory	41,906	0	0	41,906
Reserved for Debt Service	0	4,164	0	4,164
Undesignated/Unreserved	505,158	0	38,698	543,856
Total Fund Balances	<u>561,962</u>	<u>4,164</u>	<u>542,292</u>	<u>1,108,418</u>
Total Liabilities and Fund Balances	<u>\$ 823,341</u>	<u>\$ 4,164</u>	<u>\$ 1,090,844</u>	<u>\$ 1,918,349</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, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 0	\$ 0	\$ 1,324,562	\$ 1,324,562
Intergovernmental Revenues	612,113	0	693,233	1,305,346
Charges for Services	371,592	0	0	371,592
Licenses and Permits	652	0	0	652
Investment Earnings	0	0	33	33
Special Assessments	0	0	83,461	83,461
Fines and Forfeitures	920	0	0	920
All Other Revenue	5,323	0	9,086	14,409
Total Revenue	<u>990,600</u>	<u>0</u>	<u>2,110,375</u>	<u>3,100,975</u>
Expenditures:				
Current:				
Security of Persons and Property	862	0	0	862
Leisure Time Activities	404,687	0	0	404,687
Transportation	565,486	0	201,541	767,027
General Government	0	0	2,009	2,009
Capital Outlay	15,575	0	1,255,518	1,271,093
Debt Service:				
Principal Retirement	0	835,000	0	835,000
Interest and Fiscal Charges	0	202,857	0	202,857
Total Expenditures	<u>986,610</u>	<u>1,037,857</u>	<u>1,459,068</u>	<u>3,483,535</u>
Excess (Deficiency) of Revenues Over Expenditures	3,990	(1,037,857)	651,307	(382,560)
Other Financing Sources (Uses):				
Transfers In	40,000	1,041,067	200,000	1,281,067
Transfers Out	0	0	(1,020,214)	(1,020,214)
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>1,041,067</u>	<u>(820,214)</u>	<u>260,853</u>
Net Change in Fund Balances	43,990	3,210	(168,907)	(121,707)
Fund Balances at Beginning of Year	525,073	954	711,199	1,237,226
Decrease in Inventory Reserve	(7,101)	0	0	(7,101)
Fund Balances End of Year	<u>\$ 561,962</u>	<u>\$ 4,164</u>	<u>\$ 542,292</u>	<u>\$ 1,108,418</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road	Law Enforcement
Assets:					
Cash and Cash Equivalents	\$ 39,908	\$ 223,734	\$ 54,395	\$ 77,300	\$ 8,187
Receivables:					
Intergovernmental	0	199,666	16,189	67,003	0
Inventory of Supplies, at Cost	0	41,906	0	0	0
Prepaid Items	0	163	0	0	0
Total Assets	<u>\$ 39,908</u>	<u>\$ 465,469</u>	<u>\$ 70,584</u>	<u>\$ 144,303</u>	<u>\$ 8,187</u>
Liabilities:					
Accounts Payable	\$ 48	\$ 4,513	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	14,769	0	3,057	0
Due to Other Funds	0	419	0	0	0
Deferred Revenue	0	133,111	10,793	44,669	0
Total Liabilities	<u>48</u>	<u>152,812</u>	<u>10,793</u>	<u>47,726</u>	<u>0</u>
Fund Balances:					
Reserved for Encumbrances	0	9,841	2,996	1,898	0
Reserved for Prepaid Items	0	163	0	0	0
Reserved for Supplies Inventory	0	41,906	0	0	0
Undesignated/Unreserved	39,860	260,747	56,795	94,679	8,187
Total Fund Balances	<u>39,860</u>	<u>312,657</u>	<u>59,791</u>	<u>96,577</u>	<u>8,187</u>
Total Liabilities and Fund Balances	<u>\$ 39,908</u>	<u>\$ 465,469</u>	<u>\$ 70,584</u>	<u>\$ 144,303</u>	<u>\$ 8,187</u>

CITY OF TIPP CITY, OHIO

<u>Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>FEMA Grant</u>	<u>EMS Donation Trust</u>	<u>Police Donation Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 11,272	\$ 3,869	\$ 0	\$ 296	\$ 1,541	\$ 420,502
25	0	77,887	0	0	360,770
0	0	0	0	0	41,906
0	0	0	0	0	163
<u>\$ 11,297</u>	<u>\$ 3,869</u>	<u>\$ 77,887</u>	<u>\$ 296</u>	<u>\$ 1,541</u>	<u>\$ 823,341</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,561
0	0	0	0	0	17,826
0	0	0	0	0	419
0	0	50,000	0	0	238,573
<u>0</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>261,379</u>
0	0	0	0	0	14,735
0	0	0	0	0	163
0	0	0	0	0	41,906
11,297	3,869	27,887	296	1,541	505,158
11,297	3,869	27,887	296	1,541	561,962
<u>\$ 11,297</u>	<u>\$ 3,869</u>	<u>\$ 77,887</u>	<u>\$ 296</u>	<u>\$ 1,541</u>	<u>\$ 823,341</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, 2008**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road	Law Enforcement
Revenues:					
Intergovernmental Revenues	\$ 0	\$ 435,522	\$ 35,290	\$ 113,414	\$ 0
Charges for Services	371,592	0	0	0	0
Licenses and Permits	0	652	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	1,415	2,644	0	70	1,194
Total Revenue	<u>373,007</u>	<u>438,818</u>	<u>35,290</u>	<u>113,484</u>	<u>1,194</u>
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	19
Leisure Time Activities	404,687	0	0	0	0
Transportation	0	455,592	21,168	88,726	0
Capital Outlay	0	575	7,500	7,500	0
Total Expenditures	<u>404,687</u>	<u>456,167</u>	<u>28,668</u>	<u>96,226</u>	<u>19</u>
Excess (Deficiency) of Revenues Over Expenditures	(31,680)	(17,349)	6,622	17,258	1,175
Other Financing Sources (Uses):					
Transfers In	40,000	0	0	0	0
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	8,320	(17,349)	6,622	17,258	1,175
Fund Balances at Beginning of Year	31,540	337,107	53,169	79,319	7,012
Decrease in Inventory Reserve	0	(7,101)	0	0	0
Fund Balances End of Year	<u>\$ 39,860</u>	<u>\$ 312,657</u>	<u>\$ 59,791</u>	<u>\$ 96,577</u>	<u>\$ 8,187</u>

CITY OF TIPP CITY, OHIO

<u>Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>FEMA Grant</u>	<u>EMS Donation Trust</u>	<u>Police Donation Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 27,887	\$ 0	\$ 0	\$ 612,113
0	0	0	0	0	371,592
0	0	0	0	0	652
870	50	0	0	0	920
0	0	0	0	0	5,323
<u>870</u>	<u>50</u>	<u>27,887</u>	<u>0</u>	<u>0</u>	<u>990,600</u>
0	0	0	843	0	862
0	0	0	0	0	404,687
0	0	0	0	0	565,486
0	0	0	0	0	15,575
<u>0</u>	<u>0</u>	<u>0</u>	<u>843</u>	<u>0</u>	<u>986,610</u>
870	50	27,887	(843)	0	3,990
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,000</u>
870	50	27,887	(843)	0	43,990
10,427	3,819	0	1,139	1,541	525,073
0	0	0	0	0	(7,101)
<u>\$ 11,297</u>	<u>\$ 3,869</u>	<u>\$ 27,887</u>	<u>\$ 296</u>	<u>\$ 1,541</u>	<u>\$ 561,962</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2008**

	Capital Improvement Reserve	Parks Capital Improvement	OPWC Grant	Total Nonmajor Capital Projects Funds
Assets:				
Cash and Cash Equivalents	\$ 91,903	\$ 98,323	\$ 0	\$ 190,226
Investments	324,958	0	0	324,958
Receivables:				
Taxes	156,046	195,057	0	351,103
Special Assessments	224,557	0	0	224,557
Total Assets	<u>\$ 797,464</u>	<u>\$ 293,380</u>	<u>\$ 0</u>	<u>\$ 1,090,844</u>
Liabilities:				
Accounts Payable	\$ 114,310	\$ 0	\$ 0	\$ 114,310
Deferred Revenue	318,415	115,827	0	434,242
Total Liabilities	<u>432,725</u>	<u>115,827</u>	<u>0</u>	<u>548,552</u>
Fund Balances:				
Reserved for Encumbrances	196,844	56,750	250,000	503,594
Undesignated/Unreserved	167,895	120,803	(250,000)	38,698
Total Fund Balances	<u>364,739</u>	<u>177,553</u>	<u>0</u>	<u>542,292</u>
Total Liabilities and Fund Balances	<u>\$ 797,464</u>	<u>\$ 293,380</u>	<u>\$ 0</u>	<u>\$ 1,090,844</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, 2008**

	Capital Improvement Reserve	Parks Capital Improvement	Donn Davis Way Construction	OPWC Grant	Total Nonmajor Capital Project Funds
Revenues:					
Taxes	\$ 588,981	\$ 735,581	\$ 0	\$ 0	\$ 1,324,562
Intergovernmental Revenues	148,700	117,697	0	426,836	693,233
Investment Earnings	33	0	0	0	33
Special Assessments	83,461	0	0	0	83,461
All Other Revenue	1,030	8,056	0	0	9,086
Total Revenue	<u>822,205</u>	<u>861,334</u>	<u>0</u>	<u>426,836</u>	<u>2,110,375</u>
Expenditures:					
Current:					
Transportation	201,541	0	0	0	201,541
General Government	2,009	0	0	0	2,009
Capital Outlay	560,321	268,361	0	426,836	1,255,518
Total Expenditures	<u>763,871</u>	<u>268,361</u>	<u>0</u>	<u>426,836</u>	<u>1,459,068</u>
Excess (Deficiency) of Revenues Over Expenditures	58,334	592,973	0	0	651,307
Other Financing Sources (Uses):					
Transfers In	110,000	90,000	0	0	200,000
Transfers Out	(289,185)	(715,250)	(15,779)	0	(1,020,214)
Total Other Financing Sources (Uses)	<u>(179,185)</u>	<u>(625,250)</u>	<u>(15,779)</u>	<u>0</u>	<u>(820,214)</u>
Net Change in Fund Balances	(120,851)	(32,277)	(15,779)	0	(168,907)
Fund Balances at Beginning of Year	485,590	209,830	15,779	0	711,199
Fund Balances End of Year	<u>\$ 364,739</u>	<u>\$ 177,553</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 542,292</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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,874,570	\$ 2,724,475	\$ 2,752,443	\$ 27,968
Intergovernmental Revenues	1,304,150	1,355,150	1,361,591	6,441
Charges for Services	1,320,091	1,284,241	1,287,731	3,490
Licenses and Permits	71,050	33,050	34,895	1,845
Investment Earnings	525,000	455,000	479,532	24,532
Special Assessments	3,000	3,000	3,058	58
Fines and Forfeitures	18,000	16,600	16,711	111
All Other Revenues	149,500	152,800	169,677	16,877
Total Revenues	<u>6,265,361</u>	<u>6,024,316</u>	<u>6,105,638</u>	<u>81,322</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,029,399	2,015,399	1,964,265	51,134
Travel and Training	22,785	20,985	18,171	2,814
Materials and Supplies	83,497	93,497	84,668	8,829
Contractual Services	109,399	124,199	113,778	10,421
Total Police	<u>2,245,080</u>	<u>2,254,080</u>	<u>2,180,882</u>	<u>73,198</u>
Fire:				
Personal Services	91,695	72,745	71,818	927
Travel and Training	5,000	4,200	1,679	2,521
Materials and Supplies	6,844	6,394	6,045	349
Contractual Services	50,806	44,506	43,448	1,058
Total Fire	<u>154,345</u>	<u>127,845</u>	<u>122,990</u>	<u>4,855</u>
Emergency Medical Services:				
Personal Services	683,426	699,386	690,220	9,166
Travel and Training	10,385	9,685	6,192	3,493
Materials and Supplies	27,543	31,773	29,827	1,946
Contractual Services	87,052	84,022	73,109	10,913
Total Emergency Medical Services	<u>808,406</u>	<u>824,866</u>	<u>799,348</u>	<u>25,518</u>
Total Security of Persons and Property	<u>3,207,831</u>	<u>3,206,791</u>	<u>3,103,220</u>	<u>103,571</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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	344,580	341,280	326,750	14,530
Travel and Training	750	750	504	246
Materials and Supplies	61,935	66,635	61,221	5,414
Contractual Services	99,468	98,068	89,706	8,362
Total Parks	<u>506,733</u>	<u>506,733</u>	<u>478,181</u>	<u>28,552</u>
Recreation:				
Contractual Services	17,500	17,500	17,000	500
Total Recreation	<u>17,500</u>	<u>17,500</u>	<u>17,000</u>	<u>500</u>
Total Leisure Time Activities	<u>524,233</u>	<u>524,233</u>	<u>495,181</u>	<u>29,052</u>
Community Environment:				
Planning:				
Personal Services	230,581	230,581	229,265	1,316
Travel and Training	7,429	7,429	4,147	3,282
Materials and Supplies	4,857	4,857	3,601	1,256
Contractual Services	28,158	28,158	15,931	12,227
Total Community Environment	<u>271,025</u>	<u>271,025</u>	<u>252,944</u>	<u>18,081</u>
Basic Utility Services:				
Utility Billing:				
Personal Services	198,105	198,105	192,834	5,271
Travel and Training	8,500	8,500	8,007	493
Materials and Supplies	33,434	33,434	30,895	2,539
Contractual Services	15,765	15,765	12,705	3,060
Total Basic Utility Services	<u>255,804</u>	<u>255,804</u>	<u>244,441</u>	<u>11,363</u>
General Government:				
City Council:				
Personal Services	119,970	119,970	105,216	14,754
Travel and Training	4,526	5,326	4,806	520
Materials and Supplies	5,552	5,052	2,982	2,070
Contractual Services	10,004	9,704	7,925	1,779
Total City Council	<u>140,052</u>	<u>140,052</u>	<u>120,929</u>	<u>19,123</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, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Commissions:				
Personal Services	18,619	18,619	17,497	1,122
Travel and Training	5,100	5,400	4,997	403
Materials and Supplies	6,046	6,046	3,597	2,449
Contractual Services	35,669	35,369	33,016	2,353
Total Commissions	65,434	65,434	59,107	6,327
Administration:				
Personal Services	218,808	218,808	152,368	66,440
Travel and Training	3,310	3,310	1,190	2,120
Materials and Supplies	1,607	1,607	821	786
Contractual Services	3,913	3,913	2,847	1,066
Total Administration	227,638	227,638	157,226	70,412
Buildings and Grounds:				
Personal Services	119,561	119,561	110,536	9,025
Travel and Training	1,500	1,500	657	843
Materials and Supplies	9,396	9,396	8,322	1,074
Contractual Services	116,660	116,660	109,524	7,136
Total Buildings and Grounds	247,117	247,117	229,039	18,078
Finance - Accounting:				
Personal Services	188,210	187,210	180,524	6,686
Travel and Training	2,802	2,202	1,484	718
Materials and Supplies	3,131	3,131	3,029	102
Contractual Services	22,924	24,524	23,998	526
Total Finance - Accounting	217,067	217,067	209,035	8,032
Finance - Income Tax:				
Personal Services	157,115	157,115	153,808	3,307
Travel and Training	4,089	4,089	3,297	792
Materials and Supplies	9,039	8,939	7,405	1,534
Contractual Services	13,911	14,011	13,743	268
Income Tax Refunds	73,920	73,920	73,433	487
Total Finance - Income Tax	258,074	258,074	251,686	6,388

(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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legal:				
Personal Services	65,575	65,575	63,720	1,855
Travel and Training	400	400	0	400
Materials and Supplies	300	300	0	300
Contractual Services	24,865	24,865	19,861	5,004
Total Legal	91,140	91,140	83,581	7,559
Engineering:				
Personal Services	190,127	190,127	179,823	10,304
Travel and Training	3,215	2,715	1,035	1,680
Materials and Supplies	4,138	4,338	3,589	749
Contractual Services	62,035	62,335	41,209	21,126
Total Engineering	259,515	259,515	225,656	33,859
General Administrative:				
Personal Services	1,000	1,000	883	117
Materials and Supplies	23,600	1,500	0	1,500
Contractual Services	278,106	330,206	296,936	33,270
Other Expenditures	2,000	2,000	1,940	60
Total General Administrative	304,706	334,706	299,759	34,947
Total General Government	1,810,743	1,840,743	1,636,018	204,725
Capital Outlay:				
Police	24,682	15,682	13,505	2,177
Fire	22,078	48,578	48,226	352
Emergency Medical Services	3,871	3,371	2,968	403
Parks	7,142	7,142	6,355	787
Planning	1,868	1,868	1,214	654
Utility Billing	594	594	422	172
City Council	500	500	0	500
Commissions	2,000	2,000	0	2,000
Administration	1,150	1,150	390	760
Buildings and Grounds	3,650	3,650	3,200	450
Finance - Accounting	3,680	3,680	3,500	180
Finance - Income Tax	500	500	97	403
Engineering	2,057	2,057	1,150	907
Total Capital Outlay	73,772	90,772	81,027	9,745
Total Expenditures	6,143,408	6,189,368	5,812,831	376,537

(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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	121,953	(165,052)	292,807	457,859
Other Financing Sources (Uses):				
Sale of Capital Assets	1,500	100	80	(20)
Transfers Out	<u>(460,000)</u>	<u>(430,000)</u>	<u>(240,000)</u>	<u>190,000</u>
Total Other Financing Sources (Uses)	<u>(458,500)</u>	<u>(429,900)</u>	<u>(239,920)</u>	<u>189,980</u>
Net Change in Fund Balance	(336,547)	(594,952)	52,887	647,839
Fund Balance at Beginning of Year	3,095,093	3,095,093	3,095,093	0
Prior Year Encumbrances	<u>159,622</u>	<u>159,622</u>	<u>159,622</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,918,168</u>	<u>\$ 2,659,763</u>	<u>\$ 3,307,602</u>	<u>\$ 647,839</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2008**

SPECIAL ASSESSMENT BOND RETIREMENT FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 73,653	\$ 73,653	\$ 0
Total Revenues	<u>73,653</u>	<u>73,653</u>	<u>0</u>
Expenditures:			
General Government:			
Contractual Services	3,710	3,557	153
Debt Service:			
Principal Retirement	35,000	35,000	0
Interest and Fiscal Charges	<u>32,678</u>	<u>32,678</u>	<u>0</u>
Total Expenditures	<u>71,388</u>	<u>71,235</u>	<u>153</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,265	2,418	153
Fund Balance at Beginning of Year	3,219	3,219	0
Fund Balance at End of Year	<u>\$ 5,484</u>	<u>\$ 5,637</u>	<u>\$ 153</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Year Ended December 31, 2008**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Capital Outlay	<u>1,100,000</u>	<u>1,100,000</u>	<u>0</u>
Total Expenditures	<u>1,100,000</u>	<u>1,100,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,100,000)	(1,100,000)	0
Other Financing Sources (Uses):			
General Obligation Notes Issued	<u>1,100,000</u>	<u>1,100,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>1,100,000</u>	<u>1,100,000</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Year Ended December 31, 2008**

25-A CONSTRUCTION FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Streets:			
Contractual Services	350	350	0
Total Streets	<u>350</u>	<u>350</u>	<u>0</u>
Capital Outlay	703	703	0
Total Expenditures	<u>1,053</u>	<u>1,053</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,053)	(1,053)	0
Other Financing Sources (Uses):			
Transfers Out	(48,650)	(48,046)	604
Total Other Financing Sources (Uses)	<u>(48,650)</u>	<u>(48,046)</u>	<u>604</u>
Net Change in Fund Balance	(49,703)	(49,099)	604
Fund Balance at Beginning of Year	69,919	69,919	0
Prior Year Encumbrances	703	703	0
Fund Balance at End of Year	<u>\$ 20,919</u>	<u>\$ 21,523</u>	<u>\$ 604</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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SWIMMING POOL FUND			
Revenues:			
Charges for Services	\$ 361,500	\$ 371,592	\$ 10,092
All Other Revenues	500	1,415	915
Total Revenues	<u>362,000</u>	<u>373,007</u>	<u>11,007</u>
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	45,700	39,890	5,810
Contractual Services	<u>370,279</u>	<u>362,602</u>	<u>7,677</u>
Total Leisure Time Activities	<u>415,979</u>	<u>402,492</u>	<u>13,487</u>
Capital Outlay	<u>5,000</u>	<u>970</u>	<u>4,030</u>
Total Expenditures	<u>420,979</u>	<u>403,462</u>	<u>17,517</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,979)	(30,455)	28,524
Other Financing Sources (Uses):			
Transfers In	<u>50,000</u>	<u>40,000</u>	<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>40,000</u>	<u>(10,000)</u>
Net Change in Fund Balance	(8,979)	9,545	18,524
Fund Balance at Beginning of Year	<u>30,363</u>	<u>30,363</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,384</u>	<u>\$ 39,908</u>	<u>\$ 18,524</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, 2008**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 443,076	\$ 443,311	\$ 235
Licenses and Permits	500	652	152
All Other Revenues	1,500	2,644	1,144
Total Revenues	<u>445,076</u>	<u>446,607</u>	<u>1,531</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	328,120	314,749	13,371
Travel and Training	2,015	328	1,687
Materials and Supplies	77,569	72,506	5,063
Contractual Services	90,988	83,811	7,177
Total Transportation	<u>498,692</u>	<u>471,394</u>	<u>27,298</u>
Capital Outlay	54,575	575	54,000
Total Expenditures	<u>553,267</u>	<u>471,969</u>	<u>81,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(108,191)	(25,362)	82,829
Fund Balance at Beginning of Year	169,047	169,047	0
Prior Year Encumbrances	67,912	67,912	0
Fund Balance at End of Year	<u>\$ 128,768</u>	<u>\$ 211,597</u>	<u>\$ 82,829</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, 2008**

STATE HIGHWAY IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Intergovernmental Revenues	\$ 35,925	\$ 35,922	\$ (3)
Total Revenues	<u>35,925</u>	<u>35,922</u>	<u>(3)</u>
Expenditures:			
Transportation:			
Street:			
Materials and Supplies	15,956	12,104	3,852
Contractual Services	17,786	12,215	5,571
Total Street	<u>33,742</u>	<u>24,319</u>	<u>9,423</u>
Capital Outlay	21,000	7,500	13,500
Total Expenditures	<u>54,742</u>	<u>31,819</u>	<u>22,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,817)	4,103	22,920
Fund Balance at Beginning of Year	31,054	31,054	0
Prior Year Encumbrances	16,242	16,242	0
Fund Balance at End of Year	<u>\$ 28,479</u>	<u>\$ 51,399</u>	<u>\$ 22,920</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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MUNICIPAL ROAD FUND			
Revenues:			
Intergovernmental Revenues	\$ 110,000	\$ 107,782	\$ (2,218)
All Other Revenues	0	70	70
Total Revenues	<u>110,000</u>	<u>107,852</u>	<u>(2,148)</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	67,303	66,043	1,260
Materials and Supplies	33,392	23,240	10,152
Contractual Services	2,845	2,221	624
Total Street	<u>103,540</u>	<u>91,504</u>	<u>12,036</u>
Capital Outlay	30,000	7,500	22,500
Total Expenditures	<u>133,540</u>	<u>99,004</u>	<u>34,536</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,540)	8,848	32,388
Fund Balance at Beginning of Year	42,567	42,567	0
Prior Year Encumbrances	23,987	23,987	0
Fund Balance at End of Year	<u>\$ 43,014</u>	<u>\$ 75,402</u>	<u>\$ 32,388</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, 2008**

	LAW ENFORCEMENT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
All Other Revenues	\$ 600	\$ 1,194	\$ 594
Total Revenues	<u>600</u>	<u>1,194</u>	<u>594</u>
Expenditures:			
Security of Persons and Property:			
State Grant:			
Contractual Services	5,500	19	5,481
Total Expenditures	<u>5,500</u>	<u>19</u>	<u>5,481</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,900)	1,175	6,075
Fund Balance at Beginning of Year	7,012	7,012	0
Fund Balance at End of Year	<u>\$ 2,112</u>	<u>\$ 8,187</u>	<u>\$ 6,075</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, 2008**

	ENFORCEMENT AND EDUCATION FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Revenues:			
Fines and Forfeitures	\$ 1,100	\$ 1,190	\$ 90
Total Revenues	<u>1,100</u>	<u>1,190</u>	<u>90</u>
Expenditures:			
Security of Persons and Property:			
State Grant:			
Contractual Services	5,500	0	5,500
Total Expenditures	<u>5,500</u>	<u>0</u>	<u>5,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,400)	1,190	5,590
Fund Balance at Beginning of Year	10,082	10,082	0
Fund Balance at End of Year	<u>\$ 5,682</u>	<u>\$ 11,272</u>	<u>\$ 5,590</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, 2008**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 100	\$ 50	\$ (50)
Total Revenues	<u>100</u>	<u>50</u>	<u>(50)</u>
Expenditures:			
Security of Persons and Property:			
State Grant:			
Contractual Services	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Total Expenditures	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,400)	50	2,450
Fund Balance at Beginning of Year	3,819	3,819	0
Fund Balance at End of Year	<u>\$ 1,419</u>	<u>\$ 3,869</u>	<u>\$ 2,450</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2008**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Security of Persons and Property:			
Emergency Medic Service:			
Materials and Supplies	<u> 1,025</u>	<u> 843</u>	<u> 182</u>
Total Expenditures	<u> 1,025</u>	<u> 843</u>	<u> 182</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (1,025)</u>	<u> (843)</u>	<u> 182</u>
Fund Balance at Beginning of Year	<u> 1,139</u>	<u> 1,139</u>	<u> 0</u>
Fund Balance at End of Year	<u><u>\$ 114</u></u>	<u><u>\$ 296</u></u>	<u><u>\$ 182</u></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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 100	\$ 0	\$ (100)
Total Revenues	<u>100</u>	<u>0</u>	<u>(100)</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Contractual Services	900	0	900
Total Expenditures	<u>900</u>	<u>0</u>	<u>900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(800)	0	800
Fund Balance at Beginning of Year	1,541	1,541	0
Fund Balance at End of Year	<u>\$ 741</u>	<u>\$ 1,541</u>	<u>\$ 800</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2008***

GENERAL BOND RETIREMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Debt Service:			
Principal Retirement	2,640,000	2,640,000	0
Interest and Fiscal Charges	306,923	306,809	114
Total Expenditures	<u>2,946,923</u>	<u>2,946,809</u>	<u>114</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,946,923)	(2,946,809)	114
Other Financing Sources (Uses):			
General Obligation Notes Issued	1,525,000	1,525,000	0
Premium on General Obligation Notes	0	1,860	1,860
Transfers In	1,424,227	1,423,159	(1,068)
Total Other Financing Sources (Uses)	<u>2,949,227</u>	<u>2,950,019</u>	<u>792</u>
Net Change in Fund Balance	2,304	3,210	906
Fund Balance at Beginning of Year	954	954	0
Fund Balance at End of Year	<u>\$ 3,258</u>	<u>\$ 4,164</u>	<u>\$ 906</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, 2008***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CAPITAL IMPROVEMENT RESERVE FUND			
Revenues:			
Taxes	\$ 594,567	\$ 599,890	\$ 5,323
Intergovernmental Revenues	253,633	253,633	0
Special Assessments	79,000	83,461	4,461
Total Revenues	<u>927,200</u>	<u>936,984</u>	<u>9,784</u>
Expenditures:			
General Government:			
Contractual Services	2,850	2,008	842
Other Expenditures	23,100	18,358	4,742
Total General Government	<u>25,950</u>	<u>20,366</u>	<u>5,584</u>
Capital Outlay	1,059,504	955,615	103,889
Total Expenditures	<u>1,085,454</u>	<u>975,981</u>	<u>109,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(158,254)	(38,997)	119,257
Other Financing Sources (Uses):			
Sale of Capital Assets	1,000	1,030	30
Transfers In	110,000	110,000	0
Transfers Out	(289,187)	(289,185)	2
Total Other Financing Sources (Uses)	<u>(178,187)</u>	<u>(178,155)</u>	<u>32</u>
Net Change in Fund Balance	(336,441)	(217,152)	119,289
Fund Balance at Beginning of Year	131,383	131,383	0
Prior Year Encumbrances	302,001	302,001	0
Fund Balance at End of Year	<u>\$ 96,943</u>	<u>\$ 216,232</u>	<u>\$ 119,289</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, 2008**

	PARKS CAPITAL IMPROVEMENT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Taxes	\$ 743,209	\$ 749,219	\$ 6,010
Intergovernmental Revenues	117,697	117,697	0
All Other Revenues	7,650	8,056	406
Total Revenues	<u>868,556</u>	<u>874,972</u>	<u>6,416</u>
Expenditures:			
Leisure Time Activities:			
Other Expenditures	28,875	22,948	5,927
Total Leisure Time Activities	<u>28,875</u>	<u>22,948</u>	<u>5,927</u>
Capital Outlay	335,539	320,111	15,428
Total Expenditures	<u>364,414</u>	<u>343,059</u>	<u>21,355</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	504,142	531,913	27,771
Other Financing Sources (Uses):			
Transfers In	90,000	90,000	0
Transfers Out	(715,250)	(715,250)	0
Total Other Financing Sources (Uses)	<u>(625,250)</u>	<u>(625,250)</u>	<u>0</u>
Net Change in Fund Balance	(121,108)	(93,337)	27,771
Fund Balance at Beginning of Year	30,046	30,046	0
Prior Year Encumbrances	104,864	104,864	0
Fund Balance at End of Year	<u>\$ 13,802</u>	<u>\$ 41,573</u>	<u>\$ 27,771</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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 1	\$ 0	\$ (1)
Total Revenues	<u>1</u>	<u>0</u>	<u>(1)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1	0	(1)
Other Financing Sources (Uses):			
Transfers Out	(15,779)	(15,779)	0
Total Other Financing Sources (Uses)	<u>(15,779)</u>	<u>(15,779)</u>	<u>0</u>
Net Change in Fund Balance	(15,778)	(15,779)	(1)
Fund Balance at Beginning of Year	15,779	15,779	0
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ (1)</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2008***

	OPWC GRANT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Revenues:			
Intergovernmental Revenues	\$ 680,373	\$ 426,836	\$ (253,537)
Total Revenues	<u>680,373</u>	<u>426,836</u>	<u>(253,537)</u>
Expenditures:			
Capital Outlay	680,373	676,836	3,537
Total Expenditures	<u>680,373</u>	<u>676,836</u>	<u>3,537</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(250,000)	(250,000)
Fund Balance at Beginning of Year	(30,373)	(30,373)	0
Prior Year Encumbrances	30,373	30,373	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>

Fiduciary Funds

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

Agency Funds

Contractor Maintenance Deposit Fund

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

Health Insurance Fund

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

CITY OF TIPP CITY, OHIO

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2008***

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
<u>Contractor Maintenance Deposit Fund</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$46,043	\$17,592	(\$28,995)	\$34,640
Total Assets	<u>\$46,043</u>	<u>\$17,592</u>	<u>(\$28,995)</u>	<u>\$34,640</u>
Liabilities:				
Due to Others	\$46,043	\$17,592	(\$28,995)	\$34,640
Total Liabilities	<u>\$46,043</u>	<u>\$17,592</u>	<u>(\$28,995)</u>	<u>\$34,640</u>
 <u>Health Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$84,081	\$112,113	(\$107,413)	\$88,781
Total Assets	<u>\$84,081</u>	<u>\$112,113</u>	<u>(\$107,413)</u>	<u>\$88,781</u>
Liabilities:				
Due to Others	\$84,081	\$112,113	(\$107,413)	\$88,781
Total Liabilities	<u>\$84,081</u>	<u>\$112,113</u>	<u>(\$107,413)</u>	<u>\$88,781</u>
 <u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$84,081	\$112,113	(\$107,413)	\$88,781
Restricted Cash and Cash Equivalents	46,043	17,592	(28,995)	34,640
Total Assets	<u>\$130,124</u>	<u>\$129,705</u>	<u>(\$136,408)</u>	<u>\$123,421</u>
Liabilities:				
Due to Others	\$130,124	\$129,705	(\$136,408)	\$123,421
Total Liabilities	<u>\$130,124</u>	<u>\$129,705</u>	<u>(\$136,408)</u>	<u>\$123,421</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF TIPP CITY, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2008***

<u>Capital Assets</u>	
Land	\$13,237,135
Buildings	6,419,576
Improvements Other Than Buildings	4,723,532
Machinery and Equipment	6,046,536
Infrastructure	<u>25,217,146</u>
Total Capital Assets	<u><u>\$55,643,925</u></u>
<u>Investment in Capital Assets</u>	
General Fund	\$2,593,561
Special Revenue Funds	211,384
Capital Projects Funds	33,036,772
General Revenue Sharing	56,336
Enterprise Funds	369,724
Trust/Agency Funds	33,943
Infrastructure Prior to 2003	18,451,225
Contributions	<u>890,980</u>
Total Investment in Capital Assets	<u><u>\$55,643,925</u></u>

CITY OF TIPP CITY, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2008**

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment
<u>General Government:</u>				
Clerk - Council	\$0	\$0	\$0	\$5,388
City Manager	0	0	0	17,667
Buildings and Grounds	525,836	2,549,855	0	605,833
Finance - Administration	0	0	0	37,366
Finance - Utility Billing	0	0	0	86,567
Finance - Income Tax	0	0	0	27,012
Miscellaneous	0	0	0	57,159
Total	525,836	2,549,855	0	836,992
<u>Security of Persons and Property:</u>				
Police	0	42,175	0	831,959
Fire	82,385	583,494	9,934	1,370,768
EMS	0	1,750	0	675,858
Total	82,385	627,419	9,934	2,878,585
<u>Transportation:</u>				
Planning/Engineering	0	0	0	94,023
Street	10,982,244	983,015	80,224	845,658
Total	10,982,244	983,015	80,224	939,681
<u>Leisure Time Activities:</u>				
Parks	1,646,670	896,787	2,507,212	701,282
Pool	0	1,362,500	2,126,162	689,996
Total	1,646,670	2,259,287	4,633,374	1,391,278
Total Capital Assets	\$13,237,135	\$6,419,576	\$4,723,532	\$6,046,536

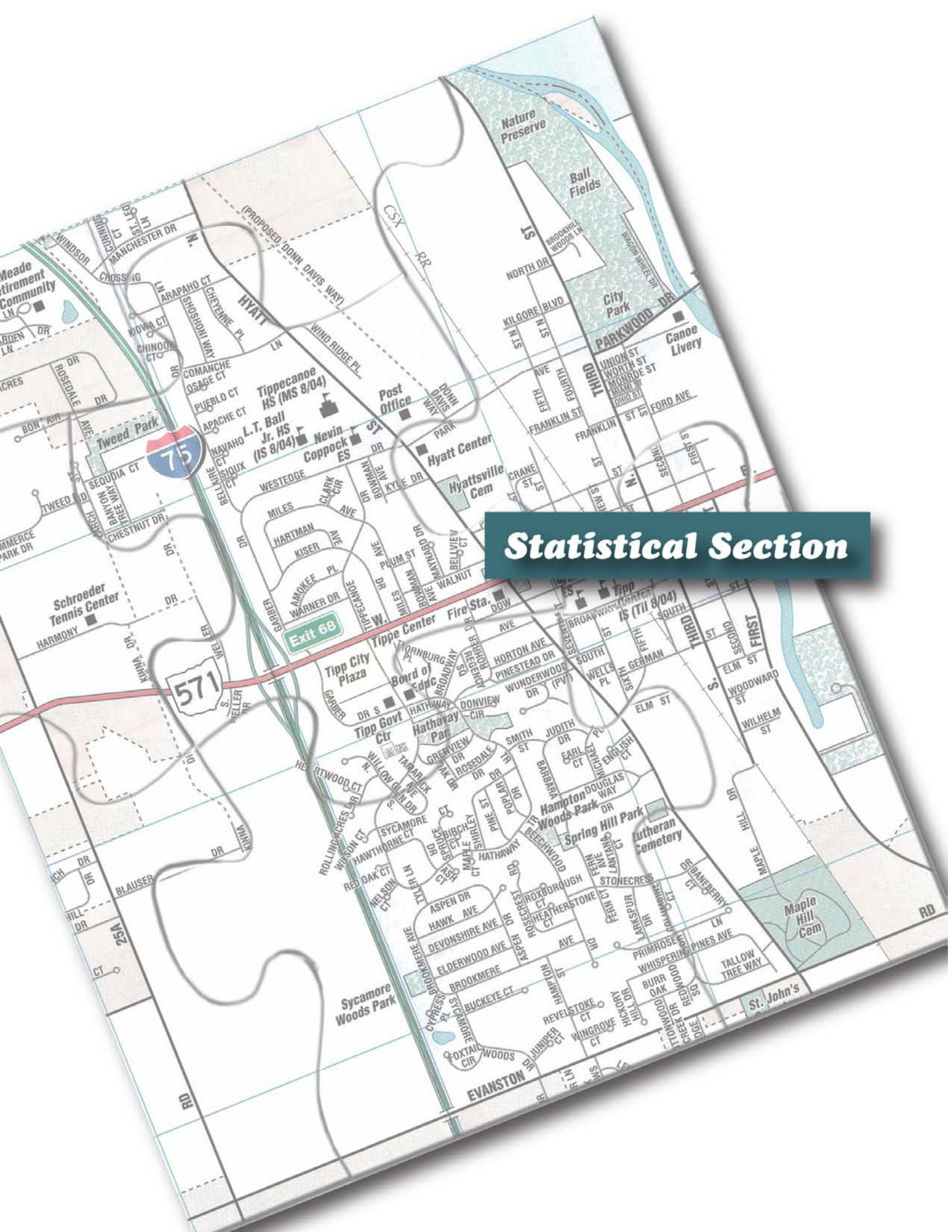
CITY OF TIPP CITY, OHIO

<u>Infrastructure</u>	<u>Total</u>
\$0	\$5,388
0	17,667
0	3,681,524
0	37,366
0	86,567
0	27,012
0	57,159
<u>0</u>	<u>3,912,683</u>
0	874,134
0	2,046,581
0	677,608
<u>0</u>	<u>3,598,323</u>
0	94,023
<u>25,217,146</u>	<u>38,108,287</u>
<u>25,217,146</u>	<u>38,202,310</u>
0	5,751,951
0	4,178,658
0	9,930,609
<u>\$25,217,146</u>	<u>\$55,643,925</u>

CITY OF TIPP CITY, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For Year Ended December 31, 2008**

<u>Function and Activity</u>	<u>December 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2008</u>
<u>General Government:</u>				
Clerk - Council	\$8,990	\$0	(\$3,602)	\$5,388
City Manager	17,667	0	0	17,667
Buildings and Grounds	3,606,136	75,388	0	3,681,524
Finance - Administration	44,496	0	(7,130)	37,366
Finance - Utility Billing	94,335	2,681	(10,449)	86,567
Finance - Income Tax	29,812	0	(2,800)	27,012
Miscellaneous	57,159	0	0	57,159
Total	<u>3,858,595</u>	<u>78,069</u>	<u>(23,981)</u>	<u>3,912,683</u>
<u>Security of Persons and Property:</u>				
Police	874,305	44,726	(44,897)	874,134
Fire	2,034,218	12,363	0	2,046,581
EMS	648,127	29,481	0	677,608
Total	<u>3,556,650</u>	<u>86,570</u>	<u>(44,897)</u>	<u>3,598,323</u>
<u>Transportation:</u>				
Planning/Engineering	92,161	1,862	0	94,023
Street	36,043,483	2,156,333	(91,529)	38,108,287
Total	<u>36,135,644</u>	<u>2,158,195</u>	<u>(91,529)</u>	<u>38,202,310</u>
<u>Leisure Time Activities:</u>				
Parks	5,496,074	412,147	(156,270)	5,751,951
Pool	4,174,678	3,980	0	4,178,658
Total	<u>9,670,752</u>	<u>416,127</u>	<u>(156,270)</u>	<u>9,930,609</u>
Total Capital Assets	<u>\$53,221,641</u>	<u>\$2,738,961</u>	<u>(\$316,677)</u>	<u>\$55,643,925</u>



Statistical Section

Meade Retirement Community

Nature Preserve

Ball Fields

City Park

Canoe Livery

Tippecanoe HS (MS 8/04)
L.T. Ball Jr. HS (IS 8/04)
Nevin Coppock ES

Post Office

Hyatt Center

Hyattsville Cem

Schroeder Tennis Center

75

571

Exit 68

Tippe Center Fire Sta.

Tipp City Plaza

Board of Ednc

Tipp Govt Ctr

Hathaway Park

Tipp

IS (TI 8/04)

Horton Ave

Pinestead Dr

Wunderwood Dr

Wells Pl

Elm St

German St

Woods Park

Spring Hill Park

Lutheran Cemetery

Maple Hill Cem

Sycamore Woods Park

St. John's

EVANSTON



STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the city’s ability to generate its most significant local revenue sources, the property tax and the sales tax.	
Debt Capacity	S 18 – S 27
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 28 – S 33
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 34 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the City provides and the activities it performs.	

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Tipp City

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

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

Source: Finance Director's Office

City of Tipp City

<u>2007</u>	<u>2008</u>
\$31,427,283	\$32,242,094
2,443,299	2,243,415
4,176,006	5,455,035
<u>\$38,046,588</u>	<u>\$39,940,544</u>

\$19,295,981	\$19,681,449
12,679,089	13,807,232
<u>\$31,975,070</u>	<u>\$33,488,681</u>

\$50,723,264	\$51,923,543
2,443,299	2,243,415
16,855,095	19,262,267
<u>\$70,021,658</u>	<u>\$73,429,225</u>

City of Tipp City

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

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

City of Tipp City

<u>2007</u>	<u>2008</u>
\$3,195,571	\$3,319,976
1,407,319	1,285,709
231,885	251,345
229,516	247,636
1,465,686	1,595,113
1,763,783	1,645,898
286,399	264,771
8,580,159	8,610,448
8,330,307	9,488,473
1,907,331	2,183,762
1,145,064	1,296,882
661,807	716,728
12,044,509	13,685,845
\$20,624,668	\$22,296,293

\$597,064	\$539,207
391,090	381,063
176,493	131,771
0	238,266
1,339	3,366
593,159	656,539
799,014	1,927,765
2,558,159	3,877,977

(continued)

City of Tipp City

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

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

Source: Finance Director's Office

City of Tipp City

2007	2008
9,351,973	10,077,906
1,818,669	2,276,912
1,218,038	1,318,119
675,937	713,082
290,512	835,244
<u>13,355,129</u>	<u>15,221,263</u>
<u>15,913,288</u>	<u>19,099,240</u>
(6,022,000)	(4,732,471)
<u>1,310,620</u>	<u>1,535,418</u>
<u>(\$4,711,380)</u>	<u>(\$3,197,053)</u>
\$3,460,790	\$3,644,832
321,337	327,431
35,265	21,407
1,311,289	1,474,216
610,371	441,016
215,622	695,718
0	0
729,509	21,807
<u>6,684,183</u>	<u>6,626,427</u>
0	0
<u>(729,509)</u>	<u>(21,807)</u>
<u>(729,509)</u>	<u>(21,807)</u>
<u>\$5,954,674</u>	<u>\$6,604,620</u>
\$662,183	\$1,893,956
<u>581,111</u>	<u>1,513,611</u>
<u>\$1,243,294</u>	<u>\$3,407,567</u>

City of Tipp City

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund					
Reserved	\$280,994	\$288,089	\$248,742	\$181,997	\$212,848
Unreserved	<u>2,931,433</u>	<u>3,037,167</u>	<u>2,977,834</u>	<u>2,903,537</u>	<u>2,501,267</u>
<i>Total General Fund</i>	<u>3,212,427</u>	<u>3,325,256</u>	<u>3,226,576</u>	<u>3,085,534</u>	<u>2,714,115</u>
All Other Governmental Funds					
Reserved	311,532	767,102	1,381,625	2,666,384	1,030,652
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	334,192	359,647	366,722	328,567	303,803
Capital Projects Funds	<u>(28,800)</u>	<u>60,613</u>	<u>349,228</u>	<u>(1,208,457)</u>	<u>(1,137,330)</u>
Total All Other Governmental Funds	<u>616,924</u>	<u>1,187,362</u>	<u>2,097,575</u>	<u>1,786,494</u>	<u>197,125</u>
<i>Total Governmental Funds</i>	<u>\$3,829,351</u>	<u>\$4,512,618</u>	<u>\$5,324,151</u>	<u>\$4,872,028</u>	<u>\$2,911,240</u>

Source: Finance Director's Office

NOTE: Years 1999-2002 Do not include the Fire, EMS, and Police Donation Funds which were classified as fiduciary funds prior to implementing GASB 34 in 2003.

City of Tipp City

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$227,633	\$225,007	\$204,586	\$204,706	\$228,586
<u>2,738,720</u>	<u>3,286,365</u>	<u>3,435,396</u>	<u>3,401,815</u>	<u>3,682,473</u>
<u>2,966,353</u>	<u>3,511,372</u>	<u>3,639,982</u>	<u>3,606,521</u>	<u>3,911,059</u>
4,382,752	1,880,597	736,407	482,190	1,652,697
362,068	361,808	420,362	369,856	505,158
<u>156,311</u>	<u>(519,717)</u>	<u>141,300</u>	<u>(157,446)</u>	<u>(1,628,054)</u>
<u>4,901,131</u>	<u>1,722,688</u>	<u>1,298,069</u>	<u>694,600</u>	<u>529,801</u>
<u>\$7,867,484</u>	<u>\$5,234,060</u>	<u>\$4,938,051</u>	<u>\$4,301,121</u>	<u>\$4,440,860</u>

City of Tipp City

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

	1999	2000	2001	2002
Revenues:				
Taxes	\$2,485,692	\$2,690,321	\$2,714,921	\$2,742,643
Intergovernmental Revenues	1,110,545	1,249,828	2,108,354	1,984,546
Charges for Services	322,313	300,753	329,576	363,786
Licenses, Permits and Fees	56,338	48,673	39,889	66,231
Investment Earnings	429,144	615,560	632,641	331,071
Special Assessments	64,168	44,536	42,799	35,801
Fines and Forfeitures	18,207	12,831	19,870	20,568
All Other Revenue	133,653	133,930	141,722	236,768
Total Revenue	4,620,060	5,096,432	6,029,772	5,781,414
Expenditures:				
Current:				
Security of Persons and Property	1,543,564	1,912,131	2,207,735	2,328,658
Leisure Time Activities	280,857	314,361	353,068	405,517
Community Environment	133,517	113,088	213,504	188,598
Basic Utility Services	120,321	129,327	151,674	160,646
Transportation	356,152	352,447	394,343	419,998
General Government	905,541	895,484	1,021,254	1,184,338
Capital Outlay	1,204,204	994,988	3,259,832	1,305,174
Debt Service:				
Principal Retirement	185,000	185,000	180,000	230,000
Interest and Fiscal Charges	85,204	78,686	148,973	145,077
Total Expenditures	4,814,360	4,975,512	7,930,383	6,368,006
Excess (Deficiency) of Revenues Over Expenditures	(194,300)	120,920	(1,900,611)	(586,592)

City of Tipp City

2003	2004	2005	2006	2007	2008
\$3,472,281	\$3,724,771	\$4,163,119	\$4,102,979	\$3,713,187	\$4,030,913
2,613,756	2,970,947	4,227,822	3,031,924	2,523,552	2,756,171
389,278	431,831	875,342	962,883	956,560	1,654,251
104,085	140,400	100,348	51,671	88,217	35,547
196,466	216,971	368,738	568,508	634,068	452,408
108,069	290,594	138,087	176,517	146,551	160,172
17,943	12,050	17,374	18,698	20,630	18,286
244,689	195,286	176,457	202,602	320,344	184,486
<u>7,146,567</u>	<u>7,982,850</u>	<u>10,067,287</u>	<u>9,115,782</u>	<u>8,403,109</u>	<u>9,292,234</u>
2,474,913	2,407,475	2,581,894	2,857,394	2,980,614	3,080,822
429,309	518,553	803,645	836,527	866,924	884,455
197,643	193,591	221,349	229,968	238,806	248,376
174,405	187,468	198,912	207,205	223,769	235,440
504,019	467,201	649,449	555,612	549,832	767,377
1,250,192	1,207,697	1,322,241	1,398,609	1,457,073	1,464,240
3,925,591	4,737,669	6,386,882	2,806,629	2,263,569	1,336,673
280,000	305,000	945,660	901,632	897,062	882,509
164,200	253,627	327,982	313,856	288,508	267,055
<u>9,400,272</u>	<u>10,278,281</u>	<u>13,438,014</u>	<u>10,107,432</u>	<u>9,766,157</u>	<u>9,166,947</u>
(2,253,705)	(2,295,431)	(3,370,727)	(991,650)	(1,363,048)	125,287

(Continued)

City of Tipp City

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

	1999	2000	2001	2002
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	27,515	27,245	3,405	2,125
Other Financing Sources - Capital Leases	0	0	0	0
Special Assessment Bonds Issued	0	0	0	0
General Obligation Bonds Issued	0	0	2,325,000	0
Transfers In	1,253,549	1,880,033	1,667,329	983,154
Transfers Out	(799,488)	(1,354,509)	(1,395,501)	(865,255)
Total Other Financing Sources (Uses)	<u>481,576</u>	<u>552,769</u>	<u>2,600,233</u>	<u>120,024</u>
Net Change in Fund Balance	<u>\$287,276</u>	<u>\$673,689</u>	<u>\$699,622</u>	<u>(\$466,568)</u>
 Debt Service as a Percentage of Noncapital Expenditures	 7.48%	 6.62%	 7.04%	 7.41%

Source: Finance Director's Office

NOTE: Years 1999-2002 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

2003	2004	2005	2006	2007	2008
0	0	0	0	0	0
0	0	61,500	0	0	0
0	930,000	0	0	0	0
0	5,975,000	0	0	0	0
1,232,825	1,274,901	2,346,269	2,458,945	2,453,724	1,282,021
(958,028)	(929,115)	(1,686,522)	(1,765,380)	(1,724,215)	(1,260,214)
<u>274,797</u>	<u>7,250,786</u>	<u>721,247</u>	<u>693,565</u>	<u>729,509</u>	<u>21,807</u>
<u>(\$1,978,908)</u>	<u>\$4,955,355</u>	<u>(\$2,649,480)</u>	<u>(\$298,085)</u>	<u>(\$633,539)</u>	<u>\$147,094</u>
7.97%	10.08%	18.06%	16.23%	15.19%	17.43%

City of Tipp City

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

Tax year	1999	2000	2001	2002	2003
Income Tax Rate	1.00%	1.00%	1.00%	1.00%	1.25%
Estimated Personal Income (in thousands)	\$160,071	\$257,045	\$255,993	\$261,176	\$272,149
Total Tax Collected	\$2,381,963	\$2,409,590	\$2,584,714	\$2,480,626	\$3,124,937
Income Tax Receipts					
Withholding	1,795,923	1,780,255	1,962,686	1,901,859	2,428,634
Percentage	75.40%	73.88%	75.93%	76.67%	77.72%
Corporate	297,986	304,510	296,171	269,046	330,632
Percentage	12.51%	12.64%	11.46%	10.85%	10.58%
Individuals	288,054	324,825	325,857	309,721	365,671
Percentage	12.09%	13.48%	12.61%	12.49%	11.70%

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

2004	2005	2006	2007	2008
1.25%	1.25%	1.25%	1.25%	1.25%
\$280,420	\$282,578	\$293,855	\$306,036	\$306,036
\$3,461,382	\$3,702,867	\$3,867,731	\$3,679,252	\$3,748,800
2,497,599	2,615,737	2,684,253	2,769,744	2,747,671
72.16%	70.64%	69.40%	75.28%	73.29%
543,935	636,113	696,447	414,080	508,418
15.71%	17.18%	18.01%	11.25%	13.56%
419,848	451,017	487,031	495,428	492,711
12.13%	12.18%	12.59%	13.47%	13.15%



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	2008 Rank
A. O . Smith Corporation	Manufacturing	1
Meijer, Inc.	Warehouse Distribution	2
Tipp City Exempted Village School District	Education	3
Gardens Alive- Springhill	Agricultural-Nursery	4
Creative Extruded Products	Manufacturing	5
Federal Government	Government	6
City of Tipp City	Government	7
Precision Strip	Agricultural and Nursery	8
Transfreight LLC	Trucking	9
Arbogast	Auto Dealer	10

Name of Taxpayer	Nature of Business	1999 Rank
Meijer, Inc.	Warehouse Distribution	1
A. O . Smith Corporation	Manufacturing	2
Tipp City Exempted Village School District	Education	3
Dolly, Inc.	Manufacturing	4
Tipp Machine and Tool	Manufacturing	5
Gardens Alive- Springhill	Agricultural-Nursery	6
Creative Extruded Products	Manufacturing	7
Arbogast	Auto Dealer	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

	1999	2000	2001	2002
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$1,180,000	\$995,000	\$3,140,000	\$2,910,000
Special Assessment Bonds Payable	0	0	0	0
Capital Leases	0	0	0	0
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$1,910,000	\$1,675,000	\$1,450,000	\$1,225,000
Long-Term Loan Payable	580,236	580,236	467,837	464,505
Total Primary Government	<u>\$3,670,236</u>	<u>\$3,250,236</u>	<u>\$5,057,837</u>	<u>\$4,599,505</u>
Population ⁽²⁾				
City of Tipp City	6,027	9,221	9,221	9,221
Outstanding Debt Per Capita	\$609	\$352	\$549	\$499
Income ⁽³⁾				
Personal (in thousands)	160,071	257,045	255,993	261,176
Percentage of Personal Income	2.29%	1.26%	1.98%	1.76%

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

2003	2004	2005	2006	2007	2008
\$2,630,000	\$8,300,000	\$7,395,000	\$6,540,000	\$5,690,000	\$4,855,000
0	930,000	895,000	860,000	825,000	790,000
0	0	55,840	44,208	32,146	19,637
\$1,065,000	\$1,605,000	\$1,370,000	\$1,135,000	\$950,000	\$795,000
432,095	432,095	408,510	408,510	408,510	408,510
<u>\$4,127,095</u>	<u>\$11,267,095</u>	<u>\$10,124,350</u>	<u>\$8,987,718</u>	<u>\$7,905,656</u>	<u>\$6,868,147</u>
9,221	9,221	9,221	9,221	9,221	9,221
\$448	\$1,222	\$1,098	\$975	\$857	\$745
272,149	280,420	282,578	293,855	306,036	306,036
1.52%	4.02%	3.58%	3.06%	2.58%	2.24%

City of Tipp City

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	1999	2000	2001	2002
Population (1)	6,027	9,221	9,221	9,221
Assessed Value (2)	\$203,023,060	\$215,569,470	\$237,924,370	\$244,019,430
General Bonded Debt (3)				
General Obligation Bonds	\$1,180,000	\$995,000	\$3,140,000	\$2,910,000
Resources Available to Pay Principal (4)	\$140	\$0	\$0	\$1,087
Net General Bonded Debt	\$1,179,860	\$995,000	\$3,140,000	\$2,908,913
Ratio of Net Bonded Debt to Estimated Assessed Value	0.58%	0.46%	1.32%	1.19%
Net Bonded Debt per Capita	\$195.76	\$107.91	\$340.53	\$315.47

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

2003	2004	2005	2006	2007	2008
9,221	9,221	9,221	9,221	9,221	9,221
\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650	\$275,784,680	\$267,820,410
\$2,630,000	\$8,300,000	\$7,395,000	\$6,540,000	\$5,690,000	\$4,855,000
\$83,030	\$8,589	\$0	\$0	\$954	\$4,164
\$2,546,970	\$8,291,411	\$7,395,000	\$6,540,000	\$5,689,046	\$4,850,836
1.02%	3.18%	2.77%	2.52%	2.06%	1.81%
\$276.21	\$899.19	\$801.97	\$709.25	\$616.97	\$526.06



City of Tipp City

*Computation of Direct and Overlapping
General Obligation Debt
December 31, 2008*

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of Tipp City</u>	<u>Amount Applicable to the City of Tipp City</u>
Direct:			
City of Tipp City	\$0	100.00%	\$0
Overlapping:			
Tipp City Exempted Village School District	17,814,985	68.49%	12,201,483
Troy City School District	19,310,000	0.01%	1,931
Miami County	5,700,000	12.31%	701,670
Miami Valley JVSD	6,695,650	3.91%	261,800
		Subtotal	<u>13,166,884</u>
		Total	<u><u>\$13,166,884</u></u>

Source: Miami County Auditor and Fiscal Officers of Subdivisions.

Note:

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

City of Tipp City

Debt Limitations Last Ten Years

Collection Year	1999	2000	2001	2002
Total Debt				
Net Assessed Valuation	\$203,023,060	\$215,569,470	\$237,924,370	\$244,019,430
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	21,317,421	22,634,794	24,982,059	25,622,040
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u>\$21,317,421</u>	<u>\$22,634,794</u>	<u>\$24,982,059</u>	<u>\$25,622,040</u>
Unvoted Debt				
Net Assessed Valuation	\$203,023,060	\$215,569,470	\$237,924,370	\$244,019,430
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	11,166,268	11,856,321	13,085,840	13,421,069
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u>\$11,166,268</u>	<u>\$11,856,321</u>	<u>\$13,085,840</u>	<u>\$13,421,069</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

2003	2004	2005	2006	2007	2008
\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650	\$275,784,680	\$267,820,410
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
26,171,814	27,373,491	28,032,877	27,276,443	28,957,391	28,121,143
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$26,171,814</u>	<u>\$27,373,491</u>	<u>\$28,032,877</u>	<u>\$27,276,443</u>	<u>\$28,957,391</u>	<u>\$28,121,143</u>
\$249,255,370	\$260,699,910	\$266,979,780	\$259,775,650	\$275,784,680	\$267,820,410
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
13,709,045	14,338,495	14,683,888	14,287,661	15,168,157	14,730,123
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$13,709,045</u>	<u>\$14,338,495</u>	<u>\$14,683,888</u>	<u>\$14,287,661</u>	<u>\$15,168,157</u>	<u>\$14,730,123</u>



City of Tipp City

*Pledged Revenue Coverage
Last Five Years*

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

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

Source: Finance Director's Office

City of Tipp City

Demographic and Economic Statistics Last Ten Years

Calendar Year	1999	2000	2001	2002
Population (1)				
City of Tipp City	6,027	9,221	9,221	9,221
Miami County	93,182	98,868	98,868	98,868
Income (2) (a)				
Total Personal (in thousands)	160,071	257,045	255,993	261,176
Per Capita	26,559	27,876	27,762	28,324
Unemployment Rate (3)				
Federal	4.5%	4.2%	3.8%	4.8%
State	4.3%	4.3%	3.7%	4.3%
Miami County	3.8%	3.4%	4.3%	5.5%
Civilian Work Force Estimates (3)				
State	5,749,000	5,900,400	5,857,000	5,828,000
Miami County	51,000	50,500	51,800	52,000
Total Assessed Property Value (4)	203,023,060	215,569,470	237,924,370	244,019,430
Estimated Actual Property Value (4)	621,909,394	667,327,149	739,651,194	759,270,302

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2007 for the presentation of 2008 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

2003	2004	2005	2006	2007	2008
9,221	9,221	9,221	9,221	9,221	9,221
98,868	98,868	98,868	98,868	98,868	98,868
272,149	280,420	282,578	293,855	306,036	306,036
29,514	30,411	30,645	31,868	33,189	33,189
5.8%	6.0%	5.1%	4.6%	4.6%	5.8%
5.7%	6.1%	5.9%	5.5%	5.6%	6.6%
6.1%	5.6%	5.6%	5.5%	5.4%	6.4%
5,915,000	5,875,300	5,900,400	5,934,000	5,976,500	5,986,400
52,200	54,300	54,100	55,100	55,400	55,400
249,255,370	260,699,910	266,979,780	259,775,650	275,784,680	267,820,410
775,791,777	806,202,806	822,422,149	786,707,789	854,886,147	803,462,520



City of Tipp City

Principal Employers Current Year and Eight Years Ago

<u>Employer</u>	<u>Nature of Business</u>	<u>2008</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Meijer, Inc.	Warehouse Distribution	750	1
A. O . Smith Corporation	Manufacturing	340	2
Tipp City Exempted Village School District	Education	290	3
Creative Extruded Products	Manufacturing	149	4
Transfreight	Trucking	117	5
Arbogast	Auto Dealer	114	6
Springmeade Health Center	Health Care	110	7
DAP Products, Inc.	Manufacturing	104	8
Captor	Manufacturing	104	9
Gardens Alive- Springhill	Agricultural and Nursery	100	10
Total		<u>2,178</u>	

<u>Employer</u>	<u>Nature of Business</u>	<u>2000</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Meijer, Inc.	Warehouse Distribution	980	1
A. O . Smith Corporation	Manufacturing	325	2
Tipp City Exempted Village School District	Education	283	3
Dolly, Inc.	Manufacturing	250	4
Creative Extruded Products	Manufacturing	225	5
Springhill Nurseries	Agricultural and Nursery	140	6
Adcare Health Systems	Health Care	138	7
Tipp Machine & Tool	Manufacturing	120	8
Allen Foods	Food Processing	100	9
S. K. Mold and Tool	Manufacturing	95	10
Total		<u>2,656</u>	

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

Note: The listing of principal employers from nine years ago is not available. Total number of employees within the City of Tipp City is not available.

City of Tipp City

Full Time Equivalent Employees by Function Last Ten Years

	1999	2000	2001	2002
Governmental Activities				
General Government				
Legislative	4.00	4.00	4.00	4.00
City Manager	2.25	2.25	2.00	2.00
Building and Facility Services	0.00	0.00	0.00	0.50
Finance	7.00	7.25	7.25	7.50
Legal	0.50	0.50	0.50	0.50
Engineering	1.00	1.50	2.50	2.50
Security of Persons and Property				
Police	19.00	19.00	21.00	21.50
Fire and EMS	14.00	14.00	14.00	15.00
Transportation				
Street	5.75	5.75	5.75	6.00
Leisure Time Activities				
Parks	5.00	5.00	5.00	6.00
Pool	4.75	4.75	4.75	4.75
Community Environment				
Community and Economic Development	2.50	2.50	2.50	2.50
Business-Type Activities				
Utilities				
Electric	10.00	11.00	11.00	14.50
Water	4.50	4.50	4.50	5.00
Sewer	2.50	2.50	2.50	3.00
Refuse Collection	0.00	0.00	0.00	0.00
Total Employees	<u>82.75</u>	<u>84.50</u>	<u>87.25</u>	<u>95.25</u>

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

Source: Finance Director's Office

City of Tipp City

2003	2004	2005	2006	2007	2008
4.00	4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	2.00	2.00
0.50	1.50	1.50	2.00	2.00	2.00
7.50	7.50	7.50	7.50	8.00	8.00
0.50	0.50	0.50	0.50	0.50	0.50
2.50	2.50	3.00	3.00	3.00	3.00
21.50	22.00	22.00	22.50	22.50	22.50
15.00	15.50	15.50	15.50	15.50	15.50
6.00	6.00	6.00	6.00	6.00	6.00
6.00	6.00	6.00	6.00	6.00	6.00
4.75	0.00	0.00	0.00	0.00	0.00
2.50	2.50	2.50	2.50	2.50	2.50
14.50	14.50	14.50	15.50	15.50	15.50
5.00	5.00	5.25	5.50	8.50	8.50
3.00	3.00	5.25	3.50	3.50	3.50
0.00	0.00	0.00	0.00	0.00	0.00
95.25	92.50	95.50	96.00	99.50	99.50

City of Tipp City

Operating Indicators by Function Last Ten Years

	1999	2000	2001	2002
Governmental Activities				
General Government				
Accounts Payable Checks processed	4,124	3,181	3,531	3,532
Purchase Orders issued	3,210	2,925	2,955	2,800
Court				
Number of Criminal Cases	316	420	352	349
Number of Traffic Cases	586	633	784	830
Licenses and Permits				
Number of Residential Building Permits	62	66	56	94
Number of Commercial Building Permits	13	16	27	8
Security of Persons and Property				
Police				
Criminal Arrests	n/a	n/a	564	606
Calls for Service	n/a	n/a	13,956	17,485
Number of Accidents	n/a	n/a	381	441
Fire and EMS				
Number of Fire Calls	392	383	423	448
Number of EMS Runs	1,155	1,191	1,230	1,301
Transportation				
Street				
Tons of Salt Used	874	925	1,060	338
Leisure Time Activities				
Swimming Pool Receipts	41,348	31,274	34,312	38,899
Business-Type Activities				
Electric				
Number of Service Connections	4,402	4,471	4,491	4,493
Peak Demand (megawatts)	29.8	27.3	28.0	30.0
Energy Purchased (MWh)	143,635	147,191	144,499	148,599
Water				
Number of Service Connections	3,608	3,647	3,708	3,735
Daily Average Consumption (mgd)	1.2	1.2	1.7	1.2
Peak Daily Consumption (mgd)	3.2	3.2	2.7	3.2
Sewer				
Sewer Treatment Charges	542,174	546,145	525,729	534,839
Daily Average Sewage Treatment (mgd)	1.2	1.2	1.4	1.2
Refuse Collection				
Number of Customers Billed	n/a	n/a	n/a	n/a

Source: Finance Director's Office

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

City of Tipp City

2003	2004	2005	2006	2007	2008
3,304	3,500	3,343	3,542	3,576	3,495
2,823	2,599	2,502	2,813	2,780	2,631
403	334	408	368	412	341
752	584	688	747	742	781
126	79	82	34	31	21
5	9	8	8	9	5
650	675	805	676	770	679
16,805	16,580	17,345	16,391	15,420	15,595
417	382	385	416	390	335
397	392	414	404	408	437
1,283	1,272	1,343	1,415	1,353	1,347
1,085	610	665	621	1,121	844
29,226	12,240	247,737	268,227	268,574	266,423
4,564	4,634	4,711	4,761	4,804	4,807
29.4	28.5	31.4	31.4	33.0	30.1
148,675	153,050	157,954	160,677	154,852	149,116
3,783	3,849	3,927	3,984	4,026	4,043
1.2	1.2	1.4	1.3	1.3	1.2
3.2	3.2	2.6	2.8	2.5	2.5
557,044	580,709	589,276	612,634	621,828	650,130
1.2	1.7	1.7	1.8	1.6	1.7
n/a	3,737	3,793	3,837	3,852	3,835

City of Tipp City

Capital Asset Statistics by Function Last Nine Years

	2000	2001	2002	2003
Governmental Activities				
General Government				
Area (square miles)	6.2	6.2	6.2	7.0
Security of Persons and Property				
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	2
Transportation				
Street				
Miles of Street	48	48	51	52
Street Lights	1,141	1,147	1,165	1,228
Miles of Storm Sewers	46	46	49	50
Leisure Time Activities				
Park Area (acres)	366	366	368	394
Number of Parks	11	11	12	12
Number of Tennis Courts	2	2	2	2
Number of Ball Fields	12	12	12	12
Business-Type Activities				
Utilities				
Electric				
Substations	3	3	3	3
Water				
Waterlines (Miles)	45	45	45	46
Number of Fire hydrants	525	525	561	590
Sewer				
Sewerlines (Miles)	43	43	45	46

Source: Finance Director's Office

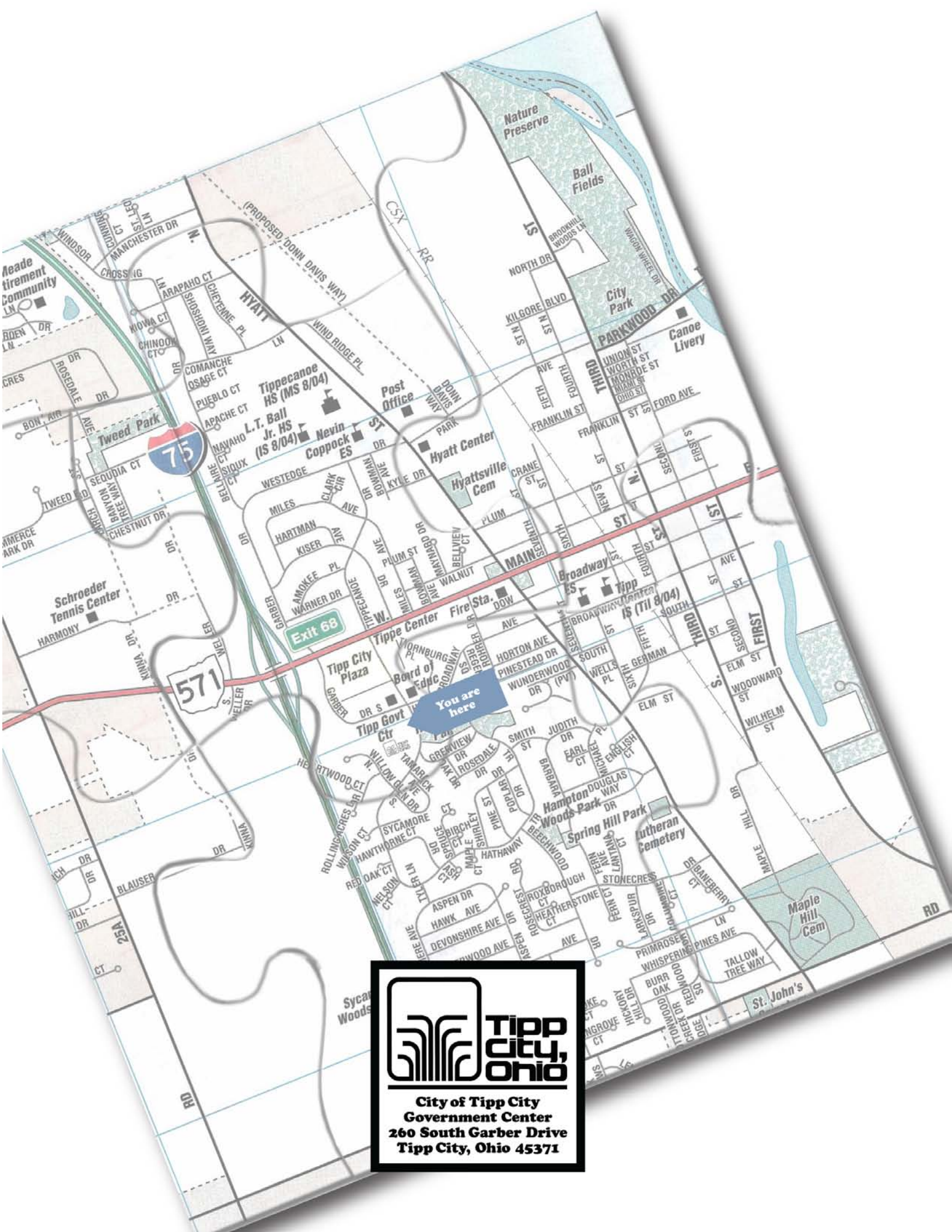
Note: Most of these operating indicators were not maintained prior to 2000.

City of Tipp City

2004	2005	2006	2007	2008
7.1	7.2	7.2	7.5	7.5
1	1	1	1	1
2	2	2	2	2
58	60	60	61	61
1,276	1,302	1,328	1,400	1,409
56	58	58	59	60
394	434	434	434	436
12	17	17	17	17
2	2	2	2	2
12	20	20	20	20
3	3	3	3	3
52	54	54	55	56
639	658	658	658	665
52	54	54	55	56







CITY OF TIPP CITY, OHIO
City of Tipp City
Government Center
260 South Garber Drive
Tipp City, Ohio 45371

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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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springfield, oh 45503

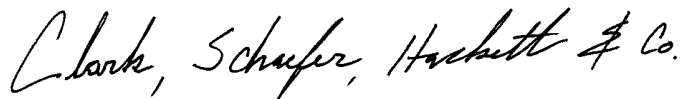
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Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 17, 2009.

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, Hackett & Co.".

Springfield, Ohio
June 17, 2009



Mary Taylor, CPA
Auditor of State

CITY OF TIPP CITY

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 7, 2009**