



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CITY OF TIPP CITY
MIAMI COUNTY

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

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

To Members of City Council:

We have audited the financial statements of the City of Tipp City, Miami County (the City) as of and for the year ended December 31, 2001, and have issued our report thereon dated May 31, 2002, in which we noted the City adopted Government Accounting Standard No. 33. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated May 31, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the City in a separate letter dated May 31, 2002.

City of Tipp City
Miami County
Report of Independent Accountants on Compliance and
on Internal Control Required by *Government Auditing Standards*
Page 2

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

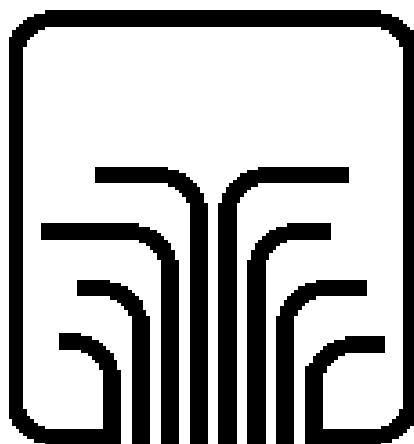
A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

May 31, 2002

TIPP CITY, OHIO

MIAMI COUNTY



"Our Image is Growing"

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2001

THE CITY OF TIPP CITY, OHIO

MIAMI COUNTY

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2001

Prepared by:
Department of Finance
Richard U. Drennen, Director

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INTRODUCTORY SECTION



"Our Image is Growing"

City of Tipp City, Ohio

260 South Garber Drive

Tipp City, Ohio 45317

Phone (937) 667-8426

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May 31, 2002

To The 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, 2001, is hereby submitted. While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Tipp City to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

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

1. The Introductory Section includes this Letter of Transmittal which addresses the organization, accomplishments and operational structure of the City, a list of the Principal City Officials, and an Organizational Chart;
2. The Financial Section contains the Report of Independent Accountants, the General Purpose Financial Statements, which includes explanatory notes and provides an overview of the City's financial position and operating results, and the Combining Financial Statements of the Individual Funds and Account Groups that provide detailed information to the General Purpose Financial Statements;
3. The Statistical Section presents social, economic, and historical data in a multi-year format which can be used to identify financial trends, and data relative to the fiscal capacity of the City.

This CAFR was prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB) and other authoritative pronouncements.

REPORTING ENTITY

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include financial activity of the primary government. The primary government consists of all the organizations, activities, and functions that are not legally separate from the City. Component units are legally separate organizations for which the City (government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

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

The City has representation on the board of one entity. The city is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), which is defined as a joint venture. 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. This organization is presented in Note 18.

THE CITY OF TIPP CITY

The City of Tipp City is a vibrant Ohio community located fourteen miles north of Dayton. The City was incorporated as a village in 1850, and became a City in 1960. Its six square mile area serves a residential population of 9,221 (2000 Census). The City is in the Dayton-Springfield, Ohio Metropolitan Statistical Area (MSA), comprised of the four counties of Montgomery, Greene, Clark and Miami and being the 19th largest of 271 MSA'S in the United States. Easy access to both Interstates 70 and 75 place Tipp City within approximately a one-hour drive of Columbus, Cincinnati, and Indianapolis.

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

The legislative body of Tipp City consists of a seven-member Council, all of whom are elected at-large for overlapping four-year terms. The City Council appoints a City Manager, and a Clerk. The City Manager is the City's chief administrative officer. He appoints all Department Managers of the City.

ECONOMIC CONDITIONS AND OUTLOOK

Throughout 2001, Tipp City's economy remained relatively stable. Our municipal income tax revenue, including the portion attributed to the capital projects funds, showed a modest increase of .53% over 2000. Income tax revenues were \$2,404,694 in 2001 as compared to \$2,391,923 in 2000. Our assessed valuation did rise from \$215,569,470 in tax year 2000 to \$237,924,370 in tax year 2001. The unemployment rate increased to 4.3% for 2001 from 3.3% in 2000. Despite this downturn in

employment, Tipp City was still able to attract new industry. In June, OTC Daihen, Inc. moved to Tipp City. Daihen employs 35 persons, and invested \$600,000 in their 40,000 square foot facility located in Northgate Commerce Center. Eagle Global Logistics also relocated to Northgate. They employ 16 persons and occupy 40,000 square feet. The City of Tipp City entered into a construction contract for \$1,200,000 for a new Police facility adjacent to our present Government Center. Unfortunately, Springhill Nurseries parent company Foster-Gallagher filed bankruptcy in late June. This shut down their local operation. The bankruptcy court sold all local assets of Springhill to Gardens Alive. Employees were slowly rehired in late 2001, and the retail store was re-opened for business in March 2002.

Tipp City has many sites available for economic development. They include the following:

Northgate Commerce Center - Located west of I-75 immediately south of SR 571 exit (Exit 67). This fully developed industrial park contains 38 acres. OTC Daihen, Inc. and Eagle Global Logistics occupy the existing 120,000 square foot building. Future phases will develop the remaining 92 acres of light industrial zoned land. This industrial park is highly visible from I-75, which carries an estimated 62,000 vehicles per day.

Berry-Logan - This light industrially zoned property is located east of I-75 adjacent to the CR 25A exit (Exit 69). Donn Davis Way, which will bisect this property, is being developed in 2002-2003 through a public – private partnership with the property owners. 49 acres of industrial lots will be available in late 2002 or early 2003.

Leshner Industrial Sites - Two large industrial sites are located along CR 25A immediately adjacent to the Meijer's Distribution Center. The first site is located south of Meijer's and consists of 138 fully serviced acres of light industrially zoned property, with over 2,200 feet of frontage on CR 25A. The second site is located west of Meijer's between CR 25A and I-75. This site is also fully serviced and consists of 71 acres.

Eidemiller Industrial Site - This site is zoned planned office/light industrial, and consists of 75 acres located west of the Meijer's Distribution Center on West Kessler-Cowlesville Road.

Bruns Industrial Site - This 44 acre site is zoned light industrial and located on Tipp-Cowlesville Road east of CR 25A.

Tipp City will continue to be a very desirable community in which to live and do business. Its prime location along Interstates 75 and 70, and close proximity to the Dayton Airport bode well for the future expansion of the City's residential, commercial and industrial bases.

MAJOR INITIATIVES

For the Year

Tipp City continues to invest heavily in the City's transportation network. Two of the more significant road improvement projects completed in 2001 were the N. Third St. Reconstruction Project and the South First St. Reconstruction Project.

The N. Third Street project involved installation of a storm sewer, curbs and gutters as well as street reconstruction. The two-lane street was widened to include a turn lane, which makes the infrastructure more conducive to the industrial area it serves. Final project costs were \$575,334. The City received a grant of \$270,789 from the State of Ohio for this project. The remaining cost was covered from our General Fund reserves.

The changes on S. First Street included a water main, storm sewer, curbs, gutters and the installation of a sidewalk on the levy side of the road. On a recommendation from the Parks and Open Space Committee, the new sidewalk is five-foot wide to better accommodate pedestrians, runners and others going to Kyle Park. In addition, the reconstruction widened the street and raised the road elevation by four feet. Seventy-five per cent of the total project cost of \$270,644 came from a State grant.

Phase One of the Amokee Ditch Storm Sewer Project was completed. A single 30-inch pipe was replaced with twin 48-inch diameter pipes to allow for improved storm sewer flow in the area from Tippecanoe Drive East to Miles Avenue. The cost for Phase One was \$280,000, which was funded by a debt sale.

Broadway Avenue between Hyatt and Rohrer was reconstructed and a new storm sewer installed. The project was funded with \$81,000 from our Capital Improvement Fund.

The Canal Lock Park project was completed. The project included a parking lot, driveway and grading work. Also, the portion of the bike path that will connect north and south to Tipp City's other parks was completed. Partial funding for the project in the amount of \$52,000 came from the State of Ohio's Nature Works Program. The remainder of the \$83,772 total project cost came from the City's Capital Improvement Fund. Community Development Block Grant (CDBG) funds will be used in 2002 to make further improvements to the park.

Economic Development activities also were enhanced in 2001. The Economic Development Committee recommended and Council approved the creation of Tipp City's first enterprise zone. This allows the City to offer tax incentives to companies that are willing to locate in Tipp City. A new Economic Development brochure was also produced in conjunction with the Tipp City Chamber of Commerce.

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.

In the public safety arena, construction began on a new Police facility at a cost of \$1.7 million. This project was completed in February of 2002. This new 10,365 feet facility includes an abundant storage area for old records and officer property and equipment. It also features a secure sally port area for prisoner transfer, a two-cell temporary holding facility, private interview rooms, electronic access control and monitoring system, locker rooms, a physical training/exercise area, full emergency generator power and after hours emergency call box.

In December 2001 the City borrowed \$625,000 to install water and sewer lines in the Woodlawn Subdivision. This project will be completed by the summer of 2002.

Also, in December 2001, City Council approved a joint venture agreement between Tipp City and Vandalia to build a new water treatment plant that will jointly serve the two communities. The new water treatment plant will be located in Tipp City at an estimated cost of \$13.4 million to include a water treatment plant, transmission lines, booster station, well field improvements and engineering.

The City is well known for several historic festivals. They are Canal Days and the Tipp City Mum Festival. Canal Days, which occurs on the third weekend in May, is a tribute to the City's historic heritage featuring a music festival, old-style street market, art shows and canal period displays. The Mum Festival, which takes place the fourth weekend of September, celebrates the long lasting fall flower, the chrysanthemum, and its connection to Tipp City's Springhill Nursery. Hometown activities featured at this event include a street dance, parade and live entertainment.

For The Future

Maintenance and expansion of the City's infrastructure remain a top priority in 2002. The West Main Street Reconstruction Project and the Donn Davis Way Project are two of the more significant road projects planned. These two projects represent \$1.9 million in expenditures, with an estimated \$604,000 of that cost funded by State Grants.

In the public safety arena, the replacement of a 1959 Fire Engine at a cost of \$300,000 is scheduled for 2002.

The City plans to make \$30,000 of improvements to our soccer fields and to build additional parking spaces in Kyle Park.

Development of a recreational trail from the City Park north to the Nature Center is slated to start in the summer of 2002. This multiuse pathway will offer citizens a safe place for biking, hiking and jogging, fully segregated from vehicular traffic. The project is being funded with \$49,000 from the State of Ohio Recreational Trails grant program.

With the joint venture agreement approved by Tipp City and Vandalia, the two communities will be selecting an engineering firm to design the Water Treatment plant and related improvements.

Within the City's Electric system, two key improvements are planned. The North Loop project will extend service north of the City to service the new High School and points in between at an estimated cost of \$110,000. Another looping project, the 69 kV Loop is budgeted at \$500,000 to connect Substation #1 to Substation #3 through a western and southern routing plan.

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

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

FINANCIAL INFORMATION

Accounting Controls

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

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

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

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

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

Budgetary Control

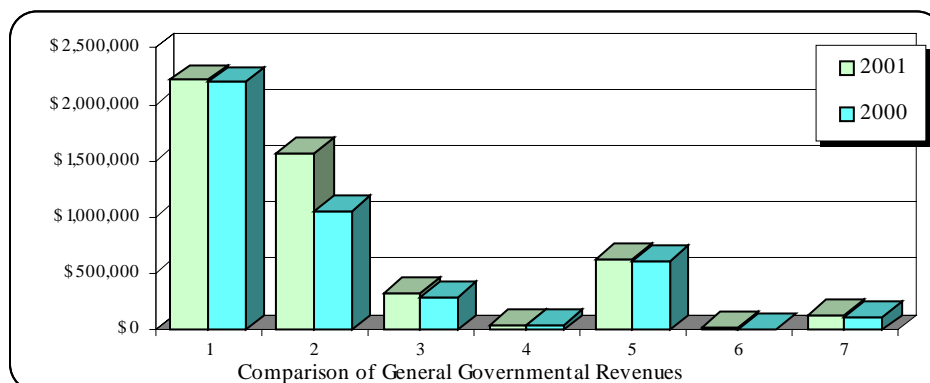
Budgetary control is maintained within the personal services, operating expense, contractual services, and capital outlay categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase orders which result in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

FINANCIAL HIGHLIGHTS

General Government Functions

The following schedules present a summary of general governmental revenues (including general, special revenue and debt service funds) for the year ended December 31, 2001, the percentage of each source to total revenues, and the amount of increase or decrease in relation to the prior year's revenue.

Revenue Source	2001 Total	Percent of Total	2000 Total	Increase (Decrease) over 2000
1. Taxes	\$2,215,268	44.82%	\$2,197,531	\$17,737
2. Intergovernmental Revenue	1,570,423	31.78%	1,050,707	519,716
3. Charges for Service	329,576	6.67%	300,753	28,823
4. Licenses and Permits	39,889	0.81%	48,673	(8,784)
5. Investment Earnings	632,641	12.80%	611,282	21,359
6. Fines and Forfeitures	19,870	0.40%	12,831	7,039
7. All Other Revenues	134,541	2.72%	124,000	10,541
Total	<u>\$4,942,208</u>	<u>100.00%</u>	<u>\$4,345,777</u>	<u>\$596,431</u>



Revenue Narrative

General government revenues totaled \$4,942,208 for 2001, an increase of \$596,431 over 2000. The income tax, the largest tax source, increased in total by 2.4% or approximately \$49,393 in 2001.

Intergovernmental revenues consist primarily of shared license and gasoline tax revenues, local government assistance provided by the State of Ohio through reimbursement for real and personal property tax reductions, inheritance taxes and various other federal and state grants. Intergovernmental revenues increased \$519,716. This increase is due primarily to the institution of a state tax called the kilowatt hour (kWh) tax. This tax was started on May 1, 2001, and was assessed on all electric utility companies. All municipal electric systems in Ohio are subject to the tax. This tax is collected by the Municipal Electric system and remitted to the City's general fund.

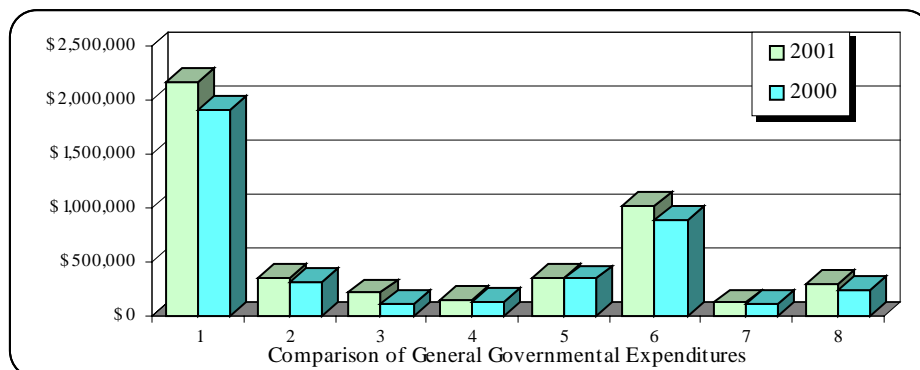
Investment earnings as a source of revenue do not lend well to year-to-year comparisons. Percentage increases or decreases when compared to prior years are not necessarily indicative of future year estimates. Investment earnings increased \$21,359 compared to 2000. The increase was primarily due to the higher invested balances throughout the year. The City's investment policies are discussed in more detail later in this letter under the topic of "Cash Management."

Licenses and permits decreased by \$8,784 compared to 2000 due to decreased construction and a corresponding decrease in revenues derived from building inspections and permits.

All other revenues is a miscellaneous category that includes a variety of less significant revenue sources including miscellaneous rental income and donations.

Expenditures for general governmental purposes (as previously defined) totaled \$4,678,152, an increase of \$612,086 or 15.1% over 2000. Expenditures for the major functions of the City, increases/(decreases) over 2000 and the percentage of the total are shown in the following table:

Expenditures	2001 Total	Percent of Total	2000 Total	Increase (Decrease) over 2000
1. Security of Persons and Property	\$2,160,173	46.18%	\$1,912,131	\$248,042
2. Leisure Time Activities	353,068	7.55%	314,361	38,707
3. Community Environment	213,504	4.56%	113,088	100,416
4. Basic Utility Services	151,674	3.24%	129,327	22,347
5. Transportation	359,026	7.67%	342,793	16,233
6. General Government	1,018,998	21.78%	892,442	126,556
7. Capital Outlay	122,484	2.62%	115,729	6,755
8. Debt Service	299,225	6.40%	246,195	53,030
Total	\$4,678,152	100.00%	\$4,066,066	\$612,086



Expenditure Narrative

Security of persons and property includes primarily the cost of the operations of the police, fire and emergency medical service departments. The majority of the increase in expenditures in 2001 is a result of higher wages and benefits related to the increase in staffing levels in the police department and the emergency medical service department that occurred in 2001.

Leisure time activities experienced an increase in expenditures primarily due to the continued improvements to the City's park system and the associated increases in operation and maintenance costs related to expanded facilities.

The general government function captures the cost of maintaining the legislative, legal, and administrative branches of the City government. This function includes expenditures of the Council, the Law Director, the City Manager, the Finance Director, and general administration, and the cost of operating various municipal buildings. The general government function increased \$126,556 in 2001 as a result of routine increases in personnel, salaries and fringe benefits along with price increases for goods and services used by employees.

Community Environment expenditures increased due to the restructuring of the department and the hiring of one additional staff member.

Debt service cost includes the payment of principal and interest for the retirement of the City's outstanding general obligation debt. The increase is due to additional debt service requirements in 2001 resulting from the City issuing new debt in December 2000.

Proprietary Operations

Enterprise Funds:

The City's enterprise operations include a water treatment and distribution system, a wastewater treatment and collection system and an electric distribution system. The enterprise funds are supported by revenues derived from user charges.

Certain pertinent data related to the enterprise operations of the City is presented below.

	Total Assets	Total Equity	Net Income (Loss)	Return on Assets	Return on Equity
Water	\$8,197,221	\$7,459,871	(\$39,347)	(0.48%)	(0.53%)
Sewer	10,014,731	9,050,556	189,158	1.89%	2.09%
Electric	9,891,263	8,196,714	572,118	5.78%	6.98%

Internal Service Fund:

The City's internal service fund is a self-insurance fund created for the purpose of providing medical coverage for its employees. In 1994, the City joined a health co-op with other cities in the area. The co-op is currently insured by Anthem and all risks are assumed by Anthem. The employee's shares of the premiums are passed thru this fund.

Fiduciary Operations

The City maintains three expendable trust funds and one agency fund. The expendable trust funds account for donations to the police, fire and EMS departments of the City. The money received by these funds is used to further the services provided by these departments. The Contractor Maintenance Deposit Fund (agency fund) is used to account for deposits held by the City on behalf of various contractors for work that is ongoing in nature. The monies are released to the contractors upon satisfactory completion of their respective projects.

Risk Management

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

The Pool's overall loss experience has been excellent since its inception in 1988 and Tipp City's loss experience for 2001 was also favorable. The decision to join the Pool has resulted in significant savings for the City and the City expects future contributions to remain considerably lower than the cost of traditional insurance.

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

Debt Administration

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

The total bonded debt of the City at December 31, 2001 was \$4,590,000, all of which was unvoted general obligation bonds.

The ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the City's debt position. The City's debt position as of December 31, 2001, was as follows:

Overall Legal Debt Margin	\$24,982,059
Unvoted Legal Debt Margin	\$13,085,840
General Bonded Debt to Assessed Value	1.32%
General Bonded Debt per Capita	\$340.53

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

Cash Management

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

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

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

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

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

Authorized investments are described in detail in Note 3 of the footnotes to the general purpose financial statements included within the financial section of this comprehensive annual financial report. The City currently has investments in STAR Ohio (State Treasurer's Investment Pool), U. S. Treasury Notes and Bills, and a small portion in Certificates of Deposits.

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tipp City, Ohio for its first Comprehensive Annual Financial Report for the fiscal year ended December 31, 2000.

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

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

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

ACKNOWLEDGMENTS

A note of sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. The Finance Department Staff, in particular, are to be commended for their input and commitment.

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

Finally, contributions to the financial condition of the City of Tipp City by members of City Council, the City Manager, Assistant City Manager and Department Heads 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 our community.

Respectfully submitted,

A handwritten signature in cursive script that reads "Richard U. Drennen".

Richard U. Drennen
Director of Finance

*THE CITY OF TIPP CITY, OHIO
MIAMI COUNTY
CITY OFFICIALS
AS OF DECEMBER 31, 2001*

ELECTED OFFICIALS

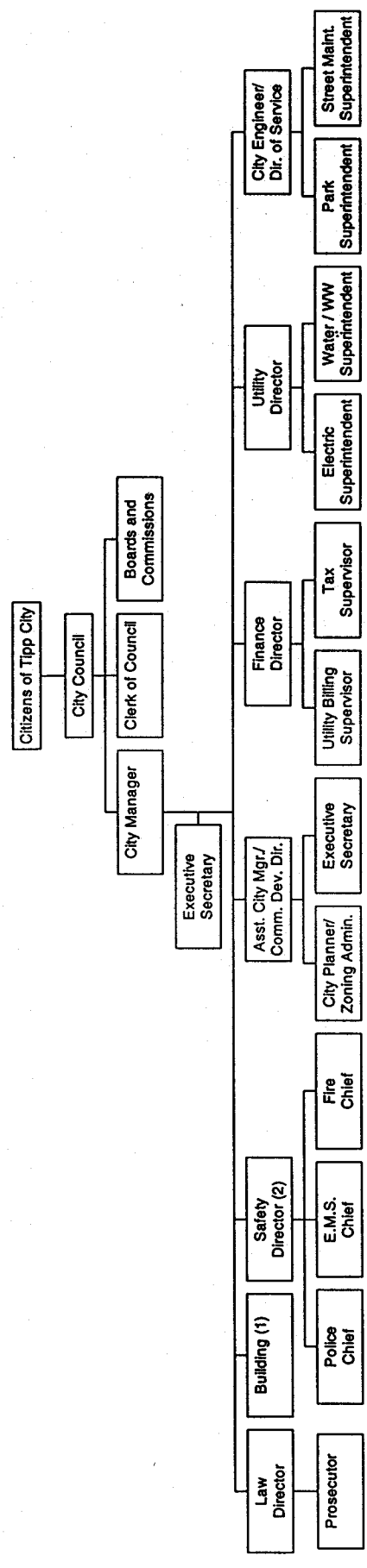
MAYOR	L. William Jones
PRESIDENT OF COUNCIL	David F. Hill
COUNCIL MEMBERS	Carol Sue Cook Donald Earnest Donald Ochs Lorrayne Howard Carol Z. McKeever

APPOINTED OFFICIALS

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

ORGANIZATIONAL CHART

Municipality of Tipp City, Ohio



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tipp City,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

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.



Thomas A. Crew
President

Jeffrey L. Essler
Executive Director

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FINANCIAL SECTION

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To Members of City Council:

We have audited the accompanying general-purpose financial statements of the City of Tipp City, Miami County, (the City) as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Tipp City, Miami County, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended December 31, 2001, the City adopted Governmental Accounting Statement No. 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2002, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

May 31, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 2001 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY FUNDS FOR THE YEAR THEN ENDED.

**THE CITY OF TIPP CITY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2001**

	<i>Governmental Fund Types</i>			<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
Assets and Other Debits:									
Assets:									
Cash and Cash Equivalents	\$1,177,929	\$354,169	\$1,830,495	\$2,488,920	\$89,064	\$15,253	\$0	\$0	\$5,955,830
Investments	1,730,058	0	0	3,793,224	0	0	0	0	5,523,282
Receivables:									
Taxes	599,972	0	46,985	0	0	0	0	0	646,957
Accounts	31,286	0	0	985,206	0	0	0	0	1,016,492
Interest	65,823	0	0	0	0	0	0	0	65,823
Special Assessments	0	0	154,594	567,208	0	0	0	0	721,802
Due from Other Funds	0	0	0	4,223	0	0	0	0	4,223
Intergovernmental Receivables	449,084	166,821	66,812	0	0	0	0	0	682,717
Inventory of Supplies at Cost	37,894	32,016	0	620,111	0	0	0	0	690,021
Prepaid Items	7,609	0	0	2,173	0	0	0	0	9,782
Restricted Assets:									
Cash and Cash Equivalents	0	0	0	93,739	0	41,157	0	0	134,896
Investment in Joint Venture	0	0	0	3,674,788	0	0	0	0	3,674,788
Fixed Assets (net of accumulated depreciation)	0	0	0	15,873,623	0	0	10,252,580	0	26,126,203
Other Debits:									
Amount to be Provided for									
General Long-Term Obligations	0	0	0	0	0	0	0	3,806,847	3,806,847
Total Assets and Other Debits	\$4,099,655	\$553,006	\$2,098,886	\$28,103,215	\$89,064	\$56,410	\$10,252,580	\$3,806,847	\$49,059,663

(Continued)

	<i>Governmental Fund Types</i>			<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
<u>Liabilities and Other Credits:</u>									
Liabilities:									
Accounts Payable	\$40,660	\$2,901	\$262,140	\$409,870	\$0	\$0	\$0	\$0	\$715,571
Accrued Wages and Benefits	223,496	16,756	0	71,573	0	0	0	0	311,825
Due to Other Funds	908	99	0	3,216	0	0	0	0	4,223
Intergovernmental Payables	8,333	0	0	48,030	0	0	0	0	56,363
Due to Others	0	0	0	0	0	41,157	0	0	41,157
Accrued Interest Payable	0	0	0	7,336	0	0	0	0	7,336
Customer Deposits Payable	0	0	0	93,739	0	0	0	0	93,739
Deferred Revenue	599,682	111,048	161,373	0	0	0	0	0	872,103
General Obligation Notes Payable	0	0	0	625,000	0	0	0	0	625,000
Compensated Absences Payable	0	0	0	219,473	0	0	0	666,847	886,320
General Obligation Bonds Payable	0	0	0	1,450,000	0	0	0	3,140,000	4,590,000
State Loan Payable	0	0	0	467,837	0	0	0	0	467,837
Total Liabilities	873,079	130,804	423,513	3,396,074	0	41,157	0	3,806,847	8,671,474
Equity and Other Credits:									
Investment in General Fixed Assets	0	0	0	0	0	0	10,252,580	0	10,252,580
Contributed Capital:									
Wastewater Authority	0	0	0	2,915,405	0	0	0	0	2,915,405
Other	0	0	0	6,797,050	0	0	0	0	6,797,050
Retained Earnings:									
Unreserved	0	0	0	14,994,686	89,064	0	0	0	15,083,750
Fund Balances:									
Reserved for Encumbrances	203,239	23,464	1,326,145	0	0	0	0	0	1,552,848
Reserved for Supplies Inventory	37,894	32,016	0	0	0	0	0	0	69,910
Reserved for Prepaid Items	7,609	0	0	0	0	0	0	0	7,609
Unreserved:									
Undesignated	2,977,834	366,722	349,228	0	0	15,253	0	0	3,709,037
Total Equity and Other Credits	3,226,576	422,202	1,675,373	24,707,141	89,064	15,253	10,252,580	0	40,388,189
Total Liabilities, Equity and Other Credits	\$4,099,655	\$553,006	\$2,098,886	\$28,103,215	\$89,064	\$56,410	\$10,252,580	\$3,806,847	\$49,059,663

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF TIPP CITY, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds	
Revenues:						
Taxes	\$2,215,268	\$0	\$0	\$499,653	\$0	\$2,714,921
Intergovernmental Revenues	1,204,771	365,652	0	537,931	0	2,108,354
Charges for Services	295,264	34,312	0	0	0	329,576
Licenses and Permits	39,242	647	0	0	0	39,889
Investment Earnings	628,462	699	3,480	0	0	632,641
Special Assessments	2,890	0	0	39,909	0	42,799
Fines and Forfeitures	18,870	1,000	0	0	0	19,870
All Other Revenues	123,032	8,619	0	10,071	1,347	143,069
Total Revenues	4,527,799	410,929	3,480	1,087,564	1,347	6,031,119
Expenditures:						
Current:						
Security of Persons and Property	2,154,680	5,493	0	47,562	109	2,207,844
Leisure Time Activities	290,163	62,905	0	0	0	353,068
Community Environment	175,304	38,200	0	0	0	213,504
Basic Utility Services	151,674	0	0	0	0	151,674
Transportation	0	359,026	0	35,317	0	394,343
General Government	1,018,998	0	0	2,256	0	1,021,254
Capital Outlay	87,564	34,920	0	3,137,348	0	3,259,832
Debt Service:						
Principal Retirements	0	0	180,000	0	0	180,000
Interest and Fiscal Charges	0	0	119,225	29,748	0	148,973
Total Expenditures	3,878,383	500,544	299,225	3,252,231	109	7,930,492
Excess (Deficiency) of Revenues Over (Under) Expenditures	649,416	(89,615)	(295,745)	(2,164,667)	1,238	(1,899,373)
Other Financing Sources (Uses):						
Proceeds from the Sale of Fixed Assets	0	0	0	3,405	0	3,405
Proceeds from General Obligation Bonds	0	0	0	2,325,000	0	2,325,000
Operating Transfers In	211,690	50,000	295,745	1,109,894	0	1,667,329
Operating Transfers Out	(1,047,800)	0	0	(347,701)	0	(1,395,501)
Total Other Financing Sources (Uses)	(836,110)	50,000	295,745	3,090,598	0	2,600,233
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(186,694)	(39,615)	0	925,931	1,238	700,860
Restated Fund Balance Beginning of Year	3,408,280	466,615	0	749,442	14,015	4,638,352
Increase (Decrease) in Inventory Reserve	4,990	(4,798)	0	0	0	192
Fund Balance End of Year	\$3,226,576	\$422,202	\$0	\$1,675,373	\$15,253	\$5,339,404

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF TIPP CITY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$2,374,822	\$2,379,205	\$4,383	\$0	\$0	\$0
Intergovernmental Revenues	1,036,930	1,025,634	(11,296)	366,274	366,039	(235)
Charges for Services	290,339	300,368	10,029	34,500	34,312	(188)
Licenses and Permits	38,775	39,242	467	500	647	147
Investment Earnings	620,000	619,628	(372)	1,100	699	(401)
Special Assessments	3,200	2,890	(310)	0	0	0
Fines and Forfeitures	18,000	18,657	657	800	1,000	200
All Other Revenues	139,490	144,188	4,698	7,100	8,619	1,519
Total Revenues	<u>4,521,556</u>	<u>4,529,812</u>	<u>8,256</u>	<u>410,274</u>	<u>411,316</u>	<u>1,042</u>
Expenditures:						
Current:						
Security of Persons and Property	2,243,019	2,189,855	53,164	14,000	5,493	8,507
Leisure Time Activities	325,948	300,025	25,923	67,010	63,349	3,661
Community Environment	183,581	173,730	9,851	38,323	38,200	123
Basic Utility Services	167,808	158,718	9,090	0	0	0
Transportation	0	0	0	427,469	394,050	33,419
General Government	1,314,363	1,222,335	92,028	0	0	0
Capital Outlay	121,178	117,475	3,703	39,235	38,874	361
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>4,355,897</u>	<u>4,162,138</u>	<u>193,759</u>	<u>586,037</u>	<u>539,966</u>	<u>46,071</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	165,659	367,674	202,015	(175,763)	(128,650)	47,113
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Proceeds from General Obligation Bonds	0	0	0	0	0	0
Operating Transfers In	211,690	211,690	0	50,000	50,000	0
Operating Transfers Out	(1,047,800)	(1,047,800)	0	0	0	0
Total Other Financing Sources (Uses)	<u>(836,110)</u>	<u>(836,110)</u>	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(670,451)	(468,436)	202,015	(125,763)	(78,650)	47,113
Fund Balance at Beginning of Year	2,830,139	2,830,139	0	348,894	348,894	0
Prior Year Encumbrances	281,416	281,416	0	58,552	58,552	0
Fund Balance at End of Year	<u>\$2,441,104</u>	<u>\$2,643,119</u>	<u>\$202,015</u>	<u>\$281,683</u>	<u>\$328,796</u>	<u>\$47,113</u>

The notes to the general purpose financial statements are an integral part of this statement.

(Continued)

THE CITY OF TIPP CITY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$0	\$0	\$0	\$518,000	\$516,943	(\$1,057)
Intergovernmental Revenues	0	0	0	638,660	471,119	(167,541)
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Investment Earnings	0	3,480	3,480	0	0	0
Special Assessments	0	0	0	40,000	39,909	(91)
Fines and Forfeitures	0	0	0	0	0	0
All Other Revenues	0	0	0	100	10,071	9,971
Total Revenues	0	3,480	3,480	1,196,760	1,038,042	(158,718)
Expenditures:						
Current:						
Security of Persons and Property	0	0	0	69,900	69,504	396
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Basic Utility Services	0	0	0	0	0	0
Transportation	0	0	0	76,105	39,232	36,873
General Government	0	0	0	2,500	2,256	244
Capital Outlay	0	0	0	4,785,487	4,561,082	224,405
Debt Service:						
Principal Retirement	2,730,000	2,730,000	0	0	0	0
Interest and Fiscal Charges	284,169	253,410	30,759	0	0	0
Total Expenditures	3,014,169	2,983,410	30,759	4,933,992	4,672,074	261,918
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,014,169)	(2,979,930)	34,239	(3,737,232)	(3,634,032)	103,200
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	3,000	3,405	405
Proceeds from General Obligation Bonds	2,325,000	2,325,000	0	0	0	0
Operating Transfers In	689,169	654,930	(34,239)	1,062,850	1,067,043	4,193
Operating Transfers Out	0	0	0	(377,188)	(347,701)	29,487
Total Other Financing Sources (Uses)	3,014,169	2,979,930	(34,239)	688,662	722,747	34,085
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	(3,048,570)	(2,911,285)	137,285
Fund Balance at Beginning of Year	0	0	0	2,341,220	2,341,220	0
Prior Year Encumbrances	0	0	0	812,545	812,545	0
Fund Balance at End of Year	\$0	\$0	\$0	\$105,195	\$242,480	\$137,285

(Continued)

THE CITY OF TIPP CITY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<i>Expendable Trust Funds</i>			<i>Totals (Memorandum Only)</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$0	\$0	\$0	\$2,892,822	\$2,896,148	\$3,326
Intergovernmental Revenues	0	0	0	2,041,864	1,862,792	(179,072)
Charges for Services	0	0	0	324,839	334,680	9,841
Licenses and Permits	0	0	0	39,275	39,889	614
Investment Earnings	0	0	0	621,100	623,807	2,707
Special Assessments	0	0	0	43,200	42,799	(401)
Fines and Forfeitures	0	0	0	18,800	19,657	857
All Other Revenues	900	1,347	447	147,590	164,225	16,635
Total Revenues	900	1,347	447	6,129,490	5,983,997	(145,493)
Expenditures:						
Current:						
Security of Persons and Property	10,618	109	10,509	2,337,537	2,264,961	72,576
Leisure Time Activities	0	0	0	392,958	363,374	29,584
Community Environment	0	0	0	221,904	211,930	9,974
Basic Utility Services	0	0	0	167,808	158,718	9,090
Transportation	0	0	0	503,574	433,282	70,292
General Government	0	0	0	1,316,863	1,224,591	92,272
Capital Outlay	0	0	0	4,945,900	4,717,431	228,469
Debt Service:						
Principal Retirement	0	0	0	2,730,000	2,730,000	0
Interest and Fiscal Charges	0	0	0	284,169	253,410	30,759
Total Expenditures	10,618	109	10,509	12,900,713	12,357,697	543,016
Excess (Deficiency) of						
Revenues Over (Under) Expenditures	(9,718)	1,238	10,956	(6,771,223)	(6,373,700)	397,523
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	3,000	3,405	405
Proceeds from General Obligation Bonds	0	0	0	2,325,000	2,325,000	0
Operating Transfers In	0	0	0	2,013,709	1,983,663	(30,046)
Operating Transfers Out	0	0	0	(1,424,988)	(1,395,501)	29,487
Total Other Financing Sources (Uses)	0	0	0	2,916,721	2,916,567	(154)
Excess (Deficiency) of Revenues and						
Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	(9,718)	1,238	10,956	(3,854,502)	(3,457,133)	397,369
Fund Balance at Beginning of Year	13,797	13,797	0	5,534,050	5,534,050	0
Prior Year Encumbrances	218	218	0	1,152,731	1,152,731	0
Fund Balance at End of Year	\$4,297	\$15,253	\$10,956	\$2,832,279	\$3,229,648	\$397,369



Tipp City, Ohio

THE CITY OF TIPP CITY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Charges for Services	\$8,872,288	\$51,783	\$8,924,071
Other Operating Revenues	59,271	0	59,271
Total Operating Revenues	8,931,559	51,783	8,983,342
<u>Operating Expenses:</u>			
Personal Services	1,044,455	0	1,044,455
Materials and Supplies	148,469	0	148,469
Contractual Services	6,227,341	52,081	6,279,422
Utilities	59,480	0	59,480
Depreciation	741,756	0	741,756
Other Operating Expenses	4,013	0	4,013
Total Operating Expenses	8,225,514	52,081	8,277,595
Operating Income (Loss)	706,045	(298)	705,747
<u>Nonoperating Revenues (Expenses):</u>			
Loss on Disposal of Fixed Assets	(4,248)	0	(4,248)
Interest and Fiscal Charges	(91,061)	0	(91,061)
Income from Joint Venture	107,933	0	107,933
Capital Contributions from Joint Venture	143,954	0	143,954
Capital Contributions	91,658	0	91,658
Interest Income	39,476	0	39,476
Total Nonoperating Revenues (Expenses)	287,712	0	287,712
Income (Loss) Before Operating Transfers	993,757	(298)	993,459
<u>Operating Transfers:</u>			
Operating Transfers Out	(271,828)	0	(271,828)
Total Operating Transfers	(271,828)	0	(271,828)
Net Income (Loss)	721,929	(298)	721,631
Retained Earnings at Beginning of Year	14,272,757	89,362	14,362,119
Retained Earnings at End of Year	\$14,994,686	\$89,064	\$15,083,750

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF TIPP CITY, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$8,961,420	\$51,783	\$9,013,203
Cash Payments for Goods and Services	(6,626,318)	(51,653)	(6,677,971)
Cash Payments to Employees	(1,002,353)	0	(1,002,353)
Other Operating Revenues	186,360	0	186,360
Net Cash Provided by Operating Activities	<u>1,519,109</u>	<u>130</u>	<u>1,519,239</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	(271,828)	0	(271,828)
Net Cash Used for Noncapital Financing Activities	<u>(271,828)</u>	<u>0</u>	<u>(271,828)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(845,008)	0	(845,008)
Principal Paid on General Obligation Bonds	(225,000)	0	(225,000)
Principal Paid on State Loans	(112,399)	0	(112,399)
Interest Paid on All Debt	(91,334)	0	(91,334)
Proceeds from the Sale of General Obligation Notes	625,000	0	625,000
Net Cash Used for Capital and Related Financing Activities	<u>(648,741)</u>	<u>0</u>	<u>(648,741)</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	(259,883)	0	(259,883)
Sale of Investments	46,340	0	46,340
Net Cash Used by Investing Activities	<u>(213,543)</u>	<u>0</u>	<u>(213,543)</u>
Net Increase in Cash and Cash Equivalents	384,997	130	385,127
Cash and Cash Equivalents at Beginning of Year	2,197,662	88,934	2,286,596
Cash and Cash Equivalents at End of Year	<u>\$2,582,659</u>	<u>\$89,064</u>	<u>\$2,671,723</u>
<u>Reconciliation of Cash and Cash</u>			
<u>Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$2,488,920	\$89,064	\$2,577,984
Restricted Cash and Cash Equivalents	93,739	0	93,739
Cash and Cash Equivalents at End of Year	<u>\$2,582,659</u>	<u>\$89,064</u>	<u>\$2,671,723</u>

(Continued)

THE CITY OF TIPP CITY, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	\$706,045	(\$298)	\$705,747
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	741,756	0	741,756
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	85,793	0	85,793
Decrease in Special Assessments Receivable	123,539	0	123,539
Increase in Inventory	(89,944)	0	(89,944)
(Increase) Decrease in Prepaid Items	(833)	428	(405)
Decrease in Due from Other Funds	3,339	0	3,339
Decrease in Accounts Payable	(94,629)	0	(94,629)
Increase in Accrued Wages and Benefits	21,077	0	21,077
Decrease in Due to Other Funds	(1,648)	0	(1,648)
Increase in Intergovernmental Payables	4,280	0	4,280
Decrease in Customer Deposits Payable	(509)	0	(509)
Increase in Compensated Absences	20,843	0	20,843
Total Adjustments	813,064	428	813,492
Net Cash Provided by Operating Activities	\$1,519,109	\$130	\$1,519,239

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2001, the Water and Electric Funds had outstanding liabilities of \$46 and \$19,283, respectively, for the purchase of certain capital assets. The Water Fund received capital assets contributed by developers/customers in the amount of \$91,658. During 2001 the fair value of investments decreased by \$32,960 in the Water Fund and increased by \$195,303 and \$90,676, respectively, in the Sewer and Electric Funds.

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF TIPP CITY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

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 accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2001 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 (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 general purpose financial statements comply with the provisions of the 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, account groups, 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 14 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the City's significant accounting policies:

The accounting system is organized and operated on the basis of funds and account groups, each of which is 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 general purpose financial statements. The following fund types and account groups are used by the City:

Governmental Funds - The funds through which most governmental functions are typically financed are the governmental funds. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except that 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 governmental fund types:

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 Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general obligation debt principal and interest other than those accounted for in the proprietary funds.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

Proprietary Funds - These funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of the proprietary funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The following are the City's proprietary fund types:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, in which 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds

Trust and Agency Funds - The City maintains expendable trust funds and an agency fund. Expendable trust funds are accounted for and reported similarly to governmental funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Account Groups - To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the City except that accounted for in the proprietary funds.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

accrual at year end includes state levied locally shared taxes (including motor vehicle license fees), income tax, local government assistance, grants and inheritance taxes due from the County. Other revenue, including licenses, permits, certain charges for services and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Property taxes and special assessments measurable as of December 31, 2001, but not received within the available period are recorded as deferred revenue. Delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

The accrual basis of accounting is utilized for reporting purposes by the proprietary 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 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.

D. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The East Broadway Improvement Fund and the Fire Truck Equipment Fund (capital projects funds) were not budgeted because these funds only exist on a GAAP basis. The legal level of budgetary control is by fund at the major object level (personal services, materials and supplies, contractual services, capital outlay, and transfers) by department. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the major object level for each department within each fund without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications above the major object level by fund may only be made by ordinance of the City Council

1. Tax Budget

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure.

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or 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 2001.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund and department level, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. During the year, supplemental appropriations were necessary to budget note proceeds, contingency funds and intergovernmental grants. Expenditures may not legally exceed budgeted appropriations at the fund and department level. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types and Expendable Trust Funds" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

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. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

5. 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.

6. 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 cash basis statements for the governmental and expendable trust funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds
GAAP Basis (as reported)	(\$186,694)	(\$39,615)	\$0	\$925,931	\$1,238
Increase (Decrease):					
Accrued Revenues at December 31, 2001 received during 2002	(574,638)	(55,773)	0	(107,018)	0
Accrued Revenues at December 31, 2000 received during 2001	483,076	56,160	0	57,496	0
Accrued Expenditures at December 31, 2001 paid during 2002	273,397	19,756	0	262,140	0
Accrued Expenditures at December 31, 2000 paid during 2001	(228,716)	(35,176)	0	(136,819)	0
2000 Prepays for 2001	9,241	1,371	0	0	0
2001 Prepays for 2002	(7,609)	0	0	0	0
Retirement of Notes Payable	0	0	0	(2,325,000)	0
Outstanding Encumbrances	(236,493)	(25,373)	0	(1,588,015)	0
Budget Basis	<u>(\$468,436)</u>	<u>(\$78,650)</u>	<u>\$0</u>	<u>(\$2,911,285)</u>	<u>\$1,238</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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 general purpose 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 3, "Pooled Cash, Cash Equivalents and Investments."

F. 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 3, "Pooled Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2001. 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, 2001.

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

1. Property, Plant and Equipment - General Governmental Purposes (Continued)

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets. The City has elected not to capitalize interest costs or record depreciation in the General Fixed Assets Account Group.

2. Property, Plant and Equipment - Proprietary Funds

Property, plant and equipment acquired by the proprietary funds is stated at cost (or estimated historical cost). Contributed fixed assets are recorded at fair market value at the date received. Infrastructure is capitalized within the proprietary funds.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Buildings	50
Improvements Other Than Buildings	10 - 45
Machinery, Equipment, Furniture and Fixtures	3 - 35

Depreciation on proprietary fixed assets is charged to retained earnings.

I. Long-Term Obligations

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

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

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

For governmental funds, the portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group.

Compensated absences are expensed in the electric, water and sewer enterprise funds when earned. The related liability is reported within the fund.

K. Pensions

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

L. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

1. Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
2. Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. The City did not perform any residual equity transfers during 2001.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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 and encumbered amounts that have not been accrued at year end.

N. Contributed Capital

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements, shared revenues, and donations is recorded as an operating expense and closed along with other operating expenses directly to retained earnings. Capital contributions received after December 31, 2000 are recorded as revenue in the proprietary funds.

O. Total Columns on Combined Financial Statements - Overview

Total columns on the Combined Financial Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES

For the year ended December 31, 2001, the City has implemented GASB Statement No. 33 “*Accounting and Financial Reporting for Nonexchange Transactions*” and GASB Statement No. 36 “*Recipient Reporting for Certain Shared Nonexchange Revenues*.”

The changes to the beginning fund balances as a result of implementing GASB No. 33 and 36 are as follows:

<u>Fund Name</u>	<u>Fund Balance as Reported 12/31/00</u>	<u>GASB 33 & 36 Implementation</u>	<u>Fund Balance as Restated 12/31/00</u>
General Fund	\$3,325,256	\$83,024	\$3,408,280
Special Revenue Funds	437,920	28,695	466,615

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES (Continued)

In addition to the above noted change to fund balance the restatement of fund balances had the following effect on prior year excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses:

Fund Name	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as Reported 12/31/00	GASB 33 & 36 Implementation	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as Restated 12/31/00
General Fund	\$104,352	\$83,024	\$187,376
Special Revenue Funds	26,644	28,695	55,339

NOTE 3 - POOLED 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" and "Investments."

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 "cash" or "near cash" 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 no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but 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;

NOTE 3 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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

The GASB has established risk categories for deposits and investments as follows:

Deposits:

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

Investments:

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

NOTE 3 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

At year end, the carrying amount of the City's deposits was \$1,105,726 and the bank balance was \$1,365,751. Federal depository insurance covered \$303,182 of the bank balance. All remaining deposits were classified as Category 3. In accordance with Ohio Revised Code, the remaining balance was covered by pooled collateral.

B. Investments

The City's investments at December 31, 2001 were as follows:

<u>Categorized Investments</u>	Fair Value
United States Treasury Notes (Category 1)	\$4,583,282
Total Categorized Investments	4,583,282
<u>Non-Categorized Investments</u>	
STAR Ohio	5,925,000
Total Investments	<u>\$10,508,282</u>

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Per Combined Balance Sheet	\$6,090,726	\$5,523,282
Certificates of Deposit (with maturities of more than 3 months)	940,000	(940,000)
Investments:		
STAR Ohio	(5,925,000)	5,925,000
Per GASB Statement No. 3	<u>\$1,105,726</u>	<u>\$10,508,282</u>

NOTE 4 - 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 2001 were levied after October 1, 2000 on assessed values as of January 1, 2000, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2001. Real property taxes are payable annually or semiannually. The first payment is due January 20; the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year.

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semiannually. 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 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

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

The full tax rate for all City operations for the year ended December 31, 2001 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2001 levy was based was \$237,924,370. This amount constitutes \$179,671,860 in real property assessed value, \$5,868,640 in public utility assessed value and \$52,383,870 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 % (1.4 mills) of assessed value.

NOTE 4 - TAXES (Continued)

B. Income Tax

The City levies a tax of 1% 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 2001 was \$2,404,694. This represented a .53% increase over the 2000 tax revenue of \$2,391,923.

NOTE 5 - RECEIVABLES

Receivables at December 31, 2001 consisted of taxes, special assessments, interfund receivables, interest, accounts receivable and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred revenues are considered collectable in full.

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES

Following is a summary of interfund receivables and payables for all funds for 2001:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$0	\$908
Special Revenue Fund:		
Swimming Pool Fund	0	6
Street Construction, Maintenance and Repair Fund	<u>0</u>	<u>93</u>
Total Special Revenue Funds	<u>0</u>	<u>99</u>
Enterprise Funds:		
Water Fund	180	2,582
Sewer Fund	528	634
Electric Fund	<u>3,515</u>	<u>0</u>
Total Enterprise Funds	<u>4,223</u>	<u>3,216</u>
Totals	<u><u>\$4,223</u></u>	<u><u>\$4,223</u></u>

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2001:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$211,690	\$1,047,800
Special Revenue Funds:		
Swimming Pool Fund	40,000	0
Street Construction, Maintenance and Repair Fund	<u>10,000</u>	<u>0</u>
Total Special Revenue Funds	50,000	0
Debt Service Fund:		
General Bond Retirement Fund	295,745	0
Capital Projects Funds:		
Capital Improvement Reserve Fund	950,000	347,701
Police Facility Construction Fund	23,853	0
Storm Sewer Construction Fund	4,210	0
E. Broadway Improvement Fund	7,963	0
South First Street Improvement Fund	81,193	0
Fire Truck Equipment Fund	6,825	0
Donn Davis Way Construction Fund	<u>35,850</u>	<u>0</u>
Total Capital Projects Funds	1,109,894	347,701
Enterprise Funds:		
Water Fund	0	82,738
Sewer Fund	0	59,405
Electric Fund	<u>0</u>	<u>129,685</u>
Total Enterprise Funds	<u>0</u>	<u>271,828</u>
Totals	<u>\$1,667,329</u>	<u>\$1,667,329</u>

NOTE 8 - FIXED ASSETS**A. General Fixed Assets**

Summary by category of changes in general fixed assets:

Category	December 31, 2000	Additions	Deletions	December 31, 2001
Land	\$1,284,418	\$29,679	\$0	\$1,314,097
Buildings	3,121,201	53,672	(600)	3,174,273
Improvements Other than Buildings	714,159	130,449	0	844,608
Machinery and Equipment	3,280,560	333,615	(60,810)	3,553,365
Construction in Progress	0	1,366,237	0	1,366,237
Totals	<u>\$8,400,338</u>	<u>\$1,913,652</u>	<u>(\$61,410)</u>	<u>\$10,252,580</u>

Schedule of General Fixed Assets at December 31, 2001:

General Fixed Assets	Investment in General Fixed Assets	
Land	\$1,314,097	General Fund \$2,403,274
Buildings	3,174,273	Special Revenue Funds 390,894
Improvements Other Than Buildings	844,608	Capital Projects Funds 6,773,475
Machinery and Equipment	3,553,365	General Revenue Sharing 56,936
Construction in Progress	1,366,237	Enterprise Funds 291,275
		Trust/Agency Funds 30,275
		Contributions 306,451
Total	<u>\$10,252,580</u>	Total <u>\$10,252,580</u>

B. Proprietary Fixed Assets

Summary by Category at December 31, 2001:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$188,848	\$0	\$188,848
Buildings	1,467,161	(472,735)	994,426
Improvements Other Than Buildings	20,396,746	(6,793,849)	13,602,897
Machinery and Equipment	2,076,481	(1,106,746)	969,735
Construction in Progress	117,717	0	117,717
Property, Plant and Equipment	<u>\$24,246,953</u>	<u>(\$8,373,330)</u>	<u>\$15,873,623</u>

NOTE 9 – 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. Public Employees Retirement System (the "PERS of Ohio")

The following information was provided by the PERS of Ohio 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 the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2001 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.25% to fund the pension and 4.3% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 2001, 2000 and 1999 were \$314,237, \$215,912 and \$245,902, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2001 employer contribution rate (identified above) that was used to fund health care for the year 2001 was 4.3% of covered payroll which amounted to \$99,721.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio’s latest actuarial review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 411,076. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 2000 is \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5%. The City's contributions to the OP&F Fund for the years ending December 31, 2001, 2000 and 1999 were \$191,394, \$168,197 and \$139,012 for police, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2001 covered payroll that was used to fund postemployment health care benefits was \$73,613 representing 7.5% of covered payroll. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 2000, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 12,853 for police. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2000 were \$106,160,054, which was net of member contributions of \$5,657,431.

NOTE 10 – COMPENSATED ABSENCES

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

As of December 31, 2001, the liability for unpaid compensated absences was \$666,847 for all funds of the City except the proprietary funds. For governmental funds, the entire amount was considered long-term since no payments were anticipated which would require the use of current available financial resources. The liability has been reported in the General Long-Term Obligations Account Group. The portion attributable to the proprietary funds has been recorded within the appropriate fund.

NOTE 11 - 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.

NOTE 11 - NOTES PAYABLE (Continued)

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 general obligation bond anticipation notes outstanding at December 31, 2001:

	Maturity Date	Balance December 31, 2000	Issued (Retired)	Balance December 31, 2001
Capital Projects Notes Payable:				
4.51% Police Facilities Construction	4/12/2001	\$1,700,000	(\$1,700,000)	\$0
4.51% Storm Sewer Construction	4/12/2001	300,000	(300,000)	0
4.55% E. Broadway Ave. Improvement	4/12/2001	175,000	(175,000)	0
4.55% Fire Truck Improvement	4/12/2001	150,000	(150,000)	0
Total Capital Projects Notes Payable		<u>2,325,000</u>	<u>(2,325,000)</u>	<u>0</u>
Enterprise Notes Payable:				
2.08% Water Note	12/12/2002	0	250,000	250,000
2.08% Sewer Note	12/12/2002	0	375,000	375,000
Total Enterprise Notes Payable		<u>0</u>	<u>625,000</u>	<u>625,000</u>
Grand Total Notes Payable		<u>\$2,325,000</u>	<u>(\$1,700,000)</u>	<u>\$625,000</u>

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NOTE 12 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2001 were as follows:

	Maturity Date	Balance December 31, 2000	Issued (Retired)	Balance December 31, 2001	
Enterprise Funds:					
General Obligation Bonds:					
7.13%	Electric Improvement	2006	\$300,000	(\$50,000)	\$250,000
7.13%	Water System Improvement	2008	240,000	(30,000)	210,000
5.05%	Sewer System Bonds	2002	80,000	(40,000)	40,000
4.6-4.625%	Water Improvement Bonds	2002	50,000	(25,000)	25,000
4.6-4.625%	Water Improvement Bonds	2007	210,000	(30,000)	180,000
4.6-4.625%	Electric Improvement Bonds	2015	795,000	(50,000)	745,000
	Total General Obligation Bonds		1,675,000	(225,000)	1,450,000
0.00%	North East Sewer Interceptor Loan	2014	580,236	(112,399)	467,837
	Total Enterprise Long-Term Debt		\$2,255,236	(\$337,399)	\$1,917,837
General Long-Term Debt:					
General Obligation Bonds:					
7.13%	Government Center Bond - I	2008	\$230,000	(\$30,000)	\$200,000
3.1-4.95%	Government Center Bond- II	2001	25,000	(25,000)	0
4.6-4.625%	Service Center Improvement	2015	740,000	(50,000)	690,000
4.0-4.8%	Capital Facilities Bond	2019	0	2,325,000	2,325,000
				(75,000)	2,250,000
	Total General Obligation Bonds		995,000	2,145,000	3,140,000
Other Long-Term Obligations:					
	Compensated Absences		590,809	76,038	666,847
	Total Other Long-Term Obligations		590,809	76,038	666,847
	Total General Long-Term Debt and Other Long-Term Obligations		\$1,585,809	\$2,221,038	\$3,806,847

A. Principal and Interest Requirements

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2001, follows:

Years	General Obligation Bonds		Loan	
	Principal	Interest	Principal	Interest
2002	\$455,000	\$222,981	\$0	\$0
2003	440,000	199,881	0	0
2004	465,000	177,564	0	0
2005	415,000	154,184	0	0
2006	390,000	132,929	0	0
2007-2011	1,190,000	433,666	0	0
2012-2016	935,000	192,101	467,837	0
2017-2019	300,000	28,700	0	0
Totals	\$4,590,000	\$1,542,006	\$467,837	\$0

NOTE 13 – CONSTRUCTION COMMITMENTS

At December 31, 2001 the City had the following contractual commitments outstanding:

Project	Remaining Contractual Commitment	Expected Date of Completion
Police Facility - Construction	\$241,091	Spring 2002
Police Facility - Furnishings	51,230	Spring 2002
Don Davis Way Street Project	54,601	Summer 2002
Woodlawn Water Line	250,000	Summer 2002
Woodlawn Sewer Line	375,000	Summer 2002
69 KW Electrical Loop	36,551	Summer 2002

NOTE 14 - RISK MANAGEMENT

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

As of December 31, 2001, the pool has sixteen members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, general liability, boiler and machinery, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a sixteen member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. Management is provided by an Executive Director, who is assisted by a full-time Claims Manager, Loss Control Manager and office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board.

The sixteen participating cities and their respective pool contribution factors for the loss year ended December 31, 2001 are:

Entity	Percentage	Entity	Percentage	Total
Beavercreek	8.99 %	Sidney	7.91 %	
Blue Ash	7.31	Springdale	4.74	
Indian Hill	2.36	Tipp City	2.54	
Kettering	16.47	Troy	7.93	
Madeira	1.27	Vandalia	4.73	
Mason	8.21	West Carrollton	3.71	
Miamisburg	12.51	Wilmington	5.76	
Montgomery	2.96	Wyoming	2.60	
Subtotal	<u>60.08 %</u>	Subtotal	<u>39.92 %</u>	<u>100.00%</u>

NOTE 14 - RISK MANAGEMENT (Continued)

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

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

Property	\$477,066,039	blanket limit
General Liability	10,500,000	per occurrence
Boiler and Machinery	477,066,039	blanket limit
Public Officials Liability /	500,000	per occurrence
Police Professional Liability	10,000,000	excess \$1 Million
Automobile Liability	10,500,000	per occurrence
Flood (Property)	100,000,000	annual aggregate
Earthquake (Property)	100,000,000	annual aggregate

The deductible per occurrence is \$2,500. During 2001, MVRMA's self insured retention (SIR) limit for property was \$150,000 except boiler and machinery, which was \$5,000. The SIR for liability was \$500,000. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2001.

MVRMA issues a stand-alone financial report that includes financial statements and required supplementary information for MVRMA, Inc. Interested parties may obtain a copy by making a written request to 4625 Presidential Way, Kettering, Ohio 45429-5706.

Workers' compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The City pays unemployment claims to the State of Ohio as incurred.

In August 1994, the City joined the Ohio Benefits Co-operative, Inc., a health co-op comprised of twelve political subdivisions. The co-op was formed to explore the benefits of insurance pooling and collective purchasing strategies for its members. The co-op currently has a contract with Anthem Blue Cross and Blue Shield to handle their health insurance needs. The City pays a premium to Anthem, which handles all claims and benefit processing and assumes all risks.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three years.

NOTE 15 – SUBSEQUENT EVENT

On March 8, 2002, City officials from Tipp City and Vandalia signed a joint venture agreement, creating the Northern Area Water Authority (NAWA). The joint venture is the result of years of study and planning on the best and most cost-efficient way to service the water treatment needs of both communities. As a result of the joint venture agreement, NAWA will oversee the design, construction and operation of a new water treatment plant that will be located in Tipp City. Design of the project is scheduled to start in July 2002, with construction to begin in the spring of 2003. The total project cost is estimated to be \$13.4 million. The plant should be ready to open in the spring of 2004.

NOTE 16 - CONTRIBUTED CAPITAL

During 2001, there were no changes to contributed capital reported by the City:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Total</u>
Balance at End of Year	<u>\$2,782,602</u>	<u>\$6,629,213</u>	<u>\$300,640</u>	<u>\$9,712,455</u>

NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City financed primarily by user charges are water treatment and distribution, wastewater collection and treatment and electric services. The key financial information for the year ended December 31, 2001 for these enterprise activities is indicated below:

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Total</u>
Operating Revenues	\$670,816	\$844,068	\$7,416,675	\$8,931,559
Depreciation	255,055	178,460	308,241	741,756
Operating Income (Loss)	(29,375)	(7,765)	743,185	706,045
Operating Transfers Out	(82,738)	(59,405)	(129,685)	(271,828)
Net Income (Loss)	(39,347)	189,158	572,118	721,929
Property, Plant and Equipment:				
Additions	343,885	98,062	509,036	950,983
Deletions	(30,595)	0	(1,486)	(32,081)
Assets	8,197,221	10,014,731	9,891,263	28,103,215
Net Working Capital	2,174,187	1,501,801	3,620,052	7,296,040
Bonds, Notes and Loan Payable	665,000	882,837	995,000	2,542,837
Total Equity	7,459,871	9,050,556	8,196,714	24,707,141

NOTE 18 - JOINT VENTURE

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 \$3,674,787 which represents 17.84% of the total equity in Tri-Cities. This reflects an increase of .72% above the City's equity interest of 17.12% in 2000. 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 2001, the City paid \$525,820 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.

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.

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***C*OMBINING AND *I*NDIVIDUAL *F*UND AND *A*CCOUNT *G*ROUP
*S*TATEMENTS AND *S*CHEDULES**

***T*HE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE
GENERAL FUND, SPECIAL REVENUE FUNDS, CAPITAL PROJECTS FUNDS,
ENTERPRISE FUNDS, FIDUCIARY FUNDS AND THE GENERAL FIXED ASSETS
ACCOUNT GROUP.**

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GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Taxes	\$2,374,822	\$2,379,205	\$4,383
Intergovernmental Revenues	1,036,930	1,025,634	(11,296)
Charges for Services	290,339	300,368	10,029
Licenses and Permits	38,775	39,242	467
Investment Earnings	620,000	619,628	(372)
Special Assessments	3,200	2,890	(310)
Fines and Forfeitures	18,000	18,657	657
All Other Revenues	139,490	144,188	4,698
Total Revenues	4,521,556	4,529,812	8,256
Expenditures:			
Security of Persons and Property:			
Police:			
Personal Services	1,462,917	1,448,840	14,077
Travel and Training	28,041	21,740	6,301
Contractual Services	86,423	80,597	5,826
Materials and Supplies	35,545	33,231	2,314
Total Police	1,612,926	1,584,408	28,518
Fire:			
Personal Services	71,848	68,731	3,117
Travel and Training	5,254	4,200	1,054
Contractual Services	37,609	32,491	5,118
Materials and Supplies	8,238	7,589	649
Total Fire	122,949	113,011	9,938
Emergency Medic Service:			
Personal Services	419,091	415,341	3,750
Travel and Training	12,103	8,405	3,698
Contractual Services	59,949	54,866	5,083
Materials and Supplies	16,001	13,824	2,177
Total Emergency Medic Service	507,144	492,436	14,708
Total Security of Persons and Property	2,243,019	2,189,855	53,164
Leisure Time Activities:			
Parks:			
Personal Services	197,908	194,601	3,307
Travel and Training	1,000	230	770
Contractual Services	69,745	56,924	12,821
Materials and Supplies	40,795	31,770	9,025
Total Parks	309,448	283,525	25,923

(Continued)

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Recreation:			
Contractual Services	16,500	16,500	0
Total Recreation	16,500	16,500	0
Total Leisure Time Activities	325,948	300,025	25,923
Community Environment:			
Planning:			
Personal Services	144,432	138,890	5,542
Travel and Training	3,000	2,508	492
Contractual Services	33,249	30,098	3,151
Materials and Supplies	2,900	2,234	666
Total Community Environment	183,581	173,730	9,851
Basic Utility Services			
Utility Billing:			
Personal Services	117,455	113,671	3,784
Travel and Training	11,830	8,376	3,454
Contractual Services	8,174	6,995	1,179
Materials and Supplies	30,349	29,676	673
Total Basic Utility Services	167,808	158,718	9,090
General Government:			
City Council:			
Personal Services	30,088	29,623	465
Travel and Training	5,510	5,487	23
Contractual Services	9,212	6,893	2,319
Materials and Supplies	4,307	4,168	139
Total City Council	49,117	46,171	2,946
Commissions:			
Personal Services	11,862	11,823	39
Travel and Training	2,000	727	1,273
Contractual Services	26,874	24,719	2,155
Materials and Supplies	3,500	3,428	72
Total Commissions	44,236	40,697	3,539
Administration:			
Personal Services	152,434	150,996	1,438
Travel and Training	3,000	2,565	435
Contractual Services	3,748	3,266	482
Materials and Supplies	2,170	854	1,316
Total Administration	161,352	157,681	3,671

(Continued)

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Buildings and Grounds:			
Contractual Services	94,019	86,133	7,886
Materials and Supplies	5,076	3,840	1,236
Total Buildings and Grounds	<u>99,095</u>	<u>89,973</u>	<u>9,122</u>
Finance - Accounting:			
Personal Services	139,320	136,633	2,687
Travel and Training	3,080	2,975	105
Contractual Services	11,423	11,124	299
Materials and Supplies	3,169	2,937	232
Total Finance - Accounting	<u>156,992</u>	<u>153,669</u>	<u>3,323</u>
Finance - Income Tax:			
Personal Services	111,723	106,204	5,519
Travel and Training	3,850	2,553	1,297
Contractual Services	9,586	9,430	156
Materials and Supplies	7,481	6,104	1,377
Income Tax Refunds	95,000	93,575	1,425
Total Finance - Income Tax	<u>227,640</u>	<u>217,866</u>	<u>9,774</u>
Legal:			
Personal Services	44,962	44,005	957
Travel and Training	400	0	400
Contractual Services	36,064	32,665	3,399
Materials and Supplies	300	145	155
Total Legal	<u>81,726</u>	<u>76,815</u>	<u>4,911</u>
Engineering:			
Personal Services	91,686	80,404	11,282
Travel and Training	2,450	1,455	995
Contractual Services	67,847	59,201	8,646
Materials and Supplies	1,600	1,338	262
Total Engineering	<u>163,583</u>	<u>142,398</u>	<u>21,185</u>
General Administrative:			
Personal Services	7,750	7,032	718
Contractual Services	319,368	289,189	30,179
Materials and Supplies	1,000	0	1,000
Other Expenditures	2,504	844	1,660
Total General Administrative	<u>330,622</u>	<u>297,065</u>	<u>33,557</u>
Total General Government	<u>1,314,363</u>	<u>1,222,335</u>	<u>92,028</u>

(Continued)

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Capital Outlay:			
Police	35,886	35,681	205
Fire	45,425	45,338	87
Emergency Medical Service	16,083	15,817	266
Parks	4,943	4,178	765
Planning	5,005	4,904	101
Utility Billing	4,226	3,551	675
City Council	1,000	995	5
Administration	700	27	673
Finance - Accounting	1,210	1,156	54
Finance - Income Tax	500	0	500
Engineering	3,700	3,528	172
General Administrative	2,500	2,300	200
Total Capital Outlay	<u>121,178</u>	<u>117,475</u>	<u>3,703</u>
Total Expenditures	<u>4,355,897</u>	<u>4,162,138</u>	<u>193,759</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	165,659	367,674	202,015
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	211,690	211,690	0
Operating Transfers Out	(1,047,800)	(1,047,800)	0
Total Other Financing Sources (Uses)	<u>(836,110)</u>	<u>(836,110)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(670,451)	(468,436)	202,015
Fund Balance at Beginning of Year	2,830,139	2,830,139	0
Prior Year Encumbrances	281,416	281,416	0
Fund Balance at End of Year	<u><u>\$2,441,104</u></u>	<u><u>\$2,643,119</u></u>	<u><u>\$202,015</u></u>

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.

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.

Community Development Fund

To account for monies received from the federal government under the Community Development Block Grant program. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Law Enforcement Fund

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

(Continued)

SPECIAL REVENUE FUNDS

Drug Law Enforcement Fund

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

DARE Projects Fund

To account for revenues and expenditures relative to DARE activities.

THE CITY OF TIPP CITY, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2001

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
<u>Assets:</u>				
Cash and Cash Equivalents	\$4,092	\$221,375	\$33,624	\$81,645
Intergovernmental Receivables	0	132,240	10,726	23,830
Inventory of Supplies at Cost	0	32,016	0	0
Total Assets	<u>\$4,092</u>	<u>\$385,631</u>	<u>\$44,350</u>	<u>\$105,475</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$65	\$1,904	\$0	\$932
Accrued Wages and Benefits	128	14,060	0	2,568
Due to Other Funds	6	93	0	0
Deferred Revenue	0	88,072	7,144	15,832
Total Liabilities	<u>199</u>	<u>104,129</u>	<u>7,144</u>	<u>19,332</u>
Fund Equity:				
Reserved for Encumbrances	0	9,900	3,516	10,048
Reserved for Supplies Inventory	0	32,016	0	0
Unreserved	3,893	239,586	33,690	76,095
Total Fund Equity	<u>3,893</u>	<u>281,502</u>	<u>37,206</u>	<u>86,143</u>
Total Liabilities and Fund Equity	<u>\$4,092</u>	<u>\$385,631</u>	<u>\$44,350</u>	<u>\$105,475</u>

THE CITY OF TIPP CITY, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2001

Enforcement and Education	Law Enforcement	Drug Law Enforcement	DARE Projects	Totals
\$5,998	\$837	\$4,389	\$2,209	\$354,169
25	0	0	0	166,821
0	0	0	0	32,016
<u>\$6,023</u>	<u>\$837</u>	<u>\$4,389</u>	<u>\$2,209</u>	<u>\$553,006</u>
\$0	\$0	\$0	\$0	\$2,901
0	0	0	0	16,756
0	0	0	0	99
0	0	0	0	111,048
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>130,804</u>
0	0	0	0	23,464
0	0	0	0	32,016
6,023	837	4,389	2,209	366,722
<u>6,023</u>	<u>837</u>	<u>4,389</u>	<u>2,209</u>	<u>422,202</u>
<u>\$6,023</u>	<u>\$837</u>	<u>\$4,389</u>	<u>\$2,209</u>	<u>\$553,006</u>

THE CITY OF TIPP CITY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Revenues:				
Intergovernmental Revenues	\$0	\$284,907	\$23,102	\$54,581
Charges for Services	34,312	0	0	0
Licenses and Permits	0	647	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenues	2,266	3,033	0	175
Total Revenues	<u>36,578</u>	<u>288,587</u>	<u>23,102</u>	<u>54,756</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	62,905	0	0	0
Community Environment	0	0	0	0
Transportation	0	277,447	28,742	52,837
Capital Outlay	24,744	10,176	0	0
Total Expenditures	<u>87,649</u>	<u>287,623</u>	<u>28,742</u>	<u>52,837</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,071)	964	(5,640)	1,919
Other Financing Sources (Uses):				
Operating Transfers In	40,000	10,000	0	0
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(11,071)	10,964	(5,640)	1,919
Restated Fund Balance at Beginning of Year	14,964	275,336	42,846	84,224
Decrease in Inventory Reserve	0	(4,798)	0	0
Fund Balance at End of Year	<u><u>\$3,893</u></u>	<u><u>\$281,502</u></u>	<u><u>\$37,206</u></u>	<u><u>\$86,143</u></u>

THE CITY OF TIPP CITY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

Enforcement and Education	Community Development	Law Enforcement	Drug Law Enforcement	DARE Projects	Totals
\$0	\$0	\$0	\$0	\$3,062	\$365,652
0	0	0	0	0	34,312
0	0	0	0	0	647
0	699	0	0	0	699
862	0	0	138	0	1,000
0	0	185	0	2,960	8,619
<u>862</u>	<u>699</u>	<u>185</u>	<u>138</u>	<u>6,022</u>	<u>410,929</u>
0	0	22	0	5,471	5,493
0	0	0	0	0	62,905
0	38,200	0	0	0	38,200
0	0	0	0	0	359,026
0	0	0	0	0	34,920
<u>0</u>	<u>38,200</u>	<u>22</u>	<u>0</u>	<u>5,471</u>	<u>500,544</u>
862	(37,501)	163	138	551	(89,615)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
862	(37,501)	163	138	551	(39,615)
5,161	37,501	674	4,251	1,658	466,615
0	0	0	0	0	(4,798)
<u>\$6,023</u>	<u>\$0</u>	<u>\$837</u>	<u>\$4,389</u>	<u>\$2,209</u>	<u>\$422,202</u>

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

SWIMMING POOL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Charges for Services	\$34,500	\$34,312	(\$188)
All Other Revenues	2,200	2,266	66
Total Revenues	36,700	36,578	(122)
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Personal Services	45,458	45,267	191
Contractual Services	11,702	10,385	1,317
Materials and Supplies	9,850	7,697	2,153
Total Leisure Time Activities	67,010	63,349	3,661
Capital Outlay	25,105	24,744	361
Total Expenditures	92,115	88,093	4,022
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,415)	(51,515)	3,900
Other Financing Sources (Uses):			
Operating Transfers In	40,000	40,000	0
Total Other Financing Sources (Uses):	40,000	40,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(15,415)	(11,515)	3,900
Fund Balance at Beginning of Year	8,807	8,807	0
Prior Year Encumbrances	6,800	6,800	0
Fund Balance at End of Year	\$192	\$4,092	\$3,900

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$285,500	\$285,514	\$14
Licenses and Permits	500	647	147
All Other Revenues	1,500	3,033	1,533
Total Revenues	287,500	289,194	1,694
<u>Expenditures:</u>			
Transportation:			
Street:			
Personal Services	210,142	208,108	2,034
Travel and Training	2,065	1,347	718
Contractual Services	49,712	39,159	10,553
Materials and Supplies	50,737	44,184	6,553
Total Transportation	312,656	292,798	19,858
Capital Outlay	14,130	14,130	0
Total Expenditures	326,786	306,928	19,858
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,286)	(17,734)	21,552
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	10,000	10,000	0
Total Other Financing Sources (Uses):	10,000	10,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(29,286)	(7,734)	21,552
Fund Balance at Beginning of Year	197,181	197,181	0
Prior Year Encumbrances	21,051	21,051	0
Fund Balance at End of Year	\$188,946	\$210,498	\$21,552

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

STATE HIGHWAY IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$23,149	\$23,150	\$1
Total Revenues	23,149	23,150	1
<u>Expenditures:</u>			
Transportation:			
Street:			
Contractual Services	29,955	25,101	4,854
Materials and Supplies	10,556	8,574	1,982
Total Expenditures	40,511	33,675	6,836
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,362)	(10,525)	6,837
Fund Balance at Beginning of Year	26,190	26,190	0
Prior Year Encumbrances	13,511	13,511	0
Fund Balance at End of Year	\$22,339	\$29,176	\$6,837

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

MUNICIPAL ROAD FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental Revenues	\$54,625	\$54,313	(\$312)
All Other Revenues	0	175	175
Total Revenues	54,625	54,488	(137)
Expenditures:			
Transportation:			
Street:			
Personal Services	39,312	38,265	1,047
Contractual Services	1,250	1,000	250
Materials and Supplies	33,740	28,312	5,428
Total Expenditures	74,302	67,577	6,725
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(19,677)	(13,089)	6,588
Fund Balance at Beginning of Year	77,496	77,496	0
Prior Year Encumbrances	7,190	7,190	0
Fund Balance at End of Year	\$65,009	\$71,597	\$6,588

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

ENFORCEMENT AND EDUCATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$700	\$862	\$162
Total Revenues	700	862	162
<u>Expenditures:</u>			
Security of Persons and Property:			
State Grant:			
Contractual Services	3,000	0	3,000
Total Expenditures	3,000	0	3,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,300)	862	3,162
Fund Balance at Beginning of Year	5,136	5,136	0
Fund Balance at End of Year	<u>\$2,836</u>	<u>\$5,998</u>	<u>\$3,162</u>

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

COMMUNITY DEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$1,100	\$699	(\$401)
Total Revenues	1,100	699	(401)
<u>Expenditures:</u>			
Community Environment:			
State Grant:			
Contractual Services	38,323	38,200	123
Total Expenditures	38,323	38,200	123
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,223)	(37,501)	(278)
Fund Balance at Beginning of Year	27,501	27,501	0
Prior Year Encumbrances	10,000	10,000	0
Fund Balance at End of Year	\$278	\$0	(\$278)

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

LAW ENFORCEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$400	\$185	(\$215)
Total Revenues	400	185	(215)
<u>Expenditures:</u>			
Security of Persons and Property:			
State Grant:			
Contractual Services	1,000	22	978
Total Expenditures	1,000	22	978
Excess (Deficiency) of Revenues Over (Under) Expenditures	(600)	163	763
Fund Balance at Beginning of Year	674	674	0
Fund Balance at End of Year	\$74	\$837	\$763

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

DRUG LAW ENFORCEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$100	\$138	\$38
Total Revenues	100	138	38
<u>Expenditures:</u>			
Security of Persons and Property:			
State Grant:			
Contractual Services	3,000	0	3,000
Total Expenditures	3,000	0	3,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,900)	138	3,038
Fund Balance at Beginning of Year	4,251	4,251	0
Fund Balance at End of Year	\$1,351	\$4,389	\$3,038

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

DARE PROJECTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>
<u>Revenues:</u>			
Intergovernmental Revenues	\$3,000	\$3,062	\$62
All Other Revenues	3,000	2,960	(40)
Total Revenues	<u>6,000</u>	<u>6,022</u>	<u>22</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
State Grant:			
Contractual Services	7,000	5,471	1,529
Total Expenditures	<u>7,000</u>	<u>5,471</u>	<u>1,529</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	551	1,551
Fund Balance at Beginning of Year	<u>1,658</u>	<u>1,658</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$658</u></u>	<u><u>\$2,209</u></u>	<u><u>\$1,551</u></u>

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.

Police Facility Construction Fund

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

Storm Sewer Construction Fund

To account for construction of a new storm sewer financed by note proceeds.

East Broadway Improvement Fund

To account for improvements to Broadway Avenue. Improvements were funded by federal and state grants and note proceeds. (The Balance Sheet is not presented because there are no assets or liabilities at year end. This fund only exists on a GAAP basis and is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

North Third Street Reconstruction Fund

To account for improvements to north Third Street. This project is funded by State Issue II funds and a transfer from the General Fund.

South First Street Improvement Fund

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

Fire Truck Equipment Fund

To account for the purchase of a fire truck and equipment financed by the sale of a note. (The Balance Sheet is not presented because there are no assets or liabilities at year end. This fund only exists on a GAAP basis and is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Elm Street Reconstruction Fund

To account for improvements to Elm Street. This project is funded by State Issue II Grant funds and transfers from the General, Water and Sewer funds.

Donn Davis Way Construction Fund

To account for construction of Donn Davis Way.

THE CITY OF TIPP CITY, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2001

	Capital Improvement Reserve	Police Facility Construction	Storm Sewer Construction
	<u> </u>	<u> </u>	<u> </u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$1,148,928	\$416,451	\$19,767
Receivables:			
Taxes	46,985	0	0
Special Assessments	154,594	0	0
Intergovernmental Receivables	<u>51,982</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$1,402,489</u>	<u>\$416,451</u>	<u>\$19,767</u>
<u>Liabilities and Fund Equity:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$25,896	\$236,244	\$0
Deferred Revenue	<u>161,373</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>187,269</u>	<u>236,244</u>	<u>0</u>
<u>Fund Equity:</u>			
<u>Fund Balances:</u>			
Reserved for Encumbrances	1,058,906	179,501	19,122
Unreserved - Undesignated	<u>156,314</u>	<u>706</u>	<u>645</u>
Total Fund Equity	<u>1,215,220</u>	<u>180,207</u>	<u>19,767</u>
Total Liabilities and Fund Equity	<u>\$1,402,489</u>	<u>\$416,451</u>	<u>\$19,767</u>

THE CITY OF TIPP CITY, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2001

<u>North Third Street Reconstruction</u>	<u>South First Street Improvement</u>	<u>Elm Street Reconstruction</u>	<u>Donn Davis Way Construction</u>	<u>Totals</u>
\$68,455	\$0	\$1,544	\$175,350	\$1,830,495
0	0	0	0	46,985
0	0	0	0	154,594
0	14,830	0	0	66,812
<u>\$68,455</u>	<u>\$14,830</u>	<u>\$1,544</u>	<u>\$175,350</u>	<u>\$2,098,886</u>
\$0	\$0	\$0	\$0	\$262,140
0	0	0	0	161,373
0	0	0	0	423,513
3,915	0	0	64,701	1,326,145
64,540	14,830	1,544	110,649	349,228
68,455	14,830	1,544	175,350	1,675,373
<u>\$68,455</u>	<u>\$14,830</u>	<u>\$1,544</u>	<u>\$175,350</u>	<u>\$2,098,886</u>

THE CITY OF TIPP CITY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Capital Improvement Reserve	Police Facility Construction	Storm Sewer Construction	East Broadway Improvement
<u>Revenues:</u>				
Taxes	\$499,653	\$0	\$0	\$0
Intergovernmental Revenues	51,982	0	0	0
Special Assessments	39,909	0	0	0
All Other Revenues	9,971	100	0	0
Total Revenues	<u>601,515</u>	<u>100</u>	<u>0</u>	<u>0</u>
<u>Expenditures:</u>				
Security of Persons and Property	0	47,562	0	0
Transportation	0	0	0	0
General Government	2,256	0	0	0
Capital Outlay	583,448	1,449,921	280,878	0
Debt Service:				
Interest and Fiscal Charges	0	21,723	3,834	2,257
Total Expenditures	<u>585,704</u>	<u>1,519,206</u>	<u>284,712</u>	<u>2,257</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,811	(1,519,106)	(284,712)	(2,257)
<u>Other Financing Sources (Uses):</u>				
Proceeds from the Sale of Fixed Assets	3,405	0	0	0
Proceeds from General Obligation Bonds	0	1,700,000	300,000	175,000
Operating Transfers In	950,000	23,853	4,210	7,963
Operating Transfers Out	(347,701)	0	0	0
Total Other Financing Sources (Uses)	<u>605,704</u>	<u>1,723,853</u>	<u>304,210</u>	<u>182,963</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	621,515	204,747	19,498	180,706
Fund Balance (Deficit) at Beginning of Year	<u>593,705</u>	<u>(24,540)</u>	<u>269</u>	<u>(180,706)</u>
Fund Balance at End of Year	<u><u>\$1,215,220</u></u>	<u><u>\$180,207</u></u>	<u><u>\$19,767</u></u>	<u><u>\$0</u></u>

THE CITY OF TIPP CITY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

North Third Street Reconstruction	South First Street Improvement	Fire Truck Equipment	Elm Street Reconstruction	Donn Davis Way Construction	Totals
\$0	\$0	\$0	\$0	\$0	\$499,653
270,789	204,281	0	10,879	0	537,931
0	0	0	0	0	39,909
0	0	0	0	0	10,071
<u>270,789</u>	<u>204,281</u>	<u>0</u>	<u>10,879</u>	<u>0</u>	<u>1,087,564</u>
0	0	0	0	0	47,562
33,756	0	0	1,561	0	35,317
0	0	0	0	0	2,256
541,578	270,644	0	10,879	0	3,137,348
<u>0</u>	<u>0</u>	<u>1,934</u>	<u>0</u>	<u>0</u>	<u>29,748</u>
<u>575,334</u>	<u>270,644</u>	<u>1,934</u>	<u>12,440</u>	<u>0</u>	<u>3,252,231</u>
(304,545)	(66,363)	(1,934)	(1,561)	0	(2,164,667)
0	0	0	0	0	3,405
0	0	150,000	0	0	2,325,000
0	81,193	6,825	0	35,850	1,109,894
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(347,701)</u>
<u>0</u>	<u>81,193</u>	<u>156,825</u>	<u>0</u>	<u>35,850</u>	<u>3,090,598</u>
(304,545)	14,830	154,891	(1,561)	35,850	925,931
<u>373,000</u>	<u>0</u>	<u>(154,891)</u>	<u>3,105</u>	<u>139,500</u>	<u>749,442</u>
<u>\$68,455</u>	<u>\$14,830</u>	<u>\$0</u>	<u>\$1,544</u>	<u>\$175,350</u>	<u>\$1,675,373</u>

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

CAPITAL IMPROVEMENT RESERVE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$518,000	\$516,943	(\$1,057)
Intergovernmental Revenues	52,780	0	(52,780)
Special Assessments	40,000	39,909	(91)
All Other Revenues	0	9,971	9,971
Total Revenues	<u>610,780</u>	<u>566,823</u>	<u>(43,957)</u>
<u>Expenditures:</u>			
General Government:			
Contractual Services	2,500	2,256	244
Total General Government	<u>2,500</u>	<u>2,256</u>	<u>244</u>
Capital Outlay	1,797,140	1,753,293	43,847
Total Expenditures	<u>1,799,640</u>	<u>1,755,549</u>	<u>44,091</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,188,860)	(1,188,726)	134
<u>Other Financing Sources (Uses):</u>			
Proceeds from the Sale of Fixed Assets	3,000	3,405	405
Operating Transfers In	950,000	950,000	0
Operating Transfers Out	(377,188)	(347,701)	29,487
Total Other Financing Sources (Uses)	<u>575,812</u>	<u>605,704</u>	<u>29,892</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(613,048)	(583,022)	30,026
Fund Balance at Beginning of Year	195,621	195,621	0
Prior Year Encumbrances	451,527	451,527	0
Fund Balance at End of Year	<u>\$34,100</u>	<u>\$64,126</u>	<u>\$30,026</u>

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

POLICE FACILITY CONSTRUCTION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$100	\$100	\$0
Total Revenues	100	100	0
<u>Expenditures:</u>			
Security of Persons and Property:			
Contractual Services	69,900	69,504	396
Total Security of Persons and Property	69,900	69,504	396
Capital Outlay	1,620,468	1,619,987	481
Total Expenditures	1,690,368	1,689,491	877
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,690,268)	(1,689,391)	877
Fund Balance at Beginning of Year	1,643,333	1,643,333	0
Prior Year Encumbrances	47,034	47,034	0
Fund Balance at End of Year	\$99	\$976	\$877

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

STORM SEWER CONSTRUCTION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Capital Outlay	300,000	300,000	0
Total Expenditures	300,000	300,000	0
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(300,000)	(300,000)	0
Fund Balance at Beginning of Year	645	645	0
Prior Year Encumbrances	300,000	300,000	0
Fund Balance at End of Year	\$645	\$645	\$0

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

NORTH THIRD STREET RECONSTRUCTION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$300,000	\$270,789	(\$29,211)
Total Revenues	300,000	270,789	(29,211)
<u>Expenditures:</u>			
Transportation:			
Contractual Services	73,000	37,671	35,329
Total Transportation	73,000	37,671	35,329
Capital Outlay	600,000	541,578	58,422
Total Expenditures	673,000	579,249	93,751
Excess (Deficiency) of Revenues Over (Under) Expenditures	(373,000)	(308,460)	64,540
Fund Balance at Beginning of Year	373,000	373,000	0
Fund Balance at End of Year	\$0	\$64,540	\$64,540

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

SOUTH FIRST STREET IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$275,000	\$189,451	(\$85,549)
Total Revenues	275,000	189,451	(85,549)
<u>Expenditures:</u>			
Capital Outlay	352,000	270,644	81,356
Total Expenditures	352,000	270,644	81,356
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,000)	(81,193)	(4,193)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	77,000	81,193	4,193
Total Other Financing Sources (Uses)	77,000	81,193	4,193
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

ELM STREET RECONSTRUCTION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental Revenues	\$10,880	\$10,879	(\$1)
Total Revenues	10,880	10,879	(1)
Expenditures:			
Transportation:			
Contractual Services	3,105	1,561	1,544
Total Transportation	3,105	1,561	1,544
Capital Outlay	10,879	10,879	0
Total Expenditures	13,984	12,440	1,544
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,104)	(1,561)	1,543
Fund Balance at Beginning of Year	(10,879)	(10,879)	0
Prior Year Encumbrances	13,984	13,984	0
Fund Deficit at End of Year	\$1	\$1,544	\$1,543

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

DONN DAVIS WAY CONSTRUCTION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Capital Outlay	105,000	64,701	40,299
Total Expenditures	105,000	64,701	40,299
Excess (Deficiency) of Revenues Over (Under) Expenditures	(105,000)	(64,701)	40,299
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	35,850	35,850	0
Total Other Financing Sources (Uses)	35,850	35,850	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(69,150)	(28,851)	40,299
Fund Balance at Beginning of Year	139,500	139,500	0
Fund Balance at End of Year	\$70,350	\$110,649	\$40,299

ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of net income is appropriate for accountability purposes.

Water Fund

To account for the operation of the City's water service.

Sewer Fund

To account for the operation of the City's sanitary sewer service.

Electric Fund

To account for the operation of the City's electric service.

THE CITY OF TIPP CITY, OHIO
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 2001

	Water	Sewer	Electric	Totals
<u>Assets:</u>				
Cash and Cash Equivalents	\$926,243	\$514,960	\$1,047,717	\$2,488,920
Investments	1,360,398	756,337	1,676,489	3,793,224
Receivables:				
Accounts	67,843	87,777	829,586	985,206
Special Assessments	0	567,208	0	567,208
Due from Other Funds	180	528	3,515	4,223
Inventory of Supplies at Cost	96,607	5,452	518,052	620,111
Prepaid Items	947	761	465	2,173
Restricted Assets:				
Cash and Cash Equivalents	0	0	93,739	93,739
Investment in Joint Venture	0	3,674,788	0	3,674,788
Property, Plant and Equipment	9,107,727	6,512,371	8,626,855	24,246,953
Less Accumulated Depreciation	(3,362,724)	(2,105,451)	(2,905,155)	(8,373,330)
Net Fixed Assets	5,745,003	4,406,920	5,721,700	15,873,623
Total Assets	<u>\$8,197,221</u>	<u>\$10,014,731</u>	<u>\$9,891,263</u>	<u>\$28,103,215</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$7,476	\$864	\$401,530	\$409,870
Accrued Wages and Benefits	14,581	7,093	49,899	71,573
Due to Other Funds	2,582	634	0	3,216
Intergovernmental Payable	1,037	46,993	0	48,030
Accrued Interest Payable	2,355	638	4,343	7,336
Customer Deposits Payable	0	0	93,739	93,739
General Obligation Notes Payable	250,000	375,000	0	625,000
Compensated Absences Payable	44,319	25,116	150,038	219,473
General Obligation Bonds Payable	415,000	40,000	995,000	1,450,000
State Loan Payable	0	467,837	0	467,837
Total Liabilities	<u>737,350</u>	<u>964,175</u>	<u>1,694,549</u>	<u>3,396,074</u>
Fund Equity:				
Contributed Capital:				
Wastewater Authority	0	2,915,405	0	2,915,405
Other	2,782,602	3,713,808	300,640	6,797,050
Retained earnings:				
Unreserved	4,677,269	2,421,343	7,896,074	14,994,686
Total Fund Equity	<u>7,459,871</u>	<u>9,050,556</u>	<u>8,196,714</u>	<u>24,707,141</u>
Total Liabilities and Fund Equity	<u>\$8,197,221</u>	<u>\$10,014,731</u>	<u>\$9,891,263</u>	<u>\$28,103,215</u>

THE CITY OF TIPP CITY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Water	Sewer	Electric	Totals
<u>Operating Revenues:</u>				
Charges for Services	\$659,035	\$842,264	\$7,370,989	\$8,872,288
Other Operating Revenues	11,781	1,804	45,686	59,271
Total Operating Revenues	<u>670,816</u>	<u>844,068</u>	<u>7,416,675</u>	<u>8,931,559</u>
<u>Operating Expenses:</u>				
Personal Services	198,835	94,697	750,923	1,044,455
Materials and Supplies	124,870	13,041	10,558	148,469
Contractual Services	80,632	555,155	5,591,554	6,227,341
Utilities	38,826	9,823	10,831	59,480
Depreciation	255,055	178,460	308,241	741,756
Other Operating Expenses	1,973	657	1,383	4,013
Total Operating Expenses	<u>700,191</u>	<u>851,833</u>	<u>6,673,490</u>	<u>8,225,514</u>
Operating Income (Loss)	(29,375)	(7,765)	743,185	706,045
<u>Nonoperating Revenues (Expenses):</u>				
Loss on Disposal of Fixed Assets	(3,059)	0	(1,189)	(4,248)
Interest and Fiscal Charges	(29,213)	(4,341)	(57,507)	(91,061)
Income from Joint Venture	0	107,933	0	107,933
Capital Contributions from Joint Venture	0	143,954	0	143,954
Capital Contributions	91,658	0	0	91,658
Interest Income	13,380	8,782	17,314	39,476
Total Nonoperating Revenues (Expenses)	<u>72,766</u>	<u>256,328</u>	<u>(41,382)</u>	<u>287,712</u>
Income Before Operating Transfers	43,391	248,563	701,803	993,757
<u>Operating Transfers:</u>				
Operating Transfers Out	(82,738)	(59,405)	(129,685)	(271,828)
Total Operating Transfers	<u>(82,738)</u>	<u>(59,405)</u>	<u>(129,685)</u>	<u>(271,828)</u>
Net Income (Loss)	(39,347)	189,158	572,118	721,929
Retained Earnings at Beginning of Year	4,716,616	2,232,185	7,323,956	14,272,757
Retained Earnings at End of Year	<u>\$4,677,269</u>	<u>\$2,421,343</u>	<u>\$7,896,074</u>	<u>\$14,994,686</u>

THE CITY OF TIPP CITY, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Water	Sewer	Electric	Total
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$661,196	\$846,768	\$7,453,456	\$8,961,420
Cash Payments for Goods and Services	(251,026)	(575,569)	(5,799,723)	(6,626,318)
Cash Payments to Employees	(207,742)	(98,337)	(696,274)	(1,002,353)
Other Operating Revenues	11,781	119,204	55,375	186,360
Net Cash Provided by Operating Activities	214,209	292,066	1,012,834	1,519,109
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers Out to Other Funds	(82,738)	(59,405)	(129,685)	(271,828)
Net Cash Used for Noncapital Financing Activities	(82,738)	(59,405)	(129,685)	(271,828)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(252,227)	(98,016)	(494,765)	(845,008)
Principal Paid on General Obligation Bonds	(85,000)	(40,000)	(100,000)	(225,000)
Principal Paid on State Loans	0	(112,399)	0	(112,399)
Interest Paid on All Debt	(29,299)	(4,040)	(57,995)	(91,334)
Proceeds from the Sale of General Obligation Notes	250,000	375,000	0	625,000
Net Cash Provided (Used) for Capital and Related Financing Activities	(116,526)	120,545	(652,760)	(648,741)
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	0	(186,521)	(73,362)	(259,883)
Sale of Investments	46,340	0	0	46,340
Net Cash Provided (Used) by Investing Activities	46,340	(186,521)	(73,362)	(213,543)
Net Increase in Cash and Cash Equivalents	61,285	166,685	157,027	384,997
Cash and Cash Equivalents at Beginning of Year	864,958	348,275	984,429	2,197,662
Cash and Cash Equivalents at End of Year	\$926,243	\$514,960	\$1,141,456	\$2,582,659
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$926,243	\$514,960	\$1,047,717	\$2,488,920
Restricted Cash and Cash Equivalents	0	0	93,739	93,739
Cash and Cash Equivalents at End of Year	\$926,243	\$514,960	\$1,141,456	\$2,582,659

(Continued)

THE CITY OF TIPP CITY, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Water	Sewer	Electric	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income (Loss)	(\$29,375)	(\$7,765)	\$743,185	\$706,045
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	255,055	178,460	308,241	741,756
Adjustments to Assets and Liabilities:				
Decrease in Accounts Receivable	2,006	4,401	79,386	85,793
Decrease in Special Assessments Receivable	0	123,539	0	123,539
Increase in Inventory	(7,881)	(782)	(81,281)	(89,944)
(Increase) Decrease in Prepaid Items	(103)	(738)	8	(833)
Decrease in Due from Other Funds	155	103	3,081	3,339
Increase (Decrease) in Accounts Payable	3,603	(4,306)	(93,926)	(94,629)
Increase in Accrued Wages and Benefits	3,155	1,472	16,450	21,077
Decrease in Due to Other Funds	(1,199)	(449)	0	(1,648)
Increase in Intergovernmental Payable	1,037	3,243	0	4,280
Decrease in Customer Deposits Payable	0	0	(509)	(509)
Increase (Decrease) in Compensated Absences	(12,244)	(5,112)	38,199	20,843
Total Adjustments	243,584	299,831	269,649	813,064
Net Cash Provided by Operating Activities	\$214,209	\$292,066	\$1,012,834	\$1,519,109

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2001, the Water and Electric Funds had outstanding liabilities of \$46 and \$19,283, respectively, for the purchase of certain capital assets. The Water Fund received capital assets contributed by developers/customers in the amount of \$91,658. During 2001 the fair value of investments decreased by \$32,960 in the Water Fund and increased by \$195,303 and \$90,676, respectively, in the Sewer and Electric Funds.

FIDUCIARY FUND TYPES

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.

EXPENDABLE TRUST FUNDS

Fire Donation Trust Fund

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

E.M.S. 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.

AGENCY FUND

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.

THE CITY OF TIPP CITY, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2001

	<i>Expendable Trust Funds</i>			<i>Agency Fund</i>	Totals
	Fire Donation Trust	E.M.S. Donation Trust	Police Donation Trust	Contractor Maintenance Deposit	
<u>Assets:</u>					
Cash and Cash Equivalents	\$980	\$11,961	\$2,312	\$0	\$15,253
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	41,157	41,157
Total Assets	<u>\$980</u>	<u>\$11,961</u>	<u>\$2,312</u>	<u>\$41,157</u>	<u>\$56,410</u>
<u>Liabilities and Fund Equity:</u>					
Liabilities:					
Due to Others	\$0	\$0	\$0	\$41,157	\$41,157
Total Liabilities	0	0	0	41,157	41,157
Fund Equity:					
Unreserved	980	11,961	2,312	0	15,253
Total Fund Equity	980	11,961	2,312	0	15,253
Total Liabilities and Fund Equity	<u>\$980</u>	<u>\$11,961</u>	<u>\$2,312</u>	<u>\$41,157</u>	<u>\$56,410</u>

THE CITY OF TIPP CITY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<i>Expendable Trust Funds</i>			Totals
	Fire Donation Trust	E.M.S. Donation Trust	Police Donation Trust	
<u>Revenues:</u>				
All Other Revenues	\$580	\$0	\$767	\$1,347
Total Revenues	580	0	767	1,347
<u>Expenditures:</u>				
Security of Persons and Property	0	0	109	109
Total Expenditures	0	0	109	109
Excess (Deficiency) of Revenues Over (Under) Expenditures	580	0	658	1,238
Fund Balance at Beginning of Year	400	11,961	1,654	14,015
Fund Balance at End of Year	<u>\$980</u>	<u>\$11,961</u>	<u>\$2,312</u>	<u>\$15,253</u>

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

FIRE DONATION TRUST FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$200	\$580	\$380
Total Revenues	<u>200</u>	<u>580</u>	<u>380</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Other Expenditures	400	0	400
Total Expenditures	<u>400</u>	<u>0</u>	<u>400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200)	580	780
Fund Balance at Beginning of Year	<u>400</u>	<u>400</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$200</u></u>	<u><u>\$980</u></u>	<u><u>\$780</u></u>

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

E.M.S. DONATION TRUST FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Security of Persons and Property:			
Materials and Supplies	8,000	0	8,000
Total Expenditures	8,000	0	8,000
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(8,000)	0	8,000
Fund Balance at Beginning of Year	11,961	11,961	0
Fund Balance at End of Year	\$3,961	\$11,961	\$8,000

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

POLICE DONATION TRUST FUND

	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$700	\$767	\$67
Total Revenues	<u>700</u>	<u>767</u>	<u>67</u>
 <u>Expenditures:</u>			
Security of Persons and Property:			
Contractual Services	218	0	218
Materials and Supplies	<u>2,000</u>	<u>109</u>	<u>1,891</u>
Total Expenditures	<u>2,218</u>	<u>109</u>	<u>2,109</u>
 Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(1,518)	658	2,176
Fund Balance at Beginning of Year	1,436	1,436	0
Prior Year Encumbrances	<u>218</u>	<u>218</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$136</u></u>	<u><u>\$2,312</u></u>	<u><u>\$2,176</u></u>

THE CITY OF TIPP CITY, OHIO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	Balance December 31, <u>2000</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2001</u>
<u>Contractor Maintenance Deposit</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$38,238	\$15,600	(\$12,681)	\$41,157
Total Assets	<u>\$38,238</u>	<u>\$15,600</u>	<u>(\$12,681)</u>	<u>\$41,157</u>
Liabilities:				
Due to Others	\$38,238	\$15,600	(\$12,681)	\$41,157
Total Liabilities	<u>\$38,238</u>	<u>\$15,600</u>	<u>(\$12,681)</u>	<u>\$41,157</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Funds.

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2001

<u>General Fixed Assets</u>	
Land	\$1,314,097
Buildings	3,174,273
Improvements Other Than Buildings	844,608
Machinery and Equipment	3,553,365
Construction in Progress	1,366,237
	<hr/>
Total General Fixed Assets	\$10,252,580
	<hr/> <hr/>
 <u>Investment in General Fixed Assets</u>	
General Fund	\$2,403,274
Special Revenue Funds	390,894
Capital Projects Funds	6,773,475
General Revenue Sharing	56,936
Enterprise Funds	291,275
Trust/Agency Funds	30,275
Contributions	306,451
	<hr/>
Total Investment in General Fixed Assets	\$10,252,580
	<hr/> <hr/>

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2001

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
<u>General Government:</u>						
Clerk - Council	\$0	\$0	\$0	\$13,968	\$0	\$13,968
City Manager	0	0	0	24,099	0	24,099
Buildings and Grounds	124,536	1,187,316	0	160,264	1,366,237	2,838,353
Finance - Administration	0	0	0	36,141	0	36,141
Finance - Utility Billing	0	0	0	44,628	0	44,628
Finance - Income Tax	0	0	0	9,542	0	9,542
Miscellaneous	0	0	0	27,150	0	27,150
Total	<u>124,536</u>	<u>1,187,316</u>	<u>0</u>	<u>315,792</u>	<u>1,366,237</u>	<u>2,993,881</u>
<u>Security of Persons and Property:</u>						
Police	685	29,259	0	614,599	0	644,543
Fire	13,330	397,676	9,934	1,010,736	0	1,431,676
EMS	0	1,750	0	468,821	0	470,571
Total	<u>14,015</u>	<u>428,685</u>	<u>9,934</u>	<u>2,094,156</u>	<u>0</u>	<u>2,546,790</u>
<u>Transportation:</u>						
Planning/Engineering	0	0	0	68,867	0	68,867
Street	82,387	970,659	80,224	590,856	0	1,724,126
Total	<u>82,387</u>	<u>970,659</u>	<u>80,224</u>	<u>659,723</u>	<u>0</u>	<u>1,792,993</u>
<u>Leisure Time Activities:</u>						
Parks	1,093,159	547,902	457,683	448,679	0	2,547,423
Pool	0	39,711	296,767	35,015	0	371,493
Total	<u>1,093,159</u>	<u>587,613</u>	<u>754,450</u>	<u>483,694</u>	<u>0</u>	<u>2,918,916</u>
Total General Fixed Assets	<u><u>\$1,314,097</u></u>	<u><u>\$3,174,273</u></u>	<u><u>\$844,608</u></u>	<u><u>\$3,553,365</u></u>	<u><u>\$1,366,237</u></u>	<u><u>\$10,252,580</u></u>

THE CITY OF TIPP CITY, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Function and Activity</u>	<u>December 31,</u> <u>2000</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2001</u>
<u>General Government:</u>					
Clerk - Council	\$13,185	\$0	\$783	\$0	\$13,968
City Manager	24,099	0	0	0	24,099
Buildings and Grounds	1,407,126	0	1,442,122	(10,895)	2,838,353
Finance - Administration	36,141	0	0	0	36,141
Finance - Utility Billing	38,559	1,024	5,045	0	44,628
Finance - Income Tax	9,542	0	0	0	9,542
Miscellaneous	27,150	0	0	0	27,150
Total	<u>1,555,802</u>	<u>1,024</u>	<u>1,447,950</u>	<u>(10,895)</u>	<u>2,993,881</u>
<u>Security of Persons and Property:</u>					
Police	550,667	(30,518)	147,156	(22,762)	644,543
Fire	1,365,491	0	66,185	0	1,431,676
EMS	452,748	10,324	8,116	(617)	470,571
Total	<u>2,368,906</u>	<u>(20,194)</u>	<u>221,457</u>	<u>(23,379)</u>	<u>2,546,790</u>
<u>Transportation:</u>					
Planning/Engineering	39,842	19,170	9,855	0	68,867
Street	1,717,627	0	8,990	(2,491)	1,724,126
Total	<u>1,757,469</u>	<u>19,170</u>	<u>18,845</u>	<u>(2,491)</u>	<u>1,792,993</u>
<u>Leisure Time Activities:</u>					
Parks	2,366,483	0	204,985	(24,045)	2,547,423
Pool	351,678	0	20,415	(600)	371,493
Total	<u>2,718,161</u>	<u>0</u>	<u>225,400</u>	<u>(24,645)</u>	<u>2,918,916</u>
Total General Fixed Assets	<u>\$8,400,338</u>	<u>\$0</u>	<u>\$1,913,652</u>	<u>(\$61,410)</u>	<u>\$10,252,580</u>

STATISTICAL SECTION

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STATISTICAL TABLES

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

THE CITY OF TIPP CITY, OHIO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

<u>Year</u>	<u>Security of Persons and Property</u>	<u>Leisure Time Activities</u>	<u>Community Environment</u>	<u>Basic Utilities</u>	<u>Trans- portation</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1992	\$906,167	\$171,299	\$60,575	\$83,524	\$273,967	\$620,050	\$6,056	\$97,068	\$2,218,706
1993	905,967	187,097	70,082	81,878	292,989	638,198	2,264	107,579	2,286,054
1994	1,127,120	214,296	65,530	91,772	319,358	751,137	52,182	112,724	2,734,119
1995	1,125,168	224,685	54,466	89,361	332,903	739,643	44,996	125,269	2,736,491
1996	1,262,467	240,203	120,162	99,321	324,913	809,177	44,388	176,836	3,077,467
1997	1,258,472	240,981	115,482	115,812	316,308	758,825	123,880	274,354	3,204,114
1998	1,494,252	268,929	121,268	170,865	330,822	835,009	292,749	265,016	3,778,910
1999	1,543,564	280,857	133,517	120,321	333,911	901,757	421,574	255,632	3,991,133
2000	1,912,131	314,361	113,088	129,327	342,793	892,442	115,729	246,195	4,066,066
2001	2,160,173	353,068	213,504	151,674	359,026	1,018,998	122,484	299,225	4,678,152

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

THE CITY OF TIPP CITY, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS

Year	Taxes	Inter-Governmental Revenues	Charges for Services	Licenses and Permits	Investment Earnings	Fines and Forfeitures	All Other	Total
1992	\$1,579,978	\$0	\$173,911	\$108,712	\$149,633	\$17,333	\$156,671	\$2,186,238
1993	1,131,275	595,501	195,794	107,689	135,384	14,082	118,958	2,298,683
1994	1,293,661	623,336	215,381	112,345	180,661	23,315	147,963	2,596,662
1995	1,427,129	721,492	210,519	118,008	266,203	30,930	167,959	2,942,240
1996	1,569,061	801,571	230,153	143,895	348,173	17,790	142,883	3,253,526
1997	1,829,546	890,691	318,556	90,281	405,443	18,924	129,090	3,682,531
1998	1,878,229	917,625	309,291	70,769	490,380	18,801	125,318	3,810,413
1999	2,029,562	1,110,545	302,952	56,338	429,144	18,207	129,482	4,076,230
2000	2,197,531	1,050,707	300,753	48,673	611,282	12,831	124,000	4,345,777
2001	2,215,268	1,570,423	329,576	39,889	632,641	19,870	134,541	4,942,208

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

THE CITY OF TIPP CITY, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
1992	\$111,584	\$110,459	\$1,965	\$112,424	100.75%	\$2,537	2.27%
1993	131,711	131,798	2,016	133,814	101.60%	2,536	1.93%
1994	141,303	138,937	2,514	141,451	100.10%	2,403	1.70%
1995	149,792	150,836	2,141	152,977	102.13%	1,942	1.30%
1996	191,148	185,664	2,055	187,719	98.21%	4,121	2.16%
1997	203,009	197,422	2,587	200,009	98.52%	4,145	2.04%
1998	214,793	209,440	2,771	212,211	98.80%	3,716	1.73%
1999	243,582	237,143	3,697	240,840	98.87%	3,411	1.40%
2000	249,639	243,570	2,965	246,535	98.76%	3,790	1.52%
2001	253,638	249,303	2,988	252,291	99.47%	4,939	1.95%

Source: Miami County Auditor

*THE CITY OF TIPP CITY, OHIO
TANGIBLE TAX COLLECTED
LAST TEN YEARS*

<u>Year Paid</u>	<u>Amount</u>
1992	\$26,559
1993	25,728
1994	31,444
1995	34,274
1996	35,280
1997	45,713
1998	47,488
1999	48,565
2000	60,592
2001	70,516

THE CITY OF TIPP CITY, OHIO
ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1992	\$77,728,770	\$222,082,200	\$9,078,280	\$25,937,942	\$19,711,730	\$75,814,346	\$106,518,780	\$323,834,488	32.89%
1993	84,740,940	242,116,971	9,159,400	26,169,714	20,867,860	83,471,440	114,768,200	351,758,125	32.63%
1994	90,106,730	257,447,800	9,771,120	27,917,486	22,687,430	90,749,720	122,565,280	376,115,006	32.59%
1995	116,621,050	333,203,000	9,796,050	27,988,714	23,989,360	95,957,440	150,406,460	457,149,154	32.90%
1996	122,044,480	348,698,514	11,055,280	31,586,514	26,535,050	106,140,200	159,634,810	486,425,228	32.82%
1997	131,610,120	376,028,914	11,690,530	33,401,515	33,592,560	134,370,240	176,893,210	543,800,669	32.53%
1998	149,111,080	426,031,657	11,610,700	33,173,428	35,719,150	142,876,600	196,440,930	602,081,685	32.63%
1999	154,572,570	441,635,914	11,837,420	33,821,200	36,613,070	146,452,280	203,023,060	621,909,394	32.65%
2000	159,341,120	455,260,343	11,240,770	32,116,486	44,987,580	179,950,320	215,569,470	667,327,149	32.30%
2001	179,671,860	513,348,171	5,868,640	16,767,542	52,383,870	209,535,480	237,924,370	739,651,193	32.17%

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Source: Miami County Auditor

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

Collection Year	City of Tipp City		Tipp City Exempted Village School District	Miami Valley Joint Vocational School District	Miami County	Special Taxing District	Total
	General Fund	Total City					
1992	1.40	1.40	44.50	1.98	6.52	1.70	56.10
1993	1.40	1.40	43.90	1.98	10.54	1.70	59.52
1994	1.40	1.40	41.65	2.58	10.51	1.70	57.84
1995	1.40	1.40	43.69	2.58	10.51	1.70	59.88
1996	1.40	1.40	43.20	2.58	6.02	1.70	54.90
1997	1.40	1.40	43.28	2.58	7.03	1.70	55.99
1998	1.40	1.40	43.20	2.58	8.82	1.70	57.70
1999	1.40	1.40	43.20	2.58	8.82	1.70	57.70
2000	1.40	1.40	43.20	2.58	8.81	1.70	57.69
2001	1.40	1.40	47.86	2.58	8.83	1.70	62.37

Source: Miami County Auditor
Miami County Treasurer

THE CITY OF TIPP CITY, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1992	\$39,077	\$33,808	86.52%
1993	47,678	42,907	89.99%
1994	44,287	41,329	93.32%
1995	42,713	42,442	99.37%
1996	43,391	41,934	96.64%
1997	59,737	51,614	86.40%
1998	42,251	33,928	80.30%
1999	43,372	33,872	78.10%
2000	48,879	47,558	97.30%
2001	44,370	39,921	89.97%

THE CITY OF TIPP CITY, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2001

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$237,924,370	\$237,924,370
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	24,982,059	13,085,840
Applicable City Debt Outstanding (2)	0	0
Less: Applicable Debt Service Fund Amounts	0	0
Net Indebtedness Subject to Limitation	0	0
Legal Debt Margin	\$24,982,059	\$13,085,840

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

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

THE CITY OF TIPP CITY, OHIO
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS

Tax Year		Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1992	a	6,027	\$106,518,780	\$545,000	\$2	\$544,998	0.51%	\$90.43
1993	a	6,027	114,768,200	680,000	156	679,844	0.59%	112.80
1994	a	6,027	122,565,280	610,000	21	609,979	0.50%	101.21
1995	a	6,027	150,406,460	730,000	103	729,897	0.49%	121.10
1996	a	6,027	159,634,810	1,735,000	1,025	1,733,975	1.09%	287.70
1997	a	6,027	176,893,210	1,550,000	23	1,549,977	0.88%	257.17
1998	a	6,027	196,440,930	1,365,000	23	1,364,977	0.69%	226.48
1999	a	6,027	203,023,060	1,180,000	140	1,179,860	0.58%	195.76
2000	b	9,221	215,569,470	995,000	0	995,000	0.46%	107.91
2001	b	9,221	237,924,370	3,140,000	0	3,140,000	1.32%	340.53

Source:

(1) U.S. Bureau of Census of Population - (a) U.S. Bureau of Census, Federal 1990 Census

(b) U.S. Bureau of Census, Federal 2000 Census

(2) Miami County Auditor

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

THE CITY OF TIPP CITY, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS

<u>Year</u>		<u>Debt Principal</u>	<u>Debt Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Tax Debt Service to General Governmental Expenditures</u>
1992	b	\$55,000	\$42,068	\$97,068	\$2,218,706	4.37%
1993	b	65,000	42,579	107,579	2,286,054	4.71%
1994	b	70,000	42,724	112,724	2,734,119	4.12%
1995	b	80,000	45,269	125,269	2,736,491	4.58%
1996	b	95,000	81,836	176,836	3,077,467	5.75%
1997	b	185,000	89,354	274,354	3,204,114	8.56%
1998	b	185,000	80,076	265,076	3,778,910	7.01%
1999	b	185,000	70,632	255,632	3,991,133	6.40%
2000	b	185,000	61,195	246,195	4,066,066	6.05%
2001	b	180,000	119,225	299,225	4,678,152	6.40%

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

THE CITY OF TIPP CITY, OHIO
COMPUTATION OF ALL DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2001

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Tipp City</u>	<u>Amount Applicable to City of Tipp City</u>
Direct			
City of Tipp City	\$0	100.00%	\$0
Overlapping Subdivisions			
Tipp City Exempted Village School District	20,000,000	65.30%	13,060,000
Miami Valley Joint Vocational School District	0	3.50%	0
Miami County	8,335,000	11.10%	925,185
		Subtotal	<u>13,985,185</u>
		Total	<u><u>\$13,985,185</u></u>

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

Source: Miami County Auditor and Fiscal Officers of Subdivisions

**THE CITY OF TIPP CITY, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>		<u>City of Tipp City Population (1)</u>	<u>Miami County Population (1)</u>	<u>Unemployment Rate County Area (2)</u>	<u>School Enrollment (3)</u>
1992	a	6,027	93,182	6.7%	2,389
1993	a	6,027	93,182	6.1%	2,441
1994	a	6,027	93,182	4.3%	2,456
1995	a	6,027	93,182	3.7%	2,588
1996	a	6,027	93,182	4.2%	2,532
1997	a	6,027	93,182	4.3%	2,609
1998	a	6,027	93,182	3.6%	2,625
1999	a	6,027	93,182	3.8%	2,659
2000	b	9,221	98,868	3.3%	2,714
2001	b	9,221	98,868	4.3%	2,631

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

(2) Ohio Department of Jobs and Family Services

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

THE CITY OF TIPP CITY, OHIO
PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>	
	<u>Number of Permits</u>	<u>Property Value</u>	<u>Number of Permits</u>	<u>Property Value</u>
1992	338	\$23,646,540	85	\$30,940,634
1993	253	27,353,617	28	4,827,108
1994	226	14,375,680	41	3,593,920
1995	190	21,050,422	47	7,649,500
1996	151	20,950,812	36	9,116,640
1997	167	14,724,000	24	16,620,000
1998	111	13,051,534	22	19,361,300
1999	62	6,419,669	13	2,876,000
2000	66	6,366,753	16	11,132,537
2001	56	8,965,574	27	3,570,109

Source: City of Tipp City Building Department

THE CITY OF TIPP CITY, OHIO
PRINCIPAL TAXPAYERS (PERSONAL PROPERTY TAX)
DECEMBER 31, 2001

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2001 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Meijer, Inc.	Warehouse Distribution	\$21,680,260	41.39%
2	Arbogast	Auto Dealer	3,706,630	7.08%
3	A. O. Smith Corporation	Manufacturing	3,347,350	6.39%
4	DAP Products, Inc.	Manufacturing	2,713,090	5.18%
5	Tipp Machine and Tool	Manufacturing	1,516,740	2.90%
6	Trophy Nut Company	Food Processing	1,467,260	2.80%
7	Precision Strip, Inc.	Manufacturing	1,431,970	2.73%
8	Tip Top Canning	Manufacturing	1,332,150	2.54%
9	Winco Industries	Manufacturing	1,116,150	2.13%
10	Creative Extruded Products	Manufacturing	952,080	1.82%
		Sub-Total	39,263,680	74.96%
		All Others	13,120,190	25.04%
		Total	<u>\$52,383,870</u>	<u>100.00%</u>

Based on valuation of property taxes assessed in 2001
Source: Miami County Auditor

THE CITY OF TIPP CITY, OHIO
PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2001

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2001 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Dayton Power & Light	Utility - Gas and Electric	\$4,098,040	2.28%
2	Borchers Construction	Property Management	3,962,030	2.21%
3	UVMC Nursing Care	Health Care - Nursing Home	3,089,800	1.72%
4	Meijer, Inc.	Warehouse Distribution	1,965,360	1.09%
5	Dodd Limited Partnership	Property Management	1,521,400	0.85%
6	Scarlet Tanger Holdings	Agriculture & Nursery	1,441,040	0.80%
7	Arborgast David	Auto Dealer	1,295,180	0.72%
8	A. O. Smith Corporation	Manufacturing	1,197,260	0.67%
9	Wassall USA Acquisitions	Manufacturing	1,150,730	0.64%
10	TCP Center Ltd.	Shopping Center	1,108,280	0.62%
		Sub-Total	20,829,120	11.60%
		All Others	158,842,740	88.40%
		Total	<u>\$179,671,860</u>	<u>100.00%</u>

Based on valuation of property taxes assessed in 2001
Source: Miami County Auditor

THE CITY OF TIPP CITY, OHIO
PRINCIPAL TAXPAYERS (INCOME TAX)
DECEMBER 31, 2001

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Amount of Tax Paid in 2001</u>	<u>Percentage of Total Tax Paid in 2000</u>
1	A. O. Smith Corporation	Manufacturing	\$215,563	8.96%
2	Meijer, Inc.	Warehouse Distribution	212,589	8.84%
3	Tipp City Exempted Village School District	Education	105,875	4.40%
4	Creative Extruded Products	Manufacturing	66,777	2.78%
5	Tipp Machine and Tool	Manufacturing	65,128	2.71%
6	Dolly, Inc.	Manufacturing	52,187	2.17%
7	Arbogast	Auto Dealer	49,283	2.05%
8	Springhill Nurseries	Agricultural and Nursery	47,920	1.99%
9	Wright Patterson Air Force Base	U.S. Government	42,892	1.78%
10	DAP Products, Inc.	Manufacturing	42,192	1.76%
		Sub-Total	900,406	37.44%
		All Others	1,504,288	62.56%
		Total	\$2,404,694	100.00%

Source: Tipp City Department of Finance

THE CITY OF TIPP CITY, OHIO
PRINCIPAL EMPLOYERS
DECEMBER 31, 2001

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

Source: City of Tipp City Income Tax Department

THE CITY OF TIPP CITY, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2001

Date of City Incorporation	1960
Charter Adopted	1968
Form of Government	Council-Manager

Area (square miles)	6.2	Education:		Water System:	
Facilities and Services:		Number of Schools	5	Miles of Waterlines	45
Miles of Streets	48	Number of Teachers	173	Number of Fire Hydrants	525
Number of Street Lights	1,147	Number of Students	2,631	Average Daily	
Miles of Storm Sewers	46			Consumption (mgd)	1.7
				Maximum Daily Capacity	
Police Services:		Recreation and Culture:		of Plant (mgd)	2.7
Number of Stations	1	Number of Parks	11		
Number of Uniformed Police Officers	18	Park Area (acres)	366		
		Number of Ball Fields	12	Sewerage System:	
Fire/Emergency Medical Services:		Number of Tennis Courts	2	Miles of Sanitary Sewers	43
Number of Stations	2	Swimming Pools	2	Average Daily Treatment (mgd)	1.4
Number of Full-time Officers		Number of Libraries	1	Maximum Daily Capacity	
and Fire Personnel	1			of Treatment (mgd)	4.4
Number of Part-time					
Fire/EMS Personnel	38				

Source: Tipp City Department of Finance



Tipp City, Ohio



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
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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 16, 2002**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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