

City of Tipp City, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2014





Tipp City

City of Tipp City, Ohio

Miami County



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

Prepared by the Finance Department

John Green, Director



Tipp City

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MIAMI COUNTY, OHIO

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Tipp City **Introductory
Section**



Tipp City



Council-Manager
Government

June 18, 2015

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

The Comprehensive Annual Financial Report (CAFR) of the City of Tipp City, (the City) for the fiscal year ended December 31, 2014 is hereby submitted for your review.

Ohio law requires that cities file their annual financial reports with the Auditor of State's office within 150 days of the close of each fiscal year. Additionally, the Ohio Administrative Code requires that those reports be prepared pursuant to generally accepted accounting principles. The preparation of this CAFR represents the commitment of Tipp City to adhere to nationally recognized standards of excellence in financial reporting.

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

The Ohio State Auditor's office has audited the basic financial statements that are included in this report. They have issued an unmodified ("clean") opinion on the City of Tipp City's financial statements for the year ended December 31, 2014. The Auditors' report is located at the front of the financial section of this report.

As a part of the City's audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations.

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

***Letter of Transmittal
For the Year Ended December 31, 2014***

PROFILE OF THE CITY

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

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

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

The City has reviewed its reporting entity definition in order to insure compliance and conformance with the Governmental Accounting Standards Board Statement Number 14, "The Financial Reporting Entity," as amended by GASB Statement No. 61 "*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34.*" For financial reporting definition purposes, City management considered all agencies, departments, and organizations comprising the City of Tipp City, the primary government, and its potential component units. Areas of consideration include financial accountability, ability to impose its will, financial benefit, and financial burden.

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

The City has representation on the board of two entities for the treatment of wastewater and production of potable water. The City is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), and the Northern Area Water Authority (NAWA), which are both defined as joint ventures. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 19.

***Letter of Transmittal
For the Year Ended December 31, 2014***

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

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

ECONOMIC CONDITIONS AND OUTLOOK

Since Tipp City's beginning in 1850, location has played a prime role in its economic well being. What began as a canal town has burgeoned into an extremely attractive place for business and industry due to the city's location just north of the crossroads of America, Interstates I-70 and I-75. Interstate I-75 bisects the city from North to South and is a major factor in the continued success of the City's economic development. Over 50 industries call Tipp City home.

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

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

Commercial and industrial growth in 2014 invested \$113,635,000 in the community, with seven projects undertaken this year as compared to five projects in 2013. In June, 2014, Meijer announced and started construction on a \$100,000,000 Milk Manufacturing Facility which will add 100 employees over the 3 year project. The Abbott Liquid Nutrition Manufacturing Facility completed their second line and is in full production. A new Dayton Orthopedics building (25,000sf) is in construction on North Weller Drive to provide medical office space with rehabilitation services.

The Dayton metropolitan region's unemployment rate averaged 5.76% in 2014, starting the year at 7.5% then dipping to a low of 4.6% by year end. Miami County's unemployment rate fell from a high of 7.2% in January, 2014 to a low of 4.2% by year-end. These numbers show the marked improvement in employment in the Dayton region with continued commercial/industrial growth over the last 2-3 years.

CITY OF TIPP CITY, OHIO

Letter of Transmittal For the Year Ended December 31, 2014

During 2014, Tipp City had 17 new residential unit starts. This was up from 14 new units in 2013 but down from the 22 new units in 2012. There are currently five active subdivisions being developed: Sycamore Woods, Curry Branch, Bowman Woods, Hunter's Ridge, and Rosewood Creek. The following table outlines the residential growth for the last several years:

Year	Base Units	New Units	Demolished Units	Net% Growth
2006	4110	34	3	.754%
2007	4141	31	3	.676%
2008	4169	21	0	.504%
2009	4190	10	0	.239%
2010	4200	7	1	.143%
2011	4206	11	0	.261%
2012	4217	22	0	.522%
2013	4239	14	2	.283%
2014	4251	17	1	.376%

Over 500 acres of vacant prime industrial land remains available for development within the community. Established industrial parks offer attractive sites for building as well. With its abundant natural resources, low cost utilities and facility of transportation, Tipp City is well situated for further expansion as the economy continues to recover.

MAJOR INITIATIVES

For the Year

Tipp City's primary focus in 2014 continued to be maintenance, repair, and upgrade of capital facilities and infrastructure. In late fall of 2010, City Council established a citizens committee for the purpose of reviewing a ten-year capital improvement plan and recommending a funding option to meet the City's future capital improvement needs in the governmental funds. The committee's recommendation was to place before the City electorate a 0.25% increase in the City's income tax rate (from 1.25% to 1.5%) to be effective July 1, 2011 and a 0.25% increase in the City's income tax rate to be effective January 1, 2013. This second increase replaced an expiring tax levy of the same amount leaving the overall rate at 1.5%. The City's electorate approved the measure on May 3, 2011. These income tax levies will each be collected for a period of 10 years from the enacted dates and are expected to generate approximately \$13 million in additional revenues. The additional revenues are restricted for use for capital improvements to include replacing a 35 year-old aerial ladder truck in the Fire Department (2012), expansion and renovation of the existing Fire/EMS station (2013-2014), street reconstruction and resurfacing (ongoing), and replacement of vehicles and equipment as necessary.

During 2014, the City completed the expansion/renovation of the Westside Fire Station (\$1.8 million project) and reconstructed a portion of Dow Street (\$342,000 project, including utility line replacements). With State and Federal grant assistance, the City spent approximately \$1M on street improvements and resurfacing throughout the community and installed a new box culvert on N. Fourth Street to replace two corrugated steel culvert pipes damaged in a May, 2014 flooding event (\$350,000 project).

***Letter of Transmittal
For the Year Ended December 31, 2014***

The City continued to work on capital improvement projects in the enterprise funds as well. The City began construction of a new Electric Department Service Center (\$2.5M project), completed the Main Street Sanitary Lift Station renovation and expansion (\$1.2M project), replaced water and sewer lines on North Westedge Drive (\$895,000 project) and performed multiple sanitary sewer sliplining rehabilitation projects throughout the City.

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

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

For The Future

The City of Tipp City faces a bright future. Economic development coupled with the commitment of the residents to fund necessary capital improvements over the next decade, will help ensure the sound financial position of the City. In 2015-2016, the City will continue to focus on capital improvements with its street resurfacing program (approx. \$1 million) and reconstruction of a portion of County Road 25A south of Main Street (\$3.5 million). The County Road 25A project will be financed primarily with federal and state grant funding. The City will replace multiple 4-inch residential water lines throughout the community; and will complete several sanitary sewer slip-lining projects. Tipp City has an aggressive capital improvement program planned for the next few years.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

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

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

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

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation.

***Letter of Transmittal
For the Year Ended December 31, 2014***

2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Finance Department.

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

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tipp City, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Tipp City has received a Certificate of Achievement for the last fourteen years (2000-2013). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

***Letter of Transmittal
For the Year Ended December 31, 2014***

ACKNOWLEDGMENTS

The preparation of this report requires the combined efforts and assistance of many employees of the City of Tipp City. My sincere appreciation is extended to all City employees whose efforts made this report possible.

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

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

Respectfully submitted,



John W. Green
Director of Finance

CITY OF TIPP CITY, OHIO

***List of Principal Officials
For the Year Ended December 31, 2014***

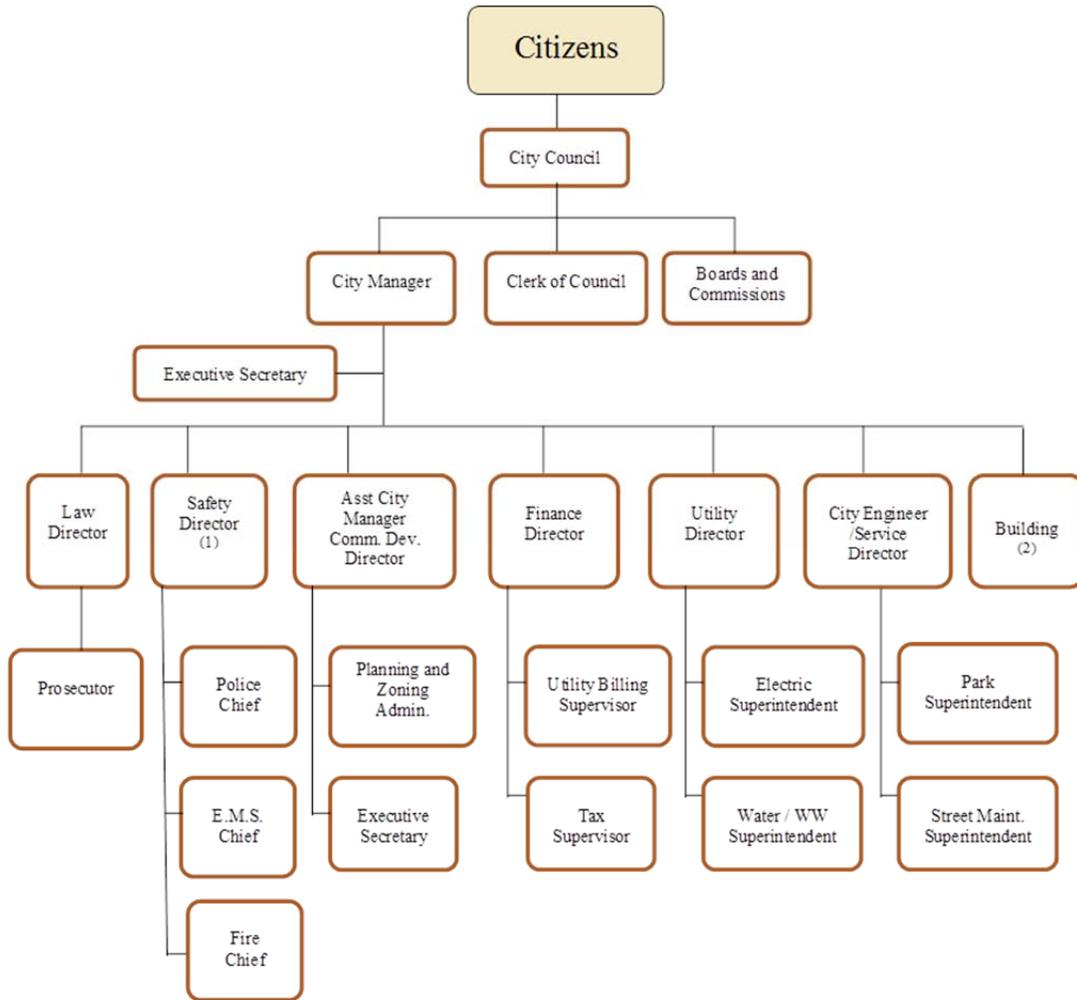
ELECTED OFFICIALS

Mayor	Pat Hale
President Of Council	Joseph Gibson
Council Members	Dolores Gillis Michael McDermott John Kessler Matt Owen Katelyn Berbach

APPOINTED OFFICIALS

City Manager	Timothy Eggleston
Assistant City Manager / Community Development Director	Bradley Vath
Clerk Of Council	Janice Bates
Finance Director	John Green
Law Director	David Caldwell
Chief of Police	Eric Burris
City Engineer/Service Director	Vacant at Year-End John Donnelly hired February 2, 2015
EMS Chief	Mark Senseman
Fire Chief	Steve Kessler
Utility Director	Christy Butera

**City Organizational Chart
For the Year Ended December 31, 2014**



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

**Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting**



Government Finance Officers Association

**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, 2013



Executive Director/CEO



Tipp City **Financial
Section**



Tipp City



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Honorable Mayor and City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Miami County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Miami County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402

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www.ohioauditor.gov

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2015 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

June 18, 2015

The discussion and analysis of the City of Tipp City's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2014 are as follows:

- ❑ In total, net position increased \$2,527,388. Net position of governmental activities increased \$2,237,426, which represents a 4.9% increase from 2013. Net position of business-type activities increased \$289,962 or .7% from 2013.
- ❑ General revenues accounted for \$7.6 million in revenue or 24% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 76% of total revenues of \$31.8 million.
- ❑ Total net position of governmental activities increased by \$2,237,426. Net capital assets increased by \$1.3 million while current assets (primarily cash) decreased by \$.3 million. This is a reflection of the City's capital improvement program following the 2011 increase in the City's income tax rate (restricted to capital improvements). During 2014 the City completed the expansion of the Westside Fire Station expansion, reconstructed a portion of W. Dow Street, and invested (with Federal and State grant assistance) approximately \$1 million in street resurfacing.
- ❑ The City had \$8.7 million in expenses related to governmental activities; \$3.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7.6 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$6.1 million in revenues and \$5.9 million in expenditures and other financing uses. The general fund's fund balance increased \$228,953 to \$5.6 million.
- ❑ Net position for enterprise funds increased by \$289,962. The Electric Fund's net position decreased by \$183,905, the Water Fund increased its net position by \$325,920, and the Sewer Fund increased its net position by \$145,793.
 - ❑ The Electric Fund decrease is a reflection of a decrease in supply inventory related to a May, 2014 flood event which damaged a number of supply items which had not been replaced at year-end and a decrease in claims payable related to payment of 50% of the liability related to the AMPGS electric generation project (See Note 20).
 - ❑ The Water Fund increase is a reflection of an increase in capital assets related to water line replacements on Dow Street, North Westedge, Bowman, Plum, and Warner Drives as well as a reduction in long-term liabilities due to debt retirement.

- The Sewer Fund increase is due primarily to Tipp City's increased participation in the Tri-Cities North Regional Wastewater Authority (Note 19). Each participant's share of plant equity is based on its respective percentage of flows into and treated by the plant. As Tipp City's wastewater flows increased with commercial/industrial development, from 20.75% to 21.16%, the City's equity interest in the plant increased accordingly. As with the Water Fund, the Sewer Fund also experienced a reduction in long-term liabilities due to debt retirement.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

The two government-wide statements report the City's net position and how it has changed. Net-position (the difference between the City's assets, liabilities and deferred inflows of resources) is one way to measure the City's financial health or position.

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

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

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

Fund Financial Statements

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

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

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table focuses on the net position of the City's governmental and business-type activities for both 2014 and 2013.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$10,121,194	\$10,420,411	\$23,248,392	\$25,047,814	\$33,369,586	\$35,468,225
Capital assets, Net	44,856,894	43,524,123	28,106,286	26,997,970	72,963,180	70,522,093
Total assets	<u>54,978,088</u>	<u>53,944,534</u>	<u>51,354,678</u>	<u>52,045,784</u>	<u>106,332,766</u>	<u>105,990,318</u>
Noncurrent liabilities	3,988,203	4,582,452	6,356,859	7,363,044	10,345,062	11,945,496
Other liabilities	2,663,366	3,257,161	3,843,910	3,787,793	6,507,276	7,044,954
Total liabilities	<u>6,651,569</u>	<u>7,839,613</u>	<u>10,200,769</u>	<u>11,150,837</u>	<u>16,852,338</u>	<u>18,990,450</u>
Deferred Inflows of Resources	<u>311,135</u>	<u>326,963</u>	<u>217,000</u>	<u>248,000</u>	<u>528,135</u>	<u>574,963</u>
Net position						
Net investment in capital assets	39,136,408	36,793,037	21,107,345	19,488,875	60,243,753	56,281,912
Restricted	3,112,981	3,497,916	0	0	3,112,981	3,497,916
Unrestricted	<u>5,765,995</u>	<u>5,487,005</u>	<u>19,829,564</u>	<u>21,158,072</u>	<u>25,595,559</u>	<u>26,645,077</u>
Total net position	<u>\$48,015,384</u>	<u>\$45,777,958</u>	<u>\$40,936,909</u>	<u>\$40,646,947</u>	<u>\$88,952,293</u>	<u>\$86,424,905</u>

The amount by which the city's assets exceed its liabilities and deferred inflows of resources is called net position. At year-end, the City's net position was \$88.95 million compared to \$86.4 million in 2013. Of that amount, in 2014 approximately \$60.2 million (67.7%) was invested in capital assets, net of debt related to those assets. At year-end 2013, that amount was approximately \$56.3 million (65.1%). For 2014 another \$3.1 million (3.5%) was subject to external restrictions upon its use. The remaining \$25.6 million (28.8%) in 2014 was unrestricted and available for future use. For 2013, this amount was \$26.6 million (30.8%).

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2014 compared with 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,565,242	\$1,061,780	\$20,463,902	\$18,030,125	\$22,029,144	\$19,091,905
Operating Grants and Contributions	678,811	639,270	0	0	678,811	639,270
Capital Grants and Contributions	1,082,009	1,264,689	404,328	767,684	1,486,337	2,032,373
Total Program Revenues	3,326,062	2,965,739	20,868,230	18,797,809	24,194,292	21,763,548
General revenues:						
Income Taxes	5,344,919	5,400,724	0	0	5,344,919	5,400,724
Property Taxes	303,129	330,957	0	0	303,129	330,957
Other Local Taxes	78,345	76,559	0	0	78,345	76,559
Unrestricted Shared Revenues	936,945	381,894	0	0	936,945	381,894
Investment Earnings	31,794	44,249	0	0	31,794	44,249
Miscellaneous	950,506	1,248,844	0	0	950,506	1,248,844
Total General Revenues	7,645,638	7,483,227	0	0	7,645,638	7,483,227
Total Revenues	10,971,700	10,448,966	20,868,230	18,797,809	31,839,930	29,246,775
Program Expenses						
Security of Persons and Property	3,717,379	3,530,729	0	0	3,717,379	3,530,729
Leisure Time Activities	1,171,559	1,184,929	0	0	1,171,559	1,184,929
Community Environment	301,822	318,126	0	0	301,822	318,126
Basic Utility Services	221,338	224,611	0	0	221,338	224,611
Transportation	1,516,512	1,282,473	0	0	1,516,512	1,282,473
General Government	1,681,433	1,461,944	0	0	1,681,433	1,461,944
Interest and Fiscal Charges	95,626	131,839	0	0	95,626	131,839
Electric	0	0	15,434,334	13,022,380	15,434,334	13,022,380
Water	0	0	2,635,749	2,750,504	2,635,749	2,750,504
Sewer	0	0	1,676,170	1,524,521	1,676,170	1,524,521
Refuse Collection	0	0	860,620	830,635	860,620	830,635
Total expenses	8,705,669	8,134,651	20,606,873	18,128,040	29,312,542	26,262,691
Change in Net Position before transfers	2,266,031	2,314,315	261,357	669,769	2,527,388	2,984,084
Transfers	(28,605)	0	28,605	0	0	0
Total Change in Net Position	2,237,426	2,314,315	289,962	669,769	2,527,388	2,984,084
Beginning Net Position	45,777,958	43,463,643	40,646,947	39,977,178	86,424,905	83,440,821
Ending Net Position	\$48,015,384	\$45,777,958	\$40,936,909	\$40,646,947	\$88,952,293	\$86,424,905

***Management’s Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

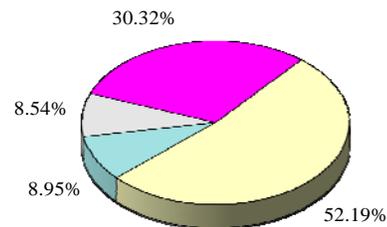
Governmental Activities

Net position of the City’s governmental activities increased by \$2,237,426 or 4.9%. Net investment in capital assets increased \$2,343,371 or 6.4%. Restricted net position decreased by \$384,935 or 11% while unrestricted net position increased by \$278,990 or 5.1%.

The City receives an income tax, which was increased by a vote of the City electorate from 1.25% to 1.50% effective July, 2011. This income tax is assessed on all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City. Income tax is the largest source of revenue for the City. 46.7% of the City’s income tax received is designated for capital outlay. Income tax revenue was \$5,344,919 compared to \$5,400,724 in 2013, a decrease of 1%. This follows an increase of 8.9% in 2013. The City did experience a small increase in payroll withholding tax receipts which is reflective of the positive decline in the regions unemployment rate.

Property taxes and income taxes made up 2.8% and 48.7% respectively of revenues for governmental activities for the City in fiscal year 2014. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 52.19% of total revenues comes from general tax revenues:

<u>Revenue Sources</u>	<u>2014</u>	<u>Percent of Total</u>
Unrestricted Shared Revenues	\$936,945	8.54%
Program Revenues	3,326,062	30.32%
General Tax Revenues	5,726,393	52.19%
General Other	982,300	8.95%
Total Revenue	\$10,971,700	100.00%



Business-Type Activities

Net position of the business-type activities increased \$289,962. This increase was primarily attributed to construction of capital assets, reduction in long-term debt levels, and capital contributions from the City’s participation in the Tri-Cities Wastewater Authority joint venture (\$152,554). The increase in capital contributions from the City’s joint venture with Tri-Cities North Regional Wastewater Authority is a reflection of Tipp City’s increased equity share in the joint venture which is based upon percentage of wastewater flows to Tri-Cities and is recalculated annually. Additional information on the City’s participation with its joint ventures can be found in Note 19.

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$5,184,239, which is an increase from last year's balance of \$4,863,953. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2014 and 2013:

	Fund Balance December 31, 2014	Fund Balance December 31, 2013	Increase (Decrease)
General	\$5,610,294	\$5,381,341	\$228,953
Capital Improvement Reserve	(1,167,914)	(1,493,269)	325,355
Other Governmental	741,859	975,881	(234,022)
Total	<u>\$5,184,239</u>	<u>\$4,863,953</u>	<u>\$320,286</u>

General Fund – The City's General Fund balance had an increase of \$228,953 in 2014. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2014 Revenues	2013 Revenues	Increase (Decrease)
Taxes	\$3,240,572	\$3,256,592	(\$16,020)
Intergovernmental Revenue	936,470	978,435	(41,965)
Charges for Services	1,545,003	1,439,174	105,829
Licenses, Permits and Fees	33,575	19,080	14,495
Investment Earnings	29,358	47,076	(17,718)
Special Assessments	1,197	458	739
Fines and Forfeitures	12,569	14,754	(2,185)
All Other Revenue	299,259	269,456	29,803
Total	<u>\$6,098,003</u>	<u>\$6,025,025</u>	<u>\$72,978</u>

The increase in charges for services is due to increased volume of runs for the Emergency Medical Services Department and helped to offset decreases to in other revenue categories in 2014. The decrease in intergovernmental revenue is due to the State of Ohio's repeal of the State-shared Estate Tax revenues which was effective January 1, 2013.

	2014 Expenditures	2013 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,364,152	\$3,213,509	\$150,643
Leisure Time Activities	443,590	421,188	22,402
Community Environment	302,715	315,751	(13,036)
Basic Utility Services	226,658	226,353	305
General Government	1,372,472	1,313,890	58,582
Capital Outlay	48,614	21,566	27,048
Total	<u>\$5,758,201</u>	<u>\$5,512,257</u>	<u>\$245,944</u>

General Fund expenditures increased due to negotiated wage increases and increased health care costs. The City approved a 2% wage increase in 2014 for members of management and non-union personnel. Employees represented by bargaining unions received similar increases for 2014.

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

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

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2014 the City amended its general fund budget several times. The general fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

Final general fund budgeted revenues changed very little from original budgeted figures. Actual revenues collected were \$6,294,458, a decrease of .08% under the final budget. The City's original budgeted appropriations were increased during the year by \$439,250 to arrive at a final figure of \$6,864,240. \$100,000 of this amount was due to a short-term advance from the General Fund to the Capital Improvement Reserve Fund to facilitate completion of the Dow Street reconstruction project. There was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$6,161,302. This is a decrease of \$702,938 from the final budget. City Council and staff continue to monitor expenditures closely. Several cost cutting measures, including staff position consolidations, put in place in 2009 at the height of the local recession continued in operation through 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2014 the City had \$72,963,180 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$44,856,894 was related to governmental activities and \$28,106,286 to the business-type activities. The following table shows fiscal year 2014 and 2013 balances:

	Governmental Activities		Increase (Decrease)
	2014	2013	
Land	\$13,549,726	\$13,549,726	\$0
Total Non-Depreciable Capital Assets	13,549,726	13,549,726	0
Buildings	8,554,843	8,292,920	261,923
Improvements Other Than Buildings	6,397,357	6,393,339	4,018
Machinery and Equipment	8,493,559	7,862,326	631,233
Infrastructure	31,514,155	30,117,235	1,396,920
Less: Accumulated Depreciation	(23,652,746)	(22,691,423)	(961,323)
Total Depreciable Capital Assets	31,307,168	29,974,397	1,332,771
Totals	\$44,856,894	\$43,524,123	\$1,332,771

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2014	2013	
Land	\$2,234,492	\$2,234,492	\$0
Construction in Progress	1,935,005	1,100,335	834,670
Total Non-Depreciable Capital Assets	4,169,497	3,334,827	834,670
Buildings	2,203,610	2,203,610	0
Improvements Other Than Buildings	37,819,225	36,545,952	1,273,273
Machinery and Equipment	3,137,788	2,980,324	157,464
Less: Accumulated Depreciation	(19,223,834)	(18,066,743)	(1,157,091)
Total Depreciable Capital Assets	23,936,789	23,663,143	273,646
Totals	\$28,106,286	\$26,997,970	\$1,108,316

Capital assets, net of depreciation, in governmental activities increased \$1,332,771 (3.1%) in 2014. During 2014 the City completed the expansion of the Westside Fire Station expansion, reconstructed a portion of W. Dow Street, and invested (with Federal and State grant assistance) approximately \$1 million in street resurfacing.

Capital assets, net of depreciation, for the business- type activities had an increase of \$1,108,316 (4.1%). The largest increases in business-type activities were related to replacement of multiple water lines throughout the City, an extensive program to slip-line (cured in place lining) of sanitary sewers throughout the City, and continued work on improvements to the Main Street Sanitary Sewer Lift Station.

As of December 31, 2014, the City has contractual commitments of \$411,419 for various improvements. Additional information on the City's capital assets can be found in Note 10.

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

Debt

At December 31, 2014, the City had \$1.265 million in bonds outstanding, \$315,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Governmental Activities:		
General Obligation Bonds	\$570,000	\$785,000
Special Assessment Bonds	550,000	595,000
OPWC Loan	970,586	894,586
General Obligation Notes	1,390,300	1,753,900
Compensated Absences	<u>507,317</u>	<u>553,966</u>
Total Governmental Activities	3,988,203	4,582,452
Business-Type Activities:		
General Obligation Bonds	\$145,000	\$220,000
State Loan	0	397,680
OPWC Loans	1,304,841	1,366,915
General Obligation Notes	4,678,700	5,094,100
Compensated Absences	<u>228,318</u>	<u>284,349</u>
Total Business-Type Activities	<u>6,356,859</u>	<u>7,363,044</u>
Totals	<u><u>\$10,345,062</u></u>	<u><u>\$11,945,496</u></u>

During 2014, the City reissued several different general obligation notes for various capital improvement projects to take advantage of the historically low interest rate environment for short-term debt instruments. Detail on the 2014 general obligation note(s) activity can be found in Note 14.

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Tipp City lies, is limited to ten mills. At December 31, 2014, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 17.

ECONOMIC FACTORS

Tipp City's future remains bright. Income tax receipts, the largest single source of general operating revenues, remained strong again in 2014 reflecting improvements in the local economy and reduced unemployment numbers. The City has retained existing businesses while attracting business expansion with Abbott, a Fortune 100 company locating a Liquid Nutrition Manufacturing Facility in Tipp City and Meijer announcing a major expansion related to the production of milk products (milk, ice cream, yogurt, etc.). The residents committed in 2011 to increase funding necessary for capital improvement projects over a ten year period. This has, and will continue to, enable the City to complete much needed infrastructure improvement projects. The 2015 operating budget reflects the optimism present in the City. Total 2015 general fund operating revenues are projected at \$6.37 million which is slightly higher than actual revenues received in 2014. While the City expects continued increases in income tax revenues as unemployment declines and local business continues to recover, the budget reflects decreases in estate tax revenues due to the State of Ohio's repeal of the estate tax and slight declines in anticipated interest earnings as the City's fund balances are invested with longer duration.

The 2015 appropriation budget for the general fund totals \$6.67 million which is an increase of approximately \$300,000 from the original 2014 appropriations. The City's unencumbered general fund balance has increased in nine of the last ten consecutive years and remains strong at \$5.1 million (cash basis). The City will continue to monitor its receipts and expenditure activity very closely to preserve this fund balance.

REQUESTS FOR INFORMATION

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



CITY OF TIPP CITY, OHIO

**Statement of Net Position
December 31, 2014**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 5,814,102	\$ 10,223,131	\$ 16,037,233
Investments	832,946	1,763,627	2,596,573
Receivables:			
Taxes	1,479,305	0	1,479,305
Accounts	299,256	2,039,835	2,339,091
Intergovernmental	547,032	49,616	596,648
Interest	5,494	0	5,494
Special Assessments	919,368	592,194	1,511,562
Lease	0	967,000	967,000
Internal Balances	76,342	(76,342)	0
Inventory of Supplies at Cost	120,303	653,740	774,043
Prepaid Items	27,046	5,405	32,451
Investment in Joint Venture	0	6,838,381	6,838,381
Restricted Assets:			
Cash and Cash Equivalents	0	191,805	191,805
Non-Depreciable Capital Assets	13,549,726	4,169,497	17,719,223
Depreciable Capital Assets, Net	31,307,168	23,936,789	55,243,957
Total Assets	54,978,088	51,354,678	106,332,766
Liabilities:			
Accounts Payable	106,989	1,135,406	1,242,395
Accrued Wages and Benefits Payable	288,263	114,756	403,019
Intergovernmental Payable	7,415	175,175	182,590
Claims Payable	0	557,787	557,787
Refundable Deposits	0	191,805	191,805
Accrued Interest Payable	21,099	48,581	69,680
General Obligation Notes Payable	2,239,600	1,620,400	3,860,000
Noncurrent liabilities:			
Due within one year	403,367	243,558	646,925
Due in more than one year	3,584,836	6,113,301	9,698,137
Total Liabilities	6,651,569	10,200,769	16,852,338

CITY OF TIPP CITY, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Deferred Revenue	0	217,000	217,000
Property Tax Levy for Next Fiscal Year	311,135	0	311,135
Total Deferred Inflows of Resources	311,135	217,000	528,135
Net Position:			
Net Investment in Capital Assets	39,136,408	21,107,345	60,243,753
Restricted For:			
Capital Projects	1,410,567	0	1,410,567
Debt Service	791,467	0	791,467
Transportation	882,840	0	882,840
Other Purposes	28,107	0	28,107
Unrestricted	5,765,995	19,829,564	25,595,559
Total Net Position	\$ 48,015,384	\$ 40,936,909	\$ 88,952,293

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Activities
For the Year Ended December 31, 2014**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,717,379	\$ 807,557	\$ 0	\$ 0
Leisure Time Activities	1,171,559	260,789	0	0
Community Environment	301,822	34,773	0	0
Basic Utility Services	221,338	231,165	0	0
Transportation	1,516,512	230,958	678,811	1,082,009
General Government	1,681,433	0	0	0
Interest and Fiscal Charges	95,626	0	0	0
Total Governmental Activities	8,705,669	1,565,242	678,811	1,082,009
Business-Type Activities:				
Electric	15,434,334	15,250,429	0	0
Water	2,635,749	2,789,748	0	156,234
Sewer	1,676,170	1,560,951	0	248,094
Refuse Collection	860,620	862,774	0	0
Total Business-Type Activities	20,606,873	20,463,902	0	404,328
Totals	\$ 29,312,542	\$ 22,029,144	\$ 678,811	\$ 1,486,337

General Revenues:

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

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,909,822)	\$ 0	\$ (2,909,822)
(910,770)	0	(910,770)
(267,049)	0	(267,049)
9,827	0	9,827
475,266	0	475,266
(1,681,433)	0	(1,681,433)
(95,626)	0	(95,626)
<u>(5,379,607)</u>	<u>0</u>	<u>(5,379,607)</u>
0	(183,905)	(183,905)
0	310,233	310,233
0	132,875	132,875
0	2,154	2,154
<u>0</u>	<u>261,357</u>	<u>261,357</u>
<u>(5,379,607)</u>	<u>261,357</u>	<u>(5,118,250)</u>
5,344,919	0	5,344,919
303,129	0	303,129
78,345	0	78,345
936,945	0	936,945
31,794	0	31,794
950,506	0	950,506
(28,605)	28,605	0
<u>7,617,033</u>	<u>28,605</u>	<u>7,645,638</u>
2,237,426	289,962	2,527,388
<u>45,777,958</u>	<u>40,646,947</u>	<u>86,424,905</u>
<u>\$ 48,015,384</u>	<u>\$ 40,936,909</u>	<u>\$ 88,952,293</u>

CITY OF TIPP CITY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2014**

	General	Capital Improvement Reserve	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 4,294,639	\$ 702,577	\$ 816,886	\$ 5,814,102
Investments	832,946	0	0	832,946
Receivables:				
Taxes	937,582	541,723	0	1,479,305
Accounts	299,256	0	0	299,256
Intergovernmental	183,826	0	363,206	547,032
Interest	5,494	0	0	5,494
Special Assessments	0	182,837	736,531	919,368
Due from Other Funds	78,706	0	0	78,706
Interfund Loans Receivable	101,934	0	0	101,934
Inventory of Supplies, at Cost	63,928	0	56,375	120,303
Prepaid Items	19,900	1,426	5,720	27,046
Total Assets	\$ 6,818,211	\$ 1,428,563	\$ 1,978,718	\$ 10,225,492
Liabilities:				
Accounts Payable	\$ 39,109	\$ 27,628	\$ 40,252	\$ 106,989
Accrued Wages and Benefits Payable	269,117	0	19,146	288,263
Intergovernmental Payable	7,370	0	45	7,415
Due to Other Funds	2,194	0	170	2,364
Interfund Loans Payable	0	100,000	1,934	101,934
Accrued Interest Payable	0	3,069	1,886	4,955
General Obligation Notes Payable	0	2,020,600	219,000	2,239,600
Total Liabilities	317,790	2,151,297	282,433	2,751,520
Deferred Inflows of Resources:				
Unavailable Amounts	578,992	445,180	954,426	1,978,598
Property Tax Levy for Next Fiscal Year	311,135	0	0	311,135
Total Deferred Inflows of Resources	890,127	445,180	954,426	2,289,733
Fund Balances:				
Nonspendable	83,828	1,426	62,095	147,349
Restricted	0	0	850,479	850,479
Committed	0	0	7,726	7,726
Assigned	89,394	0	0	89,394
Unassigned	5,437,072	(1,169,340)	(178,441)	4,089,291
Total Fund Balances	5,610,294	(1,167,914)	741,859	5,184,239
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,818,211	\$ 1,428,563	\$ 1,978,718	\$ 10,225,492

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2014***

Total Governmental Fund Balances	\$ 5,184,239
<i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	44,856,894
Other long-term assets are not available to pay for current- period expenditures and therefore are reported as deferred inflows in the funds.	1,978,598
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(4,004,347)</u>
<i>Net Position of Governmental Funds</i>	<u><u>\$ 48,015,384</u></u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014**

	General	Capital Improvement Reserve	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 3,240,572	\$ 2,455,600	\$ 45,702	\$ 5,741,874
Intergovernmental Revenues	936,470	0	1,547,284	2,483,754
Charges for Services	1,545,003	80,271	247,855	1,873,129
Licenses, Permits and Fees	33,575	0	0	33,575
Investment Earnings	29,358	0	0	29,358
Special Assessments	1,197	165,763	73,653	240,613
Fines and Forfeitures	12,569	0	673	13,242
All Other Revenue	299,259	33,835	36,233	369,327
Total Revenue	6,098,003	2,735,469	1,951,400	10,784,872
Expenditures:				
Current:				
Security of Persons and Property	3,364,152	0	0	3,364,152
Leisure Time Activities	443,590	0	356,920	800,510
Community Environment	302,715	0	0	302,715
Basic Utility Services	226,658	0	0	226,658
Transportation	0	0	590,590	590,590
General Government	1,372,472	5,068	3,507	1,381,047
Capital Outlay	48,614	1,991,577	1,042,895	3,083,086
Debt Service:				
Principal Retirement	0	809,900	1,228,091	2,037,991
Interest and Fiscal Charges	0	10,846	93,219	104,065
Total Expenditures	5,758,201	2,817,391	3,315,222	11,890,814
Excess (Deficiency) of Revenues Over Expenditures	339,802	(81,922)	(1,363,822)	(1,105,942)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	665,300	725,000	1,390,300
OPWC Loan	0	100,091	0	100,091
Transfers In	0	0	447,784	447,784
Transfers Out	(107,500)	(358,114)	(10,775)	(476,389)
Total Other Financing Sources (Uses)	(107,500)	407,277	1,162,009	1,461,786
Net Change in Fund Balances	232,302	325,355	(201,813)	355,844
Fund Balances at Beginning of Year	5,381,341	(1,493,269)	975,881	4,863,953
Change in Inventory	(3,349)	0	(32,209)	(35,558)
Fund Balances End of Year	\$ 5,610,294	\$ (1,167,914)	\$ 741,859	\$ 5,184,239

See accompanying notes to the basic financial statements

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended December 31, 2014***

Net Change in Fund Balances - Total Governmental Funds	\$ 355,844
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation.	1,548,497
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position.	(215,726)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(18,319)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.	(1,490,391)
The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position.	2,037,991
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	8,439
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>11,091</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$ 2,237,426</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,336,737	\$ 3,336,737	\$ 3,294,656	\$ (42,081)
Intergovernmental Revenue	929,400	929,400	935,198	5,798
Charges for Services	1,553,528	1,553,528	1,562,393	8,865
Licenses and Permits	19,025	19,025	33,575	14,550
Investment Earnings	75,000	75,000	34,550	(40,450)
Special Assessments	500	500	1,197	697
Fines and Forfeitures	14,650	14,650	12,211	(2,439)
All Other Revenues	216,200	219,600	270,678	51,078
Total Revenues	<u>6,145,040</u>	<u>6,148,440</u>	<u>6,144,458</u>	<u>(3,982)</u>
Expenditures:				
Current:				
Security of Persons and Property	3,527,826	3,571,826	3,401,339	170,487
Leisure Time Activities	505,155	542,155	460,675	81,480
Community Environment	337,750	437,750	314,383	123,367
Basic Utility Services	258,819	258,819	230,958	27,861
General Government	1,695,998	1,774,518	1,480,990	293,528
Capital Outlay	71,942	71,672	65,457	6,215
Total Expenditures	<u>6,397,490</u>	<u>6,656,740</u>	<u>5,953,802</u>	<u>702,938</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(252,450)	(508,300)	190,656	698,956
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	1,000	1,000	0	(1,000)
Transfers Out	(27,500)	(107,500)	(107,500)	0
Advances In	150,000	150,000	150,000	0
Advances Out	0	(100,000)	(100,000)	0
Total Other Financing Sources (Uses):	<u>123,500</u>	<u>(56,500)</u>	<u>(57,500)</u>	<u>(1,000)</u>
Net Change in Fund Balance	(128,950)	(564,800)	133,156	697,956
Fund Balance at Beginning of Year	4,680,431	4,680,431	4,680,431	0
Prior Year Encumbrances	207,669	207,669	207,669	0
Fund Balance at End of Year	<u>\$ 4,759,150</u>	<u>\$ 4,323,300</u>	<u>\$ 5,021,256</u>	<u>\$ 697,956</u>

See accompanying notes to the basic financial statements



CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2014**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
Current assets:			
Cash and Cash Equivalents	\$ 6,256,192	\$ 2,612,005	\$ 1,217,376
Investments	1,255,172	508,455	0
Receivables:			
Accounts	1,694,846	198,681	146,308
Intergovernmental	0	49,616	0
Special Assessments	20,616	27,994	543,584
Lease - Current	57,000	0	0
Due from Other Funds	4,162	719	522
Inventory of Supplies at Cost	514,103	123,043	16,594
Prepaid Items	3,646	980	779
Restricted Assets:			
Cash and Cash Equivalents	191,805	0	0
Total current assets	<u>9,997,542</u>	<u>3,521,493</u>	<u>1,925,163</u>
Noncurrent assets:			
Lease Receivable	910,000	0	0
Investment in Joint Venture	0	297,197	6,541,184
Capital assets:			
Non-Depreciable Capital Assets	922,012	2,202,938	1,044,547
Depreciable Capital Assets, net	8,220,921	9,937,472	5,778,396
Total capital assets	<u>9,142,933</u>	<u>12,140,410</u>	<u>6,822,943</u>
Total noncurrent assets	<u>10,052,933</u>	<u>12,437,607</u>	<u>13,364,127</u>
Total assets	<u>20,050,475</u>	<u>15,959,100</u>	<u>15,289,290</u>
Liabilities:			
Current liabilities:			
Accounts Payable	962,931	105,512	536
Accrued Wages and Benefits Payable	57,585	38,504	18,667
Intergovernmental Payable	12,202	99,352	63,621
Claims Payable	557,787	0	0
Refundable Deposits	191,805	0	0
Due to Other Funds	75,581	1,802	786
Accrued Interest Payable	12,849	18,978	16,754
General Obligation Notes Payable - Current	111,790	619,010	889,600
General Obligation Bonds Payable - Current	95,000	0	25,000
OPWC Loans Payable - Current	0	63,122	9,776
Compensated Absences Payable - Current	21,187	20,484	8,989
Total Current Liabilities	<u>2,098,717</u>	<u>966,764</u>	<u>1,033,729</u>

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$ 137,558	\$ 10,223,131
0	1,763,627
0	2,039,835
0	49,616
0	592,194
0	57,000
0	5,403
0	653,740
0	5,405
0	191,805
<u>137,558</u>	<u>15,581,756</u>
0	910,000
0	6,838,381
0	4,169,497
<u>0</u>	<u>23,936,789</u>
<u>0</u>	<u>28,106,286</u>
<u>0</u>	<u>35,854,667</u>
<u>137,558</u>	<u>51,436,423</u>
66,427	1,135,406
0	114,756
0	175,175
0	557,787
0	191,805
3,576	81,745
0	48,581
0	1,620,400
0	120,000
0	72,898
0	50,660
<u>70,003</u>	<u>4,169,213</u>

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2014**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Noncurrent Liabilities:			
General Obligation Notes Payable	1,337,880	1,969,020	1,371,800
General Obligation Bonds Payable	0	0	25,000
OPWC Loans Payable	0	1,065,097	166,846
Compensated Absences Payable	126,033	36,308	15,317
Total noncurrent liabilities	<u>1,463,913</u>	<u>3,070,425</u>	<u>1,578,963</u>
Total Liabilities	<u>3,562,630</u>	<u>4,037,189</u>	<u>2,612,692</u>
Deferred Inflows of Resources:			
Deferred Revenue	<u>217,000</u>	<u>0</u>	<u>0</u>
Net Position:			
Net Investment in Capital Assets	8,348,263	8,424,161	4,334,921
Unrestricted	<u>7,922,582</u>	<u>3,497,750</u>	<u>8,341,677</u>
Total Net Position	<u>\$ 16,270,845</u>	<u>\$ 11,921,911</u>	<u>\$ 12,676,598</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
0	4,678,700
0	25,000
0	1,231,943
0	177,658
<u>0</u>	<u>6,113,301</u>
<u>70,003</u>	<u>10,282,514</u>
<u>0</u>	<u>217,000</u>
0	21,107,345
<u>67,555</u>	<u>19,829,564</u>
<u>\$ 67,555</u>	<u>\$ 40,936,909</u>

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 15,030,548	\$ 2,639,555	\$ 1,501,683
Other Operating Revenues	211,925	35,228	32,947
Total Operating Revenues	15,242,473	2,674,783	1,534,630
Operating Expenses:			
Personal Services	1,037,116	648,254	310,447
Contractual Services	13,340,523	1,365,501	1,035,495
Materials and Supplies	69,598	61,433	30,948
Utilities	28,065	25,656	14,583
Depreciation	584,494	509,144	263,937
Other Operating Expenses	11,399	5,295	1,830
Total Operating Expenses	15,071,195	2,615,283	1,657,240
Operating Income (Loss)	171,278	59,500	(122,610)
Non-Operating Revenue (Expenses):			
Income (Loss) from Joint Venture	0	114,965	26,321
Loss on Disposal of Capital Assets	(348,268)	0	0
Interest and Fiscal Charges	(14,871)	(20,466)	(18,930)
Investment Earnings	7,956	0	0
Total Non-Operating Revenues (Expenses)	(355,183)	94,499	7,391
Income (Loss) Before Contributions and Transfers	(183,905)	153,999	(115,219)
Transfers-In	0	15,687	12,918
Capital Contributions from Joint Venture	0	0	126,233
Capital Contributions	0	156,234	121,861
Change in Net Position	(183,905)	325,920	145,793
Net Position Beginning of Year	16,454,750	11,595,991	12,530,805
Net Position End of Year	\$ 16,270,845	\$ 11,921,911	\$ 12,676,598

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$ 862,774	\$ 20,034,560
0	280,100
862,774	20,314,660
0	1,995,817
860,620	16,602,139
0	161,979
0	68,304
0	1,357,575
0	18,524
860,620	20,204,338
2,154	110,322
0	141,286
0	(348,268)
0	(54,267)
0	7,956
0	(253,293)
2,154	(142,971)
0	28,605
0	126,233
0	278,095
2,154	289,962
65,401	40,646,947
\$ 67,555	\$ 40,936,909

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$14,927,601	\$2,580,981	\$1,505,144
Cash Payments for Goods and Services	(13,329,733)	(1,433,317)	(1,071,000)
Cash Payments to Employees	(1,106,387)	(642,103)	(306,531)
Other Operating Revenues	218,244	38,342	41,056
Net Cash Provided by Operating Activities	<u>709,725</u>	<u>543,903</u>	<u>168,669</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In From Other Funds	0	15,687	12,918
Interest Paid on General Obligation Notes	(7,956)	0	0
Principal Paid on General Obligation Notes	(800,000)	0	0
Premium on Sale of General Obligation Notes	5,212	0	0
Proceeds from the Sale of General Obligation Notes	<u>750,000</u>	<u>0</u>	<u>0</u>
Net Cash Provided (Used) for Noncapital Financing Activities	<u>(52,744)</u>	<u>15,687</u>	<u>12,918</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(591,186)	(1,058,092)	(975,745)
Receipt of Lease Payments	54,088	0	0
Receipt of Intergovernmental Grants	0	178,139	121,861
Sale of General Obligation Notes	699,670	2,588,030	2,261,400
Premium on Sale of General Obligation Notes	4,863	17,932	16,385
Principal Paid on General Obligation Notes	(761,460)	(2,795,040)	(1,968,000)
Principal Paid on General Obligation Bonds	(50,000)	0	(25,000)
Principal Paid on OPWC Loan	0	(57,186)	(4,888)
Principal Paid on State Loan	0	0	(397,680)
Interest Paid on Capital Debt	<u>(14,278)</u>	<u>(39,995)</u>	<u>(32,736)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(658,303)</u>	<u>(1,166,212)</u>	<u>(1,004,403)</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	<u>(263,784)</u>	<u>(28,866)</u>	<u>0</u>
Net Cash Used for Investing Activities	<u>(263,784)</u>	<u>(28,866)</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(265,106)	(635,488)	(822,816)
Cash and Cash Equivalents at Beginning of Year	<u>6,713,103</u>	<u>3,247,493</u>	<u>2,040,192</u>
Cash and Cash Equivalents at End of Year	<u>\$6,447,997</u>	<u>\$2,612,005</u>	<u>\$1,217,376</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$6,256,192	\$2,612,005	\$1,217,376
Restricted Cash and Cash Equivalents	191,805	0	0
Cash and Cash Equivalents at End of Year	<u>\$6,447,997</u>	<u>\$2,612,005</u>	<u>\$1,217,376</u>

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$862,774	\$19,876,500
(858,426)	(16,692,476)
0	(2,055,021)
0	297,642
<u>4,348</u>	<u>1,426,645</u>
0	28,605
0	(7,956)
0	(800,000)
0	5,212
<u>0</u>	<u>750,000</u>
<u>0</u>	<u>(24,139)</u>
0	(2,625,023)
0	54,088
0	300,000
0	5,549,100
0	39,180
0	(5,524,500)
0	(75,000)
0	(62,074)
0	(397,680)
<u>0</u>	<u>(87,009)</u>
<u>0</u>	<u>(2,828,918)</u>
<u>0</u>	<u>(292,650)</u>
<u>0</u>	<u>(292,650)</u>
4,348	(1,719,062)
133,210	12,133,998
<u>\$137,558</u>	<u>\$10,414,936</u>
\$137,558	\$10,223,131
0	191,805
<u>\$137,558</u>	<u>\$10,414,936</u>

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	\$171,278	\$59,500	(\$122,610)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	584,494	509,144	263,937
Adjustments to Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(131,611)	(11,083)	1,849
(Increase) in Intergovernmental Receivable	0	(49,616)	0
Decrease in Special Assessments Receivable	2,061	3,114	8,109
(Increase) Decrease in Inventory	692,672	13,718	(409)
(Increase) Decrease in Prepaid Items	164	1,532	(618)
Decrease in Due from Other Funds	12,412	2,125	1,612
Increase (Decrease) in Accounts Payable	(3,248)	(5,473)	(516)
Increase (Decrease) in Accrued Wages and Benefits	(1,632)	3,184	1,712
Increase (Decrease) in Due to Other Funds	(814)	(5,492)	(2,186)
Increase (Decrease) in Intergovernmental Payable	(82)	20,141	15,399
(Decrease) in Claims Payable	(557,788)	0	0
Increase in Customer Deposits Payable	3,349	0	0
Increase (Decrease) in Compensated Absences	(61,530)	3,109	2,390
Total Adjustments	538,447	484,403	291,279
Net Cash Provided by Operating Activities	\$709,725	\$543,903	\$168,669

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2014 the Electric and Water Funds had outstanding liabilities for capital assets of \$91,262 and \$101,685, respectively. The Sewer Fund received \$126,233 in contributed capital from it's Joint Venture.

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
\$2,154	\$110,322
0	1,357,575
0	(140,845)
0	(49,616)
0	13,284
0	705,981
0	1,078
0	16,149
2,109	(7,128)
0	3,264
85	(8,407)
0	35,458
0	(557,788)
0	3,349
0	(56,031)
<u>2,194</u>	<u>1,316,323</u>
<u>\$4,348</u>	<u>\$1,426,645</u>

CITY OF TIPP CITY, OHIO

***Statement of Assets and Liabilities
Agency Funds
December 31, 2014***

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 17,823
Restricted Assets:	
Cash and Cash Equivalents	<u>1,155,915</u>
Total Assets	<u>1,173,738</u>
Liabilities:	
Due to Others	<u>1,173,738</u>
Total Liabilities	<u>\$ 1,173,738</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2014 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, “*The Financial Reporting Entity*,” as amended by GASB Statement No. 61 “*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*,” in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

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

The City is a participant in a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA) with other local cities. This organization is a jointly governed organization. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. See Note 18 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 19 for further information.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Venture with Equity Interest (Continued)

Northern Area Water Authority (NAWA) – The City is a participant with the City of Vandalia in a joint venture to provide efficient water treatment services to meet the needs of both communities. See Note 19 for further information.

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

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

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

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

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

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

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

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

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

Fiduciary Funds

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

D. Basis of Accounting

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Special assessment installments including related interest, which are measurable but not available at December 31, are recorded as deferred inflows of resources – unavailable amount. Property taxes measurable as of December 31, 2014 but which are not intended to finance 2014 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources – property tax levy for next fiscal year as further described in Note 6.

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

E. Budgetary Process

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2014.

2. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the personal services and other expenditures level within each department within each fund, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the personal services and other expenditures level within each department within each fund. The allocation of appropriations within a fund may be modified with the approval of the City Council. During 2014, several supplemental appropriations measures were necessary to budget the use of contingency funds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

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

<u>Net Change in Fund Balance</u>	<u>General Fund</u>
GAAP Basis (as reported)	\$232,302
Increase (Decrease):	
Accrued Revenues at December 31, 2014 received during 2015	(711,310)
Accrued Revenues at December 31, 2013 received during 2014	735,179
Accrued Expenditures at December 31, 2014 paid during 2015	317,790
Accrued Expenditures at December 31, 2013 paid during 2014	(329,647)
2013 Prepays for 2014	20,132
2014 Prepays for 2015	(19,900)
Outstanding Encumbrances	(111,390)
Budget Basis	<u>\$133,156</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, State Treasury Asset Reserve (STAR) Plus and certificates of deposit with original maturity dates of three months or less. STAR Plus is a federally insured cash accounts powered by the Federally Insured Cash Account (FICA) Program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully selected FDIC insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash represents the balance on hand as if each fund maintains its own cash and investments account. For purposes of the statement of cash flows, the proprietary funds' share of equity in investments with original maturities of three months or less are considered to be cash and cash equivalents. See Note 5, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the City's Investment Policies. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 5, "Cash, Cash Equivalents and Investments."

H. Restricted Assets

Restricted assets in the enterprise funds represent cash and cash equivalents held as customer deposits.

I. Inventory

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation (Continued)

3. Depreciation

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

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

L. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Bond Retirement Fund Water Fund Sewer Fund Electric Fund
General Obligation Notes	Capital Improvement Reserve Fund Abbott Drive Construction Fund 25-A Construction Fund Electric Fund Water Fund Sewer Fund
Special Assessment Bond	Special Assessment Bond Retirement Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Municipal Road Fund Electric Fund Water Fund Sewer Fund
State Loan	Sewer Fund
OPWC Loans	Capital Improvement Reserve Fund Water Fund Sewer Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

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

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

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

N. Net Position

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

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

O. Pensions

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Activity

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

Q. Interfund Assets/Liabilities

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

R. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balance (Continued)

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Charter authorizes the Finance Director to assign fund balance.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

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

S. Estimates

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

T. Operating Revenues and Expenses

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

U. Deferred Inflows of Resources

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 2 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned, and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Capital Improvement Reserve Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$19,900	\$1,426	\$5,720	\$27,046
Supplies Inventory	63,928	0	56,375	120,303
Total Nonspendable	<u>83,828</u>	<u>1,426</u>	<u>62,095</u>	<u>147,349</u>
Restricted:				
Transportation Projects	0	0	681,056	681,056
Police Activities	0	0	26,201	26,201
Debt Retirement	0	0	71,080	71,080
Capital Improvements	<u>0</u>	<u>0</u>	<u>72,142</u>	<u>72,142</u>
Total Restricted	<u>0</u>	<u>0</u>	<u>850,479</u>	<u>850,479</u>
Committed:				
Swimming Pool	0	0	6,215	6,215
Police Activities	<u>0</u>	<u>0</u>	<u>1,511</u>	<u>1,511</u>
Total Committed	<u>0</u>	<u>0</u>	<u>7,726</u>	<u>7,726</u>
Assigned:				
Encumbrances	<u>89,394</u>	<u>0</u>	<u>0</u>	<u>89,394</u>
Unassigned:				
	<u>5,437,072</u>	<u>(1,169,340)</u>	<u>(178,441)</u>	<u>4,089,291</u>
Total Fund Balances	<u>\$5,610,294</u>	<u>(\$1,167,914)</u>	<u>\$741,859</u>	<u>\$5,184,239</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Deferred/Delinquent Income Tax Revenue	\$562,162
Delinquent Property Tax Revenue	2,189
Shared Revenues	339,717
Interest Revenue	2,436
Special Assessment Revenue	919,368
Deferred Charges for Services	152,726
	<hr/>
	\$1,978,598

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$570,000)
General Obligation Notes Payable	(1,390,300)
Special Assessment Bond Payable	(550,000)
Accrued Interest on Long-Term Debt	(16,144)
OPWC Loan Payable	(970,586)
Compensated Absences Payable	(507,317)
	<hr/>
	(\$4,004,347)

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

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

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

Capital Outlay	\$3,288,233
Depreciation Expense	<u>(1,739,736)</u>
	\$1,548,497

Governmental revenues not reported in the funds:

Decrease in Deferred/Delinquent Tax Revenue	(\$15,481)
Increase in Shared Revenue	8,864
Decrease in Special Assessment Revenue	(30,475)
Increase in Interest Revenue	2,436
Increase in Deferred Charges for Services	<u>16,337</u>
	(\$18,319)

Issuance of long-term debt:

General Obligation Notes Issued	(\$1,390,300)
OPWC Loan Issued	<u>(100,091)</u>
	(\$1,490,391)

Amount of bond principal payments:

General Obligation Bond Principal Payment	\$215,000
Special Assessment Bond Principal Payment	45,000
OPWC Loan Principal Payment	24,091
General Obligation Note Principal Payment	<u>1,753,900</u>
	\$2,037,991

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$46,649
Decrease in supplies inventory	<u>(35,558)</u>
	\$11,091

NOTE 4 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits at December 31, 2014 of \$1,167,914, \$176,507 and \$1,934 in the Capital Improvement Reserve, Abbott Drive Construction and the OPWC Grant Funds, respectively (capital projects funds), are the result of recording notes payable and accruals in the individual fund balance sheets. The General Fund provides transfers, upon City Council’s approval when cash is required not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

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

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

A. Deposits

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

At year end the carrying amount of the City's deposits was \$18,003,541 and the bank balance was \$18,164,502. Federal depository insurance covered \$11,479,086 of the bank balance. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$6,685,416</u>
Total Balance	<u><u>\$6,685,416</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

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

B. Investments

The City’s investments at December 31, 2014 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years) <u>1-3</u>
FHLB	\$997,628	AA ⁺	\$997,628
FFCB	498,064	AA ⁺	498,064
Freddie Mac	500,116	AA ⁺	500,116
Total Investments	<u>\$1,995,808</u>		<u>\$1,995,808</u>

¹ Standard & Poor’s

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

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 50% are FHLB, 25% are FFCB, 25% are Freddie Mac.

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

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

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

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

	Cash and Cash Equivalents	Investments
Per GASB Statement No. 9	\$17,402,776	\$2,596,573
Certificates of Deposit (with maturities of more than 3 months)	600,765	(600,765)
Per GASB Statement No. 3	<u>\$18,003,541</u>	<u>\$1,995,808</u>

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property used in business and located in the City. Real property taxes (other than public utility) collected during 2014 were levied after October 1, 2013 on assessed values as of January 1, 2013, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last reappraisal was completed in 2007. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

The full tax rate for all City operations for the year ended December 31, 2014 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2014 levy was based was \$252,767,420. This amount constitutes \$246,235,280 in real property assessed value and \$6,532,140 in public utility assessed value.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 6 – TAXES (Continued)

B. Income Tax

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

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

Municipal income tax revenue for 2014 was \$5,344,919. This represents a 1% decrease from 2013 income tax revenue of \$5,400,724.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2014 consisted of taxes, special assessments, interfund receivables, interest, lease receivable, accounts receivable and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred inflows of resources are considered collectable in full.

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2014:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$107,500
Capital Improvement Reserve Fund	0	358,114
Other Governmental Funds	447,784	10,775
Total Governmental Funds	447,784	476,389
Water Fund	15,687	0
Sewer Fund	12,918	0
Total Proprietary Funds	28,605	0
Totals	\$476,389	\$476,389

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of due from other funds and due to other funds for all funds for 2014:

Fund	Due From	Due To
General Fund	\$78,706	\$2,194
Other Governmental Funds	0	170
Total Governmental Funds	78,706	2,364
Electric Fund	4,162	75,581
Water Fund	719	1,802
Sewer Fund	522	786
Refuse Collection Fund	0	3,576
Total Proprietary Funds	5,403	81,745
Totals	\$84,109	\$84,109

The due to / due from balances account for amounts due between funds for utility balances. The interfund loan receivable / payable for \$100,000 between the General Fund and the Capital Improvement Reserve Fund represents a short term loan in anticipation of reimbursement grant proceeds. The interfund loan receivable / payable for \$1,934 between the General Fund and the OPWC Grant Fund represents a short term loan in anticipation of reimbursement grant proceeds.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
<i>Non-depreciable Capital assets:</i>				
Land	\$13,549,726	\$0	\$0	\$13,549,726
Total Non-depreciable Capital assets	13,549,726	0	0	13,549,726
<i>Capital assets being depreciated:</i>				
Buildings	8,292,920	261,923	0	8,554,843
Improvements Other Than Buildings	6,393,339	4,018	0	6,397,357
Machinery and Equipment	7,862,326	1,059,636	(428,403)	8,493,559
Infrastructure	30,117,235	1,962,656	(565,736)	31,514,155
Total Depreciable Capital assets	52,665,820	3,288,233	(994,139)	54,959,914
Total Cost	\$66,215,546	\$3,288,233	(\$994,139)	\$68,509,640

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	(\$2,189,443)	(\$190,153)	\$0	(\$2,379,596)
Improvements Other Than Buildings	(2,326,695)	(232,736)	0	(2,559,431)
Machinery and Equipment	(5,845,707)	(499,283)	388,508	(5,956,482)
Infrastructure	(12,329,578)	(817,564)	389,905	(12,757,237)
Total Depreciation	(\$22,691,423)	(\$1,739,736) *	\$778,413	(\$23,652,746)
<i>Net Value:</i>	\$43,524,123			\$44,856,894

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$341,217)
Leisure Time Activities	(397,426)
Transportation	(898,330)
General Government	(102,763)
Total Depreciation Expense	<u>(\$1,739,736)</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 10 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
<i>Non-depreciable Capital assets:</i>				
Land	\$2,234,492	\$0	\$0	\$2,234,492
Construction in Progress	1,100,335	951,006	(116,336)	1,935,005
Total Non-depreciable Capital Assets	3,334,827	951,006	(116,336)	4,169,497
<i>Capital assets being depreciated:</i>				
Buildings	2,203,610	0	0	2,203,610
Improvements Other Than Buildings	36,545,952	1,273,273	0	37,819,225
Machinery and Equipment	2,980,324	706,216	(548,752)	3,137,788
Total Depreciable Capital assets	41,729,886	1,979,489	(548,752)	43,160,623
Total Cost	\$45,064,713	\$2,930,495	(\$665,088)	\$47,330,120

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	(\$848,485)	(\$47,214)	\$0	(\$895,699)
Improvements Other Than Buildings	(15,311,988)	(1,107,027)	0	(16,419,015)
Machinery and Equipment	(1,906,270)	(203,334)	200,484	(1,909,120)
Total Depreciation	(\$18,066,743)	(\$1,357,575)	\$200,484	(\$19,223,834)
<i>Net Value:</i>	\$26,997,970			\$28,106,286

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2014, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2014 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 12.0% for calendar year 2014. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2014, 2013, and 2012 were \$420,396, \$463,371 and \$345,307, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5% of their annual covered salary. Throughout 2014, employers were required to contribute 19.5% for police officers. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2014, 19.0% of annual covered salary for police was used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2014, 2013, and 2012 was \$258,874, \$208,247 and \$156,637 for police officers, which were equal to the required contributions for each year.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. OPERS’ eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2014, 2013, and 2012 were \$70,066, \$35,643 and \$138,123, respectively, which were equal to the required contributions for each year.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at www.op-f.org.

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.5% of covered payroll for police officers. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

The City's contributions for health care to the OP&F for the years ending December 31, 2014, 2013, and 2012 were \$6,812, \$46,710 and \$82,926 for police, which was equal to the required contributions for each year.

NOTE 13 - COMPENSATED ABSENCES

All full-time City employees earn vacation at a rate of between 80 to 200 hours per year of active service based on the employee's years of service. Employees are allowed to carry over up to 120 hours, 160 hours or 360 hours to the following year dependent on their employment contract. Upon separation from the City, the employee (or his estate) receives 100% of all vacation and from 25% (up to a maximum of 30 days) to 75% (up to a maximum of 180 days) of the employee's sick leave balance based on years of service and dependent upon the employment contract.

At December 31, 2014, the City's accumulated, unpaid compensated absences amounted to \$735,635, of which \$507,317 is recorded as a liability of the Governmental Activities and \$228,318 is recorded as a liability of the Business-Type Activities. The amounts are recorded in “Due within One Year” and “Due in More Than One Year” on the Entity Wide Statement of Net position based upon estimated usage.

NOTE 14 - NOTES PAYABLE

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

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

CITY OF TIPP CITY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 14 - NOTES PAYABLE (Continued)

The City had the following bond anticipation note activity during 2014:

	Maturity Date	Balance December 31, 2013	Issued	(Retired)	Balance December 31, 2014
Capital Projects Notes Payable:					
1.00% 25A Reconstruction	2/17/2015	\$27,000	\$44,000	(\$27,000)	\$44,000
1.00% Kinna Drive Construction	2/17/2015	20,000	100,000	(20,000)	100,000
1.00% Abbott Drive Construction	2/17/2015	320,000	75,000	(320,000)	75,000
1.00% Fire Truck	2/17/2015	82,500	82,500	(82,500)	82,500
1.00% Main Street Streetscape Improvement	2/17/2015	62,100	62,100	(62,100)	62,100
1.00% Fire Station Improvement	11/25/2015	1,710,000	1,465,000	(1,710,000)	1,465,000
1.00% South Third Street Reconstruction	11/25/2015	481,000	411,000	(481,000)	411,000
Total Capital Projects Notes Payable		<u>2,702,600</u>	<u>2,239,600</u>	<u>(2,702,600)</u>	<u>2,239,600</u>
Enterprise Notes Payable:					
1.00% Electric Notes	2/17/2015	111,790	111,790	(111,790)	111,790
1.00% Water Notes	2/17/2015	186,010	186,010	(186,010)	186,010
1.00% Sewer Notes	2/17/2015	87,600	512,600	(87,600)	512,600
1.00% Main Street Utility Improvement - Water	11/25/2015	189,000	168,000	(189,000)	168,000
1.00% Main Street Utility Improvement - Sewer	11/25/2015	126,000	112,000	(126,000)	112,000
1.00% Roselyn Water Improvement	11/25/2015	265,000	265,000	(265,000)	265,000
1.00% Roselyn Sewer Improvement	11/25/2015	265,000	265,000	(265,000)	265,000
Total Enterprise Notes Payable		<u>1,230,400</u>	<u>1,620,400</u>	<u>(1,230,400)</u>	<u>1,620,400</u>
Total Notes Payable		<u>\$3,933,000</u>	<u>\$3,860,000</u>	<u>(\$3,933,000)</u>	<u>\$3,860,000</u>

Multiple note issues were rolled over in February 2014 thereby extending their due dates beyond twelve months from the end of 2014. The balances above are expected to be paid for with “current financial resources” within twelve months of fiscal year end. The amounts refinanced in February of 2014 are recorded as long-term debt obligations in Note 17.

NOTE 15 – CONSTRUCTION COMMITMENTS

At December 31, 2014 the City had the following contractual commitments outstanding:

Project	Remaining Contractual Commitment	Estimated Date of Completion
County Road 25A Widening	280,818	12/31/2016
Water Line Replacements - Warner/Bowman/Plum	79,268	6/30/2015
Water Tower #2 Renovation - Design	51,333	12/31/2015
Total Construction Commitments	<u>\$411,419</u>	

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 16 - CAPITAL LEASE RECEIVABLE

The City and the Northern Area Water Authority (NAWA) have entered into a capital lease agreement where the City will finance the lease-purchase of a backup electric generator on behalf of NAWA. The value of the equipment leased under the lease agreement is \$1,245,755. The receivable is recorded within the Electric Fund and is recorded on the Statement of Net Position as lease receivable – current and lease receivable. The following is a schedule of future minimum lease payments, to be received, under the capital lease together with the present value of the net minimum lease payments as of December 31, 2014:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>
2015	\$57,000
2016	78,000
2017	76,000
2018	74,000
2019	72,000
2020-2024	330,000
2025-2029	280,000
Minimum Lease Payments	<u>967,000</u>
Less amount representing unearned revenue	<u>(217,000)</u>
Present value of minimum lease payments	<u><u>\$750,000</u></u>

The capital lease agreement was amended in 2011 due to the favorable interest rate environment and the City's intent to reissue the debt as short-term notes through 2014 rather than issuing long-term bonds. Savings on projected interest expense will be passed through to NAWA in the form of lower annual payment on the lease.

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CITY OF TIPP CITY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 17 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2014 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2013	Issued	(Retired)	Balance December 31, 2014	Amount Due Within One Year
Business Type-Activities:							
General Obligation Bonds:							
4.6-4.625% Electric Improvement Bonds	\$995,000	2015	\$145,000	\$0	(\$50,000)	\$95,000	\$95,000
2.0-3.85% Rosewood Sewer Bonds	300,000	2016	75,000	0	(25,000)	50,000	25,000
Total General Obligation Bonds			220,000	0	(75,000)	145,000	120,000
General Obligation Notes:							
1.00% Electric Notes	1,337,880	2016	1,449,670	1,337,880	(1,449,670)	1,337,880	0
1.00% Water Notes	1,969,020	2016	2,155,030	1,969,020	(2,155,030)	1,969,020	0
1.00% Sewer Notes	1,371,800	2016	1,489,400	1,371,800	(1,489,400)	1,371,800	0
Total General Obligation Notes			5,094,100	4,678,700	(5,094,100)	4,678,700	0
Ohio Public Works Commission Loans:							
0.00% OPWC Loan - AMR/AMI Project	600,000	2032	540,000	0	(30,000)	510,000	30,000
0.00% OPWC Loan - Water Tower Project	425,000	2033	425,000	0	(21,250)	403,750	21,250
0.00% OPWC Loan - Downtown Utilities Project	401,915	2034	401,915	0	(10,824)	391,091	21,648
Total Ohio Public Works Commission Loans			1,366,915	0	(62,074)	1,304,841	72,898
0.00% State Loan - NE Sewer Interceptor	597,260	2014	397,680	0	(397,680)	0	0
Compensated Absences			284,349	228,318	(284,349)	228,318	50,660
Total Business-Type Activity Long-Term Liabilities			\$7,363,044	\$4,907,018	(\$5,913,203)	\$6,356,859	\$243,558
Governmental Activities:							
Unvoted General Obligation Bonds:							
4.6-4.625% Service Center Improvement	\$940,000	2015	\$90,000	\$0	(\$50,000)	\$40,000	\$40,000
4.0-4.800% Capital Facilities Bond	2,325,000	2019	600,000	0	(100,000)	500,000	100,000
2.0-3.65% 25A Reconstruction Bond	250,000	2014	25,000	0	(25,000)	0	0
2.0-3.65% Fire Truck Equipment Bond	275,000	2014	30,000	0	(30,000)	0	0
2.0-4.15% Donn Davis Construction - City Share	250,000	2017	40,000	0	(10,000)	30,000	10,000
Total General Obligation Bonds			785,000	0	(215,000)	570,000	150,000
General Obligation Notes:							
1.00% Capital Projects Notes	1,390,300	2016	1,753,900	1,390,300	(1,753,900)	1,390,300	0
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	595,000	0	(45,000)	550,000	45,000
Ohio Public Works Commission Loan:							
0.00% OPWC Loan - Main Street Streetscape	894,586	2034	894,586	100,091	(24,091)	970,586	48,182
Compensated Absences			553,966	507,317	(553,966)	507,317	160,185
Total Governmental Activity Long-Term Liabilities			\$4,582,452	\$1,997,708	(\$2,591,957)	\$3,988,203	\$403,367

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 17 - LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's special assessment bonds outstanding at December 31, 2014, \$550,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

A. Future Long-Term Financing Requirements

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2014, follow:

Years	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$270,000	\$32,753	\$45,000	\$23,623	\$121,080	\$0
2016	135,000	20,663	45,000	21,890	121,080	0
2017	110,000	14,716	50,000	20,158	121,080	0
2018	100,000	9,600	50,000	18,083	121,080	0
2019	100,000	4,800	55,000	16,008	121,080	0
2020-2024	0	0	305,000	42,300	605,400	0
2025-2029	0	0	0	0	605,400	0
2030-2034	0	0	0	0	459,227	0
Totals	\$715,000	\$82,532	\$550,000	\$142,062	\$2,275,427	\$0

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 18 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1996 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2014, the pool has twenty members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote.

Management is provided by an Executive Director, who is assisted by a Claims Manager, a full-time Loss Control Manager and office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board, and the organization is covered by policies, procedures, and formally adopted bylaws.

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

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

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

The member deductible per occurrence for all types of claims is \$2,500.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 18 - RISK MANAGEMENT (Continued)

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.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 19 - JOINT VENTURES

A. Tri-Cities North Regional Wastewater Authority

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

Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Tipp City, Vandalia and Huber Heights. Tri-Cities is governed by a management board consisting of the city managers of the three participating cities. The Board has complete authority over all the aspects of the Plant's operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation, and the City does have an equity interest. The percentage of equity interest for each city is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$6,541,184 which represents 21.16% of the total equity in Tri-Cities. This reflects an increase of .41% over the City's equity interest of 20.75% in 2013. 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 2014, the City paid \$675,042 to Tri-Cities for services provided. Complete financial statements can be obtained from Tri-Cities North Regional Wastewater Authority, 3777 Old Needmore Road, Dayton, Ohio 45424.

B. Northern Area Water Authority

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

The Northern Area Water Authority (NAWA) is a joint venture among the cities of Tipp City and Vandalia. NAWA is governed by a five member management board who have complete authority over all aspects of the operation. NAWA supplies all participating residents of the member cities with water services. Each city owns the water lines located in its city and bills its residents for usage. Operations started in 2007. Continued existence of NAWA is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each city is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$297,196 which represents 50% of the total equity of NAWA on December 31, 2014. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2014, the City paid \$1,306,976 to NAWA for services provided. NAWA did file a GAAP basis financial statement in accordance with Ohio Revised Code and copies of this report are available from Northern Area Water Authority, 333 J. E. Bohanan Drive, Vandalia, Ohio 45377.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 20 – AMP GS PROJECT

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 12,000 kilowatts of a total 771,281 kilowatts, giving the City a 1.56 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$2,085,435. The City received a credit of \$427,162 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$542,698 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$1,115,575. The City is reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable.

The impaired costs have been included in the business-type activities and the electric enterprise fund as a 2014 Claims Payable expense. The City elected to finance this amount through AMP's revolving line of credit with payment of one-half of the liability paid in the fourth quarter of 2014 of \$557,788, and payment of the remaining balance of \$557,787 in the first half of 2015.

NOTE 21 - CONTINGENCIES

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 22 – SUBSEQUENT EVENTS

On January 20, 2015, the City authorized a contract with Westerheide Construction for construction of a new Electric Utility Service Center in the amount of \$2,348,400.

On February 17, 2015, the City issued general obligation bond anticipation notes, in the amount of \$6,069,000 to retire notes previously issued, for the purposes of improving County Road 25A and Kinna Drive, the purchase and installation of an electric generator at the water treatment plant, construction of a one million gallon elevated water storage tank, purchase and installation of an AMR/AMI water metering infrastructure, purchase of an aerial ladder truck for the fire department, Main Street Sanitary Sewer lift station improvements, Water Tower #2 rehabilitation and painting, and the Main Street Utility/Streetscape Improvements. The notes have an interest rate of 1.0 percent and mature on February 16, 2016.

On March 16, 2015, the City authorized a contract with Contract Sweepers and Equipment through the State of Ohio Cooperative Purchasing Plan for the purchase of a street sweeper at a cost not to exceed \$222,513.

On March 16, 2015, the City authorized a contract with Seven Brothers Painting for the repair, renovation, and painting of Water Tower #2 in the amount of \$771,300.

On March 16, 2015, the City authorized a contract with John R. Jurgensen Paving for the City's 2015 asphalt paving program in the amount of \$547,645.

Between March 23, 2015 and April 20, 2015 the City appropriated a portion of eleven (11) parcels of real property for the reconstruction and widening of County Road 25A within the City from State Route 571 (Main Street) south to Evanston Road. This road widening project will be completed in two phases between July, 2015 and December, 2017. The total project is expected to cost approximately \$7 million with Federal and State grants paying for approximately \$6 million of the total project.

On May 4, 2015, the City authorized a 3-year contract with the Fraternal Order of Police, representing the City's uniformed police officers. Significant terms of this contract included annual wage increases of 3%, 2.75%, and 2.75% during the three year term of the agreement.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 23 – SIGNIFICANT ENCUMBRANCES

At December 31, 2014 the City had the following significant encumbrances outstanding:

Fund	Total Encumbrances	Significant Encumbrances	Explanation
Major Funds:			
Capital Improvement Reserve	\$ 526,605	\$ 188,000 95,000 60,000 56,000	Lesher Woods Trail Construction Comprehensive Master Plan Update HVAC Replacement - Police Department Asphalt Resurfacing - Kyle Park
Electric	3,921,401	2,865,160 436,203 289,693 200,313	Electric Service Center Construction 69 KV Loop County Road 25A Expansion Project Downtown Traffic Signal Replacement
Water	1,631,419	808,004 292,233 278,868 226,125	Water Tower #2 Renovation W. Walnut Water Line Roselyn Waterline Miscellaneous Waterline Improvements
Sewer	631,633	347,000 252,673	Roselyn Sewerline Miscellaneous Sewerline Improvements

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Swimming Pool Fund

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Municipal Road Fund

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

Law Enforcement Fund

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

Enforcement and Education Fund

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

Drug Law Enforcement Fund

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

Police Donation Trust Fund

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

(Continued)

Debt Service Funds

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

General Bond Retirement Fund

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

Special Assesment Bond Retirement Fund

To account for special assessments levied and for the payment of special assessment bonded debt with governmental commitment.

Capital Projects Funds

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

Parks Capital Improvement Fund

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

Abbott Drive Construction Fund

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

25-A Construction Fund

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

Ohio Public Works Commission (OPWC) Grant Fund

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

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 629,285	\$ 71,080	\$ 116,521	\$ 816,886
Receivables:				
Intergovernmental	326,943	0	36,263	363,206
Special Assessments	0	736,531	0	736,531
Inventory of Supplies, at Cost	56,375	0	0	56,375
Prepaid Items	5,720	0	0	5,720
Total Assets	\$ 1,018,323	\$ 807,611	\$ 152,784	\$ 1,978,718
Liabilities:				
Accounts Payable	\$ 3,989	\$ 0	\$ 36,263	\$ 40,252
Accrued Wages and Benefits Payable	19,146	0	0	19,146
Intergovernmental Payable	45	0	0	45
Due to Other Funds	170	0	0	170
Interfund Loans Payable	0	0	1,934	1,934
Accrued Interest Payable	0	0	1,886	1,886
General Obligation Notes Payable	0	0	219,000	219,000
Total Liabilities	23,350	0	259,083	282,433
Deferred Inflows of Resources:				
Unavailable Amounts	217,895	736,531	0	954,426
Fund Balances:				
Nonspendable	62,095	0	0	62,095
Restricted	707,257	71,080	72,142	850,479
Committed	7,726	0	0	7,726
Unassigned	0	0	(178,441)	(178,441)
Total Fund Balances	777,078	71,080	(106,299)	741,859
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 1,018,323	\$ 807,611	\$ 152,784	\$ 1,978,718

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 0	\$ 0	\$ 45,702	\$ 45,702
Intergovernmental Revenues	670,422	0	876,862	1,547,284
Charges for Services	247,855	0	0	247,855
Special Assessments	0	73,653	0	73,653
Fines and Forfeitures	673	0	0	673
All Other Revenue	24,184	0	12,049	36,233
Total Revenue	<u>943,134</u>	<u>73,653</u>	<u>934,613</u>	<u>1,951,400</u>
Expenditures:				
Current:				
Leisure Time Activities	356,920	0	0	356,920
Transportation	590,590	0	0	590,590
General Government	0	3,507	0	3,507
Capital Outlay	160,539	0	882,356	1,042,895
Debt Service:				
Principal Retirement	0	284,091	944,000	1,228,091
Interest and Fiscal Charges	0	84,857	8,362	93,219
Total Expenditures	<u>1,108,049</u>	<u>372,455</u>	<u>1,834,718</u>	<u>3,315,222</u>
Excess (Deficiency) of Revenues Over Expenditures	(164,915)	(298,802)	(900,105)	(1,363,822)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	725,000	725,000
Transfers In	107,500	0	340,284	447,784
Transfers Out	(10,775)	0	0	(10,775)
Total Other Financing Sources (Uses)	<u>96,725</u>	<u>0</u>	<u>1,065,284</u>	<u>1,162,009</u>
Net Change in Fund Balances	(68,190)	(298,802)	165,179	(201,813)
Fund Balances at Beginning of Year	877,477	369,882	(271,478)	975,881
Change in Inventory	(32,209)	0	0	(32,209)
Fund Balances End of Year	<u>\$ 777,078</u>	<u>\$ 71,080</u>	<u>\$ (106,299)</u>	<u>\$ 741,859</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Assets:				
Cash and Cash Equivalents	\$ 6,215	\$ 204,774	\$ 121,909	\$ 268,775
Receivables:				
Intergovernmental	0	207,918	16,858	102,067
Inventory of Supplies, at Cost	0	56,375	0	0
Prepaid Items	1,906	3,495	0	319
Total Assets	<u>\$ 8,121</u>	<u>\$ 472,562</u>	<u>\$ 138,767</u>	<u>\$ 371,161</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 1,551	\$ 0	\$ 2,438
Accrued Wages and Benefits Payable	0	14,680	0	4,466
Intergovernmental Payable	0	45	0	0
Due to Other Funds	0	170	0	0
Total Liabilities	<u>0</u>	<u>16,446</u>	<u>0</u>	<u>6,904</u>
Deferred Inflows of Resources:				
Unavailable Amounts	<u>0</u>	<u>138,612</u>	<u>11,239</u>	<u>68,044</u>
Fund Balances:				
Nonspendable	1,906	59,870	0	319
Restricted	0	257,634	127,528	295,894
Committed	6,215	0	0	0
Total Fund Balances	<u>8,121</u>	<u>317,504</u>	<u>127,528</u>	<u>296,213</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,121</u>	<u>\$ 472,562</u>	<u>\$ 138,767</u>	<u>\$ 371,161</u>

CITY OF TIPP CITY, OHIO

Law Enforcement	Enforcement and Education	Drug Law Enforcement	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 14,583	\$ 4,527	\$ 6,991	\$ 1,511	\$ 629,285
0	100	0	0	326,943
0	0	0	0	56,375
0	0	0	0	5,720
<u>\$ 14,583</u>	<u>\$ 4,627</u>	<u>\$ 6,991</u>	<u>\$ 1,511</u>	<u>\$ 1,018,323</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,989
0	0	0	0	19,146
0	0	0	0	45
0	0	0	0	170
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,350</u>
0	0	0	0	217,895
0	0	0	0	62,095
14,583	4,627	6,991	0	707,257
0	0	0	1,511	7,726
<u>14,583</u>	<u>4,627</u>	<u>6,991</u>	<u>1,511</u>	<u>777,078</u>
<u>\$ 14,583</u>	<u>\$ 4,627</u>	<u>\$ 6,991</u>	<u>\$ 1,511</u>	<u>\$ 1,018,323</u>

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 421,747	\$ 34,195	\$ 214,480
Charges for Services	232,644	15,211	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	16,096	6,140	0	666
Total Revenue	<u>248,740</u>	<u>443,098</u>	<u>34,195</u>	<u>215,146</u>
Expenditures:				
Current:				
Leisure Time Activities	356,920	0	0	0
Transportation	0	382,856	20,858	186,876
Capital Outlay	0	151,101	0	1,134
Total Expenditures	<u>356,920</u>	<u>533,957</u>	<u>20,858</u>	<u>188,010</u>
Excess (Deficiency) of Revenues Over Expenditures	(108,180)	(90,859)	13,337	27,136
Other Financing Sources (Uses):				
Transfers In	107,500	0	0	0
Transfers Out	0	0	0	(10,775)
Total Other Financing Sources (Uses)	<u>107,500</u>	<u>0</u>	<u>0</u>	<u>(10,775)</u>
Net Change in Fund Balances	(680)	(90,859)	13,337	16,361
Fund Balances at Beginning of Year	8,801	440,572	114,191	279,852
Change in Inventory	0	(32,209)	0	0
Fund Balances End of Year	<u>\$ 8,121</u>	<u>\$ 317,504</u>	<u>\$ 127,528</u>	<u>\$ 296,213</u>

CITY OF TIPP CITY, OHIO

Law Enforcement	Enforcement and Education	Drug Law Enforcement	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 670,422
0	0	0	0	247,855
0	573	100	0	673
1,282	0	0	0	24,184
<u>1,282</u>	<u>573</u>	<u>100</u>	<u>0</u>	<u>943,134</u>
0	0	0	0	356,920
0	0	0	0	590,590
8,304	0	0	0	160,539
<u>8,304</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,108,049</u>
(7,022)	573	100	0	(164,915)
0	0	0	0	107,500
0	0	0	0	(10,775)
0	0	0	0	96,725
(7,022)	573	100	0	(68,190)
21,605	4,054	6,891	1,511	877,477
0	0	0	0	(32,209)
<u>\$ 14,583</u>	<u>\$ 4,627</u>	<u>\$ 6,991</u>	<u>\$ 1,511</u>	<u>\$ 777,078</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2014**

	General Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 56,748	\$ 14,332	\$ 71,080
Receivables:			
Special Assessments	0	736,531	736,531
Total Assets	<u>\$ 56,748</u>	<u>\$ 750,863</u>	<u>\$ 807,611</u>
Deferred Inflows of Resources:			
Unavailable Amounts	\$ 0	\$ 736,531	\$ 736,531
Total Deferred Inflows of Resources	<u>0</u>	<u>736,531</u>	<u>736,531</u>
Fund Balances:			
Restricted	56,748	14,332	71,080
Total Fund Balances	<u>56,748</u>	<u>14,332</u>	<u>71,080</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 56,748</u>	<u>\$ 750,863</u>	<u>\$ 807,611</u>

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2014**

	General Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Special Assessments	\$ 0	\$ 73,653	\$ 73,653
Total Revenue	<u>0</u>	<u>73,653</u>	<u>73,653</u>
Expenditures:			
Current:			
General Government	0	3,507	3,507
Debt Service:			
Principal Retirement	239,091	45,000	284,091
Interest and Fiscal Charges	59,592	25,265	84,857
Total Expenditures	<u>298,683</u>	<u>73,772</u>	<u>372,455</u>
Net Change in Fund Balances	(298,683)	(119)	(298,802)
Fund Balances at Beginning of Year	<u>355,431</u>	<u>14,451</u>	<u>369,882</u>
Fund Balances End of Year	<u>\$ 56,748</u>	<u>\$ 14,332</u>	<u>\$ 71,080</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2014**

	Parks Capital Improvement	Abbott Drive Construction	25-A Construction	OPWC Grant	Total Nonmajor Capital Projects Funds
Assets:					
Cash and Cash Equivalents	\$ 66,521	\$ 0	\$ 50,000	\$ 0	\$ 116,521
Receivables:					
Intergovernmental	0	0	0	36,263	36,263
Total Assets	<u>\$ 66,521</u>	<u>\$ 0</u>	<u>\$ 50,000</u>	<u>\$ 36,263</u>	<u>\$ 152,784</u>
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 36,263	\$ 36,263
Interfund Loans Payable	0	0	0	1,934	1,934
Accrued Interest Payable	0	1,507	379	0	1,886
General Obligation Notes Payable	0	175,000	44,000	0	219,000
Total Liabilities	<u>0</u>	<u>176,507</u>	<u>44,379</u>	<u>38,197</u>	<u>259,083</u>
Fund Balances:					
Restricted	66,521	0	5,621	0	72,142
Unassigned	0	(176,507)	0	(1,934)	(178,441)
Total Fund Balances	<u>66,521</u>	<u>(176,507)</u>	<u>5,621</u>	<u>(1,934)</u>	<u>(106,299)</u>
Total Liabilities and Fund Balances	<u>\$ 66,521</u>	<u>\$ 0</u>	<u>\$ 50,000</u>	<u>\$ 36,263</u>	<u>\$ 152,784</u>

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2014**

	Parks Capital Improvement	Abbott Drive Construction	25-A Construction	OPWC Grant	Total Nonmajor Capital Project Funds
Revenues:					
Taxes	\$ 45,702	\$ 0	\$ 0	\$ 0	\$ 45,702
Intergovernmental Revenues	0	0	0	876,862	876,862
All Other Revenue	12,049	0	0	0	12,049
Total Revenue	57,751	0	0	876,862	934,613
Expenditures:					
Capital Outlay	3,560	0	0	878,796	882,356
Debt Service:					
Principal Retirement	0	525,000	419,000	0	944,000
Interest and Fiscal Charges	0	6,460	1,902	0	8,362
Total Expenditures	3,560	531,460	420,902	878,796	1,834,718
Excess (Deficiency) of Revenues Over Expenditures	54,191	(531,460)	(420,902)	(1,934)	(900,105)
Other Financing Sources (Uses):					
General Obligation Notes Issued	0	350,000	375,000	0	725,000
Transfers In	0	311,761	28,523	0	340,284
Total Other Financing Sources (Uses)	0	661,761	403,523	0	1,065,284
Net Change in Fund Balances	54,191	130,301	(17,379)	(1,934)	165,179
Fund Balances at Beginning of Year	12,330	(306,808)	23,000	0	(271,478)
Fund Balances End of Year	\$ 66,521	\$ (176,507)	\$ 5,621	\$ (1,934)	\$ (106,299)

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 3,336,737	\$ 3,336,737	\$ 3,294,656	\$ (42,081)
Intergovernmental Revenues	929,400	929,400	935,198	5,798
Charges for Services	1,553,528	1,553,528	1,562,393	8,865
Licenses and Permits	19,025	19,025	33,575	14,550
Investment Earnings	75,000	75,000	34,550	(40,450)
Special Assessments	500	500	1,197	697
Fines and Forfeitures	14,650	14,650	12,211	(2,439)
All Other Revenues	216,200	219,600	270,678	51,078
Total Revenues	<u>6,145,040</u>	<u>6,148,440</u>	<u>6,144,458</u>	<u>(3,982)</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,287,743	2,287,743	2,189,654	98,089
Travel and Training	16,075	16,075	9,968	6,107
Materials and Supplies	88,415	88,415	78,655	9,760
Contractual Services	145,437	152,937	135,090	17,847
Total Police	<u>2,537,670</u>	<u>2,545,170</u>	<u>2,413,367</u>	<u>131,803</u>
Fire:				
Personal Services	88,646	88,646	86,313	2,333
Travel and Training	2,859	2,859	2,859	0
Materials and Supplies	7,895	8,020	7,797	223
Contractual Services	48,897	55,772	52,695	3,077
Total Fire	<u>148,297</u>	<u>155,297</u>	<u>149,664</u>	<u>5,633</u>
Emergency Medical Services:				
Personal Services	704,046	719,046	712,190	6,856
Travel and Training	9,875	9,875	5,450	4,425
Materials and Supplies	45,519	45,519	36,048	9,471
Contractual Services	82,419	96,919	84,620	12,299
Total Emergency Medical Services	<u>841,859</u>	<u>871,359</u>	<u>838,308</u>	<u>33,051</u>
Total Security of Persons and Property	<u>3,527,826</u>	<u>3,571,826</u>	<u>3,401,339</u>	<u>170,487</u>

(Continued)

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	325,386	349,886	308,041	41,845
Travel and Training	500	500	143	357
Materials and Supplies	64,724	71,224	51,867	19,357
Contractual Services	95,845	101,845	82,924	18,921
Total Parks	<u>486,455</u>	<u>523,455</u>	<u>442,975</u>	<u>80,480</u>
Recreation:				
Contractual Services	18,700	18,700	17,700	1,000
Total Recreation	<u>18,700</u>	<u>18,700</u>	<u>17,700</u>	<u>1,000</u>
Total Leisure Time Activities	<u>505,155</u>	<u>542,155</u>	<u>460,675</u>	<u>81,480</u>
Community Environment:				
Planning:				
Personal Services	268,053	268,053	259,313	8,740
Travel and Training	3,833	3,833	1,954	1,879
Materials and Supplies	3,384	3,384	2,992	392
Contractual Services	62,480	162,480	50,124	112,356
Total Community Environment	<u>337,750</u>	<u>437,750</u>	<u>314,383</u>	<u>123,367</u>
Basic Utility Services:				
Utility Billing:				
Personal Services	196,179	196,179	173,458	22,721
Travel and Training	1,965	1,965	1,954	11
Materials and Supplies	34,425	34,425	32,205	2,220
Contractual Services	26,250	26,250	23,341	2,909
Total Basic Utility Services	<u>258,819</u>	<u>258,819</u>	<u>230,958</u>	<u>27,861</u>
General Government:				
City Council:				
Personal Services	60,579	73,329	72,248	1,081
Travel and Training	6,313	6,313	6,252	61
Materials and Supplies	3,853	3,853	2,757	1,096
Contractual Services	20,502	20,502	15,470	5,032
Total City Council	<u>91,247</u>	<u>103,997</u>	<u>96,727</u>	<u>7,270</u>

(Continued)

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Commissions:				
Personal Services	19,030	19,030	21,026	(1,996)
Travel and Training	2,500	2,500	35	2,465
Materials and Supplies	3,280	3,280	2,884	396
Contractual Services	31,981	31,981	29,105	2,876
Total Commissions	<u>56,791</u>	<u>56,791</u>	<u>53,050</u>	<u>3,741</u>
Administration:				
Personal Services	227,770	227,770	168,100	59,670
Travel and Training	4,212	4,212	2,203	2,009
Materials and Supplies	1,110	1,110	999	111
Contractual Services	5,917	5,917	4,581	1,336
Total Administration	<u>239,009</u>	<u>239,009</u>	<u>175,883</u>	<u>63,126</u>
Buildings and Grounds:				
Personal Services	119,671	127,171	118,121	9,050
Travel and Training	2,250	2,250	624	1,626
Materials and Supplies	8,297	8,297	7,673	624
Contractual Services	113,136	113,136	102,969	10,167
Total Buildings and Grounds	<u>243,354</u>	<u>250,854</u>	<u>229,387</u>	<u>21,467</u>
Finance - Accounting:				
Personal Services	216,254	216,254	196,970	19,284
Travel and Training	830	830	817	13
Materials and Supplies	2,000	2,000	1,995	5
Contractual Services	19,679	19,949	19,476	473
Total Finance - Accounting	<u>238,763</u>	<u>239,033</u>	<u>219,258</u>	<u>19,775</u>
Finance - Income Tax:				
Personal Services	148,154	148,154	142,035	6,119
Travel and Training	1,500	1,500	1,014	486
Materials and Supplies	7,559	7,559	4,850	2,709
Contractual Services	40,339	40,339	36,983	3,356
Income Tax Refunds	99,000	99,000	72,586	26,414
Total Finance - Income Tax	<u>296,552</u>	<u>296,552</u>	<u>257,468</u>	<u>39,084</u>

(Continued)

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legal:				
Personal Services	58,368	58,368	55,814	2,554
Travel and Training	400	400	220	180
Materials and Supplies	300	300	0	300
Contractual Services	24,699	24,699	17,844	6,855
Total Legal	<u>83,767</u>	<u>83,767</u>	<u>73,878</u>	<u>9,889</u>
Engineering:				
Personal Services	167,322	200,322	182,023	18,299
Travel and Training	1,055	1,055	939	116
Materials and Supplies	4,516	4,536	4,172	364
Contractual Services	22,181	22,161	13,755	8,406
Total Engineering	<u>195,074</u>	<u>228,074</u>	<u>200,889</u>	<u>27,185</u>
General Administrative:				
Personal Services	1,000	1,000	0	1,000
Materials and Supplies	25,000	50,000	25,827	24,173
Contractual Services	193,816	193,816	146,956	46,860
Other Expenditures	31,625	31,625	1,667	29,958
Total General Administrative	<u>251,441</u>	<u>276,441</u>	<u>174,450</u>	<u>101,991</u>
Total General Government	<u>1,695,998</u>	<u>1,774,518</u>	<u>1,480,990</u>	<u>293,528</u>
Capital Outlay:				
Fire	52,211	52,211	51,158	1,053
Emergency Medical Services	9,626	9,626	9,626	0
Parks	2,700	2,700	1,449	1,251
Utility Billing	1,605	1,605	1,100	505
City Council	1,000	1,000	0	1,000
Commissions	500	500	0	500
Buildings and Grounds	500	500	0	500
Finance - Accounting	300	30	0	30
Finance - Income Tax	3,000	3,000	2,064	936
Engineering	500	500	60	440
Total Capital Outlay	<u>71,942</u>	<u>71,672</u>	<u>65,457</u>	<u>6,215</u>
Total Expenditures	<u>6,397,490</u>	<u>6,656,740</u>	<u>5,953,802</u>	<u>702,938</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(252,450)	(508,300)	190,656	698,956

(Continued)

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	1,000	1,000	0	(1,000)
Transfers Out	(27,500)	(107,500)	(107,500)	0
Advances In	150,000	150,000	150,000	0
Advances Out	0	(100,000)	(100,000)	0
Total Other Financing Sources (Uses)	<u>123,500</u>	<u>(56,500)</u>	<u>(57,500)</u>	<u>(1,000)</u>
Net Change in Fund Balance	(128,950)	(564,800)	133,156	697,956
Fund Balance at Beginning of Year	4,680,431	4,680,431	4,680,431	0
Prior Year Encumbrances	<u>207,669</u>	<u>207,669</u>	<u>207,669</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,759,150</u>	<u>\$ 4,323,300</u>	<u>\$ 5,021,256</u>	<u>\$ 697,956</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Year Ended December 31, 2014**

CAPITAL IMPROVEMENT RESERVE FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 2,582,470	\$ 2,507,563	\$ (74,907)
Intergovernmental Revenues	365,891	100,091	(265,800)
Charges for Services	80,000	80,271	271
Special Assessments	75,000	165,763	90,763
All Other Revenues	37,000	3,424	(33,576)
Total Revenues	<u>3,140,361</u>	<u>2,857,112</u>	<u>(283,249)</u>
Expenditures:			
General Government:			
Contractual Services	4,200	3,801	399
Other Expenditures	98,125	62,218	35,907
Total General Government	<u>102,325</u>	<u>66,019</u>	<u>36,306</u>
Capital Outlay	<u>2,972,374</u>	<u>2,671,139</u>	<u>301,235</u>
Debt Service:			
Interest and Fiscal Charges	5,000	0	5,000
Total Expenditures	<u>3,079,699</u>	<u>2,737,158</u>	<u>342,541</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,662	119,954	59,292
Other Financing Sources (Uses):			
Sale of Capital Assets	0	30,411	30,411
Transfers Out	(859,639)	(827,499)	32,140
Advances In	100,000	100,000	0
Advances Out	(150,000)	(150,000)	0
Total Other Financing Sources (Uses)	<u>(909,639)</u>	<u>(847,088)</u>	<u>62,551</u>
Net Change in Fund Balance	(848,977)	(727,134)	121,843
Fund Balance at Beginning of Year	309,652	309,652	0
Prior Year Encumbrances	593,454	593,454	0
Fund Balance at End of Year	<u>\$ 54,129</u>	<u>\$ 175,972</u>	<u>\$ 121,843</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2014**

SWIMMING POOL FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 353,400	\$ 232,644	\$ (120,756)
All Other Revenues	6,000	16,096	10,096
Total Revenues	<u>359,400</u>	<u>248,740</u>	<u>(110,660)</u>
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	39,479	26,457	13,022
Contractual Services	342,292	330,989	11,303
Other Expenditures	21	21	0
Total Leisure Time Activities	<u>381,792</u>	<u>357,467</u>	<u>24,325</u>
Capital Outlay	1,500	0	1,500
Total Expenditures	<u>383,292</u>	<u>357,467</u>	<u>25,825</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,892)	(108,727)	(84,835)
Other Financing Sources (Uses):			
Transfers In	107,500	107,500	0
Total Other Financing Sources (Uses)	<u>107,500</u>	<u>107,500</u>	<u>0</u>
Net Change in Fund Balance	83,608	(1,227)	(84,835)
Fund Balance at Beginning of Year	7,299	7,299	0
Prior Year Encumbrances	124	124	0
Fund Balance at End of Year	<u>\$ 91,031</u>	<u>\$ 6,196</u>	<u>\$ (84,835)</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2014***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 428,646	\$ 418,285	\$ (10,361)
Charges for Services	18,650	15,211	(3,439)
All Other Revenues	1,000	6,140	5,140
Total Revenues	<u>448,296</u>	<u>439,636</u>	<u>(8,660)</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	344,720	304,540	40,180
Travel and Training	485	416	69
Materials and Supplies	29,054	18,232	10,822
Contractual Services	82,481	70,508	11,973
Total Transportation	<u>456,740</u>	<u>393,696</u>	<u>63,044</u>
Capital Outlay	151,450	151,101	349
Total Expenditures	<u>608,190</u>	<u>544,797</u>	<u>63,393</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(159,894)	(105,161)	54,733
Fund Balance at Beginning of Year	285,794	285,794	0
Prior Year Encumbrances	20,441	20,441	0
Fund Balance at End of Year	<u>\$ 146,341</u>	<u>\$ 201,074</u>	<u>\$ 54,733</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2014***

STATE HIGHWAY IMPROVEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 34,300	\$ 33,915	\$ (385)
Total Revenues	<u>34,300</u>	<u>33,915</u>	<u>(385)</u>
Expenditures:			
Transportation:			
Street:			
Materials and Supplies	17,500	17,326	174
Contractual Services	<u>24,014</u>	<u>4,158</u>	<u>19,856</u>
Total Expenditures	<u>41,514</u>	<u>21,484</u>	<u>20,030</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,214)	12,431	19,645
Fund Balance at Beginning of Year	103,838	103,838	0
Prior Year Encumbrances	<u>5,014</u>	<u>5,014</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 101,638</u>	<u>\$ 121,283</u>	<u>\$ 19,645</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2014**

MUNICIPAL ROAD FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 202,000	\$ 214,027	\$ 12,027
All Other Revenues	0	666	666
Total Revenues	<u>202,000</u>	<u>214,693</u>	<u>12,693</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	93,235	83,864	9,371
Materials and Supplies	106,851	82,968	23,883
Contractual Services	33,277	26,797	6,480
Total Transportation	<u>233,363</u>	<u>193,629</u>	<u>39,734</u>
Capital Outlay	5,696	3,122	2,574
Total Expenditures	<u>239,059</u>	<u>196,751</u>	<u>42,308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,059)	17,942	55,001
Other Financing Sources (Uses):			
Transfers Out	(11,550)	(10,775)	775
Total Other Financing Sources (Uses)	<u>(11,550)</u>	<u>(10,775)</u>	<u>775</u>
Net Change in Fund Balance	(48,609)	7,167	55,776
Fund Balance at Beginning of Year	243,222	243,222	0
Prior Year Encumbrances	11,536	11,536	0
Fund Balance at End of Year	<u>\$ 206,149</u>	<u>\$ 261,925</u>	<u>\$ 55,776</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2014***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 5,000	\$ 1,282	\$ (3,718)
Total Revenues	<u>5,000</u>	<u>1,282</u>	<u>(3,718)</u>
Expenditures:			
Capital Outlay	8,800	8,304	496
Total Expenditures	<u>8,800</u>	<u>8,304</u>	<u>496</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,800)	(7,022)	(3,222)
Fund Balance at Beginning of Year	21,605	21,605	0
Fund Balance at End of Year	<u>\$ 17,805</u>	<u>\$ 14,583</u>	<u>\$ (3,222)</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2014***

ENFORCEMENT AND EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and Forfeitures	\$ 250	\$ 473	\$ 223
Total Revenues	<u>250</u>	<u>473</u>	<u>223</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	250	473	223
Fund Balance at Beginning of Year	<u>4,054</u>	<u>4,054</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,304</u>	<u>\$ 4,527</u>	<u>\$ 223</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2014***

DRUG LAW ENFORCEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and Forfeitures	\$ 100	\$ 100	\$ 0
Total Revenues	<u>100</u>	<u>100</u>	<u>0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	100	100	0
Fund Balance at Beginning of Year	<u>6,891</u>	<u>6,891</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,991</u>	<u>\$ 6,991</u>	<u>\$ 0</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2014***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>1,511</u>	<u>1,511</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,511</u>	<u>\$ 1,511</u>	<u>\$ 0</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2014***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Debt Service:			
Principal Retirement	4,882,450	4,866,091	16,359
Interest and Fiscal Charges	101,991	101,839	152
Total Expenditures	<u>4,984,441</u>	<u>4,967,930</u>	<u>16,511</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,984,441)	(4,967,930)	16,511
Other Financing Sources (Uses):			
General Obligation Notes Issued	3,812,500	3,772,500	(40,000)
Premium on General Obligation Notes	25,250	25,281	31
Transfers In	902,045	871,466	(30,579)
Total Other Financing Sources (Uses)	<u>4,739,795</u>	<u>4,669,247</u>	<u>(70,548)</u>
Net Change in Fund Balance	(244,646)	(298,683)	(54,037)
Fund Balance at Beginning of Year	355,431	355,431	0
Fund Balance at End of Year	<u>\$ 110,785</u>	<u>\$ 56,748</u>	<u>\$ (54,037)</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2014**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SPECIAL ASSESSMENT BOND RETIREMENT FUND			
Revenues:			
Special Assessments	\$ 73,653	\$ 73,653	\$ 0
Total Revenues	<u>73,653</u>	<u>73,653</u>	<u>0</u>
Expenditures:			
General Government:			
Contractual Services	4,000	3,507	493
Debt Service:			
Principal Retirement	45,000	45,000	0
Interest and Fiscal Charges	25,265	25,265	0
Total Expenditures	<u>74,265</u>	<u>73,772</u>	<u>493</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(612)	(119)	493
Fund Balance at Beginning of Year	14,451	14,451	0
Fund Balance at End of Year	<u>\$ 13,839</u>	<u>\$ 14,332</u>	<u>\$ 493</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2014***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 10,000	\$ 48,272	\$ 38,272
All Other Revenues	0	12,049	12,049
Total Revenues	<u>10,000</u>	<u>60,321</u>	<u>50,321</u>
Expenditures:			
Leisure Time Activities:			
Other Expenditures	<u>2,575</u>	<u>2,570</u>	<u>5</u>
Total Leisure Time Activities	<u>2,575</u>	<u>2,570</u>	<u>5</u>
Capital Outlay	<u>7,425</u>	<u>3,560</u>	<u>3,865</u>
Total Expenditures	<u>10,000</u>	<u>6,130</u>	<u>3,870</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	54,191	54,191
Fund Balance at Beginning of Year	<u>12,330</u>	<u>12,330</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,330</u>	<u>\$ 66,521</u>	<u>\$ 54,191</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2014**

ABBOTT DRIVE CONSTRUCTION FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers Out	<u>(33,192)</u>	<u>(33,192)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(33,192)</u>	<u>(33,192)</u>	<u>0</u>
Net Change in Fund Balance	(33,192)	(33,192)	0
Fund Balance at Beginning of Year	<u>33,192</u>	<u>33,192</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2014***

25-A CONSTRUCTION FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 0</u>

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2014**

	OPWC GRANT FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Revenues	\$ 907,800	\$ 840,599	\$ (67,201)
Total Revenues	<u>907,800</u>	<u>840,599</u>	<u>(67,201)</u>
Expenditures:			
Capital Outlay	907,800	903,958	3,842
Total Expenditures	<u>907,800</u>	<u>903,958</u>	<u>3,842</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(63,359)	(63,359)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (63,359)</u>	<u>\$ (63,359)</u>

Fiduciary Funds

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

Agency Funds

Contractor Maintenance Deposit Fund

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

Health Insurance Fund

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

Medical Reimbursement Fund

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

CITY OF TIPP CITY, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2014**

	Balance December 31, 2013	Additions	Deductions	Balance December 31, 2014
<u>Contractor Maintenance Deposit Fund</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$60,707	\$1,122,485	(\$27,277)	\$1,155,915
Total Assets	<u>\$60,707</u>	<u>\$1,122,485</u>	<u>(\$27,277)</u>	<u>\$1,155,915</u>
Liabilities:				
Due to Others	\$60,707	\$1,122,485	(\$27,277)	\$1,155,915
Total Liabilities	<u>\$60,707</u>	<u>\$1,122,485</u>	<u>(\$27,277)</u>	<u>\$1,155,915</u>
<u>Health Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$32,165	\$118,727	(\$139,008)	\$11,884
Total Assets	<u>\$32,165</u>	<u>\$118,727</u>	<u>(\$139,008)</u>	<u>\$11,884</u>
Liabilities:				
Due to Others	\$32,165	\$118,727	(\$139,008)	\$11,884
Total Liabilities	<u>\$32,165</u>	<u>\$118,727</u>	<u>(\$139,008)</u>	<u>\$11,884</u>
<u>Medical Reimbursement Fund</u>				
Assets:				
Cash and Cash Equivalents	\$5,381	\$10,368	(\$9,810)	\$5,939
Total Assets	<u>\$5,381</u>	<u>\$10,368</u>	<u>(\$9,810)</u>	<u>\$5,939</u>
Liabilities:				
Due to Others	\$5,381	\$10,368	(\$9,810)	\$5,939
Total Liabilities	<u>\$5,381</u>	<u>\$10,368</u>	<u>(\$9,810)</u>	<u>\$5,939</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$37,546	\$129,095	(\$148,818)	\$17,823
Restricted Cash and Cash Equivalents	60,707	1,122,485	(27,277)	1,155,915
Total Assets	<u>\$98,253</u>	<u>\$1,251,580</u>	<u>(\$176,095)</u>	<u>\$1,173,738</u>
Liabilities:				
Due to Others	\$98,253	\$1,251,580	(\$176,095)	\$1,173,738
Total Liabilities	<u>\$98,253</u>	<u>\$1,251,580</u>	<u>(\$176,095)</u>	<u>\$1,173,738</u>





Tipp City **Statistical
Section**



Tipp City

STATISTICAL TABLES

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

Contents

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

Sources Note:

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

City of Tipp City

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities:				
Net Investment in Capital Assets	\$28,985,972	\$30,829,948	\$31,427,283	\$32,242,094
Restricted	3,283,949	3,074,745	2,443,299	2,243,415
Unrestricted	3,292,184	3,479,712	4,176,006	5,455,035
Total Governmental Activities Net Position	<u>\$35,562,105</u>	<u>\$37,384,405</u>	<u>\$38,046,588</u>	<u>\$39,940,544</u>
Business-type Activities:				
Net Investment in Capital Assets	\$18,012,991	\$19,874,577	\$19,295,981	\$19,681,449
Unrestricted	12,435,714	11,519,382	12,679,089	13,807,232
Total Business-type Activities Net Position	<u>\$30,448,705</u>	<u>\$31,393,959</u>	<u>\$31,975,070</u>	<u>\$33,488,681</u>
Primary Government:				
Net Investment in Capital Assets	\$46,998,963	\$50,704,525	\$50,723,264	\$51,923,543
Restricted	3,283,949	3,074,745	2,443,299	2,243,415
Unrestricted	15,727,898	14,999,094	16,855,095	19,262,267
Total Primary Government Net Position	<u>\$66,010,810</u>	<u>\$68,778,364</u>	<u>\$70,021,658</u>	<u>\$73,429,225</u>

Source: Finance Director's Office

City of Tipp City

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$32,842,386	\$33,597,957	\$34,228,303	\$31,966,661	\$36,793,037	\$39,136,408
1,947,201	1,885,841	2,367,676	1,858,164	3,497,916	3,112,981
5,431,361	5,015,791	5,478,337	9,638,818	5,487,005	5,765,995
<u>\$40,220,948</u>	<u>\$40,499,589</u>	<u>\$42,074,316</u>	<u>\$43,463,643</u>	<u>\$45,777,958</u>	<u>\$48,015,384</u>
\$20,158,896	\$18,683,126	\$20,521,369	\$19,920,919	\$19,488,875	\$21,107,345
14,835,988	18,126,140	18,359,537	20,056,259	21,158,072	19,829,564
<u>\$34,994,884</u>	<u>\$36,809,266</u>	<u>\$38,880,906</u>	<u>\$39,977,178</u>	<u>\$40,646,947</u>	<u>\$40,936,909</u>
\$53,001,282	\$52,281,083	\$54,749,672	\$51,887,580	\$56,281,912	\$60,243,753
1,947,201	1,885,841	2,367,676	1,858,164	3,497,916	3,112,981
20,267,349	23,141,931	23,837,874	29,695,077	26,645,077	25,595,559
<u>\$75,215,832</u>	<u>\$77,308,855</u>	<u>\$80,955,222</u>	<u>\$83,440,821</u>	<u>\$86,424,905</u>	<u>\$88,952,293</u>

City of Tipp City

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2005	2006	2007	2008
Expenses				
Governmental Activities:				
Security of Persons and Property	\$2,801,884	\$3,059,221	\$3,195,571	\$3,319,976
Leisure Time Activities	1,047,316	1,223,444	1,407,319	1,285,709
Community Environment	223,831	244,199	231,885	251,345
Basic Utility Services	187,154	208,175	229,516	247,636
Transportation	1,282,315	1,415,279	1,465,686	1,595,113
General Government	1,487,548	1,570,900	1,763,783	1,645,898
Interest and Fiscal Charges	325,851	311,856	286,399	264,771
<i>Total Governmental Activities Expenses</i>	<u>7,355,899</u>	<u>8,033,074</u>	<u>8,580,159</u>	<u>8,610,448</u>
Business-type Activities:				
Electric	9,042,072	8,279,720	8,330,307	9,488,473
Water	899,618	870,940	1,907,331	2,183,762
Sewer	1,085,803	1,153,467	1,145,064	1,296,882
Refuse Collection	501,255	560,964	661,807	716,728
<i>Total Business-type Activities Expenses</i>	<u>11,528,748</u>	<u>10,865,091</u>	<u>12,044,509</u>	<u>13,685,845</u>
<i>Total Primary Government Expenses</i>	<u>\$18,884,647</u>	<u>\$18,898,165</u>	<u>\$20,624,668</u>	<u>\$22,296,293</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$533,723	\$600,915	\$597,064	\$539,207
Leisure Time Activities	360,939	382,974	391,090	381,063
Community Environment	130,100	191,900	176,493	131,771
Basic Utility Services	0	0	0	238,266
Transportation	17,891	4,080	1,339	3,366
Operating Grants and Contributions	631,689	587,476	593,159	656,539
Capital Grants and Contributions	5,394,254	1,129,308	799,014	1,927,765
<i>Total Governmental Activities Program Revenues</i>	<u>7,068,596</u>	<u>2,896,653</u>	<u>2,558,159</u>	<u>3,877,977</u>

City of Tipp City

2009	2010	2011	2012	2013	2014
\$3,286,305	\$3,191,455	\$3,295,937	\$3,807,107	\$3,530,729	\$3,717,379
1,320,200	1,115,986	1,206,554	1,258,269	1,184,929	1,171,559
260,189	240,229	263,018	266,399	318,126	301,822
238,584	209,396	207,591	219,845	224,611	221,338
1,858,692	1,520,827	1,496,946	1,748,615	1,282,473	1,516,512
1,601,373	1,552,036	1,724,894	1,546,497	1,461,944	1,681,433
243,087	195,839	159,465	128,914	131,839	95,626
<u>8,808,430</u>	<u>8,025,768</u>	<u>8,354,405</u>	<u>8,975,646</u>	<u>8,134,651</u>	<u>8,705,669</u>
10,043,278	10,934,711	10,162,311	10,947,908	13,022,380	15,434,334
2,492,331	2,687,174	2,339,234	2,450,611	2,750,504	2,635,749
1,236,664	1,293,025	1,332,069	1,277,737	1,524,521	1,676,170
741,101	762,941	777,573	803,896	830,635	860,620
<u>14,513,374</u>	<u>15,677,851</u>	<u>14,611,187</u>	<u>15,480,152</u>	<u>18,128,040</u>	<u>20,606,873</u>
<u>\$23,321,804</u>	<u>\$23,703,619</u>	<u>\$22,965,592</u>	<u>\$24,455,798</u>	<u>\$26,262,691</u>	<u>\$29,312,542</u>
\$613,231	\$526,499	\$674,013	\$677,146	\$467,951	\$807,557
332,688	387,874	394,409	362,673	285,683	260,789
89,325	20,431	68,382	65,012	19,545	34,773
116,993	232,627	207,662	222,600	222,244	231,165
33,388	32,162	31,468	86,142	66,357	230,958
693,882	651,175	649,294	688,116	639,270	678,811
1,168,819	211,035	926,961	913,862	1,264,689	1,082,009
<u>3,048,326</u>	<u>2,061,803</u>	<u>2,952,189</u>	<u>3,015,551</u>	<u>2,965,739</u>	<u>3,326,062</u>

(continued)

City of Tipp City

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2005	2006	2007	2008
Business-type Activities:				
Charges for Services				
Electric	9,801,970	8,591,803	9,351,973	10,077,906
Water	1,045,330	1,257,977	1,818,669	2,276,912
Sewer	1,163,874	967,542	1,218,038	1,318,119
Refuse Collection	532,205	595,003	675,937	713,082
Capital Grants and Contributions	2,424,866	1,091,585	290,512	835,244
<i>Total Business-type Activities Program Revenues</i>	<u>14,968,245</u>	<u>12,503,910</u>	<u>13,355,129</u>	<u>15,221,263</u>
<i>Total Primary Government Program Revenues</i>	<u>22,036,841</u>	<u>15,400,563</u>	<u>15,913,288</u>	<u>19,099,240</u>
Net (Expense)/Revenue				
Governmental Activities	(287,303)	(5,136,421)	(6,022,000)	(4,732,471)
Business-type Activities	3,439,497	1,638,819	1,310,620	1,535,418
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>\$3,152,194</u>	<u>(\$3,497,602)</u>	<u>(\$4,711,380)</u>	<u>(\$3,197,053)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Income Taxes	\$4,189,850	\$3,801,640	\$3,460,790	\$3,644,832
Property Taxes	337,213	321,525	321,337	327,431
Other Local Taxes	32,993	32,640	35,265	21,407
Unrestricted Shared Revenues	1,354,519	1,302,928	1,311,289	1,474,216
Investment Earnings	377,781	610,310	610,371	441,016
Miscellaneous	156,746	196,113	215,622	695,718
Transfers	659,747	693,565	729,509	21,807
<i>Total Governmental Activities</i>	<u>7,108,849</u>	<u>6,958,721</u>	<u>6,684,183</u>	<u>6,626,427</u>
Business-type Activities:				
Transfers	(659,747)	(693,565)	(729,509)	(21,807)
<i>Total Business-type Activities</i>	<u>(659,747)</u>	<u>(693,565)</u>	<u>(729,509)</u>	<u>(21,807)</u>
<i>Total Primary Government</i>	<u>\$6,449,102</u>	<u>\$6,265,156</u>	<u>\$5,954,674</u>	<u>\$6,604,620</u>
Change in Net Position				
Governmental Activities	\$6,821,546	\$1,822,300	\$662,183	\$1,893,956
Business-type Activities	2,779,750	945,254	581,111	1,513,611
<i>Total Primary Government Change in Net Position</i>	<u>\$9,601,296</u>	<u>\$2,767,554</u>	<u>\$1,243,294</u>	<u>\$3,407,567</u>

Source: Finance Director's Office

City of Tipp City

2009	2010	2011	2012	2013	2014
10,957,613	11,895,134	12,127,149	12,114,762	13,473,203	15,250,429
2,331,227	2,516,700	2,151,483	2,523,591	2,354,501	2,789,748
1,259,362	2,117,802	1,129,188	1,121,499	1,362,580	1,560,951
738,911	763,387	786,630	816,572	839,841	862,774
751,569	241,153	504,377	0	767,684	404,328
<u>16,038,682</u>	<u>17,534,176</u>	<u>16,698,827</u>	<u>16,576,424</u>	<u>18,797,809</u>	<u>20,868,230</u>
<u>19,087,008</u>	<u>19,595,979</u>	<u>19,651,016</u>	<u>19,591,975</u>	<u>21,763,548</u>	<u>24,194,292</u>
(5,760,104)	(5,963,965)	(5,402,216)	(5,960,095)	(5,168,912)	(5,379,607)
1,525,308	1,856,325	2,087,640	1,096,272	669,769	261,357
<u>(\$4,234,796)</u>	<u>(\$4,107,640)</u>	<u>(\$3,314,576)</u>	<u>(\$4,863,823)</u>	<u>(\$4,499,143)</u>	<u>(\$5,118,250)</u>
\$3,133,216	\$3,449,915	\$4,006,199	\$4,958,434	\$5,400,724	\$5,344,919
326,079	323,521	323,887	327,145	330,957	303,129
28,052	46,875	58,523	73,682	76,559	78,345
1,302,247	1,327,627	1,286,470	1,002,069	381,894	936,945
195,035	121,044	91,692	80,537	44,249	31,794
1,036,774	931,681	1,194,172	907,555	1,248,844	950,506
19,105	41,943	16,000	0	0	(28,605)
<u>6,040,508</u>	<u>6,242,606</u>	<u>6,976,943</u>	<u>7,349,422</u>	<u>7,483,227</u>	<u>7,617,033</u>
(19,105)	(41,943)	(16,000)	0	0	28,605
<u>(19,105)</u>	<u>(41,943)</u>	<u>(16,000)</u>	<u>0</u>	<u>0</u>	<u>28,605</u>
<u>\$6,021,403</u>	<u>\$6,200,663</u>	<u>\$6,960,943</u>	<u>\$7,349,422</u>	<u>\$7,483,227</u>	<u>\$7,645,638</u>
\$280,404	\$278,641	\$1,574,727	\$1,389,327	\$2,314,315	\$2,237,426
1,506,203	1,814,382	2,071,640	1,096,272	669,769	289,962
<u>\$1,786,607</u>	<u>\$2,093,023</u>	<u>\$3,646,367</u>	<u>\$2,485,599</u>	<u>\$2,984,084</u>	<u>\$2,527,388</u>

City of Tipp City

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

	2005	2006	2007	2008	2009
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	225,007	204,586	204,706	228,586	147,861
Unreserved	<u>3,286,365</u>	<u>3,435,396</u>	<u>3,401,815</u>	<u>3,682,473</u>	<u>3,856,093</u>
<i>Total General Fund</i>	<u>3,511,372</u>	<u>3,639,982</u>	<u>3,606,521</u>	<u>3,911,059</u>	<u>4,003,954</u>
All Other Governmental Funds					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	1,880,597	736,407	482,190	1,652,697	477,377
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	361,808	420,362	369,856	505,158	514,834
Capital Projects Funds	<u>(519,717)</u>	<u>141,300</u>	<u>(157,446)</u>	<u>(1,628,054)</u>	<u>(644,828)</u>
<i>Total All Other Governmental Funds</i>	<u>1,722,688</u>	<u>1,298,069</u>	<u>694,600</u>	<u>529,801</u>	<u>347,383</u>
<i>Total Governmental Funds</i>	<u><u>\$5,234,060</u></u>	<u><u>\$4,938,051</u></u>	<u><u>\$4,301,121</u></u>	<u><u>\$4,440,860</u></u>	<u><u>\$4,351,337</u></u>

Source: Finance Director's Office

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

City of Tipp City

2010	2011	2012	2013	2014
\$0	\$101,503	\$101,889	\$87,409	\$83,828
0	182,888	127,985	166,514	89,394
0	4,235,878	4,723,463	5,127,418	5,437,072
221,064	0	0	0	0
3,830,666	0	0	0	0
<u>4,051,730</u>	<u>4,520,269</u>	<u>4,953,337</u>	<u>5,381,341</u>	<u>5,610,294</u>
0	89,710	73,713	90,131	63,521
0	1,626,209	1,092,849	1,183,624	850,479
0	73,056	22,628	8,934	7,726
0	(815,365)	(1,533,887)	(1,800,077)	(1,347,781)
431,853	0	0	0	0
599,921	0	0	0	0
(677,780)	0	0	0	0
<u>353,994</u>	<u>973,610</u>	<u>(344,697)</u>	<u>(517,388)</u>	<u>(426,055)</u>
<u>\$4,405,724</u>	<u>\$5,493,879</u>	<u>\$4,608,640</u>	<u>\$4,863,953</u>	<u>\$5,184,239</u>

City of Tipp City

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

	2005	2006	2007	2008
Revenues:				
Taxes	\$4,163,119	\$4,102,979	\$3,713,187	\$4,030,913
Intergovernmental Revenues	4,227,822	3,031,924	2,523,552	2,756,171
Charges for Services	875,342	962,883	956,560	1,654,251
Licenses, Permits and Fees	100,348	51,671	88,217	35,547
Investment Earnings	368,738	568,508	634,068	452,408
Special Assessments	138,087	176,517	146,551	160,172
Fines and Forfeitures	17,374	18,698	20,630	18,286
All Other Revenue	176,457	202,602	320,344	184,486
Total Revenue	<u>10,067,287</u>	<u>9,115,782</u>	<u>8,403,109</u>	<u>9,292,234</u>
Expenditures:				
Current:				
Security of Persons and Property	2,581,894	2,857,394	2,980,614	3,080,822
Leisure Time Activities	803,645	836,527	866,924	884,455
Community Environment	221,349	229,968	238,806	248,376
Basic Utility Services	198,912	207,205	223,769	235,440
Transportation	649,449	555,612	549,832	767,377
General Government	1,322,241	1,398,609	1,457,073	1,464,240
Capital Outlay	6,386,882	2,806,629	2,263,569	1,336,673
Debt Service:				
Principal Retirement	945,660	901,632	897,062	882,509
Interest and Fiscal Charges	327,982	313,856	288,508	267,055
Total Expenditures	<u>13,438,014</u>	<u>10,107,432</u>	<u>9,766,157</u>	<u>9,166,947</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,370,727)	(991,650)	(1,363,048)	125,287

City of Tipp City

2009	2010	2011	2012	2013	2014
\$3,571,583	\$3,823,618	\$4,480,781	\$5,250,226	\$5,741,284	\$5,741,874
3,201,047	2,220,692	2,833,417	2,093,184	2,551,048	2,483,754
1,738,276	1,770,228	1,892,452	1,842,891	1,728,149	1,873,129
12,858	14,113	13,092	63,444	19,080	33,575
205,677	123,206	73,890	110,478	47,076	29,358
134,197	114,526	132,872	113,237	118,397	240,613
15,962	20,429	15,326	15,002	14,979	13,242
378,679	222,130	571,643	328,305	582,051	369,327
<u>9,258,279</u>	<u>8,308,942</u>	<u>10,013,473</u>	<u>9,816,767</u>	<u>10,802,064</u>	<u>10,784,872</u>

2,968,982	3,048,578	3,175,914	3,142,368	3,214,265	3,364,152
851,403	766,504	778,807	800,267	795,797	800,510
246,653	252,874	260,105	263,439	315,751	302,715
234,230	229,294	208,818	217,147	226,353	226,658
646,218	564,410	531,100	576,373	568,730	590,590
1,433,994	1,427,326	1,568,282	1,447,729	1,344,666	1,381,047
1,928,432	895,032	1,346,198	3,179,877	5,968,429	3,083,086
857,972	911,665	930,000	930,000	655,000	2,037,991
245,371	198,280	162,268	131,753	114,388	104,065
<u>9,413,255</u>	<u>8,293,963</u>	<u>8,961,492</u>	<u>10,688,953</u>	<u>13,203,379</u>	<u>11,890,814</u>

(154,976)	14,979	1,051,981	(872,186)	(2,401,315)	(1,105,942)
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(Continued)

City of Tipp City

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Other Financing Sources (Uses):				
Other Financing Sources - Capital Leases	61,500	0	0	0
Special Assessment Bonds Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
General Obligation Notes Issued	0	0	0	0
OPWC Loan Issued	0	0	0	0
Transfers In	2,346,269	2,458,945	2,453,724	1,282,021
Transfers Out	(1,686,522)	(1,765,380)	(1,724,215)	(1,260,214)
Total Other Financing Sources (Uses)	<u>721,247</u>	<u>693,565</u>	<u>729,509</u>	<u>21,807</u>
Net Change in Fund Balance	<u>(\$2,649,480)</u>	<u>(\$298,085)</u>	<u>(\$633,539)</u>	<u>\$147,094</u>
 Debt Service as a Percentage of Noncapital Expenditures	 18.06%	 16.23%	 15.19%	 17.43%

Source: Finance Director's Office

City of Tipp City

2009	2010	2011	2012	2013	2014
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	1,753,900	1,390,300
0	0	0	0	894,586	100,091
1,150,447	1,334,975	1,088,573	1,040,152	1,114,647	447,784
(1,131,342)	(1,293,032)	(1,072,573)	(1,040,152)	(1,114,647)	(476,389)
19,105	41,943	16,000	0	2,648,486	1,461,786
(\$135,871)	\$56,922	\$1,067,981	(\$872,186)	\$247,171	\$355,844
13.57%	14.68%	13.83%	12.61%	11.16%	24.90%

City of Tipp City

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

Tax year	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Income Tax Rate	1.25%	1.25%	1.25%	1.25%	1.25%
Estimated Personal Income (in thousands)	\$282,578	\$293,855	\$306,036	\$319,766	\$318,078
Total Tax Collected	\$3,702,867	\$3,867,731	\$3,679,252	\$3,748,800	\$3,471,660
Income Tax Receipts					
Withholding	2,615,737	2,684,253	2,769,744	2,747,671	2,626,888
Percentage	70.64%	69.40%	75.28%	73.29%	75.67%
Corporate	636,113	696,447	414,080	508,418	296,977
Percentage	17.18%	18.01%	11.25%	13.56%	8.55%
Individuals	451,017	487,031	495,428	492,711	547,795
Percentage	12.18%	12.59%	13.47%	13.15%	15.79%

Source: City Income Tax Department

Note:

In 2011 the City's income tax rate was increased by voter approval from 1.25% to 1.50%.

The City levies a 1.50% income tax on substantially all income earned within the City. Additional increases in the income tax require voter approval. City residents pay City income tax on income earned outside the City, however; a credit is allowed for income paid to other municipalities.

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

City of Tipp City

2010	2011	2012	2013	2014
1.25%	1.50%	1.50%	1.50%	1.50%
\$344,618	\$369,122	\$379,625	\$391,407	\$391,407
\$3,597,653	\$4,042,351	\$4,960,000	\$5,440,357	\$5,476,399
2,648,385	3,086,202	3,594,951	3,834,176	3,897,251
73.61%	76.35%	72.48%	70.48%	71.17%
469,352	411,038	764,934	901,630	758,560
13.05%	10.17%	15.42%	16.57%	13.85%
479,916	545,111	600,115	704,551	820,588
13.35%	13.48%	12.10%	12.95%	14.98%



City of Tipp City

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

Name of Taxpayer	Nature of Business	2014 Rank
Meijer, Inc.	Warehouse Distribution	1
Regal Beloit America (formerly A.O. Smith Corp.)	Manufacturing	2
Tipp City Exempted Village School District	Education	3
Federal Government	Government	4
Abbott Laboratories	Manufacturing	5
Arbogast Buick Pontiac GMC	Automotive Retail	6
Creative Extruded Products	Manufacturing	7
Precision Strip Inc.	Metal Processing	8
Rostam Direct (formerly Gardens Alive- Springhill)	Agricultural-Nursery	9
City of Tipp City	Government	10

Name of Taxpayer	Nature of Business	2005 Rank
A. O . Smith Corporation	Manufacturing	1
Meijer, Inc.	Warehouse Distribution	2
Tipp City Exempted Village School District	Education	3
Gardens Alive- Springhill	Agricultural-Nursery	4
Creative Extruded Products	Manufacturing	5
Tipp Machine and Tool	Manufacturing	6
Federal Government	Government	7
Arbogast	Auto Dealer	8
DAP Products, Inc.	Manufacturing	9
City of Tipp City	Government	10

Source: City Income Tax Department

Note:

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

City of Tipp City

Ratios of Outstanding Debt By Type Last Ten Years

	2005	2006	2007	2008
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$7,395,000	\$6,540,000	\$5,690,000	\$4,855,000
General Obligation Notes Payable	0	0	0	0
Special Assessment Bonds Payable	895,000	860,000	825,000	790,000
OPWC Loan Payable	0	0	0	0
Capital Leases	55,840	44,208	32,146	19,637
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$1,370,000	\$1,135,000	\$950,000	\$795,000
General Obligation Notes Payable	0	0	0	0
Long-Term Loans Payable	408,510	408,510	408,510	408,510
Total Primary Government	<u>\$10,124,350</u>	<u>\$8,987,718</u>	<u>\$7,905,656</u>	<u>\$6,868,147</u>
Population ⁽²⁾				
City of Tipp City	9,221	9,221	9,221	9,221
Outstanding Debt Per Capita	\$1,098	\$975	\$857	\$745
Income ⁽³⁾				
Personal (in thousands)	282,578	293,855	306,036	319,766
Percentage of Personal Income	3.58%	3.06%	2.58%	2.15%

Sources:

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

City of Tipp City

2009	2010	2011	2012	2013	2014
\$4,045,000	\$3,180,000	\$2,290,000	\$1,400,000	\$785,000	\$570,000
0	0	0	0	1,753,900	1,390,300
755,000	715,000	675,000	635,000	595,000	550,000
0	0	0	0	894,586	970,586
6,665	0	0	0	0	0
\$670,000	\$545,000	\$420,000	\$320,000	\$220,000	\$145,000
0	0	0	0	5,094,100	4,678,700
397,680	397,680	1,103,335	1,385,905	1,764,595	1,304,841
<u>\$5,874,345</u>	<u>\$4,837,680</u>	<u>\$4,488,335</u>	<u>\$3,740,905</u>	<u>\$11,107,181</u>	<u>\$9,609,427</u>

9,221	9,689	9,689	9,689	9,689	9,689
\$637	\$499	\$463	\$386	\$1,146	\$992

318,078	344,618	369,122	379,625	391,407	391,407
1.85%	1.40%	1.22%	0.99%	2.84%	2.46%

City of Tipp City

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2005	2006	2007	2008
Population (1)	9,221	9,221	9,221	9,221
Assessed Value (2)	\$266,979,780	\$259,775,650	\$275,784,680	\$267,820,410
General Bonded Debt (3)				
General Obligation Bonds	\$8,765,000	\$7,675,000	\$6,640,000	\$5,650,000
Resources Available to Pay Principal (4)	\$0	\$0	\$954	\$4,164
Net General Bonded Debt	\$8,765,000	\$7,675,000	\$6,639,046	\$5,645,836
Ratio of Net Bonded Debt to Estimated Assessed Value	3.28%	2.95%	2.41%	2.11%
Net Bonded Debt per Capita	\$950.55	\$832.34	\$719.99	\$612.28

Source:

- (1) U.S. Bureau of Census of Population
- (2) Miami County Auditor
- (3) Includes all general obligation bonded debt.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

City of Tipp City

2009	2010	2011	2012	2013	2014
9,221	9,689	9,689	9,689	9,689	9,689
\$261,124,460	\$258,177,010	\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420
\$4,715,000	\$3,725,000	\$2,710,000	\$1,720,000	\$1,005,000	\$715,000
\$3,754	\$32,640	\$36,941	\$40,552	\$355,431	\$56,748
\$4,711,246	\$3,692,360	\$2,673,059	\$1,679,448	\$649,569	\$658,252
1.80%	1.43%	1.02%	0.64%	0.26%	0.26%
\$510.93	\$381.09	\$275.89	\$173.34	\$67.04	\$67.94



City of Tipp City

*Computation of Direct and Overlapping
General Obligation Debt
December 31, 2014*

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of Tipp City</u>	<u>Amount Applicable to the City of Tipp City</u>
Direct:			
City of Tipp City	\$3,480,886	100.00%	\$3,480,886
Overlapping:			
Tipp City Exempted Village School District	14,292,846	67.92%	9,707,701
Miami County	18,540,000	12.19%	2,260,026
Miami Valley Career Center JVSD	6,453,645	3.79%	244,593
		Subtotal	<u>12,212,320</u>
		Total	<u><u>\$15,693,206</u></u>

Source: Miami County Auditor and Fiscal Officers of Subdivisions.

Note:

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

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

City of Tipp City

Debt Limitations Last Ten Years

Collection Year	2005	2006	2007	2008
Total Debt				
Net Assessed Valuation	\$266,979,780	\$259,775,650	\$275,784,680	\$267,820,410
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	28,032,877	27,276,443	28,957,391	28,121,143
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$28,032,877</u>	<u>\$27,276,443</u>	<u>\$28,957,391</u>	<u>\$28,121,143</u>
Unvoted Debt				
Net Assessed Valuation	\$266,979,780	\$259,775,650	\$275,784,680	\$267,820,410
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	14,683,888	14,287,661	15,168,157	14,730,123
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$14,683,888</u>	<u>\$14,287,661</u>	<u>\$15,168,157</u>	<u>\$14,730,123</u>

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

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

Source: Finance Director's Office

City of Tipp City

2009	2010	2011	2012	2013	2014
\$261,124,460	\$258,177,010	\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
27,418,068	27,108,586	27,427,286	27,568,686	26,097,940	26,540,579
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$27,418,068</u>	<u>\$27,108,586</u>	<u>\$27,427,286</u>	<u>\$27,568,686</u>	<u>\$26,097,940</u>	<u>\$26,540,579</u>
\$261,124,460	\$258,177,010	\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,361,845	14,199,736	14,366,674	14,440,740	13,670,350	13,902,208
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$14,361,845</u>	<u>\$14,199,736</u>	<u>\$14,366,674</u>	<u>\$14,440,740</u>	<u>\$13,670,350</u>	<u>\$13,902,208</u>

City of Tipp City

Pledged Revenue Coverage Last Ten Years

	2005	2006	2007	2008	2009
Special Assessment Bonds (1)					
Special Assessment Collections	\$73,653	\$73,653	\$73,653	\$73,653	\$73,653
Debt Service					
Principal	35,000	35,000	35,000	35,000	35,000
Interest	34,865	34,165	33,465	32,678	31,715
Coverage	1.05	1.06	1.08	1.09	1.10

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

Source: Finance Director's Office

City of Tipp City

2010	2011	2012	2013	2014
\$73,653	\$73,653	\$73,653	\$73,653	\$73,653
40,000	40,000	40,000	40,000	45,000
30,664	29,465	28,065	26,665	25,265
1.04	1.06	1.08	1.10	1.05

City of Tipp City

Demographic and Economic Statistics Last Ten Years

Calendar Year	2005	2006	2007	2008
Population (1)				
City of Tipp City	9,221	9,221	9,221	9,221
Miami County	98,868	98,868	98,868	98,868
Income (2) (a)				
Total Personal (in thousands)	282,578	293,855	306,036	319,766
Per Capita	30,645	31,868	33,189	34,678
Unemployment Rate (3)				
Federal	5.1%	4.6%	4.6%	5.8%
State	5.9%	5.5%	5.6%	6.6%
Miami County	5.6%	5.5%	5.4%	6.4%
Civilian Work Force Estimates (3)				
State	5,900,400	5,934,000	5,976,500	5,986,400
Miami County	54,100	55,100	55,400	55,400
Total Assessed Property Value (4)	266,979,780	259,775,650	275,784,680	267,820,410
Estimated Actual Property Value (4)	822,422,149	786,707,789	854,886,147	803,462,520

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2013 for the presentation of 2014 statistics, the City is using the latest information available.
- (a) Total Personal Income is a calculation based on the County's Per Capita Income, which is the only information available.
- (3) State Department of Labor Statistics
- (4) Miami County Auditor

City of Tipp City

2009	2010	2011	2012	2013	2014
9,221	9,689	9,689	9,689	9,689	9,689
98,868	102,506	102,506	102,506	102,506	102,506
318,078	344,618	369,122	379,625	391,407	391,407
34,495	35,568	38,097	39,181	40,397	40,397
9.3%	9.6%	8.5%	8.1%	7.4%	6.2%
10.2%	10.1%	7.9%	7.2%	7.4%	5.7%
11.7%	10.5%	7.6%	7.0%	7.2%	5.3%
5,970,200	5,897,600	5,791,000	5,747,900	5,765,700	5,719,500
55,400	54,200	53,100	52,400	52,100	51,800
261,124,460	258,177,010	261,212,250	262,558,910	248,551,810	252,767,420
747,736,243	737,338,171	746,320,714	750,168,314	710,148,029	722,192,629



City of Tipp City

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2014	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	1,321	1
Tipp City Exempted Village School District	Education	455	2
Rostam Direct (formerly Gardens Alive- Springhill)	Agricultural-Nursery	452	3
Associate Staffing	Temporary Employment Services	348	4
CBS Personnel Services	Temporary Employment Services	326	5
Menards	Retail	284	6
Arbogast Buick Pontiac GMC	Automotive Retail	280	7
Regal Beloit America (formerly A.O. Smith Corp.)	Manufacturing	264	8
Adcare Health Systems (formerly Springmeade)	Health Care	255	9
FHI LLC	Warehouse Distribution	248	10
Total		<u>4,233</u>	

Employer	Nature of Business	2005	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	790	1
A. O . Smith Corporation	Manufacturing	440	2
Tipp City Exempted Village School District	Education	286	3
Creative Extruded Products	Manufacturing	240	4
Springmeade Health Center	Health Care	144	5
DAP Products, Inc.	Manufacturing	140	6
Arbogast	Auto Dealer	128	7
Tipp Machine & Tool	Manufacturing	101	8
Gardens Alive- Springhill	Agricultural and Nursery	98	9
Allen Foods	Food Processing	92	10
Total		<u>2,459</u>	

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

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

City of Tipp City

Full Time Equivalent Employees by Function Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
General Government				
Legislative	4.00	4.00	4.00	4.00
City Manager	2.00	2.00	2.00	2.00
Building and Facility Services	1.50	2.00	2.00	2.00
Finance	7.50	7.50	8.00	8.00
Legal	0.50	0.50	0.50	0.50
Engineering	3.00	3.00	3.00	3.00
Security of Persons and Property				
Police	22.00	22.50	22.50	22.50
Fire and EMS	15.50	15.50	15.50	15.50
Transportation				
Street	6.00	6.00	6.00	6.00
Leisure Time Activities				
Parks	6.00	6.00	6.00	6.00
Community Environment				
Community and Economic Development	2.50	2.50	2.50	2.50
Business-Type Activities				
Utilities				
Electric	14.50	15.50	15.50	15.50
Water	5.25	5.50	8.50	8.50
Sewer	5.25	3.50	3.50	3.50
Total Employees	<u>95.50</u>	<u>96.00</u>	<u>99.50</u>	<u>99.50</u>

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

Source: Finance Director's Office

City of Tipp City

2009	2010	2011	2012	2013	2014
3.50	3.50	3.50	3.50	3.50	3.50
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	1.50	2.00	2.00
8.00	7.50	7.50	7.00	7.00	7.00
0.50	0.50	0.50	0.50	0.50	0.50
3.00	3.00	3.00	3.00	3.00	3.00
22.50	22.50	22.50	22.50	22.50	22.50
15.50	15.50	15.50	15.50	15.50	15.50
5.50	5.00	5.00	5.00	5.00	5.50
5.25	4.75	4.75	4.75	4.75	5.25
2.50	2.50	2.50	2.50	2.50	2.50
15.50	14.50	14.00	14.00	14.00	14.00
8.50	8.50	8.30	8.30	5.75	5.75
3.50	3.50	3.20	3.20	5.75	5.75
<u>97.75</u>	<u>95.25</u>	<u>94.25</u>	<u>93.25</u>	<u>93.75</u>	<u>94.75</u>

City of Tipp City

Operating Indicators by Function Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
General Government				
Accounts Payable Checks processed	3,343	3,542	3,576	3,495
Purchase Orders issued	2,502	2,813	2,780	2,631
Court				
Number of Criminal Cases	408	368	412	341
Number of Traffic Cases	688	747	742	781
Licenses and Permits				
Number of Residential Building Permits	82	34	31	21
Number of Commercial Building Permits	8	8	9	5
Security of Persons and Property				
Police				
Criminal Arrests	805	676	770	679
Calls for Service	17,345	16,391	15,420	15,595
Number of Accidents	385	416	390	335
Fire and EMS				
Number of Fire Calls	414	404	408	437
Number of EMS Runs	1,343	1,415	1,353	1,347
Transportation				
Street				
Tons of Salt Used	665	621	1,121	844
Leisure Time Activities				
Swimming Pool Receipts	247,737	268,227	268,574	266,423
Business-Type Activities				
Electric				
Number of Service Connections	4,711	4,761	4,804	4,807
Peak Demand (megawatts)	31.4	31.4	33.0	30.1
Energy Purchased (MWh)	157,954	160,677	154,852	149,116
Water				
Number of Service Connections	3,927	3,984	4,026	4,043
Daily Average Consumption (mgd)	1.4	1.3	1.3	1.2
Peak Daily Consumption (mgd)	2.6	2.8	2.5	2.5
Sewer				
Sewer Treatment Charges	589,276	612,634	621,828	650,130
Daily Average Sewage Treatment (mgd)	1.7	1.8	1.6	1.7
Refuse Collection				
Number of Customers Billed	3,793	3,837	3,852	3,835

Source: Finance Director's Office

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

City of Tipp City

2009	2010	2011	2012	2013	2014
3,068	2,819	2,766	3,549	2,911	2,869
2,312	1,430	2,280	2,429	2,018	2,124
332	317	269	373	280	333
684	886	734	887	825	797
10	7	12	21	14	17
3	6	4	11	5	7
596	575	414	480	532	446
17,570	20,745	15,972	10,010	14,909	15,388
188	218	208	207	208	254
348	368	313	327	304	343
1,256	1,272	1,345	1,390	1,421	1,557
476	800	304	637	861	457
244,334	284,522	281,817	254,257	285,683	248,739
4,833	4,872	4,859	4,946	4,954	4,942
29.3	30.2	31.3	31.2	33.4	31.7
140,826	143,846	143,172	142,617	150,263	156,551
4,050	4,086	4,091	4,272	4,153	4,135
1.2	1.3	1.1	1.2	1.2	1.2
2.1	2.5	2.6	2.5	2.3	2.0
643,307	657,465	688,675	653,840	642,679	665,486
1.5	1.6	2.1	1.4	1.6	1.0
3,911	3,926	3,943	3,964	4,037	4,033

City of Tipp City

Capital Asset Statistics by Function Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
General Government				
Area (square miles)	7.2	7.2	7.5	7.5
Security of Persons and Property				
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	2
Transportation				
Street				
Miles of Street	60	60	61	61
Street Lights	1,302	1,328	1,400	1,409
Miles of Storm Sewers	58	58	59	60
Leisure Time Activities				
Park Area (acres)	434	434	434	436
Number of Parks	17	17	17	17
Number of Tennis Courts	2	2	2	2
Number of Ball Fields	20	20	20	20
Business-Type Activities				
Utilities				
Electric				
Substations	3	3	3	3
Water				
Waterlines (Miles)	54	54	55	56
Number of Fire hydrants	658	658	658	665
Sewer				
Sewerlines (Miles)	54	54	55	56

Source: Finance Director's Office

City of Tipp City

2009	2010	2011	2012	2013	2014
7.5	7.5	7.5	7.5	7.5	7.5
1	1	1	1	1	1
2	2	2	2	2	2
61	61	61	61	61	61
1,419	1,419	1,419	1,419	1,419	1,419
60	60	60	60	60	60
436	436	436	436	436	436
17	17	17	17	17	17
2	2	2	2	2	2
17	17	17	17	17	17
3	3	3	3	3	3
57	57	57	57	57	57
675	675	675	675	675	675
57	57	57	57	57	57





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