



Dave Yost • Auditor of State

**CITY OF PIQUA
MIAMI COUNTY
DECEMBER 31, 2017**

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**CITY OF PIQUA
MIAMI COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Ohio Development Services Agency			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-C-15-1BY-1 A-F-15-2DF-1 A-F-16-2DF-1	\$114,089 357,631 <u>347,319</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>819,039</u>
Home Investment Partnerships Program	14.239	B-C-15-1BY-2	<u>90,415</u>
Total U.S. Department of Housing and Urban Development			<u>909,454</u>
U.S. DEPARTMENT OF JUSTICE			
Direct			
Bulletproof Vest Partnership Program	16.607		768 <u>3,640</u>
Total U.S. Department of Justice			<u>4,408</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Ohio Department of Transportation Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	PID 103080	<u>356,208</u>
Total U.S. Department of Transportation			<u>356,208</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Ohio Emergency Management Agency			
National Urban Search and Rescue (US&R) Response System	97.025	N/A	<u>19,824</u>
Total U.S. Department of Homeland Security			<u>19,824</u>
Total Expenditures of Federal Awards			<u><u>\$1,289,894</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF PIQUA
MIAMI COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Piqua (the City) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT PARTNERSHIP PROGRAM (HOME), AND RURAL BUSINESS ENTERPRISE GRANT WITH REVOLVING LOAN CASH BALANCE

The balance of loans outstanding at December 31, 2017 consists of:

CFDA Number	Program/Cluster Name	Outstanding Balance at December 31, 2017
14.228	Community Development Block Grant -Microenterprise Program	\$10,879
14.228	Community Development Block Grant – Homeowners Assistance	779,421
14.239	HOME Investment Partnership Program – Rental Rehab Program	64,592
10.769	Rural Business Enterprise Grant	29,788
	Less Allowance for Uncollectable Accounts	(877,534)
	Net Loans Outstanding	\$7,146

During 2017, the City issued \$83,618 in CDBG loans and \$81,389 in HOME loans. The City records initial loan amounts as disbursements on the Schedule of Expenditures of Federal Awards in the year of issuance. The loans are reported on the City's financial statements within the other governmental funds. The current cash balance on the City's local program income account as of December 31, 2017 is \$164,156.

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. These loans are collateralized by mortgages on the property.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Piqua
Miami County
201 West Water Street
Piqua, Ohio 45356

To the City Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piqua, Miami County, (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 28, 2018



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City of Piqua
Miami County
201 West Water Street
Piqua, Ohio 45356

To the City Commissioners:

Report on Compliance for the Major Federal Program

We have audited the City of Piqua's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Piqua's major federal program for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Piqua complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Piqua (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 28, 2018. We conducted our audit to opine on the City's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

June 28, 2018

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**CITY OF PIQUA
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA # 14.228)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**Comprehensive Annual Financial Report
for the year ended December 31, 2017**



CITY OF PIQUA, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2017

**Prepared by:
Department of Finance
Cynthia A. Holtzapple, Director**

**CITY OF PIQUA, OHIO
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Introductory Section





CITY OF PIQUA, OHIO

201 West Water Street • Piqua, Ohio 45356
www.piquaoh.org

June 28, 2018

Honorable Mayor Kathryn Hinds, City Commission Members
and Citizens of the City of Piqua, Ohio:

This Comprehensive Annual Financial Report is for the year ended December 31, 2017. We believe this report, prepared by the Department of Finance, presents financial and operating information about the City's activities during the year that should be useful to citizens, taxpayers and investors. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief the enclosed data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

Reporting Entity

This report includes all funds of the City. The City provides a full range of services including police and fire protection, parks, recreation and cultural facilities, street maintenance, health programs, planning, zoning and general governmental services. In addition, the City owns and operates business-type activities, with the major ones consisting of a power system, a sewer system, a water system, a stormwater system and a waste disposal system.

Piqua, founded in 1807, celebrated its Bicentennial in 2007. Piqua operates and is governed by the laws of the State of Ohio and its own charter which was adopted by the electorate in 1929. The Charter provides for a commission-manager form of government. Legislative authority is vested in a five-member commission. All members are elected from wards for four-year terms and serve in a part-time capacity. The Commission determines compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriations and borrowings, licensing and regulating of businesses and trades, and other municipal purposes. The City's Chief Executive and Administrative Officer is the City Manager who is appointed by the City Commission.

Local Economic Conditions and Outlook

The City of Piqua is a community (2016 Census 20,906) in Miami County, located in the west central part of the state, twenty-five miles north of Dayton. Inter and intra state highways I-75, Route 36 and Route 66 serve as the City's major transportation arteries. Edison Community College, with over 3,286 students, is located on the east side of the city.

The City does not depend on one firm for local employment; as many as ten companies employ in excess of 200 people each, lending to the City's diversification. The City has four industrial parks with plenty of room for expansion. The City's emphasis on economic retention and development are significant factors affecting the future economic strength of the community. Promoting Piqua as a good place for all types of businesses, new and existing, will continue to be one of our highest priorities.

Investment across the industrial, retail and services sectors continued within the City of Piqua in 2017. Jackson Tube Service, one of Piqua's largest employers, completed a \$1.5 million building expansion to increase welding capacity. Hartzell Hardwoods received up to \$3.1 million in Ohio Air Quality Development Authority funding to upgrade and improve their boiler system, used in the manufacturing process for drying hardwoods. The new system increases energy efficiency and reduces waste. Speedway began work on a \$2.9 million re-build of the west side location which includes acquisition and demolition of an adjacent blighted structure. GCP completed construction on a new \$1.1 million shopping plaza with space for four new retail stores. In addition, Piqua City Schools and Upper Valley Career Center invested over \$2 million in building improvements. Residential construction remained steady, with over \$4.6 million in 2017.

Major Initiatives

Current Year Projects: During 2017 the City continued efforts to enhance and expand services provided to local residents. The City continued supporting the Future Piqua Strategic Plan recommendations; including public access television and a quarterly community newsletter (financial support is shared between the City and the Chamber of Commerce).

The following significant events took place in 2017:

- The redevelopment of the City's downtown and surrounding areas. The redevelopment includes improved signage, sidewalks, brick pavers, traffic signals, and streetlights
- New Water Plant construction completed
- Awarded Downtown redevelopment grant to continue façade improvements to downtown structures
- Continued the Riverfront Redevelopment Project marketing and land acquisitions
- Continued beautification project on East Ash Street and US 36
- Completed a Parks Master Plan and began implementation
- Successfully hosted the second annual Piqua 4th Fest
- Completed design and began construction on Wastewater treatment plant expansion
- Continued construction of new Central Water Tower
- Began the implementation of new Utility Automated Meter Infrastructure System
- Completed CSX – East Ash Street Bridge painting

Future Projects: The city anticipates the following significant events to take place in 2018:

- Continue the redevelopment of the City's downtown and surrounding areas. The redevelopment includes improved signage, sidewalks, brick pavers, traffic signals, and streetlights
- Continue neighborhood improvements through the Neighborhood Associations, City's Neighborhood Improvement Team, Housing Enhancement League of Piqua (HELP), and CDBG Community Housing Improvement Program
- Continue the construction of the Wastewater treatment plant expansion
- Apply for Downtown redevelopment grant to continue façade improvements to downtown structures
- Continue the Community Campus Initiative in Historic East Piqua
- Continue the Riverfront Redevelopment efforts with utility relocation
- Continue monitoring long range financial plan
- Complete implementation of new Utility Automated Meter Infrastructure System
- Complete construction on Central Water Tower and old tower demolition
- Encourage tourism and recreational trail events
- Continue efforts to develop a Regional Public Safety Training facility with area educational facility
- Continue the city wide GIS Database for Utilities
- Complete the Garbry/Looney Road Roundabout
- Continue city wide street and ally resurfacing programs

Financial Information

Management of the City is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary System: Detailed provisions regulating the City's budget, tax levies and appropriations are set forth in the City Charter and in the Ohio Revised Code. The City Manager is required to submit to the City Commission annually, an appropriation measure, which must be adopted by the first Commission meeting in January. The Miami County Auditor must certify that the City's appropriation measure does not exceed the amounts set forth in the County Budget Commission's Certificate of Estimated Resources.

The City maintains legal budgetary control utilizing GAAP at an object level (personnel/administrative support, operation and maintenance, capital expenditures and transfers) for all funds. Lower levels within each object level are accounted for and reported internally. Such lower levels are referred to as the suffix level. All purchases are properly approved through the legislative process or issuance of a purchase order.

Expenditures are controlled at the suffix level throughout the year and any budgetary adjustments (at the object level), if necessary, are with the approval of the City Commission.

Accounting System: The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds to be used are in accordance with GAAP and the number of individual funds established is determined by legal requirements and sound financial administration.

The City's records are maintained on modified accrual basis for all governmental and similar fiduciary fund types. Accordingly, revenues are recognized when susceptible to accrual (i.e. both measurable and available). Expenditures, other than interest on long-term debt, are recorded as liabilities when incurred. Proprietary funds utilize the accrual basis of accounting and the electric system employs the Federal Energy Commission's system of accounts. A more detailed explanation of the basis of accounting for the various funds is included in the Notes to the Basic Financial Statements, located in the Financial Section of this report.

Financial Reporting: Beginning in 2002, the City has prepared financial statements following GASB Statement 34, "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments." As part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows the Independent Auditor's Report, providing an assessment of the City's finances for 2017.

General Government

General Governmental Revenues: The 2017 municipal income tax revenue of \$10,759,830 decreased 4.5%. Property tax revenues increased slightly. Interest revenue increased and is expected to be up in 2018 as interest rates are expected to rise. Municipal income tax revenue is similar through May 2018 and is expected to be similar to 2017 levels. Grants were higher in 2017 based on one time projects during the year and are expected to decrease in 2018.

General Governmental Expenditures: The 2017 General Governmental expenditures and other financing uses increased 7.3% compared with 2016. In 2017, more capital, general government, community development, and park and street projects were completed.

General Fund Balances: Current year activity contributed to a \$1,786,115 decrease in the unassigned fund balance from 2016 as more funds were used for capital, projects, and personnel.

Business-Type Funds

The City's utility operations, consisting of a power system, a water system, a wastewater system, a stormwater system, and a solid refuse system, account for over half of the total City revenues. The City also operates smaller enterprises such as a golf course and a swimming pool.

Power System: Total customer revenues were \$29.0 million with usage comparable to 2016 levels. Revenues remained stable based on increased commercial use. No operating and capital grants were received in 2017. With operating costs slightly higher and the purchase of new automated electric meters, expenses exceeded revenues in 2017 by \$2,477,354.

The system supplies electricity to more than 10,700 accounts within its service area. The power system, established in the 1930's, purchases power from power wholesalers, while supplementing power needs with fuel oil generation. The system is responsible for purchasing and generating power, transmitting and distributing electricity and providing all related services.

The City of Piqua obtains its power supply from various sources. Two megawatts of Power is available from the New York Power Authority (NYPA). A twenty-year transmission agreement with the Dayton Power & Light Company guarantees supply access. Alternative contracts and projects are being considered by the Power system. During 2006, the City entered into a contract with Dayton Power & Light and AMP Ohio to provide power at an economic price. Piqua Power participates in the American Public Power Association's Reliable Public Power Provider (RP3) program. In 2017 Piqua achieved Diamond status, one of only fifty-four municipal electric systems in the country, representing less than 3% of all eligible electric systems for its superior reliability, safety, workforce development and system improvement programs.

Water System: Customer revenues of \$5.9 million were higher than 2016 levels due to a rate increase while usage decreased 4.0%. Capital grants and contributions of \$571,412 were received in 2017. Operating expenses of \$5.5 million were up decreasing the net revenue from operations to \$909,410. More than 8,700 accounts are serviced by Piqua's municipal water system.

Wastewater System: Customer revenues of \$4.2 million were higher than 2016 due to a rate increase while usage was down 2.4%. Capital grants and contributions of \$194,000 were received in 2017. Operating expenses of \$4.3 million increased due to project costs. Net revenue from operations was \$72,544 in 2017.

Refuse System: System revenues of \$1.8 million were similar to 2016 levels. Operating expenses of \$1.7 million were up slightly. Revenues exceeded expenses by \$154,672. Refuse service is provided to more than 8,000 customers.

Stormwater System: Customer revenues of \$1.2 million and were similar to 2016 levels. Capital grants and contributions of \$340,000 were received in 2017. Operating expenses of \$907,098 were up due to one time projects. Net revenue from operations was \$591,017 in 2017. Stormwater service is provided to approximately 7,900 customers.

The Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The State Auditor's Office has completed an audit of the 2017 financial statements. The 2016 audit was also completed by The State Auditor's Office. All State of Ohio compliance and federal grant audit requirements are included as part of the independent annual engagement. See page 9 of the Financial Section of this report for their unmodified opinions.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the twenty-seventh consecutive year a Certificate of Achievement for Excellence in Financial Reporting to the City of Piqua, Ohio, for its comprehensive annual financial report for the fiscal year ended December 31, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Piqua, Ohio has received a Certificate of Achievement for twenty-seven consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

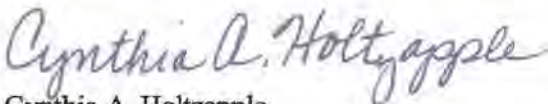
Acknowledgments

To the many conscientious people who have contributed so much of their time and effort to the preparation of this report our sincere appreciation is extended. The Finance Department staff is commended for their commitment to professional excellence once again exemplified by the contents of this report. Timely preparation of this report was accomplished by the diligent efforts and contributions of the entire Finance Department. Finally, contributions to the financial condition of the City of Piqua by the Mayor, members of City Commission, and Department Directors and Managers cannot be overlooked. Their support and guidance are invaluable factors necessary for the City to continue to successfully manage the financial affairs and reporting requirements of municipal government within the Piqua Community.

Respectfully submitted,



Gary A. Huff
City Manager



Cynthia A. Holtzapfle,
Director of Finance

Department of Finance Staff: Lisa R. Cavender-Asst. Finance Director, Stacy L. Burton-Financial Analyst, Candace L. Etter, Beverly M. Yount, Kelley F. McGlinch and Benjamin A. Goodin

CITY OF PIQUA, OHIO

CITY OFFICIALS

Kathryn Hinds, Mayor
John J. Martin, Commissioner
Julia A. Terry, Commissioner
William D. Vogt, Commissioner
Joseph H. Wilson, Commissioner

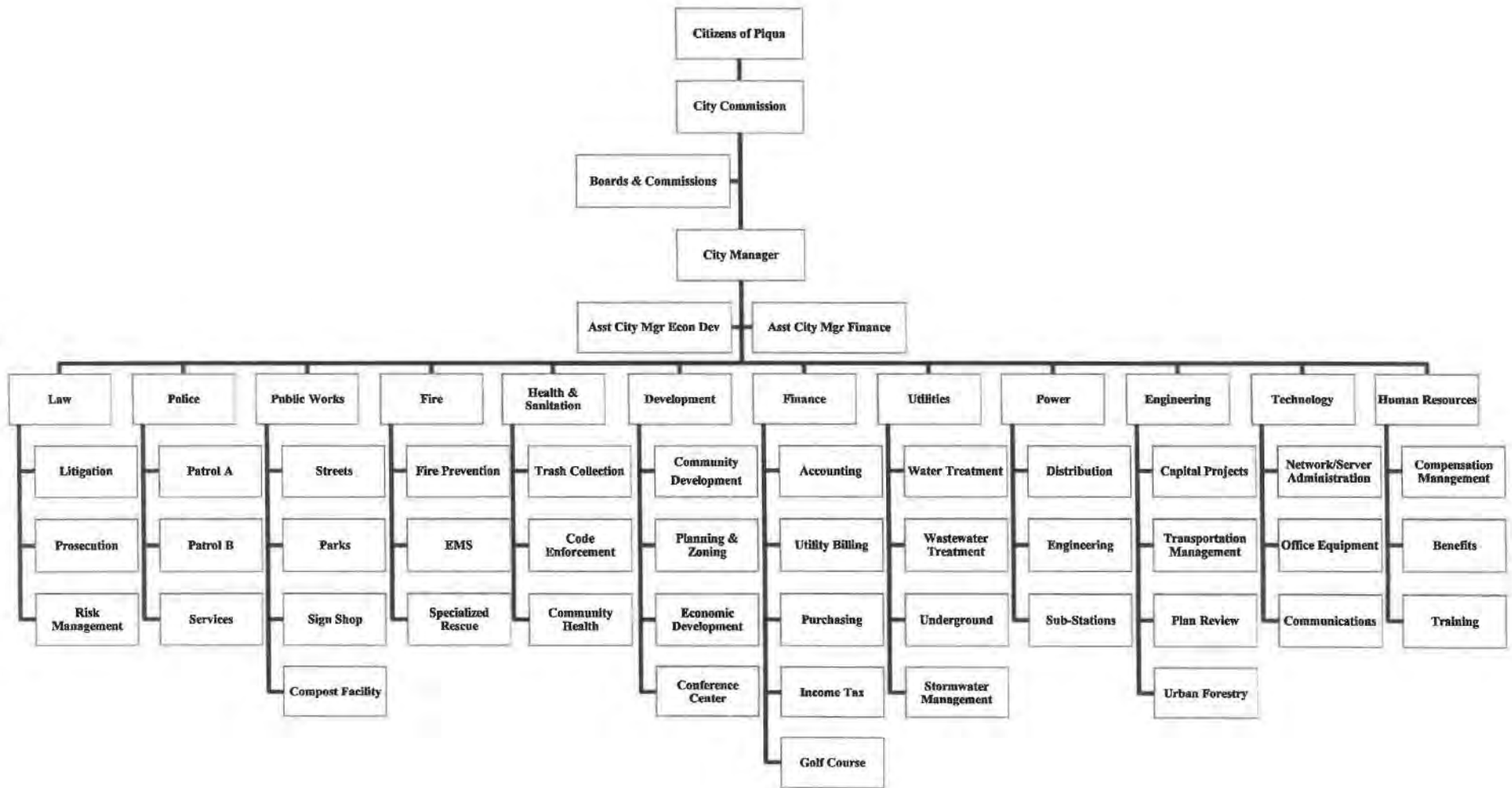
CITY MANAGER

Gary A. Huff

INDEPENDENT AUDITORS

Ohio Auditor of State

City of Piqua 2017 Organization Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Piqua
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

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Financial Section



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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Piqua
Miami County
201 West Water Street
Piqua, Ohio 45356

To the City Commissioners:

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 Piqua, Miami County, Ohio (the City), as of and for the year ended December 31, 2017, 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 such 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 Piqua, Miami County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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*, *Required budgetary comparison schedules* and schedules of net pension liabilities and pension contributions 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 this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and 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 28, 2018 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.

A handwritten signature in black ink, appearing to read "Robert R. Hinkle". The signature is written in a cursive style with a large initial "R".

Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor
Auditor of State Dave Yost
Columbus, Ohio

June 28, 2018

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CITY OF PIQUA, OHIO
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(Unaudited)

The discussion and analysis of the City of Piqua's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2017. 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 and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2017 by \$138.5 million (net position). Of this amount, \$16.3 million is considered unrestricted. The unrestricted net position of the City's governmental activities is \$0.3 million and may be used to meet the government's on-going obligations. The unrestricted net position of the City's business-type activities are \$16.0 million and may be used to meet the on-going obligations of the City's business-type activities, including the water, wastewater, refuse, stormwater, and electricity enterprises.
- The City's total net position decreased by \$2.3 million or 1.6 percent in 2017. Net position of the governmental activities decreased \$1.6 million, which represents a 2.5 percent decrease from 2016. Net position of the business type activities decreased \$0.7 million which represents a .9 percent decrease from 2016.
- The total cost of the City's programs increased \$4.3 million or 7.3 percent. The cost of governmental activities increased \$1.4 million or 7.8 percent, while the cost of business-type activities increased \$2.9 million or 7.0 percent.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$19.2 million. The combined governmental funds fund balance decreased \$0.9 million from the prior year's ending fund balance. Approximately \$6.4 million of the \$19.2 million fund balance is considered unassigned at December 31, 2017.
- The general fund reported a fund balance of \$11.1 million at the end of the current fiscal year. The unassigned fund balance for the general fund was \$6.4 million or 47 percent of total general fund expenditures (including transfers out). There was a \$1.0 million decrease in the total general fund balance for the year ended December 31, 2017.
- The City had \$11.4 million more in debt of bonds and notes outstanding at December 31, 2017 than at December 31, 2016.
- Total costs of governmental services increased by \$1.4 million, while net costs of services for governmental activities increased by \$0.7 million.

Using This Annual Financial Report

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Piqua's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Position and the Statement of Activities (on pages 23-24) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail and start on page 25. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

CITY OF PIQUA, OHIO
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(Unaudited)

Reporting the City of Piqua as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole considers all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in net position. This change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the City is divided into two types of activities:

- **Governmental Activities** – Most of the City's programs and services are reported here, including general government, public safety, street and maintenance, parks and recreation, Fort Piqua Plaza and community development. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- **Business-Type Activities** – These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The City's electric, water, refuse, wastewater, stormwater, golf and municipal pool activities are reported here.

Reporting the City of Piqua's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 25 and provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Funds are established to help control and manage money for particular purposes or to show that the City is meeting legal responsibilities for using certain taxes, grants, and other money. The City of Piqua's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- **Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. On the government-wide statements, these funds are reported using the accrual method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of timing of related cash flows. The governmental fund statements, using a modified accrual system of accounting, provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements or on an accompanying schedule.
- **Proprietary funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Piqua uses enterprise funds to account for its electric, water, refuse, wastewater, stormwater services, golf and municipal pool. Internal service funds are an accounting method used to accumulate and allocate costs internally among the City's various

CITY OF PIQUA, OHIO
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(Unaudited)

functions. The City of Piqua uses an internal service fund to account for its information technology and insurance activities. As these activities predominantly benefit governmental rather than business-type functions, they are shown within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, wastewater, refuse, and stormwater systems as well as golf and municipal pool, which are considered to be major funds of the City.

- *Fiduciary funds* – Funds 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 as the resources of those funds are not available to support the City's own programs.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33 through 58 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budget, proportionate share of net pension liability, and pension contributions. The City adopts an annual appropriation budget for its general fund and other funds. A budgetary comparison schedule has been provided for the general fund and other special revenue funds to demonstrate compliance with this budget. Also provided are the schedules of the City's proportionate share of the net pension liability for OPERS and Ohio Police and Fire and schedules of the City contributions for OPERS and Ohio Police and Fire. Required supplementary information can be found on pages 59 through 68 of this report.

The combining statements in connection with non-major governmental funds and internal service funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 71 through 83 of this report.

The City of Piqua as a Whole

Recall that the analysis of the Statement of Net Position looks at the City as a whole. One of the most important questions to consider is, "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information to help answer this question. The Net Position statement shows the difference between assets with deferred outflows and liabilities with deferred inflows, which is one way to measure the City's financial position. As reviewed over time, increases or decreases in the City's net position are an indicator of whether the City's financial health is improving or deteriorating. However, other non-financial factors must also be considered such as changes in the property tax base of the city, the condition of the City's roads and neighborhoods, and the reputation of the public schools in order to assess the overall health of the City. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities for both 2017 and 2016.

CITY OF PIQUA, OHIO
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(Unaudited)

Table 1
Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 26,230,075	\$ 27,106,711	\$ 29,096,789	\$ 32,259,646	\$ 55,326,864	\$ 59,366,357
Capital assets	55,563,357	55,504,269	119,766,629	108,576,161	175,329,986	164,080,430
<i>Total Assets</i>	81,793,432	82,610,980	148,863,418	140,835,807	230,656,850	223,446,787
Deferred outflows of resources						
Pension	4,360,092	4,863,220	3,542,699	2,741,720	7,902,791	7,604,940
Liabilities						
Long-term liabilities	20,794,981	20,824,572	71,374,383	57,489,469	92,169,364	78,314,041
Other liabilities	851,751	792,227	5,175,942	9,480,852	6,027,693	10,273,079
<i>Total Liabilities</i>	21,646,732	21,616,799	76,550,325	66,970,321	98,197,057	88,587,120
Deferred Inflows of Resources						
Property Taxes	1,142,063	1,330,976	-	-	1,142,063	1,330,976
Deferred Revenue	28,959	84,335	-	-	28,959	84,335
Pension	598,998	107,278	60,622	140,058	659,620	247,336
<i>Total Deferred Inflows of Resources</i>	1,770,020	1,522,589	60,622	140,058	1,830,642	1,662,647
Net position:						
Net investment in capital assets	55,432,764	55,161,266	59,776,209	60,204,879	115,208,973	115,366,145
Restricted for other purposes	6,539,588	7,194,708	-	-	6,539,588	7,194,708
Restricted for debt service	435,308	426,756	-	-	435,308	426,756
Unrestricted	329,112	1,552,082	16,018,961	16,262,269	16,348,073	17,814,351
<i>Total Net Position</i>	\$ 62,736,772	\$ 64,334,812	\$ 75,795,170	\$ 76,467,148	\$ 138,531,942	\$ 140,801,960

During 2015, the City adopted GASB Statement, 68 “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27,” which significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio’s statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under GASB 68, the net pension liability equals the City’s proportionate share of each plan’s collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees’ past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange”—that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer.

CITY OF PIQUA, OHIO
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(Unaudited)

Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows. As a result of GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

The amount by which the City's assets and deferred outflows exceed its liabilities and deferred inflows is called net position. Net position may serve over time as a useful indicator of a government's financial position. At year-end, the City's net position was \$138.5 million compared to \$140.8 million in 2016, a decrease of \$2.3 million. Net Position for governmental activities decreased \$1.6 million, while business-type activities decreased \$.7 million.

Of that amount, in 2017 approximately \$115.2 million (83.2%) was invested in capital assets, net of debt related to those assets. At year-end 2016 that amount was approximately \$115.4 million (81.9%). The largest portion of the City's net position (83.2%) reflects investments in net capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, vehicles, and infrastructure), less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

For 2017 another \$7.0 million (5.0%) was subject to legislative and external restrictions upon its use. The remaining \$16.3 million (11.8%) in 2017 was unrestricted and available for future use. For 2016 \$7.6 million (5.4%) was subject to external restrictions and \$17.8 million (12.7%) was unrestricted.

At the end of the current year, the City of Piqua is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Our total net position of the City's governmental activities decreased \$1.6 million during the current year; \$0.3 million increase in net investment in capital assets and \$1.2 million decrease in unrestricted net position. Restricted net position decreased slightly.

Total net position of the City's business-type activities decreased \$0.7 million during the current year; \$0.4 million due to a decrease in net investment in capital assets and \$0.3 million due to a decrease in unrestricted net position.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year.

CITY OF PIQUA, OHIO
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for Services	\$ 1,811,942	\$ 1,936,632	\$42,515,158	\$42,851,902	\$ 44,327,100	\$ 44,788,534
Operating Grants/Contributions	1,302,597	684,174	6,669	5,509	1,309,266	689,683
Capital Grants/Contributions	241,228	9,400	1,105,412	191,400	1,346,640	200,800
General revenues:						
Property Taxes	1,364,162	1,162,485			1,364,162	1,162,485
Income Taxes	10,759,830	11,264,355			10,759,830	11,264,355
Other Taxes	3,041,666	3,010,288			3,041,666	3,010,288
Investment Earnings & Misc.	117,184	48,613	59,986	48,022	177,170	96,635
Total Revenues	18,638,609	18,115,947	43,687,225	43,096,833	62,325,834	61,212,780
Program Expenses						
General Government	3,584,949	3,029,350			3,584,949	3,029,350
Public Safety	9,756,089	9,983,842			9,756,089	9,983,842
Street and Maintenance	4,967,109	4,131,246			4,967,109	4,131,246
Parks and Recreation	826,659	676,708			826,659	676,708
Community Development	762,985	626,789			762,985	626,789
Interest on long-term debt	8,858	16,043			8,858	16,043
Electric			31,446,393	31,427,181	31,446,393	31,427,181
Wastewater			4,285,812	3,386,384	4,285,812	3,386,384
Water			5,516,474	3,841,168	5,516,474	3,841,168
Refuse			1,658,954	1,512,589	1,658,954	1,512,589
Stormwater			907,098	662,925	907,098	662,925
Golf			710,706	735,870	710,706	735,870
Pool			163,766	196,543	163,766	196,543
Total Expenses	19,906,649	18,463,978	44,689,203	41,762,660	64,595,852	60,226,638
Increase (Decrease) in Net Position before Transfers & Proceeds	(1,268,040)	(348,031)	(1,001,978)	1,334,173	(2,270,018)	986,142
Transfers	(330,000)	(395,656)	330,000	395,656	-	-
Increase(Decrease) in Net Position	\$ (1,598,040)	\$ (743,687)	\$ (671,978)	\$ 1,729,829	\$ (2,270,018)	\$ 986,142
Net Position Beginning	64,334,812	65,078,499	76,467,148	74,737,319	140,801,960	139,815,818
Net Position Ending	\$ 62,736,772	\$ 64,334,812	\$ 75,795,170	\$ 76,467,148	\$ 138,531,942	\$ 140,801,960

Governmental Activities

Governmental activities decreased the City's net position by \$1,598,040 in 2017. Total revenues increased by \$522,662 mostly due to increased operating grants by \$618,423 and capital grants by \$231,828 while income taxes decreased \$504,525. Our program expenses increased by \$1,442,671 due to increased general government projects, Parks and Recreation projects, and Streets and Maintenance projects.

Several types of revenues fund our governmental activities with city income tax being the largest contributor. The income tax revenue for 2017 was down at \$10,759,830 compared to \$11,264,355 in 2016, a decrease of 4.48 percent. The City's income tax rate was 2.0 percent for 2017, the same as the prior year. Both residents of the City

CITY OF PIQUA, OHIO
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(Unaudited)

and non-residents who work inside the City are subject to the income tax. However, if residents work in a locality that has a municipal income tax, the City provides 100 percent credit up to 2.00 percent for those who pay income tax to another city.

General revenues from other taxes, such as Kilowatt-hour tax and Local Government Funds, are also revenue generators and in 2017, we received \$31,378 more than in 2016, a 1.0% increase mostly due to increased intergovernmental shared revenue collections. Program revenues saw a decrease of \$124,690 in charges for services while operating and capital grants increased \$850,251 overall as projects were funded. Overall increases in program revenues totaled \$725,561 or 27.59%. With the combination of program revenues, property tax, income tax, intergovernmental funding, investment earnings and existing net position, all expenses in the governmental activities are funded. The City monitors its source of revenues very closely for fluctuations.

The largest program function for the City relates to Public Safety, which accounts for 49.0 percent of total program expenses, a 5.1 percent decrease from 2016. Street Maintenance accounts for 24.95 percent of total program expenses, while General Government accounts for 18.0 percent. Street and Maintenance cost of services increased as significant street projects were started. Community Development increased due to grant activity and in General Government increased staffing, adding a Public Relations position.

The Statement of Activities reports the expenses of each of the governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the cost of a particular program exceeds its program revenue represents the extent to which that program must be subsidized by general revenues. The following table summarizes the net cost of each program:

Table 3
Government Activities

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2017	2016	2017	2016	2017	2016
General Government	\$ 3,584,949	\$ 3,029,350	\$ 732,879	\$ 676,839	\$ 2,852,070	\$ 2,352,511
Public Safety	9,756,089	9,983,842	1,019,022	1,145,445	8,737,067	8,838,397
Street and Maintenance	4,967,109	4,131,246	954,214	220,828	4,012,895	3,910,418
Parks and Recreation	826,659	676,708	33,633	31,026	793,026	645,682
Community Development	762,985	626,789	616,019	556,068	146,966	70,721
Interest on long-term debt	8,858	16,043	-	-	8,858	16,043
Total	\$ 19,906,649	\$ 18,463,978	\$ 3,355,767	\$ 2,630,206	\$ 16,550,882	\$ 15,833,772

Business-Type Activities

The Business-Type activities of the City, which include the City's Electric, Wastewater, Water, Refuse and Stormwater operations as well as Golf and Pool activities, decreased the City's net position by \$671,979 in 2017.

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For The Year Ended December 31, 2017
(Unaudited)

Table 4
Business-type Activities

	Total Cost of Services		Program Revenues		Net Revenue (Expense) from Operations	
	2017	2016	2017	2016	2017	2016
Electric	\$ 31,446,393	\$ 31,427,181	\$ 28,969,039	\$ 30,422,385	\$ (2,477,354)	\$ (1,004,796)
Wastewater	4,285,812	3,386,384	4,358,356	3,464,204	72,544	77,820
Water	5,516,474	3,841,168	6,425,884	5,620,157	909,410	1,778,989
Refuse	1,658,954	1,512,589	1,813,626	1,804,528	154,672	291,939
Stormwater	907,098	662,925	1,498,115	1,152,575	591,017	489,650
Golf	710,706	735,870	504,032	516,551	(206,674)	(219,319)
Pool	163,766	196,543	58,187	68,411	(105,579)	(128,132)
Total	\$ 44,689,203	\$ 41,762,660	\$ 43,627,239	\$ 43,048,811	\$ (1,061,964)	\$ 1,286,151

For 2017 the Wastewater, Water, Refuse, and Stormwater utilities all had program revenues in excess of expenses. For the most part, increases in expenses closely parallel inflation and growth in the demand for services. Electric utilities saw expenses in excess of revenues of \$2,477,354 due to increased power costs, repairs to the combustion turbines and the initial Automated Meter installation. Golf and Pool activity funds also had expenses in excess of program revenues of \$312,253 in 2017 as compared to \$347,451 in 2016. There was decreased use of the Golf Course and the Pool based on wet weather during the season.

The City's Funds

Information about the City's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues in 2017 of \$18.4 million compared to \$18.0 million in 2016. All governmental funds had expenditures in 2017 of \$19.0 million compared to \$15.9 million in 2016. The most significant fund is our general fund, which had an unassigned fund balance at year-end of \$6.4 million in 2017 compared to \$8.1 million in 2016. The General fund accounts for such activities as Police and Fire protection, and parks and recreation along with city administration. Within the General fund, expenditures exceeded revenues by \$665,241 in 2017 as compared to revenues exceeding expenditures by \$1,222,480 in 2016. The funds are monitored consistently with adjustments made to the budgets to accommodate yearly revenues.

Within the Street Maintenance Fund, expenditures exceeded revenues by \$156,431 in 2017 as compared to revenues exceeding expenditures by \$145,936 in 2016. Several street projects were started and completed during 2017. Fund balance at year-end in 2017 was \$4,256,646 as compared to \$4,388,455 in 2016, a slight decrease.

Within the Street Levy Construction Fund, revenues exceeded expenditures by \$405,689 in 2017 compared to \$920,759 in 2016 as more street repair projects were completed and investment in capital increased. Fund balance at year-end in 2017 was \$3,195,118 as compared to \$2,963,183 in 2016. The City was able to maintain a level of fund balance in anticipation of increased street maintenance needs in 2018.

Information about the Enterprise Funds starts on the Balance Sheet on page 28. These funds are accounted for on an accrual basis. All business type funds had operating revenues of \$42.2 million in 2017 and \$42.1 million in 2016. Operating expenses were \$43.6 million in 2017 and \$41.4 million in 2016.

The enterprise fund balances decreased \$528,050 with the Electric fund decreasing \$2.4 million from major system upgrades, Wastewater increasing \$0.1 million, Water increasing \$1.0 million from a rate increase and Refuse increasing \$0.2 million based on one-time operating costs incurred in 2016. Stormwater increased its 2017 fund net position by \$0.6 million. The Pool fund decreased its 2017 fund net position due to increased staffing. The Golf fund net position was up \$44,820 compared to 2016. The City is consistent with reviews of these funds, and the necessary adjustments are made to ensure strength in our enterprise funds.

CITY OF PIQUA, OHIO
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General Fund Budgetary Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the same basis as the entity reports. The most significant governmental budgeted fund is the General Fund. The Commission is provided with a detailed line item budget for all departments and after a discussion at a regularly held commission meeting, which is open to the public; the budget is adopted at an object level by City commission. Within each object, appropriations can be transferred between line items with the approval of the Finance Director and the respective department head. The Commission must approve any revisions in the budget that alter the object level totals or the total appropriations for any department or fund. During the course of fiscal 2017, the City amended its general fund budget during the middle and at the end of the fiscal year. The General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

For the 2017 general fund, original budgeted revenues were \$13.7 million. The final budgeted revenue amount was \$12.4 million. Actual revenues were \$12.5 million. Actual revenues were lower than the original budget amounts due to decreased income tax and capital grants. For the 2016 general fund, original budgeted revenues were \$12.0 million. The final budgeted revenue amount was \$12.0 million. Actual revenues collected were \$13.0 million.

For 2017, original general fund appropriations were budgeted at \$16.4 million. Final budgeted appropriations were \$15.4 million. Actual expenditures were \$13.2 million. This decrease was achieved through continued lower personnel costs and general government operating expenditures. For 2016, original general fund appropriations were budgeted at \$13.9 million. Final budgeted appropriations were \$14.3 million. Actual expenditures were \$11.7 million. This decrease was due to lower than expected personnel and general government operating expenditures.

Capital Asset and Debt Administration

Table 5
Capital Assets, Net of Depreciation at December 31

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Land and Land Improvements	\$ 5,449,677	\$ 4,990,877	\$ 2,502,706	\$ 2,234,491
Infrastructure Land	2,156,725	2,156,725	-	-
Construction in Progress	4,076,832	3,158,685	64,069,916	50,960,634
Buildings and Improvements	16,646,951	16,993,250	13,080,749	13,782,059
Furniture, Fixtures and Equipment	2,665,185	2,806,304	29,236,374	30,269,478
Infrastructure	24,567,987	25,398,428	-	-
Underground Piping	-	-	9,818,360	10,183,656
Intangible Assets	-	-	1,058,524	1,145,843
Total Capital Assets	\$55,563,357	\$55,504,269	\$ 119,766,629	\$ 108,576,161

Total Capital Assets for the City of Piqua for the year ended December 31, 2017 were \$175,329,986, an increase of \$11,249,556 over 2016. Additions in 2017 were \$17,502,220 less than in 2016 based on the completion of certain large projects in 2017. The City is committed to a long-term goal of meeting the needs of its infrastructure and facilities. Additional information concerning the City's capital assets can be found in Note F of the financial statements.

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Management's Discussion and Analysis
For The Year Ended December 31, 2017
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Debt

At December 31, 2017, the City of Piqua had \$11.4 million more in debt of bonds, notes, and loans at \$60.1 million compared to \$48.7 million in debt outstanding at December 31, 2016.

Table 6
Outstanding Debt at December 31

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
General Obligation Bonds	\$ 45,000	\$ 90,000	\$ 170,000	\$ 335,000
State Infrastructure Bank Note	85,593	253,003	-	-
OWDA Loans	-	-	59,723,200	48,036,282
OPWC Loan	-	-	97,220	-
Total	\$ 130,593	\$ 343,003	\$ 59,990,420	\$ 48,371,282

The General Obligation Bonds in Governmental Activities are primarily for the 2009 Ohio Capital Asset series issued for the purchase of a new fire truck. Bonds are paid through the Debt Service fund through transfers from the General Fund.

The General Obligation Bonds in Business-type Activities are comprised of a 2003 obligation in the City's Enterprise funds for Municipal Pool and Golf Course improvements. They are paid from the operating revenues generated in each enterprise.

The Street Construction Fund borrowed \$1,227,683 from the State Infrastructure Bank to help finance the County Road 25-A widening project which was completed in late 2009. The Street Levy funds are used to pay this.

The Ohio Water Development Authority ("OWDA") Loans are paid semi-annually from wastewater and water revenues. Loan funds were used for construction, maintenance and operation of the city's wastewater system, the City's hydropillar water tower, and engineering design and construction of a new water treatment plant.

During 2009, \$3,919,940 was borrowed from the Ohio Water Development Authority ("OWDA 2009") to fund the Wastewater Sewer Equalization tank. In 2010 an additional \$409,936 was borrowed for the same project. The Wastewater Sewer project notes are paid with sewer utility revenues.

During 2012, \$4,392,539 was approved by the Ohio Water Development Authority ("OWDA 2012") to design an expansion of the existing Wastewater Treatment Plant. This note was paid in September of 2017 from the proceeds of a new OWDA note ("OWDA 2017") issued to finance construction of the Wastewater Treatment Plant expansion.

During 2014, \$45,668,626 of borrowing was approved by the Ohio Water Development Authority ("OWDA 2014") for construction of a new Water Treatment Plant and to repay the design loan. Construction will continue from 2015-2018.

During 2015, \$3,746,881 of borrowing was approved by the Ohio Water Development Authority ("OWDA 2015") under a cooperative agreement to install new raw and finished pipelines from the new water plant to the existing lines.

During 2016, \$3,363,398 of borrowing was approved by the Ohio Water Development Authority ("OWDA 2016") for construction of a new 1-million-gallon water tower, water main, and demolition of an old water tower. Construction began in 2016 and will be completed in 2018. The water tower notes will be paid with water utility revenue.

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Management's Discussion and Analysis
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During 2017, \$53,224,030 of borrowing was approved by the Ohio Water Development Authority ("OWDA 2017") to expand and upgrade the existing Wastewater Treatment Plant and to repay the design loan ("OWDA 2012"). A principal forgiveness of \$50,000 was also awarded. Construction began in 2017 and will continue through 2020.

During 2017, \$100,000 of borrowing was approved by the Ohio Public Works Commission ("OPWC 2017") for updating Stormwater drainage. Construction began in 2017 and will be completed in 2018. The Stormwater drainage notes will be paid with the Stormwater Utility Revenue.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10.5 percent of total assessed valuation. The City's overall legal debt margin was \$30,647,523 on December 31, 2017.

Additional information concerning the City's debt can be found in Note G of the financial statements.

Economic Factors and Next Year's General Fund Budget

The City's key objectives set for the 2018 budget were Economic development, job creation, safety, and long-term fiscal stability. With the uncertainty surrounding the economy, the City closely monitors and takes into consideration the impact on two primary revenue sources: income tax revenue and state shared revenue.

In the 2018 budget process City Commission decided that it was important to: 1) continue the City's investment in Economic development and job creation; 2) safety for the citizens of Piqua and City employees; and 3) adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2018 budget, the City recognized the need to continue its pattern of cost containment while pursuing new revenue sources.

General fund expenditure appropriations for 2018 have been approved by City Commission in the amount of \$17.1 million. This appropriation level is approximately \$3.9 million more than actual 2017 general fund budgetary basis expenditures. The appropriation level was set based on similar estimated revenues in the General Fund compared to 2017 levels.

Current Financial Related Activities

The City anticipates the following significant events to take place in 2018:

- Continue development of the Great Miami River Corridor
- Continue redevelopment of the Historic East Piqua Corridor
- Continue Community Housing Improvement and Streetscaping programs
- Complete the Shawnee Storm Project Phase I
- Continue construction of the Wastewater Treatment Plant expansion and upgrade
- Continue to support the development of AMP Phase II Solar Project
- Continue implementing an Automated Meter Infrastructure for City Electric, Water, and Wastewater Utilities
- Continue Parks and City-wide beautification programs
- Begin building new Refuse facilities
- Continue to expand a city wide street resurfacing program

The City of Piqua has committed itself to financial excellence. The City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence for twenty-seven consecutive years.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, customers, 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 any questions about this report or need additional financial information, contact Cynthia A. Holtzapple, CPA, Director of Finance, City of Piqua, 201 West Water Street, Piqua, Ohio 45356, (937) 778-2065.

CITY OF PIQUA, OHIO

**STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Government Activities	Business Type Activities	Total Activities
ASSETS:			
Equity in pooled cash and cash equivalents	\$ 19,782,327	\$ 21,207,197	\$ 40,989,524
Equity in pooled investments	967,994	576,679	1,544,673
Accounts receivable	4,957,777	6,315,519	11,273,296
Allowance for Bad Debts	-	(748,407)	(748,407)
Interfund balances	242,628	(242,628)	-
Inventories	-	800,825	800,825
Prepaid items and other assets	272,203	245,882	518,085
Loans receivable, net of allowance	7,146	-	7,146
Recoverable purchased power	-	941,722	941,722
Capital assets not being depreciated	11,683,234	65,959,144	77,642,378
Capital assets being depreciated, net	43,880,123	53,807,485	97,687,608
Total assets	81,793,432	148,863,418	230,656,850
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred by pensions	4,360,092	3,542,699	7,902,791
Total deferred outflow of resources	4,360,092	3,542,699	7,902,791
LIABILITIES:			
Accounts payable	323,217	2,591,670	2,914,887
Salary and benefits payable	525,631	258,810	784,441
Other accruals	2,903	2,325,462	2,328,365
Long-term liabilities:			
Due within one year	808,597	1,884,491	2,693,088
Due in more than one year:			
Net Pension Liability	18,536,578	9,262,285	27,798,863
Other Amounts Due in more than one year	1,449,806	60,227,607	61,677,413
Total liabilities	21,646,732	76,550,325	98,197,057
DEFERRED INFLOWS OF RESOURCES:			
Property taxes	1,142,063	-	1,142,063
Deferred Revenue	28,959	-	28,959
Deferred by pension	598,998	60,622	659,620
Total deferred inflows of resources	1,770,020	60,622	1,830,642
NET POSITION:			
Net investment in capital assets	55,432,764	59,776,209	115,208,973
Restricted by: legislation	6,539,588	-	6,539,588
Restricted by: debt covenants	435,308	-	435,308
Unrestricted	329,112	16,018,961	16,348,073
Total net position	\$ 62,736,772	\$ 75,795,170	\$ 138,531,942

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 3,584,949	\$ 692,044	\$ 11,036	\$ 29,799	\$ (2,852,070)	\$ -	\$ (2,852,070)
Public safety	9,756,089	967,297	46,975	4,750	(8,737,067)	-	(8,737,067)
Streets and maintenance	4,967,109	88,584	658,951	206,679	(4,012,895)	-	(4,012,895)
Parks and recreation	826,659	17,633	16,000	-	(793,026)	-	(793,026)
Community development	762,985	46,384	569,635	-	(146,966)	-	(146,966)
Interest on long term debt	8,858	-	-	-	(8,858)	-	(8,858)
Total governmental activities	<u>19,906,649</u>	<u>1,811,942</u>	<u>1,302,597</u>	<u>241,228</u>	<u>(16,550,882)</u>	<u>-</u>	<u>(16,550,882)</u>
BUSINESS-TYPE ACTIVITIES:							
Electric	31,446,393	28,969,039	-	-	-	(2,477,354)	(2,477,354)
Wastewater	4,285,812	4,164,356	-	194,000	-	72,544	72,544
Refuse	1,658,954	1,813,626	-	-	-	154,672	154,672
Water	5,516,474	5,854,472	-	571,412	-	909,410	909,410
Storm Water	907,098	1,158,115	-	340,000	-	591,017	591,017
Golf	710,706	497,363	6,669	-	-	(206,674)	(206,674)
Municipal Pool	163,766	58,187	-	-	-	(105,579)	(105,579)
Total business-type activities	<u>44,689,203</u>	<u>42,515,158</u>	<u>6,669</u>	<u>1,105,412</u>	<u>-</u>	<u>(1,061,964)</u>	<u>(1,061,964)</u>
Total	<u>\$ 64,595,852</u>	<u>\$ 44,327,100</u>	<u>\$ 1,309,266</u>	<u>\$ 1,346,640</u>	<u>\$ (16,550,882)</u>	<u>\$ (1,061,964)</u>	<u>(17,612,846)</u>
GENERAL REVENUES:							
Property taxes					1,364,162	-	1,364,162
Shared revenues unrestricted					1,868,113	-	1,868,113
Income tax					10,759,830	-	10,759,830
Locally levied taxes					1,173,553	-	1,173,553
Investment earnings					68,597	59,986	128,583
Miscellaneous					48,587	-	48,587
Total general revenues					<u>15,282,842</u>	<u>59,986</u>	<u>15,342,828</u>
Transfers, in (out)					<u>(330,000)</u>	<u>330,000</u>	<u>-</u>
Change in net position					<u>(1,598,040)</u>	<u>(671,978)</u>	<u>(2,270,018)</u>
Total net position:							
Beginning of year					<u>64,334,812</u>	<u>76,467,148</u>	<u>140,801,960</u>
End of year					<u>\$ 62,736,772</u>	<u>\$ 75,795,170</u>	<u>\$ 138,531,942</u>

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General Fund	Street Maintenance	Street Levy Construction	Debt Service	Other Governmental	Total Governmental
ASSETS						
Equity in pooled cash and cash equivalents	\$ 10,433,438	\$ 3,954,245	\$ 3,075,215	\$ 435,308	\$ 273,570	\$ 18,171,776
Accounts receivable	3,490,131	985,702	232,878	23,361	60,910	4,792,982
Interfund receivable	3,000	-	-	-	-	3,000
Prepaid items and other assets	2,757	-	-	-	-	2,757
Loans Receivable, net of allowance	-	-	-	-	7,146	7,146
Total Assets	\$ 13,929,326	\$ 4,939,947	\$ 3,308,093	\$ 458,669	\$ 341,626	\$ 22,977,661
LIABILITIES						
CURRENT LIABILITIES:						
Accounts payable	\$ 172,713	\$ 121,957	\$ 1,197	\$ -	\$ 1,843	\$ 297,710
Interfund payable	-	-	-	-	3,000	3,000
Salaries and benefits	441,687	68,443	-	-	4,498	514,628
Accruals	2,080	440	-	-	-	2,520
Total Current Liabilities	616,480	190,840	1,197	-	9,341	817,858
LONG-TERM LIABILITIES:						
Restricted deposits	23,764	-	-	-	-	23,764
Total Long Term Liabilities	23,764	-	-	-	-	23,764
Total Liabilities	640,244	190,840	1,197	-	9,341	841,622
DEFERRED INFLOWS OF RESOURCES						
Property taxes	1,474,190	-	-	23,361	48,926	1,546,477
State shared taxes	198,265	399,704	-	-	4,557	602,526
Income taxes	486,976	92,757	82,819	-	-	662,552
Reimbursements	71,130	-	28,959	-	-	100,089
Total deferred inflows of resources	2,230,561	492,461	111,778	23,361	53,483	2,911,644
FUND BALANCES						
Nonspendable fund balance	2,757	-	-	-	-	2,757
Restricted fund balance	7,781	4,256,646	3,195,118	435,308	278,802	8,173,655
Assigned fund balance	4,692,377	-	-	-	-	4,692,377
Unassigned fund balance	6,355,606	-	-	-	-	6,355,606
Total fund balances	11,058,521	4,256,646	3,195,118	435,308	278,802	19,224,395
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,929,326	\$ 4,939,947	\$ 3,308,093	\$ 458,669	\$ 341,626	

Amounts reported for governmental activities in the Statement of Net Position (page 23) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	55,563,357
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	1,740,622
The net unamortized portion of pension liability deferred inflows and outflows are	3,761,094
The following long-term liabilities are not due and payable in the current period and therefore are not reported as expenditures in the funds	
Bonds and notes payable	(130,593)
Vacation and Sick leave compensated balances	(2,104,046)
Net Pension Liability	(18,536,578)
Accrued interest on bonds payable	(383)
Internal service funds are used to charge the costs of certain activities to individual funds.	
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position	3,218,904
Net position of governmental activities	\$ 62,736,772

See accompanying notes to the basic financial statements.

CITY OF PIQUA, OHIO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-- GOVERNMENTAL FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2017**

	General Fund	Street Maintenance	Street Levy Construction	Debt Service	Other Governmental	Total Governmental
REVENUES:						
Municipal income tax	\$ 7,781,404	\$ 1,484,278	\$ 1,325,296	\$ -	\$ -	\$ 10,590,978
Property taxes	1,282,818	-	-	7,092	74,252	1,364,162
State shared revenues	571,136	1,229,387	-	-	9,142	1,809,665
Locally levied taxes	1,173,553	-	-	-	-	1,173,553
Licenses and permits, fees	1,285,012	500	-	-	1,030	1,286,542
Grants: capital	4,750	206,679	-	-	-	211,429
Grants: operating	27,585	-	658,951	-	589,459	1,275,995
Investment income	23,499	17,859	14,387	1,941	4,830	62,516
Donations:						
Capital	29,799	-	-	-	-	29,799
Operating	26,602	-	-	-	-	26,602
Other fines, rents, and reimbursements	326,029	28,492	59,592	-	123,144	537,257
Total revenues	<u>12,532,187</u>	<u>2,967,195</u>	<u>2,058,226</u>	<u>9,033</u>	<u>801,857</u>	<u>18,368,498</u>
EXPENDITURES:						
General government administration	2,147,495	-	-	-	-	2,147,495
Public safety	8,787,362	-	-	-	19,824	8,807,186
Public health	325,290	-	-	-	52,733	378,023
Street repairs and maintenance	-	2,547,112	1,107,453	-	-	3,654,565
Parks and recreation	669,698	-	-	-	-	669,698
Fort Piqua Plaza	232,502	-	-	-	-	232,502
Community planning and development	88,060	-	-	-	662,353	750,413
Other	-	-	-	481	52,681	53,162
Debt principal payment	-	-	-	212,410	-	212,410
Debt interest payment	-	-	-	10,394	-	10,394
Capital costs	947,021	576,514	545,084	-	-	2,068,619
Total expenditures	<u>13,197,428</u>	<u>3,123,626</u>	<u>1,652,537</u>	<u>223,285</u>	<u>787,591</u>	<u>18,984,467</u>
Excess (deficiency) of revenues over expenditures	<u>(665,241)</u>	<u>(156,431)</u>	<u>405,689</u>	<u>(214,252)</u>	<u>14,266</u>	<u>(615,969)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	23,965	24,622	-	-	-	48,587
Transfers, in	-	-	-	222,804	-	222,804
Transfers, out	(379,050)	-	(173,754)	-	-	(552,804)
Total other financing sources (uses)	<u>(355,085)</u>	<u>24,622</u>	<u>(173,754)</u>	<u>222,804</u>	<u>-</u>	<u>(281,413)</u>
Net change in fund balance	(1,020,326)	(131,809)	231,935	8,552	14,266	(897,382)
Fund balance-beginning of year	12,078,847	4,388,455	2,963,183	426,756	264,536	20,121,777
Fund balance-end of year	<u>\$ 11,058,521</u>	<u>\$ 4,256,646</u>	<u>\$ 3,195,118</u>	<u>\$ 435,308</u>	<u>\$ 278,802</u>	<u>\$ 19,224,395</u>

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

Total net change in fund balances Governmental funds	\$ (897,382)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures; however in the Statement of Activities, the cost of those assets are allocated over their useful lives as depreciation expense. This is the amount by which capital outlays (\$2,068,619) exceed depreciation expense (\$1,892,297)	176,322
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds: (State shared taxes \$58,448, Income taxes \$168,852, and Ems billings (\$11,857))	215,443
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	212,410
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:	
Vacation and sick leave compensated balances	(67,090)
Interest payable	1,536
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows (\$1,387,271). Except for these amounts, changes in the net pension liability are reported as pension expense in the statement of activities (\$2,499,064).	(1,111,793)
An Internal Service Fund is used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of the internal service fund related to governmental activities is reported with governmental activities	(127,486)
Change in the net position of governmental activities on the Statement of Activities	<u>\$ (1,598,040)</u>

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

**BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2017**

Business-type Activities

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Electric	Wastewater	Refuse	Water	Storm Water	Golf	Municipal Pool	Total	Governmental Activities - Internal Service Funds
CURRENT ASSETS:									
Equity in pooled cash and cash equivalents	\$ 7,462,862	\$ 3,734,519	\$ 1,521,191	\$ 6,804,011	\$ 1,495,936	\$ 162,972	\$ 25,706	\$ 21,207,197	\$ 1,610,551
Equity in pooled investments	-	463,403	113,276	-	-	-	-	576,679	967,994
Accounts receivable	4,267,565	716,026	267,071	971,557	93,216	84	-	6,315,519	164,795
Allowance for uncollectible accounts	(463,218)	(108,578)	(58,361)	(103,232)	(15,018)	-	-	(748,407)	-
Inventories	662,286	-	-	111,378	4,819	22,342	-	800,825	-
Prepaid items and other assets	91,046	7,301	78,000	62,435	7,100	-	-	245,882	269,445
Total Current Assets	12,020,541	4,812,671	1,921,177	7,846,149	1,586,053	185,398	25,706	28,397,695	3,012,785
NONCURRENT ASSETS:									
Recoverable purchased power	941,722	-	-	-	-	-	-	941,722	-
Capital assets not being depreciated	939,186	9,572,610	146,494	53,597,777	1,332,733	370,344	-	65,959,144	-
Capital assets being depreciated	31,791,543	9,007,526	606,489	10,361,948	1,124,795	862,498	52,686	53,807,485	156,188
Total Noncurrent Assets	33,672,451	18,580,136	752,983	63,959,725	2,457,528	1,232,842	52,686	120,708,351	156,188
DEFERRED OUTFLOWS OF RESOURCES:									
Deferred by pensions	1,483,938	691,237	284,703	777,662	177,539	91,393	36,227	3,542,699	148,975
Total Deferred Outflows of Resources	1,483,938	691,237	284,703	777,662	177,539	91,393	36,227	3,542,699	148,975
Total Assets and deferred outflows of resources	\$ 47,176,930	\$ 24,084,044	\$ 2,958,863	\$ 72,583,536	\$ 4,221,120	\$ 1,509,633	\$ 114,619	\$ 152,648,745	\$ 3,317,948

See accompanying notes to the basic financial statements

Continued

CITY OF PIQUA, OHIO

**BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2017**

Business-type Activities

	Electric	Wastewater	Refuse	Water	Storm Water	Golf	Municipal Pool	Total	Governmental Activities - Internal Service Funds
LIABILITIES									
CURRENT LIABILITIES:									
Accounts payable	\$ 2,069,276	\$ 233,444	\$ 87,876	\$ 177,269	\$ 17,527	\$ 5,475	\$ 803	\$ 2,591,670	\$ 25,507
Salaries and benefits	121,273	46,295	18,996	48,633	15,111	8,502	-	258,810	11,003
Accrued vacation, personal, and sick leave	173,311	139,327	40,512	87,591	14,684	10,835	-	466,260	18,207
Accruals and prepaid memberships	406,136	1,182,385	660	728,988	5,220	2,031	42	2,325,462	-
Current portion of long term debt	-	201,353	-	1,043,601	3,277	161,840	8,160	1,418,231	-
Total Current Liabilities	2,769,996	1,802,804	148,044	2,086,082	55,819	188,683	9,005	7,060,433	54,717
LONG-TERM LIABILITIES:									
Accrued vacation, personal, and sick leave	293,851	182,299	73,545	137,840	17,971	8,190	-	713,696	41,694
Net Pension Liability	3,902,056	1,763,693	742,005	2,031,430	471,081	254,545	97,475	9,262,285	413,754
Long term liabilities	941,722	10,157,193	-	48,321,053	93,943	-	-	59,513,911	-
Total Long-Term Liabilities	5,137,629	12,103,185	815,550	50,490,323	582,995	262,735	97,475	69,489,892	455,448
Total Liabilities	7,907,625	13,905,989	963,594	52,576,405	638,814	451,418	106,480	76,550,325	510,165
DEFERRED INFLOWS OF RESOURCES:									
Deferred by pensions	25,147	12,460	5,594	12,417	2,927	1,529	548	60,622	2,387
Total deferred inflows of resources	25,147	12,460	5,594	12,417	2,927	1,529	548	60,622	2,387
NET POSITION									
Net investment in capital assets	32,730,729	8,221,590	752,983	14,595,071	2,360,308	1,071,002	44,526	59,776,209	156,188
Unrestricted	6,513,429	1,944,005	1,236,692	5,399,643	1,219,071	(14,316)	(36,935)	16,261,589	2,649,208
Total Net Position	39,244,158	10,165,595	1,989,675	19,994,714	3,579,379	1,056,686	7,591	76,037,798	2,805,396
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 47,176,930	\$ 24,084,044	\$ 2,958,863	\$ 72,583,536	\$ 4,221,120	\$ 1,509,633	\$ 114,619		\$ 3,317,948
Adjustment to consolidate the internal service fund activities								(242,628)	
Total net position per the government-wide Statement of Net Position								\$ 75,795,170	

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CITY OF PIQUA, OHIO

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**

	Business-type Activities								Governmental Activities- Internal Service Funds
	Electric	Wastewater	Refuse	Water	Storm Water	Golf	Municipal Pool	Total	
OPERATING REVENUES:									
Customer services	\$ 28,556,447	\$ 4,119,593	\$ 1,786,818	\$ 5,736,462	\$ 1,150,784	\$ 490,406	\$ 58,082	\$ 41,898,592	\$ 669,134
Penalty charges	179,942	41,560	21,805	59,440	6,588	-	-	309,335	-
Total operating revenues	28,736,389	4,161,153	1,808,623	5,795,902	1,157,372	490,406	58,082	42,207,927	669,134
OPERATING EXPENSES:									
Fossil fuels used for production	249,531	-	-	-	-	-	-	249,531	-
Purchased power	22,474,836	-	-	-	-	-	-	22,474,836	-
Salaries and employee benefits	2,791,201	1,479,765	643,470	1,707,257	398,237	211,167	77,629	7,308,726	461,515
Depreciation	1,928,202	728,110	77,899	474,535	98,541	115,352	16,314	3,438,953	130,185
Materials and supplies	1,834,009	773,853	73,357	1,064,507	143,931	140,442	20,187	4,050,286	16,553
Utilities	47,213	218,289	6,478	300,613	22,165	63,007	20,854	678,619	25,419
Outside services	1,304,306	578,633	712,788	531,206	172,040	96,831	5,138	3,400,942	140,144
Billing costs	462,099	250,154	117,045	282,720	36,014	-	-	1,148,032	-
Chemicals	-	21,588	-	219,742	-	50,667	17,314	309,311	-
Other	296,030	56,404	9,568	125,072	26,432	20,041	3,964	537,511	183,742
Total operating expenses	31,387,427	4,106,796	1,640,605	4,705,652	897,360	697,507	161,400	43,596,747	957,558
Operating income (loss)	(2,651,038)	54,357	168,018	1,090,250	260,012	(207,101)	(103,318)	(1,388,820)	(288,424)
NON-OPERATING REVENUES (EXPENSES):									
Interest on debt	-	(148,848)	-	(776,008)	-	(12,133)	(612)	(937,601)	-
Interest income	15,827	12,797	4,687	13,039	2,260	428	21	49,059	17,008
Other, net	232,650	3,203	5,003	58,570	743	6,957	105	307,231	-
Operating grants	-	-	-	-	-	6,669	-	6,669	-
Net non-operating revenues (expenses)	248,477	(132,848)	9,690	(704,399)	3,003	1,921	(486)	(574,642)	17,008
Capital grants	-	194,000	-	571,412	340,000	-	-	1,105,412	-
Transfers, in	-	-	-	-	-	250,000	80,000	330,000	-
Change in net position	(2,402,561)	115,509	177,708	957,263	603,015	44,820	(23,804)	(528,050)	(271,416)
Total net position-beginning of year	41,646,719	10,050,086	1,811,967	19,037,451	2,976,364	1,011,866	31,395		3,076,812
Total net position-end of year	\$ 39,244,158	\$ 10,165,595	\$ 1,989,675	\$ 19,994,714	\$ 3,579,379	\$ 1,056,686	\$ 7,591		\$ 2,805,396
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds								(143,928)	
Change in net position of business-type activities								\$ (671,978)	

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities							Governmental Activities- Internal Service Funds	
	Electric	Wastewater	Refuse	Water	Storm Water	Golf	Municipal Pool		Total
OPERATING ACTIVITIES:									
Cash received for services	\$ 28,774,906	\$ 4,155,684	\$ 1,802,382	\$ 6,251,051	\$ 1,485,142	\$ 504,374	\$ 58,188	\$ 43,031,727	\$ 661,605
Cash paid to suppliers for goods or services	(26,771,675)	(783,450)	(881,364)	(7,969,161)	(385,577)	(369,960)	(67,671)	(37,228,858)	(718,598)
Cash paid to employees for services	(2,177,097)	(1,190,380)	(531,606)	(1,416,137)	(330,963)	(176,684)	(64,668)	(5,887,535)	(391,690)
Net cash provided by (used in) operating activities	(173,866)	2,181,854	389,412	(3,134,247)	768,602	(42,270)	(74,151)	(84,666)	(448,683)
NONCAPITAL FINANCING ACTIVITIES:									
Transfers, in	-	-	-	-	-	250,000	80,000	330,000	-
Net cash provided by (used in) noncapital financing activities	-	-	-	-	-	250,000	80,000	330,000	-
CAPITAL AND RELATED FINANCING ACTIVITIES:									
Recoverable purchased power contract	(22,916)	-	-	-	-	-	-	(22,916)	-
Proceeds from issuance of bonds and notes	-	7,822,776	-	8,970,876	97,220	-	-	16,890,872	-
Principal paid on bonds and notes	22,916	(4,636,987)	-	(469,747)	-	(157,080)	(7,920)	(5,248,818)	-
Interest paid on bonds and notes	-	(148,848)	-	(776,008)	-	(12,919)	(651)	(938,426)	-
Acquisition and construction of capital	(1,041,246)	(5,591,118)	(128,545)	(7,454,503)	(457,094)	(62,275)	(5,135)	(14,739,916)	(12,950)
Proceeds from the sale of capital assets	102,017	516	581	6,766	613	-	-	110,493	-
Net cash provided by (used in) capital & related financing activities	(939,229)	(2,553,661)	(127,964)	277,384	(359,261)	(232,274)	(13,706)	(3,948,711)	(12,950)
INVESTING ACTIVITIES:									
Purchases of investment securities	-	(463,403)	(113,276)	-	-	-	-	(576,679)	(967,994)
Proceeds from sale or maturity of investment securities	1,300,000	561,103	112,714	-	-	-	-	1,973,817	1,063,192
Interest received	18,171	13,857	4,436	13,039	2,260	428	21	52,212	15,205
Net cash provided by (used in) investing activities	1,318,171	111,557	3,874	13,039	2,260	428	21	1,449,350	110,403
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	205,076	(260,250)	265,322	(2,843,824)	411,601	(24,116)	(7,836)	(2,254,027)	(351,230)
CASH AND CASH EQUIVALENTS - Beginning of year	7,257,786	3,994,769	1,255,869	9,647,835	1,084,335	187,088	33,542	23,461,224	1,961,781
CASH AND CASH EQUIVALENTS - End of year	\$ 7,462,862	\$ 3,734,519	\$ 1,521,191	\$ 6,804,011	\$ 1,495,936	\$ 162,972	\$ 25,706	\$ 21,207,197	1,610,551
OPERATING INCOME (LOSS)	\$ (2,651,038)	\$ 54,357	\$ 168,018	\$ 1,090,250	\$ 260,012	\$ (207,101)	\$ (103,318)	\$ (1,388,820)	(288,424)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:									
Depreciation	1,928,202	728,110	77,899	474,535	98,541	115,352	16,314	3,438,953	130,185
(Increase)/Decrease in Accounts Receivable	(194,133)	(202,673)	(11,244)	(174,833)	(12,973)	-	-	(595,856)	(22,827)
(Increase)/Decrease in Inventory	50,199	-	-	20,022	634	2,393	-	73,248	-
(Increase)/Decrease in Prepaids	(85,241)	(117)	-	(1,320)	(3,100)	(84)	-	(89,862)	(265,736)
(Increase)/Decrease in Deferred Outflows of Resources-Pension	(336,829)	(151,256)	(62,660)	(179,869)	(42,098)	(20,373)	(7,894)	(800,979)	(34,316)
Increase/(Decrease) in Accounts Payable	(68,609)	1,115,588	37,872	(5,464,003)	17,471	(1,281)	(214)	(4,363,176)	62
Increase/(Decrease) in Accrued Wages and Benefits	61,015	41,017	8,973	(4,234)	(1,852)	1,032	-	105,951	(58,292)
Increase/(Decrease) in Deferred Revenues	-	-	-	-	-	343	-	343	-
Increase/(Decrease) in Net Pension Liability	923,323	414,625	171,765	493,061	115,399	55,844	21,638	2,195,655	94,068
Increase/(Decrease) in Deferred Inflows of Resources-Pension	(33,405)	(15,001)	(6,214)	(17,838)	(4,175)	(2,020)	(783)	(79,436)	(3,403)
Net (Increase)/Decrease in Other Operating Net Position	232,650	197,204	5,003	629,982	340,743	13,625	106	1,419,313	-
Net cash provided by (used in) operating activities	\$ (173,866)	\$ 2,181,854	\$ 389,412	\$ (3,134,247)	\$ 768,602	\$ (42,270)	\$ (74,151)	\$ (84,666)	\$ (448,683)
SUPPLEMENTAL INFORMATION:									
Noncash activities:									
Donated Capital	\$ -	\$ 194,000	\$ -	\$ 571,412	\$ 340,000	\$ -	\$ -	\$ 1,105,412	\$ -
Recoverable purchased power contract	\$ 22,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,916	\$ -

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017**

ASSETS:	<u>Private Purpose Centennial Trust</u>	<u>Agency Funds</u>
Equity in pooled cash and cash equivalents	\$ 471	\$ 23,262
Total Assets	<u>\$ 471</u>	<u>\$ 23,262</u>
 LIABILITIES:		
Withholdings payable		\$ 6,995
Undistributed monies		<u>16,267</u>
Total Liabilities		<u>\$ 23,262</u>
 NET POSITION		
Held in trust for other purposes	<u>\$ 471</u>	

**STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017**

ADDITIONS	
Interest income	<u>\$ 2</u>
Total additions	<u>2</u>
Change in net position	2
Total net position-beginning of year	<u>469</u>
Total net position-end of year	<u>\$ 471</u>

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
December 31, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity—The City of Piqua, Ohio, (the “City”) was incorporated in 1823 and operates under a Commission-Manager form of government. The following services are provided by the City: public safety (police and fire), highways and streets, electricity, water, wastewater, refuse, storm water, conference center, parks and recreation, public improvements, planning and zoning, public health and general governmental administrative services.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. No separate government units meet the criteria for inclusion as a component unit.

BASIS OF PRESENTATION

Government-Wide Statements—The statement of net position and the statement of activities display information about the primary government. Eliminations have been made to minimize the double counting of internal activities. Inter-fund 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, deferred outflows of resources, liabilities, and deferred inflows of resources, within the governmental and business type activities total column. Internal service fund balances, whether positive or negative, have been eliminated against the expenses and program revenues shown in the governmental activities Statement of Activities. Governmental activities, which normally are supported through taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business type activities, which rely to a significant extent on fees and charges for support. The government-wide financial statements do not include the assets and liabilities of the City’s fiduciary funds.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or a function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for purposes for which amounts in an unrestricted fund balance classification could be used it is the government’s policy to use assigned resources first, and then unassigned amounts as they are needed.

Fund Financial Statements—The fund financial statements provide information about the City’s funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
December 31, 2017

The City reports the following major governmental funds:

General Fund is the general operating fund of the City. It is used to account for all financial resources traditionally associated with government, which are not required to be accounted for in another fund.

Street Maintenance Fund—This fund accounts for the portion of gasoline tax and motor vehicle license fees restricted for maintenance of streets.

Street Levy Construction Fund—This fund accounts for a .25% levied income tax restricted for the specific purpose of street construction.

Debt Service Fund is used to account for the resources received and used to pay principal and interest on long-term general obligation debt of governmental funds. Revenues and financing resources are derived primarily from property taxes.

Enterprise Funds (Business type 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 cost (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 reports the following major enterprise funds: electric, water, wastewater, refuse, storm water, golf, and municipal pool.

The City, in its business type funds, accounts for all recurring type revenues, including all revenues, which the City controls through statutory pricing or regulatory authority, as operating revenue and all recurring type expenses as operating expense. Non-recurring revenues such as gains on sales of assets and revenues over which the City has minimal or no control, primarily interest earnings, are accounted for as nonoperating revenues. Interest expense and other non-recurring expenses over which the City has minimal or no control are reported as non-operating expense.

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities and information technology functions. Because these activities predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Fiduciary Fund Types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organization, other governments, and/or other funds. The City reports the following agency and/or trust funds: Unclaimed funds, Employee flexible spending fund, and a private purpose centennial trust fund.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

Government-wide and proprietary type fund financial statements measure and report all assets (both financial and capital), deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses using the economic resources measurements focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
December 31, 2017

cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are accounted for using a current financial resources measurement focus and are reported on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to use to pay liabilities of the current period which, for the City's purposes, is considered to be 60 days after year end. Revenues considered susceptible to accrual are community development block grants, delinquent property taxes, income taxes, kwh taxes, hotel/motel taxes, franchise fees, emergency service billings, and interest on investments. Property taxes levied before year end are not recognized as revenue until the next calendar year. The fiscal period for which property taxes are levied at year-end in the State of Ohio is the succeeding calendar year.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on unmatured general long-term debt which are recognized when payment is due. Inventory and prepaid expenditures are recognized when used.

Cash and Cash Equivalents and Investments—City funds are pooled and invested to improve cash management. Each fund type's portion of the pool is shown on the Statement of Net Position as "cash and cash equivalents" and "investments". For purposes of the statement of cash flows, the proprietary type funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City's investment policy authorizes the City to invest in obligations of the United States Government or other investments where the principal and interest are collateralized by the full faith and credit of the United States Government, and bonds of other states, cities and political subdivisions.

Receivables—Receivables primarily consist of municipal income taxes, state shared revenue taxes, property taxes, kwh taxes, hotel/motel taxes, franchise fees, emergency service billings, and utility charges.

Inventory—Inventory is valued at average cost. The business type fund inventories are capitalized or expensed when used.

Prepaid Expenses—Payments made to vendors for services that will benefit beyond year-end are recorded as prepaid items.

Capital Assets—Capital assets are recorded based on historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The City defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

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Buildings	34 – 50 years
Land improvements other than buildings	25 – 75 years
Machinery and equipment	10 – 30 years
Vehicles	5 – 10 years
Computer equipment	5 years
Public domain infrastructure	45 years
Sewer and water lines and underground piping	34 – 50 years

Fund Balance Classifications—Fund balance is reported as nonspendable when the amounts so included cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

Fund balance is reported as restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Commission enacts legislation requiring specific revenue to be used for a special purpose. The City Commission can modify or rescind that legislation at any time through additional legislation.

Fund balance is reported as assigned when a revenue source is not previously restricted or committed but the Finance Director determines, in the Director’s professional opinion, that the assigning of the revenue is the desire of the City Commission and in the best interest of the City. This authority is given to the Finance Director through the City Charter.

The City applies restricted resources first when expenditures are incurred for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The City has not adopted a formal fund balance policy.

Use of Estimates—The preparation of the basic 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 could differ from those estimates.

Deferred Outflows/Inflows of Resources— In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until that time. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges for pension and on the proprietary statements. The deferred outflows of resources related to pension are explained further in Note J.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. Deferred revenue represents governmental non-exchange transactions of mutually held debt by other

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governments. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund balance sheet. Unavailable revenue is reported on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes property and income taxes and intergovernmental reimbursements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position, the proprietary statements and are further explained in Note J.

Grants and Other Intergovernmental Revenues—Federal grants, assistance awards made on the basis of entitlement periods, are recorded as intergovernmental receivables and revenues when entitlement occurs and other reimbursement-type grants are recorded as intergovernmental receivables and revenues when eligible expenditures/expenses are incurred.

Pensions—For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Compensated Absences—City employees are granted vacation, personal and sick leave. These leave benefits are accrued as a liability using the vesting method. The liability is based on the leave accumulated at December 31 by those employees who are currently eligible to receive termination payments as well as leave accumulated by those employees expected to become eligible to receive termination benefits in the future. In the event of termination, an employee may be reimbursed for accumulated vacation, personal and sick leave at various rates based on years of service. Vested vacation, personal, and sick leave is recorded as an expense in the government-wide statements for the period in which the leave was earned. For governmental fund type employees, an expenditure is recorded in the governmental funds' statements for only the portion of vested vacation, personal and sick leave that is expected to be liquidated with expendable available resources.

Vested vacation, personal, and sick leave is recorded as an expense in both the government wide statements and statements for all business type funds. Payment of vacation, personal and sick leave recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. Management believes that sufficient resources will be made available when payment is due.

B. POOLED CASH DEPOSITS AND INVESTMENTS

Deposits—Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City. At December 31, 2017 the City had cash on hand in the amount of \$2,675.

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At December 31, 2017, the carrying amount of the City's deposits was \$36,798,816 while the balance as shown by the bank statements was \$37,631,026. As of December 31, 2017, \$35,330,486 of the City's bank balance was exposed to custodial risk as discussed above, while \$2,300,540 was covered by Federal Deposit Insurance.

Investments—The ORC, the City's charter, and the City's investment policy authorize the City to invest in the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit, repurchase agreements, United States treasury bills and notes, notes issued by United States agencies, bankers' acceptances and commercial paper of the highest rating. All investments are reported at fair value which is based on quoted market prices.

Investments with an original maturity of three months or less at the time of purchase, and investments of the cash management pool are reported as cash equivalents on the financial statements. Investments are reported at fair value. The City's investments in STAR Ohio and open-end mutual funds are determined by the share price. There are no limitations or restrictions on withdrawals from these investments due to redemption notice periods, liquidity fees, or redemption gates. STAR Ohio does require notice to be given 24 hours in advance for all deposits or withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transactions to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the STAR Ohio Investors will be combined for these purposes. STAR Ohio is not registered with the Securities and Exchange Commission but has adopted Governmental Accounting Standards Board ("GASB"), Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, and is managed by the State Treasurer's office.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a failure of a depository institution or counterparty to a transaction, the City will be unable to recover the value of deposits, investments or collateral securities in the possession of an outside party. Except in regards to repurchase agreements, the City's investment policy does not address custodial credit risk. At December 31, 2017, all investments were registered in the name of the City. At December 31, 2017, \$2,033,054 of the City's bank balance with one institution was exposed to custodial credit risk for a short period of time. Certain timing issues by the bank, related to fluctuations in depository balances contributed to the uncollateralized balance. These insufficiencies were corrected the next business day. All other balances were fully collateralized.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates between the U.S. Dollar and foreign currencies could adversely affect an investment's fair value. The City does not have a formal investment policy regarding foreign currency risk. The City had no exposure to foreign currency risk at year end.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. The City does not have a formal investment policy regarding exposure to credit risk. The City's exposure to credit risk, based on both Moody's and Standard & Poor's Credit Ratings, is as follows:

<u>Investment Type</u>	<u>Quality Rating</u>	<u>Fair Value</u>
STAR Ohio	AAAm	\$ 5,756,439

Concentration of Credit Risk – Concentration of credit risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by lack of diversification. The following table includes the percentage to total of each investment type held by the City at December 31, 2017.

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<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 5,756,439	100.00%

Interest Rate Risk – Interest rate risk is the risk that an interest rate change could adversely affect an investment’s fair value. According to the City’s investment policy, the maximum maturity for any single security may not exceed 5 years.

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>			<u>Total Fair Value</u>
	<u>Less than 1</u>	<u>1 - 5</u>	<u>Greater than 5</u>	
STAR Ohio	\$ 5,756,439	-	-	\$ 5,756,439

C. PROPERTY TAXES

Property tax revenues include amounts collected for all real, and public utility property located in the City. Property taxes are levied each January 1 on the assessed value listed as of the prior January 1. Assessed values are established by the County Auditor for real and public utility property at 35% of appraised market value. Property values are required to be updated every three years and revalued every six years. A revaluation was completed in 2016.

The property tax calendar is as follows:

Levy date	January 1, 2016
Lien date	January 1, 2017
Tax bill mailed	January 20, 2017
First installment payment due	February 20, 2017
Second installment payment due	July 20, 2017

The assessed values for the City at January 1, 2017 are as follows:

Real estate	\$ 292,034,170
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The County Treasurer collects property taxes on behalf of taxing districts, including the City of Piqua. The County Auditor periodically remits to the City its portion of taxes collected. Property taxes may be paid on either an annual or semiannual basis. Although total property tax collections for the next fiscal year are measurable, amounts to be received are not available at December 31, 2017, nor are they intended to finance 2017 operations. Therefore, the City has recorded property taxes receivable with a corresponding amount as deferred inflows of resources.

Ohio law prohibits taxation of property in excess of \$10 per \$1,000 (10.0 mills) of assessed value without a vote of the citizens. The City’s share is currently \$3.70 (3.70 mills) of assessed value. In 2017, the City also received an additional 0.60 mills to fund safety pension costs and 0.20 mills for costs of the Miami Conservancy District.

D. INCOME TAXES

The City levies a 2.00% income tax on all income earned within the City. Income tax in excess of 1% is voter approved. During 2014, the citizens of Piqua passed an additional .25% income tax levy effective January 1, 2015. Income tax is allocated by fund in accordance with voter and commission authorizations. In addition, City residents pay City tax on income earned outside the City; however, a credit is allowed for income taxes paid to other municipalities.

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Employers within the City withhold income tax on employee compensation and remit payments at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

E. RECEIVABLES

Governmental receivables at year end, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investment, accounts and notes receivable. Loans receivable represent real estate second mortgages which are partially forgivable over five to fifteen year periods netted by an estimated allowance for forgiveness or amounts uncollectible. The real estate second mortgages are \$884,680 with an estimated allowance for forgiveness of \$877,534.

Business type receivables at year end consisted primarily of billed and unbilled utility revenues, grants receivable, reimbursement receivables and interest receivables on investments.

CITY OF PIQUA, OHIO
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F. CAPITAL ASSETS

A summary of changes in general capital assets is as follows:

	Beginning Balance	Increases	Decreases	Construction In Progress Placed in Service	Ending Balance
Capital assets not being depreciated:					
Land and licenses	\$ 4,990,877	\$ 458,800	\$ -	\$ -	\$ 5,449,677
Infrastructure land	2,156,725	-	-	-	2,156,725
Construction in progress	<u>3,158,685</u>	<u>1,029,930</u>	<u>-</u>	<u>(111,783)</u>	<u>4,076,832</u>
Assets not depreciated	<u>10,306,287</u>	<u>1,488,730</u>	<u>-</u>	<u>(111,783)</u>	<u>11,683,234</u>
Capital assets being depreciated:					
Buildings and improvements	21,732,145	20,047	-	111,783	21,863,975
Furniture, fixtures and equipment	12,717,616	572,793	(269,939)	-	13,020,470
Infrastructure	<u>37,646,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,646,132</u>
Depreciated capital assets	72,095,893	592,840	(269,939)	111,783	72,530,577
Accumulated depreciation:					
Buildings and improvements	(4,738,895)	(478,129)	-	-	(5,217,024)
Furniture, fixtures and equipment	(9,911,312)	(713,912)	269,939	-	(10,355,285)
Infrastructure	<u>(12,247,704)</u>	<u>(830,441)</u>	<u>-</u>	<u>-</u>	<u>(13,078,145)</u>
Total accumulated depreciation	<u>(26,897,911)</u>	<u>(2,022,482)</u>	<u>269,939</u>	<u>-</u>	<u>(28,650,454)</u>
Net capital assets being depreciated	<u>\$ 45,197,982</u>	<u>\$ (1,429,642)</u>	<u>\$ -</u>	<u>\$ 111,783</u>	<u>\$ 43,880,123</u>
Net capital assets	<u>\$ 55,504,269</u>	<u>\$ 59,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,563,357</u>

* Depreciation expense was charged to governmental functions as follows:

General governmental	\$ 214,505
Public safety	260,213
Street repairs and maintenance	1,085,412
Parks	91,688
Fort Piqua Plaza	<u>240,479</u>
Governmental functions depreciation expense	1,892,297
Information technology (internal service fund)	<u>130,185</u>
Total depreciation expense	<u>\$2,022,482</u>

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A summary of changes in enterprise fund capital assets is as follows:

	Beginning Balance	Increases	Decreases	Construction In Progress Placed in Service	Ending Balance
Capital assets not being depreciated:					
Land and licenses	\$ 1,605,228	\$ 284,000	\$ -	\$ -	\$ 1,889,228
Construction in progress	<u>50,960,634</u>	<u>13,866,767</u>	<u>-</u>	<u>(757,485)</u>	<u>64,069,916</u>
Assets not depreciated	<u>52,565,862</u>	<u>14,150,767</u>	<u>-</u>	<u>(757,485)</u>	<u>65,959,144</u>
Capital assets being depreciated:					
Land improvements	1,100,954	-	-	-	1,100,954
Buildings and improvements	31,183,981	-	-	-	31,183,981
Underground piping	27,036,767	-	(18,106)	36,907	27,055,568
Furniture, fixtures and equipment	80,153,419	589,149	(327,601)	720,578	81,135,545
Intangible assets	<u>2,595,433</u>	<u>-</u>	<u>(23,286)</u>	<u>-</u>	<u>2,572,147</u>
Depreciated capital assets	142,070,554	589,149	(368,993)	757,485	143,048,195
Accumulated depreciation:					
Land improvements	(471,691)	(15,785)	-	-	(487,476)
Buildings and improvements	(17,401,922)	(701,310)	-	-	(18,103,232)
Underground piping	(16,853,111)	(395,436)	11,339	-	(17,237,208)
Furniture, fixtures and equipment	(49,883,941)	(2,250,114)	234,884	-	(51,899,171)
Intangible assets	<u>(1,449,590)</u>	<u>(76,308)</u>	<u>12,275</u>	<u>-</u>	<u>(1,513,623)</u>
Total accumulated depreciation	<u>(86,060,255)</u>	<u>(3,438,953)</u>	<u>258,498</u>	<u>-</u>	<u>(89,240,710)</u>
Net capital assets being depreciated	<u>\$ 56,010,299</u>	<u>\$ (2,849,804)</u>	<u>\$ (110,495)</u>	<u>\$ 757,485</u>	<u>\$ 53,807,485</u>
Net capital assets	<u>\$ 108,576,161</u>	<u>\$ 11,300,963</u>	<u>\$ (110,495)</u>	<u>\$ -</u>	<u>\$ 119,766,629</u>

* Depreciation expense was charged to enterprise functions as follows:

Electric	\$ 1,928,202
Water	474,535
Wastewater	728,110
Refuse	77,899
Storm Water	98,541
Golf	115,352
Municipal Pool	16,314
Total depreciation expense	<u>\$ 3,438,953</u>

Capitalized interest was recorded in the amount of \$636,312 for the fiscal year 2017.

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G. LONG-TERM LIABILITIES

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

Long-term liability activity for the year ended December 31, 2017 was as follows:

	Maturity Dates	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:						
Ohio Capital Asset Series 2009 3.53%	12/1/2018	\$ 90,000	\$ -	\$ 45,000	\$ 45,000	\$ 45,000
Total governmental general obligation bonds		90,000	-	45,000	45,000	45,000
State Infrastructure Bank Note, 3%	4/29/2020	253,003	-	167,410	85,593	85,593
Compensated absences		2,096,033	162,090	154,077	2,104,046	678,004
Restricted deposits		22,252	2,939	1,427	23,764	-
Net Pension Liability						
OPERS		3,272,278	1,038,880	-	4,311,158	-
OP&F		15,091,006	-	865,586	14,225,420	-
Total Net Pension Liability		18,363,284	1,038,880	865,586	18,536,578	-
Total governmental long-term liabilities		<u>\$ 20,824,572</u>	<u>\$ 1,203,909</u>	<u>\$ 1,233,500</u>	<u>\$ 20,794,981</u>	<u>\$ 808,597</u>
Business-Type Activities:						
OWDA Loan-2009, 3.52%	1/1/2030	3,143,171	-	194,448	2,948,723	201,353
OWDA Loan-2012, 2.44%	1/1/2022	4,029,586	362,953	4,392,539	-	-
OWDA Loan-2014, 2.54%-3.54%	7/1/2047	36,830,613	6,930,792	426,444	43,334,961	884,690
OWDA Loan-2015, 2.53%	7/1/2047	3,491,888	362,597	43,303	3,811,182	88,257
OWDA Loan-2016, 0.76%	7/1/2038	541,024	1,677,487	-	2,218,511	70,654
OWDA Loan-2017, 0.80%	7/1/2045	-	7,459,823	50,000	7,409,823	-
OPWC Loan-2017, 0.0%	7/1/2048	-	97,220	-	97,220	3,277
Recreational facility bonds G.O., 2.0%-4.1%	11/15/2018	335,000	-	165,000	170,000	170,000
AMP-Ohio stranded cost payable		918,806	22,916	-	941,722	-
Compensated Absences		1,132,751	152,452	105,247	1,179,956	466,260
Net Pension Liability - OPERS		7,066,630	2,195,655	-	9,262,285	-
Total Business-type long-term liabilities		<u>\$ 57,489,469</u>	<u>\$ 19,261,895</u>	<u>\$ 5,376,981</u>	<u>\$ 71,374,383</u>	<u>\$ 1,884,491</u>

The terms of the various bonds include certain covenants, which provide for, among other things, minimum debt coverage ratios, maintenance of insurance and restrictions regarding disposal of property.

CITY OF PIQUA, OHIO
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The full faith and credit of the City are pledged as collateral for all General Obligation Bonds.

Ohio Water Development Authority (“OWDA 2009”) Wastewater Sewer Project Notes are issued under a cooperative agreement for construction, maintenance and operation of a state sewer project. Payments to the OWDA will be made from the utility’s pledged future revenues. The total principal and interest payments remaining to be paid on the note is \$3,538,478. Principal and interest paid for the current year and total customer net revenues were \$287,298 and \$798,467 respectively.

Ohio Water Development Authority (OWDA 2014) Water Plant Construction note in the overall amount of \$45,668,626 was issued under a cooperative agreement to construct a 7 million gallon per day raw water treatment plant. Payments to the OWDA will be made from the utility’s pledged future revenues. Total outstanding principal and interest to be repaid is \$68,411,773. Construction on the new water plant began in February 2015 with completion expected mid 2018. Principal and interest paid for the current year and total customer net revenues were \$1,153,693 and \$1,636,394 respectively.

Ohio Water Development Authority (OWDA 2015) Water Plant Offsite Pipelines note in the overall amount of \$3,746,881 was issued under a cooperative agreement to install new raw and finished pipelines from the new water plant to the existing lines located at the existing water plant location. Payments to the OWDA will be made from the utility’s pledged future revenues. Total outstanding principal and interest to be repaid is \$5,431,689. Principal and interest paid for the current year and total customer net revenues were \$92,062 and \$1,636,394 respectively.

Ohio Water Development Authority (OWDA 2012) Wastewater Engineering Design note was issued under a cooperative agreement to design an expansion of the existing wastewater treatment plant. The note balance of \$4,392,539 was paid in September 2017 with the proceeds from a new OWDA note 2017 which was issued under a cooperative agreement to finance construction for the wastewater treatment plant expansion. Payment on the new loan is presently deferred until January 2021.

Ohio Water Development Authority (OWDA 2017) Wastewater Plant Expansion note in the overall amount of \$53,224,030 was issued under a cooperative agreement to expand and upgrade the existing wastewater treatment plant. Payments to the OWDA will be made from the utility’s pledged future revenues. Total outstanding principal and interest to be repaid is \$9,170,076. Within the terms of the loan were the repayment of the (OWDA 2012) note of \$4,392,539 and a principal forgiveness of \$50,000. Construction of the wastewater plant expansion began in October 2017 and will continue through 2020. Future payments of principal and interest have been deferred until January 2021. Net revenues used to make this payment were \$798,467.

Ohio Water Development Authority (OWDA 2016) New Central Water Tower note in the overall amount of \$3,363,398 was issued under a cooperative agreement to construct a 1 million gallon elevated storage tank with approximately 5,300 linear feet. Of 12-inch water main and demolition of two – 250,000 gallon, legged storage tanks constructed in the 1950’s. Payments to the OWDA will be made from the utilities pledged future revenues. Total principal and interest remaining to be repaid is \$3,937,483. Construction on the New Central Water Tower began in 2016 and will continue through 2018. Payments of principal and interest have been deferred until January 2019. Net Revenues available for payment on this loan were \$1,636,394.

CITY OF PIQUA, OHIO
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Ohio Public Works Commission (OPWC 2017) Shawnee Stormwater Diversion note in the amount of \$100,000 was issued under a cooperative agreement to assist in the cost for updating stormwater drainage in the Shawnee neighborhood area. Payments to the OPWC will be made from the utility's pledged future revenues. The construction began in September 2017 with expected completion in Spring 2018. The OPWC 2017 note is 0% interest bearing with an outstanding principal balance of \$97,220. Payments have been deferred to July 2018. Net revenues available for payment on this loan were \$361,556.

State Infrastructure Bank Revenue Note was issued to finance a joint city/county road widening project. The city's .25% income tax revenues from the Street construction fund and county highway use funds have been pledged for a ten year period ending in 2020. The total principal and interest remaining to be paid on the note is \$86,877. The city's .25% income tax levy will pay two thirds of the principal and interest with the remaining one third from county highway use funds. The estimated annual principal and interest payments of \$86,877 represent 6.2% of the estimated net revenues from this tax levy.

Restricted deposits are confiscated funds held under court order until released by judicial authority.

Compensated absences are repaid from the General Fund, Street Maintenance, Community Development, Electric, Water, Wastewater, Refuse, Stormwater, Golf, and Information Technology Funds.

Pension liabilities are repaid from the General Fund, Street Maintenance, Community Development, Electric, Water, Wastewater, Refuse, Stormwater, Golf, Pool and Information Technology Funds.

AMP Ohio Stranded Cost – The City is a participant in both American Municipal Power (AMP) and the American Municipal Power Generating Station Project (AMPGS). This project intended to develop a pulverized coal power plant in Meigs County, Ohio. 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. The City's share of the project was 20,000 kW of a total capacity of 771,281 kW, giving the City a 2.59 percent share of the project. In November 2009, the 81 member participants in the project voted to terminate the development of the plant due to projected escalating costs. These costs were therefore deemed impaired and the participants are obligated to reimburse AMP under the take or pay contract 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 \$3,466,911. The City received a credit of \$1,067,635 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$904,497 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$1,494,779. Because payment is now probable and reasonably estimable, 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 City made payments in 2017 totaling \$22,916. The remaining stranded cost is \$941,722. In making its determination as to how to proceed with the accounting treatment for the potential AMPGS Project liability, the City relied upon its City Law Director, information provided by AMP and its legal counsel with respect to the data, as well as the City's management. This incurred cost has been previously capitalized and reported as a regulated asset, as allowed by GASB Codification Re10.

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The annual requirements to pay principal and interest on long-term obligations at December 31, 2017 are listed as follows:

Year Ending December 31	General Obligation Bonds				Notes Payable			
	Governmental Activities		Business Type Activities		Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	45,000	2,025	170,000	6,970	85,593	1,285	1,248,231	1,647,228
2019	-	-	-	-	-	-	1,386,738	1,608,214
2020	-	-	-	-	-	-	2,206,401	1,958,781
2021	-	-	-	-	-	-	3,397,327	1,938,118
2022	-	-	-	-	-	-	3,457,242	1,879,376
2023-2027	-	-	-	-	-	-	10,778,975	7,257,003
2028-2032	-	-	-	-	-	-	8,611,769	5,448,666
2033-2037	-	-	-	-	-	-	8,448,346	4,095,173
2038-2042	-	-	-	-	-	-	9,930,749	2,612,773
2043-2047	-	-	-	-	-	-	10,354,641	868,431
	<u>\$ 45,000</u>	<u>\$ 2,025</u>	<u>\$ 170,000</u>	<u>\$ 6,970</u>	<u>\$ 85,593</u>	<u>\$ 1,285</u>	<u>\$ 59,820,419</u>	<u>\$ 29,313,763</u>

H. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions among funds which caused interfund balances from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivable and payable balances at December 31, 2017 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 3,000	\$ -
Non-major Governmental Funds	-	3,000
	<u>\$ 3,000</u>	<u>\$ 3,000</u>

Transfers are used to move revenues; from the fund that statute or budget requires to collect them, to the fund that the statute or budget requires to expend them; or moving unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; or to provide additional resources for current operations or debt service. Interfund transfers for the year ended December 31, 2017 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental		
General Fund	\$ -	\$ 379,050
Street Levy Construction	-	173,754
Debt Service	222,804	-
Proprietary		
Golf	250,000	-
Municipal Pool	80,000	-
	<u>\$ 552,804</u>	<u>\$ 552,804</u>

The Street Levy Construction fund transfers were for debt service.

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I. CHANGE IN ACCOUNTING PRINCIPLE

For 2017, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 80, "Blending Requirements for Certain Component Units," GASB Statement No. 81 "Irrevocable Split-Interest Agreements," and GASB Statement No. 82 "Pension Issues – an amendment of GASB Statements No. 67, No.68, and No. 73." These Statements did not require the City to restate any prior year balances and did not impact the City's financial statements for the current year.

J. DEFINED BENEFIT PENSION PLANS

Net Pension Liability: The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred –payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pensions plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting.

Ohio Public Employees Retirement System (OPERS)—City Employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and services requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local Employees		
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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	State and Local
2017 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
2017 Actual Contribution Rates:	
Employer:	
Pension	13.0%
Post-employment Health Care Benefits	1.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required pension contribution was \$983,765 for 2017.

Ohio Police & Fire Pension Fund (OP&F)—City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI)

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over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2017 Statutory Maximum Contribution Rates:		
Employer	19.50%	24.00%
Employee:		
January 1, 2017 through December 31, 2017	12.25%	12.25%
2017 Actual Contribution Rates:		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	<u>0.50%</u>	<u>0.50%</u>
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee:		
January 1, 2017 through December 31, 2017	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,099,915 for 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016 to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 13,573,432	\$ 14,225,431	\$ 27,798,863
Proportion of the net pension liability	0.059773000%	0.2245920%	
Change in proportionate share	0.000083888%	0.0099930%	
Pension expense	\$ 2,921,310	\$ 1,645,746	\$ 4,567,056

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 18,398	\$ 4,024	\$ 22,422
Net difference between projected and actual earnings on pension plan investments	2,020,155	1,456,228	3,476,383
Change in assumptions	2,156,394	-	2,156,394
Change in City's proportionate share	31,607	132,305	163,912
City contributions subsequent to the measurement date	<u>983,765</u>	<u>1,099,915</u>	<u>2,083,680</u>
Total	<u>\$ 5,210,319</u>	<u>\$ 2,692,472</u>	<u>\$ 7,902,791</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ (87,940)	\$ (34,210)	\$ (122,150)
Change in City's proportionate share	<u>-</u>	<u>(537,470)</u>	<u>(537,470)</u>
	<u>\$ (87,940)</u>	<u>\$ (571,680)</u>	<u>\$ (659,620)</u>

City contributions subsequent to the measurement date of \$2,083,680 are reported as deferred outflows of resources related to pension and will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Fiscal Year Ending December 31:			
2018	\$ 1,718,340	\$ 476,252	\$ 2,194,592
2019	1,763,160	476,253	2,239,413
2020	718,533	347,416	1,065,949
2021	(59,952)	(168,437)	(228,389)
2022	(567)	(100,146)	(100,713)
After	<u>(900)</u>	<u>(10,461)</u>	<u>(11,361)</u>
	<u>\$ 4,138,614</u>	<u>\$ 1,020,877</u>	<u>\$ 5,159,491</u>

Actuarial Assumptions – OPERS: Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the actuarial valuation was determined using the following actuarial assumptions applied to the applicable periods included in the measurement:

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Assumptions	12/31/2016 Valuation	12/31/2015 Valuation
Wage inflation	3.25%	3.75%
Future salary increases, including inflation	3.25% to 10.75%	4.25% to 10.05%
COLA or Ad Hoc COLA		
Pre - January 7, 2013 retirees	3.00%, simple	3.00%, simple
Post - January 7, 2013 retirees	3.00% simple through 2018, then 2.15% simple	3.00% simple through 2018, then 2.80% simple
Investment rate of return	7.50%	8.00%
Actuarial cost method	Individual Entry Age	Individual Entry Age
Mortality tables	RP-2014	RP-2000

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investments expense and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	23.00%	2.75%
Domestic Equities	20.70%	6.34%
Real Estate	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equities	18.30%	7.95%
Other Investments	<u>18.00%</u>	<u>4.92%</u>
Total	<u>100.00%</u>	<u>5.66%</u>

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent. The projections of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The Following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's proportionate share of the net pension liability	\$ 20,736,449	\$ 13,573,432	\$ 7,604,321

Actuarial Assumptions – OP&F: OP&F's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

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Valuation Date	January 1, 2016 with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25%
Projected Salary Increases	4.25% to 11.00%
Payroll Increases	3.75%
Inflation Assumptions	3.25%
Cost of Living Adjustments	2.60% and 3.00%

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study of five years was completed in 2011. The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash & Cash Equivalents	-%	-%
Domestic Equity	16.00%	5.21%
Non-US Equity	16.00%	5.40%
Core Fixed Income *	20.00%	2.37%
Global Inflation Protected *	20.00%	2.33%
High Yield	15.00%	4.48%
Real Estate	12.00%	5.65%
Private Markets	8.00%	7.99%
Timber	5.00%	6.87%
Master Limited Partnerships	<u>8.00%</u>	7.36%
Total	<u>120.00%</u>	

* - levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

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Discount Rate: The total pension liability was calculated using the discount rate of 8.25 percent. The projections of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: Net Pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 18,946,590	\$ 14,225,431	\$ 10,224,187

Changes Between Measurement Date and Report Date – In 2017, the OP&F Board of Trustees adopted certain assumptions changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is the reduction in the discount rate from 8.25 percent to 8.00 percent. Although the exact amount of these changes is not known, it has the potential to impact the City’s net pension liability.

K. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Both the OPERS and the OP&F provide post-retirement health care coverage as defined by GASB Statement No. 45 “Accounting by employers for post–employment benefits other than pension”. For both systems, the Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions.

Police and Firemen’s Disability Pension Fund OPEB—The fund provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. The Ohio Revised code provides that health care costs paid shall be included in the employer’s contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides the statutory authority allowing OP&F’s Board of Trustees to offer health care coverage to all eligible employees and is administrated as an Internal Revenue Code 401(h) account within the defined benefit pension plan. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 0.5% of covered payroll for 2017, 2016 and 2015. Beginning in 2001, active members do not make contributions to the OPEB, all retirees and survivors make monthly health care contributions.

The City’s contributions that were used to pay post-employment benefits by Ohio Police and Fire for the years ended December 31, 2017, 2016, and 2015 were \$25,476, \$24,068 and \$23,731 respectively.

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Public Employees Retirement System OPEB— OPERS provides post-retirement health care coverage to age and service retirees with 20 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45. A portion of each employer's contribution to OPERS (See Note J) is set aside for the funding of post-retirement health care. The Ohio Revised Code provides the statutory authority for employer contributions and for requiring public employers to fund pension and post-retirement health care through their contributions to OPERS. The 2017 employer contribution rate for local government employer units was 14% of covered payroll, of which 1.0% was used to fund health care for the year ended 2017.

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

Health Care: OPERS post-employment health care plan was established under, and is administrated in accordance with internal revenue code 401(h). Each year, the OPERS Board of Trustee determines the portion of the employer contribution rate (14% in 2017) that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 1.0% for the year ended December 31, 2017. The portion of employer contribution allocated to health care for members in the Combined Plan was 1.0% for year ended December 31, 2017. The OPERS board of trustee 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 that were used to pay post-employment benefits by Ohio Public Employee Retirement System for the years ended December 31, 2017, 2016 and 2015 were \$84,669, \$160,556 and \$153,959 respectively.

L. OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code ("IRC") Section 457. The plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

M. OHIO PROFESSIONAL FIRE FIGHTERS DEFERRED COMPENSATION PROGRAM

In addition to the Ohio Public Employees Deferred Compensation Program; the City offers its sworn fire officers an optional deferred compensation plan created in accordance with Internal Revenue Code ("IRC") Section 457. The plan, which is only available to sworn fire officers, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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December 31, 2017

N. CONTINGENCIES

The City participates in several federally assisted programs, which are subject to program compliance audits by the grantors or their representatives. The grantor agencies, at their option, may perform economy and efficiency audits, program results audits or conduct monitoring visits. Such audits and visits could lead to reimbursement to the grantor agencies. Management believes such reimbursements, if any, would not be material.

O. 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 2002, the City joined a joint insurance pool, Miami Valley Risk Management Association, Inc. ("MVRMA") with other local cities. The pool has been operational since December 1988, and was formed in accordance with Section 2744.081 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 officials 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 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 City pays an annual member contributions premium to MVRMA for this coverage. The agreement provides that MVRMA will be self-sustaining through member contributions premiums and the purchase of excess insurance and reinsurance. The city's deductible per occurrence for all types of claims is \$2,500. During 2017, MVRMA'S per-occurrence retention limit for property was \$250,000, with the exception of boiler and machinery for which there was a \$10,000 to \$350,000 per occurrence retention limit.

Excess insurance and/or reinsurance will cover up to the limits stated below:

General Liability (including law enforcement)	\$12,000,000 per occurrence/excess \$500,000 sir
Automobile Liability	\$12,000,000 per occurrence/excess \$500,000 sir
Police Professional Liability	\$12,000,000 excess \$1,000,000 (\$12,000,000 aggregate per city)
Boiler and Machinery	\$100,000,000 per occurrence
Property	\$1,000,000,000 per occurrence
Flood and Earthquake	\$25,000,000 per occurrence and annual aggregate
Employment Practices Liability and Public Officials Liability	\$12,000,000 excess \$500,000 sir (\$12,000,000 annual combined aggregate per city)
Cyber Liability	\$2,000,000 annual aggregate; \$100,000 sir
Pollution Liability	\$1,000,000 annual aggregate; \$75,000 sir

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior year.

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
December 31, 2017

The City joined a workers' compensation group rating plan, which allows local governments to group the experience of employers for workers' compensation rating purposes. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

The City employee's health plan is provided through a fully insured plan with Anthem. Other self-insured health benefits are accounted for through an internal service fund.

P. PURCHASED POWER

The City's electric distribution system during 2017 purchased wholesale electric power from American Municipal Power (AMP). AMP provides this power through a mixture of long term take or pay purchase contracts with the City. Included in these contracts with AMP are; the Prairie State Energy Campus Project (20 megawatts) generation started during 2012, Fremont Natural Gas Energy Center (13 megawatts) generation started in 2012, and the Ohio River Hydroelectric Project (8 megawatts) generation that started during Spring 2016. AMP provides the remaining power requirements with market based purchases from various sources including New York Power Authority, Blue Creek Wind Farm, and other pooled market sources.

Q. FUND BALANCE COMPONENTS

Under the guidelines of GASB statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" the City has reported non-spendable fund balance of \$2,757 for prepaid items. The City reported restricted fund balance of \$8,173,655, which is comprised of debt restrictions of \$435,308, donor restrictions of \$469, grant restrictions of \$171,683, and legislative restrictions of \$7,566,195. The City reported assigned fund balance of \$4,692,377, which is comprised of assigned 2018 appropriations of \$3,304,026 and \$1,388,351 assigned by management. The City reported unassigned fund balance of \$6,355,606.

R. TAX ABATEMENTS

In prior years, the City of Piqua has provided various tax incentives under Community Reinvestment Area (CRA) programs. The city authorized incentives through passage of public ordinance, based upon each businesses investment criteria and through a contractual application process with each entity, including proof that the improvement has been made and certification by the local housing officer. The tax abatement under this program is equal to 100% of the additional property tax resulting from the increase in the assessed value as a result of the improvements for fifteen years following the year of certification. The amount of the tax abatement is deducted from the annual tax bill of the entities. The establishment of the CRA provided the city the ability to maintain and expand business opportunities and create new, or maintaining old jobs within each designated CRA.

As of December 31, 2017, the City of Piqua had 43 individual agreements under the CRA program and all were within pre-1994 established CRA's. None of the agreements are individually significant and the total amount of taxes abated under all these agreements for calendar year 2017 was approximately \$50,000.

Required Supplemental Information



CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL & COMBINED PLANS
 LAST FOUR YEARS (1)**

	2016	2015	2014	2013
City's Proportion of the Net Pension Liability				
Traditional Plan	0.059773%	0.059689%	0.059202%	0.059202%
Combined Plan	0.025688%	0.025696%	0.026123%	0.026123%
City's Proportionate Share of the Net Pension Liability	\$ 13,573,432	\$ 10,338,908	\$ 7,130,365	\$ 6,976,403
City's Covered Payroll	7,899,692	7,636,208	7,353,683	7,117,562
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	171.82%	135.39%	96.96%	98.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability				
Traditional Plan	77.25%	81.08%	86.45%	86.36%
Combined Plan	116.55%	116.90%	114.83%	104.56%

(1) Information prior to 2013 is not available - Will show ten years once information is available

Amounts presented as of the City's measurement date which is the prior fiscal year end.

Notes to Schedule:

Change in assumptions: In 2017, changes in assumptions for OPERS were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction in the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL & COMBINED PLANS
 LAST FIVE YEARS (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 983,765	\$ 947,963	\$ 916,345	\$ 882,442	\$ 925,283
Contributions in Relation to the Contractually Required Contribution	<u>(983,765)</u>	<u>(947,963)</u>	<u>(916,345)</u>	<u>(882,442)</u>	<u>(925,283)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	7,567,423	7,899,692	7,636,208	7,353,683	7,117,562
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available - Will show ten years once information is available

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 OHIO POLICE AND FIRE PENSION FUND
 LAST FOUR YEARS (1)**

	2016	2015	2014	2013
City's Proportion of the Net Pension Liability				
Firefighters	0.1238110%	0.1271860%	0.1283141%	0.1283141%
Police	0.1007810%	0.1073990%	0.1024977%	0.1024977%
City's Proportionate Share of the Net Pension Liability	\$ 14,225,431	\$ 15,091,006	\$ 11,957,013	\$ 11,241,259
City's Covered Payroll	4,810,878	4,746,216	4,524,201	4,342,890
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	295.69%	317.96%	264.29%	258.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	72.20%	73.00%

(1) Information prior to 2013 is not available - Will show ten years once information is available

Amounts presented as of the City's measurement date which is the prior fiscal year end.

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
OHIO POLICE AND FIRE PENSION FUND
LAST TEN YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually Required Contribution	\$ 1,099,915	\$ 960,782	\$ 1,004,709	\$ 966,087	\$ 786,837	\$ 630,686	\$ 626,176	\$ 644,298	\$ 644,774	\$ 663,145
Contributions in Relation to the Contractually Required Contribution	<u>(1,099,915)</u>	<u>(960,782)</u>	<u>(1,004,709)</u>	<u>(966,087)</u>	<u>(786,837)</u>	<u>(630,686)</u>	<u>(626,176)</u>	<u>(644,298)</u>	<u>(644,774)</u>	<u>(663,145)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	5,365,034	4,810,878	4,746,216	4,524,201	4,342,890	4,224,150	4,203,860	4,337,280	4,335,760	4,444,050
Contributions as a Percentage of Covered Payroll	20.50%	19.97%	21.17%	21.35%	18.12%	14.93%	14.90%	14.85%	14.87%	14.92%

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGET (GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE-GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance-with Final Budget
	Original	Final		
REVENUES:				
Municipal income tax	\$ 8,085,000	\$7,936,500	\$ 7,781,404	\$ (155,096)
Property taxes	1,099,285	1,132,492	1,282,818	150,326
State shared revenues	580,282	588,322	571,136	(17,186)
Locally levied taxes	1,189,210	1,139,387	1,173,553	34,166
Licenses and permits, fees	1,337,479	1,164,513	1,285,012	120,499
Grants-capital	990,000	-	4,750	4,750
Grants-operating	50,232	51,914	27,585	(24,329)
Interest income	11,514	20,867	23,499	2,632
Donations:				
Capital	-	-	29,799	29,799
Operating	24,439	45,041	26,602	(18,439)
Other fines, rents, and reimbursements	296,380	319,529	326,029	6,500
Total revenues	<u>13,663,821</u>	<u>12,398,565</u>	<u>12,532,187</u>	<u>133,622</u>
EXPENDITURES:				
GENERAL GOVERNMENT ADMINISTRATION:				
City building:				
Operating expenditures	112,624	111,837	101,488	10,349
Total city building	<u>112,624</u>	<u>111,837</u>	<u>101,488</u>	<u>10,349</u>
City commission:				
Personal services/administrative support	35,439	37,439	35,208	2,231
Operating expenditures	49,786	47,786	34,730	13,056
Total city commission	<u>85,225</u>	<u>85,225</u>	<u>69,938</u>	<u>15,287</u>
Office of city manager:				
Personal services/administrative support	67,175	70,634	69,103	1,531
Operating expenditures	9,089	10,291	8,671	1,620
Total office of city manager	<u>76,264</u>	<u>80,925</u>	<u>77,774</u>	<u>3,151</u>
Purchasing department:				
Personal services/administrative support	2,572	2,566	2,491	75
Operating expenditures	133	154	124	30
Total purchasing department	<u>2,705</u>	<u>2,720</u>	<u>2,615</u>	<u>105</u>
Law department:				
Personal services/administrative support	100,626	100,626	95,275	5,351
Operating expenditures	9,567	9,567	6,396	3,171
Total law department	<u>110,193</u>	<u>110,193</u>	<u>101,671</u>	<u>8,522</u>
Finance department:				
Personal services/administrative support	193,739	193,739	187,578	6,161
Operating expenditures	14,120	14,120	10,521	3,599
Total finance department	<u>207,859</u>	<u>207,859</u>	<u>198,099</u>	<u>9,760</u>
Human resources department:				
Personal services/administrative support	36,387	36,362	31,878	4,484
Operating expenditures	3,254	4,025	3,134	891
Total human resources department	<u>39,641</u>	<u>40,387</u>	<u>35,012</u>	<u>5,375</u>

See notes to required supplemental information

(Continued)

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGET (GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE-GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance-with Final Budget
	Original	Final		
Engineering department:				
Personal services/administrative support	81,641	82,487	72,764	9,723
Operating expenditures	7,263	7,256	6,222	1,034
Total engineering department	88,904	89,743	78,986	10,757
Public Relations:				
Personal services/administrative support	-	33,889	28,353	5,536
Operating expenditures	-	1,633	1,056	577
Total income tax department	-	35,522	29,409	6,113
Income tax department:				
Personal services/administrative support	208,813	208,813	164,080	44,733
Operating expenditures	225,951	225,951	163,168	62,783
Total income tax department	434,764	434,764	327,248	107,516
Planning and zoning:				
Personal services/administrative support	285,137	285,137	276,286	8,851
Operating expenditures	216,917	216,917	46,959	169,958
Total planning and zoning	502,054	502,054	323,245	178,809
General government:				
Operating expenditures	1,241,474	1,081,474	820,694	260,780
Capital	125,000	295,000	319,800	(24,800)
Total general government	1,366,474	1,376,474	1,140,494	235,980
Civil Service Commission:				
Operating expenditures	6,797	6,797	1,202	5,595
Total civil service commission	6,797	6,797	1,202	5,595
Pro Piqua:				
Operating expenditures	60,000	60,000	59,981	19
Total pro piqua	60,000	60,000	59,981	19
TOTAL GENERAL GOVERNMENT	3,093,504	3,144,500	2,547,162	597,338
PUBLIC SAFETY:				
Fire department:				
Personal services/administrative support	3,951,247	3,951,247	3,787,275	163,972
Operating expenditures	667,573	723,573	601,589	121,984
Capital	1,584,000	428,000	394,955	33,045
Total fire department	6,202,820	5,102,820	4,783,819	319,001
Police department:				
Personal services/administrative support	4,694,524	4,694,524	3,831,858	862,666
Operating expenditures	655,593	655,593	566,640	88,953
Capital	138,795	138,795	131,799	6,996
Total police department	5,488,912	5,488,912	4,530,297	958,615
TOTAL PUBLIC SAFETY	11,691,732	10,591,732	9,314,116	1,277,616

See notes to required supplemental information

(Continued)

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGET (GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE-GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance-with Final Budget
	Original	Final		
NEIGHBORHOOD IMPROVEMENT TEAM:				
Personal services/administrative support	8,034	8,534	8,161	373
Operating expenditures	79,937	79,437	19,918	59,519
Total neighborhood improvement team	<u>87,971</u>	<u>87,971</u>	<u>28,079</u>	<u>59,892</u>
HEALTH:				
Personal services/administrative support	258,740	258,740	244,709	14,031
Operating expenditures	124,139	124,139	80,581	43,558
Capital	25,000	25,000	23,314	1,686
Total health department	<u>407,879</u>	<u>407,879</u>	<u>348,604</u>	<u>59,275</u>
PARKS AND RECREATION:				
Personal services/administrative support	319,061	319,061	293,496	25,565
Operating expenditures	275,358	406,358	376,202	30,156
Capital	176,600	94,600	57,267	37,333
Total parks and recreation	<u>771,019</u>	<u>820,019</u>	<u>726,965</u>	<u>93,054</u>
FORT PIQUA PLAZA:				
Operating expenditures	313,260	316,760	232,502	84,258
Capital	25,000	25,000	-	25,000
Total fort piqua plaza	<u>338,260</u>	<u>341,760</u>	<u>232,502</u>	<u>109,258</u>
Total expenditures	<u>16,390,365</u>	<u>15,393,861</u>	<u>13,197,428</u>	<u>2,196,433</u>
Excess of revenues over expenditures	<u>(2,726,544)</u>	<u>(2,995,296)</u>	<u>(665,241)</u>	<u>2,330,055</u>
OTHER FINANCING SOURCES (USES):				
Disposal of fixed assets	-	-	23,965	23,965
Transfers out	(456,386)	(456,386)	(379,050)	77,336
Total other financing sources (uses)	<u>(456,386)</u>	<u>(456,386)</u>	<u>(355,085)</u>	<u>101,301</u>
Net change in fund balance	(3,182,930)	(3,451,682)	(1,020,326)	2,431,356
Fund balance- January 1, 2017	<u>12,078,847</u>	<u>12,078,847</u>	<u>12,078,847</u>	<u>-</u>
Fund balance December 31, 2017	<u>\$ 8,895,917</u>	<u>\$ 8,627,165</u>	<u>\$ 11,058,521</u>	<u>\$ 2,431,356</u>

See notes to required supplemental information

(Concluded)

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGET (GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE
STREET MAINTENANCE FUND
FOR YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance-with Final Budget
	Original	Final		
REVENUES:				
Municipal income tax	\$ 1,540,000	\$ 1,540,000	\$ 1,484,278	\$ (55,722)
State shared revenues	1,141,000	1,146,683	1,229,387	82,704
Grants capital	280,285	280,285	206,679	(73,606)
Licenses and permits, fees	600	600	500	(100)
Interest income	8,300	8,300	17,859	9,559
Other fines, rents, and reimbursements	15,560	15,560	28,492	12,932
Total revenues	<u>2,985,745</u>	<u>2,991,428</u>	<u>2,967,195</u>	<u>(24,233)</u>
EXPENDITURES:				
Personal services/administrative support	1,030,259	1,095,259	1,024,241	71,018
Operating expenditures	3,145,753	3,086,436	1,522,871	1,563,565
Capital costs	1,277,500	1,277,500	576,514	700,986
Total expenditures	<u>5,453,512</u>	<u>5,459,195</u>	<u>3,123,626</u>	<u>2,335,569</u>
Excess (deficiency) of revenues over expenditures	(2,467,767)	(2,467,767)	(156,431)	2,311,336
OTHER FINANCING SOURCES (USES):				
Disposal of capital assets	-	-	24,622	24,622
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>24,622</u>	<u>24,622</u>
Net change in fund balance	(2,467,767)	(2,467,767)	(131,809)	2,335,958
Fund balance- January 1, 2017	<u>4,388,455</u>	<u>4,388,455</u>	<u>4,388,455</u>	<u>-</u>
Fund balance December 31, 2017	<u>\$ 1,920,688</u>	<u>\$ 1,920,688</u>	<u>\$ 4,256,646</u>	<u>\$ 2,335,958</u>

See notes to required supplemental information

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGET (GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE
STREET LEVY CONSTRUCTION FUND
FOR YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance-with Final Budget
	Original	Final		
REVENUES:				
Municipal income tax	\$ 1,375,000	\$ 1,375,000	\$ 1,325,296	\$ (49,704)
Grants-capital	420,000	420,000	-	(420,000)
Grants-operating	339,916	339,916	658,951	319,035
Interest income	2,575	2,575	14,387	11,812
Other fines, rents , and reimbursements	57,918	57,918	59,592	1,674
Total revenues	<u>2,195,409</u>	<u>2,195,409</u>	<u>2,058,226</u>	<u>(137,183)</u>
EXPENDITURES:				
Operating expenditures	408,412	1,202,956	1,107,453	95,503
Capital costs	1,443,000	1,038,000	545,084	492,916
Total expenditures	<u>1,851,412</u>	<u>2,240,956</u>	<u>1,652,537</u>	<u>588,419</u>
Excess of revenues over expenditures	<u>343,997</u>	<u>(45,547)</u>	<u>405,689</u>	<u>451,236</u>
OTHER FINANCING (USES):				
Transfers out	(173,754)	(173,755)	(173,754)	1
Total other financing(uses)	<u>(173,754)</u>	<u>(173,755)</u>	<u>(173,754)</u>	<u>1</u>
Net change in fund balance	170,243	(219,302)	231,935	451,237
Fund balance January 1, 2017	<u>2,963,183</u>	<u>2,963,183</u>	<u>2,963,183</u>	<u>-</u>
Fund balance December 31, 2017	<u>\$ 3,133,426</u>	<u>\$ 2,743,881</u>	<u>\$ 3,195,118</u>	<u>\$ 451,237</u>

See notes to required supplemental information

CITY OF PIQUA, OHIO
Notes to the Required Supplemental Information
December 31, 2017

BUDGETS AND BUDGETARY ACCOUNTING—The City follows procedures prescribed by State law in establishing the budgetary data shown in the financial statements, as follows:

- The City must submit a budget of estimated revenues and expenditures for all governmental funds to the County Budget Commission by July 20 of each year for the following calendar year.
- The County Budget Commission certifies its actions by September 1, and issues a “Certificate of Resources” limiting the maximum amount the City may expend from a given fund during the year.
- On approximately January 1, this Certificate is amended to include any unencumbered balances from the preceding year. The City must prepare its appropriations so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Resources.
- Before the first Commission meeting in January, a permanent appropriation measure must be passed for the period January 1 through December 31. The permanent appropriation may not exceed estimated resources certified by the County Budget Commission.
- Unused appropriations lapse at year-end and are re-appropriated in the following year’s budget.
- All funds have annual budgets, which are prepared in accordance with generally accepted accounting principles and are legally adopted by the City Commission.

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Commission on an annual basis. Public hearings are held to obtain taxpayer comments. The Commission enacts the budget through passage of an appropriations ordinance. The appropriations ordinance controls expenditures in each fund at the object levels of personal services/administrative support, operating expenditures, transfers, and capital outlay. Amendments to object totals of appropriations require Commission approval. The City Manager has the authority to allocate and amend appropriations at the account level, provided that fund totals appropriated by ordinance are not adjusted. Earnings of the Power, Water, Wastewater, Storm Water, Refuse, Golf, and Municipal Pool systems may not be appropriated for other City uses.

The budget process is controlled by both the State of Ohio Revised Code and the City Charter and is prepared based on anticipated revenues and appropriated expenditures.

The City’s financial position, results of operations and changes in fund balances, as well as the budgetary basis as provided by law, are reported on the basis of GAAP.

Supplemental Data



CITY OF PIQUA, OHIO

NON-MAJOR FUNDS

Revolving Loan/Federal
Program Income

To account for micro-enterprise loans,
USDA loans and home mortgages
resulting from federal grant activities

Community Development

To account for activities for social,
economic, and other special
development of the community

Trust

To account for resources recovered or
held through legislation or enforcement
activities.

Conservancy

To account for receipts and
disbursements for the city's share of the
district's operation and maintenance.

Federal Grants

To account for federal funds available
for FEMA, comprehensive housing, and
block grants.

CITY OF PIQUA, OHIO

NON-MAJOR INTERNAL SERVICE/FIDUCIARY FUNDS

Internal Service Funds

Workers Compensation	To account for the City's worker's compensation program under the State's retrospective rating plan by pooling resources from various funds to pay for workers compensation premiums
Liability Insurance	To account for assets to pay for liabilities that are below third party insurance deductibles or not covered under certain policies and pool resources from various funds to pay for liability insurance premiums
Health Insurance	To account for an internally financed and self-insured health benefits program
Information Technology	To account for centralized communication, networking, and data processing services for all city departments

Fiduciary Funds

Unclaimed Funds	To account for unclaimed liabilities of the city.
Private-Purpose Centennial Trust	To account for assets of a centennial escrow as established by legislation.
Employee Flexible Spending	To account for assets held for the employee's cafeteria plan.

CITY OF PIQUA, OHIO

**COMBINING BALANCE SHEET- NON MAJOR FUNDS
DECEMBER 31, 2017**

ASSETS:	Revolving Loan/Federal Program Income	Community Development	Trust
Equity in pooled cash and cash equivalents	\$ 164,156	\$ 6,810	\$ 61,330
Accounts receivable	199	-	-
Loans receivable, net of allowance	<u>7,146</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 171,501</u></u>	<u><u>\$ 6,810</u></u>	<u><u>\$ 61,330</u></u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	-	1,843	-
Interfund payable	-	-	-
Salaries and benefits	-	4,498	-
Total Current Liabilities	<u>-</u>	<u>6,341</u>	<u>-</u>
Total Liabilities	-	6,341	-
DEFERRED INFLOWS OF RESOURCES:			
Property taxes	-	-	-
State shared taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:			
Restricted fund balance	<u>171,501</u>	<u>469</u>	<u>61,330</u>
Total fund balances	<u>171,501</u>	<u>469</u>	<u>61,330</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 171,501</u></u>	<u><u>\$ 6,810</u></u>	<u><u>\$ 61,330</u></u>

(Continued)

CITY OF PIQUA, OHIO

**COMBINING BALANCE SHEET- NON MAJOR FUNDS
DECEMBER 31, 2017**

ASSETS:	<u>Conservancy</u>	<u>Federal Grants</u>	<u>Total Non major Funds</u>
Equity in pooled cash and cash equivalents	\$ 38,092	\$ 3,182	\$ 273,570
Accounts receivable	60,711	-	60,910
Loans receivable, net of allowance	-	-	7,146
Total Assets	<u>98,803</u>	<u>3,182</u>	<u>341,626</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	-	-	1,843
Interfund payable	-	3,000	3,000
Salaries and benefits	-	-	4,498
Total Current Liabilities	<u>-</u>	<u>3,000</u>	<u>9,341</u>
Total Liabilities	-	3,000	9,341
DEFERRED INFLOWS OF RESOURCES:			
Property taxes	48,926	-	48,926
State shared taxes	4,557	-	4,557
Total deferred inflows of resources	<u>53,483</u>	<u>-</u>	<u>53,483</u>
FUND BALANCES:			
Restricted fund balance	45,320	182	278,802
Total fund balances	<u>45,320</u>	<u>182</u>	<u>278,802</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 98,803</u>	<u>\$ 3,182</u>	<u>\$ 341,626</u>

(Concluded)

CITY OF PIQUA, OHIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN
FUND BALANCE NON MAJOR FUNDS
FOR YEAR ENDED DECEMBER 31, 2017**

	Revolving Loan/Federal Program Income	Community Development	Trust
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
State shared revenues	-	-	-
Licenses and permits, fees	1,030	-	-
Grants: operating	-	-	-
Investment income	4,830	-	-
Other fines, rents, and reimbursements	45,354	-	77,790
Total revenues	<u>51,214</u>	<u>-</u>	<u>77,790</u>
EXPENDITURES:			
Operation and maintenance	<u>92,897</u>	<u>-</u>	<u>52,733</u>
Total expenditures	<u>92,897</u>	<u>-</u>	<u>52,733</u>
Excess (deficiency) of revenues over expenditures	<u>(41,683)</u>	<u>-</u>	<u>25,057</u>
Net change in fund balance	(41,683)	-	25,057
Fund balance January 1, 2017	<u>213,184</u>	<u>469</u>	<u>36,273</u>
Fund balance December 31, 2017	<u>\$ 171,501</u>	<u>\$ 469</u>	<u>\$ 61,330</u>

(Continued)

CITY OF PIQUA, OHIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN
FUND BALANCE NON MAJOR FUNDS
FOR YEAR ENDED DECEMBER 31, 2017**

	<u>Conservancy</u>	<u>Federal Grants</u>	<u>Total Non major Funds</u>
REVENUES:			
Property taxes	\$ 74,252	\$ -	\$ 74,252
State shared revenues	9,142	-	9,142
Licenses and permits, fees	-	-	1,030
Grants; operating	-	589,459	589,459
Investment income	-	-	4,830
Other fines, rents, and reimbursements	-	-	123,144
Total revenues	<u>83,394</u>	<u>589,459</u>	<u>801,857</u>
EXPENDITURES:			
Operation and maintenance	<u>52,681</u>	<u>589,280</u>	<u>787,591</u>
Total expenditures	<u>52,681</u>	<u>589,280</u>	<u>787,591</u>
Excess (deficiency) of revenues over expenditures	<u>30,713</u>	<u>179</u>	<u>14,266</u>
Net change in fund balance	30,713	179	14,266
Fund balance January 1, 2017	<u>14,607</u>	<u>3</u>	<u>264,536</u>
Fund balance December 31, 2017	<u>\$ 45,320</u>	<u>\$ 182</u>	<u>\$ 278,802</u>

(Concluded)

CITY OF PIQUA, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BUDGET) NON MAJOR FUNDS
FOR YEAR ENDED DECEMBER 31, 2017**

	Revolving Loan / Federal Program Income			Community Development		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State shared revenues	-	-	-	-	-	-
Licenses and permits, fees	1,080	1,030	(50)	-	-	-
Grants: operating	-	-	-	-	-	-
Investment Income	3,087	4,830	1,743	-	-	-
Other	32,592	45,354	12,762	-	-	-
Total revenues	<u>36,759</u>	<u>51,214</u>	<u>14,455</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:						
Personal services	2,980	-	2,980	-	-	-
Operation and maintenance	209,756	92,897	116,859	470	-	470
Total expenditures	<u>212,736</u>	<u>92,897</u>	<u>119,839</u>	<u>470</u>	<u>-</u>	<u>470</u>
Excess (deficiency) of revenues over expenditures	<u>(175,977)</u>	<u>(41,683)</u>	<u>134,294</u>	<u>(470)</u>	<u>-</u>	<u>470</u>
Net change in fund balance	<u>(175,977)</u>	<u>(41,683)</u>	<u>134,294</u>	<u>(470)</u>	<u>-</u>	<u>470</u>
Fund balance January 1, 2017	<u>213,184</u>	<u>213,184</u>	<u>-</u>	<u>469</u>	<u>469</u>	<u>-</u>
Fund balance December 31, 2017	<u>\$ 37,207</u>	<u>\$ 171,501</u>	<u>\$ 134,294</u>	<u>\$ (1)</u>	<u>\$ 469</u>	<u>\$ 470</u>

(Continued)

CITY OF PIQUA, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BUDGET) NON MAJOR FUNDS
FOR YEAR ENDED DECEMBER 31, 2017**

	Trust			Conservancy		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 79,913	\$ 74,252	\$ (5,661)
State shared revenues	-	-	-	7,014	9,142	2,128
Licenses and permits, fees	-	-	-	-	-	-
Grants: operating	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Other	60,000	77,790	17,790	-	-	-
Total revenues	<u>60,000</u>	<u>77,790</u>	<u>17,790</u>	<u>86,927</u>	<u>83,394</u>	<u>(3,533)</u>
EXPENDITURES:						
Personal services	-	-	-	-	-	-
Operation and maintenance	96,149	52,733	43,416	56,200	52,681	3,519
Total expenditures	<u>96,149</u>	<u>52,733</u>	<u>43,416</u>	<u>56,200</u>	<u>52,681</u>	<u>3,519</u>
Excess (deficiency) of revenues over expenditures	<u>(36,149)</u>	<u>25,057</u>	<u>61,206</u>	<u>30,727</u>	<u>30,713</u>	<u>(14)</u>
Net change in fund balance	(36,149)	25,057	61,206	30,727	30,713	(14)
Fund balance January 1, 2017	<u>36,273</u>	<u>36,273</u>	<u>-</u>	<u>14,607</u>	<u>14,607</u>	<u>-</u>
Fund balance December 31, 2017	<u>\$ 124</u>	<u>\$ 61,330</u>	<u>\$ 61,206</u>	<u>\$ 45,334</u>	<u>\$ 45,320</u>	<u>\$ (14)</u>

(Continued)

CITY OF PIQUA, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BUDGET) NON MAJOR FUNDS
FOR YEAR ENDED DECEMBER 31, 2017**

	Federal Grants			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 79,913	\$ 74,252	\$ (5,661)
State shared revenues	-	-	-	7,014	9,142	2,128
Licenses and permits, fees	-	-	-	1,080	1,030	(50)
Grants: operating	817,382	589,459	(227,923)	817,382	589,459	(227,923)
Investment Income	-	-	-	3,087	4,830	1,743
Other	-	-	-	92,592	123,144	30,552
Total revenues	<u>817,382</u>	<u>589,459</u>	<u>(227,923)</u>	<u>1,001,068</u>	<u>801,857</u>	<u>(199,211)</u>
EXPENDITURES:						
Personal services	20,000	-	20,000	22,980	-	22,980
Operation and maintenance	720,050	589,280	130,770	1,082,625	787,591	295,034
Total expenditures	<u>740,050</u>	<u>589,280</u>	<u>150,770</u>	<u>1,105,605</u>	<u>787,591</u>	<u>318,014</u>
Excess (deficiency) of revenues over expenditures	<u>77,332</u>	<u>179</u>	<u>(77,153)</u>	<u>(104,537)</u>	<u>14,266</u>	<u>118,803</u>
Net change in fund balance	77,332	179	(77,153)	(104,537)	14,266	118,803
Fund balance January 1, 2017	<u>3</u>	<u>3</u>	<u>-</u>	<u>264,536</u>	<u>264,536</u>	<u>-</u>
Fund balance December 31, 2017	<u>\$ 77,335</u>	<u>\$ 182</u>	<u>\$ (77,153)</u>	<u>\$ 159,999</u>	<u>\$ 278,802</u>	<u>\$ 118,803</u>

(Concluded)

CITY OF PIQUA, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (GAAP BUDGET)-DEBT SERVICE FUND
FOR YEAR ENDED DECEMBER 31, 2017**

	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 14,742	\$ 7,092	\$ (7,650)
Investment income	726	1,941	1,215
Total revenues	<u>15,468</u>	<u>9,033</u>	<u>(6,435)</u>
EXPENDITURES:			
Operating expenditures	2,600	481	2,119
Debt principal payment	212,410	212,410	-
Debt interest payment	10,395	10,394	1
Total expenditures	<u>225,405</u>	<u>223,285</u>	<u>2,120</u>
Excess (deficiency) of revenues over expenditures	<u>(209,937)</u>	<u>(214,252)</u>	<u>(4,315)</u>
OTHER FINANCING SOURCES:			
Transfers in	222,805	222,804	(1)
Total other financing sources	<u>222,805</u>	<u>222,804</u>	<u>(1)</u>
Net change in fund balance	12,868	8,552	(4,316)
Fund balance January 1, 2017	<u>426,756</u>	<u>426,756</u>	<u>-</u>
Fund balance December 31, 2017	<u>\$ 439,624</u>	<u>\$ 435,308</u>	<u>\$ (4,316)</u>

CITY OF PIQUA, OHIO

**COMBINING BALANCE SHEET- INTERNAL SERVICE FUNDS
DECEMBER 31, 2017**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Workers Compensation	Liability Insurance	Health Insurance	Information Technology	Total
Current assets:					
Equity in pooled cash and cash equivalents	\$ 545,517	\$ 271,149	\$ 519,988	\$ 273,897	\$ 1,610,551
Equity in pooled investments	257,446	-	710,548	-	967,994
Accounts receivable	970	151,314	12,511	-	164,795
Prepaid items and other assets	265,736	-	3,709	-	269,445
Total Current Assets	1,069,669	422,463	1,246,756	273,897	3,012,785
Noncurrent assets:					
Capital assets being depreciated	-	-	-	156,188	156,188
Total Capital Assets	-	-	-	156,188	156,188
DEFERRED OUTFLOWS OF RESOURCES					
Deferred by pensions	-	-	-	148,975	148,975
Total Deferred outflows of resources	-	-	-	148,975	148,975
Total Assets and Deferred outflows of resources	\$ 1,069,669	\$ 422,463	\$ 1,246,756	\$ 579,060	\$ 3,317,948
LIABILITIES:					
CURRENT LIABILITIES:					
Accounts payable	\$ 20,785	\$ -	\$ 294	\$ 4,428	\$ 25,507
Salaries and benefits	-	-	-	11,003	11,003
Accrued vacation, personal and sick leave	-	-	-	18,207	18,207
Total Current Liabilities	20,785.00	-	294.00	33,638	54,717
NONCURRENT LIABILITIES:					
Accrued vacation, personal and sick leave	-	-	-	41,694	41,694
Net Pension Liability	-	-	-	413,754	413,754
Long term liabilities	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	455,448	455,448
Total Liabilities	20,785.00	-	294.00	489,086	510,165
DEFERRED INFLOWS OF RESOURCES					
Deferred by pensions	-	-	-	2,387	2,387
Total deferred inflows of resources	-	-	-	2,387	2,387
NET POSITION:					
Net investment in capital assets				156,188	156,188
Unrestricted	1,048,884	422,463	1,246,462	(68,601)	2,649,208
Total Net Position	1,048,884	422,463	1,246,462	87,587	2,805,396
Total Liabilities, Deferred inflows of resources, and Net Position	\$ 1,069,669	\$ 422,463	\$ 1,246,756	\$ 579,060	\$ 3,317,948

CITY OF PIQUA, OHIO

**COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION- INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Workers Compensation</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>	<u>Information Technology</u>	<u>Total</u>
OPERATING REVENUES:					
Customer services	\$ -	\$ 184,134	\$ -	\$ 485,000	\$ 669,134
Total operating revenues	-	184,134	-	485,000	669,134
OPERATING EXPENSES:					
Salaries and Employee benefits	71,474	-	294	389,747	461,515
Depreciation	-	-	-	130,185	130,185
Materials and supplies	-	-	-	16,553	16,553
Utilities	-	-	-	25,419	25,419
Outside Services	-	-	-	140,144	140,144
Other	-	178,951	-	4,791	183,742
Total operating expenses	<u>71,474</u>	<u>178,951</u>	<u>294</u>	<u>706,839</u>	<u>957,558</u>
Operating income (loss)	(71,474)	5,183	(294)	(221,839)	(288,424)
NON-OPERATING REVENUES(EXPENSES):					
Interest income	<u>3,970</u>	<u>3,029</u>	<u>9,146</u>	<u>863</u>	<u>17,008</u>
Net non-operating revenues(expenses)	<u>3,970</u>	<u>3,029</u>	<u>9,146</u>	<u>863</u>	<u>17,008</u>
Change in net position	<u>(67,504)</u>	<u>8,212</u>	<u>8,852</u>	<u>(220,976)</u>	<u>(271,416)</u>
Total net position-beginning of year	<u>1,116,388</u>	<u>414,251</u>	<u>1,237,610</u>	<u>308,563</u>	<u>3,076,812</u>
Total net position-end of year	<u>\$ 1,048,884</u>	<u>\$ 422,463</u>	<u>\$ 1,246,462</u>	<u>\$ 87,587</u>	<u>\$ 2,805,396</u>

CITY OF PIQUA, OHIO

**COMBINING STATEMENT OF CASH FLOWS-INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Workers Compensation	Liability Insurance	Health Insurance	Information Technology	Totals
OPERATING ACTIVITIES:					
Receipts from interfund services	\$ -	\$ 158,123	\$ 17,467	\$ 486,015	\$ 661,605
Cash paid to suppliers for goods or services	(330,365)	(178,951)	(15,298)	(193,984)	(718,598)
Cash paid to employees for services	-	-	-	(391,690)	(391,690)
Net cash provided by (used in) operating activities	(330,365)	(20,828)	2,169	(99,659)	(448,683)
CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital	-	-	-	(12,950)	(12,950)
Net cash provided by (used in) capital & related financing activities	-	-	-	(12,950)	(12,950)
INVESTING ACTIVITIES:					
Purchases of investment securities	(257,446)	-	(710,548)	-	(967,994)
Proceeds from sale or maturity of investment securities	256,170	-	807,022	-	1,063,192
Interest received	3,400	3,029	7,913	863	15,205
Net cash provided by (used in) investing activities	2,124	3,029	104,387	863	110,403
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(328,241)	(17,799)	106,556	(111,746)	(351,230)
CASH AND CASH EQUIVALENTS - Beginning of year	873,758	288,948	413,432	385,643	1,961,781
CASH AND CASH EQUIVALENTS - End of year	\$ 545,517	\$ 271,149	\$ 519,988	\$ 273,897	\$ 1,610,551
OPERATING INCOME (LOSS)	\$ (71,474)	\$ 5,183	\$ (294)	\$ (221,839)	\$ (288,424)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	-	-	-	130,185	130,185
(Increase)/Decrease in Accounts Receivable	-	(26,011)	2,169	1,015	(22,827)
(Increase)/Decrease in Prepaids	(265,736)	-	-	-	(265,736)
(Increase)/Decrease in Deferred Outflows of Resources-Pension	-	-	-	(34,316)	(34,316)
Increase/(Decrease) in Accounts Payable	6,845	-	294	(7,077)	62
Increase/(Decrease) in Accrued Wages and Benefits	-	-	-	(58,292)	(58,292)
Increase/(Decrease) in Net Pension Liability	-	-	-	94,068	94,068
Increase/(Decrease) in Deferred Inflows of Resources-Pension	-	-	-	(3,403)	(3,403)
Net cash provided by (used in) operating activities	<u>\$ (330,365)</u>	<u>\$ (20,828)</u>	<u>\$ 2,169</u>	<u>\$ (99,659)</u>	<u>\$ (448,683)</u>

CITY OF PIQUA, OHIO

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2017**

	<u>Unclaimed Funds</u>	<u>Employee Flexible Spending</u>	<u>Total</u>
ASSETS:			
Equity in pooled cash and cash equivalents	\$ 4,980	\$ 18,282	\$ 23,262
Total Assets	<u>\$ 4,980</u>	<u>\$ 18,282</u>	<u>\$ 23,262</u>
LIABILITIES:			
Withholdings payable	\$ -	\$ 6,995	\$ 6,995
Undistributed monies	4,980	<u>11,287</u>	<u>16,267</u>
Total Liabilities	<u>\$ 4,980</u>	<u>\$ 18,282</u>	<u>\$ 23,262</u>

CITY OF PIQUA, OHIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR YEAR ENDED DECEMBER 31, 2017**

	Balance at January 1, 2017	Additions	Deductions	Balance at December 31, 2017
Unclaimed Funds				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 4,882	\$ 110	\$ 12	\$ 4,980
Total Assets	<u>\$ 4,882</u>	<u>\$ 110</u>	<u>\$ 12</u>	<u>\$ 4,980</u>
LIABILITIES				
Undistributed monies	\$ 4,882	\$ 110	\$ 12	4,980
Total Liabilities	<u>\$ 4,882</u>	<u>\$ 110</u>	<u>\$ 12</u>	<u>\$ 4,980</u>
Employee Flexible Spending				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 16,960	\$ 194,232	\$ 192,910	\$ 18,282
Total Assets	<u>\$ 16,960</u>	<u>\$ 194,232</u>	<u>\$ 192,910</u>	<u>\$ 18,282</u>
LIABILITIES				
Withholdings payable	\$ 5,902	\$ 193,955	\$ 192,862	\$ 6,995
Undistributed monies	11,058	277	48	11,287
Total Liabilities	<u>\$ 16,960</u>	<u>\$ 194,232</u>	<u>\$ 192,910</u>	<u>\$ 18,282</u>
Total- All AGENCY FUNDS				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 21,842	\$ 194,342	\$ 192,922	\$ 23,262
Total Assets	<u>\$ 21,842</u>	<u>\$ 194,342</u>	<u>\$ 192,922</u>	<u>\$ 23,262</u>
LIABILITIES				
Withholdings payable	\$ 5,902	\$ 193,955	\$ 192,862	\$ 6,995
Undistributed monies	15,940	387	60	16,267
Total Liabilities	<u>\$ 21,842</u>	<u>\$ 194,342</u>	<u>\$ 192,922</u>	<u>\$ 23,262</u>

Statistical Section



Statistical Section

This part of the City of Piqua, Ohio'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.

<u>Contents</u>	<u>Pages</u>
Financial Trends	85-89
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	90-92
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax, and the municipal income tax.	
Debt Capacity	93-95
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	96-98
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	99-102
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: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Government Activities										
Net investment in capital assets	\$ 55,432,764	\$ 55,161,266	\$ 56,129,075	\$ 54,540,426	\$ 44,845,328	\$ 42,875,580	\$ 41,507,824	\$ 41,743,160	\$ 41,217,679	\$ 41,291,151
Restricted for other purposes	6,539,588	7,194,708	5,771,392	6,383,282	6,065,752	5,543,543	4,521,790	3,364,818	2,605,044	3,141,455
Restricted for debt service	435,308	426,756	411,558	375,519	439,460	430,978	369,253	385,122	387,228	394,408
Unrestricted	329,112	1,552,082	2,766,474	1,454,046	24,031,553	23,647,113	23,342,513	22,427,688	21,995,625	20,664,343
Total governmental activities net position	62,736,772	64,334,812	65,078,499	62,753,273	75,382,093	72,497,214	69,741,380	67,920,788	66,205,576	65,491,357
Business-Type Activities										
Net investment in capital assets	59,776,209	60,204,879	60,462,159	55,861,423	57,929,193	55,839,322	49,929,517	48,473,160	49,657,889	50,518,920
Restricted for other purposes	-	-	-	-	-	-	-	-	-	-
Restricted for debt service	-	-	-	-	50,000	50,000	50,000	50,000	50,000	50,000
Unrestricted	16,018,961	16,262,269	14,275,160	15,458,228	18,147,111	18,818,340	20,506,796	20,726,170	17,278,974	14,078,814
Total business-type activities net position	75,795,170	76,467,148	74,737,319	71,319,651	76,126,304	74,707,662	70,486,313	69,249,330	66,986,863	64,647,734
Primary government										
Net investment in capital assets	115,208,973	115,366,145	116,591,234	110,401,849	102,774,521	98,714,902	91,437,341	90,216,320	90,875,568	91,810,071
Restricted for other purposes	6,539,588	7,194,708	5,771,392	6,383,282	6,065,752	5,543,543	4,521,790	3,364,818	2,605,044	3,141,455
Restricted for debt service	435,308	426,756	411,558	375,519	489,460	480,978	419,253	435,122	437,228	444,408
Unrestricted	16,348,073	17,814,351	17,041,634	16,912,274	42,178,664	42,465,453	43,849,309	43,153,858	39,274,599	34,743,157
Total primary government activities net position	\$ 138,531,942	\$ 140,801,960	\$ 139,815,818	\$ 134,072,924	\$ 151,508,397	\$ 147,204,876	\$ 140,227,693	\$ 137,170,118	\$ 133,192,439	\$ 130,139,091

Source: City of Piqua Finance Department
2014 Unrestricted balances restated to reflect accounting changes of GASB 68

**CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Government activities										
General government	\$ 3,584,949	\$ 3,029,350	\$ 2,488,630	\$ 1,895,842	\$ 1,931,289	\$ 1,878,876	\$ 1,804,464	\$ 1,893,928	\$ 2,099,961	\$ 2,960,257
Public safety	9,756,089	9,983,842	8,855,194	8,599,246	7,855,812	7,778,195	7,655,764	7,797,867	7,859,160	7,796,876
Streets and maintenance	4,967,109	4,131,246	4,696,334	5,238,564	3,340,057	3,081,248	3,166,350	3,250,497	3,574,236	5,143,056
Parks and recreation	826,659	676,708	488,175	509,403	502,923	475,706	425,013	548,724	685,518	915,284
Community development	762,985	626,789	552,143	272,904	766,933	1,944,480	393,106	628,434	242,528	618,328
Interest on long term debt	8,858	16,043	26,495	49,855	61,006	68,013	190,218	250,261	271,155	289,387
Total governmental activities expenses	19,906,649	18,463,978	17,106,971	16,565,814	14,458,020	15,226,518	13,634,915	14,369,711	14,732,558	17,723,188
Business-type Activities										
Electric	31,446,393	31,427,181	28,506,759	28,187,077	24,897,844	22,146,622	23,673,009	22,492,488	22,301,713	23,945,553
Wastewater	4,285,812	3,386,384	3,170,850	3,479,419	3,253,677	3,369,098	3,307,060	2,986,688	2,855,462	2,843,279
Refuse	1,658,954	1,512,589	1,924,274	1,701,599	1,606,035	1,594,550	1,593,925	1,512,243	1,481,691	1,523,263
Water	5,516,474	3,841,168	4,191,855	3,444,314	3,116,383	3,051,979	3,300,788	2,920,323	2,793,284	2,850,285
Stormwater	907,098	662,925	846,714	814,109	707,322	398,234	419,626	414,092	n/a	n/a
Golf	710,706	735,870	662,334	589,459	678,050	683,046	702,282	609,278	654,306	685,305
Fort Piqua Plaza	N/A	N/A	N/A	294,781	301,409	277,319	280,600	229,821	185,207	42,372
Municipal Pool	163,766	196,543	154,212	174,256	188,413	203,742	177,970	170,387	190,003	199,122
Total business-type activities expenses	44,689,203	41,762,660	39,456,998	38,685,014	34,749,133	31,724,590	33,455,260	31,335,320	30,461,666	32,089,179
Total Primary Government activities expenses	\$ 64,595,852	\$ 60,226,638	\$ 56,563,969	\$ 55,250,828	\$ 49,207,153	\$ 46,951,108	\$ 47,090,175	\$ 45,705,031	\$ 45,194,224	\$ 49,812,367
Program revenues										
Government activities										
Charges for Services:										
General government	\$ 692,044	\$ 638,172	\$ 711,281	\$ 368,510	\$ 433,122	\$ 427,061	\$ 412,803	\$ 630,460	\$ 692,334	\$ 624,510
Public safety	967,297	1,119,504	1,167,432	984,214	1,103,529	1,042,684	1,083,295	800,027	876,722	772,244
Streets and maintenance	88,584	90,606	111,846	118,891	90,011	118,891	98,951	68,198	33,705	93,392
Parks and recreation	17,633	17,939	18,350	24,057	35,797	21,190	22,258	31,297	109,577	88,900
Community development	46,384	70,411	40,711	38,434	43,089	37,036	36,826	18,152	20,681	26,146
Operating grants and contributions	1,302,597	684,174	1,254,648	1,960,446	1,215,686	2,052,279	778,247	1,414,559	460,718	1,219,165
Capital grants and contributions	241,228	9,400	1,585,172	554,878	1,732,241	1,890,719	109,763	392,849	534,122	1,822,124
Total governmental activities program revenues	3,355,767	2,630,206	4,889,440	4,010,560	4,653,475	5,589,860	2,542,143	3,355,542	2,727,859	4,647,081
Business-type Activities										
Charges for Services:										
Electric	28,969,039	30,422,385	29,091,216	27,671,169	23,631,871	23,730,966	23,709,030	23,124,555	23,374,930	24,242,210
Wastewater	4,164,356	3,464,204	3,455,931	3,521,249	3,501,363	3,461,648	3,422,060	3,470,636	3,258,977	3,098,853
Refuse	1,813,626	1,804,528	1,793,541	1,783,288	1,794,018	1,770,367	1,762,814	1,757,375	1,767,803	1,659,648
Water	5,854,472	5,428,757	5,083,835	4,899,259	4,890,863	4,260,723	3,322,920	3,335,091	3,180,412	3,051,532
Stormwater	1,158,115	1,152,575	1,075,651	989,377	887,558	819,584	819,270	651,694	n/a	n/a
Golf	497,363	511,042	495,842	466,160	515,327	563,553	470,297	533,600	594,230	605,828
Fort Piqua Plaza	N/A	N/A	N/A	159,099	147,131	109,010	106,192	129,689	63,946	18,200
Municipal Pool	58,187	68,411	43,763	51,811	61,702	74,927	80,060	74,220	79,048	92,746
Operating grants and contributions	6,669	5,509	358,200	503,454	110,719	142,603	240,032	97,588	155	-
Capital grants and contributions	1,105,412	191,400	990,230	49,844	89,599	540,523	112,500	-	65,000	-
Total business-type activities program revenues	43,627,239	43,048,811	42,388,209	40,094,710	35,630,351	35,473,904	34,045,175	33,174,448	32,384,501	32,769,017
Total primary government program revenues	\$ 46,983,006	\$ 45,679,017	\$ 47,277,649	\$ 44,105,270	\$ 40,283,826	\$ 41,063,764	\$ 36,587,318	\$ 36,529,990	\$ 35,112,360	\$ 37,416,098
Net revenue (expense)										
Governmental activities										
Governmental activities	\$ (16,550,882)	\$ (15,833,772)	\$ (12,217,531)	\$ (12,555,254)	\$ (9,804,545)	\$ (9,636,658)	\$ (11,092,772)	\$ (11,014,169)	\$ (12,004,699)	\$ (13,076,107)
Business-type activities										
Business-type activities	(1,061,964)	1,286,151	2,931,211	1,409,696	881,218	3,749,314	589,915	1,839,128	1,922,835	679,838
Total primary government net revenue(expense)	\$ (17,612,846)	\$ (14,547,621)	\$ (9,286,320)	\$ (11,145,558)	\$ (8,923,327)	\$ (5,887,344)	\$ (10,502,857)	\$ (9,175,041)	\$ (10,081,864)	\$ (12,396,269)

CITY OF PIQUA, OHIO

CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 1,364,162	\$ 1,162,485	\$ 1,182,995	\$ 1,169,263	\$ 1,211,844	\$ 1,271,907	\$ 1,289,519	\$ 1,402,952	\$ 1,349,521	\$ 1,452,709
State Shared taxes	1,868,113	1,804,731	1,918,725	1,856,432	1,752,553	2,187,917	2,597,120	2,992,428	3,404,050	3,443,434
Income tax	10,759,830	11,264,355	10,661,411	8,285,580	8,935,319	8,024,044	8,209,488	7,256,729	6,999,179	10,275,491
Locally levied taxes	1,173,553	1,205,557	1,205,357	1,212,000	1,188,578	1,185,433	1,180,220	1,173,438	1,123,045	1,259,107
Investment earnings	68,597	41,225	15,342	71,303	82,596	97,667	129,378	159,445	134,406	388,469
Miscellaneous	48,587	7,388	9,451	23,812	1,937	18,808	6,500	56,482	9,515	1,852
Transfers	(330,000)	(395,656)	(450,524)	(505,544)	(483,403)	(393,284)	(501,861)	(309,093)	(300,798)	(193,942)
Total governmental activities general revenues and other changes in net position	14,952,842	15,090,085	14,542,757	12,112,846	12,689,424	12,392,492	12,910,364	12,732,381	12,718,918	16,627,120
Business-type Activities										
Investment earnings	59,986	48,022	35,933	48,158	54,021	78,751	145,207	114,246	115,496	445,609
Special item	-	-	-	(2,587,176)	-	-	-	-	-	-
Transfers	330,000	395,656	450,524	505,544	483,403	393,284	501,861	309,093	300,798	193,942
Total business-type activities general revenues and other changes in net position	389,986	443,678	486,457	(2,033,474)	537,424	472,035	647,068	423,339	416,294	639,551
Total primary government general revenues and other changes in net position	15,342,828	15,533,763	15,029,214	10,079,372	13,226,848	12,864,527	13,557,432	13,155,720	13,135,212	17,266,671
Change in net position										
Governmental activities	(1,598,040)	(743,687)	2,325,226	(442,408)	2,884,879	2,755,834	1,817,592	1,718,212	714,219	3,551,013
Business-type activities	(671,978)	1,729,829	3,417,668	(623,778)	1,418,642	4,221,349	1,236,983	2,262,467	2,339,129	1,319,389
Total primary government activities	\$ (2,270,018)	\$ 986,142	\$ 5,742,894	\$ (1,066,186)	\$ 4,303,521	\$ 6,977,183	\$ 3,054,575	\$ 3,980,679	\$ 3,053,348	\$ 4,870,402

Electric, Wastewater, Golf and Pool Expenses restated in years 2011 through 2008 to reflect accounting changes of GASB 65

Source: City of Piqua Finance Department

Fort Piqua Plaza enterprise began in October 2008 and reclassified to governmental fund for 2015

Storm Water enterprise began in April 2010

2014 Expenses restated to reflect accounting changes of GASB 68

CITY OF PIQUA, OHIO

Table 3

GOVERNMENTAL FUND BALANCES
LAST TEN YEARS
(modified accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009	2008
General Fund										
Nonspendable	\$ 2,757	\$ 10,201	\$ 7,520	\$ 5,107	\$ 9,800,116	\$ 9,800,153	\$ 9,801,232	\$ 12,515,872	\$ 12,514,073	\$ -
Restricted	7,781	30,064	78,261	5,632	11,077	10,894	12,457	18,638	20,665	-
Assigned	4,692,377	3,896,861	3,413,891	3,348,931	4,101,987	4,129,242	3,343,766	2,638,668	2,138,600	-
Reserved	-	-	-	-	-	-	-	-	-	10,834,537
Unassigned	6,355,606	8,141,721	7,788,547	7,401,836	6,952,802	6,718,592	7,037,036	5,346,681	5,294,013	7,987,100
Total General Fund	11,058,521	12,078,847	11,288,219	10,761,506	20,865,982	20,658,881	20,194,491	20,519,859	19,967,351	18,821,637
Street Maintenance Fund										
Restricted	4,256,646	4,388,455	4,236,738	4,258,402	4,321,221	3,918,551	3,270,045	2,518,751	1,984,235	-
Reserved	-	-	-	-	-	-	-	-	-	359,365
Unassigned	-	-	-	-	-	-	-	-	-	1,374,925
Total Street Maintenance Fund	4,256,646	4,388,455	4,236,738	4,258,402	4,321,221	3,918,551	3,270,045	2,518,751	1,984,235	1,734,290
Street Levy Fund										
Restricted	3,195,118	2,963,183	2,216,178	2,308,637	2,004,021	1,977,761	1,795,964	1,560,389	1,357,286	-
Reserved	-	-	-	-	-	-	-	-	-	197,384
Unassigned	-	-	-	-	-	-	-	-	-	1,145,679
Total Street Levy Fund	3,195,118	2,963,183	2,216,178	2,308,637	2,004,021	1,977,761	1,795,964	1,560,389	1,357,286	1,343,063
Other Governmental Funds										
Nonspendable	-	7,149	5,611	7,149	7,149	7,150	7,150	7,150	7,150	-
Restricted	714,110	257,387	214,127	185,519	158,579	191,923	166,859	115,427	511,724	-
Assigned	-	-	-	3,450	-	4,389	3,039	3	65,522	-
Reserved	-	-	-	-	-	-	-	-	-	1,025,223
Unassigned reported in:										
Revolving Loan/Program Income	-	-	-	-	-	-	-	-	-	33,117
Community Development	-	-	-	(1,448)	1,001	-	-	-	(19,999)	(130,314)
Trust	-	-	-	-	-	-	-	-	-	3,172
Conservancy	-	-	-	-	-	-	-	-	-	42,144
Federal Grants	-	-	-	-	-	-	-	-	(40,320)	4,109
Total Other Governmental Funds	714,110	264,536	219,738	194,670	166,729	203,462	177,048	122,580	524,077	977,451
Governmental Funds										
Nonspendable	2,757	17,350	13,131	12,256	9,807,265	9,807,303	9,808,382	12,523,022	12,521,223	-
Restricted	8,173,655	7,639,089	6,745,304	6,758,190	6,494,898	6,099,129	5,245,325	4,213,205	3,873,910	-
Assigned	4,692,377	3,896,861	3,413,891	3,352,381	4,101,987	4,133,631	3,346,805	2,638,671	2,204,122	-
Reserved	-	-	-	-	-	-	-	-	-	12,416,509
Unassigned	6,355,606	8,141,721	7,788,547	7,400,388	6,953,803	6,718,592	7,037,036	5,346,681	5,233,694	10,459,932
Total Governmental Funds	\$ 19,224,395	\$ 19,695,021	\$ 17,960,873	\$ 17,523,215	\$ 27,357,953	\$ 26,758,655	\$ 25,437,548	\$ 24,721,579	\$ 23,832,949	\$ 22,876,441

Source: City of Piqua Finance Department

(1) Fund balance categories were reclassified to be consistent with current year financial statement presentation

In 2014 the decrease in Nonspendable fund balance is related to the acquisition of the Historic Fort Piqua Plaza in satisfaction of an Economic Development loan.

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES										
Municipal income tax	\$ 10,590,978	\$ 11,251,855	\$ 10,582,711	\$ 8,551,480	\$ 8,657,319	\$ 7,748,219	\$ 8,382,273	\$ 7,374,993	\$ 7,002,778	\$ 10,267,939
Property taxes	1,364,162	1,162,485	1,182,995	1,169,263	1,211,844	1,271,907	1,289,519	1,402,952	1,349,521	1,452,709
State shared revenues	1,809,665	1,811,265	1,853,031	1,858,968	1,866,329	2,253,099	2,585,245	2,764,569	3,781,537	3,199,733
Locally levied taxes	1,173,553	1,205,557	1,205,357	1,212,000	1,188,578	1,185,433	1,180,220	1,173,438	1,123,045	1,259,107
Licenses and permits, fees	1,286,542	1,373,768	1,453,671	1,301,751	1,334,105	1,330,355	1,333,529	1,054,458	1,020,519	949,578
Grants: capital	211,429	-	1,581,327	506,853	1,717,264	1,482,076	109,763	392,849	512,522	1,766,624
Grants: operating	1,275,995	662,542	1,171,623	1,934,290	1,172,917	2,023,736	683,653	863,231	372,788	765,164
Investment income	62,516	35,397	11,256	64,231	77,179	115,681	141,194	157,392	109,066	253,369
Increase (decrease) in fair market value of investments	-	-	-	(828)	(4,518)	(32,643)	(34,239)	(22,878)	(11,293)	55,323
Donations: capital	29,799	9,400	3,845	48,025	14,977	408,643	-	-	21,600	55,500
Donations: operating	26,602	21,632	83,025	26,156	42,769	28,543	94,594	551,328	180,976	361,555
Other fines, rents, and reimbursements	537,257	505,668	596,378	241,036	297,672	321,165	322,528	524,995	716,342	657,330
Total revenues	18,368,498	18,039,569	19,725,219	16,913,225	17,576,435	18,136,214	16,088,279	16,237,327	16,179,401	21,043,931
EXPENDITURES										
General government administration	2,147,495	1,739,069	1,359,621	1,283,002	1,300,112	1,310,975	1,210,761	1,278,817	1,287,163	1,501,156
Public safety	8,807,186	8,427,986	8,710,369	8,011,087	7,571,496	7,375,404	7,192,718	7,464,385	7,506,391	7,775,613
Public health	378,023	348,398	456,785	416,363	492,373	312,330	329,242	360,499	435,469	496,914
Street repairs and maintenance	3,654,565	2,935,709	3,658,698	4,181,086	2,270,611	1,934,451	2,060,615	2,192,766	2,639,293	4,137,209
Parks and recreation	669,698	548,060	459,446	451,705	472,183	418,280	361,895	461,977	609,908	828,421
Fort Piqua Plaza	232,502	279,131	266,357	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community planning and development	750,413	614,939	432,922	324,512	671,117	1,973,099	378,885	610,155	321,094	942,424
Other	53,162	53,313	58,618	74,565	46,393	58,726	63,174	55,043	55,521	112,288
Capital costs	2,068,619	743,793	3,191,637	1,276,685	3,370,293	2,704,350	1,132,280	1,240,777	2,123,231	1,581,034
Debt service:										
Principal	212,410	207,499	362,731	504,209	239,313	221,476	2,010,985	871,353	802,604	737,596
Interest	10,394	17,218	27,614	51,524	61,293	69,815	201,592	248,969	273,818	293,522
Total expenditures	18,984,467	15,915,115	18,984,798	16,574,738	16,495,184	16,378,906	14,942,147	14,784,741	16,054,492	18,406,177
Excess (deficiency) of revenues over expenditures	(615,969)	2,124,454	740,421	338,487	1,081,251	1,757,308	1,146,132	1,452,586	124,909	2,637,754
OTHER FINANCING SOURCES (USES):										
Issuance of debt	-	-	165,000	-	-	-	49,329	73,777	1,122,882	486,977
Disposal of capital assets	48,587	20,548	18,800	61,575	9,932	18,808	6,500	56,482	9,515	1,852
Transfers in	222,804	224,717	221,316	458,288	279,730	277,793	2,157,880	1,057,569	1,024,720	1,051,982
Transfers out	(552,804)	(620,373)	(671,840)	(963,832)	(763,133)	(671,077)	(2,659,741)	(1,366,662)	(1,325,518)	(1,245,924)
Total other financing sources (uses)	(281,413)	(375,108)	(266,724)	(443,969)	(473,471)	(374,476)	(446,032)	(178,834)	831,599	294,887
Special Item	-	-	-	(9,793,197)	-	-	-	-	-	-
Net change in fund balances	\$ (897,382)	\$ 1,749,346	\$ 473,697	\$ (9,898,679)	\$ 607,780	\$ 1,382,832	\$ 700,100	\$ 1,273,752	\$ 956,508	\$ 2,932,641
Debt service as a percentage of Noncapital expenditures	1.3%	1.5%	2.5%	3.6%	2.3%	2.1%	16.0%	8.3%	7.7%	6.1%

Source: City of Piqua Finance Department

The Special Item listed in 2014 is the acquisition of the historic Fort Piqua Plaza as satisfaction of an economic development loan. This is a non-cash capital item.

CITY OF PIQUA, OHIO

Table 5

**INCOME TAX REVENUE COLLECTIONS BY TYPE
LAST TEN YEARS
(cash basis)**

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes from Net Profits	Percentage of Taxes from Net Profits	Taxes from Individuals	Percentage of Taxes from Individuals
2017	2.00%	\$ 10,641,381	\$ 8,394,119	79%	\$ 1,332,243	12%	\$ 915,019	9%
2016	2.00%	\$ 11,369,695	\$ 8,459,869	74%	\$ 1,851,795	16%	\$ 1,058,031	9%
2015	2.00%	\$ 10,320,670	\$ 8,153,149	79%	\$ 1,447,122	14%	\$ 720,399	7%
2014	1.75%	\$ 8,520,480	\$ 6,933,846	81%	\$ 945,168	11%	\$ 641,466	8%
2013	1.75%	\$ 8,440,440	\$ 6,606,944	78%	\$ 1,200,848	14%	\$ 632,648	8%
2012	1.75%	\$ 8,147,450	\$ 6,628,606	82%	\$ 845,855	10%	\$ 672,989	8%
2011	1.75%	\$ 8,184,808	\$ 6,258,548	77%	\$ 1,276,083	16%	\$ 650,177	7%
2010	1.75%	\$ 7,531,133	\$ 5,910,484	79%	\$ 1,004,631	13%	\$ 616,018	8%
2009	1.75%	\$ 8,772,129	\$ 6,659,669	76%	\$ 533,486	6%	\$ 1,578,974	18%
2008	1.75%	\$ 9,299,939	\$ 6,635,823	71%	\$ 1,070,972	12%	\$ 1,593,144	17%

Source: City of Piqua Income Tax Department

INCOME TAX COLLECTIONS BY INCOME RANGE
LAST EIGHT YEARS

Tax Year	Income Range (Dollars)	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
2016	0-20,000	4,935	47.67%	28,221,917	6.97%
2016	20,001-40,000	2,251	21.74%	66,841,193	16.50%
2016	40,001-60,000	1,372	13.25%	66,767,207	16.48%
2016	60,001-80,000	693	6.69%	48,192,133	11.90%
2016	80,001-100,000	451	4.36%	40,272,375	9.94%
2016	over 100,000	650	6.28%	154,815,727	38.22%
	Total	10,352		405,110,552	
2015	0-20,000	5,332	48.97%	31,670,500	7.61%
2015	20,001-40,000	2,402	22.06%	71,150,640	17.09%
2015	40,001-60,000	1,380	12.67%	67,292,620	16.17%
2015	60,001-80,000	717	6.58%	49,506,161	11.89%
2015	80,001-100,000	436	4.00%	38,737,203	9.31%
2015	over 100,000	622	5.71%	157,853,167	37.93%
	Total	10,889		416,210,291	
2014	0-20,000	3,713	42.43%	27,116,761	7.20%
2014	20,001-40,000	2,204	25.19%	65,531,899	17.41%
2014	40,001-60,000	1,190	13.60%	58,494,028	15.54%
2014	60,001-80,000	657	7.51%	45,547,724	12.10%
2014	80,001-100,000	425	4.86%	37,886,355	10.06%
2014	over 100,000	561	6.41%	141,856,356	37.68%
	Total	8,750		376,433,123	
2013	0-20,000	3,702	41.32%	29,751,925	8.25%
2013	20,001-40,000	2,341	26.13%	68,295,209	18.94%
2013	40,001-60,000	1,253	13.98%	61,323,105	17.00%
2013	60,001-80,000	713	7.96%	49,400,683	13.70%
2013	80,001-100,000	386	4.31%	34,520,615	9.57%
2013	over 100,000	565	6.31%	117,375,142	32.54%
	Total	8,960		360,666,679	
2012	0-20,000	3,839	43.01%	30,861,197	8.59%
2012	20,001-40,000	2,279	25.54%	66,407,419	18.48%
2012	40,001-60,000	1,221	13.68%	59,809,374	16.64%
2012	60,001-80,000	707	7.92%	49,059,853	13.65%
2012	80,001-100,000	338	3.79%	30,185,894	8.40%
2012	over 100,000	541	6.06%	123,014,948	34.23%
	Total	8,925		359,338,685	
2011	0-20,000	3,998	44.29%	32,814,422	8.91%
2011	20,001-40,000	2,275	25.20%	66,231,325	17.98%
2011	40,001-60,000	1,190	13.18%	58,199,985	15.80%
2011	60,001-80,000	691	7.65%	47,666,537	12.94%
2011	80,001-100,000	357	3.93%	31,736,996	8.62%
2011	over 100,000	516	5.72%	131,675,207	35.75%
	Total	9,027		368,324,472	
2010	0-20,000	3,686	43.45%	30,140,775	8.54%
2010	20,001-40,000	2,165	25.52%	62,966,356	17.84%
2010	40,001-60,000	1,153	13.59%	56,532,271	16.01%
2010	60,001-80,000	668	7.87%	46,150,475	13.07%
2010	80,001-100,000	354	4.17%	31,501,041	8.92%
2010	over 100,000	458	5.40%	125,718,520	35.61%
	Total	8,484		353,009,438	
2009	0-20,000	3,853	44.03%	31,893,835	9.70%
2009	20,001-40,000	2,222	25.39%	64,796,876	19.71%
2009	40,001-60,000	1,201	13.72%	58,741,763	17.87%
2009	60,001-80,000	673	7.69%	46,361,870	14.10%
2009	80,001-100,000	350	4.00%	30,959,276	9.42%
2009	over 100,000	452	5.17%	95,978,422	29.20%
	Total	8,751		328,732,042	

Source: City of Piqua, Ohio Income Tax Department—certain amounts may be estimates—years are tax years. The City instituted a mandatory filing requirement in 2008.

CITY OF PIQUA, OHIO

Table 7

AD VALOREM- PROPERTY TAX LEVIES,
COLLECTIONS, REAL AND UTILITY ASSESSED VALUES
LAST TEN YEARS

Levy/ Collection Year	City Millage	Total Levy	Current Year Collection	Current Year Collection as Percent of Levy ¹	Delinquent Collections	Total Collections ²	Total Collection as Percent of Total Levy	Total Assessed Value	Esitimated Total Property Value of City
2016/2017	4.56	\$ 1,383,708	\$ 1,347,620	97.39	\$ 47,731	\$ 1,395,351	100.84	\$292,034,170	\$ 834,383,343
2015/2016	4.56	\$ 1,317,553	\$ 1,274,395	96.72	\$ 54,421	\$ 1,328,816	100.85	\$290,202,680	\$ 829,150,514
2014/2015	4.49	1,317,904	1,271,879	96.51	52,815	1,324,694	100.52	289,330,550	826,658,714
2013/2014	4.47	1,307,640	1,263,375	96.61	48,720	1,312,095	100.34	285,104,680	814,584,800
2012/2013	4.42	1,367,090	1,317,913	96.40	32,172	1,350,085	98.76	286,575,960	818,788,457
2011/2012	4.42	1,397,181	1,355,224	97.00	39,929	1,395,153	99.85	313,373,330	890,941,193
2010/2011	4.42	1,406,037	1,363,450	96.97	48,104	1,411,554	100.39	311,472,170	886,119,675
2009/2010	4.42	1,488,065	1,442,184	96.92	56,950	1,499,134	100.74	334,159,430	950,582,640
2008/2009	4.42	1,483,596	1,431,473	96.49	63,272	1,494,745	100.75	344,645,420	951,073,747
2007/2008	4.42	1,558,181	1,510,445	96.94	74,870	1,585,315	101.74	361,883,510	968,702,431

Source: Miami County Auditor's Office

1) Amounts do not include delinquent collections

2) Delinquent collections refer to year collected not levied based on information provided by Miami County Auditor's Office
Miami County does not have available delinquent collections by tax year they will schedule a revision to correct in the future.

**RATIO OF OUTSTANDING DEBT BY TYPE AND
RATIO OF GENERAL BONDED DEBT
OUTSTANDING AND LEGAL DEBT MARGIN
LAST TEN YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
General obligation bonds	\$ 45,000	\$ 90,000	\$ 135,000	\$ 175,000	\$ 215,000	\$ 255,000	\$ 290,000	\$ 325,000	\$ 875,000	\$ 1,000,000
Special assessment bonds	-	-	-	-	86,105	111,806	129,028	95,664	62,602	91,397
Pension refunding bonds	-	-	-	-	225,000	250,000	275,000	295,000	315,000	335,000
Taxable revenue bonds	-	-	-	-	-	-	-	1,800,000	2,010,000	2,210,000
Promissory Notes	85,593	253,003	415,502	573,233	726,337	874,949	1,019,201	1,159,221	1,209,859	486,977
Capital Leases	-	-	-	-	-	-	-	-	-	28,809
Total gross governmental activities indebtedness	130,593	343,003	550,502	748,233	1,252,442	1,491,755	1,713,229	3,674,885	4,472,461	4,152,183
Business type activities										
General obligation bonds	170,000	335,000	490,000	640,000	785,000	925,000	1,022,126	1,529,281	2,021,437	2,498,590
Promissory Notes	59,820,420	48,036,282	17,696,918	6,342,747	6,096,119	5,164,083	5,906,473	6,619,079	6,893,177	3,482,775
Total gross business-type activities indebtedness	59,990,420	48,371,282	18,186,918	6,982,747	6,881,119	6,089,083	6,928,599	8,148,360	8,914,614	5,981,365
Total gross primary government indebtedness	60,121,013	48,714,285	18,737,420	7,730,980	8,133,561	7,580,838	8,641,828	11,823,245	13,387,075	10,133,548
Percent of personal income	14.14%	12.08%	4.64%	1.94%	1.97%	1.88%	2.07%	2.80%	2.80%	2.09%
Per capita	\$ 2,898	\$ 2,370	\$ 912	\$ 376	\$ 396	\$ 369	\$ 420	\$ 575	\$ 646	\$ 489
Less debt outside limitations:										
Less debt service fund balance	28,935	54,493	54,080	54,023	53,943	53,887	3,983	4,100	52,509	71,080
Exempt self-supporting obligation debt:	170,000	335,000	490,000	640,000	785,000	925,000	1,022,126	1,529,281	2,021,437	2,498,590
Pension refunding bonds	-	-	-	-	225,000	250,000	275,000	295,000	315,000	335,000
Exempt self-supporting tax revenue bonds	-	-	-	-	-	-	-	1,800,000	2,010,000	2,210,000
Special assessment bonds	-	-	-	-	86,105	111,806	129,028	95,664	62,602	91,397
Exempt self-supporting notes	59,906,013	48,289,285	18,112,420	6,915,980	6,822,456	6,039,032	6,925,674	7,778,300	8,103,036	3,969,752
Net debt within limitation for both										
Voted and Unvoted debt	16,065	35,507	80,920	120,977	161,057	201,113	286,017	320,900	822,491	957,729
Percent of estimated actual property value	0.01%	0.01%	0.03%	0.04%	0.06%	0.06%	0.09%	0.10%	0.24%	0.26%
Per capita	\$ 1	\$ 2	\$ 4	\$ 6	\$ 8	\$ 10	\$ 14	\$ 16	\$ 40	\$ 46
Debt limitation for both voted and unvoted debt										
10.5% of assessed valuation	30,663,588	30,471,281	30,379,708	29,935,991	30,090,476	32,904,200	32,704,578	35,086,740	36,187,769	37,997,769
Legal debt margin for voted and unvoted debt	30,647,523	30,435,774	30,298,788	29,815,014	29,929,419	32,703,087	32,418,561	34,765,840	35,365,278	37,040,040
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	0.05%	0.12%	0.27%	0.40%	0.54%	0.61%	0.87%	0.91%	2.27%	2.52%
Net debt within limitation for both voted and unvoted limitation	16,065	35,507	80,920	120,977	161,057	201,113	286,017	320,900	822,491	957,729
Less voted debt	-	-	-	-	-	-	-	-	-	-
Net debt with limitation for unvoted debt	16,065	35,507	80,920	120,977	161,057	201,113	286,017	320,900	822,491	957,729
Debt limitation for Unvoted debt										
5.5% of assessed valuation	16,061,879	15,961,147	15,913,180	15,680,757	15,761,678	17,235,533	17,130,969	18,378,769	18,955,498	19,903,593
Legal debt margin for unvoted debt	16,045,814	15,925,640	15,832,260	15,559,780	15,600,621	17,034,420	16,844,952	18,057,869	18,133,007	18,945,864
Net debt within limitation for unvoted debt as a percentage of debt limit	0.10%	0.22%	0.51%	0.77%	1.02%	1.17%	1.67%	1.75%	4.34%	4.81%

Source: City of Piqua Finance Department

CITY OF PIQUA, OHIO

Table 9

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2017**

	<u>Total Debt Outstanding</u>	<u>Percent Applicable to City (1)</u>	<u>Amount Applicable To City of Piqua</u>
Direct*			
City of Piqua			
Ohio Capital Asset Series	\$ 45,000	100.00%	\$ 45,000
State Infrastructure Bank Note	85,593	100.00	85,593
Total Direct Debt	<u>130,593</u>		<u>130,593</u>
Overlapping**			
Piqua School District	26,985,000	75.45	20,360,183
Upper Valley Joint Vocational School	1,828,013	12.12	221,555
Miami County	18,661,729	12.74	2,377,504
Total Overlapping Debt	<u>47,474,742</u>		<u>22,959,242</u>
Total Direct and Overlapping Debt	<u>\$ 47,605,335</u>		<u>\$ 23,089,835</u>

Source:

Direct* City of Piqua Finance Department
 Overlapping** Piqua School District Treasurer
 Upper Valley JVS Treasurer
 Miami County Auditor

(1) Percentages were determined by dividing each overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations used were for the 2017 collection year.

CITY OF PIQUA, OHIO

Table 10

DEBT COVERAGE
BUSINESS TYPE ACTIVITIES
LAST TEN YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Power										
Gross revenues	\$ 28,752,216	\$ 29,802,701	\$ 28,895,667	\$ 27,517,575	\$ 23,863,393	\$ 23,631,663	\$ 23,577,274	\$ 24,367,582	\$ 23,275,187	\$ 24,078,303
Direct operating expenses	29,226,575	28,770,053	26,046,726	25,651,134	23,347,871	20,110,185	21,555,462	20,803,628	20,383,460	21,765,513
Net revenue available for debt service	(474,359)	1,032,648	2,848,941	1,866,441	515,522	3,521,478	2,021,812	3,563,954	2,891,727	2,312,790
General obligation debt service requirements	-	-	-	-	-	-	408,430	405,590	406,690	410,259
Debt service coverage							495	879	711	564
Wastewater										
Gross revenues	\$ 4,173,950	\$ 3,467,072	\$ 3,456,311	\$ 3,523,315	\$ 3,502,967	\$ 3,469,580	\$ 3,421,874	\$ 3,484,594	\$ 3,261,068	\$ 3,112,707
Direct operating expenses	3,375,483	2,550,375	2,314,015	2,368,548	2,128,150	2,153,425	2,128,589	1,832,970	1,864,562	1,767,872
Net revenue available for debt service	798,467	916,697	1,142,296	1,154,767	1,374,817	1,316,155	1,293,285	1,651,624	1,396,506	1,344,835
Revenue obligation debt service requirements	\$ 851,114	\$ 277,414	\$ 303,392	\$ 816,705	\$ 809,928	\$ 809,929	\$ 809,929	\$ 781,841	\$ 506,537	\$ 506,537
Debt service coverage	94	330	377	141	170	163	160	211	276	265
Water										
Gross revenues	\$ 5,808,941	\$ 5,370,861	\$ 5,005,088	\$ 4,816,137	\$ 4,593,671	\$ 3,555,235	\$ 3,157,271	\$ 3,339,333	\$ 3,125,486	\$ 3,004,270
Direct operating expenses	4,172,547	3,260,811	3,633,537	2,960,630	2,407,410	1,938,472	2,734,125	2,515,982	2,316,503	2,321,310
Net revenue available for debt service	1,636,394	2,110,050	1,371,551	1,855,507	2,186,261	1,616,763	423,146	823,351	808,983	682,960
General obligation debt service requirements	-	-	-	55,000	-	-	-	-	-	-
Revenue obligation debt service requirements	\$ 1,245,755	\$ 72,329	\$ 142,230	\$ 142,397	\$ 142,559	\$ 142,716	\$ 142,866	\$ 143,012	\$ 143,153	\$ 134,239
Debt service coverage	131	2,917	964	940	1,534	1,133	296	576	565	509
Golf										
Gross revenues	\$ 490,834	\$ 510,338	\$ 500,323	\$ 461,682	\$ 512,752	\$ 557,254	\$ 471,609	\$ 536,337	\$ 596,423	\$ 608,369
Direct operating expenses	581,867	589,105	525,745	461,547	535,208	518,896	440,196	467,903	502,379	525,446
Net revenue available for debt service	(91,033)	(78,767)	(25,422)	135	(22,456)	38,358	31,413	68,434	94,044	82,923
General obligation debt service requirements	\$ 169,213	\$ 165,643	\$ 167,190	\$ 179,039	\$ 179,249	\$ 167,714	\$ 167,285	\$ 171,308	\$ 170,118	\$ 168,385
Debt service coverage	(54)	(48)	(15)	-	(13)	23	19	40	55	49
Pool										
Gross revenues	\$ 58,103	\$ 67,441	\$ 43,144	\$ 51,661	\$ 61,565	\$ 73,874	\$ 79,027	\$ 74,967	\$ 80,052	\$ 93,172
Direct operating expenses	144,981	155,764	116,130	124,512	151,975	161,421	136,185	131,471	148,190	155,035
Net revenue available for debt service	(86,878)	(88,323)	(72,986)	(72,851)	(90,410)	(87,547)	(57,158)	(56,504)	(68,138)	(61,863)
General obligation debt service requirements	\$ 8,532	\$ 8,352	\$ 8,430	\$ 9,028	\$ 9,037	\$ 8,456	\$ 8,435	\$ 8,637	\$ 8,577	\$ 8,490
Debt service coverage	(1,018)	(1,058)	(866)	(807)	(1,000)	(1,035)	(678)	(654)	(794)	(729)

Gross revenues include operating revenue, interest income, and non operating income

Direct operating expenses exclude depreciation

Annual debt service requirement includes principal and interest

Source: City of Piqua Finance Department

CITY OF PIQUA, OHIO

Table 11

**PRINCIPAL EMPLOYERS
DECEMBER 31, 2017**

<u>NAME OF EMPLOYER</u>	<u>NATURE OF BUSINESS</u>	<u>TOTAL EMPLOYMENT</u>	<u>PERCENT OF TOTAL EMPLOYMENT</u>
Spalding & Evenflo Company Inc.	Manufacturer of juvenile furniture	555	5.3%
Industry Products	Manufacturer of die cutting equipment	409	3.9%
Piqua City Schools	Public school district	353	3.4%
Nitto Denko Automotive Ohio	Manufacturer of automotive gaskets	345	3.3%
United Parcel Services	Parcel delivery servicer	286	2.7%
Crane Pumps & Systems Inc.	Manufacturer of industrial water pumps	272	2.6%
Upper Valley Career Center	Regional joint vocational school	266	2.5%
City of Piqua	Municipal government	240	2.3%
Walmart Stores Inc.	Retail store	233	2.2%
HCF of Piqua	Nursing care and residential services	222	2.1%
Total available employment		10,432	

**PRINCIPAL EMPLOYERS
DECEMBER 31, 2008**

<u>NAME OF EMPLOYER</u>	<u>NATURE OF BUSINESS</u>	<u>TOTAL EMPLOYMENT</u>	<u>PERCENT OF TOTAL EMPLOYMENT</u>
Industry Products	Manufacturer of die cutting equipment	350	3.4%
Walmart Stores Inc.	Retail store	345	3.4%
Spalding & Evenflo Company Inc.	Manufacturer of juvenile furniture	315	3.1%
Piqua City Schools	Public school district	308	3.0%
Crane Pumps & Systems Inc.	Manufacturer of industrial water pumps	280	2.7%
Tailwind Technologies Inc.	Manufacturer of aircraft propellers	277	2.7%
Upper Valley JVS	Regional joint vocational school	245	2.4%
Edison Community College	State community college	215	2.1%
City of Piqua	Municipal government	206	2.0%
Jackson Tube Service Inc.	Manufacturer of steel tubing	174	1.7%
Total available employment		10,186	

Source: City of Piqua Income Tax Office

CITY OF PIQUA, OHIO

Table 12

PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2017
LAST EIGHT YEARS

Name of Taxpayer	Nature of Business	2017 Assessed Valuation	Percent of Total Assessed Valuation	2016 Assessed Valuation	2015 Assessed Valuation	2014 Assessed Valuation	2013 Assessed Valuation	2012 Assessed Valuation	2011 Assessed Valuation	2010 Assessed Valuation
Harvey Co LLC	Shopping mall	\$ 3,516,520	1.20%	\$ 3,516,520	\$ 3,516,520	\$ 3,516,520	\$ 3,516,520	\$ 3,724,630	\$ 4,057,130	\$ 4,057,130
Spalding & Evenflo Co., Inc.	Manufacturer of juvenile furniture	\$ 3,396,650	1.16%	\$ 3,396,650	\$ 3,396,650	\$ 3,396,650	\$ 3,396,650	\$ 2,161,150	\$ 2,177,460	\$ 2,177,460
Midamco	Shopping mall	\$ 3,072,920	1.05%	\$ 3,817,260	\$ 3,677,260	\$ 4,442,650	\$ 4,442,650	\$ 4,667,270	\$ 4,825,900	\$ 6,473,830
Walmart Stores Inc.	Retailer of consumer goods	\$ 3,021,200	1.03%	\$ 3,021,200	\$ 3,021,200	\$ 3,021,200	\$ 3,021,200	\$ 3,180,870	\$ 3,180,870	\$ 3,180,870
Vectren Energy Delivery	Utility of natural gas	\$ 2,857,850	0.98%	\$ 2,511,360	\$ 2,125,150	\$ 1,819,320	n/a	n/a	n/a	n/a
HCF Inc.	Nursing home	\$ 2,747,130	0.94%	\$ 2,644,620	\$ 2,662,740	\$ 2,662,740	\$ 2,662,740	\$ 2,847,210	\$ 2,822,910	\$ 2,822,910
Miami Valley Steel	Manufacturer of split rolled steel	\$ 2,258,410	0.77%	\$ 2,259,160	\$ 1,644,870	\$ 2,440,590	\$ 2,440,590	\$ 2,324,010	\$ 2,324,010	\$ 2,324,010
Jideli Properties LLC	Land Holding Company	\$ 1,816,260	0.62%	\$ 1,954,510	\$ 1,816,260	\$ 1,816,260	\$ 2,344,060	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000
Jackson Tube Service Inc.	Manufacturer of steel tubing	\$ 1,800,160	0.62%	\$ 1,926,900	\$ 1,800,160	\$ 1,800,160	\$ 1,800,160	\$ 1,960,010	\$ 2,087,550	\$ 2,087,550
Home Depot Inc.	Hardware retailer	\$ 1,782,240	0.61%	\$ 1,794,150	\$ 1,794,150	\$ 1,782,240	\$ 1,794,150	\$ 2,078,140	\$ 2,096,970	\$ 2,096,970
TOTAL		<u>\$ 26,269,340</u>	<u>8.98%</u>	<u>\$ 26,842,330</u>	<u>\$ 25,454,960</u>	<u>\$ 26,698,330</u>	<u>\$ 25,418,720</u>	<u>\$ 25,193,290</u>	<u>\$ 25,822,800</u>	<u>\$ 27,470,730</u>
TOTAL ASSESSED VALUATION		<u>\$ 292,034,170</u>		<u>\$ 290,202,680</u>	<u>\$ 289,330,550</u>	<u>\$ 285,104,680</u>	<u>\$ 286,575,960</u>	<u>\$ 313,373,330</u>	<u>\$ 311,472,170</u>	<u>\$ 334,159,430</u>

Source: Miami County Auditor's Office

CITY OF PIQUA, OHIO

Table 13

**DEMOGRAPHIC AND
ECONOMIC STATISTICS
LAST TEN YEARS**

<u>Year</u>	<u>Population</u> ¹	<u>Estimated Total Personal Income of City</u> ²	<u>Per capita Personal Income</u> ²	<u>Miami County Unemployment rate</u> ³	<u>Household Median Income</u> ²	<u>Avg Sale Price for a Single Family Home</u> ⁴
2017	20,743	\$ 425,272,986	\$ 20,502	4.2%	\$ 40,101	\$ 88,829
2016	20,552	\$ 403,415,208	\$ 19,629	5.0%	\$ 36,873	\$ 101,083
2015	20,552	\$ 403,805,696	\$ 19,648	4.2%	\$ 37,699	\$ 102,260
2014	20,552	\$ 399,099,288	\$ 19,419	4.2%	\$ 36,260	\$ 101,841
2013	20,552	\$ 413,506,240	\$ 20,120	6.7%	\$ 36,150	\$ 96,622
2012	20,552	\$ 402,634,232	\$ 19,591	6.3%	\$ 38,064	\$ 93,591
2011	20,552	\$ 416,732,904	\$ 20,277	7.4%	\$ 39,493	\$ 89,235
2010	20,552	\$ 421,768,144	\$ 20,522	9.6%	\$ 42,226	\$ 91,387
2009	20,738	\$ 478,499,000	\$ 23,074	12.2%	\$ 44,347	\$ 101,200
2008	20,738	\$ 484,937,000	\$ 23,384	8.1%	\$ 44,566	

Source:

- (1) 2000-2010 United State Census Bureau
- (2) American Community Survey
- (3) Ohio Department of Jobs and Family Services LMI
- (4) Miami County Ohio, Auditors office

**FULL TIME EMPLOYEES BY PROGRAM/DEPARTMENT
LAST TEN YEARS**

PROGRAM	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GOVERNMENTAL ACTIVITIES										
General Government:										
City Building	-	-	-	-	-	-	-	0.50	1.00	1.00
City Manager	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Law Department	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning and Zoning	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Prosecutor	-	-	-	-	-	-	-	-	-	-
Human Resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Finance	20.50	20.50	20.00	20.00	20.00	20.00	20.00	21.00	21.00	20.00
Purchasing	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Engineering	4.50	4.00	4.00	4.00	4.00	4.50	4.50	4.50	4.50	3.50
Hotel Project Manager	-	-	-	-	-	-	-	-	-	1.00
Health	3.50	3.50	3.50	3.50	3.60	3.50	4.00	3.50	4.50	6.00
Public Safety:										
Police	38.00	39.00	39.00	33.00	34.00	35.00	35.00	40.00	40.00	38.00
Fire	33.00	33.00	34.00	33.00	32.00	28.00	28.00	30.00	30.00	30.00
Streets:	16.00	16.00	16.00	15.00	15.00	15.00	15.00	16.00	15.00	17.00
Parks:	7.00	7.00	7.00	6.50	6.00	7.50	7.50	8.00	7.50	11.00
Community Development:	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total governmental activities	135.50	135.00	134.50	126.00	125.60	124.50	125.00	134.50	134.50	139.50
BUSINESS-TYPE ACTIVITIES										
Power:	25.00	25.00	25.00	26.50	26.50	25.50	25.50	26.50	26.50	26.50
Wastewater:	17.90	17.20	17.20	15.20	14.20	14.20	14.00	14.70	14.50	14.50
Water:	20.40	20.20	20.20	16.70	16.60	15.70	15.50	17.70	18.50	18.50
Stormwater	4.20	4.60	4.60	4.10	3.60	1.60	1.50	1.00	-	-
Refuse:	7.00	7.00	7.00	7.40	7.50	8.00	8.00	8.00	8.00	8.00
Golf:	9.50	9.50	9.50	10.00	10.00	10.00	10.00	9.00	8.00	7.00
Pool:	18.00	18.00	18.00	18.00	16.00	16.00	16.00	16.00	16.00	14.00
Total business-type activities	102.00	101.50	101.50	97.90	94.40	91.00	90.50	92.90	91.50	88.50
Internal Service:										
Information Technology	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Totals	240.50	239.50	239.00	226.90	223.00	218.50	218.50	230.40	229.00	231.00

Source: City of Piqua 2017-2008 annual budgets

Method: Using 1.0 for each full-time employee and increments of 0.5 for each part-time employee.

Count taken at December 31.

**OPERATING INDICATORS
BY FUNCTION/PROGRAM
LAST TEN YEARS**

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Health Department										
Restaurant inspections	422	432	465	439	335	357	439	750	965	536
Swimming pool inspections	33	32	38	37	44	44	42	45	64	52
Nuisance consultations	468	388	390	815	737	1,121	924	1,526	1,931	2,285
Housing/Property maintenance enforcements	321	439	148	203	143	119	198	618	1,888	2,016
Public Works										
Right of way opening permits	21	38	43	51	37	41	121	110	90	110
Subdivision construction plan approvals	0	0	0	0	0	0	0	0	0	0
Area of City (in square miles)	11.9	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.4
Street Maintenance										
Miles of streets	104	104	104	103	103	103	103	103	103	103
Miles of streets repaved	6.2	4.7	2.1	5.5	3.2	1.5	8.3	3.9	1.8	3.4
Cubic yards of leaves disposed of	1,265	1,042	876	822	1198	1267	2070	2057	1209	907
Tons of salt used	800	1,200	1,500	2,000	2,600	1,250	2,250	2,500	1,500	2,750
Parks District										
Number of parks	19	19	19	19	19	19	19	19	19	19
Acreage in parks	441.8	441.8	441.8	441.8	441.8	441.8	441.8	441.8	441.8	441.8
Building rentals Mote Park	84	178	184	149	122	98	189	196	266	252
Building rentals all other parks	120	115	142	137	149	167	157	270	228	198
Fort Piqua Plaza										
Large room rentals	72	71	72	73	72	68	78	56	42	n/a
Small room rentals	63	78	110	74	67	28	51	71	43	n/a
Fire Department										
Fire calls	647	583	569	547	449	447	482	474	439	540
Ems Response calls	4,134	3,883	3,945	3,775	3,595	3,515	3,536	3,176	3,153	3,230
Number of Sworn officers	32	32	31	32	32	26	27	28	29	29
Number of Fire houses	1	1	1	1	1	1	1	1	1	1
Number of ambulances and fire response vehicles	16	16	16	16	16	15	13	13	13	13
Police Department										
Calls for service	16,866	16,334	16,386	15,210	14,858	17,029	20,628	20,628	23,053	23,195
Traffic citations	804	781	980	1,309	797	1,082	1,299	1,299	1,666	763
Number of sworn officers	35	35	35	31	28	29	31	31	33	33
Number of police response vehicles	35	33	33	31	25	25	25	25	25	26
Planning & Zoning Department										
Zoning Permit applications	170	169	142	152	159	182	179	167	99	142
Commercial construction permits	89	109	78	84	93	109	115	82	37	40
Commercial construction value in (,000)	\$ 6,845	\$ 8,281	\$ 6,440	\$ 37,040	\$ 37,342	\$ 9,990	\$ 2,667	\$ 4,635	\$ 2,497	\$ 3,957
Residential construction permits	81	60	64	68	66	73	64	85	62	98
Residential construction value in (,000)	\$ 4,117	\$ 6,646	\$ 3,224	\$ 3,135	\$ 1,046	\$ 1,333	\$ 1,322	\$ 1,649	\$ 1,417	\$ 2,790

CITY OF PIQUA , OHIO

**OPERATING INDICATORS
BY FUNCTION/PROGRAM
LAST TEN YEARS**

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Power utility										
Residential KWH billed (,000)	83,713	87,345	86,239	89,289	88,325	88,836	91,442	92,475	87,344	91,290
Residential billed revenue (,000)	\$ 9,824	\$ 10,061	\$ 9,702	\$ 9,182	\$ 8,256	\$ 8,230	\$ 8,512	\$ 8,590	\$ 8,242	\$ 7,805
Commercial KWH billed (,000)	95,540	94,343	96,455	94,594	95,667	104,435	103,290	107,057	109,155	113,026
Commercial billed revenue (,000)	\$ 9,225	\$ 8,998	\$ 8,990	\$ 8,323	\$ 7,402	\$ 7,609	\$ 7,896	\$ 8,132	\$ 8,521	\$ 8,339
Industrial KWH billed (,000)	118,524	128,139	129,607	128,828	121,672	119,612	112,516	103,184	91,855	110,693
Industrial billed revenue (,000)	\$ 9,534	\$ 10,339	\$ 10,060	\$ 9,461	\$ 7,724	\$ 7,340	\$ 7,217	\$ 6,664	\$ 6,310	\$ 7,087
Customer base	10,732	10,752	10,752	10,729	10,680	10,700	10,935	10,962	10,941	11,086
Construction line vehicles	26	28	28	28	26	25	25	25	25	25
Water utility										
Residential gallons billed (,000)	334,650	348,651	344,105	357,623	369,493	383,528	378,982	393,495	409,533	417,479
Residential billed revenue (,000)	\$ 3,997	\$ 3,141	\$ 3,490	\$ 3,376	\$ 3,248	\$ 2,490	\$ 2,285	\$ 2,354	\$ 2,264	\$ 2,149
Commercial gallons billed (,000)	115,273	118,740	117,098	114,766	116,398	128,138	131,499	132,298	129,742	139,917
Commercial billed revenue (,000)	\$ 1,154	\$ 901	\$ 1,007	\$ 948	\$ 895	\$ 658	\$ 652	\$ 635	\$ 622	\$ 563
Industrial gallons billed (,000)	62,633	66,655	66,735	63,584	59,290	46,472	41,973	43,209	44,350	56,398
Industrial gallons revenue (,000)	\$ 399	\$ 329	\$ 370	\$ 336	\$ 298	\$ 186	\$ 164	\$ 169	\$ 161	\$ 179
Customer base	8,738	8,785	8,777	8,751	8,751	8,615	8,789	8,721	8,726	8,715
Vehicles in repair fleet	17	16	15	15	14	10	10	10	10	10
Wastewater utility										
Residential gallons billed (,000)	325,523	338,150	334,474	348,629	356,151	379,528	378,651	379,749	396,510	404,465
Residential billed revenue (,000)	\$ 3,029	\$ 2,168	\$ 2,588	\$ 2,636	\$ 2,623	\$ 2,637	\$ 2,595	\$ 2,602	\$ 2,451	\$ 2,287
Commercial gallons billed (,000)	145,261	142,197	144,337	142,512	130,161	115,047	113,783	115,551	124,461	127,089
Commercial billed revenue (,000)	\$ 678	\$ 468	\$ 560	\$ 567	\$ 546	\$ 540	\$ 555	\$ 554	\$ 544	\$ 500
Industrial gallons billed (,000)	53,354	56,570	58,723	57,344	62,841	47,297	47,955	47,559	49,626	63,343
Industrial billed revenue (,000)	\$ 302	\$ 225	\$ 271	\$ 267	\$ 275	\$ 233	\$ 234	\$ 235	\$ 225	\$ 247
Customer base	8,527	8,566	8,553	8,552	8,530	8,386	8,400	8,387	8,400	8,507
Vehicles in repair fleet	11	11	11	11	13	9	9	9	9	9
Refuse utility										
Residential customers billed	7,988	7,946	7,913	7,898	7,882	7,763	7,718	7,659	7,648	7,593
Commercial customers billed	126	130	120	111	110	95	98	103	99	96
Residential and commercial revenue billed (,000)	\$ 1,785	\$ 1,774	\$ 1,766	\$ 1,757	\$ 1,754	\$ 1,741	\$ 1,732	\$ 1,723	\$ 1,727	\$ 1,615
Tons of refuse collected	7,709	7,623	7,735	7,684	7,576	7,535	7,751	7,608	7,782	8,484
Tons of recycled refuse collected	1,464	1,462	1,403	1,328	1,342	1,496	1,448	1,104	1,189	1,246
Vehicles in service	8	8	7	7	7	7	7	7	7	7
Stormwater utility										
Residential ERUS billed	7,454	7,437	7,462	7,424	7,424	7,435	7,447	7,430	n/a	n/a
Commercial ERUS billed	5,489	5,477	4,599	5,528	5,537	5,654	5,696	5,699	n/a	n/a
Industrial ERUS billed	1,382	1,380	1,419	1,423	1,422	1,355	1,288	1,288	n/a	n/a
Revenue billed (,000)	\$ 1,151	\$ 1,146	\$ 1,068	\$ 983	\$ 881	\$ 814	\$ 814	\$ 647	n/a	n/a
Vehicles in service	4	4	4	4	4	3	n/a	n/a	n/a	n/a

CITY OF PIQUA , OHIO

**OPERATING INDICATORS
BY FUNCTION/PROGRAM
LAST TEN YEARS**

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>Golf Course</u>										
Annual memberships	225	236	245	242	235	237	159	161	145	162
Rounds of golf played	16,529	17,931	18,057	15,866	18,121	10,597	15,205	12,800	19,018	22,969
Revenue collected (,000)	\$ 497	\$ 511	\$ 500	\$ 461	\$ 513	\$ 557	\$ 472	\$ 534	\$ 596	\$ 605
<u>Municipal swimming pool</u>										
Annual memberships	258	285	213	406	365	269	567	408	328	316
Annual attendence	7,337	9,195	7,644	7,541	7,377	15,787	9,921	15,697	13,930	19,273
Revenue collected (,000)	\$ 58	\$ 67	\$ 43	\$ 52	\$ 62	\$ 74	\$ 79	\$ 75	\$ 80	\$ 93
<u>General government information</u>										
Number of street lights	2,998	2,993	2,947	2,926	2,911	2,902	2,884	2,884	2,884	2,884
Number of public libraries	1	1	1	1	1	1	1	1	1	1
Volumes of books in public libraries	158,344	156,679	132,787	151,457	151,986	146,478	139,927	134,615	132,048	123,333
High school enrollment	3,492	3,507	3,526	3,572	3,705	3,708	3,638	3,692	3,737	3,737

Source: City of Piqua



Dave Yost • Auditor of State

CITY OF PIQUA

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 24, 2018**