

PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**CITY OF TIPP CITY
MIAMI COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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Members of Council
City of Tipp City
260 South Garber Drive
Tipp City, Ohio 45371

We have reviewed the *Independent Auditor's Report* of the City of Tipp City, Miami County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 08, 2023

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City of Tipp City, Ohio

Table of Contents

| TITLE | PAGE |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 1 |

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Miami County, (the City) as of and for the year ended December 31, 2022, 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 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

June 30, 2023

City of Tipp City, Ohio
Annual Comprehensive Financial Report
Year Ended December 31, 2022





Tipp City

City of Tipp City, Ohio

Miami County



ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022

Prepared by the Finance Department

John Green, Director



Tipp City

TABLE OF CONTENTS

CITY OF TIPP CITY
MIAMI COUNTY, OHIO

I INTRODUCTORY SECTION

A Letter of Transmittal v
B List of Principal Officials xii
C City Organizational Chart xiii
D Certificate of Achievement for Excellence in Financial Reporting..... xiv

II FINANCIAL SECTION

A Independent Auditor’s Report..... 1
B Management’s Discussion and Analysis..... 5
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Position 18
 Statement of Activities 20
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet 22
 Reconciliation of Total Governmental Fund Balances to Net Position of
 Governmental Activities 23
 Statement of Revenues, Expenditures and Changes in Fund Balances 24
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities 25
 Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis):
 General Fund 26
 American Rescue Plan Fund 27
 Proprietary Funds:
 Statement of Fund Net Position 28
 Statement of Revenues, Expenses and Changes in Fund Net Position 32
 Statement of Cash Flows 34
Notes to the Basic Financial Statements..... 38

D Required Supplementary Information:

| | |
|--------------------------------------------------------------------------------------------------------|-----|
| Schedule of City’s Proportionate Share of the Net Pension Liability | 100 |
| Schedule of City Pension Contributions | 102 |
| Schedule of City’s Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability | 104 |
| Schedule of City’s Other Postemployment Benefit (OPEB) Contributions | 106 |
| Notes to the Required Supplementary Information | 108 |

E Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

| | |
|-------------------------------------------------------------------------------------------------------------------|-----|
| Combining Balance Sheet | 117 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 118 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds | 120 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Funds | 122 |
| Combining Balance Sheet – Nonmajor Debt Service Funds | 125 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Debt Service Funds | 126 |
| Combining Balance Sheet – Nonmajor Capital Projects Funds | 127 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds | 128 |

Individual Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

| | |
|----------------------------------------|-----|
| <i>General Fund</i> | 129 |
| <i>Special Revenue Fund:</i> | |
| American Rescue Plan Fund | 133 |
| <i>Capital Projects Fund:</i> | |
| Capital Improvement Reserve Fund | 134 |

Nonmajor Governmental Funds:

| | |
|--------------------------------------------------------|-----|
| <i>Special Revenue Funds:</i> | |
| Swimming Pool Fund | 135 |
| Street Construction, Maintenance and Repair Fund | 136 |
| State Highway Improvement Fund | 137 |

Special Revenue Funds (Continued):

| | |
|-------------------------------------------------|-----|
| Municipal Road Fund | 138 |
| Justice Department Equitable Sharing Fund | 139 |
| One Ohio Opioid Fund | 140 |
| Law Enforcement Fund | 141 |
| Enforcement and Education Fund | 142 |
| Drug Law Enforcement Fund..... | 143 |
| Cares Act Grant Fund..... | 144 |
| Fieldstone TIF Project Fund..... | 145 |
| Police Donation Trust Fund..... | 146 |

Debt Service Funds:

| | |
|----------------------------------------------|-----|
| General Bond Retirement Fund..... | 147 |
| Special Assessment Bond Retirement Fund..... | 148 |

Capital Projects Funds:

| | |
|--------------------------------------|-----|
| Parks Capital Improvement Fund..... | 149 |
| 25-A Construction Fund..... | 150 |
| Downtown Streetscape Grant Fund..... | 151 |

III

STATISTICAL SECTION

| | |
|-----------------------------------------------------------------------------------|------|
| Net Position by Component - Last Ten Years | S 2 |
| Changes in Net Position - Last Ten Years..... | S 4 |
| Fund Balances, Governmental Funds - Last Ten Years | S 8 |
| Changes in Fund Balances, Governmental Funds - Last Ten Years | S 10 |
| Income Tax Revenues by Source, Governmental Funds - Last Ten Years | S 14 |
| Top Ten Income Tax Withholders - Current Year and Nine Years Ago..... | S 17 |
| Ratios of Outstanding Debt By Type - Last Ten Years..... | S 18 |
| Ratios of General Bonded Debt Outstanding - Last Ten Years..... | S 20 |
| Computation of Direct and Overlapping General Obligation Debt - Current Year..... | S 23 |
| Debt Limitations - Last Ten Years | S 24 |
| Pledged Revenue Coverage - Last Ten Years | S 26 |
| Demographic and Economic Statistics - Last Ten Years | S 28 |
| Principal Employers - Current Year and Nine Years Ago | S 31 |
| Full Time Equivalent Employees by Function - Last Ten Years | S 32 |
| Operating Indicators by Function - Last Ten Years | S 34 |
| Capital Asset Statistics by Function - Last Ten Years | S 36 |





**Introductory
Section**



Tipp City

***Letter of Transmittal
For the Year Ended December 31, 2022***



Council-Manager
Government

June 30, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the City of Tipp City, (the City) for the fiscal year ended December 31, 2022 is hereby submitted for your review.

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

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

The accounting firm of Perry & Associates, Inc. has audited the basic financial statements that are included in this report. They have issued an unmodified ("clean") opinion on the City of Tipp City's financial statements for the year ended December 31, 2022. The Auditors' Report is located at the front of the financial section of this report.

As a part of the City's audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's audit for the year ended December 31, 2022 can be found in a separately issued report available from the City's Finance Department.

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

***Letter of Transmittal
For the Year Ended December 31, 2022***

PROFILE OF THE CITY

The City of Tipp City is a progressive, growing community located fourteen miles north of Dayton on Interstate 75. The City was incorporated as a village in 1850, and became a City in 1960. Its seven and a half square mile area serves a residential population of 10,274 (2020 Census). The City is served by diversified transportation facilities. Immediate access is to four State Highways and to Interstate Highways 70 and 75. The main line of the CSX Railroad (CSX), between Cincinnati and Toledo, passes through the City. Passenger and freight air service is provided by the Dayton International Airport located approximately 10 miles from the City. Easy access to both Interstates 70 and 75 places Tipp City within approximately a one-hour drive of Columbus, Cincinnati, and Indianapolis.

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2022***

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

The City also participates in the Ohio Benefits Cooperative (OBC), a risk sharing insurance pool, which provides health insurance coverage to the City's full-time employees. The OBC converted from a fully funded insurance pool purchasing benefits from Anthem to a self-funded insurance pool contracting with Anthem as the third party claims administrator effective September 1, 2015. The pool consists of thirteen municipalities and townships who pool risk for the provision of health insurance coverage. This separate entity does not meet the established criteria for inclusion in the reporting entity and, accordingly is not included in the City's financial report.

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

ECONOMIC CONDITIONS AND OUTLOOK

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

The 2020 census sets the population of Tipp City at 10,274 compared to 9,689 at the 2010 census. This represents a population increase of 585 residents, or 6.03% for the period of 2010 to 2020. The number of residential units increased from 4,194 units in 2010 to 4,482 units in 2022, or a \pm 6.8% increase.

The Coronavirus Pandemic affected Tipp City as it affected most communities across the Country. Tipp City residents and businesses have weathered the pandemic well and the local economy was not impacted as greatly as in other communities. The City recognized a small cash basis increase in income tax receipts when a lot of other Ohio communities experienced a revenue decrease. The City received \$538,095 in CARES Act receipts and \$1,061,672 in American Rescue Plan Act (ARPA) funds. The City plans to use the ARPA funding for a sewer infrastructure project in 2023-2024. Tipp City and the Chamber of Commerce have recently discontinued their joint participation in the BusinessFirst! Business Retention and Expansion (BR&E) program although the City's Community Development and Revitalization Director continues to make site visits to gauge the atmosphere in the local business community. Keeping in touch with our existing local businesses and industries is vital, since studies have shown that 80-85% of job creation is done by existing small businesses.

CITY OF TIPP CITY, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2022***

A review of permits issued in 2022 indicates an investment of \$169,691,000 commercial and industrial projects in Tipp City. These projects included: the Abbott expansion project, the construction of the new Peterbilt dealership, upgrades and expansions at Meijer Distribution, the new Tipp City Pizza, and an interior remodel at the Holiday Inn Express.

The Dayton metropolitan region’s unemployment rate averaged 5.12% in 2022, starting the year at 4.5% then declining steadily to 3.4% at year end (Bureau of Labor Statistics). Miami County’s unemployment rate also fluctuated monthly but ultimately fell from 4.3% in January, 2022 to 3.1% by year-end (Bureau of Labor Statistics). These numbers indicate that employment in the Dayton region has weathered the pandemic fairly well.

During 2022, Tipp City had 65 new residential unit starts which is up from 48 residential starts in 2021. There are currently six active subdivisions being developed: Hunter’s Ridge, Rosewood Creek, Fieldstone Place, Manchester Meadows, Cedar Grove, and The Brooks. The following table outlines the residential growth for the last several years:

| Year | Base Units | New Units | Demolished Units | Net% Growth |
|-------------|-------------------|------------------|-------------------------|--------------------|
| 2014 | 4251 | 17 | 1 | .376% |
| 2015 | 4267 | 17 | 0 | .376% |
| 2016 | 4284 | 15 | 0 | .352% |
| 2017 | 4299 | 18 | 0 | .419% |
| 2018 | 4317 | 51 | 2 | 1.13% |
| 2019 | 4366 | 41 | 0 | .940% |
| 2020 | 4401 | 36 | 1 | .802% |
| 2021 | 4436 | 48 | 2 | 1.04% |
| 2022 | 4482 | 65 | 0 | 1.15% |

Approximately 100 acres of vacant commercial and industrial land remains available for development within the community. Established industrial parks offer attractive sites for building as well. With its abundant natural resources, low cost utilities and facility of transportation, Tipp City is well situated for further expansion.

***Letter of Transmittal
For the Year Ended December 31, 2022***

MAJOR INITIATIVES

For the Year

As reported for the last 5-6 years, Tipp City's primary focus in 2022 continued to be maintenance, repair, and upgrade of capital facilities and infrastructure. In late fall of 2020, City Council reconvened a citizens committee for the purpose of reviewing a new ten-year capital improvement plan and recommending a funding option to meet the City's future capital improvement needs in the governmental funds. The committee's recommendation was to place before the City electorate the renewal of two 0.25% income tax levies which had been originally adopted in 2011 for a staggered ten-year period (0.25% ending June 30, 2021 and 0.25% ending December 31, 2023). The renewal levy was approved by the voters in May, 2021 and extended the final date of collection to June 30, 2031 and December 31, 2033). The renewal of the 2011 income tax levies is expected to generate approximately \$26 million in additional revenues. The additional revenues are restricted for use for capital improvements to include replacing four ambulances and two fire pumper trucks over the ten year period, replacing twenty-seven Police Department vehicles, providing a second access, additional parking, and additional restroom facilities to Kyle Park, replacement of twenty-four Park Department vehicles and mowers, replacement of thirteen Street Department vehicles and mowers, \$750,000 annually to be spent in street reconstruction and resurfacing, an interstate interchange landscaping and beautification project, and replacement of other vehicles and equipment as necessary.

During 2022, the City spent ~\$1M on street improvements, traffic signalization, and resurfacing projects throughout the community, ~\$351,000 on new financial accounting software, ~\$270,000 on a new ambulance, and ~\$220,000 on self-contained breathing apparatus for the Fire/EMS Department.

The City continued to work on capital improvement projects in the enterprise funds as well. In the electric fund work continues on siting and designing an additional electric substation (#4) with construction planned for 2023 and installing new electric lines and services in the city's residential subdivisions. In the water and sewer funds, the City is designing a new Water/Sewer Service Center to consolidate equipment storage currently housed in other areas throughout the City, continuing our annual sanitary sewer sliplining program to prevent groundwater intrusion, and acquisition of a new Automated Meter Reading (AMR) system.

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

Tipp City's beloved Mum Festival returned in 2022. The Festival, which takes place the fourth weekend of September, celebrates the long lasting fall flower, the chrysanthemum, and its connection to Tipp City's Springhill Nursery. The chrysanthemum was the inspiration for the City's logo which is presented on the front of this document. Hometown activities featured at the Mum Festival include a street dance, car show, 5K road race, parade and live entertainment.

***Letter of Transmittal
For the Year Ended December 31, 2022***

For The Future

The City of Tipp City continues to face a positive future. Industrial, commercial, and residential development, coupled with the commitment of the residents to fund necessary capital improvements, will help ensure the sound financial position of the City. In 2023-2024, the City will continue to focus on capital improvements with its annual street resurfacing program (~\$750,000/year), various park improvements (\$700,000), Exit 68 Interchange Improvements (~\$1.4M), Electric Substation #4 construction (~\$4M), and upgrades to both the water and sewer systems by constructing a new Service Center for equipment storage and operations (~\$2M).

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

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

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2022***

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tipp City, Ohio for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Tipp City has received a Certificate of Achievement for the last twenty-two years (2000-2021). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

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

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

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

Respectfully submitted,



John W. Green
Director of Finance

CITY OF TIPP CITY, OHIO

***List of Principal Officials
For the Year Ended December 31, 2022***

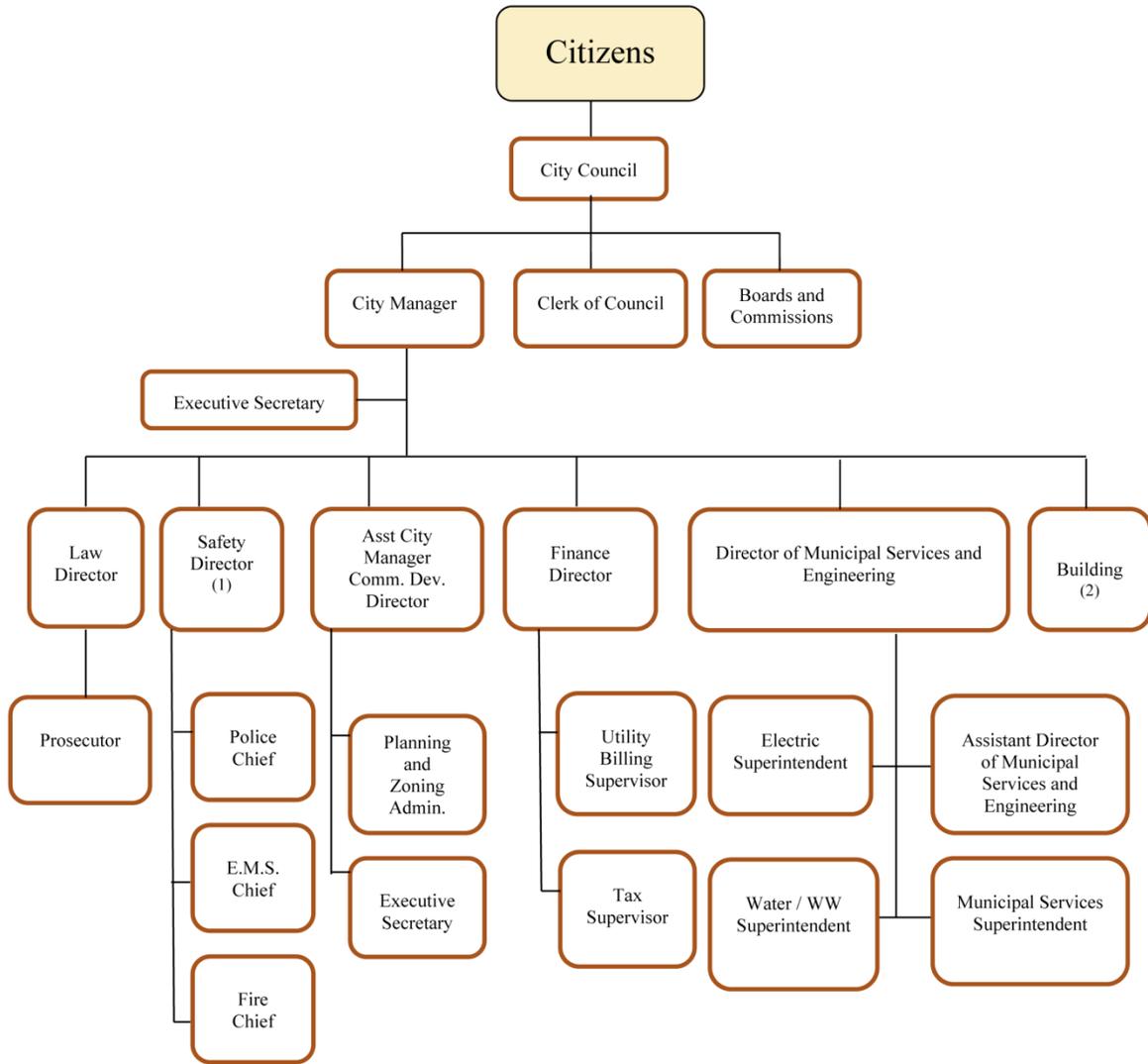
ELECTED OFFICIALS

| | |
|----------------------|----------------------------------------------------------------------------------|
| Mayor | Michael McFarland |
| President Of Council | Kathryn Huffman |
| Council Members | Gregory Enslen Ryan Liddy Joanna Pittenger Robert Schwab Doug Slagle |

APPOINTED OFFICIALS

| | |
|------------------------------------------------------|-------------------|
| City Manager | Timothy Eggleston |
| Clerk Of Council | Janice Bates |
| Finance Director | John Green |
| Law Director | Jonathan Freeman |
| Chief of Police | Gregory Adkins |
| Chief of Emergency Services | Cameron Haller |
| Director of Municipal Services and Engineering | Eric Mack |
| Community Development and Revitalization Director | Matthew Spring |

**City Organizational Chart
For the Year Ended December 31, 2022**



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

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



Government Finance Officers Association

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

Presented to

**City of Tipp City
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO



Tipp City **Financial
Section**



Tipp City



INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Miami County, Ohio (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipp City, Miami County, Ohio as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and American Rescue Plan funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information 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, these statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

June 30, 2023



The discussion and analysis of the City of Tipp City's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 are as follows:

- ❑ In total, net position increased \$4.4 million. Net position of governmental activities increased \$2.6 million, which represents a 4.5% increase from 2021. Net position of business-type activities increased \$1.8 million or 3.5% from 2021.
- ❑ General revenues accounted for \$10.7 million in revenue or 25.4% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 74.6% of total revenues of \$42.3 million.
- ❑ Total net position of governmental activities increased by \$2.6 million. Capital Assets, net of depreciation, decreased by \$873,584 due to depreciation expense exceeding the investment in new assets. Equity in Pooled Cash and Investments increased by ~\$3M due in part to one-time payments intended to stimulate the economy during COVID (ARPA funds) as well as continued increases in income tax and interest receipts which helped to offset wage and benefit cost increases. Net Pension and Other Post-Employment Benefit (OPEB) liabilities decreased significantly (\$1.2 million) due to the strength of the state-wide pension systems more than any direct City activities.
- ❑ The City had \$11.3 million in expenses related to governmental activities; \$3.2 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$10.7 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$7.6 million in revenues and \$7 million in expenditures. The general fund's fund balance increased \$557,197 to \$7.9 million.
- ❑ Net position for enterprise funds increased by \$1.8 million. The Electric Fund's net position decreased by \$144,439, the Water Fund increased its net position by \$1,099,175, and the Sewer Fund increased its net position by \$921,627.
- ❑ The Electric Fund decrease is largely insignificant to total Electric operations, but reflects the change in depreciable assets with the sale of certain transmission lines and substation components to American Municipal Power – Transmission (AMP-T). The City owns and maintains the distribution side of the electric system (from the substation to the end consumer) but AMP-T will be responsible for the maintenance and improvement of transmission lines and poles between substations. This sale of assets resulted in a significant increase in pooled cash and investments, but is offset by a reduction in depreciable capital assets.
- ❑ The Water Fund increase is due in part to operating income where charges for services revenue kept pace with operating expenditures, a concerted effort to repay GO Notes and OPWC Loans outstanding for this utility (\$240,000 and \$148,122 reductions respectively), and a reduction in Net Pension and OPEB Liability (\$225,329) which again is more an indication of the status of the statewide pension systems rather than a reflection on the City's operations.

- The Sewer Fund increase is also due in part to operating income where charges for services revenue kept pace with operating expenditures, a concerted effort to repay GO Notes outstanding for this utility (\$350,000 reduction), and a reduction in Net Pension and OPEB Liability (\$113,997) which again is more an indication of the status of the statewide pension systems rather than a reflection on the City's operations. The Sewer Fund also benefited from an increase in its Investment in Joint Venture (\$739,702) as the joint venture accumulates resources for future plant improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Unaudited

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table focuses on the net position of the City's governmental and business-type activities for both 2022 and 2021.

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|----------------------------|--------------|-----------------------------|--------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$18,047,490 | \$14,678,995 | \$39,173,993 | \$31,633,083 | \$57,221,483 | \$46,312,078 |
| Net OPEB Asset | 464,054 | 261,683 | 366,060 | 202,543 | 830,114 | 464,226 |
| Capital assets, Net | 52,842,060 | 53,715,644 | 28,184,718 | 35,301,234 | 81,026,778 | 89,016,878 |
| Total assets | 71,353,604 | 68,656,322 | 67,724,771 | 67,136,860 | 139,078,375 | 135,793,182 |
| Deferred Outflows of Resources | 2,966,796 | 2,224,753 | 478,800 | 407,312 | 3,445,596 | 2,632,065 |
| Net Pension Liability | 5,997,688 | 7,229,792 | 1,032,603 | 1,712,864 | 7,030,291 | 8,942,656 |
| Net OPEB Liability | 822,609 | 779,716 | 0 | 0 | 822,609 | 779,716 |
| Noncurrent liabilities | 1,510,132 | 1,549,716 | 10,053,172 | 10,107,412 | 11,563,304 | 11,657,128 |
| Other liabilities | 1,616,542 | 1,012,807 | 3,081,589 | 3,779,474 | 4,698,131 | 4,792,281 |
| Total liabilities | 9,946,971 | 10,572,031 | 14,167,364 | 15,599,750 | 24,114,335 | 26,171,781 |
| Deferred Inflows of Resources | 4,387,307 | 2,932,958 | 1,708,194 | 1,455,882 | 6,095,501 | 4,388,840 |
| Net position | | | | | | |
| Net investment in capital assets | 52,102,839 | 52,868,241 | 22,589,398 | 23,805,230 | 74,692,237 | 76,673,471 |
| Restricted | 7,205,911 | 5,223,434 | 0 | 0 | 7,205,911 | 5,223,434 |
| Unrestricted (Deficit) | 677,372 | (715,589) | 29,738,615 | 26,683,310 | 30,415,987 | 25,967,721 |
| Total net position | \$59,986,122 | \$57,376,086 | \$52,328,013 | \$50,488,540 | \$112,314,135 | \$107,864,626 |

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net OPEB liability (NOL) is reported by the City pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

***Management's Discussion and Analysis
For the Year Ended December 31, 2022***

Unaudited

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

**Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2022 compared with 2021:

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for Services and Sales | \$1,797,116 | \$1,676,428 | \$27,828,538 | \$25,085,811 | \$29,625,654 | \$26,762,239 |
| Operating Grants and Contributions | 930,411 | 936,404 | 0 | 0 | 930,411 | 936,404 |
| Capital Grants and Contributions | 487,522 | 2,598,679 | 553,438 | 189,426 | 1,040,960 | 2,788,105 |
| Total Program Revenues | <u>3,215,049</u> | <u>5,211,511</u> | <u>28,381,976</u> | <u>25,275,237</u> | <u>31,597,025</u> | <u>30,486,748</u> |
| General revenues: | | | | | | |
| Income Taxes | 8,405,313 | 7,774,120 | 0 | 0 | 8,405,313 | 7,774,120 |
| Property Taxes | 520,725 | 510,022 | 0 | 0 | 520,725 | 510,022 |
| Other Local Taxes | 83,053 | 57,682 | 0 | 0 | 83,053 | 57,682 |
| Unrestricted Shared Revenues | 1,258,832 | 1,187,777 | 0 | 0 | 1,258,832 | 1,187,777 |
| Investment Earnings | 277,186 | 18,784 | 0 | 0 | 277,186 | 18,784 |
| Miscellaneous | 198,384 | 365,762 | 0 | 0 | 198,384 | 365,762 |
| Total General Revenues | <u>10,743,493</u> | <u>9,914,147</u> | <u>0</u> | <u>0</u> | <u>10,743,493</u> | <u>9,914,147</u> |
| Total Revenues | <u>13,958,542</u> | <u>15,125,658</u> | <u>28,381,976</u> | <u>25,275,237</u> | <u>42,340,518</u> | <u>40,400,895</u> |
| Program Expenses | | | | | | |
| Security of Persons and Property | 5,063,998 | 4,410,398 | 0 | 0 | 5,063,998 | 4,410,398 |
| Leisure Time Activities | 1,289,378 | 813,919 | 0 | 0 | 1,289,378 | 813,919 |
| Community Environment | 287,084 | 131,389 | 0 | 0 | 287,084 | 131,389 |
| Basic Utility Services | 64,135 | 0 | 0 | 0 | 64,135 | 0 |
| Transportation | 3,237,241 | 2,443,363 | 0 | 0 | 3,237,241 | 2,443,363 |
| General Government | 1,398,233 | 888,674 | 0 | 0 | 1,398,233 | 888,674 |
| Interest and Fiscal Charges | 8,437 | 11,025 | 0 | 0 | 8,437 | 11,025 |
| Electric | 0 | 0 | 19,897,409 | 17,775,032 | 19,897,409 | 17,775,032 |
| Water | 0 | 0 | 3,549,330 | 3,211,044 | 3,549,330 | 3,211,044 |
| Sewer | 0 | 0 | 2,010,470 | 2,124,101 | 2,010,470 | 2,124,101 |
| Refuse Collection | 0 | 0 | 1,085,294 | 1,037,851 | 1,085,294 | 1,037,851 |
| Total expenses | <u>11,348,506</u> | <u>8,698,768</u> | <u>26,542,503</u> | <u>24,148,028</u> | <u>37,891,009</u> | <u>32,846,796</u> |
| Total Change in Net Position | <u>2,610,036</u> | <u>6,426,890</u> | <u>1,839,473</u> | <u>1,127,209</u> | <u>4,449,509</u> | <u>7,554,099</u> |
| Beginning Net Position | <u>57,376,086</u> | <u>50,949,196</u> | <u>50,488,540</u> | <u>49,361,331</u> | <u>107,864,626</u> | <u>100,310,527</u> |
| Ending Net Position | <u>\$59,986,122</u> | <u>\$57,376,086</u> | <u>\$52,328,013</u> | <u>\$50,488,540</u> | <u>\$112,314,135</u> | <u>\$107,864,626</u> |

***Management’s Discussion and Analysis
For the Year Ended December 31, 2022***

Unaudited

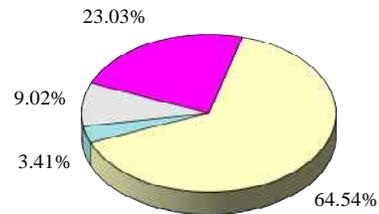
Governmental Activities

Net position of the City’s governmental activities increased by \$2.6 million or 4.5%. Restricted net position increased by \$1,982,477 or 38% and unrestricted net position increased by \$1,392,961 or 194.7%.

The City receives an income tax, which was increased by a vote of the City electorate from 1.25% to 1.50% effective July, 2011. This income tax is assessed on all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City. Income tax is the largest source of revenue for the City. 46.7% of the City’s income tax received is designated for capital outlay. Income tax revenue was \$8,405,313 compared to \$7,774,120 in 2021, an increase of 8.1%. The City tracks income taxes received using three categories: employee payroll withholding, business net profit, and individual taxpayer paid local income tax. All three categories of receipts were up when compared to 2021 collections. Payroll withholding collections increased by 7.14%. Corporate net profit collections increased by 7.43%, and individual taxpayer collections increased by 5.08%. The increases in payroll withholding and corporate income taxes are positive indicators that employment and wage growth continue to improve in Tipp City.

Property taxes and income taxes made up 3.7% and 60.2% respectively of revenues for governmental activities for the City in fiscal year 2022. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 64.54% of total revenues comes from general tax revenues:

| <u>Revenue Sources</u> | <u>2022</u> | <u>Percent of Total</u> |
|------------------------------|---------------------|-----------------------------|
| Unrestricted Shared Revenues | \$1,258,832 | 9.02% |
| Program Revenues | 3,215,049 | 23.03% |
| General Tax Revenues | 9,009,091 | 64.54% |
| General Other | 475,570 | 3.41% |
| Total Revenue | <u>\$13,958,542</u> | <u>100.00%</u> |



**Management’s Discussion and Analysis
For the Year Ended December 31, 2022**

Unaudited

Business-Type Activities

Net position of the business-type activities increased \$1,839,473. This increase was primarily attributed to reductions in Net Pension and OPEB liabilities (\$680,261) as well as a concerted effort to pay down general obligation debt in the water and sewer utilities (\$590,000 reduction in Notes Payable).

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

The City’s governmental funds reported a combined fund balance of \$14,169,866, which is an increase from last year’s balance of \$11,751,350. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2022 and 2021:

| | Fund Balance December 31, 2022 | Fund Balance December 31, 2021 | Increase (Decrease) |
|-----------------------------|-----------------------------------|-----------------------------------|------------------------|
| General | \$7,908,352 | \$7,351,155 | \$557,197 |
| Capital Improvement Reserve | 4,387,029 | 2,684,128 | 1,702,901 |
| Other Governmental | 1,874,485 | 1,716,067 | 158,418 |
| Total | <u>\$14,169,866</u> | <u>\$11,751,350</u> | <u>\$2,418,516</u> |

General Fund – The City’s General Fund balance had a increase of \$557,197 in 2022. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

| | 2022 Revenues | 2021 Revenues | Increase (Decrease) |
|----------------------------|--------------------|--------------------|------------------------|
| Taxes | \$4,913,168 | \$4,565,337 | \$347,831 |
| Intergovernmental Revenue | 1,220,063 | 1,172,723 | 47,340 |
| Charges for Services | 794,816 | 791,287 | 3,529 |
| Licenses, Permits and Fees | 171,288 | 274,396 | (103,108) |
| Investment Earnings | 260,159 | 18,181 | 241,978 |
| Fines and Forfeitures | 6,533 | 4,049 | 2,484 |
| All Other Revenue | 191,948 | 93,612 | 98,336 |
| Total | <u>\$7,557,975</u> | <u>\$6,919,585</u> | <u>\$638,390</u> |

The most significant increases are in taxes and investment earnings. The increase in tax revenues are due to continued growth and expansion of the City coupled with wage increases due to historic levels of inflation. Over the last twelve months the Federal Reserve has increased interest rates from around 0% to 4.5% at year-end 2022 in an attempt to combat the high inflationary pressures. The decrease in Licenses, Permits, and Fees is due to timing differences of when subdivision plans are received, reviewed, and approved (and fees are paid) versus when construction actually occurs. While the City continues to grow, the 2022 construction projects were largely paid for in 2021 planning and zoning fees.

CITY OF TIPP CITY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Unaudited

| | 2022 <u>Expenditures</u> | 2021 <u>Expenditures</u> | Increase <u>(Decrease)</u> |
|----------------------------------|-----------------------------|-----------------------------|-------------------------------|
| Security of Persons and Property | \$4,582,933 | \$4,459,221 | \$123,712 |
| Leisure Time Activities | 586,715 | 559,056 | 27,659 |
| Community Environment | 362,617 | 313,803 | 48,814 |
| Basic Utility Services | 36,609 | 33,472 | 3,137 |
| General Government | 1,377,255 | 1,448,072 | (70,817) |
| Capital Outlay | 54,649 | 48,295 | 6,354 |
| Total | <u>\$7,000,778</u> | <u>\$6,861,919</u> | <u>\$138,859</u> |

Expenditures increased 2% led by the increases in security of persons and property. The increases are employment and wage related. As noted in previous periods, the City is beginning the transition from an all-volunteer (paid per run) Fire Department to a Combined Full-Time/Part-Time Fire and EMS Department which will ensure minimum levels of staffing at the Fire Station on a 24/7 basis. The first step was hiring a professional, full-time Chief in 2019 and a professional, full-time Assistant Chief in the fall of 2021. In addition to these hires, City employees, whether in the Fraternal Order of Police bargaining unit, the American Federation of State, County, and Municipal Employees union, or members of the non-bargaining class, received a 3% cost of living increase in 2022. The City's health insurance costs also increased approx. 5% from the prior year. The reduction in General Government expenditures is due to the retirement of the Human Resources Generalist in the fall of 2021 and the position was not back filled in 2022.

Capital Improvement Reserve Fund – This fund is the main fund for general capital improvements taking place throughout the City. It is funded by 0.7% of the total 1.5% local income tax which is restricted for the acquisition, construction, maintenance, and repair of the City's non-utility capital improvements. The balance will fluctuate yearly according to the capital improvement activity taking place in any given year. The increase this year is due to strong income tax revenues and delays in starting (and completing) several large-dollar capital improvement projects.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2022 the City amended its General Fund budget several times. The General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

Final General Fund budgeted revenues increased \$340,000 from original budgeted figures. Actual revenues collected were \$421,564, 5.3% above budget. The City's original budgeted appropriations were increased during the year by \$459,981 to arrive at a final figure of \$8,108,605. There was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$7,952,717, \$155,888 or 1.9% below the final budget. Savings from the original budget include: ~\$98,000 in Fire/EMS department expenditures (wages, health insurance, overtime, and fuel costs) and smaller across the board savings in almost all other general fund departments.

***Management's Discussion and Analysis
For the Year Ended December 31, 2022***

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2022 the City had \$81,026,778 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$52,842,060 was related to governmental activities and \$28,184,718 to the business-type activities. The following table shows fiscal year 2022 and 2021 balances:

| | Governmental Activities | | Increase (Decrease) |
|--------------------------------------|----------------------------|----------------------------|---------------------------|
| | 2022 | 2021 | |
| Land | \$14,275,563 | \$14,275,563 | \$0 |
| Construction in Progress | 229,006 | 3,679,681 | (3,450,675) |
| Total Non-Depreciable Capital Assets | <u>14,504,569</u> | <u>17,955,244</u> | <u>(3,450,675)</u> |
| Buildings | 9,286,340 | 9,232,041 | 54,299 |
| Improvements Other Than Buildings | 9,462,041 | 9,068,228 | 393,813 |
| Machinery and Equipment | 10,387,604 | 9,584,299 | 803,305 |
| Infrastructure | 45,663,483 | 41,748,617 | 3,914,866 |
| Less: Accumulated Depreciation | <u>(36,461,977)</u> | <u>(33,872,785)</u> | <u>(2,589,192)</u> |
| Total Depreciable Capital Assets | <u>38,337,491</u> | <u>35,760,400</u> | <u>2,577,091</u> |
| Totals | <u><u>\$52,842,060</u></u> | <u><u>\$53,715,644</u></u> | <u><u>(\$873,584)</u></u> |

| | Business-Type Activities | | Increase (Decrease) |
|--------------------------------------|-----------------------------|----------------------------|-----------------------------|
| | 2022 | 2021 | |
| Land | \$2,205,919 | \$2,234,492 | (\$28,573) |
| Construction in Progress | 659,303 | 246,366 | 412,937 |
| Total Non-Depreciable Capital Assets | <u>2,865,222</u> | <u>2,480,858</u> | <u>384,364</u> |
| Buildings | 6,789,966 | 6,771,716 | 18,250 |
| Improvements Other Than Buildings | 43,458,928 | 51,789,647 | (8,330,719) |
| Machinery and Equipment | 3,507,014 | 3,538,291 | (31,277) |
| Less: Accumulated Depreciation | <u>(28,436,412)</u> | <u>(29,279,278)</u> | <u>842,866</u> |
| Total Depreciable Capital Assets | <u>25,319,496</u> | <u>32,820,376</u> | <u>(7,500,880)</u> |
| Totals | <u><u>\$28,184,718</u></u> | <u><u>\$35,301,234</u></u> | <u><u>(\$7,116,516)</u></u> |

Capital assets, net of depreciation, in governmental activities decreased \$873,584 (1.6%) in 2022. While the City continued to invest in capital assets, several roadway improvement projects were completed during 2022 and moved from Construction in Progress to Infrastructure. The remaining governmental activity asset additions were not sufficient to offset the annual depreciation expense (\$2.6M).

Capital assets, net of depreciation, for the business-type activities had a decrease of \$7.1 million (20.2%). As noted previously, the Electric Fund sold a number of transmission assets (pole lines, wiring, and certain substation components to AMP-T. AMP-T will be responsible for the future maintenance and replacement of these transmission components while the City will maintain, repair, and replace distribution assets between the substation and the end user of the service.

CITY OF TIPP CITY, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2022***

Unaudited

As of December 31, 2022, the City has contractual commitments of \$1,798,926 for various improvements. Additional information on the City's capital assets can be found in Note 11.

Debt

At December 31, 2022, the City had \$7.5 million in bonds outstanding, \$295,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|----------------------------|----------------------------|
| Governmental Activities: | | |
| Special Assessment Bonds | \$130,000 | \$190,000 |
| OPWC Loan | 609,221 | 657,403 |
| Compensated Absences | 770,911 | 702,313 |
| Total Governmental Activities | <u>1,510,132</u> | <u>1,549,716</u> |
| Business-Type Activities: | | |
| General Obligation Bonds | \$7,347,214 | \$0 |
| OPWC Loans | 2,288,106 | 2,446,004 |
| General Obligation Notes | 0 | 7,555,000 |
| Compensated Absences | 417,852 | 381,108 |
| Total Business-Type Activities | <u>10,053,172</u> | <u>10,382,112</u> |
| Totals | <u><u>\$11,563,304</u></u> | <u><u>\$11,931,828</u></u> |

During 2022, the City converted short-term general obligation notes for the construction of electric substations #1/1A and #4 into long-term bonds to reduce interest rate risk. The City also paid down other outstanding general obligation notes in the water and sewer funds. Detail on the 2022 general obligation note(s) activity can be found in Note 15.

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Tipp City lies, is limited to ten mills. At December 31, 2022, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 16.

ECONOMIC FACTORS

Tipp City's future remains bright. Income tax receipts, the largest single source of general operating revenues, remained strong again in 2022 reflecting improvements in the local economy and reduced unemployment numbers. The City has retained existing businesses while attracting business expansion. The residents committed in 2011, and renewed that commitment in 2022, to provide funding necessary for capital improvement projects over a ten year period (initially 2011-2022 and renewed for 2022-2031). This has, and will continue to, enable the City to complete much needed infrastructure improvement projects.

The 2023 operating budget continues to reflect the conservatism of the City while beginning the transition from a volunteer fire department to a department with paid staffing 24 hours a day/7 days per week. This transition has been discussed at length for a number of years, but the early steps were made in 2022 which increased costs for Security of Persons and Property and will into the future. In November, 2022 the City electorate agreed to reallocate 0.25% of the City's income tax, which had previously been dedicated to capital improvements, from the Capital Improvement Fund to the General Fund to be used for general operating costs of the City. This will add approximately \$1.1M to the General Fund revenues and gives City Council the latitude to use the funds as needed. With this change, the 2023 general fund operating revenues are projected at \$9.6 million which is approximately \$1.2M higher than actual revenues received in 2022. The City expects continued increases in income and property tax revenues with other revenue sources remaining consistent with 2022 receipts.

The 2023 appropriation budget for the general fund totals \$9.2 million which is an increase of approximately \$1.6M from the original 2022 appropriations. The 2023 budget includes wages and benefits for four additional full-time employees in the combined Fire/EMS Department, an additional employee in the Utility Billing Department, an additional employee to be shared 50/50 between the Parks Department and Streets Department, and a plan to fill the open Human Resources position. This budget also includes the negotiated wage increases for both bargaining units and includes a change in the health insurance cost sharing provisions reducing the City's share of premiums from 88% to 85% for all participating City employees.

The City's general fund balance has increased in fifteen of the last seventeen consecutive years and remains strong at \$7.9 million. City Council has committed to not use fund balance to balance the annual operating budget but expects annual revenues to cover annual costs. This will ensure funds are available if an emergency situation should ever arise. As always, the City will continue to monitor its receipts and expenditure activity very closely to preserve this fund balance.

REQUESTS FOR INFORMATION

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



CITY OF TIPP CITY, OHIO

**Statement of Net Position
December 31, 2022**

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------------------|------------------------------------|-------------------------------------|--------------------|
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$ 14,178,078 | \$ 25,962,149 | \$ 40,140,227 |
| Receivables: | | | |
| Taxes | 2,285,592 | 0 | 2,285,592 |
| Accounts | 197,810 | 2,836,331 | 3,034,141 |
| Intergovernmental | 876,470 | 75,006 | 951,476 |
| Interest | 17,836 | 0 | 17,836 |
| Special Assessments | 154,516 | 16,002 | 170,518 |
| Lease | 27,863 | 0 | 27,863 |
| Internal Balances | 87,279 | (87,279) | 0 |
| Inventory of Supplies at Cost | 172,449 | 590,364 | 762,813 |
| Prepaid Items | 49,597 | 22,185 | 71,782 |
| Net OPEB Asset | 464,054 | 366,060 | 830,114 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 0 | 373,899 | 373,899 |
| Investment in Joint Venture | 0 | 9,385,336 | 9,385,336 |
| Non-Depreciable Capital Assets | 14,504,569 | 2,865,222 | 17,369,791 |
| Depreciable Capital Assets, Net | 38,337,491 | 25,319,496 | 63,656,987 |
| Total Assets | 71,353,604 | 67,724,771 | 139,078,375 |
| Deferred Outflows of Resources: | | | |
| Pension | 2,397,107 | 468,129 | 2,865,236 |
| OPEB | 569,689 | 10,671 | 580,360 |
| Total Deferred Outflows of Resources | 2,966,796 | 478,800 | 3,445,596 |
| Liabilities: | | | |
| Accounts Payable | 235,610 | 1,608,897 | 1,844,507 |
| Accrued Wages and Benefits Payable | 212,070 | 100,190 | 312,260 |
| Intergovernmental Payable | 36,272 | 1,503 | 37,775 |
| Due to Others | 68,315 | 0 | 68,315 |
| Refundable Deposits | 0 | 373,899 | 373,899 |
| Unearned Revenue | 1,063,787 | 0 | 1,063,787 |
| Accrued Interest Payable | 488 | 37,100 | 37,588 |
| General Obligation Notes Payable | 0 | 960,000 | 960,000 |
| Noncurrent liabilities: | | | |
| Due within one year | 370,738 | 526,649 | 897,387 |
| Due in more than one year: | | | |
| Net Pension Liability | 5,997,688 | 1,032,603 | 7,030,291 |
| Net OPEB Liability | 822,609 | 0 | 822,609 |
| Other Amounts Due in More Than One Year | 1,139,394 | 9,526,523 | 10,665,917 |
| Total Liabilities | 9,946,971 | 14,167,364 | 24,114,335 |

(Continued)

CITY OF TIPP CITY, OHIO

| | Governmental Activities | Business-Type Activities | Total |
|--------------------------------------------|------------------------------------|-------------------------------------|-----------------------|
| Deferred Inflows of Resources: | | | |
| Deferred Revenue | 0 | 79,090 | 79,090 |
| Future Lease Revenues | 27,863 | 0 | 27,863 |
| Property Tax Levy for Next Fiscal Year | 488,090 | 0 | 488,090 |
| Pension | 3,107,067 | 1,250,891 | 4,357,958 |
| OPEB | 764,287 | 378,213 | 1,142,500 |
| Total Deferred Inflows of Resources | 4,387,307 | 1,708,194 | 6,095,501 |
| Net Position: | | | |
| Net Investment in Capital Assets | 52,102,839 | 22,589,398 | 74,692,237 |
| Restricted For: | | | |
| Capital Projects | 5,080,822 | 0 | 5,080,822 |
| Debt Service | 184,155 | 0 | 184,155 |
| Transportation | 1,842,909 | 0 | 1,842,909 |
| Security of Persons | 98,025 | 0 | 98,025 |
| Unrestricted | 677,372 | 29,738,615 | 30,415,987 |
| Total Net Position | \$ 59,986,122 | \$ 52,328,013 | \$ 112,314,135 |

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Activities
For the Year Ended December 31, 2022**

| | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|--------------------------------|------------------------------------|----------------------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| Security of Persons and Property | \$ 5,063,998 | \$ 881,912 | \$ 0 | \$ 159,714 |
| Leisure Time Activities | 1,289,378 | 646,287 | 0 | 0 |
| Community Environment | 287,084 | 251,708 | 0 | 0 |
| Basic Utility Services | 64,135 | 0 | 0 | 0 |
| Transportation | 3,237,241 | 17,209 | 919,877 | 327,808 |
| General Government | 1,398,233 | 0 | 10,534 | 0 |
| Interest and Fiscal Charges | 8,437 | 0 | 0 | 0 |
| Total Governmental Activities | 11,348,506 | 1,797,116 | 930,411 | 487,522 |
| Business-Type Activities: | | | | |
| Electric | 19,897,409 | 19,752,970 | 0 | 0 |
| Water | 3,549,330 | 4,648,505 | 0 | 0 |
| Sewer | 2,010,470 | 2,378,659 | 0 | 553,438 |
| Refuse Collection | 1,085,294 | 1,048,404 | 0 | 0 |
| Total Business-Type Activities | 26,542,503 | 27,828,538 | 0 | 553,438 |
| Totals | \$ 37,891,009 | \$ 29,625,654 | \$ 930,411 | \$ 1,040,960 |

General Revenues:

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

Change in Net Position

Net Position Beginning of Year
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Net (Expense) Revenue
and Changes in Net Position

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|-----------------------|
| \$ (4,022,372) | \$ 0 | \$ (4,022,372) |
| (643,091) | 0 | (643,091) |
| (35,376) | 0 | (35,376) |
| (64,135) | 0 | (64,135) |
| (1,972,347) | 0 | (1,972,347) |
| (1,387,699) | 0 | (1,387,699) |
| (8,437) | 0 | (8,437) |
| <u>(8,133,457)</u> | <u>0</u> | <u>(8,133,457)</u> |
| 0 | (144,439) | (144,439) |
| 0 | 1,099,175 | 1,099,175 |
| 0 | 921,627 | 921,627 |
| <u>0</u> | <u>(36,890)</u> | <u>(36,890)</u> |
| <u>0</u> | <u>1,839,473</u> | <u>1,839,473</u> |
| <u>(8,133,457)</u> | <u>1,839,473</u> | <u>(6,293,984)</u> |
| 8,405,313 | 0 | 8,405,313 |
| 520,725 | 0 | 520,725 |
| 83,053 | 0 | 83,053 |
| 1,258,832 | 0 | 1,258,832 |
| 277,186 | 0 | 277,186 |
| 198,384 | 0 | 198,384 |
| <u>10,743,493</u> | <u>0</u> | <u>10,743,493</u> |
| 2,610,036 | 1,839,473 | 4,449,509 |
| <u>57,376,086</u> | <u>50,488,540</u> | <u>107,864,626</u> |
| <u>\$ 59,986,122</u> | <u>\$ 52,328,013</u> | <u>\$ 112,314,135</u> |

CITY OF TIPP CITY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2022**

| | General | American Rescue Plan | Capital Improvement Reserve | Other Governmental Funds | Total Governmental Funds |
|-------------------------------------------------------------------------------|---------------------|-------------------------|-----------------------------------|--------------------------------|--------------------------------|
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$ 7,418,742 | \$ 1,063,787 | \$ 4,027,548 | \$ 1,668,001 | \$ 14,178,078 |
| Receivables: | | | | | |
| Taxes | 1,449,774 | 0 | 835,818 | 0 | 2,285,592 |
| Accounts | 197,330 | 0 | 0 | 480 | 197,810 |
| Intergovernmental | 257,587 | 0 | 159,714 | 459,169 | 876,470 |
| Interest | 17,836 | 0 | 0 | 0 | 17,836 |
| Special Assessments | 0 | 0 | 7,209 | 147,307 | 154,516 |
| Lease | 27,863 | 0 | 0 | 0 | 27,863 |
| Due from Other Funds | 87,279 | 0 | 0 | 0 | 87,279 |
| Inventory of Supplies, at Cost | 106,438 | 0 | 0 | 66,011 | 172,449 |
| Prepaid Items | 45,952 | 0 | 2,474 | 1,171 | 49,597 |
| Total Assets | <u>\$ 9,608,801</u> | <u>\$ 1,063,787</u> | <u>\$ 5,032,763</u> | <u>\$ 2,342,139</u> | <u>\$ 18,047,490</u> |
| Liabilities: | | | | | |
| Accounts Payable | \$ 176,191 | \$ 0 | \$ 54,878 | \$ 4,541 | \$ 235,610 |
| Accrued Wages and Benefits Payable | 197,058 | 0 | 0 | 15,012 | 212,070 |
| Intergovernmental Payable | 36,144 | 0 | 0 | 128 | 36,272 |
| Due to Others | 68,315 | 0 | 0 | 0 | 68,315 |
| Unearned Revenue | 0 | 1,063,787 | 0 | 0 | 1,063,787 |
| Total Liabilities | <u>477,708</u> | <u>1,063,787</u> | <u>54,878</u> | <u>19,681</u> | <u>1,616,054</u> |
| Deferred Inflows of Resources: | | | | | |
| Unavailable Amounts | 706,788 | 0 | 590,856 | 447,973 | 1,745,617 |
| Future Lease Revenues | 27,863 | 0 | 0 | 0 | 27,863 |
| Property Tax Levy for Next Fiscal Year | 488,090 | 0 | 0 | 0 | 488,090 |
| Total Deferred Inflows of Resources | <u>1,222,741</u> | <u>0</u> | <u>590,856</u> | <u>447,973</u> | <u>2,261,570</u> |
| Fund Balances: | | | | | |
| Nonspendable | 152,390 | 0 | 2,474 | 67,182 | 222,046 |
| Restricted | 0 | 0 | 4,384,555 | 1,799,489 | 6,184,044 |
| Committed | 0 | 0 | 0 | 7,814 | 7,814 |
| Assigned | 1,307,129 | 0 | 0 | 0 | 1,307,129 |
| Unassigned | 6,448,833 | 0 | 0 | 0 | 6,448,833 |
| Total Fund Balances | <u>7,908,352</u> | <u>0</u> | <u>4,387,029</u> | <u>1,874,485</u> | <u>14,169,866</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 9,608,801</u> | <u>\$ 1,063,787</u> | <u>\$ 5,032,763</u> | <u>\$ 2,342,139</u> | <u>\$ 18,047,490</u> |

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2022***

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Total Governmental Fund Balances | \$ 14,169,866 |
| <i>Amounts reported for governmental activities in the statement of net position are different because</i> | |
| Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. | 52,842,060 |
| Other long-term assets are not available to pay for current- period expenditures and therefore are reported as deferred inflows in the funds. | 1,745,617 |
| The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liability and related deferred inflows & outflows are not reported in governmental funds. | (7,260,801) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | <u>(1,510,620)</u> |
| <i>Net Position of Governmental Funds</i> | <u>\$ 59,986,122</u> |
| See accompanying notes to the basic financial statements | |

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022**

| | General | Capital Improvement Reserve | Other Governmental Funds | Total Governmental Funds |
|------------------------------------------------------|---------------------|-----------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes | \$ 4,913,168 | \$ 3,850,977 | \$ 104,045 | \$ 8,868,190 |
| Intergovernmental Revenues | 1,220,063 | 28,872 | 1,257,132 | 2,506,067 |
| Charges for Services | 794,816 | 71,652 | 369,712 | 1,236,180 |
| Licenses, Permits and Fees | 171,288 | 0 | 0 | 171,288 |
| Investment Earnings | 260,159 | 0 | 0 | 260,159 |
| Special Assessments | 0 | 20,615 | 73,653 | 94,268 |
| Fines and Forfeitures | 6,533 | 0 | 2,758 | 9,291 |
| All Other Revenue | 191,948 | 280,414 | 83,575 | 555,937 |
| Total Revenue | 7,557,975 | 4,252,530 | 1,890,875 | 13,701,380 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 4,582,933 | 0 | 3,434 | 4,586,367 |
| Leisure Time Activities | 586,715 | 0 | 370,369 | 957,084 |
| Community Environment | 362,617 | 0 | 0 | 362,617 |
| Basic Utility Services | 36,609 | 0 | 0 | 36,609 |
| Transportation | 0 | 0 | 811,948 | 811,948 |
| General Government | 1,377,255 | 113,913 | 5,872 | 1,497,040 |
| Capital Outlay | 54,649 | 2,442,478 | 472,290 | 2,969,417 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 108,182 | 108,182 |
| Interest and Fiscal Charges | 0 | 0 | 8,662 | 8,662 |
| Total Expenditures | 7,000,778 | 2,556,391 | 1,780,757 | 11,337,926 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | |
| | 557,197 | 1,696,139 | 110,118 | 2,363,454 |
| Other Financing Sources (Uses): | | | | |
| Proceeds from the Sale of Capital Assets | 0 | 55,062 | 0 | 55,062 |
| Transfers In | 0 | 0 | 48,300 | 48,300 |
| Transfers Out | 0 | (48,300) | 0 | (48,300) |
| Total Other Financing Sources (Uses) | 0 | 6,762 | 48,300 | 55,062 |
| Net Change in Fund Balances | 557,197 | 1,702,901 | 158,418 | 2,418,516 |
| Fund Balances at Beginning of Year | 7,351,155 | 2,684,128 | 1,716,067 | 11,751,350 |
| Fund Balances End of Year | \$ 7,908,352 | \$ 4,387,029 | \$ 1,874,485 | \$ 14,169,866 |

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Year Ended December 31, 2022***

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 2,418,516 |
| <i>Amounts reported for governmental activities in the statement of activities are different because</i> | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays. | (776,373) |
| The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position. | (97,211) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 257,162 |
| Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. | 742,280 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension expense in the statement of activities. | 37,755 |
| The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position. | 108,182 |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | 225 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | <u>(80,500)</u> |
| <i>Change in Net Position of Governmental Activities</i> | <u><u>\$ 2,610,036</u></u> |

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2022**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------|
| Revenues: | | | | |
| Taxes | \$ 4,600,477 | \$ 4,840,477 | \$ 4,981,227 | \$ 140,750 |
| Intergovernmental Revenue | 1,193,450 | 1,193,450 | 1,213,815 | 20,365 |
| Charges for Services | 1,406,019 | 1,406,019 | 1,415,917 | 9,898 |
| Licenses and Permits | 204,695 | 204,695 | 194,627 | (10,068) |
| Investment Earnings | 50,000 | 150,000 | 405,044 | 255,044 |
| Fines and Forfeitures | 3,625 | 3,625 | 6,537 | 2,912 |
| All Other Revenues | 190,600 | 190,600 | 193,263 | 2,663 |
| Total Revenues | <u>7,648,866</u> | <u>7,988,866</u> | <u>8,410,430</u> | <u>421,564</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 4,559,590 | 4,741,817 | 4,700,534 | 41,283 |
| Leisure Time Activities | 522,058 | 617,796 | 604,495 | 13,301 |
| Community Environment | 366,020 | 371,248 | 361,537 | 9,711 |
| Basic Utility Services | 368,528 | 370,833 | 351,914 | 18,919 |
| General Government | 1,791,169 | 1,928,810 | 1,866,213 | 62,597 |
| Capital Outlay | 41,259 | 78,101 | 68,024 | 10,077 |
| Total Expenditures | <u>7,648,624</u> | <u>8,108,605</u> | <u>7,952,717</u> | <u>155,888</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 242 | (119,739) | 457,713 | 577,452 |
| Fund Balance at Beginning of Year | 6,509,388 | 6,509,388 | 6,509,388 | 0 |
| Prior Year Encumbrances | 182,232 | 182,232 | 182,232 | 0 |
| Fund Balance at End of Year | <u>\$ 6,691,862</u> | <u>\$ 6,571,881</u> | <u>\$ 7,149,333</u> | <u>\$ 577,452</u> |

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund - American Rescue Plan Fund
For the Year Ended December 31, 2022**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------|
| Revenues: | | | | |
| Intergovernmental Revenue | \$ 529,779 | \$ 529,779 | \$ 534,009 | \$ 4,230 |
| Total Revenues | <u>529,779</u> | <u>529,779</u> | <u>534,009</u> | <u>4,230</u> |
| Expenditures: | | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 529,779 | 529,779 | 534,009 | 4,230 |
| Fund Balance at Beginning of Year | <u>529,778</u> | <u>529,778</u> | <u>529,778</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 1,059,557</u> | <u>\$ 1,059,557</u> | <u>\$ 1,063,787</u> | <u>\$ 4,230</u> |

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2022**

| | Business-Type Activities | | | |
|---------------------------------------------|--------------------------|-------------------|-------------------|----------------------|
| | Enterprise Funds | | | |
| | Electric | Water | Sewer | Refuse Collection |
| Assets: | | | | |
| Current assets: | | | | |
| Equity in Pooled Cash and Investments | \$ 20,618,454 | \$ 3,017,275 | \$ 2,275,908 | \$ 50,512 |
| Receivables: | | | | |
| Accounts | 2,207,825 | 393,265 | 235,241 | 0 |
| Intergovernmental | 0 | 75,006 | 0 | 0 |
| Special Assessments | 4,128 | 2,710 | 9,164 | 0 |
| Inventory of Supplies at Cost | 416,310 | 154,298 | 19,756 | 0 |
| Prepaid Items | 3,930 | 6,351 | 11,488 | 416 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 373,899 | 0 | 0 | 0 |
| Total current assets | <u>23,624,546</u> | <u>3,648,905</u> | <u>2,551,557</u> | <u>50,928</u> |
| Noncurrent assets: | | | | |
| Investment in Joint Venture | 0 | 2,025,195 | 7,360,141 | 0 |
| Net OPEB Asset | 200,140 | 120,135 | 45,785 | 0 |
| Capital assets: | | | | |
| Non-Depreciable Capital Assets | 725,267 | 1,982,304 | 157,651 | 0 |
| Depreciable Capital Assets, net | 7,490,962 | 10,508,367 | 7,320,167 | 0 |
| Total capital assets | <u>8,216,229</u> | <u>12,490,671</u> | <u>7,477,818</u> | <u>0</u> |
| Total noncurrent assets | <u>8,416,369</u> | <u>14,636,001</u> | <u>14,883,744</u> | <u>0</u> |
| Total assets | <u>32,040,915</u> | <u>18,284,906</u> | <u>17,435,301</u> | <u>50,928</u> |
| Deferred Outflows of Resources: | | | | |
| Pension | 255,717 | 153,649 | 58,763 | 0 |
| OPEB | 5,640 | 3,516 | 1,515 | 0 |
| Total Deferred Outflows of Resources | <u>261,357</u> | <u>157,165</u> | <u>60,278</u> | <u>0</u> |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts Payable | 1,521,193 | 1,864 | 775 | 85,065 |
| Accrued Wages and Benefits Payable | 54,623 | 35,553 | 10,014 | 0 |
| Intergovernmental Payable | 1,387 | 80 | 36 | 0 |
| Refundable Deposits | 373,899 | 0 | 0 | 0 |
| Due to Other Funds | 82,584 | 0 | 0 | 4,695 |
| Accrued Interest Payable | 21,100 | 10,583 | 5,417 | 0 |
| General Obligation Notes Payable - Current | 0 | 635,000 | 325,000 | 0 |
| General Obligation Bonds Payable - Current | 230,000 | 0 | 0 | 0 |
| OPWC Loans Payable - Current | 0 | 148,122 | 9,776 | 0 |
| Compensated Absences Payable - Current | 76,088 | 44,329 | 18,334 | 0 |
| Total Current Liabilities | <u>2,360,874</u> | <u>875,531</u> | <u>369,352</u> | <u>89,760</u> |

CITY OF TIPP CITY, OHIO

Total

\$ 25,962,149

2,836,331
75,006
16,002
590,364
22,185

373,899
29,875,936

9,385,336
366,060

2,865,222
25,319,496
28,184,718
37,936,114
67,812,050

468,129
10,671
478,800

1,608,897
100,190
1,503
373,899
87,279
37,100
960,000
230,000
157,898
138,751
3,695,517

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2022**

| | Business-Type Activities | | | |
|--------------------------------------------|--------------------------|------------------|----------------|----------------------|
| | Enterprise Funds | | | |
| | Electric | Water | Sewer | Refuse Collection |
| Noncurrent Liabilities: | | | | |
| General Obligation Bonds Payable | 7,117,214 | 0 | 0 | 0 |
| OPWC Loans Payable | 0 | 2,036,718 | 93,490 | 0 |
| Compensated Absences Payable | 169,647 | 66,229 | 43,225 | 0 |
| Net Pension Liability | 564,561 | 338,887 | 129,155 | 0 |
| Total noncurrent liabilities | 7,851,422 | 2,441,834 | 265,870 | 0 |
| Total Liabilities | 10,212,296 | 3,317,365 | 635,222 | 89,760 |
| Deferred Inflows of Resources: | | | | |
| Deferred Revenue | 0 | 0 | 0 | 79,090 |
| Pension | 683,907 | 410,527 | 156,457 | 0 |
| OPEB | 206,783 | 124,125 | 47,305 | 0 |
| Total Deferred Inflows of Resources | 890,690 | 534,652 | 203,762 | 79,090 |
| Net Position: | | | | |
| Net Investment in Capital Assets | 5,869,015 | 9,670,831 | 7,049,552 | 0 |
| Unrestricted | 15,330,271 | 4,919,223 | 9,607,043 | (117,922) |
| Total Net Position | \$ 21,199,286 | \$ 14,590,054 | \$ 16,656,595 | \$ (117,922) |

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

| |
|----------------------|
| Total |
| 7,117,214 |
| 2,130,208 |
| 279,101 |
| 1,032,603 |
| <u>10,559,126</u> |
| <u>14,254,643</u> |
| 79,090 |
| 1,250,891 |
| 378,213 |
| <u>1,708,194</u> |
| 22,589,398 |
| 29,738,615 |
| <u>\$ 52,328,013</u> |

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022**

| | Business-type activities - Enterprise Funds | | | |
|-------------------------------------------------------------|---------------------------------------------|----------------------|----------------------|----------------------|
| | Electric | Water | Sewer | Refuse Collection |
| Operating Revenues: | | | | |
| Charges for Services | \$ 19,598,265 | \$ 4,343,518 | \$ 2,187,125 | \$ 1,048,321 |
| Other Operating Revenues | 154,705 | 83,968 | 5,270 | 83 |
| Total Operating Revenues | <u>19,752,970</u> | <u>4,427,486</u> | <u>2,192,395</u> | <u>1,048,404</u> |
| Operating Expenses: | | | | |
| Personal Services | 1,222,482 | 724,544 | 231,676 | 0 |
| Contractual Services | 17,511,384 | 2,085,098 | 1,314,775 | 1,085,294 |
| Materials and Supplies | 150,832 | 14,066 | 48,278 | 0 |
| Utilities | 9,435 | 29,085 | 23,192 | 0 |
| Depreciation | 787,161 | 676,647 | 384,432 | 0 |
| Other Operating Expenses | 8,801 | 7,147 | 2,145 | 0 |
| Total Operating Expenses | <u>19,690,095</u> | <u>3,536,587</u> | <u>2,004,498</u> | <u>1,085,294</u> |
| Operating Income (Loss) | 62,875 | 890,899 | 187,897 | (36,890) |
| Non-Operating Revenue (Expenses): | | | | |
| Income (Loss) from Joint Venture | 0 | 221,019 | 186,264 | 0 |
| Loss on Disposal of Capital Assets | (18,967) | (1,443) | 0 | 0 |
| Interest and Fiscal Charges | (188,347) | (11,300) | (5,972) | 0 |
| Total Non-Operating Revenues (Expenses) | <u>(207,314)</u> | <u>208,276</u> | <u>180,292</u> | <u>0</u> |
| Income (Loss) Before Contributions and Transfers | (144,439) | 1,099,175 | 368,189 | (36,890) |
| Capital Contributions from Joint Venture | 0 | 0 | 553,438 | 0 |
| Change in Net Position | (144,439) | 1,099,175 | 921,627 | (36,890) |
| Net Position Beginning of Year | 21,343,725 | 13,490,879 | 15,734,968 | (81,032) |
| Net Position End of Year | <u>\$ 21,199,286</u> | <u>\$ 14,590,054</u> | <u>\$ 16,656,595</u> | <u>\$ (117,922)</u> |

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Total Enterprise
Funds

\$ 27,177,229
244,026

27,421,255

2,178,702
21,996,551
213,176
61,712
1,848,240

18,093

26,316,474

1,104,781

407,283
(20,410)

(205,619)

181,254

1,286,035

553,438

1,839,473

50,488,540

\$ 52,328,013

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022**

| | Business-Type Activities - Enterprise Funds | | | |
|-------------------------------------------------------------------------------|---------------------------------------------|-------------|-------------|----------------------|
| | Electric | Water | Sewer | Refuse Collection |
| <u>Cash Flows from Operating Activities:</u> | | | | |
| Cash Received from Customers | \$19,542,603 | \$4,304,332 | \$2,198,610 | \$1,057,057 |
| Cash Payments for Goods and Services | (17,314,675) | (2,312,642) | (1,464,135) | (1,076,677) |
| Cash Payments to Employees | (1,482,803) | (952,713) | (361,844) | 0 |
| Other Operating Revenues | 191,911 | 86,849 | 11,419 | 83 |
| Net Cash Provided (Used) by Operating Activities | 937,036 | 1,125,826 | 384,050 | (19,537) |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | | | | |
| Acquisition and Construction of Assets | (490,013) | (39,260) | (204,365) | 0 |
| Sale of Capital Assets | 5,948,468 | 0 | 0 | 0 |
| Sale of General Obligation Bonds | 6,595,000 | 0 | 0 | 0 |
| Premium on Sale of General Obligation Bonds | 1,070,752 | 0 | 0 | 0 |
| Sale of General Obligation Notes | 0 | 635,000 | 325,000 | 0 |
| Premium on Sale of General Obligation Notes | 0 | 8,020 | 4,105 | 0 |
| Principal Paid on General Obligation Notes | (7,500,000) | (875,000) | (675,000) | 0 |
| Principal Paid on General Obligation Bonds | (265,000) | 0 | 0 | 0 |
| Principal Paid on OPWC Loan | 0 | (148,122) | (9,776) | 0 |
| Interest Paid on Capital Debt | (270,785) | (14,570) | (9,160) | 0 |
| Net Cash Provided (Used) for Capital and Related Financing Activities | 5,088,422 | (433,932) | (569,196) | 0 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 6,025,458 | 691,894 | (185,146) | (19,537) |
| Cash and Cash Equivalents at Beginning of Year | 14,966,895 | 2,325,381 | 2,461,054 | 70,049 |
| Cash and Cash Equivalents at End of Year | \$20,992,353 | \$3,017,275 | \$2,275,908 | \$50,512 |
| <u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u> | | | | |
| Cash and Cash Equivalents | \$20,618,454 | \$3,017,275 | \$2,275,908 | \$50,512 |
| Restricted Cash and Cash Equivalents | 373,899 | 0 | 0 | 0 |
| Cash and Cash Equivalents at End of Year | \$20,992,353 | \$3,017,275 | \$2,275,908 | \$50,512 |

CITY OF TIPP CITY, OHIO

Total

\$27,102,602
(22,168,129)
(2,797,360)
290,262

2,427,375

(733,638)
5,948,468
6,595,000
1,070,752
960,000
12,125
(9,050,000)
(265,000)
(157,898)
(294,515)

4,085,294

6,512,669
19,823,379

\$26,336,048

\$25,962,149
373,899

\$26,336,048

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022**

| | Business-Type Activities - Enterprise Funds | | | |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------|-------------|-----------|-------------------|
| | Electric | Water | Sewer | Refuse Collection |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u> | | | | |
| Operating Income (Loss) | \$62,875 | \$890,899 | \$187,897 | (\$36,890) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation Expense | 787,161 | 676,647 | 384,432 | 0 |
| Adjustments to Assets and Liabilities: | | | | |
| (Increase) Decrease in Accounts Receivable | (39,298) | 35,820 | 11,485 | 0 |
| (Increase) in Intergovernmental Receivable | 0 | (75,006) | 0 | 0 |
| Decrease in Special Assessments Receivable | 2,061 | 2,881 | 6,149 | 0 |
| (Increase) Decrease in Inventory | 14,912 | (24,914) | 0 | 0 |
| (Increase) Decrease in Prepaid Items | 3,200 | (4,191) | (513) | (416) |
| (Increase) in Deferred Outflows - Pension | (107,565) | (61,333) | (18,978) | 0 |
| Decrease in Deferred Outflows - OPEB | 61,528 | 38,338 | 16,522 | 0 |
| (Increase) in Net OPEB Asset | (93,066) | (53,418) | (17,033) | 0 |
| Increase (Decrease) in Accounts Payable | 349,160 | (3,765) | (8,380) | 8,587 |
| Increase (Decrease) in Accrued Wages and Benefits | 12,365 | 7,393 | (1,638) | 0 |
| Increase in Due to Other Funds | 507 | 0 | 0 | 446 |
| Increase in Deferred Revenue | 0 | 0 | 0 | 8,736 |
| (Decrease) in Intergovernmental Payable | (1,417) | (145,202) | (67,074) | 0 |
| Increase in Customer Deposits Payable | 17,412 | 0 | 0 | 0 |
| Increase (Decrease) in Compensated Absences | 50,008 | (11,223) | (2,041) | 0 |
| Increase in Deferred Inflows - Pension | 284,430 | 161,616 | 49,283 | 0 |
| (Decrease) in Deferred Inflows - OPEB | (126,302) | (83,387) | (42,064) | 0 |
| (Decrease) in Net Pension Liability | (340,935) | (225,329) | (113,997) | 0 |
| Total Adjustments | 874,161 | 234,927 | 196,153 | 17,353 |
| Net Cash Provided (Used) by Operating Activities | \$937,036 | \$1,125,826 | \$384,050 | (\$19,537) |

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2022 the Electric Fund had an outstanding liability for capital assets of \$1,500. The Sewer Fund had a prepaid balance of \$9,716 related to certain amounts recorded as capital outlay.

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Total

\$1,104,781

1,848,240

8,007

(75,006)

11,091

(10,002)

(1,920)

(187,876)

116,388

(163,517)

345,602

18,120

953

8,736

(213,693)

17,412

36,744

495,329

(251,753)

(680,261)

1,322,594

\$2,427,375

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2022 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

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

1. Joint Venture with Equity Interest

Tri-Cities North Regional Wastewater Authority - The City is a participant with the cities of Huber Heights and Vandalia in a joint venture to provide reliable, reasonably priced and environmentally sound wastewater utility collection and treatment service for their respective communities. See Note 19 for further information.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Venture with Equity Interest (Continued)

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

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

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

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

American Rescue Plan Fund - This fund is used to account for Coronavirus State and Local Fiscal Recovery funds received as part of the American Rescue Plan Act. The funds are to be used to support the response and recovery from the COVID-19 public health emergency.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

D. Basis of Accounting

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Special assessment installments including related interest, which are measurable but not available at December 31, are recorded as deferred inflows of resources – unavailable amount. Property taxes measurable as of December 31, 2022 but which are not intended to finance 2022 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources – property tax levy for next fiscal year as further described in Note 7.

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

E. Budgetary Process

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2022.

2. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the personal services and other expenditures level within each department within each fund, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the personal services and other expenditures level within each department within each fund. The allocation of appropriations within a fund may be modified with the approval of the City Council. During 2022, several supplemental appropriations measures were necessary to budget the use of contingency funds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

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

| | Net Change in Fund Balance | |
|------------------------------------------------------------------|----------------------------|---------------------------------|
| | General Fund | American Rescue Plan Fund |
| GAAP Basis (as reported) | \$557,197 | \$0 |
| Increase (Decrease): | | |
| Accrued Revenues at December 31, 2022 received during 2023 | (881,542) | 0 |
| Accrued Revenues at December 31, 2021 received during 2022 | 945,419 | 0 |
| Accrued Expenditures at December 31, 2022 paid during 2023 | 477,708 | 1,063,787 |
| Accrued Expenditures at December 31, 2021 paid during 2022 | (443,911) | (529,778) |
| 2021 Prepays for 2022 | 47,445 | 0 |
| 2022 Prepays for 2023 | (45,952) | 0 |
| Change in Inventory | 3,844 | 0 |
| Outstanding Encumbrances | (202,495) | 0 |
| Budget Basis | <u>\$457,713</u> | <u>\$534,009</u> |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2022, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash represents the balance on hand as if each fund maintains its own cash and investments account. For purposes of the statement of cash flows, the proprietary funds' share of equity in investments with original maturities of three months or less are considered to be cash and cash equivalents. See Note 6, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72, "Fair Value Measurement and Application," the City records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 6, "Cash, Cash Equivalents and Investments."

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction 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 participant will be combined for these purposes.

H. Restricted Assets

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life threshold of three or more years.

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation (Continued)

3. Depreciation

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

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

L. Long-Term Obligations

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

| <u>Obligation</u> | <u>Fund</u> |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| General Obligation Notes | Water Fund Sewer Fund |
| Special Assessment Bond | Special Assessment Bond Retirement Fund |
| Compensated Absences / Net Pension Liability / Net OPEB Liability | General Fund Street Construction, Maintenance and Repair Fund Municipal Road Fund Electric Fund Water Fund Sewer Fund |
| OPWC Loans | Capital Improvement Reserve Fund Water Fund Sewer Fund |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

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

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

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

N. Net Position

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

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

O. Pension/OPEB

The provision for pension/OPEB cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Activity

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

Q. Interfund Assets/Liabilities

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

R. Fund Balance

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balance (Continued)

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

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

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

S. Estimates

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

T. Operating Revenues and Expenses

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

U. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports for deferred pension/OPEB amounts. Deferred outflows of resources are reported for pension/OPEB amounts on the government-wide and proprietary funds statement of net position. See Notes 12 and 13.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows.

In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide and proprietary funds statement of net position. See Notes 12 and 13.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases,” Statement No. 91, “Conduit Debt Obligations,” Statement No. 92, “Omnibus 2020,” and Statement No. 93, “Replacement of Interbank Offered Rates.”

GASB Statement No. 87 establishes standards of accounting and financial reporting for leases.

GASB Statement No. 91 establishes a single method of reporting conduit debt obligations.

GASB Statement No. 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases.

The implementation of these Statements had no effect on beginning net position/fund balance.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 3 – FUND BALANCE CLASSIFICATION

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

| Fund Balances | General Fund | Capital Improvement Reserve Fund | Other Governmental Funds | Total Governmental Funds |
|-----------------------------|--------------------|----------------------------------------|--------------------------------|--------------------------------|
| Nonspendable: | | | | |
| Prepaid Items | \$45,952 | \$2,474 | \$1,171 | \$49,597 |
| Supplies Inventory | 106,438 | 0 | 66,011 | 172,449 |
| Total Nonspendable | <u>152,390</u> | <u>2,474</u> | <u>67,182</u> | <u>222,046</u> |
| Restricted: | | | | |
| Transportation Projects | 0 | 0 | 1,550,657 | 1,550,657 |
| Police Activities | 0 | 0 | 108,559 | 108,559 |
| Debt Retirement | 0 | 0 | 37,336 | 37,336 |
| Capital Improvements | 0 | 4,384,555 | 102,937 | 4,487,492 |
| Total Restricted | <u>0</u> | <u>4,384,555</u> | <u>1,799,489</u> | <u>6,184,044</u> |
| Committed: | | | | |
| Swimming Pool | 0 | 0 | 7,469 | 7,469 |
| Police Activities | 0 | 0 | 345 | 345 |
| Total Committed | <u>0</u> | <u>0</u> | <u>7,814</u> | <u>7,814</u> |
| Assigned: | | | | |
| Services and Supplies | 186,342 | 0 | 0 | 186,342 |
| Projected Budgetary Deficit | 1,120,787 | 0 | 0 | 1,120,787 |
| Total Assigned | <u>1,307,129</u> | <u>0</u> | <u>0</u> | <u>1,307,129</u> |
| Unassigned: | | | | |
| | 6,448,833 | 0 | 0 | 6,448,833 |
| Total Fund Balances | <u>\$7,908,352</u> | <u>\$4,387,029</u> | <u>\$1,874,485</u> | <u>\$14,169,866</u> |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

| | |
|----------------------------------------|-------------|
| Deferred/Delinquent Income Tax Revenue | \$896,775 |
| Shared Revenues | 631,579 |
| Interest Revenue | 17,836 |
| Special Assessment Revenue | 154,516 |
| Deferred Licenses and Permits | 24,744 |
| Deferred Charges for Services | 20,167 |
| | <hr/> |
| | \$1,745,617 |

Long-Term liabilities not reported in the funds:

| | |
|------------------------------------|---------------|
| Special Assessment Bond Payable | (\$130,000) |
| Accrued Interest on Long-Term Debt | (488) |
| OPWC Loan Payable | (609,221) |
| Compensated Absences Payable | (770,911) |
| | <hr/> |
| | (\$1,510,620) |

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

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

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

| | |
|----------------------|--------------------|
| Capital Outlay | \$2,126,413 |
| Depreciation Expense | <u>(2,902,786)</u> |
| | (\$776,373) |

Governmental revenues not reported in the funds:

| | |
|---------------------------------------------|----------------|
| Increase in Deferred/Delinquent Tax Revenue | \$140,901 |
| Increase in Shared Revenue | 170,698 |
| Decrease in Special Assessment Revenue | (92,093) |
| Increase in Interest Revenue | 17,027 |
| Increase in Licenses & Permits Revenue | 24,744 |
| Decrease in Deferred Charges for Services | <u>(4,115)</u> |
| | \$257,162 |

Contractually required contributions reported as deferred outflows:

| | |
|---------|---------------|
| Pension | \$731,673 |
| OPEB | <u>10,607</u> |
| | \$742,280 |

Pension and OPEB expense:

| | |
|---------|----------------|
| Pension | (\$243,515) |
| OPEB | <u>281,270</u> |
| | \$37,755 |

Amount of bond principal payments:

| | |
|-------------------------------------------|---------------|
| Special Assessment Bond Principal Payment | \$60,000 |
| OPWC Loan Principal Payment | <u>48,182</u> |
| | \$108,182 |

NOTE 5 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficit at December 31, 2022 of \$117,922 in the Refuse Collection fund is the result of accruals in the individual fund balance sheet. The General Fund provides transfers, upon City Council’s approval when cash is required not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

A. Deposits

At year end the carrying amount of the City's deposits was \$11,114,009 and the bank balance was \$11,392,908. Federal depository insurance covered \$500,000 of the bank balance and \$10,892,908 was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 6- CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City’s investments at December 31, 2022 were as follows:

| | Fair Value | Credit Rating | Investment Maturities (in Years) | |
|-------------------|---------------------|-----------------|----------------------------------|--------------------|
| | | | less than 1 | 1-3 |
| STAR Ohio | \$25,045,002 | AAAm | \$25,045,002 | \$0 |
| FHLB | 1,930,817 | AA ⁺ | 489,492 | 1,441,325 |
| FFCB | 480,506 | AA ⁺ | 480,506 | 0 |
| Freddie Mac | 486,839 | AA ⁺ | 0 | 486,839 |
| US Treasury Notes | 1,456,953 | N/A | 492,656 | 964,297 |
| Total Investments | <u>\$29,400,117</u> | | <u>\$26,507,656</u> | <u>\$2,892,461</u> |

Credit Rating - Standard & Poor’s

The City’s investments in government agency securities are classified as Level 2 of the fair value hierarchy which are valued using valuation techniques that incorporate market data for similar types of investments, broker quotes and inactive transaction prices. These prices are obtained by our custodian banks from various pricing sources.

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

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 85.2% are STAR Ohio, 6.6% are FHLB, 1.6% are FFCB, 1.6% are Freddie Mac and 5% are US Treasury Notes.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 7 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property used in business and located in the City. Real property taxes (other than public utility) collected during 2022 were levied after October 1, 2021 on assessed values as of January 1, 2021, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last reappraisal was completed in 2022. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

The full tax rate for all City operations for the year ended December 31, 2022 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2022 levy was based was \$388,759,090. This amount constitutes \$379,501,220 in real property assessed value and \$9,257,870 in public utility assessed value.

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

B. Income Tax

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

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

Municipal income tax revenue for 2022 was \$8,405,313. This represents a 8.1% increase from 2021 income tax revenue of \$7,774,120.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 8 - RECEIVABLES

Receivables at December 31, 2022 consisted of taxes, special assessments, interfund receivables, interest, accounts receivable, lease and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred inflows of resources are considered collectable in full.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2022:

| Fund | Transfer In | Transfer Out |
|----------------------------------|-----------------|-----------------|
| Capital Improvement Reserve Fund | \$0 | \$48,300 |
| Other Governmental Funds | 48,300 | 0 |
| Totals | <u>\$48,300</u> | <u>\$48,300</u> |

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. In 2022, the Capital Improvement Reserve Fund transferred money to the Debt Service fund to assist with debt related expenditures.

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of due from other funds and due to other funds for all funds for 2022:

| Fund | Due From | Due To |
|--------------------------|-----------------|-----------------|
| General Fund | \$87,279 | \$0 |
| Total Governmental Funds | <u>87,279</u> | <u>0</u> |
| Electric Fund | 0 | 82,584 |
| Refuse Collection Fund | 0 | 4,695 |
| Total Proprietary Funds | <u>0</u> | <u>87,279</u> |
| Totals | <u>\$87,279</u> | <u>\$87,279</u> |

The due to / due from balances account for amounts due between funds for utility balances.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2022:

Historical Cost:

| Class | December 31, 2021 | Additions | Deletions | December 31, 2022 |
|------------------------------------------|----------------------|-----------------|---------------|----------------------|
| Non-depreciable Capital assets: | | | | |
| Land | \$14,275,563 | \$0 | \$0 | \$14,275,563 |
| Construction in Progress | 3,679,681 | 200,240 | (3,650,915) | 229,006 |
| Total Non-depreciable Capital assets | 17,955,244 | 200,240 | (3,650,915) | 14,504,569 |
| Capital assets being depreciated: | | | | |
| Buildings | 9,232,041 | 56,932 | (2,633) | 9,286,340 |
| Improvements Other Than Buildings | 9,068,228 | 491,399 | (97,586) | 9,462,041 |
| Machinery and Equipment | 9,584,299 | 1,113,891 | (310,586) | 10,387,604 |
| Infrastructure | 41,748,617 | 3,914,866 | 0 | 45,663,483 |
| Total Depreciable Capital assets | 69,633,185 | 5,577,088 | (410,805) | 74,799,468 |
| Total Cost | \$87,588,429 | \$5,777,328 | (\$4,061,720) | \$89,304,037 |
| Accumulated Depreciation: | | | | |
| Class | December 31, 2021 | Additions | Deletions | December 31, 2022 |
| Buildings | (\$3,717,120) | (\$215,376) | \$2,633 | (\$3,929,863) |
| Improvements Other Than Buildings | (4,542,578) | (782,800) | 53,103 | (5,272,275) |
| Machinery and Equipment | (7,035,395) | (661,434) | 257,858 | (7,438,971) |
| Infrastructure | (18,577,692) | (1,243,176) | 0 | (19,820,868) |
| Total Depreciation | (\$33,872,785) | (\$2,902,786) * | \$313,594 | (\$36,461,977) |
| Net Value: | \$53,715,644 | | | \$52,842,060 |

* Depreciation expenses were charged to governmental functions as follows:

| | |
|----------------------------------|-------------|
| Security of Persons and Property | \$457,117 |
| Leisure Time Activities | 371,151 |
| Transportation | 1,920,177 |
| General Government | 154,341 |
| Total Depreciation Expense | \$2,902,786 |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 11 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2022:

Historical Cost:

| Class | December 31, 2021 | Additions | Deletions | December 31, 2022 |
|------------------------------------------|----------------------|------------------|----------------------|----------------------|
| <i>Non-depreciable Capital assets:</i> | | | | |
| Land | \$2,234,492 | \$0 | (\$28,573) | \$2,205,919 |
| Construction in Progress | 246,366 | 469,007 | (56,070) | 659,303 |
| Total Non-depreciable Capital Assets | <u>2,480,858</u> | <u>469,007</u> | <u>(84,643)</u> | <u>2,865,222</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 6,771,716 | 28,052 | (9,802) | 6,789,966 |
| Improvements Other Than Buildings | 51,789,647 | 101,019 | (8,431,738) | 43,458,928 |
| Machinery and Equipment | 3,538,291 | 158,594 | (189,871) | 3,507,014 |
| Total Depreciable Capital assets | <u>62,099,654</u> | <u>287,665</u> | <u>(8,631,411)</u> | <u>53,755,908</u> |
| Total Cost | <u>\$64,580,512</u> | <u>\$756,672</u> | <u>(\$8,716,054)</u> | <u>\$56,621,130</u> |

Accumulated Depreciation:

| Class | December 31, 2021 | Additions | Deletions | December 31, 2022 |
|-----------------------------------|-----------------------|----------------------|--------------------|-----------------------|
| Buildings | (\$2,177,494) | (\$258,241) | \$9,402 | (\$2,426,333) |
| Improvements Other Than Buildings | (24,441,796) | (1,378,114) | 2,527,489 | (23,292,421) |
| Machinery and Equipment | (2,659,988) | (211,885) | 154,215 | (2,717,658) |
| Total Depreciation | <u>(\$29,279,278)</u> | <u>(\$1,848,240)</u> | <u>\$2,691,106</u> | <u>(\$28,436,412)</u> |
| <i>Net Value:</i> | <u>\$35,301,234</u> | | | <u>\$28,184,718</u> |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 – 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 pension 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. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - 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 traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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 was 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 service 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 Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

| 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 | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | 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 30 years and 2.5% for service years in excess of 30 | 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 | 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 |
| Public Safety | Public Safety | Public Safety |
| Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit |
| Law Enforcement | Law Enforcement | Law Enforcement |
| Age and Service Requirements: Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit |
| Public Safety and Law Enforcement | Public Safety and Law Enforcement | Public Safety and Law Enforcement |
| Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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 3.00% 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 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit. For additional information, see the Plan Statement in the OPERS Annual Comprehensive Financial Report.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

| | <u>State and Local</u> | <u>Law Enforcement</u> |
|--------------------------------------------------|----------------------------|----------------------------|
| 2022 Statutory Maximum Contribution Rates | | |
| Employer | 14.0 % | 18.1 % |
| Employee | 10.0 % | * |
| 2022 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 14.0 % | 18.1 % |
| Post-employment Health Care Benefits | <u>0.0</u> | <u>0.0</u> |
| Total Employer | <u>14.0 %</u> | <u>18.1 %</u> |
| Employee | <u>10.0 %</u> | <u>13.0 %</u> |

* This rate is determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$571,426 for 2022.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF 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 OPF may retire and receive a lifetime monthly pension. OPF 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. (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF 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 participating in the DROP program have separate eligibility requirements related to COLA.

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 3.00% or the percent increase, if any, in the consumer price index (CPI) 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 3.00% of their base pension or disability benefit.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

| | <u>Police</u> | <u>Firefighters</u> |
|--------------------------------------------------|----------------|---------------------|
| 2022 Statutory Maximum Contribution Rates | | |
| Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 |
| 2022 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 19.00 % | 23.50 % |
| Post-employment Health Care Benefits | 0.50 | 0.50 |
| Total Employer | <u>19.50 %</u> | <u>24.00 %</u> |
| Employee | 12.25 % | 12.25 % |

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$412,233 for 2022.

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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. 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 | \$2,341,626 | \$4,688,665 | \$7,030,291 |
| Proportion of the Net Pension Liability-2022 | 0.026914% | 0.075050% | |
| Proportion of the Net Pension Liability-2021 | <u>0.026512%</u> | <u>0.073592%</u> | |
| Percentage Change | <u>0.0004020%</u> | <u>0.001458%</u> | |
| Pension Expense | (\$331,699) | \$454,392 | \$122,693 |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|----------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| Deferred Outflows of Resources | | | |
| Changes in assumptions | \$292,816 | \$856,887 | \$1,149,703 |
| Differences between expected and actual experience | 119,373 | 135,195 | 254,568 |
| Change in proportionate share | 78,255 | 399,051 | 477,306 |
| City contributions subsequent to the measurement date | 571,426 | 412,233 | 983,659 |
| Total Deferred Outflows of Resources | <u>\$1,061,870</u> | <u>\$1,803,366</u> | <u>\$2,865,236</u> |
| Deferred Inflows of Resources | | | |
| Net difference between projected and actual earnings on pension plan investments | \$2,785,278 | \$1,229,296 | \$4,014,574 |
| Differences between expected and actual experience | 51,359 | 243,747 | 295,106 |
| Change in proportionate share | 0 | 48,278 | 48,278 |
| Total Deferred Inflows of Resources | <u>\$2,836,637</u> | <u>\$1,521,321</u> | <u>\$4,357,958</u> |

\$983,659 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending December 31: | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|--------------------------|----------------------|--------------------|----------------------|
| 2023 | (\$304,401) | \$137,884 | (\$166,517) |
| 2024 | (943,788) | (226,972) | (1,170,760) |
| 2025 | (654,930) | (74,062) | (728,992) |
| 2026 | (443,074) | (71,529) | (514,603) |
| 2027 | 0 | 104,491 | 104,491 |
| Total | <u>(\$2,346,193)</u> | <u>(\$130,188)</u> | <u>(\$2,476,381)</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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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 December 31, 2021 and December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | <u>December 31, 2021</u> |
|----------------------------------------------|------------------------------------------------------------------|
| Wage Inflation | 2.75 percent |
| Future Salary Increases, including inflation | 2.75 to 10.75 percent including wage inflation |
| COLA or Ad Hoc COLA (Pre 1/7/13 retirees) | 3 percent simple |
| COLA or Ad Hoc COLA (Post 1/7/13 retirees) | 3 percent simple through 2022. 2.05 percent simple, thereafter |
| Investment Rate of Return | 6.9 percent |
| Actuarial Cost Method | Individual Entry Age |
| | <u>December 31, 2020</u> |
| Wage Inflation | 3.25 percent |
| Future Salary Increases, including inflation | 3.25 to 10.75 percent including wage inflation |
| COLA or Ad Hoc COLA (Pre 1/7/13 retirees) | 3 percent simple |
| COLA or Ad Hoc COLA (Post 1/7/13 retirees) | 0.5 percent simple through 2021. 2.15 percent simple, thereafter |
| Investment Rate of Return | 7.2 percent |
| Actuarial Cost Method | Individual Entry Age |

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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. Best estimates of arithmetic real rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------|----------------------|-----------------------------------------------------------|
| Fixed Income | 24.00 % | 1.03 % |
| Domestic Equities | 21.00 | 3.78 |
| Real Estate | 11.00 | 3.66 |
| Private Equity | 12.00 | 7.43 |
| International Equities | 23.00 | 4.88 |
| Risk Parity | 5.00 | 2.92 |
| Other Investments | 4.00 | 2.85 |
| Total | 100.00 % | 4.21 % |

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. The projection 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 6.9 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 (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
|------------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net pension liability | \$6,173,802 | \$2,341,626 | (\$847,253) |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2021 is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2021, compared with January 1, 2020, are presented below.

| | January 1, 2021 | January 1, 2020 |
|----------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Valuation Date | January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021 | January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020 |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Investment Rate of Return | 7.5 percent | 8.0 percent |
| Projected Salary Increases | 3.75 percent to 10.5 percent | 3.75 percent to 10.5 percent |
| Payroll Growth | Inflation rate of 2.75 percent plus productivity increase rate of 0.5 | Inflation rate of 2.75 percent plus productivity increase rate of 0.5 |
| Cost of Living Adjustments | 2.2 percent simple | 2.2 percent simple |

For the January 1, 2021 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

| Age | Police | Fire |
|------------|--------|------|
| 67 or less | 77 % | 68 % |
| 68-77 | 105 | 87 |
| 78 and up | 115 | 120 |

For the January 1, 2021 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

| Age | Police | Fire |
|------------|--------|------|
| 59 or less | 35 % | 35 % |
| 60-69 | 60 | 45 |
| 70-79 | 75 | 70 |
| 80 and up | 100 | 90 |

The most recent experience study was completed for the five year period ended December 31, 2016.

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 OPF’s target asset allocation as of December 31, 2021 are summarized below:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|---------------------------------|-------------------|----------------------------------------|
| Cash and Cash Equivalents | 0.00 % | 0.00 % |
| Domestic Equity | 21.00 | 3.60 |
| Non-US Equity | 14.00 | 4.40 |
| Private Markets | 8.00 | 6.80 |
| Core Fixed Income * | 23.00 | 1.10 |
| High Yield Fixed Income | 7.00 | 3.00 |
| Private Credit | 5.00 | 4.50 |
| U.S. Inflation Linked Bonds* | 17.00 | 0.80 |
| Midstream Energy Infrastructure | 5.00 | 5.00 |
| Real Assets | 8.00 | 5.90 |
| Gold | 5.00 | 2.40 |
| Private Real Estate | 12.00 | 4.80 |
| Total | 125.00 % | |

* levered 2.5x

Note: Assumptions are geometric

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’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 1.25 times due to the application of leverage in certain fixed income asset classes.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2021, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2020 was 8.00 percent. The projection 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 7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|------------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net pension liability | \$6,953,225 | \$4,688,665 | \$2,802,846 |

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability (asset) represents the City’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability (asset) 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 these estimates 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 OPEB are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2022.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75. OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 for the plan. The report 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.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$10,607 for 2022.

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

| | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|-------------------------------------------------------|-------------------|------------------|--------------|
| Proportionate Share of the Net OPEB Liability (Asset) | (\$830,114) | \$822,609 | (\$7,505) |
| Proportion of the Net OPEB Liability (Asset)-2022 | 0.026503% | 0.075050% | |
| Proportion of the Net OPEB Liability (Asset)-2021 | <u>0.026057%</u> | <u>0.073592%</u> | |
| Percentage Change | <u>0.0004460%</u> | <u>0.001458%</u> | |
| OPEB Expense | (\$688,070) | \$107,918 | (\$580,152) |

CITY OF TIPP CITY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|-------------------------------------------------------------------------------|------------------|------------------|--------------------|
| Deferred Outflows of Resources | | | |
| Changes in assumptions | \$0 | \$364,115 | \$364,115 |
| Differences between expected and actual experience | 0 | 37,423 | 37,423 |
| Change in proportionate share | 24,453 | 143,762 | 168,215 |
| City contributions subsequent to the measurement date | 0 | 10,607 | 10,607 |
| Total Deferred Outflows of Resources | <u>\$24,453</u> | <u>\$555,907</u> | <u>\$580,360</u> |
| Deferred Inflows of Resources | | | |
| Net difference between projected and actual earnings on OPEB plan investments | \$395,739 | \$74,305 | \$470,044 |
| Differences between expected and actual experience | 125,915 | 108,720 | 234,635 |
| Changes in assumptions | 336,021 | 95,545 | 431,566 |
| Change in proportionate share | 0 | 6,255 | 6,255 |
| Total Deferred Inflows of Resources | <u>\$857,675</u> | <u>\$284,825</u> | <u>\$1,142,500</u> |

\$10,607 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|--------------------------|--------------------|------------------|--------------------|
| Year Ending December 31: | | | |
| 2023 | (\$505,973) | \$73,661 | (\$432,312) |
| 2024 | (183,946) | 62,624 | (121,322) |
| 2025 | (86,466) | 63,121 | (23,345) |
| 2026 | (56,837) | 15,711 | (41,126) |
| 2027 | 0 | 23,510 | 23,510 |
| 2028 | 0 | 14,199 | 14,199 |
| 2029 | 0 | 7,649 | 7,649 |
| Total | <u>(\$833,222)</u> | <u>\$260,475</u> | <u>(\$572,747)</u> |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

| | |
|----------------------------------------------------|------------------------------------------------------|
| Wage Inflation | 2.75 percent |
| Projected Salary Increases, including inflation | 2.75 to 10.75 percent including wage inflation |
| Single Discount Rate: | |
| Current measurement date | 6.00 percent |
| Prior measurement date | 6.00 percent |
| Investment Rate of Return: | |
| Current measurement date | 6.00 percent |
| Prior measurement date | 6.00 percent |
| Municipal Bond Rate: | |
| Current measurement date | 1.84 percent |
| Prior measurement date | 2.00 percent |
| Health Care Cost Trend Rate: | |
| Current measurement date | 5.5 percent initial, 3.5 percent ultimate in 2034 |
| Prior measurement date | 8.5 percent initial, 3.5 percent ultimate in 2035 |
| Actuarial Cost Method | Individual Entry Age Normal |

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

The long-term expected rate of return on health care 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.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------------|----------------------|-------------------------------------------------------------------------------|
| Fixed Income | 34.00 % | 0.91 % |
| Domestic Equities | 25.00 | 3.78 |
| Real Estate Investment Trust | 7.00 | 3.71 |
| International Equities | 25.00 | 4.88 |
| Risk Parity | 2.00 | 2.92 |
| Other investments | 7.00 | 1.93 |
| Total | 100.00 % | 3.45 % |

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index").

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

| | 1% Decrease (5.00%) | Current Discount Rate (6.00%) | 1% Increase (7.00%) |
|-----------------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net OPEB liability (asset) | (\$488,185) | (\$830,114) | (\$1,113,921) |

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

| | 1% Decrease | Current Health Care Cost Trend Rate Assumption | 1% Increase |
|-----------------------------------------------------------------|-------------|------------------------------------------------------|-------------|
| City's proportionate share of the net OPEB liability (asset) | (\$839,085) | (\$830,114) | (\$819,473) |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

| Valuation Date | January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021 | January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020 |
|----------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Investment Rate of Return | 7.5 percent | 8.0 percent |
| Projected Salary Increases | 3.75 percent to 10.5 percent | 3.75 percent to 10.5 percent |
| Payroll Growth | Inflation rate of 2.75 percent plus productivity increase rate of 0.5 | Inflation rate of 2.75 percent plus productivity increase rate of 0.5 |
| Single discount rate | 2.84 percent | 2.96 percent |
| Cost of Living Adjustments | 2.2 percent simple | 2.2 percent simple |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

| <u>Age</u> | <u>Police</u> | <u>Fire</u> |
|------------|---------------|-------------|
| 67 or less | 77 % | 68 % |
| 68-77 | 105 | 87 |
| 78 and up | 115 | 120 |

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

| <u>Age</u> | <u>Police</u> | <u>Fire</u> |
|------------|---------------|-------------|
| 59 or less | 35 % | 35 % |
| 60-69 | 60 | 45 |
| 70-79 | 75 | 70 |
| 80 and up | 100 | 90 |

The most recent experience study was completed for the five year period ended December 31, 2016.

The long-term expected rate of return on OPEB 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 expected. 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, 2021, are summarized below:

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|---------------------------------|----------------------|-------------------------------------------|
| Cash and Cash Equivalents | 0.00 % | 0.00 % |
| Domestic Equity | 21.00 | 3.60 |
| Non-US Equity | 14.00 | 4.40 |
| Private Markets | 8.00 | 6.80 |
| Core Fixed Income * | 23.00 | 1.10 |
| High Yield Fixed Income | 7.00 | 3.00 |
| Private Credit | 5.00 | 4.50 |
| U.S. Inflation Linked Bonds* | 17.00 | 0.80 |
| Midstream Energy Infrastructure | 5.00 | 5.00 |
| Real Assets | 8.00 | 5.90 |
| Gold | 5.00 | 2.40 |
| Private Real Estate | 12.00 | 4.80 |
| Total | 125.00 % | |

* levered 2.5x

Note: Assumptions are geometric

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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021 and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

| | 1% Decrease (1.84%) | Current Discount Rate (2.84%) | 1% Increase (3.84%) |
|---------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net OPEB liability | \$1,034,037 | \$822,609 | \$648,813 |

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 14 - COMPENSATED ABSENCES

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

At December 31, 2022, the City's accumulated, unpaid compensated absences amounted to \$1,188,763, of which \$770,911 is recorded as a liability of the Governmental Activities and \$417,852 is recorded as a liability of the Business-Type Activities. The amounts are recorded in "Due within One Year" and "Due in More Than One Year" on the Entity Wide Statement of Net position based upon estimated usage.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 15 - NOTES PAYABLE

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

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

The City had the following bond anticipation note activity during 2022:

| | Maturity Date | Balance December 31, 2021 | Issued | (Retired) | Balance December 31, 2022 |
|---------------------------|------------------|---------------------------------|------------------|----------------------|---------------------------------|
| Enterprise Notes Payable: | | | | | |
| 0.75% Electric Notes | 2/7/2023 | \$905,000 | \$0 | (\$905,000) | \$0 |
| 0.75% Water Notes | 2/7/2023 | 240,000 | 635,000 | (240,000) | 635,000 |
| 0.75% Sewer Notes | 2/7/2023 | 350,000 | 325,000 | (350,000) | 325,000 |
| Total Notes Payable | | <u>\$1,495,000</u> | <u>\$960,000</u> | <u>(\$1,495,000)</u> | <u>\$960,000</u> |

CITY OF TIPP CITY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 16 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2022 were as follows:

| | Original Issue Amount | Maturity Year | Balance December 31, 2021 | Issued | (Retired) | Balance December 31, 2022 | Amount Due Within One Year |
|----------------------------------------------------------|-----------------------------|------------------|---------------------------------|--------------------|----------------------|---------------------------------|----------------------------------|
| Business Type-Activities: | | | | | | | |
| General Obligation Bonds: | | | | | | | |
| 4.00% Electric Substation Bonds | \$6,595,000 | 2041 | \$0 | \$6,595,000 | (\$265,000) | \$6,330,000 | \$230,000 |
| Premium on Electric Bonds | 1,070,752 | | \$0 | \$1,070,752 | (\$53,538) | \$1,017,214 | \$0 |
| Total General Obligation Bonds | | | <u>0</u> | <u>7,665,752</u> | <u>(318,538)</u> | <u>7,347,214</u> | <u>230,000</u> |
| General Obligation Notes: | | | | | | | |
| 0.75% Electric Notes | 0 | 2022 | \$6,595,000 | \$0 | (\$6,595,000) | \$0 | \$0 |
| 0.75% Water Notes | 0 | 2022 | 635,000 | 0 | (635,000) | 0 | 0 |
| 0.75% Sewer Notes | 0 | 2022 | 325,000 | 0 | (325,000) | 0 | 0 |
| Total General Obligation Notes | | | <u>7,555,000</u> | <u>0</u> | <u>(7,555,000)</u> | <u>0</u> | <u>0</u> |
| Ohio Public Works Commission Loans: | | | | | | | |
| 0.00% OPWC Loan - AMR/AMI Project | 600,000 | 2032 | 315,000 | 0 | (30,000) | 285,000 | 30,000 |
| 0.00% OPWC Loan - Water Tower Project | 425,000 | 2033 | 265,625 | 0 | (21,250) | 244,375 | 21,250 |
| 0.00% OPWC Loan - Downtown Utilities Project | 401,915 | 2034 | 250,379 | 0 | (21,648) | 228,731 | 21,648 |
| 0.00% OPWC Loan - Low System Water Tower | 1,700,000 | 2040 | 1,615,000 | 0 | (85,000) | 1,530,000 | 85,000 |
| Total Ohio Public Works Commission Loans | | | <u>2,446,004</u> | <u>0</u> | <u>(157,898)</u> | <u>2,288,106</u> | <u>157,898</u> |
| Compensated Absences | | | <u>381,108</u> | <u>417,852</u> | <u>(381,108)</u> | <u>417,852</u> | <u>138,751</u> |
| Total Business-Type Activity Long-Term Liabilities | | | <u>\$10,382,112</u> | <u>\$8,083,604</u> | <u>(\$8,412,544)</u> | <u>\$10,053,172</u> | <u>\$526,649</u> |
| Governmental Activities: | | | | | | | |
| Special Assessment Bonds (with governmental commitment): | | | | | | | |
| 2.0-4.5% Donn Davis Construction Bond | 930,000 | 2024 | \$190,000 | \$0 | (\$60,000) | \$130,000 | \$65,000 |
| Ohio Public Works Commission Loan: | | | | | | | |
| 0.00% OPWC Loan - Main Street Streetscape | 970,586 | 2034 | 657,403 | 0 | (48,182) | 609,221 | 48,182 |
| Compensated Absences | | | <u>702,313</u> | <u>770,911</u> | <u>(702,313)</u> | <u>770,911</u> | <u>257,556</u> |
| Total Governmental Activity Long-Term Liabilities | | | <u>\$1,549,716</u> | <u>\$770,911</u> | <u>(\$810,495)</u> | <u>\$1,510,132</u> | <u>\$370,738</u> |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City’s special assessment bonds outstanding at December 31, 2022, \$130,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

A. Future Long-Term Financing Requirements

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2022, follow:

| Years | General Obligation Bonds | | Special Assessment Bonds | | Loans Payable | |
|-----------|--------------------------|--------------------|--------------------------|----------------|--------------------|------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$230,000 | \$253,200 | \$65,000 | \$5,850 | \$206,080 | \$0 |
| 2024 | 235,000 | 244,000 | 65,000 | 2,925 | 206,080 | 0 |
| 2025 | 245,000 | 234,600 | 0 | 0 | 206,080 | 0 |
| 2026 | 250,000 | 224,800 | 0 | 0 | 206,080 | 0 |
| 2027 | 275,000 | 214,800 | 0 | 0 | 206,080 | 0 |
| 2028-2032 | 1,515,000 | 902,400 | 0 | 0 | 1,015,400 | 0 |
| 2033-2037 | 1,830,000 | 575,200 | 0 | 0 | 596,527 | 0 |
| 2038-2041 | 1,750,000 | 178,600 | 0 | 0 | 255,000 | 0 |
| Totals | <u>\$6,330,000</u> | <u>\$2,827,600</u> | <u>\$130,000</u> | <u>\$8,775</u> | <u>\$2,897,327</u> | <u>\$0</u> |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 17 – CONSTRUCTION COMMITMENTS

At December 31, 2022 the City had the following contractual commitments outstanding:

| <u>Project</u> | <u>Remaining Contractual Commitment</u> | <u>Estimated Date of Completion</u> |
|---------------------------------------------|-------------------------------------------------|---------------------------------------------|
| Electric Substation #4 Engineering | \$348,172 | 12/31/2023 |
| Purchase of a new Medic | 332,500 | 12/31/2023 |
| Main St./County Rd. 25A Sewer Line - Design | 214,002 | 12/31/2023 |
| Terex Tree Truck | 212,277 | 12/31/2023 |
| Versalift Boom Truck | 158,594 | 12/31/2023 |
| Water/Sewer Service Center - Design | 116,600 | 12/31/2023 |
| Two Pickups for Water/Sewer Department | 106,820 | 12/31/2023 |
| Aquatic Center Play Structure Replacement | 79,698 | 12/31/2023 |
| Government Center Renovation - Design | 79,100 | 12/31/2023 |
| Finance Department Software Upgrade | 78,484 | 12/31/2023 |
| I-75 Exit 68 Beautification Design | 48,479 | 12/31/2023 |
| 4th St./5th Street Waterline Replacement | 24,200 | 12/31/2023 |
| Total Construction Commitments | <u>\$1,798,926</u> | |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 18 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1993 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2022, the pool has twenty two members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty two member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote.

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

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

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

| | | |
|----------------------------------|---------------|------------------------------|
| Pollution Liability | \$2,000,000 | per occurrence |
| Public Officials/Personal Injury | 12,000,000 | per occurrence |
| Property | 1,000,000,000 | per occurrence |
| Boiler and Machinery | 100,000,000 | per occurrence |
| Flood | 25,000,000 | per occurrence and aggregate |
| Cyber Liability | 2,000,000 | per occurrence and aggregate |
| Earthquake (Property) | 25,000,000 | per occurrence and aggregate |

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

MVRMA issues a stand-alone financial report that includes financial statements and required supplementary information for MVRMA, Inc. Interested parties may obtain a copy by making a written request to 3085 Woodman Drive, Suite 200 Kettering, Ohio 45420.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 18 - RISK MANAGEMENT (Continued)

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

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

The City is a member of the Ohio Benefits Cooperative (OBC), a consortium of political subdivisions in the greater Miami Valley area. The purpose of the OBC is to pool risk and collectively purchase health insurance. OBC entered into an administrative agreement on September 1, 2016 with the Jefferson Health Plan for stop loss insurance, pooling, administration and other benefit services to provide medical benefits to City employees.

The City offers a High Deductible Health Plan combined with a Health Savings Account (HSA Plan). For the plan year effective 9/1/22-8/31/23, the City pays 85% of the monthly premium for members of the Fraternal Order of Police (FOP) union, members of the American Federation of State, County, and Municipal Employees (AFSCME) union, as well as all participating non-bargaining employees. The monthly premiums for the HSA Plan are \$726.80 for single coverage and \$1,959.51 for family coverage. The City also makes an annual contribution to the employee health savings accounts. The annual amount of City contributions to the Health Savings Account is \$1,100 for single coverage and \$3,000 for family coverage. The City also offers a PPO health insurance plan. The monthly premium for the PPO plan is \$859.18 for single coverage and \$2,316.43 for family coverage. The City pays 85% of the monthly PPO premium for members of the Fraternal Order of Police (FOP) union, members of the American Federation of State, County, and Municipal Employees (AFSCME) union, and all participating non-bargaining employees.

Dental insurance is offered through Superior Dental Care with a deductible of \$25 for single coverage and up to \$75 for family coverage. The City pays 85% of the monthly premium of \$27.02 for single coverage and \$78.07 for family coverage for FOP and AFSCME represented employees and all participating non-bargaining employees.

The City also provides a minimum of \$40,000 life and Accidental Death and Dismemberment insurance at no cost to the employees. Employees have the opportunity to purchase additional group rated health and life insurance benefits, with the full cost of the premiums paid by the employee via payroll deduction.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 19 - JOINT VENTURES

A. Tri-Cities North Regional Wastewater Authority

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

Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Tipp City, Vandalia and Huber Heights. Tri-Cities is governed by a management board consisting of the city managers of the three participating cities. The Board has complete authority over all the aspects of the Plant's operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation, and the City does have an equity interest. The percentage of equity interest for each city is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$7,360,141 which represents 24.10% of the total equity in Tri-Cities. This reflects an increase of 1.30% over the City's equity interest of 22.80% in 2021. Tri-Cities is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2022, the City paid \$1,143,786 to Tri-Cities for services provided. Complete financial statements can be obtained from Tri-Cities North Regional Wastewater Authority, 3777 Old Needmore Road, Dayton, Ohio 45424.

B. Northern Area Water Authority

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

The Northern Area Water Authority (NAWA) is a joint venture among the cities of Tipp City and Vandalia. NAWA is governed by a five member management board who have complete authority over all aspects of the operation. NAWA supplies all participating residents of the member cities with water services. Each city owns the water lines located in its city and bills its residents for usage. Operations started in 2007. Continued existence of NAWA is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each city is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$2,025,195 which represents 50% of the total equity of NAWA on December 31, 2022. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2022, the City paid \$1,895,791 to NAWA for services provided. NAWA did file a GAAP basis financial statement in accordance with Ohio Revised Code and copies of this report are available from Northern Area Water Authority, 333 J. E. Bohanan Drive, Vandalia, Ohio 45377.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 20 - CONTINGENCIES

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

NOTE 21 – SUBSEQUENT EVENTS

On January 17, 2023, the City authorized an amendment to the pool operations contract with Swimsafe Pool Management to increase the annual operating fees from \$227,600 to \$307,750 to account for the unusually high inflationary environment and difficulty in hiring employees at minimum wage.

On February 6, 2023, the City authorized an agreement with American Municipal Power (AMP) for the purchase and installation of a new automated meter reading system in the amount of \$2,700,848. This project will include all new metering infrastructure as well as an agreement with AMP to monitor and maintain the system.

On February 21, 2023, the City adopted a resolution to begin the process of acquiring 7.019 acres of vacant farmland by “eminent domain” for the construction of a new electric substation.

On February 21, 2023, the City authorized an agreement with Finrock Construction for the widening and installation of a left turn lane on Wagon Wheel Drive which is the entrance/exit to the City’s aquatic center. This contract was in the amount of \$70,600.

On March 6, 2023, the City authorized an agreement with John R. Jurgensen for the City’s annual street paving program in the amount of \$643,178.

On March 20, 2023 the City authorized a Community Reinvestment Agreement with The Service Center (TSC Tipp LLC) for the provision of a fifty percent (50%) property tax abatement for a period of ten (10) years.

On March 20, 2023 the City adopted a resolution laying out the groundwork for the creation of a “Combined” fire department utilizing a mixture of full-time, part-time, and volunteer firefighters. Over the next three to five years this will require a substantial increase to the operating costs of the department currently staffed with part-time and volunteer employees.

On April 3, 2023, the City authorized an agreement with Brumbaugh Construction for the expansion and renovation of the Government Center in the amount of \$1,832,000.

On May 1, 2023, the City authorized an agreement with Perram Electric for a traffic signal improvement project in the amount of \$305,500.

On May 1, 2023, the City authorized an agreement with the Tipp City Exempted Village School District for the provision of two full-time School Resource Officers (SRO) for the 2023-2024 school year. Under this agreement the School District will fund 9/12 of the cost of the officers wages and benefits (during the school year) while the City will fund 3/12 of those costs (school breaks).

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 22 – SIGNIFICANT ENCUMBRANCES

At December 31, 2022 the City had the following significant encumbrances outstanding:

| Fund | Total Encumbrances | Significant Encumbrances | Explanation |
|-----------------------------|-----------------------|-----------------------------|--------------------------------------------------|
| Major Funds: | | | |
| Capital Improvement Reserve | \$ 2,290,925 | \$ 1,400,000 | Government Center Expansion/Renovation |
| | | 332,500 | Purchase and Upfitting a new Medic |
| | | 229,604 | Kyle Park Restroom Improvements |
| | | 119,277 | I-75 Exit 68 Beautification Improvements |
| Electric | 5,652,289 | 5,000,000 | Substation #4 Construction |
| | | 212,277 | Purchase of Tree Trimming Truck |
| | | 172,854 | Purchase of Stock Transformers |
| Water | 133,612 | 53,410 | Purchase of a new Truck |
| | | 24,200 | 4th/5th Street Waterline Replacement Engineering |
| | | 23,870 | OEPA Lead-Copper Abatement Project |
| Sewer | 432,053 | 200,000 | Sanitary Sewer Sliplining |
| | | 150,069 | CR 25A/Main St. Sanitary Sewer Extension |
| | | 53,410 | Purchase of a new Truck |

NOTE 23 – LEASES

A. Leases Receivable

The City leases land used for a cell phone tower as a lessor. In 2022, \$15,786 was received in lease payments.

The original lease was signed in 1995 and was originally for a fifteen year period with renewable increments of 5 years. In June 2020, a renewable agreement was made for the next five (5) year lease term. The lease receivable increases in each 5 year agreement upon agreement between the City and the lessee.

Revenue from the lease agreement is being recognized as follows:

| <u>Year Ending December 31,</u> | <u>Lease Revenue Recognition</u> |
|---------------------------------|--------------------------------------|
| 2023 | \$15,786 |
| 2024 | <u>15,786</u> |
| Interest Revenue | <u>\$3,709</u> |
| Lease Receivable | <u><u>\$27,863</u></u> |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 24 – TAX ABATEMENT DISCLOSURES

As of December 31, 2022, the City of Tipp City provides tax incentives under the Community Reinvestment Area (CRA) program and has three Enterprise Zones (but no active EZ abatements in 2022).

Real Estate Tax Abatements

Pursuant to Ohio Revised Code Chapter 5709, the City established four (CRA #1, CRA #2, CRA #3 and CRA #4) Community Reinvestment Areas prior to 1994 and seven CRAs (#5, #6, #7, #8, #9, #10, and #11) post-1994. Various portions of the community are covered by these eleven CRA's. The City authorizes incentives based upon each business' investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the CRAs gave the City the ability to maintain and expand businesses located in the City and create new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate.

The City also has an agreement with the Tipp City Exempted Village School District for payments in lieu of taxes when required by Section 5709.82 of the Ohio Revised Code.

The City of Tipp City and the Tipp City Exempted Village School District, in line with section 5709.82 of the Ohio Revised Code, have created a Community Reinvestment Area (CRA) Compensation Agreement. This agreement requires municipal income tax revenue sharing with the School District when a company's new payroll related to the project subject to the CRA agreement exceeds \$1,000,000 dollars. The agreement with Tipp City Exempted Village School District reimburses the school district 50 percent of the municipal income tax revenue derived from the new investment in the community less an amount up to 35% of the capital infrastructure improvement costs paid by the City for the project.

Below are the real property taxes abated in 2022:

| <u>Community Reinvestment Area (CRA)</u> | <u>Total Amount of Taxes Abated (Incentives Abated) For the Year 2022 (In Actual Dollars)</u> |
|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Manufacturing | \$907,175 |
| Retail | 7,550 |
| Professional Buildings | 6,327 |
| | |
| <u>Amount of Income Tax Dollars paid to the Tipp City Exempted Village School District</u> | |
| Manufacturing | \$248,778 |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TIPP CITY, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability
Last Nine Years***

Ohio Public Employees Retirement System

| Year | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| City's proportion of the net pension liability (asset) | 0.026523% | 0.026523% | 0.027280% | 0.026622% |
| City's proportionate share of the net pension liability (asset) | \$3,126,716 | \$3,198,970 | \$4,725,246 | \$6,045,511 |
| City's covered payroll | \$3,564,392 | \$3,273,808 | \$3,392,083 | \$3,508,450 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 87.72% | 97.71% | 139.30% | 172.31% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.36% | 86.45% | 81.08% | 77.25% |

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

| Year | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| City's proportion of the net pension liability (asset) | 0.062088% | 0.062088% | 0.063311% | 0.062183% |
| City's proportionate share of the net pension liability (asset) | \$3,023,856 | \$3,216,391 | \$4,072,856 | \$3,938,623 |
| City's covered payroll | \$1,250,733 | \$1,358,242 | \$1,533,384 | \$1,485,547 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 241.77% | 236.81% | 265.61% | 265.13% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.00% | 72.20% | 66.77% | 68.36% |

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2013 is not available.

CITY OF TIPP CITY, OHIO

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-------------|-------------|-------------|-------------|-------------|
| 0.027877% | 0.026781% | 0.025897% | 0.026512% | 0.026914% |
| \$4,373,353 | \$7,334,774 | \$5,118,718 | \$3,925,850 | \$2,341,626 |
| \$3,744,100 | \$3,682,529 | \$3,690,350 | \$3,788,007 | \$3,983,200 |
| 116.81% | 199.18% | 138.71% | 103.64% | 58.79% |
| 84.66% | 74.70% | 82.17% | 86.88% | 92.62% |

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-------------|-------------|-------------|-------------|-------------|
| 0.065907% | 0.067455% | 0.072024% | 0.073592% | 0.075050% |
| \$4,045,022 | \$5,506,110 | \$4,851,934 | \$5,016,806 | \$4,688,665 |
| \$1,599,574 | \$1,685,615 | \$1,870,191 | \$1,917,263 | \$2,084,095 |
| 252.88% | 326.65% | 259.44% | 261.67% | 224.97% |
| 70.91% | 63.07% | 69.89% | 70.65% | 75.03% |

CITY OF TIPP CITY, OHIO

***Schedule of City Pension Contributions
Last Ten Years***

Ohio Public Employees Retirement System

| Year | 2013 | 2014 | 2015 | 2016 |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$463,371 | \$392,857 | \$407,050 | \$421,014 |
| Contributions in relation to the contractually required contribution | 463,371 | 392,857 | 407,050 | 421,014 |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 |
| City's covered payroll | \$3,564,392 | \$3,273,808 | \$3,392,083 | \$3,508,450 |
| Contributions as a percentage of covered payroll | 13.00% | 12.00% | 12.00% | 12.00% |

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

| Year | 2013 | 2014 | 2015 | 2016 |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$208,247 | \$258,066 | \$291,343 | \$282,254 |
| Contributions in relation to the contractually required contribution | 208,247 | 258,066 | 291,343 | 282,254 |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 |
| City's covered payroll | \$1,250,733 | \$1,358,242 | \$1,533,384 | \$1,485,547 |
| Contributions as a percentage of covered payroll | 16.65% | 19.00% | 19.00% | 19.00% |

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

CITY OF TIPP CITY, OHIO

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$486,733 | \$515,554 | \$516,649 | \$530,321 | \$557,648 | \$571,426 |
| <u>486,733</u> | <u>515,554</u> | <u>516,649</u> | <u>530,321</u> | <u>557,648</u> | <u>571,426</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$3,744,100 | \$3,682,529 | \$3,690,350 | \$3,788,007 | \$3,983,200 | \$4,081,614 |
| 13.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$303,919 | \$322,393 | \$361,053 | \$371,519 | \$402,298 | \$412,233 |
| <u>303,919</u> | <u>322,393</u> | <u>361,053</u> | <u>371,519</u> | <u>402,298</u> | <u>412,233</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$1,599,574 | \$1,685,615 | \$1,870,191 | \$1,917,263 | \$2,084,095 | \$2,125,379 |
| 19.00% | 19.13% | 19.31% | 19.38% | 19.30% | 19.40% |

CITY OF TIPP CITY, OHIO

***Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability
Last Six Years***

Ohio Public Employees Retirement System

| Year | 2016 | 2017 | 2018 |
|-----------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| City's proportion of the net OPEB liability (asset) | 0.026072% | 0.027162% | 0.026190% |
| City's proportionate share of the net OPEB liability (asset) | \$2,633,329 | \$2,949,604 | \$3,414,558 |
| City's covered payroll | \$3,508,450 | \$3,744,100 | \$3,682,529 |
| City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 75.06% | 78.78% | 92.72% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 54.50% | 54.14% | 46.33% |

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

| Year | 2016 | 2017 | 2018 |
|-----------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| City's proportion of the net OPEB liability (asset) | 0.062183% | 0.065907% | 0.067455% |
| City's proportionate share of the net OPEB liability (asset) | \$2,951,699 | \$3,734,209 | \$614,282 |
| City's covered payroll | \$1,485,547 | \$1,599,574 | \$1,685,615 |
| City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 198.69% | 233.45% | 36.44% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 15.96% | 14.13% | 46.57% |

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2016 is not available.

CITY OF TIPP CITY, OHIO

| <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-------------|-------------|-------------|
| 0.025310% | 0.026057% | 0.026503% |
| \$3,495,968 | (\$464,226) | (\$830,114) |
| \$3,690,350 | \$3,788,007 | \$3,983,200 |
| 94.73% | (12.26%) | (20.84%) |
| 47.80% | 115.57% | 128.23% |

| <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-------------|-------------|-------------|
| 0.072024% | 0.073592% | 0.075050% |
| \$711,436 | \$779,716 | \$822,609 |
| \$1,870,191 | \$1,917,263 | \$2,084,095 |
| 38.04% | 40.67% | 39.47% |
| 47.08% | 45.42% | 46.86% |

CITY OF TIPP CITY, OHIO

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Ten Years***

Ohio Public Employees Retirement System

| Year | 2013 | 2014 | 2015 | 2016 |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$35,644 | \$65,476 | \$67,842 | \$70,169 |
| Contributions in relation to the contractually required contribution | 35,644 | 65,476 | 67,842 | 70,169 |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 |
| City's covered payroll | \$3,564,392 | \$3,273,808 | \$3,392,083 | \$3,508,450 |
| Contributions as a percentage of covered payroll | 1.00% | 2.00% | 2.00% | 2.00% |

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

| Year | 2013 | 2014 | 2015 | 2016 |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$46,710 | \$6,791 | \$7,667 | \$7,428 |
| Contributions in relation to the contractually required contribution | 46,710 | 6,791 | 7,667 | 7,428 |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 |
| City's covered payroll | \$1,250,733 | \$1,358,242 | \$1,533,384 | \$1,485,547 |
| Contributions as a percentage of covered payroll | 3.73% | 0.50% | 0.50% | 0.50% |

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

CITY OF TIPP CITY, OHIO

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$37,441 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 37,441 | 0 | 0 | 0 | 0 | 0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$3,744,100 | \$3,682,529 | \$3,690,350 | \$3,788,007 | \$3,983,200 | \$4,081,614 |
| 1.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$7,998 | \$8,428 | \$9,351 | \$9,586 | \$10,420 | \$10,607 |
| 7,998 | 8,428 | 9,351 | 9,586 | 10,420 | 10,607 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$1,599,574 | \$1,685,615 | \$1,870,191 | \$1,917,263 | \$2,084,095 | \$2,125,379 |
| 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2022.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2022.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

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***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

Changes in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET OPEB LIABILITY (ASSET) (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020 - 2022: There were no changes in benefit terms.

Changes in assumptions:

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.

- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.96% to 2.84%.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Swimming Pool Fund

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Municipal Road Fund

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

Justice Department Equitable Sharing Fund

To account for monies resulting from federal forfeitures based upon the City's contributions to the law enforcement effort leading to the forfeiture.

One Ohio Opioid Fund

To account for monies obtained and distributed by the State of Ohio from opioid settlements of drug manufacturers and distributors. It is designated for resources to assist with community drug recovery, prevention and treatment.

Peace Officer Training Fund

To account for monies to be used for continuing professional training programs for law enforcement officers . (The Balance Sheet for this fund is not presented because there were no assets nor liabilities at year end.)(This fund is not part of the City's appropriated budget therefore no budgetary schedule is presented.)

Law Enforcement Fund

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

Enforcement and Education Fund

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

(Continued)

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

Drug Law Enforcement Fund

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

Cares Act Grant Fund

This fund is used to account for Coronavirus Relief funds received through passage of the CARES Act. These funds can be used for necessary expenditures incurred due to the Covid-19 public health emergency. (The Balance Sheet for this fund is not presented because there were no assets nor liabilities at year end.)..

Fieldstone TIF Project Fund

To account for financial resources used for funding public infrastructure improvements for the Fieldstone Place Senior Living Campus. (The Balance Sheet for this fund is not presented because there were no assets nor liabilities at year end.)

Police Donation Trust Fund

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

Debt Service Funds

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

General Bond Retirement Fund

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

Special Assesment Bond Retirement Fund

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

(Continued)

Nonmajor Governmental Funds

Capital Projects Funds

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

Parks Capital Improvement Fund

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

25-A Construction Fund

To account for improvements to 25A County Road financed by intergovernmental revenues. (The Balance Sheet for this fund is not presented because there were no assets nor liabilities at year end.)

Downtown Streetscape Grant Fund

To account for improvements to the downtown streetscape financed by intergovernmental revenues. (The Balance Sheet for this fund is not presented because there were no assets nor liabilities at year end.)

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|------------------------------------------------------------------------------|--------------------------------------|--------------------------------|---------------------------------------|-----------------------------------------|
| Assets: | | | | |
| Equity in Pooled Cash and Investments | \$ 1,527,728 | \$ 37,336 | \$ 102,937 | \$ 1,668,001 |
| Receivables: | | | | |
| Accounts | 480 | 0 | 0 | 480 |
| Intergovernmental | 459,169 | 0 | 0 | 459,169 |
| Special Assessments | 0 | 147,307 | 0 | 147,307 |
| Inventory of Supplies, at Cost | 66,011 | 0 | 0 | 66,011 |
| Prepaid Items | 1,171 | 0 | 0 | 1,171 |
| Total Assets | <u>\$ 2,054,559</u> | <u>\$ 184,643</u> | <u>\$ 102,937</u> | <u>\$ 2,342,139</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 4,541 | \$ 0 | \$ 0 | \$ 4,541 |
| Accrued Wages and Benefits Payable | 15,012 | 0 | 0 | 15,012 |
| Intergovernmental Payable | 128 | 0 | 0 | 128 |
| Total Liabilities | <u>19,681</u> | <u>0</u> | <u>0</u> | <u>19,681</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable Amounts | 300,666 | 147,307 | 0 | 447,973 |
| Fund Balances: | | | | |
| Nonspendable | 67,182 | 0 | 0 | 67,182 |
| Restricted | 1,659,216 | 37,336 | 102,937 | 1,799,489 |
| Committed | 7,814 | 0 | 0 | 7,814 |
| Total Fund Balances | <u>1,734,212</u> | <u>37,336</u> | <u>102,937</u> | <u>1,874,485</u> |
| Total Liabilities, Deferred Inflow of Resources and Fund Balances | <u>\$ 2,054,559</u> | <u>\$ 184,643</u> | <u>\$ 102,937</u> | <u>\$ 2,342,139</u> |

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2022**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|------------------------------------------------------|--------------------------------------|--------------------------------|---------------------------------------|-----------------------------------------|
| Revenues: | | | | |
| Taxes | \$ 104,045 | \$ 0 | \$ 0 | \$ 104,045 |
| Intergovernmental Revenues | 929,324 | 0 | 327,808 | 1,257,132 |
| Charges for Services | 369,712 | 0 | 0 | 369,712 |
| Special Assessments | 0 | 73,653 | 0 | 73,653 |
| Fines and Forfeitures | 2,758 | 0 | 0 | 2,758 |
| All Other Revenue | 74,395 | 0 | 9,180 | 83,575 |
| Total Revenue | 1,480,234 | 73,653 | 336,988 | 1,890,875 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 3,434 | 0 | 0 | 3,434 |
| Leisure Time Activities | 370,369 | 0 | 0 | 370,369 |
| Transportation | 811,948 | 0 | 0 | 811,948 |
| General Government | 2,365 | 3,507 | 0 | 5,872 |
| Capital Outlay | 144,482 | 0 | 327,808 | 472,290 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 108,182 | 0 | 108,182 |
| Interest and Fiscal Charges | 0 | 8,662 | 0 | 8,662 |
| Total Expenditures | 1,332,598 | 120,351 | 327,808 | 1,780,757 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | |
| | 147,636 | (46,698) | 9,180 | 110,118 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 0 | 48,300 | 0 | 48,300 |
| Total Other Financing Sources (Uses) | 0 | 48,300 | 0 | 48,300 |
| Net Change in Fund Balances | 147,636 | 1,602 | 9,180 | 158,418 |
| Fund Balances at Beginning of Year | 1,586,576 | 35,734 | 93,757 | 1,716,067 |
| Fund Balances End of Year | \$ 1,734,212 | \$ 37,336 | \$ 102,937 | \$ 1,874,485 |



CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022**

| | Swimming Pool | Street Construction, Maintenance and Repair | State Highway Improvement | Municipal Road | Justice Department Equitable Sharing |
|-------------------------------------------------------------------------------|-----------------|------------------------------------------------------|------------------------------|-------------------|-----------------------------------------------|
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$ 7,782 | \$ 903,865 | \$ 93,541 | \$ 421,806 | \$ 72,643 |
| Receivables: | | | | | |
| Accounts | 0 | 480 | 0 | 0 | 0 |
| Intergovernmental | 0 | 318,120 | 25,794 | 107,085 | 0 |
| Inventory of Supplies, at Cost | 0 | 66,011 | 0 | 0 | 0 |
| Prepaid Items | 200 | 502 | 0 | 469 | 0 |
| Total Assets | <u>\$ 7,982</u> | <u>\$ 1,288,978</u> | <u>\$ 119,335</u> | <u>\$ 529,360</u> | <u>\$ 72,643</u> |
| Liabilities: | | | | | |
| Accounts Payable | \$ 313 | \$ 1,335 | \$ 13 | \$ 2,880 | \$ 0 |
| Accrued Wages and Benefits Payable | 0 | 13,504 | 0 | 1,508 | 0 |
| Intergovernmental Payable | 0 | 113 | 0 | 15 | 0 |
| Total Liabilities | <u>313</u> | <u>14,952</u> | <u>13</u> | <u>4,403</u> | <u>0</u> |
| Deferred Inflows of Resources: | | | | | |
| Unavailable Amounts | 0 | 212,080 | 17,196 | 71,390 | 0 |
| Fund Balances: | | | | | |
| Nonspendable | 200 | 66,513 | 0 | 469 | 0 |
| Restricted | 0 | 995,433 | 102,126 | 453,098 | 72,643 |
| Committed | 7,469 | 0 | 0 | 0 | 0 |
| Total Fund Balances | <u>7,669</u> | <u>1,061,946</u> | <u>102,126</u> | <u>453,567</u> | <u>72,643</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 7,982</u> | <u>\$ 1,288,978</u> | <u>\$ 119,335</u> | <u>\$ 529,360</u> | <u>\$ 72,643</u> |

CITY OF TIPP CITY, OHIO

| One Ohio Opioid | Law Enforcement | Enforcement and Education | Drug Law Enforcement | Police Donation Trust | Total Nonmajor Special Revenue Funds |
|--------------------|--------------------|------------------------------|-------------------------|--------------------------|--------------------------------------------|
| \$ 3,254 | \$ 10,211 | \$ 11,743 | \$ 2,538 | \$ 345 | \$ 1,527,728 |
| 0 | 0 | 0 | 0 | 0 | 480 |
| 7,280 | 0 | 75 | 815 | 0 | 459,169 |
| 0 | 0 | 0 | 0 | 0 | 66,011 |
| 0 | 0 | 0 | 0 | 0 | 1,171 |
| <u>\$ 10,534</u> | <u>\$ 10,211</u> | <u>\$ 11,818</u> | <u>\$ 3,353</u> | <u>\$ 345</u> | <u>\$ 2,054,559</u> |
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 4,541 |
| 0 | 0 | 0 | 0 | 0 | 15,012 |
| 0 | 0 | 0 | 0 | 0 | 128 |
| 0 | 0 | 0 | 0 | 0 | 19,681 |
| 0 | 0 | 0 | 0 | 0 | 300,666 |
| 0 | 0 | 0 | 0 | 0 | 67,182 |
| 10,534 | 10,211 | 11,818 | 3,353 | 0 | 1,659,216 |
| 0 | 0 | 0 | 0 | 345 | 7,814 |
| <u>10,534</u> | <u>10,211</u> | <u>11,818</u> | <u>3,353</u> | <u>345</u> | <u>1,734,212</u> |
| <u>\$ 10,534</u> | <u>\$ 10,211</u> | <u>\$ 11,818</u> | <u>\$ 3,353</u> | <u>\$ 345</u> | <u>\$ 2,054,559</u> |

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022**

| | Swimming Pool | Street Construction, Maintenance and Repair | State Highway Improvement | Municipal Road |
|-------------------------------------------|-----------------|------------------------------------------------------|------------------------------|-------------------|
| Revenues: | | | | |
| Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Intergovernmental Revenues | 0 | 650,553 | 52,748 | 215,489 |
| Charges for Services | 369,712 | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 |
| All Other Revenue | 3,348 | 13,241 | 0 | 3,968 |
| Total Revenue | <u>373,060</u> | <u>663,794</u> | <u>52,748</u> | <u>219,457</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 370,369 | 0 | 0 | 0 |
| Transportation | 0 | 494,322 | 9,333 | 204,248 |
| General Government | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 951 | 125,000 | 0 |
| Total Expenditures | <u>370,369</u> | <u>495,273</u> | <u>134,333</u> | <u>204,248</u> |
| Net Change in Fund Balances | 2,691 | 168,521 | (81,585) | 15,209 |
| Fund Balances at Beginning of Year | 4,978 | 893,425 | 183,711 | 438,358 |
| Fund Balances End of Year | <u>\$ 7,669</u> | <u>\$ 1,061,946</u> | <u>\$ 102,126</u> | <u>\$ 453,567</u> |

CITY OF TIPP CITY, OHIO

| Justice Department Equitable Sharing | One Ohio Opioid | Peace Officer Training | Law Enforcement | Enforcement and Education | Drug Law Enforcement |
|-----------------------------------------------|--------------------|---------------------------|--------------------|------------------------------|-------------------------|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 0 | 10,534 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 915 | 1,843 |
| 52,676 | 0 | 0 | 1,162 | 0 | 0 |
| 52,676 | 10,534 | 0 | 1,162 | 915 | 1,843 |
| 0 | 0 | 2,752 | 0 | 682 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 16,709 | 0 | 0 | 1,822 | 0 | 0 |
| 16,709 | 0 | 2,752 | 1,822 | 682 | 0 |
| 35,967 | 10,534 | (2,752) | (660) | 233 | 1,843 |
| 36,676 | 0 | 2,752 | 10,871 | 11,585 | 1,510 |
| \$ 72,643 | \$ 10,534 | \$ 0 | \$ 10,211 | \$ 11,818 | \$ 3,353 |

(Continued)

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022**

| | CARES Act Grant | Fieldstone TIF Project | Police Donation Trust | Total Nonmajor Special Revenue Funds |
|-------------------------------------------|--------------------|---------------------------|--------------------------|--------------------------------------------------|
| Revenues: | | | | |
| Taxes | \$ 0 | \$ 104,045 | \$ 0 | \$ 104,045 |
| Intergovernmental Revenues | 0 | 0 | 0 | 929,324 |
| Charges for Services | 0 | 0 | 0 | 369,712 |
| Fines and Forfeitures | 0 | 0 | 0 | 2,758 |
| All Other Revenue | 0 | 0 | 0 | 74,395 |
| Total Revenue | 0 | 104,045 | 0 | 1,480,234 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 0 | 0 | 0 | 3,434 |
| Leisure Time Activities | 0 | 0 | 0 | 370,369 |
| Transportation | 0 | 104,045 | 0 | 811,948 |
| General Government | 2,365 | 0 | 0 | 2,365 |
| Capital Outlay | 0 | 0 | 0 | 144,482 |
| Total Expenditures | 2,365 | 104,045 | 0 | 1,332,598 |
| Net Change in Fund Balances | (2,365) | 0 | 0 | 147,636 |
| Fund Balances at Beginning of Year | 2,365 | 0 | 345 | 1,586,576 |
| Fund Balances End of Year | \$ 0 | \$ 0 | \$ 345 | \$ 1,734,212 |

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2022**

| | General Bond Retirement | Special Assessment Bond Retirement | Total Nonmajor Debt Service Funds |
|-------------------------------------------------------------------------------|----------------------------|---------------------------------------------|-----------------------------------------|
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$ 15,123 | \$ 22,213 | \$ 37,336 |
| Receivables: | | | |
| Special Assessments | 0 | 147,307 | 147,307 |
| Total Assets | <u>\$ 15,123</u> | <u>\$ 169,520</u> | <u>\$ 184,643</u> |
| Liabilities: | | | |
| Total Liabilities | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Deferred Inflows of Resources: | | | |
| Unavailable Amounts | 0 | 147,307 | 147,307 |
| Fund Balances: | | | |
| Restricted | 15,123 | 22,213 | 37,336 |
| Total Fund Balances | <u>15,123</u> | <u>22,213</u> | <u>37,336</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 15,123</u> | <u>\$ 169,520</u> | <u>\$ 184,643</u> |

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2022**

| | General Bond Retirement | Special Assessment Bond Retirement | Total Nonmajor Debt Service Funds |
|------------------------------------------------------|----------------------------|---------------------------------------------|-----------------------------------------|
| Revenues: | | | |
| Special Assessments | \$ 0 | \$ 73,653 | \$ 73,653 |
| Total Revenue | <u>0</u> | <u>73,653</u> | <u>73,653</u> |
| Expenditures: | | | |
| Current: | | | |
| General Government | 0 | 3,507 | 3,507 |
| Debt Service: | | | |
| Principal Retirement | 48,182 | 60,000 | 108,182 |
| Interest and Fiscal Charges | 112 | 8,550 | 8,662 |
| Total Expenditures | <u>48,294</u> | <u>72,057</u> | <u>120,351</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (48,294) | 1,596 | (46,698) |
| Other Financing Sources (Uses): | | | |
| Transfers In | 48,300 | 0 | 48,300 |
| Total Other Financing Sources (Uses) | <u>48,300</u> | <u>0</u> | <u>48,300</u> |
| Net Change in Fund Balances | 6 | 1,596 | 1,602 |
| Fund Balances at Beginning of Year | 15,117 | 20,617 | 35,734 |
| Fund Balances End of Year | <u>\$ 15,123</u> | <u>\$ 22,213</u> | <u>\$ 37,336</u> |

CITY OF TIPP CITY, OHIO

***Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2022***

| | <u>Parks Capital Improvement</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|--------------------------------------------|--------------------------------------|------------------------------------------------------|
| Assets: | | |
| Equity in Pooled Cash and Investments | \$ 102,937 | \$ 102,937 |
| Total Assets | <u>\$ 102,937</u> | <u>\$ 102,937</u> |
| Liabilities: | | |
| Total Liabilities | <u>\$ 0</u> | <u>\$ 0</u> |
| Fund Balances: | | |
| Restricted | 102,937 | 102,937 |
| Total Fund Balances | <u>102,937</u> | <u>102,937</u> |
| Total Liabilities and Fund Balances | <u>\$ 102,937</u> | <u>\$ 102,937</u> |

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022**

| | <u>Parks Capital Improvement</u> | <u>25-A Construction</u> | <u>Downtown Streetscape Grant</u> | <u>Total Nonmajor Capital Project Funds</u> |
|-------------------------------------------|--------------------------------------|------------------------------|-------------------------------------------|-----------------------------------------------------|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 0 | \$ 298,382 | \$ 29,426 | \$ 327,808 |
| All Other Revenue | 9,180 | 0 | 0 | 9,180 |
| Total Revenue | <u>9,180</u> | <u>298,382</u> | <u>29,426</u> | <u>336,988</u> |
| Expenditures: | | | | |
| Capital Outlay | 0 | 298,382 | 29,426 | 327,808 |
| Total Expenditures | <u>0</u> | <u>298,382</u> | <u>29,426</u> | <u>327,808</u> |
| Net Change in Fund Balances | 9,180 | 0 | 0 | 9,180 |
| Fund Balances at Beginning of Year | <u>93,757</u> | <u>0</u> | <u>0</u> | <u>93,757</u> |
| Fund Balances End of Year | <u>\$ 102,937</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 102,937</u> |

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2022**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------------|--------------------|------------------|------------------|---------------------------------------------------------|
| Revenues: | | | | |
| Taxes | \$ 4,600,477 | \$ 4,840,477 | \$ 4,981,227 | \$ 140,750 |
| Intergovernmental Revenues | 1,193,450 | 1,193,450 | 1,213,815 | 20,365 |
| Charges for Services | 1,406,019 | 1,406,019 | 1,415,917 | 9,898 |
| Licenses and Permits | 204,695 | 204,695 | 194,627 | (10,068) |
| Investment Earnings | 50,000 | 150,000 | 405,044 | 255,044 |
| Fines and Forfeitures | 3,625 | 3,625 | 6,537 | 2,912 |
| All Other Revenues | 190,600 | 190,600 | 193,263 | 2,663 |
| Total Revenues | <u>7,648,866</u> | <u>7,988,866</u> | <u>8,410,430</u> | <u>421,564</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Police: | | | | |
| Personal Services | 2,801,944 | 2,831,996 | 2,873,814 | (41,818) |
| Travel and Training | 48,549 | 49,661 | 46,670 | 2,991 |
| Materials and Supplies | 62,085 | 90,700 | 94,152 | (3,452) |
| Contractual Services | 171,635 | 177,118 | 185,069 | (7,951) |
| Total Police | <u>3,084,213</u> | <u>3,149,475</u> | <u>3,199,705</u> | <u>(50,230)</u> |
| Emergency Medical Services: | | | | |
| Personal Services | 1,131,624 | 1,133,923 | 1,112,664 | 21,259 |
| Travel and Training | 27,985 | 28,645 | 20,697 | 7,948 |
| Materials and Supplies | 57,690 | 68,965 | 67,678 | 1,287 |
| Contractual Services | 258,078 | 360,809 | 299,790 | 61,019 |
| Total Emergency Medical Services | <u>1,475,377</u> | <u>1,592,342</u> | <u>1,500,829</u> | <u>91,513</u> |
| Total Security of Persons and Property | <u>4,559,590</u> | <u>4,741,817</u> | <u>4,700,534</u> | <u>41,283</u> |
| Leisure Time Activities: | | | | |
| Parks: | | | | |
| Personal Services | 346,076 | 426,288 | 409,305 | 16,983 |
| Travel and Training | 1,500 | 1,500 | 729 | 771 |
| Materials and Supplies | 52,750 | 65,148 | 74,409 | (9,261) |
| Contractual Services | 104,032 | 107,160 | 102,352 | 4,808 |
| Total Parks | <u>504,358</u> | <u>600,096</u> | <u>586,795</u> | <u>13,301</u> |
| Recreation: | | | | |
| Contractual Services | 17,700 | 17,700 | 17,700 | 0 |
| Total Recreation | <u>17,700</u> | <u>17,700</u> | <u>17,700</u> | <u>0</u> |
| Total Leisure Time Activities | <u>522,058</u> | <u>617,796</u> | <u>604,495</u> | <u>13,301</u> |

(Continued)

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2022**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|------------------------------|--------------------|----------------|----------------|---------------------------------------------------------|
| Community Environment: | | | | |
| Planning: | | | | |
| Personal Services | 270,163 | 270,170 | 264,863 | 5,307 |
| Travel and Training | 2,000 | 2,043 | 1,322 | 721 |
| Materials and Supplies | 1,950 | 1,950 | 1,108 | 842 |
| Contractual Services | 91,907 | 97,085 | 94,244 | 2,841 |
| Total Community Environment | <u>366,020</u> | <u>371,248</u> | <u>361,537</u> | <u>9,711</u> |
| Basic Utility Services: | | | | |
| Utility Billing: | | | | |
| Personal Services | 294,818 | 294,828 | 288,793 | 6,035 |
| Travel and Training | 2,500 | 2,500 | 2,172 | 328 |
| Materials and Supplies | 35,900 | 37,061 | 34,004 | 3,057 |
| Contractual Services | 35,310 | 36,444 | 26,945 | 9,499 |
| Total Basic Utility Services | <u>368,528</u> | <u>370,833</u> | <u>351,914</u> | <u>18,919</u> |
| General Government: | | | | |
| City Council: | | | | |
| Personal Services | 52,260 | 55,510 | 54,472 | 1,038 |
| Travel and Training | 3,000 | 4,240 | 4,232 | 8 |
| Materials and Supplies | 1,250 | 1,112 | 856 | 256 |
| Contractual Services | 25,810 | 26,996 | 29,084 | (2,088) |
| Total City Council | <u>82,320</u> | <u>87,858</u> | <u>88,644</u> | <u>(786)</u> |
| Commissions: | | | | |
| Travel and Training | 500 | 600 | 613 | (13) |
| Materials and Supplies | 1,000 | 1,550 | 1,564 | (14) |
| Contractual Services | 35,000 | 34,433 | 34,005 | 428 |
| Total Commissions | <u>36,500</u> | <u>36,583</u> | <u>36,182</u> | <u>401</u> |
| Administration: | | | | |
| Personal Services | 258,600 | 277,617 | 278,368 | (751) |
| Travel and Training | 4,000 | 4,400 | 4,480 | (80) |
| Materials and Supplies | 1,000 | 1,276 | 597 | 679 |
| Contractual Services | 8,064 | 8,825 | 5,347 | 3,478 |
| Total Administration | <u>271,664</u> | <u>292,118</u> | <u>288,792</u> | <u>3,326</u> |

(Continued)

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2022***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------|--------------------|--------------|---------|---------------------------------------------------------|
| Buildings and Grounds: | | | | |
| Personal Services | 160,503 | 160,508 | 147,705 | 12,803 |
| Travel and Training | 2,500 | 5,109 | 75 | 5,034 |
| Materials and Supplies | 8,550 | 4,662 | 2,051 | 2,611 |
| Contractual Services | 115,584 | 143,890 | 135,408 | 8,482 |
| Total Buildings and Grounds | 287,137 | 314,169 | 285,239 | 28,930 |
| Finance - Accounting: | | | | |
| Personal Services | 265,114 | 265,121 | 264,284 | 837 |
| Travel and Training | 1,500 | 2,050 | 2,083 | (33) |
| Materials and Supplies | 2,000 | 6,000 | 1,603 | 4,397 |
| Contractual Services | 19,922 | 20,605 | 18,966 | 1,639 |
| Total Finance - Accounting | 288,536 | 293,776 | 286,936 | 6,840 |
| Finance - Income Tax: | | | | |
| Personal Services | 210,293 | 215,300 | 208,424 | 6,876 |
| Travel and Training | 1,000 | 1,000 | 609 | 391 |
| Materials and Supplies | 7,200 | 7,453 | 5,598 | 1,855 |
| Contractual Services | 20,795 | 24,114 | 18,054 | 6,060 |
| Income Tax Refunds | 100,000 | 120,000 | 110,620 | 9,380 |
| Total Finance - Income Tax | 339,288 | 367,867 | 343,305 | 24,562 |
| Legal: | | | | |
| Personal Services | 76,381 | 76,387 | 76,128 | 259 |
| Travel and Training | 1,000 | 1,000 | 250 | 750 |
| Contractual Services | 58,064 | 74,282 | 69,221 | 5,061 |
| Total Legal | 135,445 | 151,669 | 145,599 | 6,070 |
| Engineering: | | | | |
| Personal Services | 17,863 | 22,902 | 21,883 | 1,019 |
| Travel and Training | 0 | 350 | 780 | (430) |
| Materials and Supplies | 1,550 | 1,550 | 750 | 800 |
| Contractual Services | 55,000 | 78,732 | 84,492 | (5,760) |
| Total Engineering | 74,413 | 103,534 | 107,905 | (4,371) |

(Continued)

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2022***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------|
| General Administrative: | | | | |
| Materials and Supplies | 15,000 | 15,000 | 13,601 | 1,399 |
| Contractual Services | 133,355 | 138,660 | 142,436 | (3,776) |
| Other Expenditures | 127,511 | 127,576 | 127,574 | 2 |
| Total General Administrative | 275,866 | 281,236 | 283,611 | (2,375) |
| Total General Government | 1,791,169 | 1,928,810 | 1,866,213 | 62,597 |
| Capital Outlay: | | | | |
| Police | 10,000 | 10,000 | 9,236 | 764 |
| Emergency Medical Services | 26,184 | 61,750 | 55,446 | 6,304 |
| Parks | 625 | 754 | 438 | 316 |
| Planning | 500 | 500 | 0 | 500 |
| Utility Billing | 750 | 750 | 400 | 350 |
| City Council | 1,500 | 2,647 | 2,304 | 343 |
| Commissions | 300 | 300 | 0 | 300 |
| Administration | 300 | 300 | 0 | 300 |
| Buildings and Grounds | 500 | 500 | 200 | 300 |
| Finance - Accounting | 300 | 300 | 0 | 300 |
| Finance - Income Tax | 300 | 300 | 0 | 300 |
| Total Capital Outlay | 41,259 | 78,101 | 68,024 | 10,077 |
| Total Expenditures | 7,648,624 | 8,108,605 | 7,952,717 | 155,888 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 242 | (119,739) | 457,713 | 577,452 |
| Fund Balance at Beginning of Year | 6,509,388 | 6,509,388 | 6,509,388 | 0 |
| Prior Year Encumbrances | 182,232 | 182,232 | 182,232 | 0 |
| Fund Balance at End of Year | <u>\$ 6,691,862</u> | <u>\$ 6,571,881</u> | <u>\$ 7,149,333</u> | <u>\$ 577,452</u> |

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund – American Rescue Plan Fund
For the Year Ended December 31, 2022***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------------|---------------------|---------------------------------------------------------|
| Revenues: | | | |
| Intergovernmental Revenues | \$ 529,779 | \$ 534,009 | \$ 4,230 |
| Total Revenues | <u>529,779</u> | <u>534,009</u> | <u>4,230</u> |
| Expenditures: | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 529,779 | 534,009 | 4,230 |
| Fund Balance at Beginning of Year | <u>529,778</u> | <u>529,778</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 1,059,557</u> | <u>\$ 1,063,787</u> | <u>\$ 4,230</u> |

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund – Capital Improvement Reserve Fund
For the Year Ended December 31, 2022***

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------------|---------------------|---------------------------------------------------------|
| Revenues: | | | |
| Taxes | \$ 3,835,201 | \$ 3,923,740 | \$ 88,539 |
| Intergovernmental Revenues | 150,000 | 28,872 | (121,128) |
| Charges for Services | 77,220 | 71,652 | (5,568) |
| Special Assessments | 25,000 | 21,536 | (3,464) |
| All Other Revenues | 386,100 | 280,414 | (105,686) |
| Total Revenues | <u>4,473,521</u> | <u>4,326,214</u> | <u>(147,307)</u> |
| Expenditures: | | | |
| General Government: | | | |
| Contractual Services | 4,350 | 4,085 | 265 |
| Other Expenditures | 208,500 | 207,614 | 886 |
| Total General Government | <u>212,850</u> | <u>211,699</u> | <u>1,151</u> |
| Capital Outlay | 5,453,061 | 5,020,982 | 432,079 |
| Total Expenditures | <u>5,665,911</u> | <u>5,232,681</u> | <u>433,230</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,192,390) | (906,467) | 285,923 |
| Other Financing Sources (Uses): | | | |
| Sale of Capital Assets | 25,000 | 55,062 | 30,062 |
| Transfers Out | (48,300) | (48,300) | 0 |
| Total Other Financing Sources (Uses) | <u>(23,300)</u> | <u>6,762</u> | <u>30,062</u> |
| Net Change in Fund Balance | (1,215,690) | (899,705) | 315,985 |
| Fund Balance at Beginning of Year | 1,516,567 | 1,516,567 | 0 |
| Prior Year Encumbrances | 793,856 | 793,856 | 0 |
| Fund Balance at End of Year | <u>\$ 1,094,733</u> | <u>\$ 1,410,718</u> | <u>\$ 315,985</u> |

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022**

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|--------------------|-----------------|---------------------------------------------------------|
| SWIMMING POOL FUND | | | |
| Revenues: | | | |
| Charges for Services | \$ 351,500 | \$ 369,712 | \$ 18,212 |
| All Other Revenues | 2,000 | 3,348 | 1,348 |
| Total Revenues | <u>353,500</u> | <u>373,060</u> | <u>19,560</u> |
| Expenditures: | | | |
| Leisure Time Activities: | | | |
| Swimming Pool: | | | |
| Materials and Supplies | 48,500 | 50,587 | (2,087) |
| Contractual Services | 324,297 | 322,534 | 1,763 |
| Other Expenditures | 500 | 305 | 195 |
| Total Expenditures | <u>373,297</u> | <u>373,426</u> | <u>(129)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (19,797) | (366) | 19,431 |
| Fund Balance at Beginning of Year | 3,623 | 3,623 | 0 |
| Prior Year Encumbrances | 1,320 | 1,320 | 0 |
| Fund Balance at End of Year | <u>\$ (14,854)</u> | <u>\$ 4,577</u> | <u>\$ 19,431</u> |

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|-------------------|-------------------|---------------------------------------------------------|
| Revenues: | | | |
| Intergovernmental Revenues | \$ 638,478 | \$ 648,744 | \$ 10,266 |
| All Other Revenues | 5,500 | 12,761 | 7,261 |
| Total Revenues | <u>643,978</u> | <u>661,505</u> | <u>17,527</u> |
| Expenditures: | | | |
| Transportation: | | | |
| Street: | | | |
| Personal Services | 375,163 | 363,757 | 11,406 |
| Travel and Training | 2,000 | 1,405 | 595 |
| Materials and Supplies | 37,734 | 27,282 | 10,452 |
| Contractual Services | 110,250 | 104,493 | 5,757 |
| Total Transportation | <u>525,147</u> | <u>496,937</u> | <u>28,210</u> |
| Capital Outlay | 38,507 | 951 | 37,556 |
| Total Expenditures | <u>563,654</u> | <u>497,888</u> | <u>65,766</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 80,324 | 163,617 | 83,293 |
| Fund Balance at Beginning of Year | 685,143 | 685,143 | 0 |
| Prior Year Encumbrances | 49,055 | 49,055 | 0 |
| Fund Balance at End of Year | <u>\$ 814,522</u> | <u>\$ 897,815</u> | <u>\$ 83,293</u> |

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022**

STATE HIGHWAY IMPROVEMENT FUND

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|------------------|---------------------------------------------------------|
| Revenues: | | | |
| Intergovernmental Revenues | \$ 50,683 | \$ 52,601 | \$ 1,918 |
| Total Revenues | <u>50,683</u> | <u>52,601</u> | <u>1,918</u> |
| Expenditures: | | | |
| Transportation: | | | |
| Street: | | | |
| Materials and Supplies | 25,824 | 3,683 | 22,141 |
| Contractual Services | 9,926 | 5,663 | 4,263 |
| Total Transportation | <u>35,750</u> | <u>9,346</u> | <u>26,404</u> |
| Capital Outlay | 125,000 | 125,000 | 0 |
| Total Expenditures | <u>160,750</u> | <u>134,346</u> | <u>26,404</u> |
| Excess (Deficiency) of Revenues | | | |
| Over (Under) Expenditures | (110,067) | (81,745) | 28,322 |
| Fund Balance at Beginning of Year | 171,036 | 171,036 | 0 |
| Prior Year Encumbrances | 4,250 | 4,250 | 0 |
| Fund Balance at End of Year | <u>\$ 65,219</u> | <u>\$ 93,541</u> | <u>\$ 28,322</u> |

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022***

| MUNICIPAL ROAD FUND | | | |
|--------------------------------------------------------------|-------------------|-------------------|---------------------------------------------------------|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental Revenues | \$ 237,168 | \$ 216,902 | \$ (20,266) |
| All Other Revenues | 750 | 3,968 | 3,218 |
| Total Revenues | <u>237,918</u> | <u>220,870</u> | <u>(17,048)</u> |
| Expenditures: | | | |
| Transportation: | | | |
| Street: | | | |
| Personal Services | 117,833 | 71,099 | 46,734 |
| Materials and Supplies | 123,687 | 115,465 | 8,222 |
| Contractual Services | 60,729 | 64,748 | (4,019) |
| Total Transportation | <u>302,249</u> | <u>251,312</u> | <u>50,937</u> |
| Capital Outlay | 2,000 | 0 | 2,000 |
| Total Expenditures | <u>304,249</u> | <u>251,312</u> | <u>52,937</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (66,331) | (30,442) | 35,889 |
| Fund Balance at Beginning of Year | 368,290 | 368,290 | 0 |
| Prior Year Encumbrances | 37,521 | 37,521 | 0 |
| Fund Balance at End of Year | <u>\$ 339,480</u> | <u>\$ 375,369</u> | <u>\$ 35,889</u> |

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022***

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|------------------|------------------|---------------------------------------------------------|
| Revenues: | | | |
| All Other Revenues | \$ 19,163 | \$ 52,676 | \$ 33,513 |
| Total Revenues | <u>19,163</u> | <u>52,676</u> | <u>33,513</u> |
| Expenditures: | | | |
| Capital Outlay | 18,956 | 18,661 | 295 |
| Total Expenditures | <u>18,956</u> | <u>18,661</u> | <u>295</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 207 | 34,015 | 33,808 |
| Fund Balance at Beginning of Year | 36,676 | 36,676 | 0 |
| Fund Balance at End of Year | <u>\$ 36,883</u> | <u>\$ 70,691</u> | <u>\$ 33,808</u> |

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022**

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------|-----------------|---------------------------------------------------------|
| Revenues: | | | |
| Intergovernmental Revenues | \$ 250 | \$ 3,254 | \$ 3,004 |
| Total Revenues | <u>250</u> | <u>3,254</u> | <u>3,004</u> |
| Expenditures: | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 250 | 3,254 | 3,004 |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 250</u> | <u>\$ 3,254</u> | <u>\$ 3,004</u> |

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022**

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|------------------|------------------|---------------------------------------------------------|
| Revenues: | | | |
| All Other Revenues | \$ 2,500 | \$ 1,162 | \$ (1,338) |
| Total Revenues | <u>2,500</u> | <u>1,162</u> | <u>(1,338)</u> |
| Expenditures: | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,500 | 1,162 | (1,338) |
| Fund Balance at Beginning of Year | 9,049 | 9,049 | 0 |
| Fund Balance at End of Year | <u>\$ 11,549</u> | <u>\$ 10,211</u> | <u>\$ (1,338)</u> |

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022***

ENFORCEMENT AND EDUCATION FUND

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------------|------------------|---------------------------------------------------------|
| Revenues: | | | |
| Fines and Forfeitures | \$ 1,000 | \$ 915 | \$ (85) |
| Total Revenues | <u>1,000</u> | <u>915</u> | <u>(85)</u> |
| Expenditures: | | | |
| Security of Persons and Property: | | | |
| State Grant: | | | |
| Materials and Supplies | 1,000 | 682 | 318 |
| Total Expenditures | <u>1,000</u> | <u>682</u> | <u>318</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 233 | 233 |
| Fund Balance at Beginning of Year | 11,510 | 11,510 | 0 |
| Fund Balance at End of Year | <u>\$ 11,510</u> | <u>\$ 11,743</u> | <u>\$ 233</u> |

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022**

DRUG LAW ENFORCEMENT FUND

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|-----------------|-----------------|---------------------------------------------------------|
| Revenues: | | | |
| Fines and Forfeitures | \$ 0 | \$ 1,028 | \$ 1,028 |
| Total Revenues | <u>0</u> | <u>1,028</u> | <u>1,028</u> |
| Expenditures: | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 1,028 | 1,028 |
| Fund Balance at Beginning of Year | 1,510 | 1,510 | 0 |
| Fund Balance at End of Year | <u>\$ 1,510</u> | <u>\$ 2,538</u> | <u>\$ 1,028</u> |

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022**

| | CARES ACT GRANT FUND | | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|----------------------|----------|---------------------------------------------------------|
| | Final Budget | Actual | |
| Revenues: | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 |
| Expenditures: | | | |
| General Government: | | | |
| Federal Grant: | | | |
| Contractual Services | 11,812 | 11,812 | 0 |
| Other Expenditures | 2,365 | 2,365 | 0 |
| Total Expenditures | 14,177 | 14,177 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (14,177) | (14,177) | 0 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 |
| Prior Year Encumbrances | 14,177 | 14,177 | 0 |
| Fund Balance at End of Year | \$ 0 | \$ 0 | \$ 0 |

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022**

FIELDSTONE TIF PROJECT FUND

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------------|----------------|---------------------------------------------------------|
| | <u>Final Budget</u> | <u>Actual</u> | <u>(Negative)</u> |
| Revenues: | | | |
| Taxes | \$ 104,580 | \$ 104,045 | \$ (535) |
| Total Revenues | <u>104,580</u> | <u>104,045</u> | <u>(535)</u> |
| Expenditures: | | | |
| Transportation: | | | |
| Street: | | | |
| Contractual Services | 1,092 | 1,458 | (366) |
| Other Expenditures | <u>103,488</u> | <u>102,587</u> | <u>901</u> |
| Total Expenditures | <u>104,580</u> | <u>104,045</u> | <u>535</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2022***

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------|---------------|---------------------------------------------------------|
| Revenues: | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 |
| Expenditures: | | | |
| Total Expenditures | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 345 | 345 | 0 |
| Fund Balance at End of Year | <u>\$ 345</u> | <u>\$ 345</u> | <u>\$ 0</u> |

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2022***

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|------------------|------------------|---------------------------------------------------------|
| Revenues: | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 |
| Expenditures: | | | |
| Debt Service: | | | |
| Principal Retirement | 48,300 | 48,182 | 118 |
| Interest and Fiscal Charges | 0 | 112 | (112) |
| Total Expenditures | <u>48,300</u> | <u>48,294</u> | <u>6</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (48,300) | (48,294) | 6 |
| Other Financing Sources (Uses): | | | |
| Transfers In | <u>48,300</u> | <u>48,300</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>48,300</u> | <u>48,300</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 6 | 6 |
| Fund Balance at Beginning of Year | 15,117 | 15,117 | 0 |
| Fund Balance at End of Year | <u>\$ 15,117</u> | <u>\$ 15,123</u> | <u>\$ 6</u> |

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2022**

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|------------------|------------------|---------------------------------------------------------|
| Revenues: | | | |
| Special Assessments | \$ 73,653 | \$ 73,653 | \$ 0 |
| Total Revenues | <u>73,653</u> | <u>73,653</u> | <u>0</u> |
| Expenditures: | | | |
| General Government: | | | |
| Contractual Services | 3,507 | 3,507 | 0 |
| Debt Service: | | | |
| Principal Retirement | 60,000 | 60,000 | 0 |
| Interest and Fiscal Charges | 8,550 | 8,550 | 0 |
| Total Expenditures | <u>72,057</u> | <u>72,057</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,596 | 1,596 | 0 |
| Fund Balance at Beginning of Year | 20,617 | 20,617 | 0 |
| Fund Balance at End of Year | <u>\$ 22,213</u> | <u>\$ 22,213</u> | <u>\$ 0</u> |

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2022***

PARKS CAPITAL IMPROVEMENT FUND

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------------|-------------------|---------------------------------------------------------|
| Revenues: | | | |
| All Other Revenues | \$ 5,000 | \$ 9,180 | \$ 4,180 |
| Total Revenues | <u>5,000</u> | <u>9,180</u> | <u>4,180</u> |
| Expenditures: | | | |
| Capital Outlay | 10,000 | 0 | 10,000 |
| Total Expenditures | <u>10,000</u> | <u>0</u> | <u>10,000</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (5,000) | 9,180 | 14,180 |
| Fund Balance at Beginning of Year | 93,757 | 93,757 | 0 |
| Fund Balance at End of Year | <u>\$ 88,757</u> | <u>\$ 102,937</u> | <u>\$ 14,180</u> |

CITY OF TIPP CITY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2022**

25-A CONSTRUCTION FUND

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------------|----------------|---------------------------------------------------------|
| Revenues: | | | |
| Intergovernmental Revenues | \$ 0 | \$ 157,654 | \$ 157,654 |
| Total Revenues | <u>0</u> | <u>157,654</u> | <u>157,654</u> |
| Expenditures: | | | |
| Capital Outlay | 0 | 157,654 | (157,654) |
| Total Expenditures | <u>0</u> | <u>157,654</u> | <u>(157,654)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2022***

DOWNTOWN STREETS CAPE GRANT FUND

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|--------------|--------------|---------------------------------------------------------|
| Revenues: | | | |
| Intergovernmental Revenues | \$ 0 | \$ 5,940 | \$ 5,940 |
| Total Revenues | <u>0</u> | <u>5,940</u> | <u>5,940</u> |
| Expenditures: | | | |
| Capital Outlay | 0 | 5,940 | (5,940) |
| Total Expenditures | <u>0</u> | <u>5,940</u> | <u>(5,940)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |





Tipp City **Statistical
Section**



Tipp City

STATISTICAL TABLES

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

Contents

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

City of Tipp City, Ohio

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | * | | |
| Net Investment in Capital Assets | \$36,793,037 | \$39,136,408 | \$41,068,323 | \$44,098,177 |
| Restricted | 3,497,916 | 3,112,981 | 3,443,958 | 3,606,947 |
| Unrestricted | 5,487,005 | 1,356,787 | 1,737,855 | 1,907,712 |
| Total Governmental Activities Net Position | <u>\$45,777,958</u> | <u>\$43,606,176</u> | <u>\$46,250,136</u> | <u>\$49,612,836</u> |
| Business-type Activities: | | | | |
| Net Investment in Capital Assets | \$19,488,875 | \$21,107,345 | \$26,210,107 | \$26,574,005 |
| Unrestricted | 21,158,072 | 18,739,123 | 15,742,022 | 17,102,941 |
| Total Business-type Activities Net Position | <u>\$40,646,947</u> | <u>\$39,846,468</u> | <u>\$41,952,129</u> | <u>\$43,676,946</u> |
| Primary Government: | | | | |
| Net Investment in Capital Assets | \$56,281,912 | \$60,243,753 | \$67,278,430 | \$70,672,182 |
| Restricted | 3,497,916 | 3,112,981 | 3,443,958 | 3,606,947 |
| Unrestricted | 26,645,077 | 20,095,910 | 17,479,877 | 19,010,653 |
| Total Primary Government Net Position | <u>\$86,424,905</u> | <u>\$83,452,644</u> | <u>\$88,202,265</u> | <u>\$93,289,782</u> |

* Restated

Source: Finance Director's Office

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| * | | | | | |
| \$46,195,036 | \$48,741,413 | \$49,103,849 | \$49,269,962 | \$52,868,241 | \$52,102,839 |
| 3,963,070 | 4,293,731 | 4,751,046 | 4,629,543 | 5,223,434 | 7,205,911 |
| (3,220,198) | (4,100,236) | (1,740,146) | (2,950,309) | (715,589) | 677,372 |
| <u>\$46,937,908</u> | <u>\$48,934,908</u> | <u>\$52,114,749</u> | <u>\$50,949,196</u> | <u>\$57,376,086</u> | <u>\$59,986,122</u> |
| | | | | | |
| \$22,795,072 | \$24,189,309 | \$27,409,490 | \$28,740,514 | \$23,805,230 | \$22,589,398 |
| 21,524,550 | 23,970,970 | 21,647,745 | 20,620,817 | 26,683,310 | 29,738,615 |
| <u>\$44,319,622</u> | <u>\$48,160,279</u> | <u>\$49,057,235</u> | <u>\$49,361,331</u> | <u>\$50,488,540</u> | <u>\$52,328,013</u> |
| | | | | | |
| \$68,990,108 | \$72,930,722 | \$76,513,339 | \$78,010,476 | \$76,673,471 | \$74,692,237 |
| 3,963,070 | 4,293,731 | 4,751,046 | 4,629,543 | 5,223,434 | 7,205,911 |
| 18,304,352 | 19,870,734 | 19,907,599 | 17,670,508 | 25,967,721 | 30,415,987 |
| <u>\$91,257,530</u> | <u>\$97,095,187</u> | <u>\$101,171,984</u> | <u>\$100,310,527</u> | <u>\$107,864,626</u> | <u>\$112,314,135</u> |

City of Tipp City, Ohio

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

| | 2013 | 2014 | 2015 | 2016 |
|-------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| Security of Persons and Property | \$3,530,729 | \$3,717,379 | \$3,838,659 | \$4,253,983 |
| Leisure Time Activities | 1,184,929 | 1,171,559 | 1,202,951 | 1,172,199 |
| Community Environment | 318,126 | 301,822 | 280,344 | 357,068 |
| Basic Utility Services | 224,611 | 221,338 | 9,792 | 42,788 |
| Transportation | 1,282,473 | 1,516,512 | 1,744,237 | 1,597,236 |
| General Government | 1,461,944 | 1,681,433 | 846,759 | 938,638 |
| Interest and Fiscal Charges | 131,839 | 95,626 | 77,291 | 74,428 |
| <i>Total Governmental Activities Expenses</i> | <u>8,134,651</u> | <u>8,705,669</u> | <u>8,000,033</u> | <u>8,436,340</u> |
| Business-type Activities: | | | | |
| Electric | 13,022,380 | 15,434,334 | 14,104,590 | 16,042,057 |
| Water | 2,750,504 | 2,635,749 | 3,082,812 | 3,568,202 |
| Sewer | 1,524,521 | 1,676,170 | 1,611,383 | 1,938,930 |
| Refuse Collection | 830,635 | 860,620 | 859,546 | 899,948 |
| <i>Total Business-type Activities Expenses</i> | <u>18,128,040</u> | <u>20,606,873</u> | <u>19,658,331</u> | <u>22,449,137</u> |
| <i>Total Primary Government Expenses</i> | <u>\$26,262,691</u> | <u>\$29,312,542</u> | <u>\$27,658,364</u> | <u>\$30,885,477</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services | | | | |
| Security of Persons and Property | \$467,951 | \$807,557 | \$679,634 | \$801,163 |
| Leisure Time Activities | 285,683 | 260,789 | 290,382 | 334,915 |
| Community Environment | 19,545 | 34,773 | 19,746 | 202,402 |
| Basic Utility Services | 222,244 | 231,165 | 0 | 0 |
| Transportation | 66,357 | 230,958 | 57,709 | 15,921 |
| General Government | 0 | 0 | 0 | 0 |
| Operating Grants and Contributions | 639,270 | 678,811 | 686,622 | 723,446 |
| Capital Grants and Contributions | 1,264,689 | 1,082,009 | 1,372,145 | 2,182,014 |
| <i>Total Governmental Activities Program Revenues</i> | <u>2,965,739</u> | <u>3,326,062</u> | <u>3,106,238</u> | <u>4,259,861</u> |

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$4,212,068 | \$4,786,776 | \$1,860,740 | \$5,714,105 | \$4,410,398 | \$5,063,998 |
| 1,251,064 | 1,305,551 | 1,335,245 | 1,253,806 | 813,919 | 1,289,378 |
| 328,263 | 390,421 | 324,325 | 443,457 | 131,389 | 287,084 |
| 62,431 | 61,739 | 78,774 | 301,498 | 0 | 64,135 |
| 1,703,666 | 1,708,316 | 2,171,650 | 2,814,270 | 2,443,363 | 3,237,241 |
| 1,623,266 | 1,742,173 | 1,862,561 | 2,222,475 | 888,674 | 1,398,233 |
| 70,554 | 56,229 | 41,309 | 25,095 | 11,025 | 8,437 |
| <u>9,251,312</u> | <u>10,051,205</u> | <u>7,674,604</u> | <u>12,774,706</u> | <u>8,698,768</u> | <u>11,348,506</u> |
| 17,082,743 | 18,813,973 | 17,134,858 | 16,518,044 | 17,775,032 | 19,897,409 |
| 3,477,515 | 3,184,391 | 4,167,258 | 3,692,868 | 3,211,044 | 3,549,330 |
| 1,432,981 | 1,450,227 | 2,106,256 | 2,341,119 | 2,124,101 | 2,010,470 |
| 923,687 | 940,679 | 957,822 | 968,032 | 1,037,851 | 1,085,294 |
| <u>22,916,926</u> | <u>24,389,270</u> | <u>24,366,194</u> | <u>23,520,063</u> | <u>24,148,028</u> | <u>26,542,503</u> |
| <u>\$32,168,238</u> | <u>\$34,440,475</u> | <u>\$32,040,798</u> | <u>\$36,294,769</u> | <u>\$32,846,796</u> | <u>\$37,891,009</u> |
| \$612,673 | \$913,386 | \$595,073 | \$779,956 | \$781,627 | \$881,912 |
| 315,540 | 363,886 | 363,788 | 29,693 | 331,450 | 646,287 |
| 178,995 | 213,695 | 202,684 | 196,079 | 285,446 | 251,708 |
| 0 | 0 | 0 | 127,903 | 0 | 0 |
| 9,416 | 10,858 | 9,911 | 48,389 | 272,788 | 17,209 |
| 0 | 0 | 0 | 0 | 5,117 | 0 |
| 707,663 | 717,674 | 899,052 | 1,394,874 | 936,404 | 930,411 |
| 1,612,294 | 1,731,182 | 57,288 | 10,771 | 2,598,679 | 487,522 |
| <u>3,436,581</u> | <u>3,950,681</u> | <u>2,127,796</u> | <u>2,587,665</u> | <u>5,211,511</u> | <u>3,215,049</u> |

(continued)

City of Tipp City, Ohio

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

| | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Business-type Activities: | | | | |
| Charges for Services | | | | |
| Electric | 13,473,203 | 15,250,429 | 16,148,597 | 16,894,764 |
| Water | 2,354,501 | 2,789,748 | 3,099,354 | 3,574,386 |
| Sewer | 1,362,580 | 1,560,951 | 1,686,990 | 1,887,109 |
| Refuse Collection | 839,841 | 862,774 | 809,891 | 885,333 |
| Capital Grants and Contributions | 767,684 | 404,328 | 0 | 903,697 |
| <i>Total Business-type Activities Program Revenues</i> | <u>18,797,809</u> | <u>20,868,230</u> | <u>21,744,832</u> | <u>24,145,289</u> |
| <i>Total Primary Government Program Revenues</i> | <u>21,763,548</u> | <u>24,194,292</u> | <u>24,851,070</u> | <u>28,405,150</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | (5,168,912) | (5,379,607) | (4,893,795) | (4,176,479) |
| Business-type Activities | 669,769 | 261,357 | 2,086,501 | 1,696,152 |
| <i>Total Primary Government Net (Expense)/Revenue</i> | <u>(\$4,499,143)</u> | <u>(\$5,118,250)</u> | <u>(\$2,807,294)</u> | <u>(\$2,480,327)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities: | | | | |
| Income Taxes | \$5,400,724 | \$5,344,919 | \$5,834,924 | \$5,963,230 |
| Property Taxes | 330,957 | 303,129 | 385,271 | 396,384 |
| Other Local Taxes | 76,559 | 78,345 | 81,444 | 86,281 |
| Unrestricted Shared Revenues | 381,894 | 936,945 | 978,819 | 970,419 |
| Investment Earnings | 44,249 | 31,794 | 35,690 | 76,914 |
| Miscellaneous | 1,248,844 | 950,506 | 240,767 | 74,616 |
| Transfers | 0 | (28,605) | (19,160) | (28,665) |
| <i>Total Governmental Activities</i> | <u>7,483,227</u> | <u>7,617,033</u> | <u>7,537,755</u> | <u>7,539,179</u> |
| Business-type Activities: | | | | |
| Transfers | 0 | 28,605 | 19,160 | 28,665 |
| <i>Total Business-type Activities</i> | <u>0</u> | <u>28,605</u> | <u>19,160</u> | <u>28,665</u> |
| <i>Total Primary Government</i> | <u>\$7,483,227</u> | <u>\$7,645,638</u> | <u>\$7,556,915</u> | <u>\$7,567,844</u> |
| Change in Net Position | | | | |
| Governmental Activities | \$2,314,315 | \$2,237,426 | \$2,643,960 | \$3,362,700 |
| Business-type Activities | 669,769 | 289,962 | 2,105,661 | 1,724,817 |
| <i>Total Primary Government Change in Net Position</i> | <u>\$2,984,084</u> | <u>\$2,527,388</u> | <u>\$4,749,621</u> | <u>\$5,087,517</u> |

Source: Finance Director's Office

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 17,942,294 | 20,171,837 | 18,097,130 | 16,458,732 | 17,680,900 | 19,752,970 |
| 3,679,697 | 3,663,801 | 3,942,178 | 4,105,636 | 4,222,173 | 4,648,505 |
| 1,948,942 | 2,158,793 | 2,279,445 | 2,291,277 | 2,175,074 | 2,378,659 |
| 907,429 | 915,750 | 944,397 | 968,514 | 1,007,664 | 1,048,404 |
| 151,153 | 1,250,353 | 0 | 0 | 189,426 | 553,438 |
| <u>24,629,515</u> | <u>28,160,534</u> | <u>25,263,150</u> | <u>23,824,159</u> | <u>25,275,237</u> | <u>28,381,976</u> |
| <u>28,066,096</u> | <u>32,111,215</u> | <u>27,390,946</u> | <u>26,411,824</u> | <u>30,486,748</u> | <u>31,597,025</u> |
| (5,814,731) | (6,100,524) | (5,546,808) | (10,187,041) | (3,487,257) | (8,133,457) |
| 1,712,589 | 3,771,264 | 896,956 | 304,096 | 1,127,209 | 1,839,473 |
| <u>(\$4,102,142)</u> | <u>(\$2,329,260)</u> | <u>(\$4,649,852)</u> | <u>(\$9,882,945)</u> | <u>(\$2,360,048)</u> | <u>(\$6,293,984)</u> |
| \$5,760,914 | \$6,041,201 | \$6,477,955 | \$6,508,608 | \$7,774,120 | \$8,405,313 |
| 413,503 | 417,062 | 421,103 | 503,698 | 510,022 | 520,725 |
| 85,348 | 72,217 | 83,209 | 53,455 | 57,682 | 83,053 |
| 1,005,568 | 1,067,066 | 1,115,258 | 1,103,967 | 1,187,777 | 1,258,832 |
| 144,263 | 265,148 | 371,917 | 133,499 | 18,784 | 277,186 |
| 199,883 | 304,223 | 257,207 | 718,261 | 365,762 | 198,384 |
| (28,586) | (69,393) | 0 | 0 | 0 | 0 |
| <u>7,580,893</u> | <u>8,097,524</u> | <u>8,726,649</u> | <u>9,021,488</u> | <u>9,914,147</u> | <u>10,743,493</u> |
| <u>28,586</u> | <u>69,393</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>28,586</u> | <u>69,393</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>\$7,609,479</u> | <u>\$8,166,917</u> | <u>\$8,726,649</u> | <u>\$9,021,488</u> | <u>\$9,914,147</u> | <u>\$10,743,493</u> |
| \$1,766,162 | \$1,997,000 | \$3,179,841 | (\$1,165,553) | \$6,426,890 | \$2,610,036 |
| 1,741,175 | 3,840,657 | 896,956 | 304,096 | 1,127,209 | 1,839,473 |
| <u>\$3,507,337</u> | <u>\$5,837,657</u> | <u>\$4,076,797</u> | <u>(\$861,457)</u> | <u>\$7,554,099</u> | <u>\$4,449,509</u> |

City of Tipp City, Ohio

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Fund | | | | | |
| Nonspendable | \$87,409 | \$83,828 | \$81,906 | \$84,220 | \$111,343 |
| Assigned | 166,514 | 89,394 | 541,933 | 434,861 | 1,210,796 |
| Unassigned | <u>5,127,418</u> | <u>5,437,072</u> | <u>5,321,011</u> | <u>6,202,164</u> | <u>5,253,264</u> |
| <i>Total General Fund</i> | <u>5,381,341</u> | <u>5,610,294</u> | <u>5,944,850</u> | <u>6,721,245</u> | <u>6,575,403</u> |
| All Other Governmental Funds | | | | | |
| Nonspendable | 90,131 | 63,521 | 78,666 | 69,005 | 68,635 |
| Restricted | 1,183,624 | 850,479 | 975,516 | 1,027,766 | 1,538,297 |
| Committed | 8,934 | 7,726 | 25,911 | 46,472 | 64,131 |
| Unassigned | <u>(1,800,077)</u> | <u>(1,347,781)</u> | <u>(866,231)</u> | <u>(348,343)</u> | <u>(191,578)</u> |
| Total All Other Governmental Funds | <u>(517,388)</u> | <u>(426,055)</u> | <u>213,862</u> | <u>794,900</u> | <u>1,479,485</u> |
| <i>Total Governmental Funds</i> | <u>\$4,863,953</u> | <u>\$5,184,239</u> | <u>\$6,158,712</u> | <u>\$7,516,145</u> | <u>\$8,054,888</u> |

Source: Finance Director's Office

City of Tipp City, Ohio

| <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--------------------|---------------------|---------------------|---------------------|---------------------|
| \$93,838 | \$94,114 | \$118,359 | \$157,727 | \$152,390 |
| 232,785 | 194,843 | 302,096 | 867,780 | 1,307,129 |
| <u>6,239,786</u> | <u>6,572,658</u> | <u>6,843,347</u> | <u>6,325,648</u> | <u>6,448,833</u> |
| <u>6,566,409</u> | <u>6,861,615</u> | <u>7,263,802</u> | <u>7,351,155</u> | <u>7,908,352</u> |
| 78,187 | 69,148 | 74,862 | 78,220 | 69,656 |
| 2,439,068 | 3,523,995 | 3,697,509 | 4,316,857 | 6,184,044 |
| 75,094 | 94,053 | 13,593 | 5,118 | 7,814 |
| <u>(86,586)</u> | <u>(102,650)</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>2,505,763</u> | <u>3,584,546</u> | <u>3,785,964</u> | <u>4,400,195</u> | <u>6,261,514</u> |
| <u>\$9,072,172</u> | <u>\$10,446,161</u> | <u>\$11,049,766</u> | <u>\$11,751,350</u> | <u>\$14,169,866</u> |

City of Tipp City, Ohio

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

| | 2013 | 2014 | 2015 | 2016 |
|------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | |
| Taxes | \$5,741,284 | \$5,741,874 | \$6,140,765 | \$6,306,461 |
| Intergovernmental Revenues | 2,551,048 | 2,483,754 | 2,952,132 | 3,937,776 |
| Charges for Services | 1,728,149 | 1,873,129 | 954,867 | 1,116,035 |
| Licenses, Permits and Fees | 19,080 | 33,575 | 18,498 | 177,551 |
| Investment Earnings | 47,076 | 29,358 | 35,721 | 74,840 |
| Special Assessments | 118,397 | 240,613 | 138,987 | 125,638 |
| Fines and Forfeitures | 14,979 | 13,242 | 16,850 | 14,965 |
| All Other Revenue | 582,051 | 369,327 | 272,958 | 78,103 |
| Total Revenue | 10,802,064 | 10,784,872 | 10,530,778 | 11,831,369 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 3,214,265 | 3,364,152 | 3,432,396 | 3,381,426 |
| Leisure Time Activities | 795,797 | 800,510 | 807,835 | 768,549 |
| Community Environment | 315,751 | 302,715 | 289,769 | 323,062 |
| Basic Utility Services | 226,353 | 226,658 | 0 | 26,281 |
| Transportation | 568,730 | 590,590 | 669,395 | 615,747 |
| General Government | 1,344,666 | 1,381,047 | 693,607 | 703,182 |
| Capital Outlay | 5,968,429 | 3,083,086 | 3,039,076 | 4,025,287 |
| Debt Service: | | | | |
| Principal Retirement | 655,000 | 2,037,991 | 1,633,482 | 1,299,082 |
| Interest and Fiscal Charges | 114,388 | 104,065 | 80,410 | 76,364 |
| Total Expenditures | 13,203,379 | 11,890,814 | 10,645,970 | 11,218,980 |
| Excess (Deficiency) of Revenues Over Expenditures | (2,401,315) | (1,105,942) | (115,192) | 612,389 |

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$6,310,421 | \$6,493,963 | \$6,990,064 | \$7,216,980 | \$8,277,454 | \$8,868,190 |
| 3,098,833 | 2,546,844 | 1,975,493 | 2,521,998 | 4,699,356 | 2,506,067 |
| 970,309 | 1,243,157 | 984,509 | 881,627 | 1,078,066 | 1,236,180 |
| 176,053 | 237,114 | 175,935 | 196,993 | 274,396 | 171,288 |
| 145,283 | 264,299 | 370,438 | 139,080 | 18,181 | 260,159 |
| 109,389 | 104,272 | 97,228 | 134,938 | 101,272 | 94,268 |
| 11,480 | 13,306 | 6,706 | 4,079 | 5,402 | 9,291 |
| 220,353 | 354,194 | 248,947 | 754,698 | 713,272 | 555,937 |
| <u>11,042,121</u> | <u>11,257,149</u> | <u>10,849,320</u> | <u>11,850,393</u> | <u>15,167,399</u> | <u>13,701,380</u> |
| 3,616,840 | 3,817,703 | 3,865,261 | 4,100,423 | 4,467,629 | 4,586,367 |
| 816,543 | 838,582 | 837,630 | 584,901 | 864,105 | 957,084 |
| 313,949 | 368,399 | 274,454 | 374,868 | 313,803 | 362,617 |
| 27,240 | 29,352 | 33,072 | 235,387 | 33,472 | 36,609 |
| 671,574 | 693,429 | 742,064 | 741,809 | 863,950 | 811,948 |
| 1,350,127 | 1,417,714 | 1,441,168 | 1,586,116 | 1,583,544 | 1,497,040 |
| 3,012,089 | 2,596,721 | 1,830,938 | 3,587,878 | 6,262,485 | 2,969,417 |
| 989,982 | 595,382 | 423,182 | 79,091 | 108,182 | 108,182 |
| 73,235 | 58,799 | 46,003 | 25,301 | 11,250 | 8,662 |
| <u>10,871,579</u> | <u>10,416,081</u> | <u>9,493,772</u> | <u>11,315,774</u> | <u>14,508,420</u> | <u>11,337,926</u> |
| 170,542 | 841,068 | 1,355,548 | 534,619 | 658,979 | 2,363,454 |

(Continued)

City of Tipp City, Ohio

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

| | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------------------------------------|------------------|------------------|------------------|--------------------|
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 0 | 0 | 0 | 0 |
| General Obligation Notes Issued | 1,753,900 | 1,390,300 | 1,095,900 | 781,800 |
| OPWC Loan Issued | 894,586 | 100,091 | 0 | 0 |
| Transfers In | 1,114,647 | 447,784 | 616,715 | 332,808 |
| Transfers Out | (1,114,647) | (476,389) | (635,875) | (361,473) |
| Total Other Financing Sources (Uses) | <u>2,648,486</u> | <u>1,461,786</u> | <u>1,076,740</u> | <u>753,135</u> |
| Net Change in Fund Balance | <u>\$247,171</u> | <u>\$355,844</u> | <u>\$961,548</u> | <u>\$1,365,524</u> |
| | | | | |
| Debt Service as a Percentage of Noncapital Expenditures | 11.16% | 24.90% | 22.06% | 19.22% |

Source: Finance Director's Office

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|--------------------|--------------------|------------------|------------------|--------------------|
| 0 | 16,559 | 29,823 | 55,138 | 0 | 55,062 |
| 397,200 | 220,000 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 352,731 | 506,891 | 251,194 | 326,293 | 78,813 | 48,300 |
| (381,317) | (576,284) | (251,194) | (326,293) | (78,813) | (48,300) |
| <u>368,614</u> | <u>167,166</u> | <u>29,823</u> | <u>55,138</u> | <u>0</u> | <u>55,062</u> |
| <u>\$539,156</u> | <u>\$1,008,234</u> | <u>\$1,385,371</u> | <u>\$589,757</u> | <u>\$658,979</u> | <u>\$2,418,516</u> |
| 13.92% | 9.67% | 6.13% | 1.16% | 1.40% | 1.27% |

City of Tipp City, Ohio

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

| Tax year | 2013 | 2014 | 2015 | 2016 |
|------------------------------------------|-------------|-------------|-------------|-------------|
| Income Tax Rate | 1.50% | 1.50% | 1.50% | 1.50% |
| Estimated Personal Income (in thousands) | \$391,407 | \$390,476 | \$406,376 | \$422,925 |
| Total Tax Collected | \$5,440,357 | \$5,476,399 | \$5,823,985 | \$6,043,210 |
| Income Tax Receipts | | | | |
| Withholding | 3,834,176 | 3,897,251 | 4,009,922 | 4,222,119 |
| Percentage | 70.48% | 71.17% | 68.86% | 69.86% |
| Corporate | 901,630 | 758,560 | 997,288 | 927,597 |
| Percentage | 16.57% | 13.85% | 17.12% | 15.35% |
| Individuals | 704,551 | 820,588 | 816,775 | 893,494 |
| Percentage | 12.95% | 14.98% | 14.02% | 14.79% |

Source: City Income Tax Department

Note:

The City levies a 1.50% income tax on substantially all income earned within the City. Additional increases in the income tax require voter approval. City residents pay City income tax on income earned outside the City, however; a credit is allowed for income paid to other municipalities. Employers within the City withhold income tax on employee compensation and remit at least quarterly.

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| \$442,196 | \$462,553 | \$474,751 | \$474,732 | \$539,067 | \$564,525 |
| \$5,990,628 | \$6,206,490 | \$6,594,652 | \$6,754,862 | \$7,835,721 | \$8,394,165 |
| 4,372,643 | 4,712,997 | 4,851,822 | 4,971,293 | 5,386,429 | 5,771,134 |
| 72.99% | 75.94% | 73.57% | 73.60% | 68.75% | 68.75% |
| 701,458 | 653,690 | 778,237 | 921,716 | 1,463,306 | 1,571,966 |
| 11.71% | 10.53% | 11.80% | 13.65% | 18.67% | 18.73% |
| 916,527 | 839,803 | 964,593 | 861,853 | 985,986 | 1,051,065 |
| 15.30% | 13.53% | 14.63% | 12.75% | 12.58% | 12.52% |



City of Tipp City, Ohio

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

| Name of Taxpayer | Nature of Business | 2022 Rank |
|----------------------------------------------|------------------------|--------------|
| Meijer, Inc. | Warehouse Distribution | 1 |
| Abbott Laboratories | Manufacturing | 2 |
| Tipp City Exempted Village School District | Education | 3 |
| DFAS Cleveland | Government | 4 |
| Regal Beloit (formerly AO Smith Corporation) | Manufacturing | 5 |
| Arbogast | Automotive Retail | 6 |
| US Express | Warehouse Distribution | 7 |
| Trophy Nut Co | Food Retail | 8 |
| FHI LLC | Warehouse Distribution | 9 |
| City of Tipp City | Manufacturing | 10 |

| Name of Taxpayer | Nature of Business | 2013 Rank |
|----------------------------------------------------|------------------------|--------------|
| Meijer, Inc. | Warehouse Distribution | 1 |
| Regal Beloit America (formerly A.O. Smith Corp.) | Manufacturing | 2 |
| Tipp City Exempted Village School District | Education | 3 |
| Federal Government | Government | 4 |
| Creative Extruded Products | Manufacturing | 5 |
| Arbogast Buick Pontiac GMC | Automotive Retail | 6 |
| Rostam Direct (formerly Gardens Alive- Springhill) | Agricultural-Nursery | 7 |
| Precision Strip Inc. | Metal Processing | 8 |
| Abbott Laboratories | Manufacturing | 9 |
| City of Tipp City | Government | 10 |

Source: City Income Tax Department

Note:

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

City of Tipp City, Ohio

Ratios of Outstanding Debt By Type Last Ten Years

| | 2013 | 2014 | 2015 | 2016 |
|------------------------------------------------|---------------------|--------------------|--------------------|--------------------|
| Governmental Activities ⁽¹⁾ | | | | |
| General Obligation Bonds Payable | \$785,000 | \$570,000 | \$420,000 | \$310,000 |
| General Obligation Notes Payable | 1,753,900 | 1,390,300 | 1,095,900 | 781,800 |
| Special Assessment Bonds Payable | 595,000 | 550,000 | 505,000 | 460,000 |
| OPWC Loan Payable | 894,586 | 970,586 | 922,404 | 874,222 |
| Business-type Activities ⁽¹⁾ | | | | |
| General Obligation Bonds Payable | \$220,000 | \$145,000 | \$25,000 | \$0 |
| General Obligation Notes Payable | 5,094,100 | 4,678,700 | 4,239,100 | 4,450,200 |
| Long-Term Loans Payable | 1,764,595 | 1,304,841 | 1,231,943 | 1,159,045 |
| Total Primary Government | <u>\$11,107,181</u> | <u>\$9,609,427</u> | <u>\$8,439,347</u> | <u>\$8,035,267</u> |
| Population ⁽²⁾ | | | | |
| City of Tipp City | 9,689 | 9,689 | 9,689 | 9,689 |
| Outstanding Debt Per Capita | \$1,146 | \$992 | \$871 | \$829 |
| Income ⁽³⁾ | | | | |
| Personal (in thousands) | 391,407 | 390,476 | 406,376 | 422,925 |
| Percentage of Personal Income | 2.84% | 2.46% | 2.08% | 1.90% |

Sources:

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

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| \$200,000 | \$100,000 | \$0 | \$0 | \$0 | \$0 |
| 397,200 | 220,000 | 0 | 0 | 0 | 0 |
| 410,000 | 360,000 | 305,000 | 250,000 | 190,000 | 130,000 |
| 826,040 | 777,858 | 729,676 | 705,585 | 657,403 | 609,222 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$7,347,214 |
| 8,245,800 | 7,315,000 | 4,975,000 | 4,050,000 | 9,050,000 | 960,000 |
| 1,086,147 | 1,013,249 | 2,413,117 | 2,603,902 | 2,446,004 | 2,288,106 |
| <u>\$11,165,187</u> | <u>\$9,786,107</u> | <u>\$8,422,793</u> | <u>\$7,609,487</u> | <u>\$12,343,407</u> | <u>\$11,334,542</u> |
| 9,689 | 9,689 | 9,689 | 9,689 | 10,274 | 10,274 |
| \$1,152 | \$1,010 | \$869 | \$785 | \$1,201 | \$1,103 |
| 442,196 | 462,553 | 474,751 | 474,732 | 539,067 | 564,525 |
| 2.52% | 2.12% | 1.77% | 1.60% | 2.29% | 2.01% |

City of Tipp City, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

| Year | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------------------------------------|---------------|---------------|---------------|---------------|
| Population ⁽¹⁾ | 9,689 | 9,689 | 9,689 | 9,689 |
| Assessed Value ⁽²⁾ | \$248,551,810 | \$252,767,420 | \$254,574,200 | \$271,234,280 |
| General Bonded Debt ⁽³⁾ | | | | |
| General Obligation Bonds | \$1,005,000 | \$715,000 | \$445,000 | \$310,000 |
| Resources Available to Pay Principal ⁽⁴⁾ | \$355,431 | \$56,748 | \$39,462 | \$5,993 |
| Net General Bonded Debt | \$649,569 | \$658,252 | \$405,538 | \$304,007 |
| Ratio of Net Bonded Debt to Estimated Assessed Value | 0.26% | 0.26% | 0.16% | 0.11% |
| Net Bonded Debt per Capita | \$67.04 | \$67.94 | \$41.86 | \$31.38 |

Source:

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

(2) Miami County Auditor

(3) Includes all general obligation bonded debt.

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

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 9,689 | 9,689 | 9,689 | 9,689 | 10,274 | 10,274 |
| \$271,853,340 | \$276,688,510 | \$315,580,380 | \$320,995,370 | \$329,387,080 | \$388,759,090 |
| \$200,000 | \$100,000 | \$0 | \$0 | \$0 | \$7,347,214 |
| \$765 | \$732 | \$10,232 | \$23,617 | \$15,117 | \$15,123 |
| \$199,235 | \$99,268 | (\$10,232) | (\$23,617) | (\$15,117) | \$7,332,091 |
| 0.07% | 0.04% | 0.00% | -0.01% | 0.00% | 1.89% |
| \$20.56 | \$10.25 | (\$1.06) | (\$2.44) | (\$1.47) | \$713.65 |



City of Tipp City, Ohio

*Computation of Direct and Overlapping
General Obligation Debt
December 31, 2022*

| <u>Jurisdiction</u> | <u>Net Debt Outstanding</u> | <u>Percentage Applicable to the City of Tipp City</u> | <u>Amount Applicable to the City of Tipp City</u> |
|--------------------------------------------|---------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------|
| Direct: | | | |
| City of Tipp City | \$739,222 | 100.00% | \$739,222 |
| Overlapping: | | | |
| Tipp City Exempted Village School District | 9,917,810 | 67.92% | 6,736,177 |
| Miami County | 8,106,586 | 12.19% | 988,193 |
| Miami Valley Career Center JVSD | 131,661,431 | 3.79% | 4,989,968 |
| | | Subtotal | <u>12,714,338</u> |
| | | Total | <u><u>\$13,453,560</u></u> |

Source: Miami County Auditor and Fiscal Officers of Subdivisions.

Note:

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

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

City of Tipp City, Ohio

Debt Limitations Last Ten Years

| Collection Year | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Total Debt</u> | | | | |
| Net Assessed Valuation | \$248,551,810 | \$252,767,420 | \$254,574,200 | \$271,234,280 |
| Legal Debt Limitation (%) (1) | 10.50% | 10.50% | 10.50% | 10.50% |
| Legal Debt Limitation (\$) (1) | 26,097,940 | 26,540,579 | 26,730,291 | 28,479,599 |
| City Debt Outstanding (2) | 0 | 0 | 0 | 0 |
| Less: Applicable Debt Service Fund Amounts | 0 | 0 | 0 | 0 |
| Net Indebtedness Subject to Limitation | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Overall Legal Debt Margin | <u>\$26,097,940</u> | <u>\$26,540,579</u> | <u>\$26,730,291</u> | <u>\$28,479,599</u> |
| <u>Unvoted Debt</u> | | | | |
| Net Assessed Valuation | \$248,551,810 | \$252,767,420 | \$254,574,200 | \$271,234,280 |
| Legal Debt Limitation (%) (1) | 5.50% | 5.50% | 5.50% | 5.50% |
| Legal Debt Limitation (\$) (1) | 13,670,350 | 13,902,208 | 14,001,581 | 14,917,885 |
| City Debt Outstanding (2) | 0 | 0 | 0 | 0 |
| Less: Applicable Debt Service Fund Amounts | 0 | 0 | 0 | 0 |
| Net Indebtedness Subject to Limitation | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Overall Legal Debt Margin | <u>\$13,670,350</u> | <u>\$13,902,208</u> | <u>\$14,001,581</u> | <u>\$14,917,885</u> |

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

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

Source: Finance Director's Office

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$271,853,340 | \$276,688,510 | \$315,580,380 | \$320,995,370 | \$329,387,080 | \$388,759,090 |
| 10.50% | 10.50% | 10.50% | 10.50% | 10.50% | 10.50% |
| 28,544,601 | 29,052,294 | 33,135,940 | 33,704,514 | 34,585,643 | 40,819,704 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$28,544,601</u> | <u>\$29,052,294</u> | <u>\$33,135,940</u> | <u>\$33,704,514</u> | <u>\$34,585,643</u> | <u>\$40,819,704</u> |
| | | | | | |
| \$271,853,340 | \$276,688,510 | \$315,580,380 | \$320,995,370 | \$329,387,080 | \$388,759,090 |
| 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| 14,951,934 | 15,217,868 | 17,356,921 | 17,654,745 | 18,116,289 | 21,381,750 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$14,951,934</u> | <u>\$15,217,868</u> | <u>\$17,356,921</u> | <u>\$17,654,745</u> | <u>\$18,116,289</u> | <u>\$21,381,750</u> |

City of Tipp City, Ohio

*Pledged Revenue Coverage
Last Ten Years*

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-------------------------------------|-------------|-------------|-------------|-------------|
| Special Assessment Bonds (1) | | | | |
| Special Assessment Collections | \$73,653 | \$73,653 | \$73,653 | \$73,653 |
| Debt Service | | | | |
| Principal | 40,000 | 45,000 | 45,000 | 45,000 |
| Interest | 26,665 | 25,265 | 23,623 | 21,890 |
| Coverage | 1.10 | 1.05 | 1.07 | 1.10 |

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

Source: Finance Director's Office

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------|----------|----------|----------|----------|----------|
| \$73,653 | \$73,653 | \$73,653 | \$73,653 | \$73,653 | \$73,653 |
| 50,000 | 50,000 | 55,000 | 55,000 | 60,000 | 60,000 |
| 20,158 | 18,083 | 16,008 | 13,725 | 11,250 | 8,550 |
| 1.05 | 1.08 | 1.04 | 1.07 | 1.03 | 1.07 |

City of Tipp City, Ohio

Demographic and Economic Statistics Last Ten Years

| Calendar Year | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------------|-------------|-------------|-------------|-------------|
| Population (1) | | | | |
| City of Tipp City | 9,689 | 9,689 | 9,689 | 9,689 |
| Miami County | 102,506 | 102,506 | 102,506 | 102,506 |
| Income (2) (a) | | | | |
| Total Personal (in thousands) | 391,407 | 390,476 | 406,376 | 422,925 |
| Per Capita | 40,397 | 40,301 | 41,942 | 43,650 |
| Unemployment Rate (3) | | | | |
| Federal | 7.4% | 6.2% | 5.0% | 4.9% |
| State | 7.4% | 5.7% | 4.6% | 4.9% |
| Miami County | 7.2% | 5.3% | 4.2% | 4.3% |
| Civilian Work Force Estimates (3) | | | | |
| State | 5,765,700 | 5,719,500 | 5,694,027 | 5,713,100 |
| Miami County | 52,100 | 51,800 | 52,621 | 52,600 |
| Total Assessed Property Value (4) | 248,551,810 | 252,767,420 | 254,574,200 | 271,234,280 |
| Estimated Actual Property Value (4) | 710,148,029 | 722,192,629 | 727,354,857 | 774,955,086 |

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2021 for the presentation of 2022 statistics, the City is using the latest information available.
 - (a) Total Personal Income is a calculation based on the County's Per Capita Income, which is the only information available.
- (3) State Department of Labor Statistics
- (4) Miami County Auditor

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------|-------------|-------------|-------------|-------------|---------------|
| 9,689 | 9,689 | 9,689 | 9,689 | 10,274 | 10,274 |
| 102,506 | 102,506 | 102,506 | 102,506 | 109,264 | 109,264 |
| 442,196 | 462,553 | 474,751 | 474,732 | 539,067 | 564,525 |
| 45,639 | 47,740 | 48,999 | 48,997 | 52,469 | 54,947 |
| 4.4% | 3.9% | 3.7% | 8.1% | 5.3% | 3.5% |
| 5.0% | 4.6% | 4.1% | 8.1% | 5.1% | 4.1% |
| 4.2% | 3.9% | 3.7% | 7.0% | 4.3% | 3.2% |
| 5,780,000 | 5,754,900 | 5,802,300 | 5,754,300 | 5,736,900 | 5,720,200 |
| 53,700 | 53,200 | 54,100 | 54,200 | 53,500 | 53,998 |
| 271,853,340 | 276,688,510 | 315,580,380 | 320,995,370 | 329,387,080 | 388,759,090 |
| 776,723,829 | 790,538,600 | 901,658,229 | 917,129,629 | 941,105,943 | 1,110,740,257 |



City of Tipp City, Ohio

Principal Employers Current Year and Nine Years Ago

| Employer | Nature of Business | 2022 | |
|---------------------------------------------------|----------------------------------|------------------------|------|
| | | Number of Employees | Rank |
| Meijer, Inc. | Warehouse Distribution | 2,066 | 1 |
| FHI LLC | Warehouse Distribution/Logistics | 589 | 2 |
| Tipp City Exempted Village School District | Education | 517 | 3 |
| Abbott Laboratories | Manufacturing | 411 | 4 |
| Adcare Health Systems (formerly Springmeade) | Health Care | 328 | 5 |
| Menards | Home Improvement Retail | 268 | 6 |
| Arbogast | Automotive Retail | 236 | 7 |
| US Express | Warehouse Distribution | 230 | 8 |
| Creative Extruded Products | Manufacturing | 228 | 9 |
| Rostam Direct (formerly Gardens Alive-Springhill) | Agricultural-Nursery | 187 | 10 |
| Total | | 5,060 | |

| Employer | Nature of Business | 2013 | |
|---------------------------------------------------|-------------------------------|------------------------|------|
| | | Number of Employees | Rank |
| Meijer, Inc. | Warehouse Distribution | 1,460 | 1 |
| Rostam Direct (formerly Gardens Alive-Springhill) | Agricultural-Nursery | 467 | 2 |
| Tipp City Exempted Village School District | Education | 455 | 3 |
| CBS Personnel Services | Temporary Employment Services | 320 | 4 |
| Associate Staffing | Temporary Employment Services | 302 | 5 |
| Menards | Retail | 285 | 6 |
| Regal Beloit (formerly AO Smith Corporation) | Manufacturing | 272 | 7 |
| Adcare Health Systems (formerly Springmeade) | Health Care | 271 | 8 |
| Arbogast | Automotive Retail | 247 | 9 |
| FHI LLC | Warehouse Distribution | 238 | 10 |
| Total | | 4,317 | |

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

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

City of Tipp City, Ohio

Full Time Equivalent Employees by Function Last Ten Years

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|------------------------------------|--------------|--------------|--------------|--------------|
| Governmental Activities | | | | |
| General Government | | | | |
| Legislative | 3.50 | 3.50 | 3.50 | 3.50 |
| City Manager | 2.00 | 2.00 | 2.00 | 2.00 |
| Building and Facility Services | 2.00 | 2.00 | 2.00 | 2.00 |
| Finance | 7.00 | 7.00 | 7.00 | 7.00 |
| Legal | 0.50 | 0.50 | 0.50 | 0.50 |
| Engineering | 3.00 | 3.00 | 3.00 | 3.00 |
| Security of Persons and Property | | | | |
| Police | 22.50 | 22.50 | 21.50 | 22.50 |
| Fire and EMS | 15.50 | 15.50 | 15.50 | 15.50 |
| Transportation | | | | |
| Street | 5.00 | 5.50 | 5.50 | 5.50 |
| Leisure Time Activities | | | | |
| Parks | 4.75 | 5.25 | 5.25 | 5.25 |
| Community Environment | | | | |
| Community and Economic Development | 2.50 | 2.50 | 2.50 | 2.50 |
| Business-Type Activities | | | | |
| Utilities | | | | |
| Electric | 14.00 | 14.00 | 15.00 | 15.00 |
| Water | 5.75 | 5.75 | 5.75 | 5.75 |
| Sewer | 5.75 | 5.75 | 5.75 | 5.75 |
| Total Employees | <u>93.75</u> | <u>94.75</u> | <u>94.75</u> | <u>95.75</u> |

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

Source: Finance Director's Office

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------|--------------|--------------|---------------|--------------|---------------|
| 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| 3.00 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 |
| 2.00 | 2.00 | 2.00 | 2.00 | 1.50 | 1.50 |
| 7.00 | 7.00 | 7.00 | 7.50 | 7.50 | 7.50 |
| 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| 3.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| 22.50 | 22.50 | 22.50 | 22.50 | 22.50 | 22.50 |
| 16.50 | 16.50 | 16.50 | 18.50 | 18.50 | 19.50 |
| 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| 5.25 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 |
| 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 |
| 5.75 | 5.75 | 6.75 | 6.75 | 6.75 | 7.25 |
| 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 6.25 |
| <u>97.75</u> | <u>96.75</u> | <u>97.75</u> | <u>100.25</u> | <u>98.75</u> | <u>100.75</u> |

City of Tipp City, Ohio

Operating Indicators by Function Last Ten Years

| | 2013 | 2014 | 2015 | 2016 |
|----------------------------------------|---------|---------|---------|---------|
| Governmental Activities | | | | |
| General Government | | | | |
| Accounts Payable Checks processed | 2,911 | 2,869 | 2,828 | 3,061 |
| Purchase Orders issued | 2,018 | 2,124 | 2,013 | 1,468 |
| Court | | | | |
| Number of Criminal Cases | 280 | 333 | 328 | 338 |
| Number of Traffic Cases | 825 | 797 | 941 | 782 |
| Licenses and Permits | | | | |
| Number of Residential Building Permits | 14 | 17 | 17 | 15 |
| Number of Commercial Building Permits | 5 | 7 | 4 | 4 |
| Security of Persons and Property | | | | |
| Police | | | | |
| Criminal Arrests | 532 | 446 | 488 | 651 |
| Calls for Service | 14,909 | 15,388 | 15,455 | 16,235 |
| Number of Accidents | 208 | 254 | 251 | 236 |
| Fire and EMS | | | | |
| Number of Fire Calls | 304 | 343 | 304 | 317 |
| Number of EMS Runs | 1,421 | 1,557 | 1,673 | 1,757 |
| Transportation | | | | |
| Street | | | | |
| Tons of Salt Used | 861 | 457 | 275 | 300 |
| Leisure Time Activities | | | | |
| Swimming Pool Receipts | 285,683 | 248,739 | 290,383 | 331,504 |
| Business-Type Activities | | | | |
| Electric | | | | |
| Number of Service Connections | 4,954 | 4,942 | 4,933 | 5,006 |
| Peak Demand (megawatts) | 33.4 | 31.7 | 33.3 | 36.1 |
| Energy Purchased (MWh) | 150,263 | 156,551 | 164,144 | 177,330 |
| Water | | | | |
| Number of Service Connections | 4,153 | 4,135 | 4,159 | 4,179 |
| Daily Average Consumption (mgd) | 1.2 | 1.2 | 1.4 | 1.7 |
| Peak Daily Consumption (mgd) | 2.3 | 2.0 | 2.3 | 2.6 |
| Sewer | | | | |
| Sewer Treatment Charges | 642,679 | 665,486 | 684,258 | 704,203 |
| Daily Average Sewage Treatment (mgd) | 1.6 | 1.7 | 1.8 | 1.8 |
| Refuse Collection | | | | |
| Number of Customers Billed | 4,037 | 4,033 | 4,071 | 4,081 |

Source: Finance Director's Office

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------|---------|---------|---------|---------|-----------|
| 2,738 | 2,782 | 2,799 | 2,734 | 2,860 | 2,901 |
| 1,608 | 1,878 | 1,875 | 1,497 | 1,662 | 1,970 |
| 301 | 321 | 303 | 260 | 334 | 349 |
| 506 | 657 | 422 | 788 | 438 | 457 |
| 18 | 51 | 41 | 36 | 48 | 65 |
| 10 | 10 | 8 | 7 | 7 | 5 |
| 429 | 511 | 397 | 406 | 334 | 349 |
| 15,151 | 16,272 | 14,326 | 18,138 | 22,353 | 25,975 |
| 199 | 223 | 201 | 152 | 163 | 174 |
| 303 | 296 | 387 | 324 | 320 | 387 |
| 1,948 | 1,866 | 2,086 | 1,693 | 1,927 | 2,060 |
| 550 | 560 | 350 | 760 | 360 | 275 |
| 312,062 | 337,403 | 345,544 | 0 | 296,778 | 373,060 |
| 5,006 | 5,056 | 5,086 | 5,148 | 5,160 | 5,239 |
| 31.5 | 35.7 | 45.2 | 35.2 | 36.0 | 36.9 |
| 171,421 | 180,664 | 180,469 | 169,845 | 181,175 | 181,325 |
| 4,204 | 4,263 | 4,294 | 4,330 | 4,365 | 4,452 |
| 1.7 | 1.6 | 1.6 | 1.7 | 1.6 | 1.6 |
| 2.7 | 2.3 | 2.7 | 2.8 | 2.2 | 2.4 |
| 697,866 | 771,073 | 772,603 | 709,557 | 830,629 | 1,143,786 |
| 2.0 | 2.6 | 2.5 | 1.9 | 2.3 | 2.3 |
| 4,106 | 4,163 | 4,191 | 4,249 | 4,265 | 4,309 |

City of Tipp City, Ohio

*Capital Asset Statistics by Function
Last Ten Years*

| | 2013 | 2014 | 2015 | 2016 |
|----------------------------------|-------|-------|-------|-------|
| Governmental Activities | | | | |
| General Government | | | | |
| Area (square miles) | 7.5 | 7.5 | 7.5 | 7.5 |
| Security of Persons and Property | | | | |
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Fire | | | | |
| Stations | 2 | 2 | 2 | 2 |
| Transportation | | | | |
| Street | | | | |
| Miles of Street | 61 | 61 | 61 | 61 |
| Street Lights | 1,419 | 1,419 | 1,419 | 1,419 |
| Miles of Storm Sewers | 60 | 60 | 60 | 60 |
| Leisure Time Activities | | | | |
| Park Area (acres) | 436 | 436 | 436 | 436 |
| Number of Parks | 17 | 17 | 17 | 17 |
| Number of Tennis Courts | 2 | 2 | 2 | 2 |
| Number of Ball Fields | 17 | 17 | 17 | 17 |
| Business-Type Activities | | | | |
| Utilities | | | | |
| Electric | | | | |
| Substations | 3 | 3 | 3 | 3 |
| Water | | | | |
| Waterlines (Miles) | 57 | 57 | 57 | 57 |
| Number of Fire hydrants | 675 | 675 | 675 | 675 |
| Sewer | | | | |
| Sewerlines (Miles) | 57 | 57 | 57 | 57 |

Source: Finance Director's Office

City of Tipp City, Ohio

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------|-------|-------|-------|-------|-------|
| 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.8 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 63 | 64 | 64 | 66 | 67 | 67 |
| 1,462 | 1,462 | 1,740 | 1,750 | 1,750 | 1,750 |
| 61 | 62 | 62 | 63 | 64 | 64 |
| 436 | 436 | 436 | 436 | 436 | 437 |
| 17 | 17 | 17 | 17 | 17 | 17 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 17 | 17 | 17 | 17 | 17 | 17 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 75 | 76 | 76 | 76 | 76 | 76 |
| 718 | 776 | 776 | 776 | 776 | 776 |
| 62 | 63 | 63 | 63 | 63 | 63 |



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

OHIO AUDITOR OF STATE KEITH FABER



CITY OF TIPP CITY

MIAMI COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/21/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov