



Certified Public Accountants, A.C.

**CITY OF TIPP CITY
MIAMI COUNTY
Single Audit
For the Year Ended December 31, 2017**

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740.373.0056

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Vienna, WV 26105
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740.435.3417

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Dave Yost • Auditor of State

City Council
City of Tipp City
2605 South Garber Drive
Tipp City, Ohio 45371-3116

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, 2017 through December 31, 2017. 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 "Dave Yost".

Dave Yost
Auditor of State

July 19, 2018

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City of Tipp City, Ohio

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City of Tipp City, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction	20.205	PID #90852	\$ 665,462
Highway Planning and Construction	20.205	PID #93245	661,053
Highway Planning and Construction	20.205	PID #103159	15,333
Highway Planning and Construction	20.205	PID #103160	52,263
Total Highway Planning and Construction			1,394,111
Total U.S. Department of Transportation			1,394,111
Total Federal Financial Assistance			\$ 1,394,111

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

City of Tipp City, Ohio
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - MATCHING REQUIREMENTS

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



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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**

June 20, 2018

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 and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, each major fund and aggregate remaining fund information of the **City of Tipp City**, Miami County, (the “City”) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 20, 2018. Our report refers to other auditors who audited the financial statements of the Tri-Cities North Regional Wastewater Authority, which represents 41%, 47% and 7%, respectively, of the assets, net position and expenses of the Sewer Fund and 11%, 14% and 1%, respectively, of the assets, net position and expenses of the business-type activities, as described in our report on the City’s financial statements. Our report also refers to other auditors who audited the financial statements of the Northern Area Water Authority, which represents 7%, 10% and 9%, respectively, of the assets, net position and revenues of the Water Fund and 2%, 3% and 1%, respectively, of the assets, net position and revenue of the business-type activities. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control over Financial Reporting

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

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Internal Control over Financial Reporting (Continued)

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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

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

June 20, 2018

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

To the City Council:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



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

**City of Tipp City, Ohio
 Schedule of Audit Findings
 2 CFR § 200.515
 For the Year Ended December 31, 2017**

1. SUMMARY OF AUDIT RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction Cluster CFDA #20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Financial Statement Errors	Corrected	N/A

City of Tipp City, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2017





Tipp City

City of Tipp City, Ohio

Miami County



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

Prepared by the Finance Department

John Green, Director



Tipp City

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MIAMI COUNTY, OHIO

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Tipp City **Introductory
Section**



Tipp City



Council-Manager
Government

June 20, 2018

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

The Comprehensive Annual Financial Report (CAFR) of the City of Tipp City, (the City) for the fiscal year ended December 31, 2017 is hereby submitted for your review.

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

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

The accounting firm of Perry & Associates, CPAs A.C. 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, 2017. 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, 2017 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, 2017***

PROFILE OF THE CITY

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

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

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

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

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

The City has representation on the board of two entities for the treatment of wastewater and production of potable water. The City is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), and the Northern Area Water Authority (NAWA), which are both defined as joint ventures. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 20.

***Letter of Transmittal
For the Year Ended December 31, 2017***

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

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

***Letter of Transmittal
For the Year Ended December 31, 2017***

Commercial and industrial growth in 2017 invested \$12,690,000 in the community, with ten projects undertaken this year which compares to four projects in 2016. These projects included a 16,000 square foot/22 unit expansion at Randall Residence, an 11,000 square foot/15 bed expansion at Spring Meade Health Care, 16,700 total square feet in two expansions at Dave Arbogast Chevrolet, a 13,000 square foot warehouse expansion at Menards, and the reconstruction of the Gulf fuel station. In addition, Meijer has purchased 160 acres of land for future expansion at their site on County Road 25A.

The Dayton metropolitan region's unemployment rate averaged 4.4% in 2017, starting the year at 4.7% then decreasing to 4.2% by year end. Miami County's unemployment rate fell from a high of 4.2% in January, 2017 to a low of 3.9% by year-end. These numbers show the marked improvement in employment in the Dayton region with continued commercial/industrial growth over the last 2-3 years.

During 2017, Tipp City had 18 new residential unit starts which is up from 15 residential starts in 2016. There are currently six active subdivisions being developed: Sycamore Woods, Curry Branch, Bowman Woods, Hunter's Ridge, Rosewood Creek, and Cedar Grove. The following table outlines the residential growth for the last several years:

Year	Base Units	New Units	Demolished Units	Net% Growth
2008	4169	21	0	.504%
2009	4190	10	0	.239%
2010	4200	7	1	.143%
2011	4206	11	0	.261%
2012	4217	22	0	.522%
2013	4239	14	2	.283%
2014	4251	17	1	.376%
2015	4267	17	0	.376%
2016	4284	15	0	.352%
2017	4299	18	0	.419%

Over 340 acres of vacant prime industrial land remains available for development within the community. Established industrial parks offer attractive sites for building as well. With its abundant natural resources, low cost utilities and facility of transportation, Tipp City is well situated for further expansion as the economy continues to recover.

***Letter of Transmittal
For the Year Ended December 31, 2017***

MAJOR INITIATIVES

For the Year

As reported for the last 5-6 years, Tipp City's primary focus in 2017 continued to be maintenance, repair, and upgrade of capital facilities and infrastructure. In late fall of 2010, City Council established a citizens committee for the purpose of reviewing a ten-year capital improvement plan and recommending a funding option to meet the City's future capital improvement needs in the governmental funds. The committee's recommendation was to place before the City electorate a 0.25% increase in the City's income tax rate (from 1.25% to 1.5%) to be effective July 1, 2011 and a 0.25% increase in the City's income tax rate to be effective January 1, 2013. This second increase replaced an expiring tax levy of the same amount leaving the overall rate at 1.5%. The City's electorate approved the measure on May 3, 2011. These income tax levies will each be collected for a period of 10 years from the enacted dates and are expected to generate approximately \$13 million in additional revenues. The additional revenues are restricted for use for capital improvements to include replacing a 35 year-old aerial ladder truck in the Fire Department (2012), expansion and renovation of the existing Fire/EMS station (2013-2014), street reconstruction and resurfacing (ongoing), and replacement of vehicles and equipment as necessary.

During 2017, with State and Federal grant assistance, the City spent approximately \$2.2M on street improvements and resurfacing throughout the community. The most significant street project begun in 2015, which will be completed in 2018, is the reconstruction and expansion of approximately 0.75 miles of South County Road 25A from a two-lane to a four-lane highway, relocating public utilities, and improving storm water drainage. Phase I of this project (State Route 571 south to Michaels Road) is anticipated to cost approximately \$4.2 million and will be 73% funded with Federal Highway Administration funding. Phase II of this project (Michaels Road south to Evanston Road) is ongoing and is expected to cost approximately \$2 million. Again, Phase II will be 73% funded with Federal Highway Administration funding.

The City continued to work on capital improvement projects in the enterprise funds as well. The City has embarked on a project to replace the electric transformers at Substations #1 and to add a second transformer at Substation #2 with a projected cost of \$5 million. The City completed a large sanitary sewer sliplining rehabilitation project on Second St. (\$400,000), and is in the engineering/design phase of constructing a new 750,000 gallon water tower (\$2.4 million) which includes replacing and upsizing water mains on Seventh St.

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

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

***Letter of Transmittal
For the Year Ended December 31, 2017***

For The Future

The City of Tipp City faces a positive future. Continued 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 2018-2019, the City will continue to focus on capital improvements with its annual street resurfacing program (approx. \$1 million), replacement of the Maple Hill Bridge and resurfacing of Maple Hill Road (approx. \$300,000), construction of the new water tower noted above, and upgrades to both the water and sewer systems by installing a new sewer main on Floral Acres Dr. and replacing an existing water line on Wunderwood Drive.

The City is engineering expansion of its electric utility service with additional transformer capacity at Substations #2 and #3 and replacement transformer(s) at Substation #1 and #1A (approx. \$7.5M to be invested for all three locations). In the water utility, the City plans to construct a new 500,000 gallon water tower to replace a 1930's era 350,000 gallon tower and will replace several 4-inch residential water lines. In the wastewater/sewer utility the City will continue sliplining and joint repair to eliminate inflow and infiltration and to extend the life of existing sanitary sewer line. As noted, Tipp City continues to have an aggressive capital improvement program planned for the next few years.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2017***

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tipp City, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Tipp City has received a Certificate of Achievement for the last seventeen years (2000-2016). 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 thanks is extended to City Council, the City Manager, Assistant City Manager, and the Department Directors of the City. Their contributions to the financial condition of the City cannot be overemphasized. Their guidance and support represent invaluable factors necessary for the City to continue to manage the financial affairs and reporting requirements of municipal government within the Tipp City community.

Respectfully submitted,



John W. Green
Director of Finance

CITY OF TIPP CITY, OHIO

***List of Principal Officials
For the Year Ended December 31, 2017***

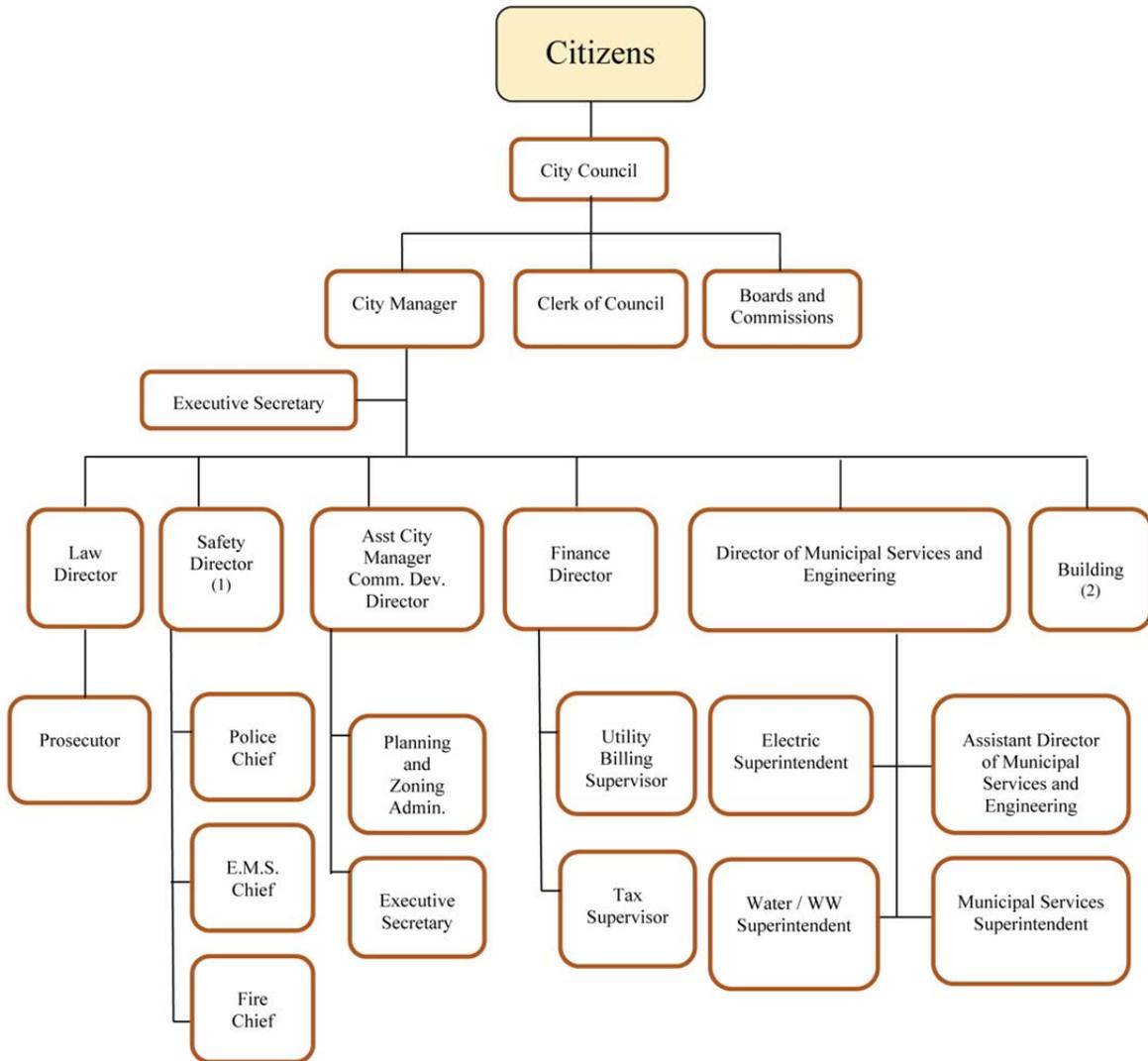
ELECTED OFFICIALS

Mayor	Pat Hale
President Of Council	Joseph Gibson
Council Members	John Kessler Katelyn Berbach Matt Owen Tom Merritt Carrie Arblaster

APPOINTED OFFICIALS

City Manager	Timothy Eggleston
Assistant City Manager / Community Development Director	Bradley Vath
Clerk Of Council	Janice Bates
Finance Director	John Green
Law Director	Jonathan Freeman
Chief of Police	Eric Burris
Director of Municipal Services and Engineering	John Donnelly
EMS Chief	Jeff Calicoat
Fire Chief	Steve Kessler

**City Organizational Chart
For the Year Ended December 31, 2017**



- (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

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

Presented to

**City of Tipp City
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

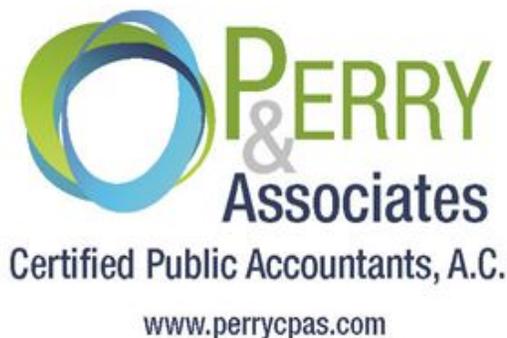
Executive Director/CEO



Tipp City **Financial
Section**



Tipp City



313 Second St
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

June 20, 2018

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the **City of Tipp City**, Miami County, Ohio (the "City"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Tri-Cities North Regional Wastewater Authority or the Northern Area Water Authority. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Tri-Cities North Regional Wastewater Authority or the Northern Area Water Authority, is based solely on the reports of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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Auditor's Responsibility (Continued)

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2017, and the respective changes in its financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements.

Other Matters (Continued)

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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



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, 2017. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, 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 2017 are as follows:

- ❑ In total, net position increased \$3,507,337. Net position of governmental activities increased \$1,766,162, which represents a 3.6% increase from 2016. Net position of business-type activities increased \$1,741,175 or 4% from 2016.
- ❑ General revenues accounted for \$7.6 million in revenue or 21.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 78.7% of total revenues of \$35.7 million.
- ❑ Total net position of governmental activities increased by \$1,766,162. Net capital assets increased by \$1.3 million. This is a reflection of the City's capital improvement program following the 2011 increase in the City's income tax rate (restricted to capital improvements). During 2017 the City invested (with Federal and State grant assistance) approximately \$2.2 million in street reconstruction and resurfacing.
- ❑ The City had \$9.25 million in expenses related to governmental activities; \$3.44 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7.61 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5.7 million in revenues and \$5.85 million in expenditures. The general fund's fund balance decreased \$145,842 to \$6.6 million.
- ❑ Net position for enterprise funds increased by \$1.7 million. The Electric Fund's net position increased by \$979,778, the Water Fund increased its net position by \$216,839, and the Sewer Fund increased its net position by \$560,816.
- ❑ The Electric Fund increase is a reflection of operating income along with an increase in capital assets. Both electric consumption and the costs of purchased power, which are passed through to the residents on a rolling six-month average, increased in 2017 resulting in an increase in service charge revenues of approximately \$573,000. While operating expenses, primarily purchased power costs increased also, the Electric Fund still experienced operating incomes of \$947,700. The increase in capital assets was due to monies expended in 2017 for Substation #3 expansion.
- ❑ The Water Fund increase is due to an increase in non-operating income from the City's participation in the Northern Area Water Authority (See Note 20).
- ❑ The Sewer Fund increase is due to a reduction in contractual service expenditures (payments related to the City's participation in the Tri-Cities North Regional Wastewater Authority (hereafter TCA - See Note 20) and the recording of capital assets).

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.

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

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 2017 and 2016.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$12,491,005	\$12,763,018	\$27,207,591	\$21,699,823	\$39,698,596	\$34,462,841
Capital assets, Net	49,342,876	48,083,299	32,901,419	32,232,150	82,244,295	80,315,449
Total assets	<u>61,833,881</u>	<u>60,846,317</u>	<u>60,109,010</u>	<u>53,931,973</u>	<u>121,942,891</u>	<u>114,778,290</u>
Deferred Outflows of Resources	2,054,141	2,017,744	988,039	737,355	3,042,180	2,755,099
Net Pension Liability	7,446,811	6,873,076	2,537,323	1,925,026	9,984,134	8,798,102
Noncurrent liabilities	2,475,235	3,161,954	9,598,075	5,901,693	12,073,310	9,063,647
Other liabilities	2,216,013	2,810,386	3,397,288	2,901,573	5,613,301	5,711,959
Total liabilities	<u>12,138,059</u>	<u>12,845,416</u>	<u>15,532,686</u>	<u>10,728,292</u>	<u>27,670,745</u>	<u>23,573,708</u>
Deferred Inflows of Resources	370,965	405,809	146,242	264,090	517,207	669,899
Net position						
Net investment in capital assets	46,195,036	44,098,177	22,795,072	26,574,005	68,990,108	70,672,182
Restricted	3,963,070	3,606,947	0	0	3,963,070	3,606,947
Unrestricted	1,220,892	1,907,712	22,623,049	17,102,941	23,843,941	19,010,653
Total net position	<u>\$51,378,998</u>	<u>\$49,612,836</u>	<u>\$45,418,121</u>	<u>\$43,676,946</u>	<u>\$96,797,119</u>	<u>\$93,289,782</u>

The amount by which the city's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources is called net position. At year-end, the City's net position was \$96.8 million compared to \$93.3 million in 2016. Of that amount, in 2017, approximately \$69 million (71.3%) was invested in capital assets, net of debt related to those assets. At year-end 2016, that amount was approximately \$70.7 million (75.8%). For 2017 another \$3.96 million (4.1%) was subject to external restrictions upon its use. The remaining \$23.8 million (24.6%) in 2017 was unrestricted and available for future use. For 2016, this amount was \$19 million (20.4%).

***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

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

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

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

CITY OF TIPP CITY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

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

Changes in Net position – The following table shows the changes in net position for the fiscal year 2017 compared with 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,116,624	\$1,354,401	\$24,478,362	\$23,241,592	\$25,594,986	\$24,595,993
Operating Grants and Contributions	707,663	723,446	0	0	707,663	723,446
Capital Grants and Contributions	1,612,294	2,182,014	151,153	903,697	1,763,447	3,085,711
Total Program Revenues	<u>3,436,581</u>	<u>4,259,861</u>	<u>24,629,515</u>	<u>24,145,289</u>	<u>28,066,096</u>	<u>28,405,150</u>
General revenues:						
Income Taxes	5,760,914	5,963,230	0	0	5,760,914	5,963,230
Property Taxes	413,503	396,384	0	0	413,503	396,384
Other Local Taxes	85,348	86,281	0	0	85,348	86,281
Unrestricted Shared Revenues	1,005,568	970,419	0	0	1,005,568	970,419
Investment Earnings	144,263	76,914	0	0	144,263	76,914
Miscellaneous	199,883	74,616	0	0	199,883	74,616
Total General Revenues	<u>7,609,479</u>	<u>7,567,844</u>	<u>0</u>	<u>0</u>	<u>7,609,479</u>	<u>7,567,844</u>
Total Revenues	<u>11,046,060</u>	<u>11,827,705</u>	<u>24,629,515</u>	<u>24,145,289</u>	<u>35,675,575</u>	<u>35,972,994</u>
Program Expenses						
Security of Persons and Property	4,212,068	4,253,983	0	0	4,212,068	4,253,983
Leisure Time Activities	1,251,064	1,172,199	0	0	1,251,064	1,172,199
Community Environment	328,263	357,068	0	0	328,263	357,068
Basic Utility Services	62,431	42,788	0	0	62,431	42,788
Transportation	1,703,666	1,597,236	0	0	1,703,666	1,597,236
General Government	1,623,266	938,638	0	0	1,623,266	938,638
Interest and Fiscal Charges	70,554	74,428	0	0	70,554	74,428
Electric	0	0	17,082,743	16,042,057	17,082,743	16,042,057
Water	0	0	3,477,515	3,568,202	3,477,515	3,568,202
Sewer	0	0	1,432,981	1,938,930	1,432,981	1,938,930
Refuse Collection	0	0	923,687	899,948	923,687	899,948
Total expenses	<u>9,251,312</u>	<u>8,436,340</u>	<u>22,916,926</u>	<u>22,449,137</u>	<u>32,168,238</u>	<u>30,885,477</u>
Change in Net Position before transfers	1,794,748	3,391,365	1,712,589	1,696,152	3,507,337	5,087,517
Transfers	(28,586)	(28,665)	28,586	28,665	0	0
Total Change in Net Position	<u>1,766,162</u>	<u>3,362,700</u>	<u>1,741,175</u>	<u>1,724,817</u>	<u>3,507,337</u>	<u>5,087,517</u>
Beginning Net Position	<u>49,612,836</u>	<u>46,250,136</u>	<u>43,676,946</u>	<u>41,952,129</u>	<u>93,289,782</u>	<u>88,202,265</u>
Ending Net Position	<u>\$51,378,998</u>	<u>\$49,612,836</u>	<u>\$45,418,121</u>	<u>\$43,676,946</u>	<u>\$96,797,119</u>	<u>\$93,289,782</u>

**Management’s Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

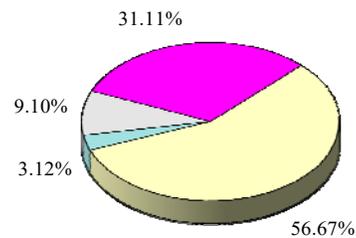
Governmental Activities

Net position of the City’s governmental activities increased by \$1,766,162 or 3.6%. Net investment in capital assets increased \$2,096,859 or 4.8%. Restricted net position increased by \$356,123 or 9.9% while unrestricted net position decreased by \$686,820 or 36%.

The City receives an income tax, which was increased by a vote of the City electorate from 1.25% to 1.50% effective July, 2011. This income tax is assessed on all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City. Income tax is the largest source of revenue for the City. 46.7% of the City’s income tax received is designated for capital outlay. Income tax revenue was \$5,760,914 compared to \$5,963,230 in 2016, a decrease of 3.4%. The City tracks income taxes received using three categories: employee payroll withholding, business net profit, and individual taxpayer paid local income tax. Both payroll withholding and individual taxpayer collections increased in 2017 (3.56% and 2.58% respectively) while corporate net profit collections were down approximately 24.38%. This indicates that employment and wage growth continue to improve in Tipp City. Corporate net profit tax revenues fluctuate over time due to company product life cycles and continued investment in local facilities. This is a relatively minor component of the total local income tax collected by the City and these fluctuations are not viewed as a sign of the strength or weakness of the local economy while payroll numbers continue to increase.

Property taxes and income taxes made up 3.7% and 52.2% respectively of revenues for governmental activities for the City in fiscal year 2017. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 56.67% of total revenues comes from general tax revenues:

Revenue Sources	2017	Percent of Total
Unrestricted Shared Revenues	\$1,005,568	9.10%
Program Revenues	3,436,581	31.11%
General Tax Revenues	6,259,765	56.67%
General Other	344,146	3.12%
Total Revenue	\$11,046,060	100.00%



Business-Type Activities

Net position of the business-type activities increased \$1,741,175. This increase was primarily attributed to Electric Fund operating income and income from the City’s participation in the Northern Area Water Authority joint venture (\$334,171). Additional information on the City’s participation with its joint ventures can be found in Note 20.

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$8,054,888, which is an increase from last year's balance of \$7,516,145. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2017 and 2016:

	Fund Balance December 31, 2017	Fund Balance December 31, 2016	Increase (Decrease)
General	\$6,575,403	\$6,721,245	(\$145,842)
Capital Improvement Reserve	408,486	(203,287)	611,773
Other Governmental	1,070,999	998,187	72,812
Total	<u>\$8,054,888</u>	<u>\$7,516,145</u>	<u>\$538,743</u>

General Fund – The City's General Fund balance had a decrease of \$145,842 in 2017. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2017 Revenues	2016 Revenues	Increase (Decrease)
Taxes	\$3,527,437	\$3,514,455	\$12,982
Intergovernmental Revenue	1,013,252	1,048,928	(35,676)
Charges for Services	667,591	788,600	(121,009)
Licenses, Permits and Fees	176,053	177,551	(1,498)
Investment Earnings	145,283	74,840	70,443
Special Assessments	1,701	1,238	463
Fines and Forfeitures	10,110	14,140	(4,030)
All Other Revenue	157,654	38,180	119,474
Total	<u>\$5,699,081</u>	<u>\$5,657,932</u>	<u>\$41,149</u>

The decrease in charges for services is due to decreased collections for fire protection and charges for emergency medical service runs. The increase in investment earnings is due to the improved interest rate environment with the recent rate increases enacted by the Federal Reserve. The increase in all other revenues is due to rebates offered by the Ohio Bureau of Worker's Compensation with their "Billion Back" program.

	2017 Expenditures	2016 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,614,466	\$3,381,426	\$233,040
Leisure Time Activities	522,186	457,650	64,536
Community Environment	313,949	323,062	(9,113)
Basic Utility Services	27,240	26,281	959
General Government	1,321,768	651,438	670,330
Capital Outlay	51,437	42,794	8,643
Total	<u>\$5,851,046</u>	<u>\$4,882,651</u>	<u>\$968,395</u>

Expenditures increased 19.8% led by increases in general government and security of persons. These increases are related to increased employee levels. The City hired an additional Police Detective at the end of 2016 to focus on drug interdiction. The City also hired its first full-time Human Resource professional at the beginning of 2017 and a full-time Fire Inspector/Assistant Fire Chief in mid-2017.

**Management’s Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

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 lower note payable balances recorded reflecting the maturation of ongoing 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 2017 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 did not change from original budgeted figures. Actual revenues collected were \$6,473,321, 4.2% below budget. The City’s original budgeted appropriations were increased during the year by \$287,500 to arrive at a final figure of \$7,651,192. There was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$6,607,692, \$1,043,500 below the final budget. Savings from the original budget include: \$400,000 in unspent economic development monies; \$100,000 in police department expenditures (health insurance, overtime, and fuel costs); \$140,000 in fire/emergency medical service department expenditures (wages and health insurance benefits); and \$67,000 in parks department expenditures (across the board savings).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2017 the City had \$82,244,295 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$49,342,876 was related to governmental activities and \$32,901,419 to the business-type activities. The following table shows fiscal year 2017 and 2016 balances:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Land	\$13,707,679	\$13,707,679	\$0
Construction in Progress	5,468,704	3,927,771	1,540,933
Total Non-Depreciable Capital Assets	19,176,383	17,635,450	1,540,933
Buildings	8,867,814	8,707,095	160,719
Improvements Other Than Buildings	6,767,961	6,763,861	4,100
Machinery and Equipment	9,197,084	8,826,589	370,495
Infrastructure	33,207,831	32,310,659	897,172
Less: Accumulated Depreciation	(27,874,197)	(26,160,355)	(1,713,842)
Total Depreciable Capital Assets	30,166,493	30,447,849	(281,356)
Totals	\$49,342,876	\$48,083,299	\$1,259,577

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2017	2016	
Land	\$2,234,492	\$2,234,492	\$0
Construction in Progress	3,148,737	2,081,170	1,067,567
Total Non-Depreciable Capital Assets	5,383,229	4,315,662	1,067,567
Buildings	7,073,486	7,073,486	0
Improvements Other Than Buildings	40,471,153	39,595,876	875,277
Machinery and Equipment	3,418,941	3,279,035	139,906
Less: Accumulated Depreciation	(23,445,390)	(22,031,909)	(1,413,481)
Total Depreciable Capital Assets	27,518,190	27,916,488	(398,298)
Totals	\$32,901,419	\$32,232,150	\$669,269

Capital assets, net of depreciation, in governmental activities increased \$1,259,577 (2.6%) in 2017. During 2017, the City invested approximately \$2.2 million in street resurfacing improvements, including construction in progress on the County Road 25-A reconstruction project.

Capital assets, net of depreciation, for the business- type activities had an increase of \$669,269 (2.1%). The largest increases in business-type activities were related to improvements made to electric substation #3, including a second transformer, switch gear, and a power control house (\$1.3 million in 2017), and completion of a sanitary sewer sliplining project on 2nd Street – approx. \$400,000).

As of December 31, 2017, the City has contractual commitments of \$1.26 million for various improvements. Additional information on the City's capital assets can be found in Note 11.

***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

Debt

At December 31, 2017, the City had \$610,000 in bonds outstanding, \$150,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Governmental Activities:		
General Obligation Bonds	\$200,000	\$310,000
Special Assessment Bonds	410,000	460,000
OPWC Loan	826,040	874,222
General Obligation Notes	397,200	781,800
Compensated Absences	641,995	735,932
Net Pension Liability	<u>7,446,811</u>	<u>6,873,076</u>
Total Governmental Activities	9,922,046	10,035,030
Business-Type Activities:		
OPWC Loans	\$1,086,147	\$1,159,045
General Obligation Notes	8,245,800	4,450,200
Compensated Absences	266,128	292,448
Net Pension Liability	<u>2,537,323</u>	<u>1,925,026</u>
Total Business-Type Activities	<u>12,135,398</u>	<u>7,826,719</u>
Totals	<u><u>\$22,057,444</u></u>	<u><u>\$17,861,749</u></u>

During 2017, the City reissued several different general obligation notes for various capital improvement projects to take advantage of the historically low interest rate environment for short-term debt instruments. Detail on the 2017 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, 2017, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 18.

ECONOMIC FACTORS

Tipp City's future remains bright. Income tax receipts, the largest single source of general operating revenues, remained strong again in 2017 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 to increase funding necessary for capital improvement projects over a ten year period. This has, and will continue to, enable the City to complete much needed infrastructure improvement projects.

The 2018 operating budget reflects the conservatism of the City. Total 2018 general fund operating revenues are projected at \$6.6 million which is approximately \$140,000 higher than actual revenues received in 2017. The City expects continued increases in income and property tax revenues with other revenue sources remaining consistent with 2017 receipts.

The 2017 appropriation budget for the general fund totals \$7.4 million which is an increase of approximately \$230,000 from the original 2017 appropriations. This budget includes \$500,000 earmarked for economic development incentives should a viable project arise. If not, these monies will not be spent. This budget includes the employees added in 2017 and projects certain wage and benefit growth as both of the City's employment contracts with its bargaining units will be renegotiated in 2018.

The City's general fund balance has increased in ten of the last twelve consecutive years and remains strong at \$6.6 million. 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, 2017**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 8,001,895	\$ 13,259,905	\$ 21,261,800
Investments	666,266	1,321,649	1,987,915
Receivables:			
Taxes	1,752,735	0	1,752,735
Accounts	220,735	2,715,827	2,936,562
Intergovernmental	969,969	156,764	1,126,733
Interest	5,456	0	5,456
Special Assessments	613,278	520,030	1,133,308
Lease	0	672,750	672,750
Internal Balances	80,693	(80,693)	0
Inventory of Supplies at Cost	124,724	740,448	865,172
Prepaid Items	55,254	14,491	69,745
Restricted Assets:			
Cash and Cash Equivalents	0	191,744	191,744
Investment in Joint Venture	0	7,694,676	7,694,676
Non-Depreciable Capital Assets	19,176,383	5,383,229	24,559,612
Depreciable Capital Assets, Net	30,166,493	27,518,190	57,684,683
Total Assets	61,833,881	60,109,010	121,942,891
Deferred Outflows of Resources:			
Pension	2,054,141	988,039	3,042,180
Liabilities:			
Accounts Payable	544,302	1,588,501	2,132,803
Accrued Wages and Benefits Payable	115,194	40,293	155,487
Intergovernmental Payable	16,938	56,803	73,741
Retainage Payable	208,577	0	208,577
Refundable Deposits	0	191,744	191,744
Accrued Interest Payable	16,402	145,547	161,949
General Obligation Notes Payable	1,314,600	1,374,400	2,689,000
Noncurrent liabilities:			
Due within one year	414,363	148,814	563,177
Due in more than one year:			
Net Pension Liability	7,446,811	2,537,323	9,984,134
Other Amounts Due in More Than One Year	2,060,872	9,449,261	11,510,133
Total Liabilities	12,138,059	15,532,686	27,670,745
Deferred Inflows of Resources:			
Deferred Revenue	0	131,141	131,141
Property Tax Levy for Next Fiscal Year	341,018	0	341,018
Pension	29,947	15,101	45,048
Total Deferred Inflows of Resources	370,965	146,242	517,207

CITY OF TIPP CITY, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	46,195,036	22,795,072	68,990,108
Restricted For:			
Capital Projects	2,089,170	0	2,089,170
Debt Service	527,028	0	527,028
Transportation	1,241,026	0	1,241,026
Security of Persons	40,310	0	40,310
Leisure Time Activities	65,536	0	65,536
Unrestricted	1,220,892	22,623,049	23,843,941
Total Net Position	\$ 51,378,998	\$ 45,418,121	\$ 96,797,119

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Activities
For the Year Ended December 31, 2017**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 4,212,068	\$ 612,673	\$ 11,160	\$ 0
Leisure Time Activities	1,251,064	315,540	0	0
Community Environment	328,263	178,995	0	0
Basic Utility Services	62,431	0	0	0
Transportation	1,703,666	9,416	696,503	1,612,294
General Government	1,623,266	0	0	0
Interest and Fiscal Charges	70,554	0	0	0
Total Governmental Activities	<u>9,251,312</u>	<u>1,116,624</u>	<u>707,663</u>	<u>1,612,294</u>
Business-Type Activities:				
Electric	17,082,743	17,942,294	0	120,227
Water	3,477,515	3,679,697	0	0
Sewer	1,432,981	1,948,942	0	30,926
Refuse Collection	923,687	907,429	0	0
Total Business-Type Activities	<u>22,916,926</u>	<u>24,478,362</u>	<u>0</u>	<u>151,153</u>
Totals	<u>\$ 32,168,238</u>	<u>\$ 25,594,986</u>	<u>\$ 707,663</u>	<u>\$ 1,763,447</u>

General Revenues:

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

Change in Net Position

Net Position Beginning of Year
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (3,588,235)	\$ 0	\$ (3,588,235)
(935,524)	0	(935,524)
(149,268)	0	(149,268)
(62,431)	0	(62,431)
614,547	0	614,547
(1,623,266)	0	(1,623,266)
(70,554)	0	(70,554)
<u>(5,814,731)</u>	<u>0</u>	<u>(5,814,731)</u>
0	979,778	979,778
0	202,182	202,182
0	546,887	546,887
0	(16,258)	(16,258)
0	<u>1,712,589</u>	<u>1,712,589</u>
<u>(5,814,731)</u>	<u>1,712,589</u>	<u>(4,102,142)</u>
5,760,914	0	5,760,914
413,503	0	413,503
85,348	0	85,348
1,005,568	0	1,005,568
144,263	0	144,263
199,883	0	199,883
(28,586)	28,586	0
<u>7,580,893</u>	<u>28,586</u>	<u>7,609,479</u>
1,766,162	1,741,175	3,507,337
49,612,836	43,676,946	93,289,782
<u>\$ 51,378,998</u>	<u>\$ 45,418,121</u>	<u>\$ 96,797,119</u>

CITY OF TIPP CITY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2017**

	General	Capital Improvement Reserve	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 5,398,020	\$ 1,479,117	\$ 1,124,758	\$ 8,001,895
Investments	666,266	0	0	666,266
Receivables:				
Taxes	1,096,572	656,163	0	1,752,735
Accounts	220,735	0	0	220,735
Intergovernmental	172,458	33,996	763,515	969,969
Interest	5,456	0	0	5,456
Special Assessments	0	97,706	515,572	613,278
Due from Other Funds	84,995	0	0	84,995
Inventory of Supplies, at Cost	69,142	0	55,582	124,724
Prepaid Items	42,201	6,604	6,449	55,254
Total Assets	\$ 7,755,845	\$ 2,273,586	\$ 2,465,876	\$ 12,495,307
Liabilities:				
Accounts Payable	\$ 63,440	\$ 60,143	\$ 420,719	\$ 544,302
Accrued Wages and Benefits Payable	105,347	0	9,847	115,194
Intergovernmental Payable	16,938	0	0	16,938
Retainage Payable	0	208,577	0	208,577
Due to Other Funds	4,022	0	280	4,302
Accrued Interest Payable	0	4,922	3,072	7,994
General Obligation Notes Payable	0	1,114,600	200,000	1,314,600
Total Liabilities	189,747	1,388,242	633,918	2,211,907
Deferred Inflows of Resources:				
Unavailable Amounts	649,677	476,858	760,959	1,887,494
Property Tax Levy for Next Fiscal Year	341,018	0	0	341,018
Total Deferred Inflows of Resources	990,695	476,858	760,959	2,228,512
Fund Balances:				
Nonspendable	111,343	6,604	62,031	179,978
Restricted	0	401,882	1,136,415	1,538,297
Committed	0	0	64,131	64,131
Assigned	1,210,796	0	0	1,210,796
Unassigned	5,253,264	0	(191,578)	5,061,686
Total Fund Balances	6,575,403	408,486	1,070,999	8,054,888
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,755,845	\$ 2,273,586	\$ 2,465,876	\$ 12,495,307

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2017***

Total Governmental Fund Balances	\$ 8,054,888
<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.	49,342,876
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds.	1,887,494
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.	(5,422,617)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,483,643)</u>
<i>Net Position of Governmental Funds</i>	<u>\$ 51,378,998</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, 2017**

	General	Capital Improvement Reserve	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 3,527,437	\$ 2,707,130	\$ 75,854	\$ 6,310,421
Intergovernmental Revenues	1,013,252	102,682	1,982,899	3,098,833
Charges for Services	667,591	0	302,718	970,309
Licenses, Permits and Fees	176,053	0	0	176,053
Investment Earnings	145,283	0	0	145,283
Special Assessments	1,701	34,035	73,653	109,389
Fines and Forfeitures	10,110	0	1,370	11,480
All Other Revenue	157,654	41,516	21,183	220,353
Total Revenue	5,699,081	2,885,363	2,457,677	11,042,121
Expenditures:				
Current:				
Security of Persons and Property	3,614,466	0	2,374	3,616,840
Leisure Time Activities	522,186	0	294,357	816,543
Community Environment	313,949	0	0	313,949
Basic Utility Services	27,240	0	0	27,240
Transportation	0	0	671,574	671,574
General Government	1,321,768	24,852	3,507	1,350,127
Capital Outlay	51,437	1,671,229	1,289,423	3,012,089
Debt Service:				
Principal Retirement	0	396,800	593,182	989,982
Interest and Fiscal Charges	0	22,007	51,228	73,235
Total Expenditures	5,851,046	2,114,888	2,905,645	10,871,579
Excess (Deficiency) of Revenues Over Expenditures	(151,965)	770,475	(447,968)	170,542
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	212,200	185,000	397,200
Transfers In	0	0	352,731	352,731
Transfers Out	0	(370,902)	(10,415)	(381,317)
Total Other Financing Sources (Uses)	0	(158,702)	527,316	368,614
Net Change in Fund Balances	(151,965)	611,773	79,348	539,156
Fund Balances at Beginning of Year	6,721,245	(203,287)	998,187	7,516,145
Change in Inventory	6,123	0	(6,536)	(413)
Fund Balances End of Year	\$ 6,575,403	\$ 408,486	\$ 1,070,999	\$ 8,054,888

See accompanying notes to the basic financial statements

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Year Ended December 31, 2017***

Net Change in Fund Balances - Total Governmental Funds \$ 539,156

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation.	1,306,487
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position.	(46,910)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(219,815)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	586,368
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(1,088,111)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.	(397,200)
The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position.	989,982
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	2,681
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>93,524</u>

Change in Net Position of Governmental Activities \$ 1,766,162

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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,724,505	\$ 3,724,505	\$ 3,624,007	\$ (100,498)
Intergovernmental Revenue	998,553	998,553	1,041,956	43,403
Charges for Services	1,724,371	1,724,371	1,316,414	(407,957)
Licenses and Permits	180,300	180,300	176,000	(4,300)
Investment Earnings	75,000	75,000	145,276	70,276
Special Assessments	1,250	1,250	1,701	451
Fines and Forfeitures	14,600	14,600	10,144	(4,456)
All Other Revenues	39,700	39,700	157,823	118,123
Total Revenues	<u>6,758,279</u>	<u>6,758,279</u>	<u>6,473,321</u>	<u>(284,958)</u>
Expenditures:				
Current:				
Security of Persons and Property	3,900,959	3,925,959	3,661,176	264,783
Leisure Time Activities	593,657	593,657	526,426	67,231
Community Environment	744,070	744,070	322,889	421,181
Basic Utility Services	282,772	287,772	279,597	8,175
General Government	1,739,697	1,847,197	1,736,491	110,706
Capital Outlay	82,537	82,537	81,113	1,424
Total Expenditures	<u>7,343,692</u>	<u>7,481,192</u>	<u>6,607,692</u>	<u>873,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(585,413)	(722,913)	(134,371)	588,542
Other Financing Sources (Uses):				
Transfers Out	(20,000)	(20,000)	0	20,000
Advances Out	0	(150,000)	0	150,000
Total Other Financing Sources (Uses):	<u>(20,000)</u>	<u>(170,000)</u>	<u>0</u>	<u>170,000</u>
Net Change in Fund Balance	(605,413)	(892,913)	(134,371)	758,542
Fund Balance at Beginning of Year	5,947,963	5,947,963	5,947,963	0
Prior Year Encumbrances	122,503	122,503	122,503	0
Fund Balance at End of Year	<u>\$ 5,465,053</u>	<u>\$ 5,177,553</u>	<u>\$ 5,936,095</u>	<u>\$ 758,542</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
Current assets:			
Cash and Cash Equivalents	\$ 10,325,366	\$ 1,372,523	\$ 1,445,946
Investments	1,321,649	0	0
Receivables:			
Accounts	2,192,036	304,172	219,619
Intergovernmental	120,227	36,537	0
Special Assessments	14,433	18,456	487,141
Lease - Current	112,750	0	0
Due from Other Funds	7,299	851	670
Inventory of Supplies at Cost	599,597	120,919	19,932
Prepaid Items	8,250	4,465	1,776
Restricted Assets:			
Cash and Cash Equivalents	191,744	0	0
Total current assets	<u>14,893,351</u>	<u>1,857,923</u>	<u>2,175,084</u>
Noncurrent assets:			
Lease Receivable	560,000	0	0
Investment in Joint Venture	0	1,149,296	6,545,380
Capital assets:			
Non-Depreciable Capital Assets	3,375,938	2,003,175	4,116
Depreciable Capital Assets, net	9,807,203	10,541,071	7,169,916
Total capital assets	<u>13,183,141</u>	<u>12,544,246</u>	<u>7,174,032</u>
Total noncurrent assets	<u>13,743,141</u>	<u>13,693,542</u>	<u>13,719,412</u>
Total assets	<u>28,636,492</u>	<u>15,551,465</u>	<u>15,894,496</u>
Deferred Outflows of Resources:			
Pension	<u>549,559</u>	<u>300,193</u>	<u>138,287</u>
Liabilities:			
Current liabilities:			
Accounts Payable	1,275,707	176,474	69,406
Accrued Wages and Benefits Payable	21,425	12,449	6,419
Intergovernmental Payable	1,326	1,454	54,023
Refundable Deposits	191,744	0	0
Due to Other Funds	81,257	3,104	1,414
Accrued Interest Payable	93,933	29,186	22,428
General Obligation Notes Payable - Current	865,000	301,800	207,600
OPWC Loans Payable - Current	0	63,122	9,776
Compensated Absences Payable - Current	46,042	19,976	9,898
Total Current Liabilities	<u>2,576,434</u>	<u>607,565</u>	<u>380,964</u>

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$ 116,070	\$ 13,259,905
0	1,321,649
0	2,715,827
0	156,764
0	520,030
0	112,750
0	8,820
0	740,448
0	14,491
0	191,744
<u>116,070</u>	<u>19,042,428</u>
0	560,000
0	7,694,676
0	5,383,229
<u>0</u>	<u>27,518,190</u>
<u>0</u>	<u>32,901,419</u>
<u>0</u>	<u>41,156,095</u>
<u>116,070</u>	<u>60,198,523</u>
<u>0</u>	<u>988,039</u>
66,914	1,588,501
0	40,293
0	56,803
0	191,744
3,738	89,513
0	145,547
0	1,374,400
0	72,898
0	75,916
<u>70,652</u>	<u>3,635,615</u>

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Noncurrent Liabilities:			
General Obligation Notes Payable	5,250,000	1,683,600	1,312,200
OPWC Loans Payable	0	875,731	137,518
Compensated Absences Payable	78,028	78,641	33,543
Net Pension Liability	1,411,289	770,907	355,127
Total noncurrent liabilities	<u>6,739,317</u>	<u>3,408,879</u>	<u>1,838,388</u>
Total Liabilities	<u>9,315,751</u>	<u>4,016,444</u>	<u>2,219,352</u>
Deferred Inflows of Resources:			
Deferred Revenue	72,750	0	0
Pension	8,399	4,588	2,114
Total Deferred Inflows of Resources	<u>81,149</u>	<u>4,588</u>	<u>2,114</u>
Net Position:			
Net Investment in Capital Assets	7,668,141	9,619,993	5,506,938
Unrestricted	12,121,010	2,210,633	8,304,379
Total Net Position	<u>\$ 19,789,151</u>	<u>\$ 11,830,626</u>	<u>\$ 13,811,317</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
0	8,245,800
0	1,013,249
0	190,212
0	2,537,323
<u>0</u>	<u>11,986,584</u>
<u>70,652</u>	<u>15,622,199</u>
58,391	131,141
<u>0</u>	<u>15,101</u>
58,391	146,242
0	22,795,072
<u>(12,973)</u>	<u>22,623,049</u>
<u>\$ (12,973)</u>	<u>\$ 45,418,121</u>

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 17,345,378	\$ 3,330,408	\$ 1,943,009
Other Operating Revenues	589,416	15,118	5,933
Total Operating Revenues	17,934,794	3,345,526	1,948,942
Operating Expenses:			
Personal Services	1,530,829	795,793	354,556
Contractual Services	14,613,325	1,963,782	597,366
Materials and Supplies	145,270	39,374	34,055
Utilities	12,842	21,334	14,920
Depreciation	656,139	620,422	309,067
Other Operating Expenses	28,689	3,243	1,484
Total Operating Expenses	16,987,094	3,443,948	1,311,448
Operating Income (Loss)	947,700	(98,422)	637,494
Non-Operating Revenue (Expenses):			
Income (Loss) from Joint Venture	0	334,171	(96,050)
Interest and Fiscal Charges	(95,649)	(33,567)	(25,483)
Investment Earnings	7,500	0	0
Total Non-Operating Revenues (Expenses)	(88,149)	300,604	(121,533)
Income (Loss) Before Contributions and Transfers	859,551	202,182	515,961
Transfers-In	0	15,765	13,929
Transfers-Out	0	(1,108)	0
Capital Contributions	120,227	0	30,926
Change in Net Position	979,778	216,839	560,816
Net Position Beginning of Year	18,809,373	11,613,787	13,250,501
Net Position End of Year	\$ 19,789,151	\$ 11,830,626	\$ 13,811,317

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$ 907,429	\$ 23,526,224
0	610,467
907,429	24,136,691
0	2,681,178
923,687	18,098,160
0	218,699
0	49,096
0	1,585,628
0	33,416
923,687	22,666,177
(16,258)	1,470,514
0	238,121
0	(154,699)
0	7,500
0	90,922
(16,258)	1,561,436
0	29,694
0	(1,108)
0	151,153
(16,258)	1,741,175
3,285	43,676,946
\$ (12,973)	\$ 45,418,121

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$16,878,792	\$3,293,990	\$1,902,927
Cash Payments for Goods and Services	(14,657,844)	(2,024,324)	(649,424)
Cash Payments to Employees	(1,330,683)	(719,477)	(318,023)
Other Operating Revenues	611,487	18,243	19,471
Net Cash Provided (Used) by Operating Activities	<u>1,501,752</u>	<u>568,432</u>	<u>954,951</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In From Other Funds	0	15,765	13,929
Transfers Out to Other Funds	0	(1,108)	0
Interest Paid on General Obligation Notes	(7,777)	0	0
Principal Paid on General Obligation Notes	(650,000)	0	0
Premium on Sale of General Obligation Notes	2,655	0	0
Proceeds from the Sale of General Obligation Notes	600,000	0	0
Net Cash Provided (Used) for Noncapital Financing Activities	<u>(55,122)</u>	<u>14,657</u>	<u>13,929</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(1,555,127)	(248,116)	(761,351)
Receipt of Lease Payments	30,561	0	0
Receipt of Intergovernmental Grants	124,335	0	386,596
Sale of General Obligation Notes	5,515,000	1,985,400	1,519,800
Premium on Sale of General Obligation Notes	24,405	9,106	6,948
Principal Paid on General Obligation Notes	(576,000)	(2,232,700)	(1,690,400)
Principal Paid on General Obligation Bonds	0	0	0
Principal Paid on OPWC Loan	0	(63,122)	(9,776)
Interest Paid on Capital Debt	(6,892)	(35,788)	(26,970)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>3,556,282</u>	<u>(585,220)</u>	<u>(575,153)</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	(102,420)	0	0
Net Cash Used for Investing Activities	<u>(102,420)</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,900,492	(2,131)	393,727
Cash and Cash Equivalents at Beginning of Year	5,616,618	1,374,654	1,052,219
Cash and Cash Equivalents at End of Year	<u>\$10,517,110</u>	<u>\$1,372,523</u>	<u>\$1,445,946</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$10,325,366	\$1,372,523	\$1,445,946
Restricted Cash and Cash Equivalents	191,744	0	0
Cash and Cash Equivalents at End of Year	<u>\$10,517,110</u>	<u>\$1,372,523</u>	<u>\$1,445,946</u>

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$906,300	\$22,982,009
(992,759)	(18,324,351)
0	(2,368,183)
0	649,201
<u>(86,459)</u>	<u>2,938,676</u>
0	29,694
0	(1,108)
0	(7,777)
0	(650,000)
0	2,655
<u>0</u>	<u>600,000</u>
<u>0</u>	<u>(26,536)</u>
0	(2,564,594)
0	30,561
0	510,931
0	9,020,200
0	40,459
0	(4,499,100)
0	0
0	(72,898)
<u>0</u>	<u>(69,650)</u>
<u>0</u>	<u>2,395,909</u>
<u>0</u>	<u>(102,420)</u>
<u>0</u>	<u>(102,420)</u>
(86,459)	5,205,629
<u>202,529</u>	<u>8,246,020</u>
<u>\$116,070</u>	<u>\$13,451,649</u>
\$116,070	\$13,259,905
<u>0</u>	<u>191,744</u>
<u>\$116,070</u>	<u>\$13,451,649</u>

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$947,700	(\$98,422)	\$637,494
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	656,139	620,422	309,067
Adjustments to Assets and Liabilities:			
(Increase) in Accounts Receivable	(463,140)	(44,091)	(39,769)
Decrease in Intergovernmental Receivable	0	8,099	0
Decrease in Special Assessments Receivable	2,061	3,125	13,538
(Increase) Decrease in Inventory	60,836	1,830	(192)
(Increase) in Prepaid Items	(3,903)	(2,232)	(1,001)
(Increase) in Due from Other Funds	(3,515)	(426)	(313)
(Increase) in Deferred Outflows - Pension	(166,546)	(59,969)	(24,169)
Increase (Decrease) in Accounts Payable	138,367	147,300	(1,234)
Increase in Accrued Wages and Benefits	4,864	999	1,102
Increase in Due to Other Funds	1,003	1,323	714
Decrease in Deferred Revenue	0	0	0
Decrease in Intergovernmental Payable	(39,965)	(146,968)	(930)
Increase in Customer Deposits Payable	2,054	0	0
Increase (Decrease) in Compensated Absences	(34,631)	1,220	7,091
Decrease in Deferred Inflows - Pension	(10,922)	(7,530)	(3,642)
Increase in Net Pension Liability	411,350	143,752	57,195
Total Adjustments	554,052	666,854	317,457
Net Cash Provided (Used) by Operating Activities	\$1,501,752	\$568,432	\$954,951

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2017 the Electric, Water and Sewer Funds had outstanding liabilities for capital assets of \$1,927, \$26,468 and \$67,934, respectively.

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
(\$16,258)	\$1,470,514
0	1,585,628
0	(547,000)
0	8,099
0	18,724
0	62,474
0	(7,136)
0	(4,254)
0	(250,684)
(69,124)	215,309
0	6,965
52	3,092
(1,129)	(1,129)
0	(187,863)
0	2,054
0	(26,320)
0	(22,094)
0	612,297
<u>(70,201)</u>	<u>1,468,162</u>
<u>(\$86,459)</u>	<u>\$2,938,676</u>

CITY OF TIPP CITY, OHIO

***Statement of Assets and Liabilities
Agency Funds
December 31, 2017***

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 6,529
Restricted Assets:	
Cash and Cash Equivalents	<u>134,946</u>
Total Assets	<u>141,475</u>
Liabilities:	
Due to Others	<u>141,475</u>
Total Liabilities	<u>\$ 141,475</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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, 2017 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 19 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 20 for further information.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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 20 for further information.

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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.

Fiduciary Funds

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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, 2017***

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, 2017***

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, 2017 but which are not intended to finance 2017 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 agency funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

E. Budgetary Process

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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 2017.

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 2017, 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, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

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

<u>Net Change in Fund Balance</u>	<u>General Fund</u>
GAAP Basis (as reported)	(\$151,965)
Increase (Decrease):	
Accrued Revenues at December 31, 2017 received during 2018	(577,436)
Accrued Revenues at December 31, 2016 received during 2017	712,885
Accrued Expenditures at December 31, 2017 paid during 2018	189,747
Accrued Expenditures at December 31, 2016 paid during 2017	(146,626)
2017 Prepays for 2018	(42,201)
2016 Prepays for 2017	21,201
Outstanding Encumbrances	(139,976)
Budget Basis	<u>(\$134,371)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2017, 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, the Ohio Revised Code, and the City's Investment Policies. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 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 2017, 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.

I. Inventory

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, 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, 2017**

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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. Pensions

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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, 2017***

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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported for pension amounts (See Note 12). The amounts are reported in the government-wide and proprietary statements of net position.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. On the government-wide statement of net position and the proprietary statement of net position, unearned interest earnings, that will be earned over the term of the lease, are reported as deferred revenue. 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, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide and proprietary funds statement of net position. See Note 12.

V. Fair Market Value

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2017, the City has implemented GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, GASB Statement No. 80 “Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14”, GASB Statement No. 81, “Irrevocable Split-Interest Agreements”, and GASB Statement No. 82, “Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73.”

GASB Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The implementation of GASB Statement No. 74 did not have an effect on the financial statements of the City.

GASB Statement No. 80 improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

GASB Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the City.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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	\$42,201	\$6,604	\$6,449	\$55,254
Supplies Inventory	69,142	0	55,582	124,724
Total Nonspendable	<u>111,343</u>	<u>6,604</u>	<u>62,031</u>	<u>179,978</u>
Restricted:				
Transportation Projects	0	0	1,012,277	1,012,277
Police Activities	0	0	40,165	40,165
Debt Retirement	0	0	19,864	19,864
Capital Improvements	0	401,882	64,109	465,991
Total Restricted	<u>0</u>	<u>401,882</u>	<u>1,136,415</u>	<u>1,538,297</u>
Committed:				
Swimming Pool	0	0	63,986	63,986
Police Activities	0	0	145	145
Total Committed	<u>0</u>	<u>0</u>	<u>64,131</u>	<u>64,131</u>
Assigned:				
Services and Supplies	105,160	0	0	105,160
Projected Budgetary Deficit	1,105,636	0	0	1,105,636
Total Assigned	<u>1,210,796</u>	<u>0</u>	<u>0</u>	<u>1,210,796</u>
Unassigned:				
	5,253,264	0	(191,578)	5,061,686
Total Fund Balances	<u>\$6,575,403</u>	<u>\$408,486</u>	<u>\$1,070,999</u>	<u>\$8,054,888</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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	\$812,411
Delinquent Property Tax Revenue	1,592
Shared Revenues	366,212
Interest Revenue	3,459
Special Assessment Revenue	613,278
Deferred Licenses and Permits	24,528
Deferred Charges for Services	66,014
	<hr/>
	\$1,887,494

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$200,000)
General Obligation Notes Payable	(397,200)
Special Assessment Bond Payable	(410,000)
Accrued Interest on Long-Term Debt	(8,408)
OPWC Loan Payable	(826,040)
Compensated Absences Payable	(641,995)
	<hr/>
	(\$2,483,643)

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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 capital outlay exceeded depreciation in the current period:

Capital Outlay	\$3,235,843
Depreciation Expense	<u>(1,929,356)</u>
	\$1,306,487

Governmental revenues not reported in the funds:

Decrease in Deferred/Delinquent Tax Revenue	(\$50,656)
Increase in Shared Revenue	2,938
Decrease in Special Assessment Revenue	(106,733)
Decrease in Interest Revenue	(1,020)
Increase in Licenses & Permits Revenue	915
Decrease in Deferred Charges for Services	<u>(65,259)</u>
	(\$219,815)

Issuance of long-term debt:

General Obligation Notes Issued	(\$397,200)
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Amount of bond principal payments:

General Obligation Bond Principal Payment	\$110,000
Special Assessment Bond Principal Payment	50,000
OPWC Loan Principal Payment	48,182
General Obligation Note Principal Payment	<u>781,800</u>
	\$989,982

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$93,937
Decrease in supplies inventory	<u>(413)</u>
	\$93,524

NOTE 5 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits at December 31, 2017 of \$90,042 and \$101,536 in the 25-A Construction and the Abbott Drive Construction funds, respectively (capital projects funds), are the result of recording notes payable and accruals in the individual fund balance sheets. The General Fund provides transfers, upon City Council’s approval when cash is required not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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, 2017**

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).

A. Deposits

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

At year end the carrying amount of the City's deposits was \$10,774,232 and the bank balance was \$10,905,425. Federal depository insurance covered \$750,000 of the bank balance. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$10,155,425</u>
Total Balance	<u><u>\$10,155,425</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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

B. Investments

The City’s investments at December 31, 2017 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
STAR Ohio	\$10,820,787	AAAm	\$10,820,787	\$0
FHLMC	495,151	AA ⁺	0	495,151
FHLB	496,257	AA ⁺	0	496,257
FFCB	498,993	AA ⁺	498,993	0
Freddie Mac	497,514	AA ⁺	497,514	0
Total Investments	<u>\$12,808,702</u>		<u>\$11,817,294</u>	<u>\$991,408</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, 84.4% are STAR Ohio, 3.9% are FHLMC, 3.9% are FHLB, 3.9% are FFCB and 3.9% are Freddie Mac.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$21,595,019	\$1,987,915
Investments:		
STAR Ohio	<u>(10,820,787)</u>	<u>10,820,787</u>
Per GASB Statement No. 3	<u>\$10,774,232</u>	<u>\$12,808,702</u>

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 2017 were levied after October 1, 2016 on assessed values as of January 1, 2016, 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 2013. 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 7 – TAXES (Continued)

The full tax rate for all City operations for the year ended December 31, 2017 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2017 levy was based was \$271,853,340. This amount constitutes \$264,582,950 in real property assessed value and \$7,270,390 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 2017 was \$5,760,914. This represents a 3.4% decrease from 2016 income tax revenue of \$5,963,230.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2017 consisted of taxes, special assessments, interfund receivables, interest, lease receivable, accounts receivable and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred inflows of resources are considered collectable in full.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2017:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Capital Improvement Reserve Fund	\$0	\$370,902
Other Governmental Funds	352,731	10,415
Total Governmental Funds	<u>352,731</u>	<u>381,317</u>
Water Fund	15,765	1,108
Sewer Fund	13,929	0
Total Proprietary Funds	<u>29,694</u>	<u>1,108</u>
Totals	<u>\$382,425</u>	<u>\$382,425</u>

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

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of due from other funds and due to other funds for all funds for 2017:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$84,995	\$4,022
Other Governmental Funds	0	280
Total Governmental Funds	<u>84,995</u>	<u>4,302</u>
Electric Fund	7,299	81,257
Water Fund	851	3,104
Sewer Fund	670	1,414
Refuse Collection Fund	0	3,738
Total Proprietary Funds	<u>8,820</u>	<u>89,513</u>
Totals	<u>\$93,815</u>	<u>\$93,815</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, 2017**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2017:

Historical Cost:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Non-depreciable Capital assets:				
Land	\$13,707,679	\$0	\$0	\$13,707,679
Construction in Progress	3,927,771	1,570,878	(29,945)	5,468,704
Total Non-depreciable Capital assets	<u>17,635,450</u>	<u>1,570,878</u>	<u>(29,945)</u>	<u>19,176,383</u>
Capital assets being depreciated:				
Buildings	8,707,095	160,719	0	8,867,814
Improvements Other Than Buildings	6,763,861	4,100	0	6,767,961
Machinery and Equipment	8,826,589	470,612	(100,117)	9,197,084
Infrastructure	32,310,659	1,059,479	(162,307)	33,207,831
Total Depreciable Capital assets	<u>56,608,204</u>	<u>1,694,910</u>	<u>(262,424)</u>	<u>58,040,690</u>
Total Cost	<u>\$74,243,654</u>	<u>\$3,265,788</u>	<u>(\$292,369)</u>	<u>\$77,217,073</u>

Accumulated Depreciation:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Buildings	(\$2,771,603)	(\$200,659)	\$0	(\$2,972,262)
Improvements Other Than Buildings	(3,076,515)	(303,583)	0	(3,380,098)
Machinery and Equipment	(6,204,023)	(535,187)	94,483	(6,644,727)
Infrastructure	(14,108,214)	(889,927)	121,031	(14,877,110)
Total Depreciation	<u>(\$26,160,355)</u>	<u>(\$1,929,356) *</u>	<u>\$215,514</u>	<u>(\$27,874,197)</u>
Net Value:	<u>\$48,083,299</u>			<u>\$49,342,876</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$377,167)
Leisure Time Activities	(419,811)
Transportation	(1,005,360)
General Government	<u>(127,018)</u>
Total Depreciation Expense	<u>(\$1,929,356)</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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, 2017:

Historical Cost:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
<i>Non-depreciable Capital assets:</i>				
Land	\$2,234,492	\$0	\$0	\$2,234,492
Construction in Progress	2,081,170	1,362,552	(294,985)	3,148,737
Total Non-depreciable Capital Assets	4,315,662	1,362,552	(294,985)	5,383,229
<i>Capital assets being depreciated:</i>				
Buildings	7,073,486	0	0	7,073,486
Improvements Other Than Buildings	39,595,876	875,277	0	40,471,153
Machinery and Equipment	3,279,035	312,053	(172,147)	3,418,941
Total Depreciable Capital assets	49,948,397	1,187,330	(172,147)	50,963,580
Total Cost	\$54,264,059	\$2,549,882	(\$467,132)	\$56,346,809

Accumulated Depreciation:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Buildings	(\$1,215,549)	(\$262,891)	\$0	(\$1,478,440)
Improvements Other Than Buildings	(18,588,626)	(1,114,920)	0	(19,703,546)
Machinery and Equipment	(2,227,734)	(207,817)	172,147	(2,263,404)
Total Depreciation	(\$22,031,909)	(\$1,585,628)	\$172,147	(\$23,445,390)
<i>Net Value:</i>	\$32,232,150			\$32,901,419

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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 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, 2017**

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 CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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.

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$486,733 for 2017.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Plan Description - City full-time police 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 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.

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 retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$303,919 for 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$6,045,511	\$3,938,623	\$9,984,134
Proportion of the Net Pension Liability-2017	0.026622%	0.062183%	
Proportion of the Net Pension Liability-2016	<u>0.027280%</u>	<u>0.063311%</u>	
Percentage Change	<u>(0.000658%)</u>	<u>(0.001128%)</u>	
Pension Expense	\$1,207,482	\$424,431	\$1,631,913

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2017, 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			
Net difference between projected and actual earnings on pension plan investments	\$900,314	\$383,012	\$1,283,326
Changes in assumptions	958,893	0	958,893
Differences between expected and actual experience	8,194	1,115	9,309
City contributions subsequent to the measurement date	486,733	303,919	790,652
Total Deferred Outflows of Resources	<u>\$2,354,134</u>	<u>\$688,046</u>	<u>\$3,042,180</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$35,980	\$9,068	\$45,048
Total Deferred Inflows of Resources	<u>\$35,980</u>	<u>\$9,068</u>	<u>\$45,048</u>

\$790,652 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2018	\$755,427	\$145,348	\$900,775
2019	782,342	145,348	927,690
2020	320,043	110,637	430,680
2021	(26,391)	(26,103)	(52,494)
2022	0	(193)	(193)
2023	0	22	22
Total	<u>\$1,831,421</u>	<u>\$375,059</u>	<u>\$2,206,480</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, 2017***

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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 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 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$9,235,871	\$6,045,511	\$3,386,912

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by 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.

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

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

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

The most recent experience study was completed January 1, 2012.

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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected *	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

* levered 2x

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

Discount Rate The total pension liability was calculated using the discount rate of 8.25 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 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	<u>1% Decrease (7.25%)</u>	<u>Current Discount Rate (8.25%)</u>	<u>1% Increase (9.25%)</u>
City’s proportionate share of the net pension liability	\$5,245,780	\$3,938,623	\$2,830,791

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care 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.

In order to qualify for 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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS may be set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2017, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

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 1.0% during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. 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 for Member-Directed Plan participants for 2017 was 4.0%.

The City's contributions for health care to the OPERS for the years ending December 31, 2017, 2016, and 2015 were \$37,441, \$70,169 and \$70,586, respectively, which were equal to the required contributions for each year.

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5% of covered payroll for police officers. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ended December 31, 2017, 2016, and 2015 were \$7,998, \$7,428 and \$7,667 for police, which were equal to the required contributions for each year.

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, 2017, the City's accumulated, unpaid compensated absences amounted to \$908,123, of which \$641,995 is recorded as a liability of the Governmental Activities and \$266,128 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, 2017**

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 2017:

	Maturity Date	Balance December 31, 2016	Issued	(Retired)	Balance December 31, 2017
Capital Projects Notes Payable:					
1.75% 25A Reconstruction	2/14/2018	\$45,000	\$100,000	(\$45,000)	\$100,000
1.75% Kinna Drive Construction	2/14/2018	50,000	45,000	(50,000)	45,000
1.75% Abbott Drive Construction	2/14/2018	75,000	55,000	(75,000)	55,000
1.75% Fire Truck	2/14/2018	82,000	122,500	(82,000)	122,500
1.75% Main Street Streetscape Improvement	2/14/2018	62,100	62,100	(62,100)	62,100
2.13% Fire Station Improvement	11/21/2018	975,000	730,000	(975,000)	730,000
2.13% South Third Street Reconstruction	11/21/2018	270,000	200,000	(270,000)	200,000
Total Capital Projects Notes Payable		<u>1,559,100</u>	<u>1,314,600</u>	<u>(1,559,100)</u>	<u>1,314,600</u>
Enterprise Notes Payable:					
1.75% Electric Notes	2/14/2018	112,190	865,000	(112,190)	865,000
1.75% Water Notes	2/14/2018	221,110	201,800	(221,110)	201,800
1.75% Sewer Notes	2/14/2018	155,600	137,600	(155,600)	137,600
2.13% Main Street Utility Improvement - Water	11/21/2018	125,000	100,000	(125,000)	100,000
2.13% Main Street Utility Improvement - Sewer	11/21/2018	85,000	70,000	(85,000)	70,000
Total Enterprise Notes Payable		<u>698,900</u>	<u>1,374,400</u>	<u>(698,900)</u>	<u>1,374,400</u>
Total Notes Payable		<u>\$2,258,000</u>	<u>\$2,689,000</u>	<u>(\$2,258,000)</u>	<u>\$2,689,000</u>

Multiple note issues were rolled over in February 2018 thereby extending their due dates beyond twelve months from the end of 2018. The balances above are expected to be paid for with “current financial resources” within twelve months of fiscal year end. The amounts refinanced in February of 2018 are recorded as long-term debt obligations in Note 18.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 16 – CONSTRUCTION COMMITMENTS

At December 31, 2017 the City had the following contractual commitments outstanding:

Project	Remaining Contractual Commitment	Estimated Date of Completion
CR 25-A Project	\$970,238	6/30/2018
Electric Substation #3 Improvements	104,389	6/30/2018
Downtown Streetscape	97,539	6/30/2019
Water Tower	92,687	12/31/2018
Total Construction Commitments	<u>\$1,264,853</u>	

NOTE 17 - CAPITAL LEASE RECEIVABLE

The City and the Northern Area Water Authority (NAWA) have entered into a capital lease agreement where the City will finance the lease-purchase of a backup electric generator on behalf of NAWA. The value of the equipment leased under the lease agreement is \$1,245,755. The receivable is recorded within the Electric Fund and is recorded on the Statement of Net Position as lease receivable – current and lease receivable. The following is a schedule of future minimum lease payments, to be received, under the capital lease together with the present value of the net minimum lease payments as of December 31, 2017:

Year Ending December 31,	Business-Type Activities
2018	\$112,750
2019	120,000
2020	116,000
2021	112,000
2022	108,000
2023	<u>104,000</u>
Minimum Lease Payments	672,750
Less amount representing unearned revenue	<u>(72,750)</u>
Present value of minimum lease payments	<u>\$600,000</u>

The capital lease agreement was amended in 2011 due to the favorable interest rate environment and the City's intent to reissue the debt as short-term notes through 2018 rather than issuing long-term bonds. Savings on projected interest expense will be passed through to NAWA in the form of lower annual payment on the lease.

CITY OF TIPP CITY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 18 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2017 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2016	Issued	(Retired)	Balance December 31, 2017	Amount Due Within One Year
Business Type-Activities:							
General Obligation Notes:							
1.20% Electric Notes	5,250,000	2018	\$1,113,810	\$5,250,000	(\$1,113,810)	\$5,250,000	\$0
1.20% Water Notes	1,683,600	2018	1,886,590	1,683,600	(1,886,590)	1,683,600	0
1.20% Sewer Notes	1,312,200	2018	1,449,800	1,312,200	(1,449,800)	1,312,200	0
Total General Obligation Notes			<u>4,450,200</u>	<u>8,245,800</u>	<u>(4,450,200)</u>	<u>8,245,800</u>	<u>0</u>
Ohio Public Works Commission Loans:							
0.00% OPWC Loan - AMR/AMI Project	600,000	2032	450,000	0	(30,000)	420,000	30,000
0.00% OPWC Loan - Water Tower Project	425,000	2033	361,250	0	(21,250)	340,000	21,250
0.00% OPWC Loan - Downtown Utilities Pro	401,915	2034	347,795	0	(21,648)	326,147	21,648
Total Ohio Public Works Commission Loans			<u>1,159,045</u>	<u>0</u>	<u>(72,898)</u>	<u>1,086,147</u>	<u>72,898</u>
Net Pension Liability:							
Ohio Public Employers Retirement System			1,925,026	612,297	0	2,537,323	0
Compensated Absences			<u>292,448</u>	<u>266,128</u>	<u>(292,448)</u>	<u>266,128</u>	<u>75,916</u>
Total Business-Type Activity Long-Term Liabilities			<u>\$7,826,719</u>	<u>\$9,124,225</u>	<u>(\$4,815,546)</u>	<u>\$12,135,398</u>	<u>\$148,814</u>
Governmental Activities:							
Unvoted General Obligation Bonds:							
4.0-4.800% Capital Facilities Bond	2,325,000	2019	\$300,000	\$0	(\$100,000)	\$200,000	\$100,000
2.0-4.15% Donn Davis Construction - City Share	250,000	2017	10,000	0	(10,000)	0	0
Total General Obligation Bonds			<u>310,000</u>	<u>0</u>	<u>(110,000)</u>	<u>200,000</u>	<u>100,000</u>
General Obligation Notes:							
1.20% Capital Projects Notes	397,200	2018	781,800	397,200	(781,800)	397,200	0
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	460,000	0	(50,000)	410,000	50,000
Ohio Public Works Commission Loan:							
0.00% OPWC Loan - Main Street Streetscape	970,586	2034	874,222	0	(48,182)	826,040	48,182
Net Pension Liability:							
Ohio Public Employees Retirement System			2,800,220	707,968	0	3,508,188	0
Ohio Police and Fire Pension System			<u>4,072,856</u>	<u>(134,233)</u>	<u>0</u>	<u>3,938,623</u>	<u>0</u>
Total Net Pension Liability			<u>6,873,076</u>	<u>573,735</u>	<u>0</u>	<u>7,446,811</u>	<u>0</u>
Compensated Absences			<u>735,932</u>	<u>641,995</u>	<u>(735,932)</u>	<u>641,995</u>	<u>216,181</u>
Total Governmental Activity Long-Term Liabilities			<u>\$10,035,030</u>	<u>\$1,612,930</u>	<u>(\$1,725,914)</u>	<u>\$9,922,046</u>	<u>\$414,363</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 18 - LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City’s special assessment bonds outstanding at December 31, 2017, \$410,000, 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, 2017, follow:

Years	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$100,000	\$9,600	\$50,000	\$18,083	\$121,080	\$0
2019	100,000	4,800	55,000	16,008	121,080	0
2020	0	0	55,000	13,725	121,080	0
2021	0	0	60,000	11,250	121,080	0
2022	0	0	60,000	8,550	121,080	0
2023-2027	0	0	130,000	8,775	605,400	0
2028-2032	0	0	0	0	575,400	0
2033-2034	0	0	0	0	125,987	0
Totals	\$200,000	\$14,400	\$410,000	\$76,391	\$1,912,187	\$0

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 19 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1996 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2017, the pool has twenty one 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 one 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	\$1,000,000	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 4625 Presidential Way, Kettering, Ohio 45429-5706.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 19 - 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 9/1/17-8/31/18, the City pays 88% of the HSA Plan monthly premium of \$551.13 for single coverage and \$1,491.74 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 two PPO plans for health insurance. The monthly premium for the "core" PPO plan is \$667.55 for single coverage and \$1,807.53 for family coverage. The City pays 88% of the monthly premium for this plan. The City also offers a "savings" PPO plan with higher deductibles and lower monthly premiums. The monthly premium for the "savings" PPO plan is \$607.37 for single coverage and \$1,644.26 for family coverage. The City pays 95% of the monthly premium for this plan.

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 88% of the monthly premium of \$25.73 for single coverage and \$74.35 for family coverage.

The City also provides a minimum of \$35,000 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, 2017***

NOTE 20 - JOINT VENTURES

A. Tri-Cities North Regional Wastewater Authority

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

Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Tipp City, Vandalia and Huber Heights. Tri-Cities is governed by a management board consisting of the city managers of the three participating cities. The Board has complete authority over all the aspects of the Plant's operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation, and the City does have an equity interest. The percentage of equity interest for each city is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$6,545,380 which represents 21.77% of the total equity in Tri-Cities. This reflects a decrease of 0.31% over the City's equity interest of 22.08% in 2016. 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 2017, the City paid \$697,866 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 \$2,298,637 which represents 50% of the total equity of NAWA on December 31, 2017. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2017, the City paid \$1,913,515 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, 2017**

NOTE 21 - CONTINGENCIES

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

NOTE 22 – SUBSEQUENT EVENTS

On January 16, 2018, the City authorized a contract with Vortex USA, Inc. for the purchase and installation of a new water feature at the Tippecanoe Family Aquatic Center in the amount of \$134,000.

On February 14, 2018, the City issued general obligation bond anticipation notes, in the amount of \$8,643,000 to retire notes previously issued, for the purposes of improving County Road 25A, the purchase and installation of an electric generator at the water treatment plant, construction of a one million gallon elevated water storage tank, purchase and installation of an AMR/AMI water metering infrastructure, purchase of an aerial ladder truck for the fire department, Main Street Sanitary Sewer lift station improvements, Water Tower #2 rehabilitation and painting, Main Street Utility/Streetscape Improvements, and for replacement of the electric substation #1 transformer. The notes have an interest rate of 2.125 percent and mature on February 13, 2019.

On April 2, 2018, the City authorized a contract with John R. Jurgensen Paving for the City's 2018 asphalt paving program in the amount of \$547,688.

On April 2, 2018, the City authorized an employment contract with the members of the Fraternal Order of Police bargaining unit for the period April 21, 2018-April 20, 2021.

On April 16, 2018, the City authorized contracts with Stoops Freightliner and Henderson Products through the State of Ohio Cooperative Purchasing Plan for the purchase of a new two-and-a-half (2.5) ton cab and chassis, dump bed, snow plow, and salt spreader at a cost not to exceed \$142,871.

NOTE 23 – SIGNIFICANT ENCUMBRANCES

At December 31, 2017 the City had the following significant encumbrances outstanding:

<u>Fund</u>	<u>Total Encumbrances</u>	<u>Significant Encumbrances</u>	<u>Explanation</u>
Major Funds:			
Capital Improvement Reserve	\$ 1,148,980	\$ 211,990 70,000	New Ambulance Storm drainage along I-75
Electric	6,344,073	5,155,295	Substation 1 Improvements
Sewer	441,449	250,000	25-A Sewer Line Improvements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 24 – TAX ABATEMENT DISCLOSURES

As of December 31, 2017, the City of Tipp City provides tax incentives under the Community Reinvestment Area (CRA) program and has three Enterprise Zones (but no active abatements in 2017).

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 one CRA #5 post-1994. Various portions of the community are covered by these five 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 sharing with the School Districts, when new income tax collections exceed \$1,000,000 dollars for a project granted a CRA abatement. 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 2017:

<u>Community Reinvestment Area (CRA)</u>	Total Amount of Taxes Abated (Incentives Abated) For the Year 2016 (In Actual Dollars)
Manufacturing	\$620,728
Retail	16,979
Professional Buildings	2,284
<u>Amount of Income Tax Dollars paid to the Tipp City Exempted Village School District</u>	
Manufacturing	\$72,508

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF TIPP CITY, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability
Last Four 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-employee 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-employee 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-employee 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-employee 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

***Schedule of City Contributions
Last Five Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$463,371	\$392,857	\$407,050	\$421,014	\$486,733
Contributions in relation to the contractually required contribution	<u>463,371</u>	<u>392,857</u>	<u>407,050</u>	<u>421,014</u>	<u>486,733</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$3,564,392	\$3,273,808	\$3,392,083	\$3,508,450	\$3,744,100
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%	13.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$208,247	\$258,066	\$291,343	\$282,254	\$303,919
Contributions in relation to the contractually required contribution	<u>208,247</u>	<u>258,066</u>	<u>291,343</u>	<u>282,254</u>	<u>303,919</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$1,250,733	\$1,358,242	\$1,533,384	\$1,485,547	\$1,599,574
Contributions as a percentage of covered-employee payroll	16.65%	19.00%	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.

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.

*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.

Peace Officer Training Fund

To account for monies to be used for continuing professional training programs for law enforcement officers.

Law Enforcement Fund

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

Enforcement and Education Fund

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

Drug Law Enforcement Fund

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

(Continued)

Special Revenue Funds (Continued)

Fieldstone TIF Project Fund

To account for financial resources used for funding public infrastructure improvements for the Fieldstone Place Senior Living Campus.

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.

Capital Projects Funds

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

Parks Capital Improvement Fund

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

Abbott Drive Construction Fund

To account for street improvements to Abbott Drive financed by note proceeds. (The budgetary statement is not presented because the fund only exists on a modified accrual basis).

25-A Construction Fund

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

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,012,596	\$ 19,864	\$ 92,298	\$ 1,124,758
Receivables:				
Intergovernmental	350,238	0	413,277	763,515
Special Assessments	0	515,572	0	515,572
Inventory of Supplies, at Cost	55,582	0	0	55,582
Prepaid Items	6,449	0	0	6,449
Total Assets	\$ 1,424,865	\$ 535,436	\$ 505,575	\$ 2,465,876
Liabilities:				
Accounts Payable	\$ 7,442	\$ 0	\$ 413,277	\$ 420,719
Accrued Wages and Benefits Payable	9,847	0	0	9,847
Due to Other Funds	280	0	0	280
Accrued Interest Payable	0	0	3,072	3,072
General Obligation Notes Payable	0	0	200,000	200,000
Total Liabilities	17,569	0	616,349	633,918
Deferred Inflows of Resources:				
Unavailable Amounts	228,692	515,572	16,695	760,959
Fund Balances:				
Nonspendable	62,031	0	0	62,031
Restricted	1,052,442	19,864	64,109	1,136,415
Committed	64,131	0	0	64,131
Unassigned	0	0	(191,578)	(191,578)
Total Fund Balances	1,178,604	19,864	(127,469)	1,070,999
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 1,424,865	\$ 535,436	\$ 505,575	\$ 2,465,876

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 72,351	\$ 0	\$ 3,503	\$ 75,854
Intergovernmental Revenues	713,736	0	1,269,163	1,982,899
Charges for Services	302,718	0	0	302,718
Special Assessments	0	73,653	0	73,653
Fines and Forfeitures	1,370	0	0	1,370
All Other Revenue	17,804	0	3,379	21,183
Total Revenue	1,107,979	73,653	1,276,045	2,457,677
Expenditures:				
Current:				
Security of Persons and Property	2,374	0	0	2,374
Leisure Time Activities	294,357	0	0	294,357
Transportation	671,574	0	0	671,574
General Government	0	3,507	0	3,507
Capital Outlay	1,284	0	1,288,139	1,289,423
Debt Service:				
Principal Retirement	0	208,182	385,000	593,182
Interest and Fiscal Charges	0	44,995	6,233	51,228
Total Expenditures	969,589	256,684	1,679,372	2,905,645
Excess (Deficiency) of Revenues Over Expenditures	138,390	(183,031)	(403,327)	(447,968)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	185,000	185,000
Transfers In	0	177,791	174,940	352,731
Transfers Out	(10,415)	0	0	(10,415)
Total Other Financing Sources (Uses)	(10,415)	177,791	359,940	527,316
Net Change in Fund Balances	127,975	(5,240)	(43,387)	79,348
Fund Balances at Beginning of Year	1,057,165	25,104	(84,082)	998,187
Change in Inventory	(6,536)	0	0	(6,536)
Fund Balances End of Year	\$ 1,178,604	\$ 19,864	\$ (127,469)	\$ 1,070,999

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Assets:				
Cash and Cash Equivalents	\$ 63,986	\$ 309,212	\$ 195,886	\$ 410,402
Receivables:				
Intergovernmental	0	217,683	17,650	107,705
Inventory of Supplies, at Cost	0	55,582	0	0
Prepaid Items	1,550	4,604	0	295
Total Assets	\$ 65,536	\$ 587,081	\$ 213,536	\$ 518,402
Liabilities:				
Accounts Payable	\$ 0	\$ 2,206	\$ 0	\$ 5,236
Accrued Wages and Benefits Payable	0	7,477	0	2,370
Due to Other Funds	0	280	0	0
Total Liabilities	0	9,963	0	7,606
Deferred Inflows of Resources:				
Unavailable Amounts	0	145,122	11,767	71,803
Fund Balances:				
Nonspendable	1,550	60,186	0	295
Restricted	0	371,810	201,769	438,698
Committed	63,986	0	0	0
Total Fund Balances	65,536	431,996	201,769	438,993
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 65,536	\$ 587,081	\$ 213,536	\$ 518,402

CITY OF TIPP CITY, OHIO

<u>Peace Officer Training</u>	<u>Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>Police Donation Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 3,960	\$ 13,965	\$ 7,704	\$ 7,336	\$ 145	\$ 1,012,596
7,200	0	0	0	0	350,238
0	0	0	0	0	55,582
0	0	0	0	0	6,449
<u>\$ 11,160</u>	<u>\$ 13,965</u>	<u>\$ 7,704</u>	<u>\$ 7,336</u>	<u>\$ 145</u>	<u>\$ 1,424,865</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,442
0	0	0	0	0	9,847
0	0	0	0	0	280
0	0	0	0	0	17,569
0	0	0	0	0	228,692
0	0	0	0	0	62,031
11,160	13,965	7,704	7,336	0	1,052,442
0	0	0	0	145	64,131
<u>11,160</u>	<u>13,965</u>	<u>7,704</u>	<u>7,336</u>	<u>145</u>	<u>1,178,604</u>
<u>\$ 11,160</u>	<u>\$ 13,965</u>	<u>\$ 7,704</u>	<u>\$ 7,336</u>	<u>\$ 145</u>	<u>\$ 1,424,865</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, 2017**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	446,820	36,229	219,527
Charges for Services	302,718	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	9,343	6,867	0	1,594
Total Revenue	<u>312,061</u>	<u>453,687</u>	<u>36,229</u>	<u>221,121</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	294,357	0	0	0
Transportation	0	426,201	3,052	169,970
Capital Outlay	0	614	0	670
Total Expenditures	<u>294,357</u>	<u>426,815</u>	<u>3,052</u>	<u>170,640</u>
Excess (Deficiency) of Revenues Over Expenditures	17,704	26,872	33,177	50,481
Other Financing Sources (Uses):				
Transfers Out	0	0	0	(10,415)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,415)</u>
Net Change in Fund Balances	17,704	26,872	33,177	40,066
Fund Balances at Beginning of Year	47,832	411,660	168,592	398,927
Change in Inventory	0	(6,536)	0	0
Fund Balances End of Year	<u>\$ 65,536</u>	<u>\$ 431,996</u>	<u>\$ 201,769</u>	<u>\$ 438,993</u>

CITY OF TIPP CITY, OHIO

Peace Officer Training	Law Enforcement	Enforcement and Education	Drug Law Enforcement	Fieldstone TIF Project	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 72,351	\$ 0	\$ 72,351
11,160	0	0	0	0	0	713,736
0	0	0	0	0	0	302,718
0	0	1,075	295	0	0	1,370
0	0	0	0	0	0	17,804
<u>11,160</u>	<u>0</u>	<u>1,075</u>	<u>295</u>	<u>72,351</u>	<u>0</u>	<u>1,107,979</u>
0	2,374	0	0	0	0	2,374
0	0	0	0	0	0	294,357
0	0	0	0	72,351	0	671,574
0	0	0	0	0	0	1,284
<u>0</u>	<u>2,374</u>	<u>0</u>	<u>0</u>	<u>72,351</u>	<u>0</u>	<u>969,589</u>
11,160	(2,374)	1,075	295	0	0	138,390
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,415)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,415)</u>
11,160	(2,374)	1,075	295	0	0	127,975
0	16,339	6,629	7,041	0	145	1,057,165
0	0	0	0	0	0	(6,536)
<u>\$ 11,160</u>	<u>\$ 13,965</u>	<u>\$ 7,704</u>	<u>\$ 7,336</u>	<u>\$ 0</u>	<u>\$ 145</u>	<u>\$ 1,178,604</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2017**

	General Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 765	\$ 19,099	\$ 19,864
Receivables:			
Special Assessments	0	515,572	515,572
Total Assets	<u>\$ 765</u>	<u>\$ 534,671</u>	<u>\$ 535,436</u>
Liabilities:			
Deferred Revenue	\$ 0	\$ 515,572	\$ 515,572
Total Liabilities	<u>0</u>	<u>515,572</u>	<u>515,572</u>
Fund Balances:			
Restricted	765	19,099	19,864
Total Fund Balances	<u>765</u>	<u>19,099</u>	<u>19,864</u>
Total Liabilities and Fund Balances	<u>\$ 765</u>	<u>\$ 534,671</u>	<u>\$ 535,436</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, 2017***

	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	158,182	50,000	208,182
Interest and Fiscal Charges	24,837	20,158	44,995
Total Expenditures	<u>183,019</u>	<u>73,665</u>	<u>256,684</u>
Excess (Deficiency) of Revenues Over Expenditures	(183,019)	(12)	(183,031)
Other Financing Sources (Uses):			
Transfers In	177,791	0	177,791
Total Other Financing Sources (Uses)	<u>177,791</u>	<u>0</u>	<u>177,791</u>
Net Change in Fund Balances	(5,228)	(12)	(5,240)
Fund Balances at Beginning of Year	5,993	19,111	25,104
Fund Balances End of Year	<u>\$ 765</u>	<u>\$ 19,099</u>	<u>\$ 19,864</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017**

	Parks Capital Improvement	Abbott Drive Construction	25-A Construction	Total Nonmajor Capital Projects Funds
Assets:				
Cash and Cash Equivalents	\$ 64,109	\$ 0	\$ 28,189	\$ 92,298
Receivables:				
Intergovernmental	0	0	413,277	413,277
Total Assets	<u>\$ 64,109</u>	<u>\$ 0</u>	<u>\$ 441,466</u>	<u>\$ 505,575</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 413,277	\$ 413,277
Accrued Interest Payable	0	1,536	1,536	3,072
General Obligation Notes Payable	0	100,000	100,000	200,000
Total Liabilities	<u>0</u>	<u>101,536</u>	<u>514,813</u>	<u>616,349</u>
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	16,695	16,695
Fund Balances:				
Restricted	64,109	0	0	64,109
Unassigned	0	(101,536)	(90,042)	(191,578)
Total Fund Balances	<u>64,109</u>	<u>(101,536)</u>	<u>(90,042)</u>	<u>(127,469)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 64,109</u>	<u>\$ 0</u>	<u>\$ 441,466</u>	<u>\$ 505,575</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, 2017**

	Parks Capital Improvement	Abbott Drive Construction	25-A Construction	Total Nonmajor Capital Project Funds
Revenues:				
Taxes	\$ 3,503	\$ 0	\$ 0	\$ 3,503
Intergovernmental Revenues	0	0	1,269,163	1,269,163
All Other Revenue	3,379	0	0	3,379
Total Revenue	6,882	0	1,269,163	1,276,045
Expenditures:				
Capital Outlay	2,035	0	1,286,104	1,288,139
Debt Service:				
Principal Retirement	0	100,000	285,000	385,000
Interest and Fiscal Charges	0	2,479	3,754	6,233
Total Expenditures	2,035	102,479	1,574,858	1,679,372
Excess (Deficiency) of Revenues Over Expenditures	4,847	(102,479)	(305,695)	(403,327)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	185,000	185,000
Transfers In	0	127,251	47,689	174,940
Total Other Financing Sources (Uses)	0	127,251	232,689	359,940
Net Change in Fund Balances	4,847	24,772	(73,006)	(43,387)
Fund Balances at Beginning of Year	59,262	(126,308)	(17,036)	(84,082)
Fund Balances End of Year	\$ 64,109	\$ (101,536)	\$ (90,042)	\$ (127,469)

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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,724,505	\$ 3,724,505	\$ 3,624,007	\$ (100,498)
Intergovernmental Revenues	998,553	998,553	1,041,956	43,403
Charges for Services	1,724,371	1,724,371	1,316,414	(407,957)
Licenses and Permits	180,300	180,300	176,000	(4,300)
Investment Earnings	75,000	75,000	145,276	70,276
Special Assessments	1,250	1,250	1,701	451
Fines and Forfeitures	14,600	14,600	10,144	(4,456)
All Other Revenues	39,700	39,700	157,823	118,123
Total Revenues	<u>6,758,279</u>	<u>6,758,279</u>	<u>6,473,321</u>	<u>(284,958)</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,538,358	2,538,358	2,447,024	91,334
Travel and Training	28,905	28,905	23,862	5,043
Materials and Supplies	65,830	65,830	55,148	10,682
Contractual Services	145,160	145,160	133,573	11,587
Total Police	<u>2,778,253</u>	<u>2,778,253</u>	<u>2,659,607</u>	<u>118,646</u>
Fire:				
Personal Services	160,580	160,580	101,273	59,307
Travel and Training	4,000	4,000	4,000	0
Materials and Supplies	8,226	8,226	5,081	3,145
Contractual Services	76,827	76,827	74,608	2,219
Total Fire	<u>249,633</u>	<u>249,633</u>	<u>184,962</u>	<u>64,671</u>
Emergency Medical Services:				
Personal Services	710,829	735,829	657,781	78,048
Travel and Training	9,000	9,000	8,972	28
Materials and Supplies	38,179	38,179	36,490	1,689
Contractual Services	115,065	115,065	113,364	1,701
Total Emergency Medical Services	<u>873,073</u>	<u>898,073</u>	<u>816,607</u>	<u>81,466</u>
Total Security of Persons and Property	<u>3,900,959</u>	<u>3,925,959</u>	<u>3,661,176</u>	<u>264,783</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	377,497	377,497	343,123	34,374
Travel and Training	2,000	2,000	1,630	370
Materials and Supplies	67,427	67,427	57,598	9,829
Contractual Services	129,033	129,033	106,375	22,658
Total Parks	<u>575,957</u>	<u>575,957</u>	<u>508,726</u>	<u>67,231</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>593,657</u>	<u>593,657</u>	<u>526,426</u>	<u>67,231</u>
Community Environment:				
Planning:				
Personal Services	269,274	269,274	260,237	9,037
Travel and Training	4,903	4,903	2,353	2,550
Materials and Supplies	3,265	3,265	2,178	1,087
Contractual Services	466,628	466,628	58,121	408,507
Total Community Environment	<u>744,070</u>	<u>744,070</u>	<u>322,889</u>	<u>421,181</u>
Basic Utility Services:				
Utility Billing:				
Personal Services	209,033	214,033	213,349	684
Travel and Training	3,100	3,100	2,237	863
Materials and Supplies	36,411	36,411	33,981	2,430
Contractual Services	34,228	34,228	30,030	4,198
Total Basic Utility Services	<u>282,772</u>	<u>287,772</u>	<u>279,597</u>	<u>8,175</u>
General Government:				
City Council:				
Personal Services	48,365	58,365	57,068	1,297
Travel and Training	7,590	7,590	4,955	2,635
Materials and Supplies	1,450	1,450	456	994
Contractual Services	22,110	22,110	20,745	1,365
Total City Council	<u>79,515</u>	<u>89,515</u>	<u>83,224</u>	<u>6,291</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Commissions:				
Travel and Training	500	500	208	292
Materials and Supplies	3,200	3,200	1,712	1,488
Contractual Services	32,486	32,486	29,474	3,012
Total Commissions	36,186	36,186	31,394	4,792
Administration:				
Personal Services	296,308	296,308	278,283	18,025
Travel and Training	7,917	7,917	7,912	5
Materials and Supplies	1,494	1,494	835	659
Contractual Services	6,653	6,653	6,498	155
Total Administration	312,372	312,372	293,528	18,844
Buildings and Grounds:				
Personal Services	144,853	144,853	133,951	10,902
Travel and Training	5,237	5,237	3,748	1,489
Materials and Supplies	11,033	11,033	9,765	1,268
Contractual Services	127,614	127,614	118,893	8,721
Total Buildings and Grounds	288,737	288,737	266,357	22,380
Finance - Accounting:				
Personal Services	237,065	237,065	228,670	8,395
Travel and Training	2,002	2,002	1,509	493
Materials and Supplies	2,572	2,572	2,517	55
Contractual Services	21,919	21,919	20,450	1,469
Total Finance - Accounting	263,558	263,558	253,146	10,412
Finance - Income Tax:				
Personal Services	170,158	170,158	162,743	7,415
Travel and Training	1,635	1,635	1,445	190
Materials and Supplies	6,975	6,975	4,837	2,138
Contractual Services	26,957	26,957	22,762	4,195
Income Tax Refunds	100,000	100,000	91,108	8,892
Total Finance - Income Tax	305,725	305,725	282,895	22,830

(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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legal:				
Personal Services	62,186	62,186	59,494	2,692
Travel and Training	400	400	352	48
Materials and Supplies	300	300	0	300
Contractual Services	23,743	113,743	101,612	12,131
Total Legal	86,629	176,629	161,458	15,171
Engineering:				
Personal Services	154,491	161,991	160,839	1,152
Travel and Training	2,500	2,500	2,304	196
Materials and Supplies	4,212	4,212	3,290	922
Contractual Services	20,062	20,062	17,367	2,695
Total Engineering	181,265	188,765	183,800	4,965
General Administrative:				
Materials and Supplies	15,452	15,452	14,567	885
Contractual Services	132,758	132,758	129,868	2,890
Other Expenditures	37,500	37,500	36,254	1,246
Total General Administrative	185,710	185,710	180,689	5,021
Total General Government	1,739,697	1,847,197	1,736,491	110,706
Capital Outlay:				
Fire	66,654	66,654	66,653	1
Emergency Medical Services	5,200	5,200	5,200	0
Parks	625	625	565	60
Planning	500	500	350	150
Utility Billing	500	500	500	0
City Council	300	300	0	300
Commissions	300	300	0	300
Administration	6,500	6,500	6,370	130
Buildings and Grounds	508	508	485	23
Finance - Income Tax	900	900	890	10
Engineering	550	550	100	450
Total Capital Outlay	82,537	82,537	81,113	1,424
Total Expenditures	7,343,692	7,481,192	6,607,692	873,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	(585,413)	(722,913)	(134,371)	588,542

(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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers Out	(20,000)	(20,000)	0	20,000
Advances Out	0	(150,000)	0	150,000
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(170,000)</u>	<u>0</u>	<u>170,000</u>
Net Change in Fund Balance	(605,413)	(892,913)	(134,371)	758,542
Fund Balance at Beginning of Year	5,947,963	5,947,963	5,947,963	0
Prior Year Encumbrances	122,503	122,503	122,503	0
Fund Balance at End of Year	<u>\$ 5,465,053</u>	<u>\$ 5,177,553</u>	<u>\$ 5,936,095</u>	<u>\$ 758,542</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, 2017**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 2,894,257	\$ 2,792,326	\$ (101,931)
Intergovernmental Revenues	0	68,686	68,686
Special Assessments	60,000	34,035	(25,965)
All Other Revenues	1,000	18,367	17,367
Total Revenues	<u>2,955,257</u>	<u>2,913,414</u>	<u>(41,843)</u>
Expenditures:			
General Government:			
Contractual Services	3,300	3,298	2
Other Expenditures	117,057	117,048	9
Total General Government	<u>120,357</u>	<u>120,346</u>	<u>11</u>
Capital Outlay	3,212,158	2,797,308	414,850
Total Expenditures	<u>3,332,515</u>	<u>2,917,654</u>	<u>414,861</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(377,258)	(4,240)	373,018
Other Financing Sources (Uses):			
Sale of Capital Assets	15,000	23,149	8,149
Transfers Out	(851,021)	(850,994)	27
Total Other Financing Sources (Uses)	<u>(836,021)</u>	<u>(827,845)</u>	<u>8,176</u>
Net Change in Fund Balance	(1,213,279)	(832,085)	381,194
Fund Balance at Beginning of Year	366,641	366,641	0
Prior Year Encumbrances	795,581	795,581	0
Fund Balance at End of Year	<u>\$ (51,057)</u>	<u>\$ 330,137</u>	<u>\$ 381,194</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, 2017**

SWIMMING POOL FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 285,500	\$ 302,718	\$ 17,218
All Other Revenues	16,000	9,343	(6,657)
Total Revenues	<u>301,500</u>	<u>312,061</u>	<u>10,561</u>
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	32,310	30,552	1,758
Contractual Services	271,955	263,050	8,905
Other Expenditures	1,155	1,150	5
Total Leisure Time Activities	<u>305,420</u>	<u>294,752</u>	<u>10,668</u>
Capital Outlay	3,200	0	3,200
Total Expenditures	<u>308,620</u>	<u>294,752</u>	<u>13,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,120)	17,309	24,429
Other Financing Sources (Uses):			
Transfers In	20,000	0	(20,000)
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>0</u>	<u>(20,000)</u>
Net Change in Fund Balance	12,880	17,309	4,429
Fund Balance at Beginning of Year	41,327	41,327	0
Prior Year Encumbrances	5,000	5,000	0
Fund Balance at End of Year	<u>\$ 59,207</u>	<u>\$ 63,636</u>	<u>\$ 4,429</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, 2017**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 435,222	\$ 448,070	\$ 12,848
All Other Revenues	2,000	6,867	4,867
Total Revenues	<u>437,222</u>	<u>454,937</u>	<u>17,715</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	374,000	348,047	25,953
Travel and Training	2,000	1,822	178
Materials and Supplies	34,201	18,558	15,643
Contractual Services	87,902	61,889	26,013
Total Transportation	<u>498,103</u>	<u>430,316</u>	<u>67,787</u>
Capital Outlay	1,000	614	386
Total Expenditures	<u>499,103</u>	<u>430,930</u>	<u>68,173</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,881)	24,007	85,888
Fund Balance at Beginning of Year	271,745	271,745	0
Prior Year Encumbrances	6,532	6,532	0
Fund Balance at End of Year	<u>\$ 216,396</u>	<u>\$ 302,284</u>	<u>\$ 85,888</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, 2017***

STATE HIGHWAY IMPROVEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 35,424	\$ 36,331	\$ 907
Total Revenues	<u>35,424</u>	<u>36,331</u>	<u>907</u>
Expenditures:			
Transportation:			
Street:			
Materials and Supplies	33,305	4,400	28,905
Contractual Services	<u>9,480</u>	<u>9,389</u>	<u>91</u>
Total Expenditures	<u>42,785</u>	<u>13,789</u>	<u>28,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,361)	22,542	29,903
Fund Balance at Beginning of Year	154,706	154,706	0
Prior Year Encumbrances	<u>11,284</u>	<u>11,284</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 158,629</u>	<u>\$ 188,532</u>	<u>\$ 29,903</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, 2017**

MUNICIPAL ROAD FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 223,495	\$ 221,211	\$ (2,284)
All Other Revenues	500	1,594	1,094
Total Revenues	<u>223,995</u>	<u>222,805</u>	<u>(1,190)</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	100,485	94,453	6,032
Materials and Supplies	189,992	91,251	98,741
Contractual Services	53,349	38,322	15,027
Total Transportation	<u>343,826</u>	<u>224,026</u>	<u>119,800</u>
Capital Outlay	2,000	670	1,330
Total Expenditures	<u>345,826</u>	<u>224,696</u>	<u>121,130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(121,831)	(1,891)	119,940
Other Financing Sources (Uses):			
Transfers Out	(10,415)	(10,415)	0
Total Other Financing Sources (Uses)	<u>(10,415)</u>	<u>(10,415)</u>	<u>0</u>
Net Change in Fund Balance	(132,246)	(12,306)	119,940
Fund Balance at Beginning of Year	276,285	276,285	0
Prior Year Encumbrances	94,849	94,849	0
Fund Balance at End of Year	<u>\$ 238,888</u>	<u>\$ 358,828</u>	<u>\$ 119,940</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, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 0	\$ 3,960	\$ 3,960
Total Revenues	<u>0</u>	<u>3,960</u>	<u>3,960</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	3,960	3,960
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>\$ 3,960</u>	<u>\$ 3,960</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, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 2,500	\$ 1,586	\$ (914)
Total Revenues	<u>2,500</u>	<u>1,586</u>	<u>(914)</u>
Expenditures:			
Capital Outlay	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Expenditures	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	1,586	2,086
Fund Balance at Beginning of Year	<u>12,379</u>	<u>12,379</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,879</u>	<u>\$ 13,965</u>	<u>\$ 2,086</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, 2017***

ENFORCEMENT AND EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and Forfeitures	\$ 500	\$ 1,175	\$ 675
Total Revenues	<u>500</u>	<u>1,175</u>	<u>675</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	500	1,175	675
Fund Balance at Beginning of Year	<u>6,529</u>	<u>6,529</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,029</u>	<u>\$ 7,704</u>	<u>\$ 675</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, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 25	\$ 295	\$ 270
Total Revenues	<u>25</u>	<u>295</u>	<u>270</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	25	295	270
Fund Balance at Beginning of Year	<u>7,041</u>	<u>7,041</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,066</u>	<u>\$ 7,336</u>	<u>\$ 270</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, 2017**

FIELDSTONE TIF PROJECT FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 73,476	\$ 72,351	\$ (1,125)
Total Revenues	<u>73,476</u>	<u>72,351</u>	<u>(1,125)</u>
Expenditures:			
Transportation:			
Street:			
Contractual Services	1,000	970	30
Other Expenditures	<u>72,476</u>	<u>71,381</u>	<u>1,095</u>
Total Expenditures	<u>73,476</u>	<u>72,351</u>	<u>1,125</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, 2017**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Security of Persons and Property:			
Police:			
Materials and Supplies	145	0	145
Total Expenditures	145	0	145
Excess (Deficiency) of Revenues Over (Under) Expenditures	(145)	0	145
Fund Balance at Beginning of Year	145	145	0
Fund Balance at End of Year	\$ 0	\$ 145	\$ 145

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, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Debt Service:			
Principal Retirement	2,595,185	2,595,182	3
Interest and Fiscal Charges	62,411	62,341	70
Total Expenditures	<u>2,657,596</u>	<u>2,657,523</u>	<u>73</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,657,596)	(2,657,523)	73
Other Financing Sources (Uses):			
General Obligation Notes Issued	1,780,000	1,780,000	0
Premium on General Obligation Notes	15,000	10,886	(4,114)
Transfers In	861,996	861,409	(587)
Total Other Financing Sources (Uses)	<u>2,656,996</u>	<u>2,652,295</u>	<u>(4,701)</u>
Net Change in Fund Balance	(600)	(5,228)	(4,628)
Fund Balance at Beginning of Year	5,993	5,993	0
Fund Balance at End of Year	<u>\$ 5,393</u>	<u>\$ 765</u>	<u>\$ (4,628)</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, 2017***

	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	50,000	50,000	0
Interest and Fiscal Charges	20,158	20,158	0
Total Expenditures	<u>73,665</u>	<u>73,665</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12)	(12)	0
Fund Balance at Beginning of Year	19,111	19,111	0
Fund Balance at End of Year	<u>\$ 19,099</u>	<u>\$ 19,099</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, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 4,000	\$ 3,503	\$ (497)
All Other Revenues	0	3,379	3,379
Total Revenues	<u>4,000</u>	<u>6,882</u>	<u>2,882</u>
Expenditures:			
Capital Outlay	<u>7,200</u>	<u>2,035</u>	<u>5,165</u>
Total Expenditures	<u>7,200</u>	<u>2,035</u>	<u>5,165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,200)	4,847	8,047
Fund Balance at Beginning of Year	<u>59,262</u>	<u>59,262</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 56,062</u>	<u>\$ 64,109</u>	<u>\$ 8,047</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, 2017**

25-A CONSTRUCTION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 2,940,000	\$ 1,696,168	\$ (1,243,832)
Total Revenues	<u>2,940,000</u>	<u>1,696,168</u>	<u>(1,243,832)</u>
Expenditures:			
Capital Outlay	<u>4,839,148</u>	<u>2,832,729</u>	<u>2,006,419</u>
Total Expenditures	<u>4,839,148</u>	<u>2,832,729</u>	<u>2,006,419</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,899,148)	(1,136,561)	762,587
Fund Balance at Beginning of Year	(1,870,236)	(1,870,236)	0
Prior Year Encumbrances	<u>1,890,035</u>	<u>1,890,035</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1,879,349)</u>	<u>\$ (1,116,762)</u>	<u>\$ 762,587</u>

Fiduciary Funds

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

Agency Funds

Contractor Maintenance Deposit Fund

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

Health Insurance Fund

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

Medical Reimbursement Fund

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

CITY OF TIPP CITY, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017**

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
<u>Contractor Maintenance Deposit Fund</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$233,595	\$19,338	(\$117,987)	\$134,946
Total Assets	\$233,595	\$19,338	(\$117,987)	\$134,946
Liabilities:				
Due to Others	\$233,595	\$19,338	(\$117,987)	\$134,946
Total Liabilities	\$233,595	\$19,338	(\$117,987)	\$134,946
<u>Health Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$995	\$138,487	(\$132,953)	\$6,529
Total Assets	\$995	\$138,487	(\$132,953)	\$6,529
Liabilities:				
Due to Others	\$995	\$138,487	(\$132,953)	\$6,529
Total Liabilities	\$995	\$138,487	(\$132,953)	\$6,529
<u>Medical Reimbursement Fund</u>				
Assets:				
Cash and Cash Equivalents	\$4,427	\$0	(\$4,427)	\$0
Total Assets	\$4,427	\$0	(\$4,427)	\$0
Liabilities:				
Due to Others	\$4,427	\$0	(\$4,427)	\$0
Total Liabilities	\$4,427	\$0	(\$4,427)	\$0
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$5,422	\$138,487	(\$137,380)	\$6,529
Restricted Cash and Cash Equivalents	233,595	19,338	(117,987)	134,946
Total Assets	\$239,017	\$157,825	(\$255,367)	\$141,475
Liabilities:				
Due to Others	\$239,017	\$157,825	(\$255,367)	\$141,475
Total Liabilities	\$239,017	\$157,825	(\$255,367)	\$141,475





Tipp City **Statistical
Section**



Tipp City

STATISTICAL TABLES

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

Contents

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

City of Tipp City

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:				
Net Investment in Capital Assets	\$32,242,094	\$32,842,386	\$33,597,957	\$34,228,303
Restricted	2,243,415	1,947,201	1,885,841	2,367,676
Unrestricted	5,455,035	5,431,361	5,015,791	5,478,337
Total Governmental Activities Net Position	<u>\$39,940,544</u>	<u>\$40,220,948</u>	<u>\$40,499,589</u>	<u>\$42,074,316</u>
Business-type Activities:				
Net Investment in Capital Assets	\$19,681,449	\$20,158,896	\$18,683,126	\$20,521,369
Unrestricted	13,807,232	14,835,988	18,126,140	18,359,537
Total Business-type Activities Net Position	<u>\$33,488,681</u>	<u>\$34,994,884</u>	<u>\$36,809,266</u>	<u>\$38,880,906</u>
Primary Government:				
Net Investment in Capital Assets	\$51,923,543	\$53,001,282	\$52,281,083	\$54,749,672
Restricted	2,243,415	1,947,201	1,885,841	2,367,676
Unrestricted	19,262,267	20,267,349	23,141,931	23,837,874
Total Primary Government Net Position	<u>\$73,429,225</u>	<u>\$75,215,832</u>	<u>\$77,308,855</u>	<u>\$80,955,222</u>

* Restated

Source: Finance Director's Office

City of Tipp City

2012	2013	2014	2015	2016	2017
		*			
\$31,966,661	\$36,793,037	\$39,136,408	\$41,068,323	\$44,098,177	\$46,195,036
1,858,164	3,497,916	3,112,981	3,443,958	3,606,947	3,963,070
9,638,818	5,487,005	1,356,787	1,737,855	1,907,712	1,220,892
<u>\$43,463,643</u>	<u>\$45,777,958</u>	<u>\$43,606,176</u>	<u>\$46,250,136</u>	<u>\$49,612,836</u>	<u>\$51,378,998</u>
\$19,920,919	\$19,488,875	\$21,107,345	\$26,210,107	\$26,574,005	\$22,795,072
20,056,259	21,158,072	18,739,123	15,742,022	17,102,941	22,623,049
<u>\$39,977,178</u>	<u>\$40,646,947</u>	<u>\$39,846,468</u>	<u>\$41,952,129</u>	<u>\$43,676,946</u>	<u>\$45,418,121</u>
\$51,887,580	\$56,281,912	\$60,243,753	\$67,278,430	\$70,672,182	\$68,990,108
1,858,164	3,497,916	3,112,981	3,443,958	3,606,947	3,963,070
29,695,077	26,645,077	20,095,910	17,479,877	19,010,653	23,843,941
<u>\$83,440,821</u>	<u>\$86,424,905</u>	<u>\$83,452,644</u>	<u>\$88,202,265</u>	<u>\$93,289,782</u>	<u>\$96,797,119</u>

City of Tipp City

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

	2008	2009	2010	2011
Expenses				
Governmental Activities:				
Security of Persons and Property	\$3,319,976	\$3,286,305	\$3,191,455	\$3,295,937
Leisure Time Activities	1,285,709	1,320,200	1,115,986	1,206,554
Community Environment	251,345	260,189	240,229	263,018
Basic Utility Services	247,636	238,584	209,396	207,591
Transportation	1,595,113	1,858,692	1,520,827	1,496,946
General Government	1,645,898	1,601,373	1,552,036	1,724,894
Interest and Fiscal Charges	264,771	243,087	195,839	159,465
<i>Total Governmental Activities Expenses</i>	<u>8,610,448</u>	<u>8,808,430</u>	<u>8,025,768</u>	<u>8,354,405</u>
Business-type Activities:				
Electric	9,488,473	10,043,278	10,934,711	10,162,311
Water	2,183,762	2,492,331	2,687,174	2,339,234
Sewer	1,296,882	1,236,664	1,293,025	1,332,069
Refuse Collection	716,728	741,101	762,941	777,573
<i>Total Business-type Activities Expenses</i>	<u>13,685,845</u>	<u>14,513,374</u>	<u>15,677,851</u>	<u>14,611,187</u>
<i>Total Primary Government Expenses</i>	<u>\$22,296,293</u>	<u>\$23,321,804</u>	<u>\$23,703,619</u>	<u>\$22,965,592</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$539,207	\$613,231	\$526,499	\$674,013
Leisure Time Activities	381,063	332,688	387,874	394,409
Community Environment	131,771	89,325	20,431	68,382
Basic Utility Services	238,266	116,993	232,627	207,662
Transportation	3,366	33,388	32,162	31,468
Operating Grants and Contributions	656,539	693,882	651,175	649,294
Capital Grants and Contributions	1,927,765	1,168,819	211,035	926,961
<i>Total Governmental Activities Program Revenues</i>	<u>3,877,977</u>	<u>3,048,326</u>	<u>2,061,803</u>	<u>2,952,189</u>

City of Tipp City

2012	2013	2014	2015	2016	2017
\$3,807,107	\$3,530,729	\$3,717,379	\$3,838,659	\$4,253,983	\$4,212,068
1,258,269	1,184,929	1,171,559	1,202,951	1,172,199	1,251,064
266,399	318,126	301,822	280,344	357,068	328,263
219,845	224,611	221,338	9,792	42,788	62,431
1,748,615	1,282,473	1,516,512	1,744,237	1,597,236	1,703,666
1,546,497	1,461,944	1,681,433	846,759	938,638	1,623,266
128,914	131,839	95,626	77,291	74,428	70,554
<u>8,975,646</u>	<u>8,134,651</u>	<u>8,705,669</u>	<u>8,000,033</u>	<u>8,436,340</u>	<u>9,251,312</u>
10,947,908	13,022,380	15,434,334	14,104,590	16,042,057	17,082,743
2,450,611	2,750,504	2,635,749	3,082,812	3,568,202	3,477,515
1,277,737	1,524,521	1,676,170	1,611,383	1,938,930	1,432,981
803,896	830,635	860,620	859,546	899,948	923,687
<u>15,480,152</u>	<u>18,128,040</u>	<u>20,606,873</u>	<u>19,658,331</u>	<u>22,449,137</u>	<u>22,916,926</u>
<u>\$24,455,798</u>	<u>\$26,262,691</u>	<u>\$29,312,542</u>	<u>\$27,658,364</u>	<u>\$30,885,477</u>	<u>\$32,168,238</u>
\$677,146	\$467,951	\$807,557	\$679,634	\$801,163	\$612,673
362,673	285,683	260,789	290,382	334,915	315,540
65,012	19,545	34,773	19,746	202,402	178,995
222,600	222,244	231,165	0	0	0
86,142	66,357	230,958	57,709	15,921	9,416
688,116	639,270	678,811	686,622	723,446	707,663
913,862	1,264,689	1,082,009	1,372,145	2,182,014	1,612,294
<u>3,015,551</u>	<u>2,965,739</u>	<u>3,326,062</u>	<u>3,106,238</u>	<u>4,259,861</u>	<u>3,436,581</u>

(continued)

City of Tipp City

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

	2008	2009	2010	2011
Business-type Activities:				
Charges for Services				
Electric	10,077,906	10,957,613	11,895,134	12,127,149
Water	2,276,912	2,331,227	2,516,700	2,151,483
Sewer	1,318,119	1,259,362	2,117,802	1,129,188
Refuse Collection	713,082	738,911	763,387	786,630
Capital Grants and Contributions	835,244	751,569	241,153	504,377
<i>Total Business-type Activities Program Revenues</i>	<u>15,221,263</u>	<u>16,038,682</u>	<u>17,534,176</u>	<u>16,698,827</u>
<i>Total Primary Government Program Revenues</i>	<u>19,099,240</u>	<u>19,087,008</u>	<u>19,595,979</u>	<u>19,651,016</u>
Net (Expense)/Revenue				
Governmental Activities	(4,732,471)	(5,760,104)	(5,963,965)	(5,402,216)
Business-type Activities	1,535,418	1,525,308	1,856,325	2,087,640
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$3,197,053)</u>	<u>(\$4,234,796)</u>	<u>(\$4,107,640)</u>	<u>(\$3,314,576)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Income Taxes	\$3,644,832	\$3,133,216	\$3,449,915	\$4,006,199
Property Taxes	327,431	326,079	323,521	323,887
Other Local Taxes	21,407	28,052	46,875	58,523
Unrestricted Shared Revenues	1,474,216	1,302,247	1,327,627	1,286,470
Investment Earnings	441,016	195,035	121,044	91,692
Miscellaneous	695,718	1,036,774	931,681	1,194,172
Transfers	21,807	19,105	41,943	16,000
<i>Total Governmental Activities</i>	<u>6,626,427</u>	<u>6,040,508</u>	<u>6,242,606</u>	<u>6,976,943</u>
Business-type Activities:				
Transfers	(21,807)	(19,105)	(41,943)	(16,000)
<i>Total Business-type Activities</i>	<u>(21,807)</u>	<u>(19,105)</u>	<u>(41,943)</u>	<u>(16,000)</u>
<i>Total Primary Government</i>	<u>\$6,604,620</u>	<u>\$6,021,403</u>	<u>\$6,200,663</u>	<u>\$6,960,943</u>
Change in Net Position				
Governmental Activities	\$1,893,956	\$280,404	\$278,641	\$1,574,727
Business-type Activities	1,513,611	1,506,203	1,814,382	2,071,640
<i>Total Primary Government Change in Net Position</i>	<u>\$3,407,567</u>	<u>\$1,786,607</u>	<u>\$2,093,023</u>	<u>\$3,646,367</u>

Source: Finance Director's Office

City of Tipp City

2012	2013	2014	2015	2016	2017
12,114,762	13,473,203	15,250,429	16,148,597	16,894,764	17,942,294
2,523,591	2,354,501	2,789,748	3,099,354	3,574,386	3,679,697
1,121,499	1,362,580	1,560,951	1,686,990	1,887,109	1,948,942
816,572	839,841	862,774	809,891	885,333	907,429
0	767,684	404,328	0	903,697	151,153
<u>16,576,424</u>	<u>18,797,809</u>	<u>20,868,230</u>	<u>21,744,832</u>	<u>24,145,289</u>	<u>24,629,515</u>
<u>19,591,975</u>	<u>21,763,548</u>	<u>24,194,292</u>	<u>24,851,070</u>	<u>28,405,150</u>	<u>28,066,096</u>
(5,960,095)	(5,168,912)	(5,379,607)	(4,893,795)	(4,176,479)	(5,814,731)
1,096,272	669,769	261,357	2,086,501	1,696,152	1,712,589
<u>(\$4,863,823)</u>	<u>(\$4,499,143)</u>	<u>(\$5,118,250)</u>	<u>(\$2,807,294)</u>	<u>(\$2,480,327)</u>	<u>(\$4,102,142)</u>
\$4,958,434	\$5,400,724	\$5,344,919	\$5,834,924	\$5,963,230	\$5,760,914
327,145	330,957	303,129	385,271	396,384	413,503
73,682	76,559	78,345	81,444	86,281	85,348
1,002,069	381,894	936,945	978,819	970,419	1,005,568
80,537	44,249	31,794	35,690	76,914	144,263
907,555	1,248,844	950,506	240,767	74,616	199,883
0	0	(28,605)	(19,160)	(28,665)	(28,586)
<u>7,349,422</u>	<u>7,483,227</u>	<u>7,617,033</u>	<u>7,537,755</u>	<u>7,539,179</u>	<u>7,580,893</u>
0	0	28,605	19,160	28,665	28,586
0	0	28,605	19,160	28,665	28,586
<u>\$7,349,422</u>	<u>\$7,483,227</u>	<u>\$7,645,638</u>	<u>\$7,556,915</u>	<u>\$7,567,844</u>	<u>\$7,609,479</u>
\$1,389,327	\$2,314,315	\$2,237,426	\$2,643,960	\$3,362,700	\$1,766,162
1,096,272	669,769	289,962	2,105,661	1,724,817	1,741,175
<u>\$2,485,599</u>	<u>\$2,984,084</u>	<u>\$2,527,388</u>	<u>\$4,749,621</u>	<u>\$5,087,517</u>	<u>\$3,507,337</u>

City of Tipp City

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund					
Nonspendable	\$0	\$0	\$0	\$101,503	\$101,889
Assigned	0	0	0	182,888	127,985
Unassigned	0	0	0	4,235,878	4,723,463
Reserved	228,586	147,861	221,064	0	0
Unreserved	<u>3,682,473</u>	<u>3,856,093</u>	<u>3,830,666</u>	<u>0</u>	<u>0</u>
<i>Total General Fund</i>	<u>3,911,059</u>	<u>4,003,954</u>	<u>4,051,730</u>	<u>4,520,269</u>	<u>4,953,337</u>
All Other Governmental Funds					
Nonspendable	0	0	0	89,710	73,713
Restricted	0	0	0	1,626,209	1,092,849
Committed	0	0	0	73,056	22,628
Unassigned	0	0	0	(815,365)	(1,533,887)
Reserved	1,652,697	477,377	431,853	0	0
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	505,158	514,834	599,921	0	0
Capital Projects Funds	<u>(1,628,054)</u>	<u>(644,828)</u>	<u>(677,780)</u>	<u>0</u>	<u>0</u>
<i>Total All Other Governmental Funds</i>	<u>529,801</u>	<u>347,383</u>	<u>353,994</u>	<u>973,610</u>	<u>(344,697)</u>
<i>Total Governmental Funds</i>	<u><u>\$4,440,860</u></u>	<u><u>\$4,351,337</u></u>	<u><u>\$4,405,724</u></u>	<u><u>\$5,493,879</u></u>	<u><u>\$4,608,640</u></u>

Source: Finance Director's Office

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

City of Tipp City

2013	2014	2015	2016	2017
\$87,409	\$83,828	\$81,906	\$84,220	\$111,343
166,514	89,394	541,933	434,861	1,210,796
5,127,418	5,437,072	5,321,011	6,202,164	5,253,264
0	0	0	0	0
0	0	0	0	0
<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>
90,131	63,521	78,666	69,005	68,635
1,183,624	850,479	975,516	1,027,766	1,538,297
8,934	7,726	25,911	46,472	64,131
(1,800,077)	(1,347,781)	(866,231)	(348,343)	(191,578)
0	0	0	0	0
0	0	0	0	0
<u>(517,388)</u>	<u>(426,055)</u>	<u>213,862</u>	<u>794,900</u>	<u>1,479,485</u>
<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>

City of Tipp City

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

	2008	2009	2010	2011
Revenues:				
Taxes	\$4,030,913	\$3,571,583	\$3,823,618	\$4,480,781
Intergovernmental Revenues	2,756,171	3,201,047	2,220,692	2,833,417
Charges for Services	1,654,251	1,738,276	1,770,228	1,892,452
Licenses, Permits and Fees	35,547	12,858	14,113	13,092
Investment Earnings	452,408	205,677	123,206	73,890
Special Assessments	160,172	134,197	114,526	132,872
Fines and Forfeitures	18,286	15,962	20,429	15,326
All Other Revenue	184,486	378,679	222,130	571,643
Total Revenue	<u>9,292,234</u>	<u>9,258,279</u>	<u>8,308,942</u>	<u>10,013,473</u>
Expenditures:				
Current:				
Security of Persons and Property	3,080,822	2,968,982	3,048,578	3,175,914
Leisure Time Activities	884,455	851,403	766,504	778,807
Community Environment	248,376	246,653	252,874	260,105
Basic Utility Services	235,440	234,230	229,294	208,818
Transportation	767,377	646,218	564,410	531,100
General Government	1,464,240	1,433,994	1,427,326	1,568,282
Capital Outlay	1,336,673	1,928,432	895,032	1,346,198
Debt Service:				
Principal Retirement	882,509	857,972	911,665	930,000
Interest and Fiscal Charges	267,055	245,371	198,280	162,268
Total Expenditures	<u>9,166,947</u>	<u>9,413,255</u>	<u>8,293,963</u>	<u>8,961,492</u>
Excess (Deficiency) of Revenues Over Expenditures	125,287	(154,976)	14,979	1,051,981

City of Tipp City

2012	2013	2014	2015	2016	2017
\$5,250,226	\$5,741,284	\$5,741,874	\$6,140,765	\$6,306,461	\$6,310,421
2,093,184	2,551,048	2,483,754	2,952,132	3,937,776	3,098,833
1,842,891	1,728,149	1,873,129	954,867	1,116,035	970,309
63,444	19,080	33,575	18,498	177,551	176,053
110,478	47,076	29,358	35,721	74,840	145,283
113,237	118,397	240,613	138,987	125,638	109,389
15,002	14,979	13,242	16,850	14,965	11,480
328,305	582,051	369,327	272,958	78,103	220,353
<u>9,816,767</u>	<u>10,802,064</u>	<u>10,784,872</u>	<u>10,530,778</u>	<u>11,831,369</u>	<u>11,042,121</u>

3,142,368	3,214,265	3,364,152	3,432,396	3,381,426	3,616,840
800,267	795,797	800,510	807,835	768,549	816,543
263,439	315,751	302,715	289,769	323,062	313,949
217,147	226,353	226,658	0	26,281	27,240
576,373	568,730	590,590	669,395	615,747	671,574
1,447,729	1,344,666	1,381,047	693,607	703,182	1,350,127
3,179,877	5,968,429	3,083,086	3,039,076	4,025,287	3,012,089
930,000	655,000	2,037,991	1,633,482	1,299,082	989,982
131,753	114,388	104,065	80,410	76,364	73,235
<u>10,688,953</u>	<u>13,203,379</u>	<u>11,890,814</u>	<u>10,645,970</u>	<u>11,218,980</u>	<u>10,871,579</u>

(872,186)	(2,401,315)	(1,105,942)	(115,192)	612,389	170,542
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(Continued)

City of Tipp City

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	0	0
OPWC Loan Issued	0	0	0	0
Transfers In	1,282,021	1,150,447	1,334,975	1,088,573
Transfers Out	<u>(1,260,214)</u>	<u>(1,131,342)</u>	<u>(1,293,032)</u>	<u>(1,072,573)</u>
Total Other Financing Sources (Uses)	<u>21,807</u>	<u>19,105</u>	<u>41,943</u>	<u>16,000</u>
Net Change in Fund Balance	<u>\$147,094</u>	<u>(\$135,871)</u>	<u>\$56,922</u>	<u>\$1,067,981</u>
Debt Service as a Percentage of Noncapital Expenditures	17.43%	13.57%	14.68%	13.83%

Source: Finance Director's Office

City of Tipp City

2012	2013	2014	2015	2016	2017
0	1,753,900	1,390,300	1,095,900	781,800	397,200
0	894,586	100,091	0	0	0
1,040,152	1,114,647	447,784	616,715	332,808	352,731
(1,040,152)	(1,114,647)	(476,389)	(635,875)	(361,473)	(381,317)
0	2,648,486	1,461,786	1,076,740	753,135	368,614
(\$872,186)	\$247,171	\$355,844	\$961,548	\$1,365,524	\$539,156
12.61%	11.16%	24.90%	22.06%	19.22%	13.92%

City of Tipp City

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

Tax year	2008	2009	2010	2011	2012
Income Tax Rate	1.25%	1.25%	1.25%	1.50%	1.50%
Estimated Personal Income (in thousands)	\$319,766	\$318,078	\$344,618	\$369,122	\$379,625
Total Tax Collected	\$3,748,800	\$3,471,660	\$3,597,653	\$4,042,351	\$4,960,000
Income Tax Receipts					
Withholding	2,747,671	2,626,888	2,648,385	3,086,202	3,594,951
Percentage	73.29%	75.67%	73.61%	76.35%	72.48%
Corporate	508,418	296,977	469,352	411,038	764,934
Percentage	13.56%	8.55%	13.05%	10.17%	15.42%
Individuals	492,711	547,795	479,916	545,111	600,115
Percentage	13.15%	15.79%	13.35%	13.48%	12.10%

Source: City Income Tax Department

Note:

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

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

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

City of Tipp City

2013	2014	2015	2016	2017
1.50%	1.50%	1.50%	1.50%	1.50%
\$391,407	\$390,476	\$406,376	\$416,482	\$416,482
\$5,440,357	\$5,476,399	\$5,823,985	\$6,043,210	\$5,990,628
3,834,176	3,897,251	4,009,922	4,222,119	4,372,643
70.48%	71.17%	68.86%	69.86%	72.99%
901,630	758,560	997,288	927,597	701,458
16.57%	13.85%	17.12%	15.35%	11.71%
704,551	820,588	816,775	893,494	916,527
12.95%	14.98%	14.02%	14.79%	15.30%



City of Tipp City

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

Name of Taxpayer	Nature of Business	2017 Rank
Meijer, Inc.	Warehouse Distribution	1
Abbott Laboratories	Manufacturing	2
Tipp City Exempted Village School District	Education	3
Regal Beloit America (formerly A.O. Smith Corp.)	Manufacturing	4
Federal Government	Government	5
Arbogast Buick Pontiac GMC	Automotive Retail	6
Creative Extruded Products	Manufacturing	7
City of Tipp City	Government	8
Precision Strip Inc.	Metal Processing	9
U.S. Xpress, Inc.	Warehouse Distribution	10

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

Source: City Income Tax Department

Note:

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

City of Tipp City

Ratios of Outstanding Debt By Type Last Ten Years

	2008	2009	2010	2011
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$4,855,000	\$4,045,000	\$3,180,000	\$2,290,000
General Obligation Notes Payable	0	0	0	0
Special Assessment Bonds Payable	790,000	755,000	715,000	675,000
OPWC Loan Payable	0	0	0	0
Capital Leases	19,637	6,665	0	0
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$795,000	\$670,000	\$545,000	\$420,000
General Obligation Notes Payable	0	0	0	0
Long-Term Loans Payable	408,510	397,680	397,680	1,103,335
Total Primary Government	<u>\$6,868,147</u>	<u>\$5,874,345</u>	<u>\$4,837,680</u>	<u>\$4,488,335</u>
Population ⁽²⁾				
City of Tipp City	9,221	9,221	9,689	9,689
Outstanding Debt Per Capita	\$745	\$637	\$499	\$463
Income ⁽³⁾				
Personal (in thousands)	319,766	318,078	344,618	369,122
Percentage of Personal Income	2.15%	1.85%	1.40%	1.22%

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

2012	2013	2014	2015	2016	2017
\$1,400,000	\$785,000	\$570,000	\$420,000	\$310,000	\$200,000
0	1,753,900	1,390,300	1,095,900	781,800	397,200
635,000	595,000	550,000	505,000	460,000	410,000
0	894,586	970,586	922,404	874,222	826,040
0	0	0	0	0	0
\$320,000	\$220,000	\$145,000	\$25,000	\$0	\$0
0	5,094,100	4,678,700	4,239,100	4,450,200	8,245,800
1,385,905	1,764,595	1,304,841	1,231,943	1,159,045	1,086,147
<u>\$3,740,905</u>	<u>\$11,107,181</u>	<u>\$9,609,427</u>	<u>\$8,439,347</u>	<u>\$8,035,267</u>	<u>\$11,165,187</u>

9,689	9,689	9,689	9,689	9,689	9,689
\$386	\$1,146	\$992	\$871	\$829	\$1,152

379,625	391,407	390,476	406,376	416,482	416,482
0.99%	2.84%	2.46%	2.08%	1.93%	2.68%

City of Tipp City

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2008	2009	2010	2011
Population (1)	9,221	9,221	9,689	9,689
Assessed Value (2)	\$267,820,410	\$261,124,460	\$258,177,010	\$261,212,250
General Bonded Debt (3)				
General Obligation Bonds	\$5,650,000	\$4,715,000	\$3,725,000	\$2,710,000
Resources Available to Pay Principal (4)	\$4,164	\$3,754	\$32,640	\$36,941
Net General Bonded Debt	\$5,645,836	\$4,711,246	\$3,692,360	\$2,673,059
Ratio of Net Bonded Debt to Estimated Assessed Value	2.11%	1.80%	1.43%	1.02%
Net Bonded Debt per Capita	\$612.28	\$510.93	\$381.09	\$275.89

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

2012	2013	2014	2015	2016	2017
9,689	9,689	9,689	9,689	9,689	9,689
\$262,558,910	\$248,551,810	\$252,767,420	\$254,574,200	\$271,234,280	\$271,853,340
\$1,720,000	\$1,005,000	\$715,000	\$445,000	\$310,000	\$200,000
\$40,552	\$355,431	\$56,748	\$39,462	\$5,993	\$765
\$1,679,448	\$649,569	\$658,252	\$405,538	\$304,007	\$199,235
0.64%	0.26%	0.26%	0.16%	0.11%	0.07%
\$173.34	\$67.04	\$67.94	\$41.86	\$31.38	\$20.56



City of Tipp City

*Computation of Direct and Overlapping
General Obligation Debt
December 31, 2017*

<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	\$1,833,240	100.00%	\$1,833,240
Overlapping:			
Tipp City Exempted Village School District	11,158,578	67.92%	7,578,906
Miami County	20,311,577	12.19%	2,475,981
Miami Valley Career Center JVSD	6,344,523	3.79%	240,457
		Subtotal	<u>10,295,344</u>
		Total	<u><u>\$12,128,584</u></u>

Source: Miami County Auditor and Fiscal Officers of Subdivisions.

Note:

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

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

City of Tipp City

Debt Limitations Last Ten Years

Collection Year	2008	2009	2010	2011
Total Debt				
Net Assessed Valuation	\$267,820,410	\$261,124,460	\$258,177,010	\$261,212,250
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	28,121,143	27,418,068	27,108,586	27,427,286
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$28,121,143</u>	<u>\$27,418,068</u>	<u>\$27,108,586</u>	<u>\$27,427,286</u>
Unvoted Debt				
Net Assessed Valuation	\$267,820,410	\$261,124,460	\$258,177,010	\$261,212,250
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	14,730,123	14,361,845	14,199,736	14,366,674
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$14,730,123</u>	<u>\$14,361,845</u>	<u>\$14,199,736</u>	<u>\$14,366,674</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

2012	2013	2014	2015	2016	2017
\$262,558,910	\$248,551,810	\$252,767,420	\$254,574,200	\$271,234,280	\$271,853,340
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
27,568,686	26,097,940	26,540,579	26,730,291	28,479,599	28,544,601
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$27,568,686</u>	<u>\$26,097,940</u>	<u>\$26,540,579</u>	<u>\$26,730,291</u>	<u>\$28,479,599</u>	<u>\$28,544,601</u>
\$262,558,910	\$248,551,810	\$252,767,420	\$254,574,200	\$271,234,280	\$271,853,340
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,440,740	13,670,350	13,902,208	14,001,581	14,917,885	14,951,934
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$14,440,740</u>	<u>\$13,670,350</u>	<u>\$13,902,208</u>	<u>\$14,001,581</u>	<u>\$14,917,885</u>	<u>\$14,951,934</u>

City of Tipp City

*Pledged Revenue Coverage
Last Ten Years*

	2008	2009	2010	2011	2012
Special Assessment Bonds (1)					
Special Assessment Collections	\$73,653	\$73,653	\$73,653	\$73,653	\$73,653
Debt Service					
Principal	35,000	35,000	40,000	40,000	40,000
Interest	32,678	31,715	30,664	29,465	28,065
Coverage	1.09	1.10	1.04	1.06	1.08

(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

2013	2014	2015	2016	2017
\$73,653	\$73,653	\$73,653	\$73,653	\$73,653
40,000	45,000	45,000	45,000	50,000
26,665	25,265	23,623	21,890	20,158
1.10	1.05	1.07	1.10	1.05

City of Tipp City

Demographic and Economic Statistics Last Ten Years

Calendar Year	2008	2009	2010	2011
Population (1)				
City of Tipp City	9,221	9,221	9,689	9,689
Miami County	98,868	98,868	102,506	102,506
Income (2) (a)				
Total Personal (in thousands)	319,766	318,078	344,618	369,122
Per Capita	34,678	34,495	35,568	38,097
Unemployment Rate (3)				
Federal	5.8%	9.3%	9.6%	8.5%
State	6.6%	10.2%	10.1%	7.9%
Miami County	6.4%	11.7%	10.5%	7.6%
Civilian Work Force Estimates (3)				
State	5,986,400	5,970,200	5,897,600	5,791,000
Miami County	55,400	55,400	54,200	53,100
Total Assessed Property Value (4)	267,820,410	261,124,460	258,177,010	261,212,250
Estimated Actual Property Value (4)	803,462,520	747,736,243	737,338,171	746,320,714

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2016 for the presentation of 2017 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

2012	2013	2014	2015	2016	2017
9,689	9,689	9,689	9,689	9,689	9,689
102,506	102,506	102,506	102,506	102,506	102,506
379,625	391,407	390,476	406,376	416,482	416,482
39,181	40,397	40,301	41,942	42,985	42,985
8.1%	7.4%	6.2%	5.0%	4.9%	4.4%
7.2%	7.4%	5.7%	4.6%	4.9%	5.0%
7.0%	7.2%	5.3%	4.2%	4.3%	4.2%
5,747,900	5,765,700	5,719,500	5,694,027	5,713,100	5,780,000
52,400	52,100	51,800	52,621	52,600	53,700
262,558,910	248,551,810	252,767,420	254,574,200	271,234,280	271,853,340
750,168,314	710,148,029	722,192,629	727,354,857	774,955,086	776,723,829



City of Tipp City

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2017	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	1,647	1
Tipp City Exempted Village School District	Education	471	2
FHI LLC	Warehouse Distribution	366	3
Menards	Retail	329	4
Arbogast	Automotive Retail	305	5
Creative Extruded Products	Manufacturing	278	6
Abbott Laboratories	Manufacturing	271	7
Adcare Health Systems (formerly Springmeade)	Health Care	219	8
Rostam Direct (formerly Gardens Alive-Springhill)	Agricultural-Nursery	204	9
US Express	Warehouse Distribution	201	10
Total		<u>4,291</u>	

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

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

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

City of Tipp City

Full Time Equivalent Employees by Function Last Ten Years

	2008	2009	2010	2011
Governmental Activities				
General Government				
Legislative	4.00	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	8.00	8.00	7.50	7.50
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	22.50	22.50
Fire and EMS	15.50	15.50	15.50	15.50
Transportation				
Street	6.00	5.50	5.00	5.00
Leisure Time Activities				
Parks	6.00	5.25	4.75	4.75
Community Environment				
Community and Economic Development	2.50	2.50	2.50	2.50
Business-Type Activities				
Utilities				
Electric	15.50	15.50	14.50	14.00
Water	8.50	8.50	8.50	8.30
Sewer	3.50	3.50	3.50	3.20
Total Employees	<u>99.50</u>	<u>97.75</u>	<u>95.25</u>	<u>94.25</u>

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

Source: Finance Director's Office

City of Tipp City

2012	2013	2014	2015	2016	2017
3.50	3.50	3.50	3.50	3.50	3.50
2.00	2.00	2.00	2.00	2.00	3.00
1.50	2.00	2.00	2.00	2.00	2.00
7.00	7.00	7.00	7.00	7.00	7.00
0.50	0.50	0.50	0.50	0.50	0.50
3.00	3.00	3.00	3.00	3.00	3.00
22.50	22.50	22.50	21.50	22.50	22.50
15.50	15.50	15.50	15.50	15.50	16.50
5.00	5.00	5.50	5.50	5.50	5.50
4.75	4.75	5.25	5.25	5.25	5.25
2.50	2.50	2.50	2.50	2.50	2.50
14.00	14.00	14.00	15.00	15.00	15.00
8.30	5.75	5.75	5.75	5.75	5.75
3.20	5.75	5.75	5.75	5.75	5.75
<u>93.25</u>	<u>93.75</u>	<u>94.75</u>	<u>94.75</u>	<u>95.75</u>	<u>97.75</u>

City of Tipp City

Operating Indicators by Function Last Ten Years

	2008	2009	2010	2011
Governmental Activities				
General Government				
Accounts Payable Checks processed	3,495	3,068	2,819	2,766
Purchase Orders issued	2,631	2,312	1,430	2,280
Court				
Number of Criminal Cases	341	332	317	269
Number of Traffic Cases	781	684	886	734
Licenses and Permits				
Number of Residential Building Permits	21	10	7	12
Number of Commercial Building Permits	5	3	6	4
Security of Persons and Property				
Police				
Criminal Arrests	679	596	575	414
Calls for Service	15,595	17,570	20,745	15,972
Number of Accidents	335	188	218	208
Fire and EMS				
Number of Fire Calls	437	348	368	313
Number of EMS Runs	1,347	1,256	1,272	1,345
Transportation				
Street				
Tons of Salt Used	844	476	800	304
Leisure Time Activities				
Swimming Pool Receipts	266,423	244,334	284,522	281,817
Business-Type Activities				
Electric				
Number of Service Connections	4,807	4,833	4,872	4,859
Peak Demand (megawatts)	30.1	29.3	30.2	31.3
Energy Purchased (MWh)	149,116	140,826	143,846	143,172
Water				
Number of Service Connections	4,043	4,050	4,086	4,091
Daily Average Consumption (mgd)	1.2	1.2	1.3	1.1
Peak Daily Consumption (mgd)	2.5	2.1	2.5	2.6
Sewer				
Sewer Treatment Charges	650,130	643,307	657,465	688,675
Daily Average Sewage Treatment (mgd)	1.7	1.5	1.6	2.1
Refuse Collection				
Number of Customers Billed	3,835	3,911	3,926	3,943

Source: Finance Director's Office

City of Tipp City

2012	2013	2014	2015	2016	2017
3,549	2,911	2,869	2,828	3,061	2,738
2,429	2,018	2,124	2,013	1,468	1,608
373	280	333	328	338	301
887	825	797	941	782	506
21	14	17	17	15	18
11	5	7	4	4	10
480	532	446	488	651	429
10,010	14,909	15,388	15,455	16,235	15,151
207	208	254	251	236	199
327	304	343	304	317	303
1,390	1,421	1,557	1,673	1,757	1,948
637	861	457	275	300	550
254,257	285,683	248,739	290,383	331,504	312,062
4,946	4,954	4,942	4,933	5,006	5,006
31.2	33.4	31.7	33.3	36.1	31.5
142,617	150,263	156,551	164,144	177,330	171,421
4,272	4,153	4,135	4,159	4,179	4,204
1.2	1.2	1.2	1.4	1.7	1.7
2.5	2.3	2.0	2.3	2.6	2.7
653,840	642,679	665,486	684,258	704,203	697,866
1.4	1.6	1.7	1.8	1.8	2.0
3,964	4,037	4,033	4,071	4,081	4,106

City of Tipp City

Capital Asset Statistics by Function Last Ten Years

	2008	2009	2010	2011
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	1,409	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	20	17	17	17
Business-Type Activities				
Utilities				
Electric				
Substations	3	3	3	3
Water				
Waterlines (Miles)	56	57	57	57
Number of Fire hydrants	665	675	675	675
Sewer				
Sewerlines (Miles)	56	57	57	57

Source: Finance Director's Office

City of Tipp City

2012	2013	2014	2015	2016	2017
7.5	7.5	7.5	7.5	7.5	7.5
1	1	1	1	1	1
2	2	2	2	2	2
61	61	61	61	61	63
1,419	1,419	1,419	1,419	1,419	1,462
60	60	60	60	60	61
436	436	436	436	436	436
17	17	17	17	17	17
2	2	2	2	2	2
17	17	17	17	17	17
3	3	3	3	3	3
57	57	57	57	57	75
675	675	675	675	675	718
57	57	57	57	57	62



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



Dave Yost • Auditor of State

CITY OF TIPP CITY

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST, 2 2018**