



City of Tipp City, Ohio
Summary Annual Financial Report
Year Ended December 31, 2016



Welcome to Tipp City's Annual Summary Financial Report.

This report is prepared to provide a general overview of the City's finances, where the monies of the City are derived, and for what purposes they are spent.

This report is presented on the cash basis of accounting wherein receipts are recognized when received by the City and expenditures are realized when they have been paid by the City.

This report does not provide financial detail on monies due to the City which have not been collected, monies obligated by the City which have not been paid, nor the City's fixed asset balances. That information is available from the City in the Comprehensive Annual Financial Report (CAFR) which is available on the City web-site at www.tippcity.gov by June 30th for the previous year's activity. This cash basis report is provided at this time to give a summary snapshot of the City's finances prior to preparation of the CAFR.

For questions regarding this report please contact the City's Finance Director, John Green, at (937) 667-8424 or by e-mail at greenj@tippcity.net.



Fund Accounting

The City of Tipp City (the City) accounts for its receipts and expenditures in twenty-seven separate accounting funds. Each fund is a separate accounting entity. Funds are specified either as governmental type activity funds (funds used primarily for promoting the general health, safety, and welfare of the citizenry) or business type activities (funds which operate in a business-like capacity for the provision of utility services (Electric, Water, Sewer, and Refuse Collection)).

With the exception of the General Fund, which is the primary operating fund of the City and whose proceeds may be used for any allowable expenditure of the City, all other funds have internal or external restrictions on the use of the monies contained within those funds. For example, gasoline tax and motor vehicle license tax receipts are segregated in the Street Maintenance and Repair Fund and the State Highway Fund and must be used for maintenance, repair, and replacement of the City streets, curbing, and ditches. The monies received for electric, water, sewer, and trash collection services are accounted for in the Electric Fund, the Water Fund, the Sewer Fund, and the Refuse Fund and may be used only for costs related to providing those services.

This report provides detail on the General Fund operations and also aggregates detail of the financial operations of all funds combined.

General Fund

The General Fund is the general operating fund of the City and accounts for all monies not legally restricted (through internal or external restrictions) for a specific purpose.

Revenues

The General Fund receives 53.33% of the 1.5% municipal income tax, proceeds from the 1.4-mill property tax (\$0.014 per \$1,000 of assessed property value) received by the City, grants, local government shared revenues from the State of Ohio, interest earned on the City's deposits, revenues from charges for services (Fire contracts and EMS service charges) and other miscellaneous revenues.

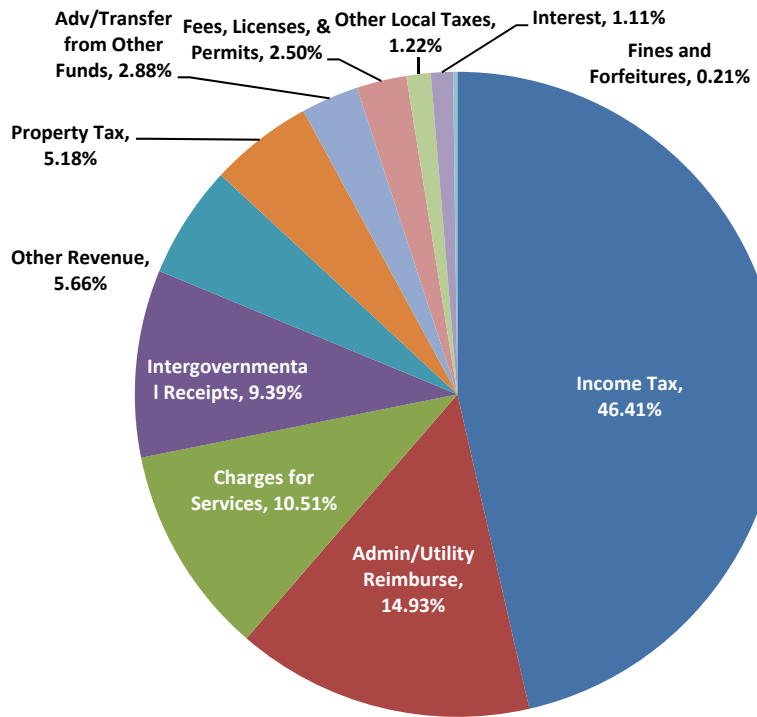
Expenditures

The General Fund accounts for expenditures related to:

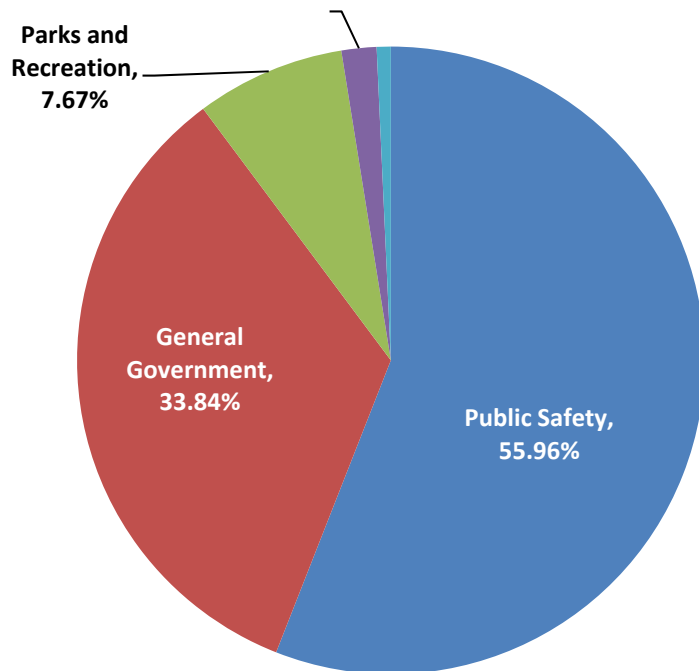
Public Safety - Police, Fire, and EMS services; *General Government* - City Council, City Manager's office, Finance Department, City Engineer's office, Economic Development office; *Parks and Recreation*; and other miscellaneous expenditures.

For 2016, employee wage and benefit costs accounted for approx. 78% of total expenditures. The 2016 budget included funds for the hiring of a Human Resources (HR) professional as well as an additional police officer to serve as a drug interdiction officer. The HR position was not filled until March, 2017.

General Fund Receipt Sources - \$6,943,740



General Fund Expenditures - \$6,023,266



Summary – All Funds

The most significant of the City's other funds are the utility funds which are operated similarly to private business enterprises and which are intended to be self-sufficient (i.e. the service charges for providing electric, water, sewer, and refuse (trash collection) services are intended to fully support the costs associated with providing these services).

Electric Fund – 2016 receipts = \$18.1 million, expenditures = \$17.6 million. The cash balance in this fund will fluctuate annually with approx. \$18 million in planned capital improvements for 2017-2021.

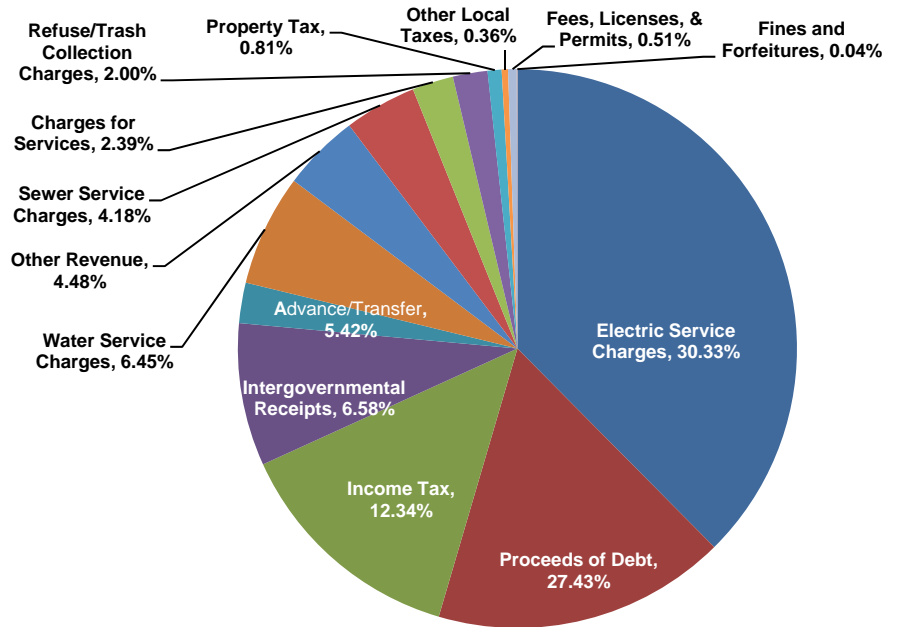
Water Fund – 2016 receipts = \$5.5 million, expenditures = \$5.4 million.

Sewer Fund – 2016 receipts = \$3.5 million, expenditures = \$3.3 million

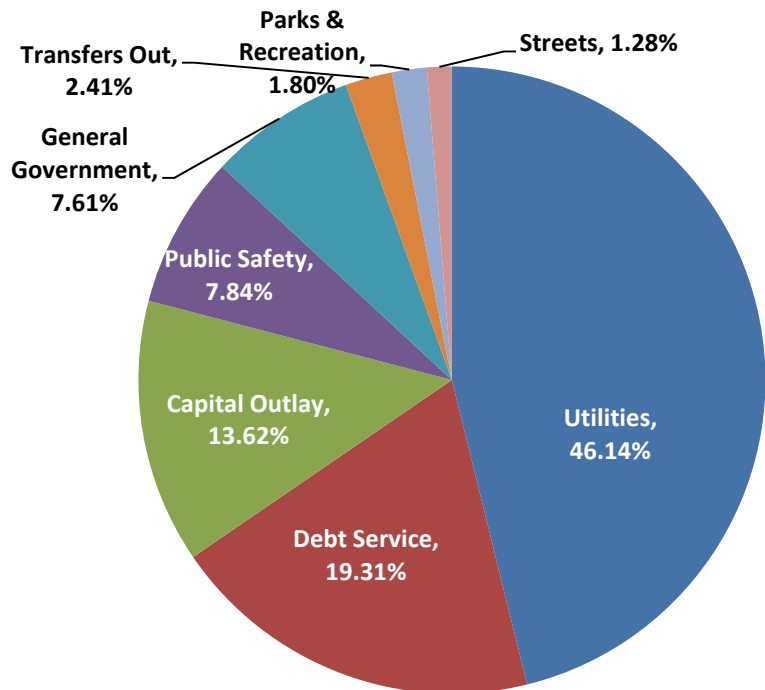
The City's water and sewer charges are used to purchase clean water from the NAWA water plant and to provide wastewater (sewer) treatment services as well as to ensure maintenance and repair of the City's water line and sewer line systems.

Refuse (trash collection) Fund – 2016 receipts = \$884,688, expenditures = \$831,283. This service is provided by a third-party contractor. The cost of service to the residents is a pass-through from the contractor providing the services.

All Funds Receipt Sources - \$ 44,254,487



All Funds Expenditures - \$43,005,072



2017-2021 Planned Capital Improvements - \$45,682,148

Capital Improvements

In May, 2011 the residents of Tipp City approved a capital improvement income tax ballot initiative which increased the local income tax by 0.5% (phased in 0.25% in 2011 and 0.25% in 2013).

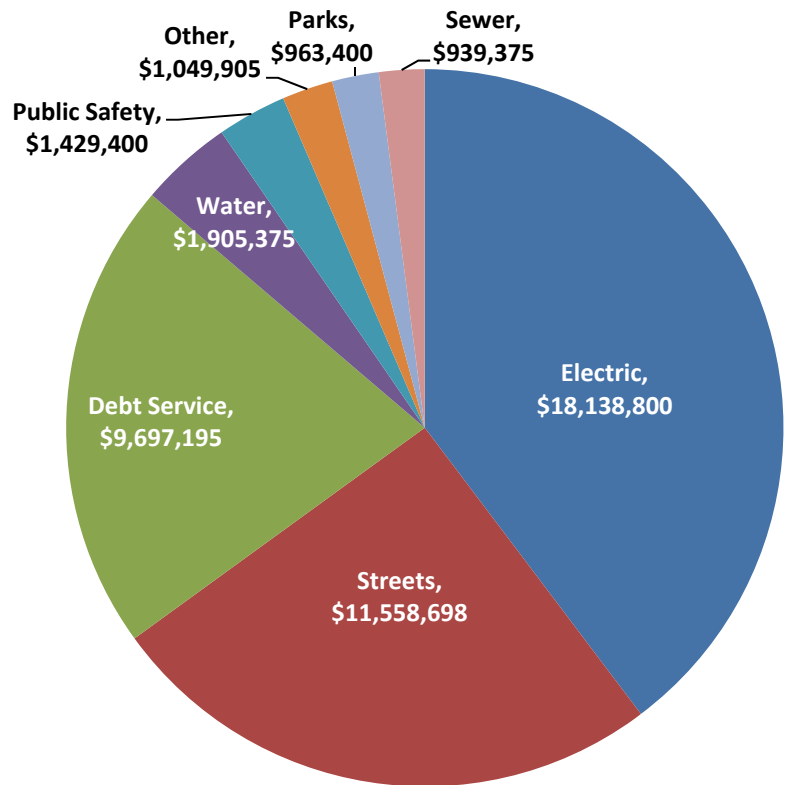
The approval of these tax levies has enabled completion of a comprehensive capital improvement program including reconstruction of portions of S. 3rd St. (\$650,000) and Dow Street (\$520,000); replacement of a 35-year old fire ladder truck (\$935,000 (2012)), expansion and renovation of the West-Side Fire Station (\$1.9 million (funds obligated 2012)); and completion of an annual street resurfacing program (\$400,000+ annually).

Utility Funds

Utility rates, in addition to paying for operating costs, include funding for capital improvements to improve, expand, and maintain the electric, water, and sewer infrastructure. Major projects include:

Electric Fund - Expansion of Substation #3 with a 2nd tie-in to DP&L to ensure service continuity (\$2.5 million), improvements to Substation #1 (downtown), parts of which are over 40-years old (\$5 million), and expansion of Substation #2 (\$5 million).

Water and Sewer Funds – Construction of a new tower to replace the Bowman Ave. tower (\$2.4 million), replacement of the Wunderwood and N. 4th St. water lines (\$770,000), and annual sewer sliplining to remove groundwater infiltration (\$100,000 annually)



FUND REPORT – ALL FUNDS - CASH POSITION

FUND	1/1/2016			12/31/2016		OUTSTANDING PURCHASE ORDERS	AVAILABLE CASH BALANCE
	BEGINNING CASH BALANCE	RECEIPTS	EXPENDITURES	CASH BALANCE	CASH BALANCE		
GENERAL FUND	5,149,991.94	6,943,740.12	6,023,266.07	6,070,465.99	122,503.26	5,947,962.73	
SWIMMING POOL FUND	25,766.09	331,503.49	310,942.97	46,326.61	5,000.00	41,326.61	
STREET REPAIR & MAINT. FUND	233,845.05	438,523.37	394,091.12	278,277.30	6,533.34	271,743.96	
STATE HIGHWAY FUND	143,555.63	35,526.99	13,092.44	165,990.18	11,284.96	154,705.22	
MUNICIPAL ROAD FUND	305,520.89	220,937.18	155,323.92	371,134.15	94,851.22	276,282.93	
LAW ENFORCEMENT FUND	13,928.94	300.00	1,850.00	12,378.94	-	12,378.94	
ENFORCEMENT AND EDUCATION FUND	5,779.25	750.00	-	6,529.25	-	6,529.25	
DRUG LAW ENFORCEMENT FUND	7,016.08	25.00	-	7,041.08	-	7,041.08	
FIELDSTONE TIF PROJECT FUND	-	73,476.40	73,476.40	-	-	-	
GENERAL BOND RETIREMENT FUND	39,461.80	3,286,617.60	3,320,086.46	5,992.94	-	5,992.94	
S. ASSESS. BOND RET. FUND	15,855.06	73,653.16	70,397.30	19,110.92	-	19,110.92	
CAPITAL IMP. RESERVE FUND	1,067,269.27	3,047,920.34	2,952,967.85	1,162,221.76	795,584.03	366,637.73	
PARKS CAPITAL IMP. FUND	61,097.57	8,143.62	9,979.18	59,262.01	-	59,262.01	
25-A CONSTRUCTION FUND	112,241.70	1,608,733.87	1,701,176.29	19,799.28	1,890,035.64	(1,870,236.36)	
ELECTRIC FUND	6,174,312.40	18,116,562.22	17,644,717.28	6,646,157.34	2,707,364.71	3,938,792.63	
WATER FUND	1,280,622.50	5,465,300.85	5,392,360.72	1,353,562.63	66,812.01	1,286,750.62	
WATER IMP. RESERVE FUND	21,668.81	-	577.56	21,091.25	-	21,091.25	
WATER TOWER CONSTRUCTION FUND	0.35	-	-	0.35	-	0.35	
DOWNTOWN UTILITY REPLACEMENT	3,597.30	-	3,597.30	-	-	-	
NORTH WESTEDGE UTILITIES	6,788.52	-	6,788.52	-	-	-	
SEWER FUND	794,666.95	3,534,100.55	3,276,548.11	1,052,219.39	682,507.55	369,711.84	
UTILITY SERVICE DEPOSITS FUND	197,042.39	11,530.11	18,881.99	189,690.51	-	189,690.51	
REFUSE COLLECTION FUND	149,123.23	884,688.32	831,282.93	202,528.62	67,184.98	135,343.64	
SELF INSURANCE HEALTH FUND	4,945.10	125,454.65	129,404.59	995.16	-	995.16	
POLICE DONATION TRUST FUND	145.52	-	-	145.52	-	145.52	
CONTRACTOR MAINT DEPOSIT FUND	860,859.41	46,999.17	674,263.58	233,595.00	234,005.91	(410.91)	
MEDICAL REIMBURSEMENT FUND	4,427.01	-	-	4,427.01	-	4,427.01	
TOTALS	16,679,528.76	44,254,487.01	43,005,072.58	17,928,943.19	6,683,667.61	11,245,275.58	

**CITY OF TIPP CITY
DEBT SCHEDULE
DECEMBER 31, 2016**

Description of Debt	1/1/2016 Beginning Balance	Debt Issued For New Projects	Net Principal Reductions	12/31/2016 Ending Balance	Interest Paid	YTD Payments (Net)
SHORT TERM NOTES						
25A Reconstruction	375,000	-	45,000	330,000	3,663	48,663
Kinna Drive Construction	145,000	-	50,000	95,000	1,414	51,414
Electric Generator Note	700,000	-	50,000	650,000	6,843	56,843
AMR-AMI Note	862,000	-	84,000	778,000	9,632	93,632
Water Tower Construction Note	1,050,000	-	70,000	980,000	10,266	80,266
Aerial Ladder Fire Truck	410,000	-	83,000	327,000	4,007	87,007
Abbott Park Way Construction	205,000	-	75,000	130,000	2,002	77,002
Fire Station Expansion/Reconstruct	1,220,000	-	245,000	975,000	13,530	258,530
South Third Street Reconstruction	341,000	-	71,000	270,000	3,782	74,782
Roselyn Water/Sewer Line	-	700,000	-	700,000	-	-
Main Street Utility Line Replace	245,000	-	35,000	210,000	7,452	42,452
Main Street Lift Station Improvement	975,000	-	58,000	917,000	9,532	67,532
W. Walnut St. Water Line Replace	232,000	-	29,000	203,000	2,266	31,266
Main Street Streetscape Improve.	400,000	-	90,000	310,000	3,909	93,909
Water Tower #2 Rehabilitation	370,000	-	50,000	320,000	3,616	53,616
1994 North Trunk Sewer	345,000	-	50,000	295,000	3,371	53,371
Total Short Term Notes	7,875,000	700,000	1,085,000	7,490,000	85,285	1,170,285
LONG TERM BONDS						
Capital Facilities	400,000	-	100,000	300,000	18,900	118,900
Donn Davis Construction	20,000	-	10,000	10,000	800	10,800
Donn Davis Construction	505,000	-	45,000	460,000	21,890	66,890
Rosewood Sewer Bonds	25,000	-	25,000	-	963	25,963
Total Long Term Bonds	950,000	-	180,000	770,000	42,553	222,553
0% INTEREST LOANS						
AMR/AMI Loan	480,000	-	30,000	450,000	-	30,000
Water Tower Construction Loan	382,500	-	21,250	361,250	-	21,250
Downtown Utilities Loan	1,291,848	-	69,830	1,222,018	-	69,830
Total 0% Interest Loans	2,154,348	-	121,080	2,033,268	-	121,080
TOTAL DEBT	10,979,348	700,000	1,386,080	10,293,268	127,838	1,513,918