

City of Tipp City, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2018



City of Tipp City, Ohio

Miami County



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018

Prepared by the Finance Department

John Green, Director



TABLE OF CONTENTS

CITY OF TIPP CITY MIAMI COUNTY, OHIO

I

INTRODUCTORY SECTION

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

II

FINANCIAL SECTION

A	Independent Auditor's Report.....	1
B	Management's Discussion and Analysis.....	5
C	Basic Financial Statements:	
	Government-wide Financial Statements:	
	Statement of Net Position	18
	Statement of Activities	20
	Fund Financial Statements:	
	<i>Governmental Funds:</i>	
	Balance Sheet	22
	Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	23
	Statement of Revenues, Expenditures and Changes in Fund Balances	24
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
	General Fund	27
	<i>Proprietary Funds:</i>	
	Statement of Fund Net Position	28
	Statement of Revenues, Expenses and Changes in Fund Net Position	32
	Statement of Cash Flows	34
	<i>Fiduciary Funds:</i>	
	Statement of Assets and Liabilities – Agency Funds	38
	Notes to the Basic Financial Statements.....	39

D Required Supplemental Information:

Schedule of City's Proportionate Share of the Net Pension Liability	98
Schedule of City Pension Contributions.....	100
Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability	103
Schedule of City's Other Postemployment Benefit (OPEB) Contributions	104
Notes to the Required Supplemental Information	106

E Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	113
Combining Balance Sheet – Nonmajor Special Revenue Funds	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Funds.....	116
Combining Balance Sheet – Nonmajor Debt Service Funds	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Debt Service Funds.....	119
Combining Balance Sheet – Nonmajor Capital Projects Funds	120
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds	121

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

Major Governmental Funds:

<i>General Fund</i>	122
<i>Capital Projects Fund:</i>	
Capital Improvement Reserve Fund	127

Nonmajor Governmental Funds:

Special Revenue Funds:

Swimming Pool Fund.....	128
Street Construction, Maintenance and Repair Fund.....	129
State Highway Improvement Fund.....	130
Municipal Road Fund	131
Peace Officer Training Fund	132
Law Enforcement Fund	133

Special Revenue Funds (Continued):

Enforcement and Education Fund	134
Drug Law Enforcement Fund.....	135
Fieldstone TIF Project Fund.....	136
Police Donation Trust Fund.....	137

Debt Service Funds:

General Bond Retirement Fund.....	138
Special Assessment Bond Retirement Fund.....	139

Capital Projects Funds:

Parks Capital Improvement Fund.....	140
25-A Construction Fund.....	141

Fiduciary Funds – Agency Funds:

Combining Statement of Changes in Assets and Liabilities	143
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III **STATISTICAL SECTION**

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



Tipp City

**Introductory
Section**





Council-Manager
Government

June 14, 2019

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, 2018 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, Inc. has audited the basic financial statements that are included in this report. They have issued an unmodified ("clean") opinion on the City of Tipp City's financial statements for the year ended December 31, 2018. 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, 2018 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, 2018

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, 2018

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. Nineteen 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 Community and Economic Development Director serves as the City's representative and attends the regional monthly meetings.

CITY OF TIPP CITY, OHIO

Letter of Transmittal

For the Year Ended December 31, 2018

Commercial and industrial growth in 2018 invested \$6,463,000 in the community, with ten projects undertaken this year which compares to ten projects also in 2017. These projects included the construction of a new 2,112 square foot Taco Bell, a new 12,000 square foot Bud Polley warehouse, and a new 4,789 square foot Casey's General Store. Greenville Federal Bank opened a branch in Tipp City, with the 2,064 square foot renovation of the old Clarks' Pharmacy location, and the Tipp City Veterinary Hospital is undergoing a 21,250 square foot expansion of their facility.

The Dayton metropolitan region's unemployment rate averaged 4.25% in 2018, starting the year at 4.5%, fluctuating monthly, and increasing slightly to 4.7% at year end. Miami County's unemployment rate fell slightly from 4.3% in January, 2018 to 4.2% by year-end. These numbers show the improvement in employment in the Dayton region with continued commercial/industrial growth over the last 2-3 years.

During 2018, Tipp City had 51 new residential unit starts which is up from 18 residential starts in 2017. There are currently five active subdivisions being developed: Bowman Woods, Hunter's Ridge, Rosewood Creek, Fieldstone Place, and Cedar Grove. The following table outlines the residential growth for the last several years:

Year	Base Units	New Units	Demolished Units	Net% Growth
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%
2018	4317	51	2	1.13%

Over 310 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.

***Letter of Transmittal
For the Year Ended December 31, 2018***

MAJOR INITIATIVES

For the Year

As reported for the last 5-6 years, Tipp City's primary focus in 2018 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 2018, with State and Federal grant assistance, the City spent approximately \$1.9M on street improvements and resurfacing throughout the community. The most significant street project begun in 2015, which was completed in 2018, was the reconstruction and expansion of approximately 1.25 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) cost approximately \$4.7 million and was 70% funded with Federal Highway Administration funding. Phase II of this project (Michaels Road south to Evanston Road) cost approximately \$2 million and was 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 Substation #1 with a projected cost of \$3.5 million. The City has awarded contracts for the construction of a new 500,000 gallon water tower (\$2 million) which includes replacing and upsizing water mains on Seventh St. and is in the design/engineering phase of a sanitary sewer extension on Floral Acres Dr. with a projected cost of \$400,000 which will provide additional capacity for commercial/industrial growth.

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, 2018***

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 2019-2020, the City will continue to focus on capital improvements with its annual street resurfacing program (\$600,000/year), replacement of the Maple Hill Bridge and resurfacing of Maple Hill Road (\$400,000), 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. (\$400,000) and replacing an existing water line on Wunderwood Drive (\$175,000). During this same time period the City will convene a new citizen committee to look at capital improvement projects in the 2022-2031 timeframe and determine at what funding level it will be necessary to extend the 2011 capital improvement levy.

The City is improving reliability and expanding capacity in its electric utility service with new transformers at Substation #1. 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, 2018

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, 2017. 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 eighteen years (2000-2017). 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, 2018

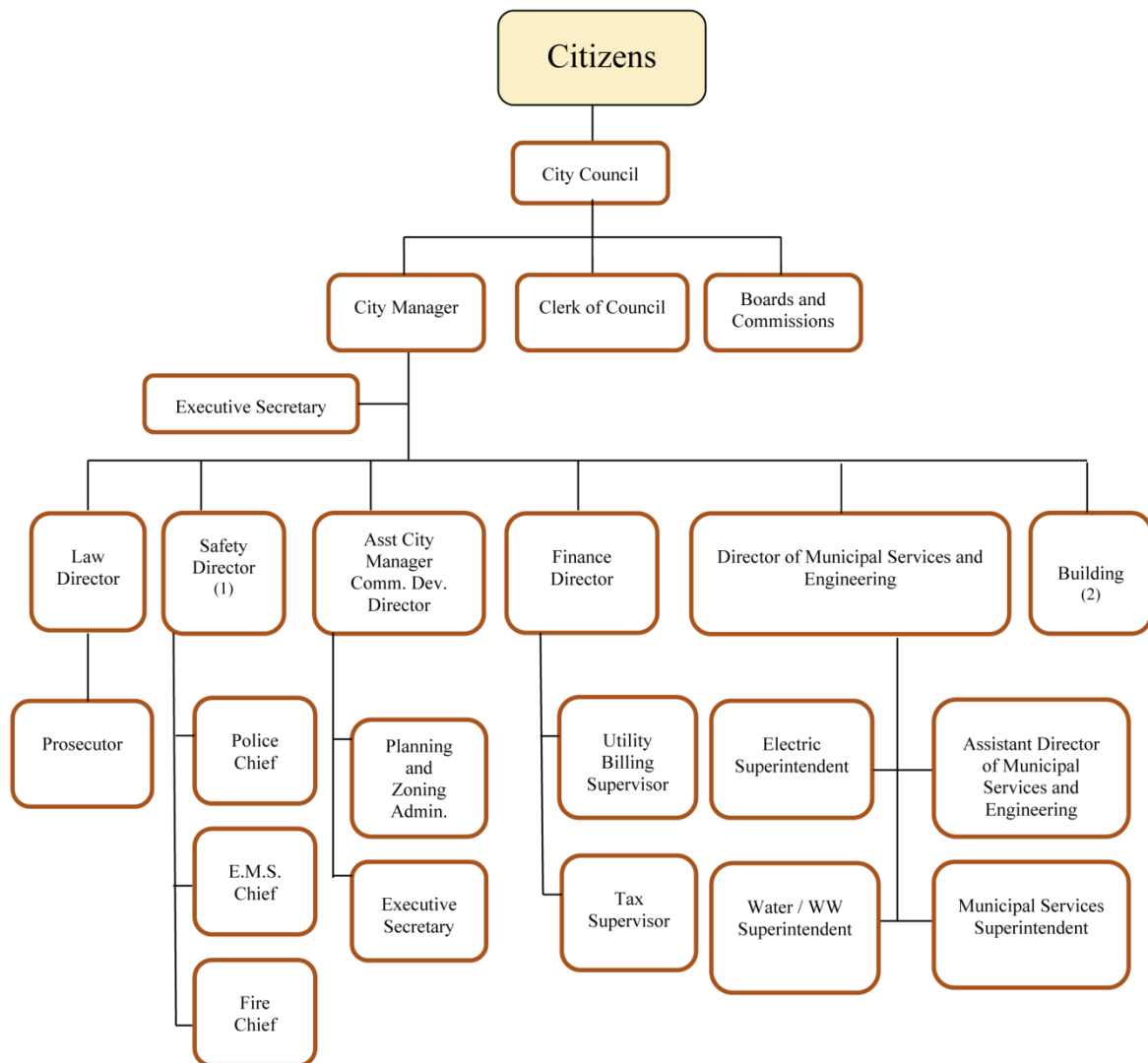
ELECTED OFFICIALS

Mayor	Joseph Gibson
President Of Council	Katelyn Berbach
Council Members	John Kessler Tom Merritt Carrie Arblaster Frank Scenna Logan Rogers

APPOINTED OFFICIALS

City Manager	Timothy Eggleston
Clerk Of Council	Janice Bates
Finance Director	John Green
Law Director	Jonathan Freeman
Chief of Police	Eric Burris
Director of Municipal Services and Engineering	Eric Mack
EMS Chief	Jeff Calicoat
Interim Fire Chief	Ron Haley

***City Organizational Chart
For the Year Ended December 31, 2018***



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

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



Government Finance Officers Association

**Certificate of
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Presented to

**City of Tipp City
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrell

Executive Director/CEO







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INDEPENDENT AUDITOR'S REPORT

June 14, 2019

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, 2018, 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, based on our audit and the report of other auditors, 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, 2018, 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 and other post-employment benefits liabilities and pension and other post-employment benefits contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected 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 14, 2019, 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



***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

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, 2018. 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 2018 are as follows:

- ❑ In total, net position increased \$5,837,657. Net position of governmental activities increased \$1,997,000, which represents a 4.3% increase from 2017. Net position of business-type activities increased \$3,840,657 or 8.7% from 2017.
- ❑ General revenues accounted for \$8.2 million in revenue or 20.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 79.7% of total revenues of \$40.3 million.
- ❑ Total net position of governmental activities increased by \$1,997,000. Net capital assets increased by \$1.6 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 2018 the City invested (with Federal and State grant assistance) approximately \$1.9 million in street reconstruction and resurfacing. The City has also made a concerted effort to repay debt associated with capital improvements and reduced General Obligation Notes payable by approx. \$600,000 between periods.
- ❑ The City had \$10.05 million in expenses related to governmental activities; \$3.95 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$8.1 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$6.25 million in revenues and \$6.26 million in expenditures. The general fund's fund balance decreased \$8,994 to \$6.57 million.
- ❑ Net position for enterprise funds increased by \$3.84 million. The Electric Fund's net position increased by \$1.36 million, the Water Fund increased its net position by \$0.79 million, and the Sewer Fund increased its net position by \$1.72 million.
- ❑ 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 2018 resulting in an increase in service charge revenues of approximately \$2.5 million. While operating expenses, primarily purchased power costs increased also, the Electric Fund still experienced operating income of \$1.4 million. The increase in capital assets was due to monies expended in 2018 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) as well as capital contributions from developers who install the water infrastructure in their housing developments then cede it to the City for future maintenance.

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

- 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. As noted above for the Water Fund, the City received infrastructure assets from developers who installed the sewer piping in their housing developments then turn it over to the City for future maintenance. These capital contributions increased the Sewer Fund net position by just under \$700,000.

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.

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

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, 2018***

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 2018 and 2017.

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Current and other assets	\$12,535,331	\$12,491,005	\$32,908,058	\$27,207,591	\$45,443,389	\$39,698,596
Capital assets, Net	50,916,771	49,342,876	29,877,076	32,901,419	80,793,847	82,244,295
Total assets	63,452,102	61,833,881	62,785,134	60,109,010	126,237,236	121,942,891
Deferred Outflows of Resources	2,111,754	2,083,866	620,124	1,003,753	2,731,878	3,087,619
Net Pension Liability	6,567,924	7,446,811	1,850,451	2,537,323	8,418,375	9,984,134
Net OPEB Liability	5,435,778	4,470,815	1,248,035	1,114,213	6,683,813	5,585,028
Noncurrent liabilities	2,038,565	2,475,235	8,599,404	9,598,075	10,637,969	12,073,310
Other liabilities	1,330,313	2,216,013	2,902,614	3,397,288	4,232,927	5,613,301
Total liabilities	15,372,580	16,608,874	14,600,504	16,646,899	29,973,084	33,255,773
Deferred Inflows of Resources	1,256,368	370,965	644,475	146,242	1,900,843	517,207
Net position						
Net investment in capital assets	48,741,413	46,195,036	24,189,309	22,795,072	72,930,722	68,990,108
Restricted	4,218,782	3,963,070	0	0	4,218,782	3,963,070
Unrestricted	(4,025,287)	(3,220,198)	23,970,970	21,524,550	19,945,683	18,304,352
Total net position	\$48,934,908	\$46,937,908	\$48,160,279	\$44,319,622	\$97,095,187	\$91,257,530

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017 from \$51,378,998 to \$46,937,908 for Governmental Activities and from \$45,418,121 to \$44,319,622 for Business-type Activities.

**Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2018 compared with 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,501,825	\$1,116,624	\$26,910,181	\$24,478,362	\$28,412,006	\$25,594,986
Operating Grants and Contributions	717,674	707,663	0	0	717,674	707,663
Capital Grants and Contributions	1,731,182	1,612,294	1,250,353	151,153	2,981,535	1,763,447
Total Program Revenues	3,950,681	3,436,581	28,160,534	24,629,515	32,111,215	28,066,096
General revenues:						
Income Taxes	6,041,201	5,760,914	0	0	6,041,201	5,760,914
Property Taxes	417,062	413,503	0	0	417,062	413,503
Other Local Taxes	72,217	85,348	0	0	72,217	85,348
Unrestricted Shared Revenues	1,067,066	1,005,568	0	0	1,067,066	1,005,568
Investment Earnings	265,148	144,263	0	0	265,148	144,263
Miscellaneous	304,223	199,883	0	0	304,223	199,883
Total General Revenues	8,166,917	7,609,479	0	0	8,166,917	7,609,479
Total Revenues	12,117,598	11,046,060	28,160,534	24,629,515	40,278,132	35,675,575
Program Expenses						
Security of Persons and Property	4,786,776	4,212,068	0	0	4,786,776	4,212,068
Leisure Time Activities	1,305,551	1,251,064	0	0	1,305,551	1,251,064
Community Environment	390,421	328,263	0	0	390,421	328,263
Basic Utility Services	61,739	62,431	0	0	61,739	62,431
Transportation	1,708,316	1,703,666	0	0	1,708,316	1,703,666
General Government	1,742,173	1,623,266	0	0	1,742,173	1,623,266
Interest and Fiscal Charges	56,229	70,554	0	0	56,229	70,554
Electric	0	0	18,813,973	17,082,743	18,813,973	17,082,743
Water	0	0	3,184,391	3,477,515	3,184,391	3,477,515
Sewer	0	0	1,450,227	1,432,981	1,450,227	1,432,981
Refuse Collection	0	0	940,679	923,687	940,679	923,687
Total expenses	10,051,205	9,251,312	24,389,270	22,916,926	34,440,475	32,168,238
Change in Net Position before transfers	2,066,393	1,794,748	3,771,264	1,712,589	5,837,657	3,507,337
Transfers	(69,393)	(28,586)	69,393	28,586	0	0
Total Change in Net Position	1,997,000	1,766,162	3,840,657	1,741,175	5,837,657	3,507,337
Beginning Net Position, Restated	46,937,908	N/A	44,319,622	N/A	91,257,530	N/A
Ending Net Position, Restated	\$48,934,908	\$46,937,908	\$48,160,279	\$44,319,622	\$97,095,187	\$91,257,530

Governmental Activities

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$29,725 for Governmental Activities and \$15,714 for Business-type Activities computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$478,056 for Governmental Activities and \$119,138 for Business-type Activities.

CITY OF TIPP CITY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2018

Unaudited

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

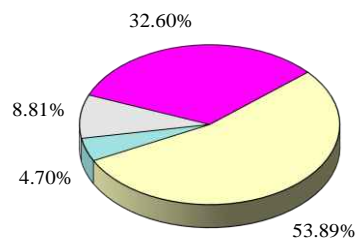
	Governmental Activities	Business-type Activities
Total 2018 program expenses under GASB 75	\$10,051,205	\$24,389,270
OPEB expense under GASB 75	(478,056)	(119,138)
2018 contractually required contribution	8,428	0
Adjusted 2018 program expenses	9,581,577	24,270,132
Total 2017 program expenses under GASB 45	9,251,312	22,916,926
Change in program expenses not related to OPEB	\$330,265	\$1,353,206

Net position of the City's governmental activities increased by \$1,997,000 or 4.3%. Net investment in capital assets increased \$2,546,377 or 5.5%. Restricted net position increased by \$330,661 or 8.3% while unrestricted net position decreased by \$880,038 or 27.3%.

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 \$6,041,201 compared to \$5,760,914 in 2017, an increase of 4.9%. The City tracks income taxes received using three categories: employee payroll withholding, business net profit, and individual taxpayer paid local income tax. Payroll withholding collections increased in 2018 (7.78%) while corporate net profit and individual taxpayer collections were both down (6.8% and 8.4% respectively). 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 3.4% and 49.9% respectively of revenues for governmental activities for the City in fiscal year 2018. The City's reliance upon tax revenues is demonstrated by the following graph indicating 53.89% of total revenues comes from general tax revenues:

Revenue Sources	2018	Percent of Total
Unrestricted Shared Revenues	\$1,067,066	8.81%
Program Revenues	3,950,681	32.60%
General Tax Revenues	6,530,480	53.89%
General Other	569,371	4.70%
Total Revenue	\$12,117,598	100.00%



**Management's Discussion and Analysis
For the Year Ended December 31, 2018****Unaudited**

Business-Type Activities

Net position of the business-type activities increased \$3,840,657. This increase was primarily attributed to Electric Fund operating income (\$1.4 million), capital contributions from housing development (\$1.25 million), and income from the City's participation in the Northern Area Water Authority joint venture (\$241,556). Additional information on the City's participation with its joint ventures can be found in Note 20.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$9,072,172, which is an increase from last year's balance of \$8,054,888. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2018 and 2017:

	Fund Balance December 31, 2018	Fund Balance December 31, 2017	Increase (Decrease)
General	\$6,566,409	\$6,575,403	(\$8,994)
Capital Improvement Reserve	1,196,626	408,486	788,140
Other Governmental	1,309,137	1,070,999	238,138
Total	<u>\$9,072,172</u>	<u>\$8,054,888</u>	<u>\$1,017,284</u>

General Fund – The City's General Fund balance had a decrease of \$8,994 in 2018. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2018 Revenues	2017 Revenues	Increase (Decrease)
Taxes	\$3,617,731	\$3,527,437	\$90,294
Intergovernmental Revenue	1,068,013	1,013,252	54,761
Charges for Services	861,096	667,591	193,505
Licenses, Permits and Fees	237,114	176,053	61,061
Investment Earnings	264,299	145,283	119,016
Special Assessments	1,109	1,701	(592)
Fines and Forfeitures	12,256	10,110	2,146
All Other Revenue	184,608	157,654	26,954
Total	<u>\$6,246,226</u>	<u>\$5,699,081</u>	<u>\$547,145</u>

The increase in charges for services is due to increased collections for emergency medical service runs. The City restructured the contract with Monroe Township for the provision of these services which resulted in a one-time increase of service charge revenues for 2018. 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.

**Management's Discussion and Analysis
For the Year Ended December 31, 2018****Unaudited**

	2018 Expenditures	2017 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,817,703	\$3,614,466	\$203,237
Leisure Time Activities	510,592	522,186	(11,594)
Community Environment	368,399	313,949	54,450
Basic Utility Services	29,352	27,240	2,112
General Government	1,344,535	1,321,768	22,767
Capital Outlay	49,548	51,437	(1,889)
Total	<u>\$6,120,129</u>	<u>\$5,851,046</u>	<u>\$269,083</u>

Expenditures increased 4.6% led by increases in security of persons and property and community environment. The increase in security of persons and property are employment and wage related. 2018 was the first full year of employment for the City's Assistant Fire Chief/Fire Inspector who was hired in mid-2017. Also, the City agreed to a 2.5% wage increase in the most recent contract negotiations with the Fraternal Order of Police (FOP).

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 2018 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 \$98,533, 1.5% above budget. The City's original budgeted appropriations were increased during the year by \$370,613 to arrive at a final figure of \$7,910,713. There was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$7,070,346, \$840,367 below the final budget. Savings from the original budget include: \$500,000 in unspent economic development monies; \$60,000 in police department expenditures (health insurance, overtime, and fuel costs); \$60,000 in fire/emergency medical service department expenditures (wages and health insurance benefits); \$72,000 in engineering department expenditures (wages and health insurance benefits related to an employee who left for another position and was not replaced in 2018); and \$50,000 in parks department expenditures (across the board savings).

***Management's Discussion and Analysis
For the Year Ended December 31, 2018***

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2018 the City had \$83,824,829 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$50,916,771 was related to governmental activities and \$32,908,058 to the business-type activities. The following table shows fiscal year 2018 and 2017 balances:

	Governmental Activities		Increase (Decrease)
	2018	2017	
Land	\$14,275,563	\$13,707,679	\$567,884
Construction in Progress	470,918	5,468,704	(4,997,786)
Total Non-Depreciable Capital Assets	14,746,481	19,176,383	(4,429,902)
Buildings	8,887,825	8,867,814	20,011
Improvements Other Than Buildings	6,767,961	6,767,961	0
Machinery and Equipment	9,515,879	9,197,084	318,795
Infrastructure	40,319,331	33,207,831	7,111,500
Less: Accumulated Depreciation	(29,320,706)	(27,874,197)	(1,446,509)
Total Depreciable Capital Assets	36,170,290	30,166,493	6,003,797
Totals	\$50,916,771	\$49,342,876	\$1,573,895

	Business-Type Activities		Increase (Decrease)
	2018	2017	
Land	\$2,234,492	\$2,234,492	\$0
Construction in Progress	413,452	3,148,737	(2,735,285)
Total Non-Depreciable Capital Assets	2,647,944	5,383,229	(2,735,285)
Buildings	7,080,986	7,073,486	7,500
Improvements Other Than Buildings	44,729,199	40,471,153	4,258,046
Machinery and Equipment	3,493,630	3,418,941	74,689
Less: Accumulated Depreciation	(25,043,701)	(23,445,390)	(1,598,311)
Total Depreciable Capital Assets	30,260,114	27,518,190	2,741,924
Totals	\$32,908,058	\$32,901,419	\$6,639

Capital assets, net of depreciation, in governmental activities increased \$1,573,895 (3.2%) in 2018. During 2018, the City invested approximately \$1.9 million in street resurfacing improvements. The City also completed the County Road 25A Roadway Widening and Reconstruction Project which had been ongoing for several years. This moved the project out of Construction in Progress and the project assets were assessed their first depreciation expense in 2018.

Capital assets, net of depreciation, for the business- type activities had an increase of \$6,639 (.02%). The largest increase in business-type activities was related to improvements made to electric substation #3 and the movement of the completed project from Construction in Progress to a depreciable asset.

As of December 31, 2018, the City has contractual commitments of \$3.4 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, 2018****Unaudited**

Debt

At December 31, 2018, 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, 2018 and 2017:

	2018	Restated 2017
Governmental Activities:		
General Obligation Bonds	\$100,000	\$200,000
Special Assessment Bonds	360,000	410,000
OPWC Loan	777,858	826,040
General Obligation Notes	220,000	397,200
Compensated Absences	580,707	641,995
Net Pension Liability	6,567,924	7,446,811
Net OPEB Liability	5,435,778	4,470,815
Total Governmental Activities	14,042,267	14,392,861
Business-Type Activities:		
OPWC Loans	\$1,013,249	\$1,086,147
General Obligation Notes	7,315,000	8,245,800
Compensated Absences	271,155	266,128
Net Pension Liability	1,850,451	2,537,323
Net OPEB Liability	1,248,035	1,114,213
Total Business-Type Activities	11,697,890	13,249,611
Totals	\$25,740,157	\$27,642,472

During 2018, 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 2018 general obligation note(s) activity can be found in Note 16.

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, 2018, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 17.

ECONOMIC FACTORS

Tipp City's future remains bright. Income tax receipts, the largest single source of general operating revenues, remained strong again in 2018 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 2019 operating budget reflects the conservatism of the City. Total 2019 general fund operating revenues are projected at \$6.98 million which is approximately \$113,500 higher than actual revenues received in 2018. The City expects continued increases in income and property tax revenues with other revenue sources remaining consistent with 2018 receipts.

The 2019 appropriation budget for the general fund totals \$6.94 million which is a decrease of approximately \$457,000 from the original 2018 appropriations. 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 were renegotiated in 2018.

The City's general fund balance has increased in eleven of the last thirteen 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, 2018**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 8,391,250	\$ 15,170,247	\$ 23,561,497
Investments	613,306	1,383,308	1,996,614
Receivables:			
Taxes	1,771,606	0	1,771,606
Accounts	261,643	2,577,496	2,839,139
Intergovernmental	724,166	88,794	812,960
Interest	10,829	0	10,829
Special Assessments	510,420	506,107	1,016,527
Lease	0	555,000	555,000
Internal Balances	80,086	(80,086)	0
Inventory of Supplies at Cost	133,774	727,185	860,959
Prepaid Items	38,251	7,162	45,413
Restricted Assets:			
Cash and Cash Equivalents	0	203,744	203,744
Investment in Joint Venture	0	8,738,119	8,738,119
Non-Depreciable Capital Assets	14,746,481	2,647,944	17,394,425
Depreciable Capital Assets, Net	36,170,290	30,260,114	66,430,404
Total Assets	63,452,102	62,785,134	126,237,236
Deferred Outflows of Resources:			
Pension	1,416,525	496,755	1,913,280
OPEB	695,229	123,369	818,598
Total Deferred Outflows of Resources	2,111,754	620,124	2,731,878
Liabilities:			
Accounts Payable	415,959	1,421,503	1,837,462
Accrued Wages and Benefits Payable	131,431	43,814	175,245
Intergovernmental Payable	23,746	189,997	213,743
Retainage Payable	29,887	0	29,887
Refundable Deposits	0	203,744	203,744
Accrued Interest Payable	11,790	153,056	164,846
General Obligation Notes Payable	717,500	890,500	1,608,000
Noncurrent liabilities:			
Due within one year	432,531	147,613	580,144
Due in more than one year:			
Net Pension Liability	6,567,924	1,850,451	8,418,375
Net OPEB Liability	5,435,778	1,248,035	6,683,813
Other Amounts Due in More Than One Year	1,606,034	8,451,791	10,057,825
Total Liabilities	15,372,580	14,600,504	29,973,084
Deferred Inflows of Resources:			
Deferred Revenue	0	117,770	117,770
Property Tax Levy for Next Fiscal Year	347,603	0	347,603
Pension	738,596	433,734	1,172,330
OPEB	170,169	92,971	263,140
Total Deferred Inflows of Resources	1,256,368	644,475	1,900,843

CITY OF TIPP CITY, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	48,741,413	24,189,309	72,930,722
Restricted For:			
Capital Projects	2,366,896	0	2,366,896
Debt Service	457,975	0	457,975
Transportation	1,352,660	0	1,352,660
Security of Persons	41,251	0	41,251
Unrestricted	(4,025,287)	23,970,970	19,945,683
Total Net Position	<u><u>\$ 48,934,908</u></u>	<u><u>\$ 48,160,279</u></u>	<u><u>\$ 97,095,187</u></u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Activities
For the Year Ended December 31, 2018**

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 4,786,776	\$ 913,386	\$ 0	\$ 0
Leisure Time Activities	1,305,551	363,886	0	0
Community Environment	390,421	213,695	0	0
Basic Utility Services	61,739	0	0	0
Transportation	1,708,316	10,858	717,674	1,731,182
General Government	1,742,173	0	0	0
Interest and Fiscal Charges	56,229	0	0	0
Total Governmental Activities	10,051,205	1,501,825	717,674	1,731,182
Business-Type Activities:				
Electric	18,813,973	20,171,837	0	0
Water	3,184,391	3,663,801	0	258,490
Sewer	1,450,227	2,158,793	0	991,863
Refuse Collection	940,679	915,750	0	0
Total Business-Type Activities	24,389,270	26,910,181	0	1,250,353
Totals	\$ 34,440,475	\$ 28,412,006	\$ 717,674	\$ 2,981,535

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, Restated
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
\$ (3,873,390)	\$ 0	\$ (3,873,390)
(941,665)	0	(941,665)
(176,726)	0	(176,726)
(61,739)	0	(61,739)
751,398	0	751,398
(1,742,173)	0	(1,742,173)
(56,229)	0	(56,229)
(6,100,524)	0	(6,100,524)
0	1,357,864	1,357,864
0	737,900	737,900
0	1,700,429	1,700,429
0	(24,929)	(24,929)
0	3,771,264	3,771,264
(6,100,524)	3,771,264	(2,329,260)
6,041,201	0	6,041,201
417,062	0	417,062
72,217	0	72,217
1,067,066	0	1,067,066
265,148	0	265,148
304,223	0	304,223
(69,393)	69,393	0
8,097,524	69,393	8,166,917
1,997,000	3,840,657	5,837,657
46,937,908	44,319,622	91,257,530
\$ 48,934,908	\$ 48,160,279	\$ 97,095,187

CITY OF TIPP CITY, OHIO

Balance Sheet Governmental Funds December 31, 2018

	General	Capital Improvement Reserve	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 5,396,480	\$ 1,767,633	\$ 1,227,137	\$ 8,391,250
Investments	613,306	0	0	613,306
Receivables:				
Taxes	1,112,304	659,302	0	1,771,606
Accounts	222,907	0	38,736	261,643
Intergovernmental	172,082	158,938	393,146	724,166
Interest	10,829	0	0	10,829
Special Assessments	0	68,501	441,919	510,420
Due from Other Funds	86,177	0	0	86,177
Interfund Loans Receivable	81,113	0	0	81,113
Inventory of Supplies, at Cost	69,051	0	64,723	133,774
Prepaid Items	24,787	9,841	3,623	38,251
Total Assets	<u>\$ 7,789,036</u>	<u>\$ 2,664,215</u>	<u>\$ 2,169,284</u>	<u>\$ 12,622,535</u>
Liabilities:				
Accounts Payable	\$ 71,170	\$ 336,049	\$ 8,740	\$ 415,959
Accrued Wages and Benefits Payable	124,448	0	6,983	131,431
Intergovernmental Payable	23,223	0	523	23,746
Retainage Payable	0	29,887	0	29,887
Due to Other Funds	5,587	0	504	6,091
Interfund Loans Payable	0	0	81,113	81,113
Accrued Interest Payable	0	4,367	1,585	5,952
General Obligation Notes Payable	0	632,500	85,000	717,500
Compensated Absences Payable	24,770	0	0	24,770
Total Liabilities	<u>249,198</u>	<u>1,002,803</u>	<u>184,448</u>	<u>1,436,449</u>
Deferred Inflows of Resources:				
Unavailable Amounts	625,826	464,786	675,699	1,766,311
Property Tax Levy for Next Fiscal Year	347,603	0	0	347,603
Total Deferred Inflows of Resources	<u>973,429</u>	<u>464,786</u>	<u>675,699</u>	<u>2,113,914</u>
Fund Balances:				
Nonspendable	93,838	9,841	68,346	172,025
Restricted	0	1,186,785	1,252,283	2,439,068
Committed	0	0	75,094	75,094
Assigned	232,785	0	0	232,785
Unassigned	6,239,786	0	(86,586)	6,153,200
Total Fund Balances	<u>6,566,409</u>	<u>1,196,626</u>	<u>1,309,137</u>	<u>9,072,172</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,789,036</u>	<u>\$ 2,664,215</u>	<u>\$ 2,169,284</u>	<u>\$ 12,622,535</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2018***

Total Governmental Fund Balances	\$ 9,072,172
<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.	50,916,771
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds.	1,766,311
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liability and related deferred inflows & outflows are not reported in governmental funds.	(10,800,713)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,019,633)</u>
<i>Net Position of Governmental Funds</i>	<u>\$ 48,934,908</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, 2018**

	General	Capital Improvement Reserve	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 3,617,731	\$ 2,801,654	\$ 74,578	\$ 6,493,963
Intergovernmental Revenues	1,068,013	235,381	1,243,450	2,546,844
Charges for Services	861,096	57,610	324,451	1,243,157
Licenses, Permits and Fees	237,114	0	0	237,114
Investment Earnings	264,299	0	0	264,299
Special Assessments	1,109	29,510	73,653	104,272
Fines and Forfeitures	12,256	0	1,050	13,306
All Other Revenue	184,608	128,396	41,190	354,194
Total Revenue	<u>6,246,226</u>	<u>3,252,551</u>	<u>1,758,372</u>	<u>11,257,149</u>
Expenditures:				
Current:				
Security of Persons and Property	3,817,703	0	0	3,817,703
Leisure Time Activities	510,592	0	327,990	838,582
Community Environment	368,399	0	0	368,399
Basic Utility Services	29,352	0	0	29,352
Transportation	0	0	693,429	693,429
General Government	1,344,535	69,672	3,507	1,417,714
Capital Outlay	49,548	1,994,353	552,820	2,596,721
Debt Service:				
Principal Retirement	0	212,200	383,182	595,382
Interest and Fiscal Charges	0	18,461	40,338	58,799
Total Expenditures	<u>6,120,129</u>	<u>2,294,686</u>	<u>2,001,266</u>	<u>10,416,081</u>
Excess (Deficiency) of Revenues Over Expenditures	126,097	957,865	(242,894)	841,068
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	0	16,559	0	16,559
General Obligation Notes Issued	0	120,000	100,000	220,000
Transfers In	0	135,000	371,891	506,891
Transfers Out	(135,000)	(441,284)	0	(576,284)
Total Other Financing Sources (Uses)	<u>(135,000)</u>	<u>(169,725)</u>	<u>471,891</u>	<u>167,166</u>
Net Change in Fund Balances	(8,903)	788,140	228,997	1,008,234
Fund Balances at Beginning of Year	6,575,403	408,486	1,070,999	8,054,888
Change in Inventory	(91)	0	9,141	9,050
Fund Balances End of Year	<u>\$ 6,566,409</u>	<u>\$ 1,196,626</u>	<u>\$ 1,309,137</u>	<u>\$ 9,072,172</u>

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, 2018***

Net Change in Fund Balances - Total Governmental Funds \$ 1,008,234

***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. 1,656,898

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position. (83,003)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (121,183)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 628,234

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension expense in the statement of activities. (1,565,240)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. (220,000)

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position. 595,382

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,570

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. 95,108

Change in Net Position of Governmental Activities \$ 1,997,000

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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,853,883	\$ 3,853,883	\$ 3,727,885	\$ (125,998)
Intergovernmental Revenue	1,050,918	1,050,918	1,065,934	15,016
Charges for Services	1,320,346	1,320,346	1,411,456	91,110
Licenses and Permits	167,600	167,600	210,584	42,984
Investment Earnings	140,000	140,000	251,076	111,076
Special Assessments	1,250	1,250	1,109	(141)
Fines and Forfeitures	14,600	14,600	12,975	(1,625)
All Other Revenues	68,200	68,200	184,311	116,111
Total Revenues	6,616,797	6,616,797	6,865,330	248,533
Expenditures:				
Current:				
Security of Persons and Property	3,959,638	3,968,638	3,835,663	132,975
Leisure Time Activities	558,523	558,523	518,389	40,134
Community Environment	850,058	850,058	326,773	523,285
Basic Utility Services	311,722	311,722	293,615	18,107
General Government	1,770,919	1,916,419	1,809,189	107,230
Capital Outlay	89,240	89,240	70,604	18,636
Total Expenditures	7,540,100	7,694,600	6,854,233	840,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	(923,303)	(1,077,803)	11,097	1,088,900
Other Financing Sources (Uses):				
Transfers Out	0	(135,000)	(135,000)	0
Advances In	150,000	150,000	0	(150,000)
Advances Out	0	(81,113)	(81,113)	0
Total Other Financing Sources (Uses):	150,000	(66,113)	(216,113)	(150,000)
Net Change in Fund Balance	(773,303)	(1,143,916)	(205,016)	938,900
Fund Balance at Beginning of Year	5,936,095	5,936,095	5,936,095	0
Prior Year Encumbrances	139,976	139,976	139,976	0
Fund Balance at End of Year	\$ 5,302,768	\$ 4,932,155	\$ 5,871,055	\$ 938,900

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
Current assets:			
Cash and Cash Equivalents	\$ 11,901,141	\$ 1,457,294	\$ 1,714,450
Investments	1,383,308	0	0
Receivables:			
Accounts	2,046,148	275,792	255,556
Intergovernmental	58,830	29,964	0
Special Assessments	12,372	14,245	479,490
Lease - Current	115,000	0	0
Due from Other Funds	12,222	1,179	997
Inventory of Supplies at Cost	595,071	112,727	19,387
Prepaid Items	4,747	2,020	395
Restricted Assets:			
Cash and Cash Equivalents	203,744	0	0
Total current assets	16,332,583	1,893,221	2,470,275
Noncurrent assets:			
Lease Receivable	440,000	0	0
Investment in Joint Venture	0	1,390,852	7,347,267
Capital assets:			
Non-Depreciable Capital Assets	499,334	2,121,614	26,996
Depreciable Capital Assets, net	12,102,247	10,634,635	7,523,232
Total capital assets	12,601,581	12,756,249	7,550,228
Total noncurrent assets	13,041,581	14,147,101	14,897,495
Total assets	29,374,164	16,040,322	17,367,770
Deferred Outflows of Resources:			
Pension	276,801	149,707	70,247
OPEB	68,743	37,180	17,446
Total Deferred Outflows of Resources	345,544	186,887	87,693
Liabilities:			
Current liabilities:			
Accounts Payable	1,325,374	7,580	19,888
Accrued Wages and Benefits Payable	22,734	14,405	6,675
Intergovernmental Payable	3,188	140,784	46,025
Refundable Deposits	203,744	0	0
Due to Other Funds	82,344	5,798	2,509
Accrued Interest Payable	97,927	30,992	24,137
General Obligation Notes Payable - Current	350,000	209,000	331,500
OPWC Loans Payable - Current	0	63,122	9,776
Compensated Absences Payable - Current	42,159	23,259	9,297
Total Current Liabilities	2,127,470	494,940	449,807

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$ 97,362	\$ 15,170,247
0	1,383,308
0	2,577,496
0	88,794
0	506,107
0	115,000
0	14,398
0	727,185
0	7,162
0	203,744
97,362	20,793,441
0	440,000
0	8,738,119
0	2,647,944
0	30,260,114
0	32,908,058
0	42,086,177
97,362	62,879,618
0	496,755
0	123,369
0	620,124
68,661	1,421,503
0	43,814
0	189,997
0	203,744
3,833	94,484
0	153,056
0	890,500
0	72,898
0	74,715
72,494	3,144,711

(Continued)

CITY OF TIPP CITY, OHIO**Statement of Fund Net Position
Proprietary Funds
December 31, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Noncurrent Liabilities:			
General Obligation Notes Payable	4,900,000	1,452,500	962,500
OPWC Loans Payable	0	812,609	127,742
Compensated Absences Payable	82,324	82,569	31,547
Net Pension Liability	1,031,103	557,673	261,675
Net OPEB Liability	695,425	376,122	176,488
Total noncurrent liabilities	6,708,852	3,281,473	1,559,952
Total Liabilities	8,836,322	3,776,413	2,009,759
Deferred Inflows of Resources:			
Deferred Revenue	55,000	0	0
Pension	241,684	130,715	61,335
OPEB	51,805	28,019	13,147
Total Deferred Inflows of Resources	348,489	158,734	74,482
Net Position:			
Net Investment in Capital Assets	7,851,581	10,219,018	6,118,710
Unrestricted	12,683,316	2,073,044	9,252,512
Total Net Position	\$ 20,534,897	\$ 12,292,062	\$ 15,371,222

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
0	7,315,000
0	940,351
0	196,440
0	1,850,451
0	1,248,035
0	11,550,277
<u>72,494</u>	<u>14,694,988</u>
62,770	117,770
0	433,734
0	92,971
<u>62,770</u>	<u>644,475</u>
0	24,189,309
(37,902)	23,970,970
<u>\$ (37,902)</u>	<u>\$ 48,160,279</u>

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 19,879,508	\$ 3,402,915	\$ 2,036,133
Other Operating Revenues	279,579	19,330	9,286
Total Operating Revenues	20,159,087	3,422,245	2,045,419
Operating Expenses:			
Personal Services	1,509,397	802,384	364,195
Contractual Services	16,318,829	1,611,462	669,916
Materials and Supplies	114,881	55,338	34,788
Utilities	10,839	40,948	20,573
Depreciation	727,886	634,649	332,463
Other Operating Expenses	35,862	3,503	362
Total Operating Expenses	18,717,694	3,148,284	1,422,297
Operating Income (Loss)	1,441,393	273,961	623,122
Non-Operating Revenue (Expenses):			
Income (Loss) from Joint Venture	0	241,556	113,374
Loss on Disposal of Capital Assets	(4,939)	0	0
Interest and Fiscal Charges	(91,340)	(36,107)	(27,930)
Investment Earnings	12,750	0	0
Total Non-Operating Revenues (Expenses)	(83,529)	205,449	85,444
Income (Loss) Before Contributions and Transfers	1,357,864	479,410	708,566
Transfers-In	0	54,554	14,839
Capital Contributions from Joint Venture	0	0	688,513
Capital Contributions	0	258,490	303,350
Change in Net Position	1,357,864	792,454	1,715,268
Net Position Beginning of Year, Restated	19,177,033	11,499,608	13,655,954
Net Position End of Year	\$ 20,534,897	\$ 12,292,062	\$ 15,371,222

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total Enterprise Funds</u>
\$ 915,750	\$ 26,234,306
0	308,195
<u>915,750</u>	<u>26,542,501</u>
0	2,675,976
940,679	19,540,886
0	205,007
0	72,360
0	1,694,998
0	39,727
<u>940,679</u>	<u>24,228,954</u>
(24,929)	2,313,547
0	354,930
0	(4,939)
0	(155,377)
0	12,750
<u>0</u>	<u>207,364</u>
(24,929)	2,520,911
0	69,393
0	688,513
<u>0</u>	<u>561,840</u>
(24,929)	3,840,657
(12,973)	44,319,622
<u>\$ (37,902)</u>	<u>\$ 48,160,279</u>

CITY OF TIPP CITY, OHIO

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2018

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$20,049,338	\$3,437,540	\$1,999,869
Cash Payments for Goods and Services	(16,537,948)	(1,707,270)	(713,691)
Cash Payments to Employees	(1,309,212)	(690,818)	(314,410)
Other Operating Revenues	220,542	23,541	16,937
Net Cash Provided (Used) by Operating Activities	2,422,720	1,062,993	988,705
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In From Other Funds	0	54,554	14,839
Interest Paid on General Obligation Notes	(10,500)	0	0
Principal Paid on General Obligation Notes	(600,000)	0	0
Premium on Sale of General Obligation Notes	2,080	0	0
Proceeds from the Sale of General Obligation Notes	500,000	0	0
Net Cash Provided (Used) for Noncapital Financing Activities	(108,420)	54,554	14,839
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(53,917)	(611,453)	(473,243)
Receipt of Lease Payments	112,750	0	0
Receipt of Intergovernmental Grants	120,227	0	0
Sale of General Obligation Notes	4,750,000	1,661,500	1,294,000
Premium on Sale of General Obligation Notes	19,760	6,912	5,383
Principal Paid on General Obligation Notes	(5,515,000)	(1,985,400)	(1,519,800)
Principal Paid on OPWC Loan	0	(63,122)	(9,776)
Interest Paid on Capital Debt	(98,686)	(41,213)	(31,604)
Net Cash (Used) for Capital and Related Financing Activities	(664,866)	(1,032,776)	(735,040)
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	(61,659)	0	0
Net Cash Used for Investing Activities	(61,659)	0	0
Net Increase (Decrease) in Cash and Cash Equivalents	1,587,775	84,771	268,504
Cash and Cash Equivalents at Beginning of Year	10,517,110	1,372,523	1,445,946
Cash and Cash Equivalents at End of Year	\$12,104,885	\$1,457,294	\$1,714,450
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$11,901,141	\$1,457,294	\$1,714,450
Restricted Cash and Cash Equivalents	203,744	0	0
Cash and Cash Equivalents at End of Year	\$12,104,885	\$1,457,294	\$1,714,450

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$920,129	\$26,406,876
(938,837)	(19,897,746)
0	(2,314,440)
0	261,020
(18,708)	4,455,710
0	69,393
0	(10,500)
0	(600,000)
0	2,080
0	500,000
0	(39,027)
0	(1,138,613)
0	112,750
0	120,227
0	7,705,500
0	32,055
0	(9,020,200)
0	(72,898)
0	(171,503)
0	(2,432,682)
0	(61,659)
0	(61,659)
(18,708)	1,922,342
116,070	13,451,649
\$97,362	\$15,373,991
\$97,362	\$15,170,247
0	203,744
\$97,362	\$15,373,991

(Continued)

CITY OF TIPP CITY, OHIO

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2018

	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)	\$1,441,393	\$273,961	\$623,122
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	727,886	634,649	332,463
Adjustments to Assets and Liabilities:			
(Increase) in Accounts Receivable	145,888	28,380	(35,937)
(Increase) Decrease in Intergovernmental Receivable	(58,830)	6,573	0
Decrease in Special Assessments Receivable	2,061	4,211	7,651
(Increase) in Inventory	4,526	8,192	545
(Increase) in Prepaid Items	3,503	2,445	1,381
(Increase) in Due from Other Funds	(4,923)	(328)	(327)
Decrease in Deferred Outflows - Pension	272,758	150,486	68,040
(Increase) in Deferred Outflows - OPEB	(60,003)	(32,406)	(15,246)
Increase (Decrease) in Accounts Payable	(47,681)	(145,603)	18,416
Increase in Accrued Wages and Benefits	1,309	1,956	256
Increase in Due to Other Funds	1,087	2,694	1,095
Increase in Deferred Revenue	0	0	0
Increase (Decrease) in Intergovernmental Payable	1,862	139,330	(7,998)
Increase in Customer Deposits Payable	12,000	0	0
Increase (Decrease) in Compensated Absences	413	7,211	(2,597)
Increase in Deferred Inflows - Pension	233,285	126,127	59,221
Increase in Deferred Inflows - OPEB	51,805	28,019	13,147
(Decrease) in Net Pension Liability	(380,186)	(213,234)	(93,452)
Increase in Net OPEB Liability	74,567	40,330	18,925
Total Adjustments	981,327	789,032	365,583
Net Cash Provided (Used) by Operating Activities	\$2,422,720	\$1,062,993	\$988,705

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2018 the Electric and Water Funds had outstanding liabilities for capital assets of \$99,275 and \$3,177, respectively. The Water and Sewer Funds received \$258,490 and \$303,350, respectively, in donated capital assets from developers.

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
(\$24,929)	\$2,313,547
0	1,694,998
0	138,331
0	(52,257)
0	13,923
0	13,263
0	7,329
0	(5,578)
0	491,284
0	(107,655)
1,747	(173,121)
0	3,521
95	4,971
4,379	4,379
0	133,194
0	12,000
0	5,027
0	418,633
0	92,971
0	(686,872)
0	133,822
6,221	2,142,163
(\$18,708)	\$4,455,710

CITY OF TIPP CITY, OHIO

Statement of Assets and Liabilities
Agency Funds
December 31, 2018

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 12,868
Restricted Assets:	
Cash and Cash Equivalents	<u>137,814</u>
Total Assets	<u>150,682</u>
Liabilities:	
Due to Others	<u>150,682</u>
Total Liabilities	<u>\$ 150,682</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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, 2018 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, 2018***

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, 2018***

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, 2018***

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, 2018***

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, 2018***

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, 2018 but which are not intended to finance 2018 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, 2018***

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 2018.

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 2018, 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, 2018***

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)	(\$8,903)
Increase (Decrease):	
Accrued Revenues at December 31, 2018 received during 2019	(708,597)
Accrued Revenues at December 31, 2017 received during 2018	577,436
Accrued Expenditures at December 31, 2018 paid during 2019	249,198
Accrued Expenditures at December 31, 2017 paid during 2018	(189,747)
2017 Prepaids for 2018	42,201
2018 Prepaids for 2019	(24,787)
Outstanding Encumbrances	(141,817)
Budget Basis	<u>(\$205,016)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2018, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

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

G. Investments

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

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

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

H. Restricted Assets

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, 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, 2018***

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, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

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

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

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

N. Net Position

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

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

O. Pension/OPEB

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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, 2018***

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. The City reports for deferred pension/OPEB amounts. Deferred outflows of resources are reported for pension/OPEB amounts on the government-wide and proprietary funds statement of net position. See Notes 12 and 13.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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.

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” Statement No. 85, “Omnibus 2017,” and Statement No. 86, “Certain Debt Extinguishment Issues.”

GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The implementation of GASB 75 had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business-type Activities	Electric Fund	Water Fund	Sewer Fund
Net position December 31, 2017	\$51,378,998	\$45,418,121	\$19,789,151	\$11,830,626	\$13,811,317
Adjustments:					
Net OPEB Liability	(4,470,815)	(1,114,213)	(620,858)	(335,792)	(157,563)
Deferred Outflow - Payments Subsequent to the Measurement Date	29,725	15,714	8,740	4,774	2,200
Restated Net Position December 31, 2017	<u>\$46,937,908</u>	<u>\$44,319,622</u>	<u>\$19,177,033</u>	<u>\$11,499,608</u>	<u>\$13,655,954</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Capital Improvement Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid Items	\$24,787	\$9,841	\$3,623	\$38,251
Supplies Inventory	69,051	0	64,723	133,774
Total Nonspendable	93,838	9,841	68,346	172,025
Restricted:				
Transportation Projects	0	0	1,114,713	1,114,713
Police Activities	0	0	41,106	41,106
Debt Retirement	0	0	21,894	21,894
Capital Improvements	0	1,186,785	74,570	1,261,355
Total Restricted	0	1,186,785	1,252,283	2,439,068
Committed:				
Swimming Pool	0	0	74,949	74,949
Police Activities	0	0	145	145
Total Committed	0	0	75,094	75,094
Assigned:				
Services and Supplies	88,814	0	0	88,814
Projected Budgetary Deficit	143,971	0	0	143,971
Total Assigned	232,785	0	0	232,785
Unassigned:	6,239,786	0	(86,586)	6,153,200
Total Fund Balances	\$6,566,409	\$1,196,626	\$1,309,137	\$9,072,172

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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	\$849,218
Delinquent Property Tax Revenue	1,302
Shared Revenues	353,658
Interest Revenue	4,308
Special Assessment Revenue	510,420
Deferred Licenses and Permits	0
Deferred Charges for Services	47,405
	<hr/>
	\$1,766,311

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$100,000)
General Obligation Notes Payable	(220,000)
Special Assessment Bond Payable	(360,000)
Accrued Interest on Long-Term Debt	(5,838)
OPWC Loan Payable	(777,858)
Compensated Absences Payable	(555,937)
	<hr/>
	(\$2,019,633)

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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	\$3,653,644
Depreciation Expense	(1,996,746)
	<u>\$1,656,898</u>

Governmental revenues not reported in the funds:

Decrease in Deferred/Delinquent Tax Revenue	\$36,517
Increase in Shared Revenue	(12,554)
Decrease in Special Assessment Revenue	(102,858)
Decrease in Interest Revenue	849
Increase in Licenses & Permits Revenue	(24,528)
Decrease in Deferred Charges for Services	(18,609)
	<u>(\$121,183)</u>

Contractually required contributions reported as deferred outflows:

Pension	\$619,806
OPEB	8,428
	<u>\$628,234</u>

Pension and OPEB expense:

Pension	(\$1,087,184)
OPEB	(478,056)
	<u>(\$1,565,240)</u>

Issuance of long-term debt:

General Obligation Notes Issued	(\$220,000)
---------------------------------	-------------

Amount of bond principal payments:

General Obligation Bond Principal Payment	\$100,000
Special Assessment Bond Principal Payment	50,000
OPWC Loan Principal Payment	48,182
General Obligation Note Principal Payment	<u>397,200</u>
	<u>\$595,382</u>

NOTE 5 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits at December 31, 2018 of \$86,586 in the 25-A Construction fund is 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, 2018***

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, 2018***

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

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

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

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

A. Deposits

At year end the carrying amount of the City's deposits was \$12,882,150 and the bank balance was \$12,910,703. Federal depository insurance covered \$250,000 of the bank balance and \$12,660,703 was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 6- CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**B. Investments**

The City's investments at December 31, 2018 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
STAR Ohio	\$11,033,773	AAAm	\$11,033,773	\$0
FHLMC	497,947	AA ⁺	497,947	0
FHLB	498,581	AA ⁺	498,581	0
FFCB	1,000,086	AA ⁺	0	1,000,086
Total Investments	<u>\$13,030,387</u>		<u>\$12,030,301</u>	<u>\$1,000,086</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, 84.7% are STAR Ohio, 3.8% are FHLMC, 3.8% are FHLB and 7.7% are FFCB.

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, 2018***

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:

	Cash and Cash Equivalents	Investments
Per GASB Statement No. 9	\$23,915,923	\$1,996,614
Investments:		
STAR Ohio	(11,033,773)	11,033,773
Per GASB Statement No. 3	<u>\$12,882,150</u>	<u>\$13,030,387</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 2018 were levied after October 1, 2017 on assessed values as of January 1, 2017, 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, 2018***

NOTE 7 – TAXES (Continued)

The full tax rate for all City operations for the year ended December 31, 2018 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2018 levy was based was \$276,688,510. This amount constitutes \$269,077,190 in real property assessed value and \$7,611,320 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 2018 was \$6,041,201. This represents a 4.9% increase from 2017 income tax revenue of \$5,760,914.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2018 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, 2018**

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2018:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$135,000
Capital Improvement Reserve Fund	135,000	441,284
Other Governmental Funds	371,891	0
Total Governmental Funds	506,891	576,284
Water Fund	54,554	0
Sewer Fund	14,839	0
Total Proprietary Funds	69,393	0
Totals	\$576,284	\$576,284

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 2018:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$86,177	\$5,587
Other Governmental Funds	0	504
Total Governmental Funds	86,177	6,091
Electric Fund	12,222	82,344
Water Fund	1,179	5,798
Sewer Fund	997	2,509
Refuse Collection Fund	0	3,833
Total Proprietary Funds	14,398	94,484
Totals	\$100,575	\$100,575

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

The General Fund also provided an advance, recorded as an interfund loan receivable/payable, to the 25-A construction fund to assist with cash flow. The amount of the receivable/payable is \$81,113.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2018:

Historical Cost:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
Non-depreciable Capital assets:				
Land	\$13,707,679	\$567,884	\$0	\$14,275,563
Construction in Progress	5,468,704	327,371	(5,325,157)	470,918
Total Non-depreciable Capital assets	19,176,383	895,255	(5,325,157)	14,746,481
Capital assets being depreciated:				
Buildings	8,867,814	25,646	(5,635)	8,887,825
Improvements Other Than Buildings	6,767,961	0	0	6,767,961
Machinery and Equipment	9,197,084	562,097	(243,302)	9,515,879
Infrastructure	33,207,831	7,495,803	(384,303)	40,319,331
Total Depreciable Capital assets	58,040,690	8,083,546	(633,240)	65,490,996
Total Cost	\$77,217,073	\$8,978,801	(\$5,958,397)	\$80,237,477

Accumulated Depreciation:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
Buildings	(\$2,972,262)	(\$203,131)	\$5,306	(\$3,170,087)
Improvements Other Than Buildings	(3,380,098)	(302,907)	0	(3,683,005)
Machinery and Equipment	(6,644,727)	(572,882)	232,668	(6,984,941)
Infrastructure	(14,877,110)	(917,826)	312,263	(15,482,673)
Total Depreciation	(\$27,874,197)	(\$1,996,746) *	\$550,237	(\$29,320,706)
Net Value:	\$49,342,876			\$50,916,771

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$400,100)
Leisure Time Activities	(424,510)
Transportation	(1,042,729)
General Government	(129,407)
Total Depreciation Expense	(\$1,996,746)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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, 2018:

Historical Cost:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
Non-depreciable Capital assets:				
Land	\$2,234,492	\$0	\$0	\$2,234,492
Construction in Progress	3,148,737	314,574	(3,049,859)	413,452
Total Non-depreciable Capital Assets	5,383,229	314,574	(3,049,859)	2,647,944
Capital assets being depreciated:				
Buildings	7,073,486	7,500	0	7,080,986
Improvements Other Than Buildings	40,471,153	4,258,046	0	44,729,199
Machinery and Equipment	3,418,941	176,315	(101,626)	3,493,630
Total Depreciable Capital assets	50,963,580	4,441,861	(101,626)	55,303,815
Total Cost	\$56,346,809	\$4,756,435	(\$3,151,485)	\$57,951,759

Accumulated Depreciation:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
Buildings	(\$1,478,440)	(\$262,999)	\$0	(\$1,741,439)
Improvements Other Than Buildings	(19,703,546)	(1,209,169)	0	(20,912,715)
Machinery and Equipment	(2,263,404)	(222,830)	96,687	(2,389,547)
Total Depreciation	(\$23,445,390)	(\$1,694,998)	\$96,687	(\$25,043,701)
Net Value:	\$32,901,419			\$32,908,058

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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>
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</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 \$515,554 for 2018.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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, 2018**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2018 through December 31, 2018	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2018 through December 31, 2018	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$322,393 for 2018.

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, 2017, 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, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. 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	\$4,373,353	\$4,045,022	\$8,418,375
Proportion of the Net Pension Liability-2018	0.027877%	0.065907%	
Proportion of the Net Pension Liability-2017	0.026622%	0.062183%	
Percentage Change	<u>0.001255%</u>	<u>0.003724%</u>	
Pension Expense	\$1,012,607	\$515,763	\$1,528,370

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$522,645	\$176,263	\$698,908
Differences between expected and actual experience	4,466	61,386	65,852
Change in proportionate share	131,364	179,209	310,573
City contributions subsequent to the measurement date	515,554	322,393	837,947
Total Deferred Outflows of Resources	<u>\$1,174,029</u>	<u>\$739,251</u>	<u>\$1,913,280</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$938,901	\$139,927	\$1,078,828
Differences between expected and actual experience	86,185	7,317	93,502
Total Deferred Inflows of Resources	<u>\$1,025,086</u>	<u>\$147,244</u>	<u>\$1,172,330</u>

\$837,947 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, 2019. 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:			
2019	\$458,941	\$135,982	\$594,923
2020	(26,301)	99,197	72,896
2021	(413,442)	(45,735)	(459,177)
2022	(385,809)	(18,272)	(404,081)
2023	0	79,393	79,393
2024	0	19,049	19,049
Total	<u>(\$366,611)</u>	<u>\$269,614</u>	<u>(\$96,997)</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, 2018***

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, 2017 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 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 was 16.82% for 2017.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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 2017 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 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
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	\$7,765,961	\$4,373,353	\$1,544,941

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, 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, 2017, are presented below:

Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Increases	3.25 percent
Inflation Assumptions	2.75 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent for increases based on the lesser of the increase in CPI and 3%.

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

	Age	Police	Fire
Healthy Mortality			
	67 or less	77%	68%
	68-77	105%	87%
	78 and up	115%	120%
Disabled Mortality			
	59 or less	35%	35%
	60-69	60%	45%
	70-79	75%	70%
	80 and up	100%	90%

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2017 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
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	<u>120.00 %</u>	

* 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 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$5,607,460	\$4,045,022	\$2,770,709

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (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 percent 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 percent 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 into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2018.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$8,428 for 2018.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability	\$2,949,604	\$3,734,209	\$6,683,813
Proportion of the Net OPEB Liability-2018	0.027162%	0.065907%	
Proportion of the Net OPEB Liability-2017	0.026072%	0.062183%	
Percentage Change	0.0010900%	0.0037240%	
OPEB Expense	\$281,872	\$315,322	\$597,194

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$214,763	\$364,379	\$579,142
Differences between expected and actual experience	2,297	0	2,297
Change in proportionate share	74,510	154,221	228,731
City contributions subsequent to the measurement date	0	8,428	8,428
Total Deferred Outflows of Resources	<u>\$291,570</u>	<u>\$527,028</u>	<u>\$818,598</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$219,726	\$24,580	\$244,306
Differences between expected and actual experience	0	18,834	18,834
Total Deferred Inflows of Resources	<u>\$219,726</u>	<u>\$43,414</u>	<u>\$263,140</u>

\$8,428 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2019	\$84,470	\$66,921	\$151,391
2020	84,470	66,921	151,391
2021	(42,163)	66,921	24,758
2022	(54,933)	66,921	11,988
2023	0	73,066	73,066
2024	0	73,066	73,066
2025	0	61,370	61,370
Total	<u>\$71,844</u>	<u>\$475,186</u>	<u>\$547,030</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. 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 Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 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	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$3,918,673	\$2,949,604	\$2,165,633

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$2,822,140	\$2,949,604	\$3,081,266

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 13 - DEFINED BENEFIT OPEB 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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

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

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

The most recent experience study was completed for the five year period ended December 31, 2016. The prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, 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 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

* levered 2x

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the 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 OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$4,667,806	\$3,734,209	\$3,015,846

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
Year					
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$2,900,800	\$3,734,209	\$4,857,361

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's NOL is not known.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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, 2018, the City's accumulated, unpaid compensated absences amounted to \$827,092, of which \$555,937 is recorded as a liability of the Governmental Activities and \$271,155 is recorded as a liability of the Business-Type Activities. The amounts are recorded in "Due within One Year" and "Due in More Than One Year" on the Entity Wide Statement of Net position based upon estimated usage.

NOTE 15 - 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, 2018:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>
2019	\$115,000
2020	116,000
2021	112,000
2022	108,000
2023	<u>104,000</u>
Minimum Lease Payments	555,000
Less amount representing unearned revenue	<u>(55,000)</u>
Present value of minimum lease payments	<u><u>\$500,000</u></u>

The capital lease agreement was amended in 2011 due to the favorable interest rate environment and the City's intent to reissue the debt as short-term notes through 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018****NOTE 16 - 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 2018:

	Maturity Date	Balance December 31, 2017	Issued	(Retired)	Balance December 31, 2018
Capital Projects Notes Payable:					
2.13% 25A Reconstruction	2/13/2019	\$100,000	\$85,000	(\$100,000)	\$85,000
1.75% Kinna Drive Construction	2/14/2018	45,000	0	(45,000)	0
1.75% Abbott Drive Construction	2/14/2018	55,000	0	(55,000)	0
1.75% Fire Truck	2/13/2019	122,500	42,500	(122,500)	42,500
1.75% Main Street Streetscape Improvement	2/13/2019	62,100	90,000	(62,100)	90,000
3.50% Fire Station Improvement	11/20/2019	730,000	500,000	(730,000)	500,000
2.13% South Third Street Reconstruction	11/21/2018	200,000	0	(200,000)	0
Total Capital Projects Notes Payable		1,314,600	717,500	(1,314,600)	717,500
Enterprise Notes Payable:					
1.75% Electric Notes	2/13/2019	865,000	350,000	(865,000)	350,000
1.75% Water Notes	2/13/2019	201,800	209,000	(201,800)	209,000
1.75% Sewer Notes	2/13/2019	137,600	331,500	(137,600)	331,500
2.13% Main Street Utility Improvement - Water	11/21/2018	100,000	0	(100,000)	0
2.13% Main Street Utility Improvement - Sewer	11/21/2018	70,000	0	(70,000)	0
Total Enterprise Notes Payable		1,374,400	890,500	(1,374,400)	890,500
Total Notes Payable		\$2,689,000	\$1,608,000	(\$2,689,000)	\$1,608,000

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.

CITY OF TIPP CITY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 17 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2018 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2017	Issued	(Retired)	Balance December 31, 2018	Amount Due Within One Year
Business Type-Activities:							
General Obligation Notes:							
1.20% Electric Notes	4,900,000	2018	\$5,250,000	\$4,900,000	(\$5,250,000)	\$4,900,000	\$0
1.20% Water Notes	1,452,500	2018	1,683,600	1,452,500	(1,683,600)	1,452,500	0
1.20% Sewer Notes	962,500	2018	1,312,200	962,500	(1,312,200)	962,500	0
Total General Obligation Notes			<u>8,245,800</u>	<u>7,315,000</u>	<u>(8,245,800)</u>	<u>7,315,000</u>	<u>0</u>
Ohio Public Works Commission Loans:							
0.00% OPWC Loan - AMR/AMI Project	600,000	2032	420,000	0	(30,000)	390,000	30,000
0.00% OPWC Loan - Water Tower Project	425,000	2033	340,000	0	(21,250)	318,750	21,250
0.00% OPWC Loan - Downtown Utilities Pro	401,915	2034	326,147	0	(21,648)	304,499	21,648
Total Ohio Public Works Commission Loans			<u>1,086,147</u>	<u>0</u>	<u>(72,898)</u>	<u>1,013,249</u>	<u>72,898</u>
Net Pension Liability:							
Ohio Public Employers Retirement System			2,537,323	(686,872)	0	1,850,451	0
Net OPEB Liability:							
Ohio Public Employers Retirement System			1,114,213	133,822	0	1,248,035	0
Compensated Absences			<u>266,128</u>	<u>271,155</u>	<u>(266,128)</u>	<u>271,155</u>	<u>74,715</u>
Total Business-Type Activity Long-Term Liabilities			<u>\$13,249,611</u>	<u>\$7,033,105</u>	<u>(\$8,584,826)</u>	<u>\$11,697,890</u>	<u>\$147,613</u>
Governmental Activities:							
Unvoted General Obligation Bonds:							
4.0-4.800% Capital Facilities Bond	2,325,000	2019	\$200,000	\$0	(\$100,000)	\$100,000	\$100,000
Total General Obligation Bonds			<u>200,000</u>	<u>0</u>	<u>(100,000)</u>	<u>100,000</u>	<u>100,000</u>
General Obligation Notes:							
1.20% Capital Projects Notes	220,000	2018	<u>397,200</u>	<u>220,000</u>	<u>(397,200)</u>	<u>220,000</u>	<u>0</u>
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	<u>410,000</u>	<u>0</u>	<u>(50,000)</u>	<u>360,000</u>	<u>55,000</u>
Ohio Public Works Commission Loan:							
0.00% OPWC Loan - Main Street Streetscape	970,586	2034	826,040	0	(48,182)	777,858	48,182
Net Pension Liability:							
Ohio Public Employees Retirement System			3,508,188	(985,286)	0	2,522,902	0
Ohio Police and Fire Pension System			<u>3,938,623</u>	<u>106,399</u>	<u>0</u>	<u>4,045,022</u>	<u>0</u>
Total Net Pension Liability			<u>7,446,811</u>	<u>(878,887)</u>	<u>0</u>	<u>6,567,924</u>	<u>0</u>
Net OPEB Liability:							
Ohio Public Employees Retirement System			1,519,166	182,403	0	1,701,569	0
Ohio Police and Fire Pension System			<u>2,951,699</u>	<u>782,510</u>	<u>0</u>	<u>3,734,209</u>	<u>0</u>
Total Net OPEB Liability			<u>4,470,865</u>	<u>964,913</u>	<u>0</u>	<u>5,435,778</u>	<u>0</u>
Compensated Absences			<u>641,995</u>	<u>580,707</u>	<u>(641,995)</u>	<u>580,707</u>	<u>229,349</u>
Total Governmental Activity Long-Term Liabilities			<u>\$14,392,911</u>	<u>\$886,733</u>	<u>(\$1,237,377)</u>	<u>\$14,042,267</u>	<u>\$432,531</u>

CITY OF TIPP CITY, OHIO**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018****NOTE 17 - LONG-TERM OBLIGATIONS (Continued)**

The principal amount of the City's special assessment bonds outstanding at December 31, 2018, \$360,000, 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, 2018, follow:

Years	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
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	0	0	65,000	5,850	121,080	0
2024-2028	0	0	65,000	2,925	605,400	0
2029-2033	0	0	0	0	545,400	0
2034	0	0	0	0	34,907	0
Totals	\$100,000	\$4,800	\$360,000	\$58,308	\$1,791,107	\$0

NOTE 18 – CONSTRUCTION COMMITMENTS

At December 31, 2018 the City had the following contractual commitments outstanding:

Project	Remaining Contractual Commitment	Estimated Date of Completion
Water Tower	\$1,694,803	12/31/2019
Electric Substation #1 Improvements	1,155,822	12/31/2019
Maple Hill Bridge Replacement	305,067	6/30/2019
CR 25-A Widening Project	143,939	6/30/2020
Total Construction Commitments	\$3,394,381	

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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, 2018, 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, 2018***

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 9/1/18-8/31/19, the City pays 88% of the HSA Plan monthly premium of \$552.39 for single coverage and \$1,489.29 for family coverage. The City also makes an annual contribution to the employee health savings accounts. The annual amount of City contributions to the Health Savings Account is \$1,100 for single coverage and \$3,000 for family coverage. The City also offers a PPO health insurance plan. The monthly premium for the PPO plan is \$653.01 for single coverage and \$1,760.56 for family coverage. The City pays 88% 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, 2018***

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 \$7,347,266 which represents 24.06% of the total equity in Tri-Cities. This reflects an increase of 2.29% over the City's equity interest of 21.77% in 2017. 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 2018, the City paid \$771,073 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 \$1,390,851 which represents 50% of the total equity of NAWA on December 31, 2018. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2018, the City paid \$1,828,359 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, 2018***

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 7, 2019, the City approved the filing of an annexation petition for approx. 160 acres of land for future development of a Meijer production/warehousing/distribution facility.

On January 7, 2019, the City authorized an employment contract with the members of the American Federation of State, County, and Municipal Employees (AFSCME) bargaining unit for the period December 1, 2018-November 30, 2021.

On January 22, 2019, the City authorized a contract with Outdoor Enterprises for the replacement of a waterline on 7th Street in the amount of \$232,250.

On February 13, 2019, the City issued general obligation bond anticipation notes, in the amount of \$7,535,000 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 3.00 percent and mature on February 12, 2020.

On February 19, 2019, the City authorized a contract with J.W. Daido of Akron, Ohio, for construction of the City's Electric Substation #1 improvements in the amount of \$2,270,515.

On May 6, 2019, the City authorized a contract with M&T Excavating of Bradford, Ohio, for construction of a 12" sanitary sewer main on Floral Acres Drive in the amount of \$376,475.

NOTE 23 – SIGNIFICANT ENCUMBRANCES

At December 31, 2018 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	\$ 1,436,402	\$ 341,967	Maple Hill Bridge replacement and repaving
Electric	6,127,361	5,155,442	Substation 1 Improvements
Water	2,539,486	2,400,000	Water Tower # 4 Construction
Sewer	327,370	227,120	25-A Sewer Line Improvements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 24 – TAX ABATEMENT DISCLOSURES

As of December 31, 2018, 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 2018).

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 businesses 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 2018:

	Total Amount of Taxes Abated (Incentives Abated) For the Year 2018 (In Actual Dollars)
<u>Community Reinvestment Area (CRA)</u>	
Manufacturing	\$603,376
Retail	16,932
Professional Buildings	2,278
<u>Amount of Income Tax Dollars paid to the Tipp City Exempted Village School District</u>	
Manufacturing	\$123,081

REQUIRED SUPPLEMENTAL INFORMATION

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

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

CITY OF TIPP CITY, OHIO

<u>2016</u>	<u>2017</u>
0.026622%	0.027877%
\$6,045,511	\$4,373,353
\$3,508,450	\$3,744,100
172.31%	116.81%
77.25%	84.66%

<u>2016</u>	<u>2017</u>
0.062183%	0.065907%
\$3,938,623	\$4,045,022
\$1,485,547	\$1,599,574
265.13%	252.88%
68.36%	70.91%

CITY OF TIPP CITY, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

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

CITY OF TIPP CITY, OHIO

<u>2017</u>	<u>2018</u>
\$486,733	\$515,554
<u>486,733</u>	<u>515,554</u>
<u>\$0</u>	<u>\$0</u>
\$3,744,100	\$3,682,529
13.00%	14.00%

<u>2017</u>	<u>2018</u>
\$303,919	\$322,393
<u>303,919</u>	<u>322,393</u>
<u>\$0</u>	<u>\$0</u>
\$1,599,574	\$1,685,615
19.00%	19.13%



CITY OF TIPP CITY, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

Year	2016	2017
City's proportion of the net OPEB liability (asset)	0.0621832%	0.0659072%
City's proportionate share of the net OPEB liability (asset)	\$2,951,699	\$3,734,209
City's covered payroll	\$1,485,547	\$1,599,574
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	198.69%	233.45%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2016 is not available.

CITY OF TIPP CITY, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2013 is not available.

CITY OF TIPP CITY, OHIO

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$70,169	\$37,441	\$0
<u>70,169</u>	<u>37,441</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,508,450	\$3,744,100	\$3,682,529
2.00%	1.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$7,428	\$7,998	\$8,428
<u>7,428</u>	<u>7,998</u>	<u>8,428</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,485,547	\$1,599,574	\$1,685,615
0.50%	0.50%	0.50%

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2018***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

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

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

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2018***

NET OPEB LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 3.79% to 3.24%.



*C*OMBINING AND *I*NDIVIDUAL *F*UND
*S*TATEMENTS AND *S*CHEDULES

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 Assement 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, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,130,673	\$ 21,894	\$ 74,570	\$ 1,227,137
Receivables:				
Accounts	0	0	38,736	38,736
Intergovernmental	350,770	0	42,376	393,146
Special Assessments	0	441,919	0	441,919
Inventory of Supplies, at Cost	64,723	0	0	64,723
Prepaid Items	3,623	0	0	3,623
Total Assets	<u>\$ 1,549,789</u>	<u>\$ 463,813</u>	<u>\$ 155,682</u>	<u>\$ 2,169,284</u>
Liabilities:				
Accounts Payable	\$ 8,740	\$ 0	\$ 0	\$ 8,740
Accrued Wages and Benefits Payable	6,983	0	0	6,983
Intergovernmental Payable	523	0	0	523
Due to Other Funds	504	0	0	504
Interfund Loans Payable	0	0	81,113	81,113
Accrued Interest Payable	0	0	1,585	1,585
General Obligation Notes Payable	0	0	85,000	85,000
Total Liabilities	<u>16,750</u>	<u>0</u>	<u>167,698</u>	<u>184,448</u>
Deferred Inflows of Resources:				
Unavailable Amounts	<u>233,780</u>	<u>441,919</u>	<u>0</u>	<u>675,699</u>
Fund Balances:				
Nonspendable	68,346	0	0	68,346
Restricted	1,155,819	21,894	74,570	1,252,283
Committed	75,094	0	0	75,094
Unassigned	0	0	(86,586)	(86,586)
Total Fund Balances	<u>1,299,259</u>	<u>21,894</u>	<u>(12,016)</u>	<u>1,309,137</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 1,549,789</u>	<u>\$ 463,813</u>	<u>\$ 155,682</u>	<u>\$ 2,169,284</u>

CITY OF TIPP CITY, OHIO**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 74,578	\$ 0	\$ 0	\$ 74,578
Intergovernmental Revenues	712,586	0	530,864	1,243,450
Charges for Services	324,451	0	0	324,451
Special Assessments	0	73,653	0	73,653
Fines and Forfeitures	1,050	0	0	1,050
All Other Revenue	29,396	0	11,794	41,190
Total Revenue	<u>1,142,061</u>	<u>73,653</u>	<u>542,658</u>	<u>1,758,372</u>
Expenditures:				
Current:				
Leisure Time Activities	327,990	0	0	327,990
Transportation	693,429	0	0	693,429
General Government	0	3,507	0	3,507
Capital Outlay	9,128	0	543,692	552,820
Debt Service:				
Principal Retirement	0	198,182	185,000	383,182
Interest and Fiscal Charges	0	35,859	4,479	40,338
Total Expenditures	<u>1,030,547</u>	<u>237,548</u>	<u>733,171</u>	<u>2,001,266</u>
Excess (Deficiency) of Revenues Over Expenditures	111,514	(163,895)	(190,513)	(242,894)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	100,000	100,000
Transfers In	0	165,925	205,966	371,891
Total Other Financing Sources (Uses)	<u>0</u>	<u>165,925</u>	<u>305,966</u>	<u>471,891</u>
Net Change in Fund Balances	111,514	2,030	115,453	228,997
Fund Balances at Beginning of Year	1,178,604	19,864	(127,469)	1,070,999
Change in Inventory	9,141	0	0	9,141
Fund Balances End of Year	<u>\$ 1,299,259</u>	<u>\$ 21,894</u>	<u>\$ (12,016)</u>	<u>\$ 1,309,137</u>

CITY OF TIPP CITY, OHIO**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Assets:				
Cash and Cash Equivalents	\$ 76,056	\$ 364,373	\$ 217,348	\$ 431,745
Receivables:				
Intergovernmental	0	220,265	17,859	112,546
Inventory of Supplies, at Cost	0	64,723	0	0
Prepaid Items	0	3,591	0	32
Total Assets	<u>\$ 76,056</u>	<u>\$ 652,952</u>	<u>\$ 235,207</u>	<u>\$ 544,323</u>
Liabilities:				
Accounts Payable	\$ 1,107	\$ 3,800	\$ 0	\$ 3,833
Accrued Wages and Benefits Payable	0	5,236	0	1,747
Intergovernmental Payable	0	394	0	129
Due to Other Funds	0	504	0	0
Total Liabilities	<u>1,107</u>	<u>9,934</u>	<u>0</u>	<u>5,709</u>
Deferred Inflows of Resources:				
Unavailable Amounts	0	146,843	11,906	75,031
Fund Balances:				
Nonspendable	0	68,314	0	32
Restricted	0	427,861	223,301	463,551
Committed	74,949	0	0	0
Total Fund Balances	<u>74,949</u>	<u>496,175</u>	<u>223,301</u>	<u>463,583</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 76,056</u>	<u>\$ 652,952</u>	<u>\$ 235,207</u>	<u>\$ 544,323</u>

CITY OF TIPP CITY, OHIO

Peace Officer Training	Law Enforcement	Enforcement and Education	Drug Law Enforcement	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 11,160	\$ 19,856	\$ 8,629	\$ 1,361	\$ 145	\$ 1,130,673
0	0	100	0	0	350,770
0	0	0	0	0	64,723
0	0	0	0	0	3,623
<u>\$ 11,160</u>	<u>\$ 19,856</u>	<u>\$ 8,729</u>	<u>\$ 1,361</u>	<u>\$ 145</u>	<u>\$ 1,549,789</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,740
0	0	0	0	0	6,983
0	0	0	0	0	523
0	0	0	0	0	504
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,750</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>233,780</u>
0	0	0	0	0	68,346
11,160	19,856	8,729	1,361	0	1,155,819
0	0	0	0	145	75,094
<u>11,160</u>	<u>19,856</u>	<u>8,729</u>	<u>1,361</u>	<u>145</u>	<u>1,299,259</u>
<u>\$ 11,160</u>	<u>\$ 19,856</u>	<u>\$ 8,729</u>	<u>\$ 1,361</u>	<u>\$ 145</u>	<u>\$ 1,549,789</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, 2018**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	454,666	36,865	221,055
Charges for Services	324,450	1	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	12,953	8,949	0	1,603
Total Revenue	<u>337,403</u>	<u>463,616</u>	<u>36,865</u>	<u>222,658</u>
Expenditures:				
Current:				
Leisure Time Activities	327,990	0	0	0
Transportation	0	408,392	15,333	195,126
Capital Outlay	0	186	0	2,942
Total Expenditures	<u>327,990</u>	<u>408,578</u>	<u>15,333</u>	<u>198,068</u>
Excess (Deficiency) of Revenues Over Expenditures	9,413	55,038	21,532	24,590
Fund Balances at Beginning of Year	65,536	431,996	201,769	438,993
Change in Inventory	0	9,141	0	0
Fund Balances End of Year	<u>\$ 74,949</u>	<u>\$ 496,175</u>	<u>\$ 223,301</u>	<u>\$ 463,583</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	\$ 74,578	\$ 0	\$ 74,578
0	0	0	0	0	0	712,586
0	0	0	0	0	0	324,451
0	0	1,025	25	0	0	1,050
0	5,891	0	0	0	0	29,396
0	5,891	1,025	25	74,578	0	1,142,061
0	0	0	0	0	0	327,990
0	0	0	0	74,578	0	693,429
0	0	0	6,000	0	0	9,128
0	0	0	6,000	74,578	0	1,030,547
0	5,891	1,025	(5,975)	0	0	111,514
11,160	13,965	7,704	7,336	0	145	1,178,604
0	0	0	0	0	0	9,141
<u>\$ 11,160</u>	<u>\$ 19,856</u>	<u>\$ 8,729</u>	<u>\$ 1,361</u>	<u>\$ 0</u>	<u>\$ 145</u>	<u>\$ 1,299,259</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2018**

	General Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 732	\$ 21,162	\$ 21,894
Receivables:			
Special Assessments	0	441,919	441,919
Total Assets	<u>\$ 732</u>	<u>\$ 463,081</u>	<u>\$ 463,813</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Deferred Inflows of Resources:			
Unavailable Amounts	0	441,919	441,919
Fund Balances:			
Restricted	732	21,162	21,894
Unassigned	0	0	0
Total Fund Balances	<u>732</u>	<u>21,162</u>	<u>21,894</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 732</u>	<u>\$ 463,081</u>	<u>\$ 463,813</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, 2018**

	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	148,182	50,000	198,182
Interest and Fiscal Charges	17,776	18,083	35,859
Total Expenditures	<u>165,958</u>	<u>71,590</u>	<u>237,548</u>
Excess (Deficiency) of Revenues Over Expenditures	(165,958)	2,063	(163,895)
Other Financing Sources (Uses):			
Transfers In	165,925	0	165,925
Total Other Financing Sources (Uses)	<u>165,925</u>	<u>0</u>	<u>165,925</u>
Net Change in Fund Balances	(33)	2,063	2,030
Fund Balances at Beginning of Year	765	19,099	19,864
Fund Balances End of Year	<u>\$ 732</u>	<u>\$ 21,162</u>	<u>\$ 21,894</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018**

	Parks Capital Improvement	25-A Construction	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 74,570	\$ 0	\$ 74,570
Receivables:			
Accounts	0	38,736	38,736
Intergovernmental	0	42,376	42,376
Total Assets	<u>\$ 74,570</u>	<u>\$ 81,112</u>	<u>\$ 155,682</u>
Liabilities:			
Interfund Loans Payable	0	81,113	81,113
Accrued Interest Payable	0	1,585	1,585
General Obligation Notes Payable	0	85,000	85,000
Total Liabilities	<u>0</u>	<u>167,698</u>	<u>167,698</u>
Fund Balances:			
Restricted	74,570	0	74,570
Unassigned	0	(86,586)	(86,586)
Total Fund Balances	<u>74,570</u>	<u>(86,586)</u>	<u>(12,016)</u>
Total Liabilities and Fund Balances	<u>\$ 74,570</u>	<u>\$ 81,112</u>	<u>\$ 155,682</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, 2018**

	Parks Capital Improvement	Abbott Drive Construction	25-A Construction	Total Nonmajor Capital Project Funds
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 530,864	\$ 530,864
All Other Revenue	11,794	0	0	11,794
Total Revenue	<u>11,794</u>	<u>0</u>	<u>530,864</u>	<u>542,658</u>
Expenditures:				
Capital Outlay	1,333	0	542,359	543,692
Debt Service:				
Principal Retirement	0	0	185,000	185,000
Interest and Fiscal Charges	0	213	4,266	4,479
Total Expenditures	<u>1,333</u>	<u>213</u>	<u>731,625</u>	<u>733,171</u>
Excess (Deficiency) of Revenues Over Expenditures	10,461	(213)	(200,761)	(190,513)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	100,000	100,000
Transfers In	0	101,749	104,217	205,966
Total Other Financing Sources (Uses)	<u>0</u>	<u>101,749</u>	<u>204,217</u>	<u>305,966</u>
Net Change in Fund Balances	10,461	101,536	3,456	115,453
Fund Balances at Beginning of Year	64,109	(101,536)	(90,042)	(127,469)
Fund Balances End of Year	<u>\$ 74,570</u>	<u>\$ 0</u>	<u>\$ (86,586)</u>	<u>\$ (12,016)</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,853,883	\$ 3,853,883	\$ 3,727,885	\$ (125,998)
Intergovernmental Revenues	1,050,918	1,050,918	1,065,934	15,016
Charges for Services	1,320,346	1,320,346	1,411,456	91,110
Licenses and Permits	167,600	167,600	210,584	42,984
Investment Earnings	140,000	140,000	251,076	111,076
Special Assessments	1,250	1,250	1,109	(141)
Fines and Forfeitures	14,600	14,600	12,975	(1,625)
All Other Revenues	68,200	68,200	184,311	116,111
Total Revenues	6,616,797	6,616,797	6,865,330	248,533
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,597,462	2,597,462	2,563,537	33,925
Travel and Training	28,179	28,179	27,894	285
Materials and Supplies	57,691	60,191	54,807	5,384
Contractual Services	139,303	139,303	119,974	19,329
Total Police	2,822,635	2,825,135	2,766,212	58,923
Fire:				
Personal Services	147,534	147,534	142,923	4,611
Travel and Training	3,677	3,677	3,479	198
Materials and Supplies	6,532	7,032	6,707	325
Contractual Services	87,639	87,639	84,341	3,298
Total Fire	245,382	245,882	237,450	8,432
Emergency Medical Services:				
Personal Services	709,417	709,417	663,187	46,230
Travel and Training	13,545	13,545	11,333	2,212
Materials and Supplies	38,938	44,938	39,774	5,164
Contractual Services	129,721	129,721	117,707	12,014
Total Emergency Medical Services	891,621	897,621	832,001	65,620
Total Security of Persons and Property	3,959,638	3,968,638	3,835,663	132,975

(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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	357,228	347,228	318,937	28,291
Travel and Training	2,352	2,352	1,370	982
Materials and Supplies	66,384	76,384	70,676	5,708
Contractual Services	114,859	114,859	109,706	5,153
Total Parks	540,823	540,823	500,689	40,134
Recreation:				
Contractual Services	17,700	17,700	17,700	0
Total Recreation	17,700	17,700	17,700	0
Total Leisure Time Activities	558,523	558,523	518,389	40,134
Community Environment:				
Planning:				
Personal Services	280,463	280,463	264,553	15,910
Travel and Training	3,726	3,726	2,255	1,471
Materials and Supplies	3,191	3,191	2,462	729
Contractual Services	562,678	562,678	57,503	505,175
Total Community Environment	850,058	850,058	326,773	523,285
Basic Utility Services:				
Utility Billing:				
Personal Services	231,176	231,176	235,398	(4,222)
Travel and Training	3,250	3,250	1,301	1,949
Materials and Supplies	37,495	37,495	31,958	5,537
Contractual Services	39,801	39,801	24,958	14,843
Total Basic Utility Services	311,722	311,722	293,615	18,107
General Government:				
City Council:				
Personal Services	49,533	52,033	53,296	(1,263)
Travel and Training	7,605	7,605	6,634	971
Materials and Supplies	1,736	1,736	815	921
Contractual Services	22,638	26,638	24,266	2,372
Total City Council	81,512	88,012	85,011	3,001

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Commissions:				
Travel and Training	785	785	781	4
Materials and Supplies	2,756	2,756	1,001	1,755
Contractual Services	30,703	30,703	29,716	987
Total Commissions	34,244	34,244	31,498	2,746
Administration:				
Personal Services	293,452	293,452	297,362	(3,910)
Travel and Training	6,586	6,586	6,586	0
Materials and Supplies	1,500	1,500	1,424	76
Contractual Services	8,296	8,296	6,820	1,476
Total Administration	309,834	309,834	312,192	(2,358)
Buildings and Grounds:				
Personal Services	142,573	142,573	140,269	2,304
Travel and Training	3,199	3,199	3,013	186
Materials and Supplies	11,372	11,372	9,074	2,298
Contractual Services	131,759	131,759	123,587	8,172
Total Buildings and Grounds	288,903	288,903	275,943	12,960
Finance - Accounting:				
Personal Services	235,273	235,273	231,902	3,371
Travel and Training	1,298	1,298	1,165	133
Materials and Supplies	2,450	2,450	2,449	1
Contractual Services	20,548	20,548	19,309	1,239
Total Finance - Accounting	259,569	259,569	254,825	4,744
Finance - Income Tax:				
Personal Services	167,299	167,299	167,443	(144)
Travel and Training	1,700	1,700	995	705
Materials and Supplies	8,047	8,047	4,783	3,264
Contractual Services	26,072	26,072	21,555	4,517
Income Tax Refunds	100,000	100,000	91,253	8,747
Total Finance - Income Tax	303,118	303,118	286,029	17,089

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legal:				
Personal Services	63,281	82,281	69,853	12,428
Travel and Training	400	400	493	(93)
Contractual Services	57,125	157,125	153,673	3,452
Total Legal	120,806	239,806	224,019	15,787
Engineering:				
Personal Services	154,980	104,980	77,827	27,153
Travel and Training	592	592	592	0
Materials and Supplies	3,918	3,918	2,044	1,874
Contractual Services	22,674	42,674	39,214	3,460
Total Engineering	182,164	152,164	119,677	32,487
General Administrative:				
Materials and Supplies	12,500	12,500	4,985	7,515
Contractual Services	166,269	166,269	153,210	13,059
Other Expenditures	12,000	62,000	61,800	200
Total General Administrative	190,769	240,769	219,995	20,774
Total General Government	1,770,919	1,916,419	1,809,189	107,230
Capital Outlay:				
Police	9,800	9,800	4,127	5,673
Fire	61,566	61,566	51,986	9,580
Emergency Medical Services	5,200	5,200	5,120	80
Parks	4,125	4,125	3,386	739
Planning	500	500	0	500
Utility Billing	4,180	4,180	3,880	300
City Council	300	300	0	300
Commissions	300	300	0	300
Administration	500	500	0	500
Buildings and Grounds	629	629	625	4
Finance - Accounting	300	300	250	50
Finance - Income Tax	1,190	1,190	1,130	60
Engineering	650	650	100	550
Total Capital Outlay	89,240	89,240	70,604	18,636
Total Expenditures	7,540,100	7,694,600	6,854,233	840,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	(923,303)	(1,077,803)	11,097	1,088,900

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers Out	0	(135,000)	(135,000)	0
Advances In	150,000	150,000	0	(150,000)
Advances Out	0	(81,113)	(81,113)	0
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>(66,113)</u>	<u>(216,113)</u>	<u>(150,000)</u>
Net Change in Fund Balance	(773,303)	(1,143,916)	(205,016)	938,900
Fund Balance at Beginning of Year	5,936,095	5,936,095	5,936,095	0
Prior Year Encumbrances	139,976	139,976	139,976	0
Fund Balance at End of Year	<u>\$ 5,302,768</u>	<u>\$ 4,932,155</u>	<u>\$ 5,871,055</u>	<u>\$ 938,900</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, 2018***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 3,046,851	\$ 2,896,570	\$ (150,281)
Intergovernmental Revenues	405,000	110,439	(294,561)
Charges for Services	50,000	57,610	7,610
Special Assessments	60,000	29,510	(30,490)
All Other Revenues	1,000	128,396	127,396
Total Revenues	<u>3,562,851</u>	<u>3,222,525</u>	<u>(340,326)</u>
Expenditures:			
General Government:			
Contractual Services	3,100	2,694	406
Other Expenditures	143,425	142,462	963
Total General Government	<u>146,525</u>	<u>145,156</u>	<u>1,369</u>
Capital Outlay	<u>3,545,330</u>	<u>3,342,215</u>	<u>203,115</u>
Total Expenditures	<u>3,691,855</u>	<u>3,487,371</u>	<u>204,484</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(129,004)	(264,846)	(135,842)
Other Financing Sources (Uses):			
Sale of Capital Assets	15,000	16,559	1,559
Transfers In	135,000	135,000	0
Transfers Out	(1,034,700)	(1,034,600)	100
Advances Out	(150,000)	0	150,000
Total Other Financing Sources (Uses)	<u>(1,034,700)</u>	<u>(883,041)</u>	<u>151,659</u>
Net Change in Fund Balance	(1,163,704)	(1,147,887)	15,817
Fund Balance at Beginning of Year	330,137	330,137	0
Prior Year Encumbrances	1,148,980	1,148,980	0
Fund Balance at End of Year	<u>\$ 315,413</u>	<u>\$ 331,230</u>	<u>\$ 15,817</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, 2018***

SWIMMING POOL FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 297,500	\$ 324,450	\$ 26,950
All Other Revenues	10,000	12,953	2,953
Total Revenues	307,500	337,403	29,903
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	38,980	33,642	5,338
Contractual Services	310,185	291,302	18,883
Other Expenditures	770	770	0
Total Expenditures	349,935	325,714	24,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,435)	11,689	54,124
Fund Balance at Beginning of Year	63,636	63,636	0
Prior Year Encumbrances	350	350	0
Fund Balance at End of Year	\$ 21,551	\$ 75,675	\$ 54,124

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, 2018***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 436,800	\$ 453,805	\$ 17,005
Charges for Services	0	1	1
All Other Revenues	2,500	8,949	6,449
Total Revenues	439,300	462,755	23,455
Expenditures:			
Transportation:			
Street:			
Personal Services	363,620	327,801	35,819
Travel and Training	2,030	1,050	980
Materials and Supplies	33,868	18,133	15,735
Contractual Services	77,580	65,955	11,625
Total Transportation	477,098	412,939	64,159
Capital Outlay	1,000	513	487
Total Expenditures	478,098	413,452	64,646
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,798)	49,303	88,101
Fund Balance at Beginning of Year	302,284	302,284	0
Prior Year Encumbrances	6,928	6,928	0
Fund Balance at End of Year	\$ 270,414	\$ 358,515	\$ 88,101

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, 2018***

STATE HIGHWAY IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 35,488	\$ 36,795	\$ 1,307
Total Revenues	<u>35,488</u>	<u>36,795</u>	<u>1,307</u>
Expenditures:			
Transportation:			
Street:			
Materials and Supplies	22,500	7,199	15,301
Contractual Services	<u>16,354</u>	<u>13,158</u>	<u>3,196</u>
Total Expenditures	<u>38,854</u>	<u>20,357</u>	<u>18,497</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,366)	16,438	19,804
Fund Balance at Beginning of Year	188,532	188,532	0
Prior Year Encumbrances	<u>7,354</u>	<u>7,354</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 192,520</u>	<u>\$ 212,324</u>	<u>\$ 19,804</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, 2018***

MUNICIPAL ROAD FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 225,115	\$ 219,442	\$ (5,673)
All Other Revenues	500	1,603	1,103
Total Revenues	225,615	221,045	(4,570)
Expenditures:			
Transportation:			
Street:			
Personal Services	106,966	98,258	8,708
Materials and Supplies	146,749	90,506	56,243
Contractual Services	46,366	42,085	4,281
Total Transportation	300,081	230,849	69,232
Capital Outlay	3,000	2,942	58
Total Expenditures	303,081	233,791	69,290
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,466)	(12,746)	64,720
Fund Balance at Beginning of Year	358,828	358,828	0
Prior Year Encumbrances	51,574	51,574	0
Fund Balance at End of Year	\$ 332,936	\$ 397,656	\$ 64,720

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, 2018***

PEACE OFFICER TRAINING FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 3,500	\$ 7,200	\$ 3,700
Total Revenues	<u>3,500</u>	<u>7,200</u>	<u>3,700</u>
Expenditures:			
Security of Persons and Property:			
State Grant:			
Travel and Training	3,500	0	3,500
Total Expenditures	<u>3,500</u>	<u>0</u>	<u>3,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	7,200	7,200
Fund Balance at Beginning of Year	3,960	3,960	0
Fund Balance at End of Year	<u>\$ 3,960</u>	<u>\$ 11,160</u>	<u>\$ 7,200</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, 2018***

LAW ENFORCEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 2,500	\$ 5,891	\$ 3,391
Total Revenues	<u>2,500</u>	<u>5,891</u>	<u>3,391</u>
Expenditures:			
Capital Outlay	3,000	0	3,000
Total Expenditures	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	5,891	6,391
Fund Balance at Beginning of Year	13,965	13,965	0
Fund Balance at End of Year	<u>\$ 13,465</u>	<u>\$ 19,856</u>	<u>\$ 6,391</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, 2018***

ENFORCEMENT AND EDUCATION FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Fines and Forfeitures	\$ 750	\$ 925	\$ 175
Total Revenues	750	925	175
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	750	925	175
Fund Balance at Beginning of Year	7,704	7,704	0
Fund Balance at End of Year	<u>\$ 8,454</u>	<u>\$ 8,629</u>	<u>\$ 175</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, 2018***

DRUG LAW ENFORCEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 50	\$ 25	\$ (25)
Total Revenues	50	25	(25)
Expenditures:			
Capital Outlay	6,000	6,000	0
Total Expenditures	6,000	6,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,950)	(5,975)	(25)
Fund Balance at Beginning of Year	7,336	7,336	0
Fund Balance at End of Year	\$ 1,386	\$ 1,361	\$ (25)

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, 2018***

FIELDSTONE TIF PROJECT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 74,578	\$ 74,578	\$ 0
Total Revenues	<u>74,578</u>	<u>74,578</u>	<u>0</u>
Expenditures:			
Transportation:			
Street:			
Contractual Services	1,003	1,003	0
Other Expenditures	<u>73,575</u>	<u>73,575</u>	<u>0</u>
Total Expenditures	<u>74,578</u>	<u>74,578</u>	<u>0</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, 2018***

POLICE DONATION TRUST FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u> 0</u>	<u> 0</u>	<u> 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> 0</u>	<u> 0</u>	<u> 0</u>
Fund Balance at Beginning of Year	<u> 145</u>	<u> 145</u>	<u> 0</u>
Fund Balance at End of Year	<u><u> 145</u></u>	<u><u> 145</u></u>	<u><u> 0</u></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, 2018***

GENERAL BOND RETIREMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Debt Service:			
Principal Retirement	1,928,300	1,928,182	118
Interest and Fiscal Charges	53,075	52,356	719
Total Expenditures	1,981,375	1,980,538	837
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,981,375)	(1,980,538)	837
Other Financing Sources (Uses):			
General Obligation Notes Issued	1,062,500	937,500	(125,000)
Premium on General Obligation Notes	15,000	8,405	(6,595)
Transfers In	918,125	1,034,600	116,475
Total Other Financing Sources (Uses)	1,995,625	1,980,505	(15,120)
Net Change in Fund Balance	14,250	(33)	(14,283)
Fund Balance at Beginning of Year	765	765	0
Fund Balance at End of Year	\$ 15,015	\$ 732	\$ (14,283)

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, 2018***

SPECIAL ASSESSMENT BOND RETIREMENT FUND			
	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	<u>18,083</u>	<u>18,083</u>	<u>0</u>
Total Expenditures	<u>71,590</u>	<u>71,590</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,063	2,063	0
Fund Balance at Beginning of Year	<u>19,099</u>	<u>19,099</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,162</u>	<u>\$ 21,162</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, 2018***

PARKS CAPITAL IMPROVEMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 3,000	\$ 0	\$ (3,000)
All Other Revenues	0	11,794	11,794
Total Revenues	<u>3,000</u>	<u>11,794</u>	<u>8,794</u>
Expenditures:			
Capital Outlay	<u>5,000</u>	<u>1,333</u>	<u>3,667</u>
Total Expenditures	<u>5,000</u>	<u>1,333</u>	<u>3,667</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000)	10,461	12,461
Fund Balance at Beginning of Year	<u>64,109</u>	<u>64,109</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 62,109</u>	<u>\$ 74,570</u>	<u>\$ 12,461</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, 2018***

25-A CONSTRUCTION FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 0	\$ 846,334	\$ 846,334
Total Revenues	0	846,334	846,334
Expenditures:			
Capital Outlay	1,144,951	955,636	189,315
Total Expenditures	1,144,951	955,636	189,315
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,144,951)	(109,302)	1,035,649
Other Financing Sources (Uses):			
Advances In	81,113	81,113	0
Advances Out	(81,113)	0	81,113
Total Other Financing Sources (Uses)	0	81,113	81,113
Net Change in Fund Balance	(1,144,951)	(28,189)	1,116,762
Fund Balance at Beginning of Year	(1,116,762)	(1,116,762)	0
Prior Year Encumbrances	1,144,951	1,144,951	0
Fund Balance at End of Year	\$ (1,116,762)	\$ 0	\$ 1,116,762

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.

CITY OF TIPP CITY, OHIO***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2018***

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
<u>Contractor Maintenance Deposit Fund</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$134,946	\$145,172	(\$142,304)	\$137,814
Total Assets	<u>\$134,946</u>	<u>\$145,172</u>	<u>(\$142,304)</u>	<u>\$137,814</u>
Liabilities:				
Due to Others	\$134,946	\$145,172	(\$142,304)	\$137,814
Total Liabilities	<u>\$134,946</u>	<u>\$145,172</u>	<u>(\$142,304)</u>	<u>\$137,814</u>
<u>Health Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$6,529	\$148,157	(\$141,818)	\$12,868
Total Assets	<u>\$6,529</u>	<u>\$148,157</u>	<u>(\$141,818)</u>	<u>\$12,868</u>
Liabilities:				
Due to Others	\$6,529	\$148,157	(\$141,818)	\$12,868
Total Liabilities	<u>\$6,529</u>	<u>\$148,157</u>	<u>(\$141,818)</u>	<u>\$12,868</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$6,529	\$148,157	(\$141,818)	\$12,868
Restricted Cash and Cash Equivalents	134,946	145,172	(142,304)	137,814
Total Assets	<u>\$141,475</u>	<u>\$293,329</u>	<u>(\$284,122)</u>	<u>\$150,682</u>
Liabilities:				
Due to Others	\$141,475	\$293,329	(\$284,122)	\$150,682
Total Liabilities	<u>\$141,475</u>	<u>\$293,329</u>	<u>(\$284,122)</u>	<u>\$150,682</u>







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)

	2009	2010	2011	2012
Governmental Activities:				
Net Investment in Capital Assets	\$32,842,386	\$33,597,957	\$34,228,303	\$31,966,661
Restricted	1,947,201	1,885,841	2,367,676	1,858,164
Unrestricted	5,431,361	5,015,791	5,478,337	9,638,818
Total Governmental Activities Net Position	<u>\$40,220,948</u>	<u>\$40,499,589</u>	<u>\$42,074,316</u>	<u>\$43,463,643</u>
Business-type Activities:				
Net Investment in Capital Assets	\$20,158,896	\$18,683,126	\$20,521,369	\$19,920,919
Unrestricted	14,835,988	18,126,140	18,359,537	20,056,259
Total Business-type Activities Net Position	<u>\$34,994,884</u>	<u>\$36,809,266</u>	<u>\$38,880,906</u>	<u>\$39,977,178</u>
Primary Government:				
Net Investment in Capital Assets	\$53,001,282	\$52,281,083	\$54,749,672	\$51,887,580
Restricted	1,947,201	1,885,841	2,367,676	1,858,164
Unrestricted	20,267,349	23,141,931	23,837,874	29,695,077
Total Primary Government Net Position	<u>\$75,215,832</u>	<u>\$77,308,855</u>	<u>\$80,955,222</u>	<u>\$83,440,821</u>

* Restated

Source: Finance Director's Office

City of Tipp City

2013	2014	2015	2016	2017	2018
	*			*	
\$36,793,037	\$39,136,408	\$41,068,323	\$44,098,177	\$46,195,036	\$48,741,413
3,497,916	3,112,981	3,443,958	3,606,947	3,963,070	4,293,731
5,487,005	1,356,787	1,737,855	1,907,712	(3,220,198)	(4,100,236)
<u>\$45,777,958</u>	<u>\$43,606,176</u>	<u>\$46,250,136</u>	<u>\$49,612,836</u>	<u>\$46,937,908</u>	<u>\$48,934,908</u>
\$19,488,875	\$21,107,345	\$26,210,107	\$26,574,005	\$22,795,072	\$24,189,309
21,158,072	18,739,123	15,742,022	17,102,941	21,524,550	23,970,970
<u>\$40,646,947</u>	<u>\$39,846,468</u>	<u>\$41,952,129</u>	<u>\$43,676,946</u>	<u>\$44,319,622</u>	<u>\$48,160,279</u>
\$56,281,912	\$60,243,753	\$67,278,430	\$70,672,182	\$68,990,108	\$72,930,722
3,497,916	3,112,981	3,443,958	3,606,947	3,963,070	4,293,731
26,645,077	20,095,910	17,479,877	19,010,653	18,304,352	19,870,734
<u>\$86,424,905</u>	<u>\$83,452,644</u>	<u>\$88,202,265</u>	<u>\$93,289,782</u>	<u>\$91,257,530</u>	<u>\$97,095,187</u>

City of Tipp City

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

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
Security of Persons and Property	\$3,286,305	\$3,191,455	\$3,295,937	\$3,807,107
Leisure Time Activities	1,320,200	1,115,986	1,206,554	1,258,269
Community Environment	260,189	240,229	263,018	266,399
Basic Utility Services	238,584	209,396	207,591	219,845
Transportation	1,858,692	1,520,827	1,496,946	1,748,615
General Government	1,601,373	1,552,036	1,724,894	1,546,497
Interest and Fiscal Charges	243,087	195,839	159,465	128,914
<i>Total Governmental Activities Expenses</i>	<u>8,808,430</u>	<u>8,025,768</u>	<u>8,354,405</u>	<u>8,975,646</u>
Business-type Activities:				
Electric	10,043,278	10,934,711	10,162,311	10,947,908
Water	2,492,331	2,687,174	2,339,234	2,450,611
Sewer	1,236,664	1,293,025	1,332,069	1,277,737
Refuse Collection	741,101	762,941	777,573	803,896
<i>Total Business-type Activities Expenses</i>	<u>14,513,374</u>	<u>15,677,851</u>	<u>14,611,187</u>	<u>15,480,152</u>
<i>Total Primary Government Expenses</i>	<u>\$23,321,804</u>	<u>\$23,703,619</u>	<u>\$22,965,592</u>	<u>\$24,455,798</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$613,231	\$526,499	\$674,013	\$677,146
Leisure Time Activities	332,688	387,874	394,409	362,673
Community Environment	89,325	20,431	68,382	65,012
Basic Utility Services	116,993	232,627	207,662	222,600
Transportation	33,388	32,162	31,468	86,142
Operating Grants and Contributions	693,882	651,175	649,294	688,116
Capital Grants and Contributions	1,168,819	211,035	926,961	913,862
<i>Total Governmental Activities Program Revenues</i>	<u>3,048,326</u>	<u>2,061,803</u>	<u>2,952,189</u>	<u>3,015,551</u>

City of Tipp City

2013	2014	2015	2016	2017	2018
\$3,530,729	\$3,717,379	\$3,838,659	\$4,253,983	\$4,212,068	\$4,786,776
1,184,929	1,171,559	1,202,951	1,172,199	1,251,064	1,305,551
318,126	301,822	280,344	357,068	328,263	390,421
224,611	221,338	9,792	42,788	62,431	61,739
1,282,473	1,516,512	1,744,237	1,597,236	1,703,666	1,708,316
1,461,944	1,681,433	846,759	938,638	1,623,266	1,742,173
131,839	95,626	77,291	74,428	70,554	56,229
8,134,651	8,705,669	8,000,033	8,436,340	9,251,312	10,051,205
13,022,380	15,434,334	14,104,590	16,042,057	17,082,743	18,813,973
2,750,504	2,635,749	3,082,812	3,568,202	3,477,515	3,184,391
1,524,521	1,676,170	1,611,383	1,938,930	1,432,981	1,450,227
830,635	860,620	859,546	899,948	923,687	940,679
18,128,040	20,606,873	19,658,331	22,449,137	22,916,926	24,389,270
\$26,262,691	\$29,312,542	\$27,658,364	\$30,885,477	\$32,168,238	\$34,440,475
\$467,951	\$807,557	\$679,634	\$801,163	\$612,673	\$913,386
285,683	260,789	290,382	334,915	315,540	363,886
19,545	34,773	19,746	202,402	178,995	213,695
222,244	231,165	0	0	0	0
66,357	230,958	57,709	15,921	9,416	10,858
639,270	678,811	686,622	723,446	707,663	717,674
1,264,689	1,082,009	1,372,145	2,182,014	1,612,294	1,731,182
2,965,739	3,326,062	3,106,238	4,259,861	3,436,581	3,950,681

(continued)

City of Tipp City

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

	2009	2010	2011	2012
Business-type Activities:				
Charges for Services				
Electric	10,957,613	11,895,134	12,127,149	12,114,762
Water	2,331,227	2,516,700	2,151,483	2,523,591
Sewer	1,259,362	2,117,802	1,129,188	1,121,499
Refuse Collection	738,911	763,387	786,630	816,572
Capital Grants and Contributions	751,569	241,153	504,377	0
<i>Total Business-type Activities Program Revenues</i>	<u>16,038,682</u>	<u>17,534,176</u>	<u>16,698,827</u>	<u>16,576,424</u>
<i>Total Primary Government Program Revenues</i>	<u>19,087,008</u>	<u>19,595,979</u>	<u>19,651,016</u>	<u>19,591,975</u>
Net (Expense)/Revenue				
Governmental Activities	(5,760,104)	(5,963,965)	(5,402,216)	(5,960,095)
Business-type Activities	1,525,308	1,856,325	2,087,640	1,096,272
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$4,234,796)</u>	<u>(\$4,107,640)</u>	<u>(\$3,314,576)</u>	<u>(\$4,863,823)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Income Taxes	\$3,133,216	\$3,449,915	\$4,006,199	\$4,958,434
Property Taxes	326,079	323,521	323,887	327,145
Other Local Taxes	28,052	46,875	58,523	73,682
Unrestricted Shared Revenues	1,302,247	1,327,627	1,286,470	1,002,069
Investment Earnings	195,035	121,044	91,692	80,537
Miscellaneous	1,036,774	931,681	1,194,172	907,555
Transfers	19,105	41,943	16,000	0
<i>Total Governmental Activities</i>	<u>6,040,508</u>	<u>6,242,606</u>	<u>6,976,943</u>	<u>7,349,422</u>
Business-type Activities:				
Transfers	(19,105)	(41,943)	(16,000)	0
<i>Total Business-type Activities</i>	<u>(19,105)</u>	<u>(41,943)</u>	<u>(16,000)</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$6,021,403</u>	<u>\$6,200,663</u>	<u>\$6,960,943</u>	<u>\$7,349,422</u>
Change in Net Position				
Governmental Activities	\$280,404	\$278,641	\$1,574,727	\$1,389,327
Business-type Activities	1,506,203	1,814,382	2,071,640	1,096,272
<i>Total Primary Government Change in Net Position</i>	<u>\$1,786,607</u>	<u>\$2,093,023</u>	<u>\$3,646,367</u>	<u>\$2,485,599</u>

Source: Finance Director's Office

City of Tipp City

2013	2014	2015	2016	2017	2018
13,473,203	15,250,429	16,148,597	16,894,764	17,942,294	20,171,837
2,354,501	2,789,748	3,099,354	3,574,386	3,679,697	3,663,801
1,362,580	1,560,951	1,686,990	1,887,109	1,948,942	2,158,793
839,841	862,774	809,891	885,333	907,429	915,750
767,684	404,328	0	903,697	151,153	1,250,353
18,797,809	20,868,230	21,744,832	24,145,289	24,629,515	28,160,534
21,763,548	24,194,292	24,851,070	28,405,150	28,066,096	32,111,215
(5,168,912)	(5,379,607)	(4,893,795)	(4,176,479)	(5,814,731)	(6,100,524)
669,769	261,357	2,086,501	1,696,152	1,712,589	3,771,264
(\$4,499,143)	(\$5,118,250)	(\$2,807,294)	(\$2,480,327)	(\$4,102,142)	(\$2,329,260)
\$5,400,724	\$5,344,919	\$5,834,924	\$5,963,230	\$5,760,914	\$6,041,201
330,957	303,129	385,271	396,384	413,503	417,062
76,559	78,345	81,444	86,281	85,348	72,217
381,894	936,945	978,819	970,419	1,005,568	1,067,066
44,249	31,794	35,690	76,914	144,263	265,148
1,248,844	950,506	240,767	74,616	199,883	304,223
0	(28,605)	(19,160)	(28,665)	(28,586)	(69,393)
7,483,227	7,617,033	7,537,755	7,539,179	7,580,893	8,097,524
0	28,605	19,160	28,665	28,586	69,393
0	28,605	19,160	28,665	28,586	69,393
\$7,483,227	\$7,645,638	\$7,556,915	\$7,567,844	\$7,609,479	\$8,166,917
\$2,314,315	\$2,237,426	\$2,643,960	\$3,362,700	\$1,766,162	\$1,997,000
669,769	289,962	2,105,661	1,724,817	1,741,175	3,840,657
\$2,984,084	\$2,527,388	\$4,749,621	\$5,087,517	\$3,507,337	\$5,837,657

City of Tipp City

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

	2009	2010	2011	2012	2013
General Fund					
Nonspendable	\$0	\$0	\$101,503	\$101,889	\$87,409
Assigned	0	0	182,888	127,985	166,514
Unassigned	0	0	4,235,878	4,723,463	5,127,418
Reserved	147,861	221,064	0	0	0
Unreserved	3,856,093	3,830,666	0	0	0
<i>Total General Fund</i>	<u>4,003,954</u>	<u>4,051,730</u>	<u>4,520,269</u>	<u>4,953,337</u>	<u>5,381,341</u>
All Other Governmental Funds					
Nonspendable	0	0	89,710	73,713	90,131
Restricted	0	0	1,626,209	1,092,849	1,183,624
Committed	0	0	73,056	22,628	8,934
Unassigned	0	0	(815,365)	(1,533,887)	(1,800,077)
Reserved	477,377	431,853	0	0	0
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	514,834	599,921	0	0	0
Capital Projects Funds	(644,828)	(677,780)	0	0	0
<i>Total All Other Governmental Funds</i>	<u>347,383</u>	<u>353,994</u>	<u>973,610</u>	<u>(344,697)</u>	<u>(517,388)</u>
<i>Total Governmental Funds</i>	<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>	<u><u>\$4,863,953</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

2014	2015	2016	2017	2018
\$83,828	\$81,906	\$84,220	\$111,343	\$93,838
89,394	541,933	434,861	1,210,796	232,785
5,437,072	5,321,011	6,202,164	5,253,264	6,239,786
0	0	0	0	0
0	0	0	0	0
5,610,294	5,944,850	6,721,245	6,575,403	6,566,409
63,521	78,666	69,005	68,635	78,187
850,479	975,516	1,027,766	1,538,297	2,439,068
7,726	25,911	46,472	64,131	75,094
(1,347,781)	(866,231)	(348,343)	(191,578)	(86,586)
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
(426,055)	213,862	794,900	1,479,485	2,505,763
\$5,184,239	\$6,158,712	\$7,516,145	\$8,054,888	\$9,072,172

City of Tipp City

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

	2009	2010	2011	2012
Revenues:				
Taxes	\$3,571,583	\$3,823,618	\$4,480,781	\$5,250,226
Intergovernmental Revenues	3,201,047	2,220,692	2,833,417	2,093,184
Charges for Services	1,738,276	1,770,228	1,892,452	1,842,891
Licenses, Permits and Fees	12,858	14,113	13,092	63,444
Investment Earnings	205,677	123,206	73,890	110,478
Special Assessments	134,197	114,526	132,872	113,237
Fines and Forfeitures	15,962	20,429	15,326	15,002
All Other Revenue	378,679	222,130	571,643	328,305
Total Revenue	9,258,279	8,308,942	10,013,473	9,816,767
Expenditures:				
Current:				
Security of Persons and Property	2,968,982	3,048,578	3,175,914	3,142,368
Leisure Time Activities	851,403	766,504	778,807	800,267
Community Environment	246,653	252,874	260,105	263,439
Basic Utility Services	234,230	229,294	208,818	217,147
Transportation	646,218	564,410	531,100	576,373
General Government	1,433,994	1,427,326	1,568,282	1,447,729
Capital Outlay	1,928,432	895,032	1,346,198	3,179,877
Debt Service:				
Principal Retirement	857,972	911,665	930,000	930,000
Interest and Fiscal Charges	245,371	198,280	162,268	131,753
Total Expenditures	9,413,255	8,293,963	8,961,492	10,688,953
Excess (Deficiency) of Revenues Over Expenditures	(154,976)	14,979	1,051,981	(872,186)

City of Tipp City

2013	2014	2015	2016	2017	2018
\$5,741,284	\$5,741,874	\$6,140,765	\$6,306,461	\$6,310,421	\$6,493,963
2,551,048	2,483,754	2,952,132	3,937,776	3,098,833	2,546,844
1,728,149	1,873,129	954,867	1,116,035	970,309	1,243,157
19,080	33,575	18,498	177,551	176,053	237,114
47,076	29,358	35,721	74,840	145,283	264,299
118,397	240,613	138,987	125,638	109,389	104,272
14,979	13,242	16,850	14,965	11,480	13,306
582,051	369,327	272,958	78,103	220,353	354,194
10,802,064	10,784,872	10,530,778	11,831,369	11,042,121	11,257,149
3,214,265	3,364,152	3,432,396	3,381,426	3,616,840	3,817,703
795,797	800,510	807,835	768,549	816,543	838,582
315,751	302,715	289,769	323,062	313,949	368,399
226,353	226,658	0	26,281	27,240	29,352
568,730	590,590	669,395	615,747	671,574	693,429
1,344,666	1,381,047	693,607	703,182	1,350,127	1,417,714
5,968,429	3,083,086	3,039,076	4,025,287	3,012,089	2,596,721
655,000	2,037,991	1,633,482	1,299,082	989,982	595,382
114,388	104,065	80,410	76,364	73,235	58,799
13,203,379	11,890,814	10,645,970	11,218,980	10,871,579	10,416,081
(2,401,315)	(1,105,942)	(115,192)	612,389	170,542	841,068

(Continued)

City of Tipp City

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

	2009	2010	2011	2012
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
General Obligation Notes Issued	0	0	0	0
OPWC Loan Issued	0	0	0	0
Transfers In	1,150,447	1,334,975	1,088,573	1,040,152
Transfers Out	(1,131,342)	(1,293,032)	(1,072,573)	(1,040,152)
Total Other Financing Sources (Uses)	<u>19,105</u>	<u>41,943</u>	<u>16,000</u>	<u>0</u>
Net Change in Fund Balance	<u>(\$135,871)</u>	<u>\$56,922</u>	<u>\$1,067,981</u>	<u>(\$872,186)</u>
Debt Service as a Percentage of Noncapital Expenditures	13.57%	14.68%	13.83%	12.61%

Source: Finance Director's Office

City of Tipp City

2013	2014	2015	2016	2017	2018
0	0	0	0	0	16,559
1,753,900	1,390,300	1,095,900	781,800	397,200	220,000
894,586	100,091	0	0	0	0
1,114,647	447,784	616,715	332,808	352,731	506,891
(1,114,647)	(476,389)	(635,875)	(361,473)	(381,317)	(576,284)
2,648,486	1,461,786	1,076,740	753,135	368,614	167,166
\$247,171	\$355,844	\$961,548	\$1,365,524	\$539,156	\$1,008,234
11.16%	24.90%	22.06%	19.22%	13.92%	9.67%

City of Tipp City

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

Tax year	2009	2010	2011	2012	2013
Income Tax Rate	1.25%	1.25%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands)	\$318,078	\$344,618	\$369,122	\$379,625	\$391,407
Total Tax Collected	\$3,471,660	\$3,597,653	\$4,042,351	\$4,960,000	\$5,440,357
Income Tax Receipts					
Withholding	2,626,888	2,648,385	3,086,202	3,594,951	3,834,176
Percentage	75.67%	73.61%	76.35%	72.48%	70.48%
Corporate	296,977	469,352	411,038	764,934	901,630
Percentage	8.55%	13.05%	10.17%	15.42%	16.57%
Individuals	547,795	479,916	545,111	600,115	704,551
Percentage	15.79%	13.35%	13.48%	12.10%	12.95%

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

2014	2015	2016	2017	2018
1.50%	1.50%	1.50%	1.50%	0.00%
\$390,476	\$406,376	\$422,925	\$439,299	\$439,299
\$5,476,399	\$5,823,985	\$6,043,210	\$5,990,628	\$6,206,490
3,897,251	4,009,922	4,222,119	4,372,643	4,712,997
71.17%	68.86%	69.86%	72.99%	75.94%
758,560	997,288	927,597	701,458	653,690
13.85%	17.12%	15.35%	11.71%	10.53%
820,588	816,775	893,494	916,527	839,803
14.98%	14.02%	14.79%	15.30%	13.53%



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	2018 Rank
Meijer, Inc.	Warehouse Distribution	1
Tipp City Exempted Village School District	Education	2
Arbogast	Automotive Retail	3
FHI LLC	Warehouse Distribution/Logistics	4
Menards	Home Improvement Retail	5
Abbott Laboratories	Manufacturing	6
Adcare Health Systems (formerly Springmeade)	Health Care	7
Creative Extruded Products	Manufacturing	8
US Express	Warehouse Distribution	9
Regal Beloit (formerly AO Smith Corporation)	Manufacturing	10

Name of Taxpayer	Nature of Business	2009 Rank
Meijer, Inc.	Warehouse Distribution	1
A. O . Smith Corporation	Manufacturing	2
Tipp City Exempted Village School District	Education	3
Gardens Alive- Springhill	Agricultural-Nursery	4
Federal Government	Government	5
City of Tipp City	Government	6
Creative Extruded Products	Manufacturing	7
Captor Corporation	Manufacturing	8
Transfreight LLC	Trucking	9
Adcare Health Systems	Health Care	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

	2009	2010	2011	2012
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$4,045,000	\$3,180,000	\$2,290,000	\$1,400,000
General Obligation Notes Payable	0	0	0	0
Special Assessment Bonds Payable	755,000	715,000	675,000	635,000
OPWC Loan Payable	0	0	0	0
Capital Leases	6,665	0	0	0
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$670,000	\$545,000	\$420,000	\$320,000
General Obligation Notes Payable	0	0	0	0
Long-Term Loans Payable	397,680	397,680	1,103,335	1,385,905
Total Primary Government	<u>\$5,874,345</u>	<u>\$4,837,680</u>	<u>\$4,488,335</u>	<u>\$3,740,905</u>
Population ⁽²⁾				
City of Tipp City	9,221	9,689	9,689	9,689
Outstanding Debt Per Capita	\$637	\$499	\$463	\$386
Income ⁽³⁾				
Personal (in thousands)	318,078	344,618	369,122	379,625
Percentage of Personal Income	1.85%	1.40%	1.22%	0.99%

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

2013	2014	2015	2016	2017	2018
\$785,000	\$570,000	\$420,000	\$310,000	\$200,000	\$100,000
1,753,900	1,390,300	1,095,900	781,800	397,200	220,000
595,000	550,000	505,000	460,000	410,000	360,000
894,586	970,586	922,404	874,222	826,040	777,858
0	0	0	0	0	0
\$220,000	\$145,000	\$25,000	\$0	\$0	\$0
5,094,100	4,678,700	4,239,100	4,450,200	8,245,800	7,315,000
1,764,595	1,304,841	1,231,943	1,159,045	1,086,147	1,013,249
<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>	<u>\$9,786,107</u>
9,689	9,689	9,689	9,689	9,689	9,689
\$1,146	\$992	\$871	\$829	\$1,152	\$1,010
391,407	390,476	406,376	422,925	439,299	439,299
2.84%	2.46%	2.08%	1.90%	2.54%	2.23%

City of Tipp City

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2009	2010	2011	2012
Population ⁽¹⁾	9,221	9,689	9,689	9,689
Assessed Value ⁽²⁾	\$261,124,460	\$258,177,010	\$261,212,250	\$262,558,910
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$4,715,000	\$3,725,000	\$2,710,000	\$1,720,000
Resources Available to Pay Principal ⁽⁴⁾	\$3,754	\$32,640	\$36,941	\$40,552
Net General Bonded Debt	\$4,711,246	\$3,692,360	\$2,673,059	\$1,679,448
Ratio of Net Bonded Debt to Estimated Assessed Value	1.80%	1.43%	1.02%	0.64%
Net Bonded Debt per Capita	\$510.93	\$381.09	\$275.89	\$173.34

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

2013	2014	2015	2016	2017	2018
9,689	9,689	9,689	9,689	9,689	9,689
\$248,551,810	\$252,767,420	\$254,574,200	\$271,234,280	\$271,853,340	\$276,688,510
\$1,005,000	\$715,000	\$445,000	\$310,000	\$200,000	\$100,000
\$355,431	\$56,748	\$39,462	\$5,993	\$765	\$732
\$649,569	\$658,252	\$405,538	\$304,007	\$199,235	\$99,268
0.26%	0.26%	0.16%	0.11%	0.07%	0.04%
\$67.04	\$67.94	\$41.86	\$31.38	\$20.56	\$10.25



City of Tipp City

Computation of Direct and Overlapping General Obligation Debt December 31, 2018

<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	\$1,457,858	100.00%	\$1,457,858
Overlapping:			
Tipp City Exempted Village School District	14,408,903	67.92%	9,786,527
Miami County	12,983,563	12.19%	1,582,696
Miami Valley Career Center JVSD	145,210,753	3.79%	5,503,488
		Subtotal	16,872,711
		Total	<u>\$18,330,569</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	2009	2010	2011	2012
Total Debt				
Net Assessed Valuation	\$261,124,460	\$258,177,010	\$261,212,250	\$262,558,910
Legal Debt Limitation (%) ⁽¹⁾	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) ⁽¹⁾	27,418,068	27,108,586	27,427,286	27,568,686
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>\$27,418,068</u>	<u>\$27,108,586</u>	<u>\$27,427,286</u>	<u>\$27,568,686</u>
Unvoted Debt				
Net Assessed Valuation	\$261,124,460	\$258,177,010	\$261,212,250	\$262,558,910
Legal Debt Limitation (%) ⁽¹⁾	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) ⁽¹⁾	14,361,845	14,199,736	14,366,674	14,440,740
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>\$14,361,845</u>	<u>\$14,199,736</u>	<u>\$14,366,674</u>	<u>\$14,440,740</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

2013	2014	2015	2016	2017	2018
\$248,551,810	\$252,767,420	\$254,574,200	\$271,234,280	\$271,853,340	\$276,688,510
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
26,097,940	26,540,579	26,730,291	28,479,599	28,544,601	29,052,294
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<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>	<u>\$29,052,294</u>
\$248,551,810	\$252,767,420	\$254,574,200	\$271,234,280	\$271,853,340	\$276,688,510
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
13,670,350	13,902,208	14,001,581	14,917,885	14,951,934	15,217,868
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<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>	<u>\$15,217,868</u>

City of Tipp City

***Pledged Revenue Coverage
Last Ten Years***

	2009	2010	2011	2012
Special Assessment Bonds (1)				
Special Assessment Collections	\$73,653	\$73,653	\$73,653	\$73,653
Debt Service				
Principal	35,000	40,000	40,000	40,000
Interest	31,715	30,664	29,465	28,065
Coverage	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	2018
\$73,653	\$73,653	\$73,653	\$73,653	\$73,653	\$73,653
40,000	45,000	45,000	45,000	50,000	50,000
26,665	25,265	23,623	21,890	20,158	18,083
1.10	1.05	1.07	1.10	1.05	1.08

City of Tipp City

Demographic and Economic Statistics Last Ten Years

Calendar Year	2009	2010	2011	2012
Population ⁽¹⁾				
City of Tipp City	9,221	9,689	9,689	9,689
Miami County	98,868	102,506	102,506	102,506
Income ^{(2) (a)}				
Total Personal (in thousands)	318,078	344,618	369,122	379,625
Per Capita	34,495	35,568	38,097	39,181
Unemployment Rate ⁽³⁾				
Federal	9.3%	9.6%	8.5%	8.1%
State	10.2%	10.1%	7.9%	7.2%
Miami County	11.7%	10.5%	7.6%	7.0%
Civilian Work Force Estimates ⁽³⁾				
State	5,970,200	5,897,600	5,791,000	5,747,900
Miami County	55,400	54,200	53,100	52,400
Total Assessed Property Value ⁽⁴⁾	261,124,460	258,177,010	261,212,250	262,558,910
Estimated Actual Property Value ⁽⁴⁾	747,736,243	737,338,171	746,320,714	750,168,314

Sources:

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

2013	2014	2015	2016	2017	2018
9,689	9,689	9,689	9,689	9,689	9,689
102,506	102,506	102,506	102,506	102,506	102,506
391,407	390,476	406,376	422,925	439,299	439,299
40,397	40,301	41,942	43,650	45,340	45,340
7.4%	6.2%	5.0%	4.9%	4.4%	3.9%
7.4%	5.7%	4.6%	4.9%	5.0%	4.6%
7.2%	5.3%	4.2%	4.3%	4.2%	3.9%
5,765,700	5,719,500	5,694,027	5,713,100	5,780,000	5,754,900
52,100	51,800	52,621	52,600	53,700	53,200
248,551,810	252,767,420	254,574,200	271,234,280	271,853,340	276,688,510
710,148,029	722,192,629	727,354,857	774,955,086	776,723,829	790,538,600



City of Tipp City

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2018	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	1,823	1
Tipp City Exempted Village School District	Education	470	2
Arbogast	Automotive Retail	327	3
FHI LLC	Warehouse Distribution/Logistics	321	4
Menards	Home Improvement Retail	299	5
Abbott Laboratories	Manufacturing	296	6
Adcare Health Systems (formerly Springmeade)	Health Care	259	7
Creative Extruded Products	Manufacturing	259	8
US Express	Warehouse Distribution	226	9
Regal Beloit (formerly AO Smith Corporation)	Manufacturing	195	10
Total		4,475	

Employer	Nature of Business	2009	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	755	1
Tipp City Exempted Village School District	Education	288	2
A. O . Smith Corporation	Manufacturing	259	3
Creative Extruded Products	Manufacturing	182	4
Adcare Health Systems	Health Care	110	5
Transfreight	Trucking	109	6
Captor	Manufacturing	100	7
Gardens Alive- Springhill	Agricultural and Nursery	100	8
City of Tipp City	Government	100	9
Arbogast	Auto Dealer	92	10
Total		2,095	

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

	2009	2010	2011	2012
Governmental Activities				
General Government				
Legislative	3.50	3.50	3.50	3.50
City Manager	2.00	2.00	2.00	2.00
Building and Facility Services	2.00	2.00	2.00	1.50
Finance	8.00	7.50	7.50	7.00
Legal	0.50	0.50	0.50	0.50
Engineering	3.00	3.00	3.00	3.00
Security of Persons and Property				
Police	22.50	22.50	22.50	22.50
Fire and EMS	15.50	15.50	15.50	15.50
Transportation				
Street	5.50	5.00	5.00	5.00
Leisure Time Activities				
Parks	5.25	4.75	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	14.50	14.00	14.00
Water	8.50	8.50	8.30	8.30
Sewer	3.50	3.50	3.20	3.20
Total Employees	<u>97.75</u>	<u>95.25</u>	<u>94.25</u>	<u>93.25</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

2013	2014	2015	2016	2017	2018
3.50	3.50	3.50	3.50	3.50	3.50
2.00	2.00	2.00	2.00	3.00	3.00
2.00	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	2.00
22.50	22.50	21.50	22.50	22.50	22.50
15.50	15.50	15.50	15.50	16.50	16.50
5.00	5.50	5.50	5.50	5.50	5.50
4.75	5.25	5.25	5.25	5.25	5.25
2.50	2.50	2.50	2.50	2.50	2.50
14.00	14.00	15.00	15.00	15.00	15.00
5.75	5.75	5.75	5.75	5.75	5.75
5.75	5.75	5.75	5.75	5.75	5.75
93.75	94.75	94.75	95.75	97.75	96.75

City of Tipp City

Operating Indicators by Function Last Ten Years

	2009	2010	2011	2012
Governmental Activities				
General Government				
Accounts Payable Checks processed	3,068	2,819	2,766	3,549
Purchase Orders issued	2,312	1,430	2,280	2,429
Court				
Number of Criminal Cases	332	317	269	373
Number of Traffic Cases	684	886	734	887
Licenses and Permits				
Number of Residential Building Permits	10	7	12	21
Number of Commercial Building Permits	3	6	4	11
Security of Persons and Property				
Police				
Criminal Arrests	596	575	414	480
Calls for Service	17,570	20,745	15,972	10,010
Number of Accidents	188	218	208	207
Fire and EMS				
Number of Fire Calls	348	368	313	327
Number of EMS Runs	1,256	1,272	1,345	1,390
Transportation				
Street				
Tons of Salt Used	476	800	304	637
Leisure Time Activities				
Swimming Pool Receipts	244,334	284,522	281,817	254,257
Business-Type Activities				
Electric				
Number of Service Connections	4,833	4,872	4,859	4,946
Peak Demand (megawatts)	29.3	30.2	31.3	31.2
Energy Purchased (MWh)	140,826	143,846	143,172	142,617
Water				
Number of Service Connections	4,050	4,086	4,091	4,272
Daily Average Consumption (mgd)	1.2	1.3	1.1	1.2
Peak Daily Consumption (mgd)	2.1	2.5	2.6	2.5
Sewer				
Sewer Treatment Charges	643,307	657,465	688,675	653,840
Daily Average Sewage Treatment (mgd)	1.5	1.6	2.1	1.4
Refuse Collection				
Number of Customers Billed	3,911	3,926	3,943	3,964

Source: Finance Director's Office

City of Tipp City

2013	2014	2015	2016	2017	2018
2,911	2,869	2,828	3,061	2,738	2,782
2,018	2,124	2,013	1,468	1,608	1,878
280	333	328	338	301	321
825	797	941	782	506	657
14	17	17	15	18	51
5	7	4	4	10	10
532	446	488	651	429	511
14,909	15,388	15,455	16,235	15,151	16,272
208	254	251	236	199	223
304	343	304	317	303	296
1,421	1,557	1,673	1,757	1,948	1,866
861	457	275	300	550	560
285,683	248,739	290,383	331,504	312,062	337,403
4,954	4,942	4,933	5,006	5,006	5,056
33.4	31.7	33.3	36.1	31.5	35.7
150,263	156,551	164,144	177,330	171,421	180,664
4,153	4,135	4,159	4,179	4,204	4,263
1.2	1.2	1.4	1.7	1.7	1.6
2.3	2.0	2.3	2.6	2.7	2.3
642,679	665,486	684,258	704,203	697,866	771,073
1.6	1.7	1.8	1.8	2.0	2.6
4,037	4,033	4,071	4,081	4,106	4,163

City of Tipp City

Capital Asset Statistics by Function Last Ten Years

	2009	2010	2011	2012
Governmental Activities				
General Government				
Area (square miles)	7.5	7.5	7.5	7.5
Security of Persons and Property				
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	2
Transportation				
Street				
Miles of Street	61	61	61	61
Street Lights	1,419	1,419	1,419	1,419
Miles of Storm Sewers	60	60	60	60
Leisure Time Activities				
Park Area (acres)	436	436	436	436
Number of Parks	17	17	17	17
Number of Tennis Courts	2	2	2	2
Number of Ball Fields	17	17	17	17
Business-Type Activities				
Utilities				
Electric				
Substations	3	3	3	3
Water				
Waterlines (Miles)	57	57	57	57
Number of Fire hydrants	675	675	675	675
Sewer				
Sewerlines (Miles)	57	57	57	57

Source: Finance Director's Office

City of Tipp City

2013	2014	2015	2016	2017	2018
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	63	64
1,419	1,419	1,419	1,419	1,462	1,462
60	60	60	60	61	62
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	75	76
675	675	675	675	718	776
57	57	57	57	62	63





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