

City of Tipp City, Ohio  
Comprehensive Annual Financial Report  
Year Ended December 31, 2019





# **City of Tipp City, Ohio**

## **Miami County**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2019**

*Prepared by the Finance Department*

John Green, Director



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### CITY OF TIPP CITY MIAMI COUNTY, OHIO

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*CITY OF TIPP CITY, OHIO*

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**Tipp City**

**Introductory  
Section**



**CITY OF TIPP CITY, OHIO**

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***Letter of Transmittal***  
***For the Year Ended December 31, 2019***

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**Council-Manager  
Government**

July 24, 2020

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, 2019 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, 2019. 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, 2019 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Letter of Transmittal* *For the Year Ended December 31, 2019***

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#### **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.

## **CITY OF TIPP CITY, OHIO**

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### ***Letter of Transmittal*** ***For the Year Ended December 31, 2019***

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

## **CITY OF TIPP CITY, OHIO**

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### ***Letter of Transmittal*** ***For the Year Ended December 31, 2019***

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Commercial and industrial growth in 2019 invested \$19,018,000 in the community, with eight projects undertaken this year which compares to ten projects in 2018. These projects included: the expansion of the Tipp Storage self-storage facility on Kinna Drive, an upgrade of the cellular tower on Evanston Road, the remodeling of the Wendy's restaurant on Weller Drive, the construction of a new ± 400,000 sq. ft. warehouse on Abbott Park Way, an elevator addition at the Tipp Senior Center, and a porch enclosure addition at the Hair Hut on Main Street,

The Dayton metropolitan region's unemployment rate averaged 4.0% in 2019, starting the year at 4.9%, fluctuating monthly, and decreasing to 3.6% at year end. Miami County's unemployment rate also fell from 4.8% in January, 2019 to 3.4% 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 2019, Tipp City had 41 new residential unit starts which is down from 51 residential starts in 2018. 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:

<b>Year</b>	<b>Base Units</b>	<b>New Units</b>	<b>Demolished Units</b>	<b>Net% Growth</b>
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%
2019	4366	41	0	.940%

Over 300 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Letter of Transmittal*** ***For the Year Ended December 31, 2019***

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#### **MAJOR INITIATIVES**

##### **For the Year**

As reported for the last 5-6 years, Tipp City's primary focus in 2019 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 2019, with State and Federal grant assistance, the City spent approximately \$1.0M on street improvements and resurfacing throughout the community. The most significant street project was replacement of the Maple Hill Bridge and resurfacing of Maple Hill Road (\$350,000).

The City continued to work on capital improvement projects in the enterprise funds as well. The City replaced the electric transformers and related infrastructure at Substation #1/1A at a cost of approx. \$3.9 million. Construction of a new 500,000 gallon water tower was substantially completed (\$2 million) which included replacing and upsizing water mains on Seventh St. In the Sewer Fund, a sanitary sewer extension was completed on Floral Acres Dr. at an approx. cost of \$400,000 providing 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Letter of Transmittal* *For the Year Ended December 31, 2019***

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#### **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 2020-2021, the City will continue to focus on capital improvements with its annual street resurfacing program (\$600,000/year), completion of the next phase of the Main Street Streetscape Project (from 1<sup>st</sup> Street east to the bike path crossing - \$1.9M), and upgrades to both the water and sewer systems by constructing a new Service Center for equipment storage and operations (\$1M), 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. 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.

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.

**CITY OF TIPP CITY, OHIO**

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***Letter of Transmittal***  
***For the Year Ended December 31, 2019***

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**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, 2018. 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 nineteen years (2000-2018). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

**ACKNOWLEDGMENTS**

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

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

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

Respectfully submitted,



John W. Green  
Director of Finance

**CITY OF TIPP CITY, OHIO**

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***List of Principal Officials***  
***For the Year Ended December 31, 2019***

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**ELECTED OFFICIALS**

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

**APPOINTED OFFICIALS**

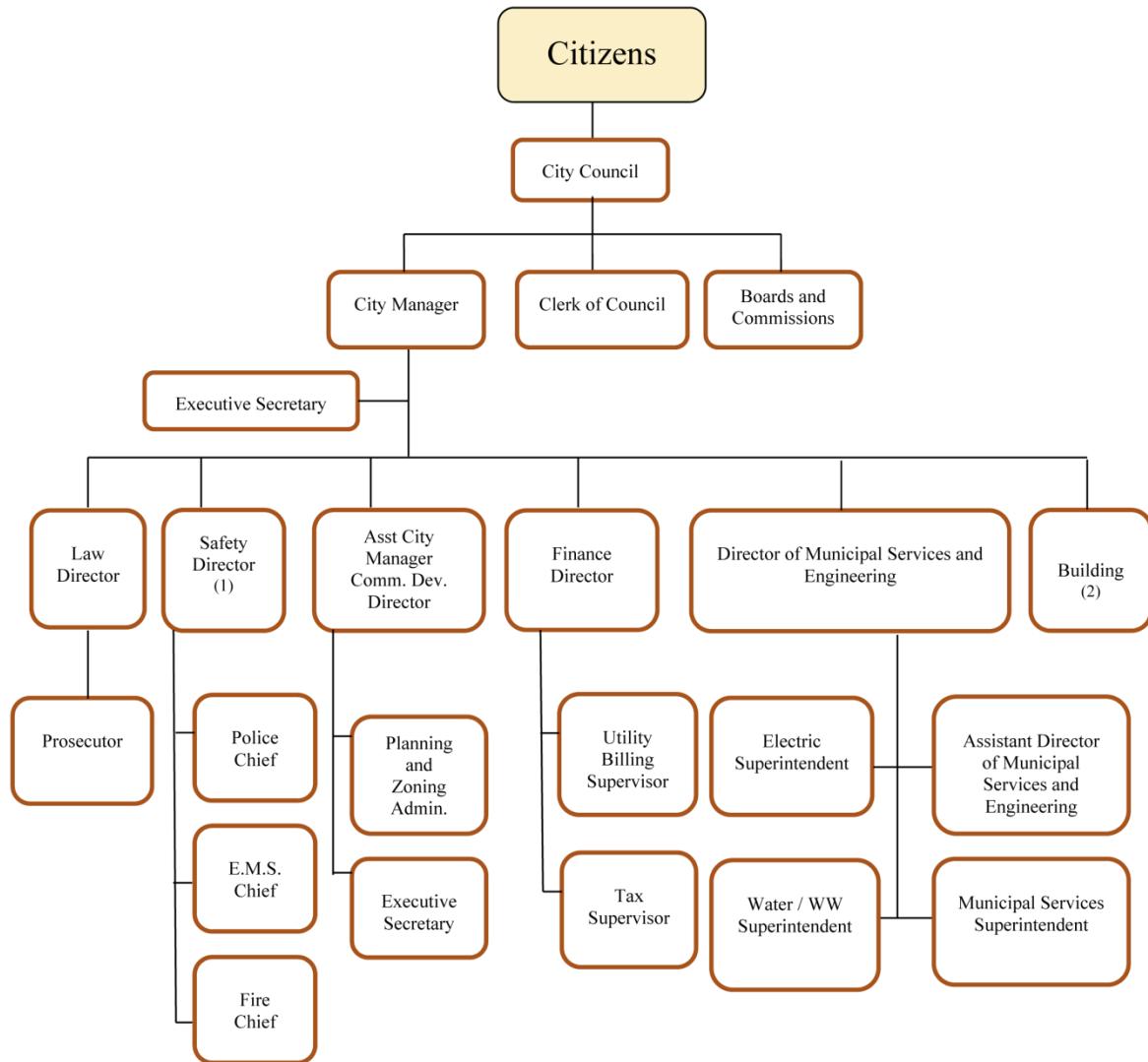
City Manager	Timothy Eggleston
Clerk Of Council	Janice Bates
Finance Director	John Green
Law Director	Jonathan Freeman
Chief of Police	Eric Burris
Chief of Emergency Services	Cameron Haller
Director of Municipal Services and Engineering	Eric Mack
Community Development and Revitalization Director	Matthew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

# **CITY OF TIPP CITY, OHIO**

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## ***City Organizational Chart For the Year Ended December 31, 2019***

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(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

**CITY OF TIPP CITY, OHIO**

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

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Government Finance Officers Association

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

Presented to

**City of Tipp City  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morrell*

Executive Director/CEO







**Certified Public Accountants, A.C.**

313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

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

## **INDEPENDENT AUDITOR'S REPORT**

July 24, 2020

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, 2019, 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 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

An independently owned member  
**RSM US Alliance**



***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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

***Opinion***

In our opinion, 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, 2019, 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.

***Emphasis of Matter***

As discussed in Note 22 to the financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. We did not modify our opinion regarding this matter.

***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.

***Other Matters (Continued)***

*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.

We also applied certain additional procedures, including comparing and reconciling the statements and schedules 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 July 24, 2020, 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, 2019***

***Unaudited***

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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, 2019. 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 2019 are as follows:

- In total, net position increased \$4,076,797. Net position of governmental activities increased \$3,179,841, which represents a 6.5% increase from 2018. Net position of business-type activities increased \$896,956 or 1.9% from 2018.
- General revenues accounted for \$8.7 million in revenue or 24.2% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 75.8% of total revenues of \$36.1 million.
- Total net position of governmental activities increased by \$3,179,841. Two million dollars of this difference (\$2M) was due to changes in Deferred Outflows of Resources for Pension and OPEB (\$1.45M increase) versus changes in Deferred Inflows of Resources for Pension and OPEB (\$0.5M decrease) which has more to do with the strength of the state-wide pension systems than any direct City activities. Net capital assets increased by \$362,436 reflecting again the City's strong capital improvement program following the 2011 increase in the City's income tax rate (restricted to capital improvements). The City has also made a concerted effort to repay debt associated with capital improvements and reduced General Obligation Notes payable by approx. \$500,000 between periods.
- The City had \$7.7 million in expenses related to governmental activities; \$2.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$8.7 million were adequate to provide for these programs.
- Among major funds, the general fund had \$6.4 million in revenues and \$6.1 million in expenditures. The general fund's fund balance increased \$295,206 to \$6.9 million.
- Net position for enterprise funds increased by \$896,956 million. The Electric Fund's net position increased by \$962,272 million, the Water Fund decreased its net position by \$225,080, and the Sewer Fund increased its net position by \$173,189 million.
- The Electric Fund increase is a reflection of increases in net capital assets with the completion of improvements at Substation #1/1A (\$3.5M) and reduction of debt related to this project. The Electric Fund also experienced positive operating income results as costs of purchased power, which are passed through to the residents on a rolling six-month average, decreased in 2020.
- The Water Fund decrease is due to an operating loss where charges for services revenue did not keep pace with operating expenditures, primarily an increase in contractual service expenditures related to the purchase of potable water from the Northern Area Water Authority.

# **CITY OF TIPP CITY, OHIO**

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## ***Management's Discussion and Analysis* For the Year Ended December 31, 2019**

***Unaudited***

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- The Sewer Fund increase is due to continued strong operating results with the increase in operating revenues (charges for services) outpacing operating expenditures by \$443,250. This increase was offset slightly by a loss from the City's Joint Venture Tri-Cities Wastewater Authority which experienced significant repair costs related to the failure of a primary digester.

## **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.

## **CITY OF TIPP CITY, OHIO**

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### ***Management's Discussion and Analysis* For the Year Ended December 31, 2019**

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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.

# CITY OF TIPP CITY, OHIO

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## Management's Discussion and Analysis For the Year Ended December 31, 2019

**Unaudited**

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### 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 2019 and 2018.

	Governmental		Business-type		Total	
	Activities		Activities		2019	2018
	2019	2018	2019	2018		
Current and other assets	\$13,086,888	\$12,535,331	\$28,217,074	\$32,908,058	\$41,303,962	\$45,443,389
Capital assets, Net	50,358,525	50,916,771	36,737,607	29,877,076	87,096,132	80,793,847
Total assets	63,445,413	63,452,102	64,954,681	62,785,134	128,400,094	126,237,236
Deferred Outflows of Resources	3,563,162	2,111,754	1,139,218	620,124	4,702,380	2,731,878
Net Pension Liability	9,518,550	6,567,924	3,322,334	1,850,451	12,840,884	8,418,375
Net OPEB Liability	2,482,193	5,435,778	1,546,647	1,248,035	4,028,840	6,683,813
Noncurrent liabilities	1,665,938	2,038,565	7,690,424	8,599,404	9,356,362	10,637,969
Other liabilities	473,465	1,330,313	4,270,593	2,902,614	4,744,058	4,232,927
Total liabilities	14,140,146	15,372,580	16,829,998	14,600,504	30,970,144	29,973,084
Deferred Inflows of Resources	753,680	1,256,368	206,666	644,475	960,346	1,900,843
Net position						
Net investment in capital assets	49,103,849	48,741,413	27,409,490	24,189,309	76,513,339	72,930,722
Restricted	4,751,046	4,218,782	0	0	4,751,046	4,218,782
Unrestricted (Deficit)	(1,740,146)	(4,025,287)	21,647,745	23,970,970	19,907,599	19,945,683
Total net position	\$52,114,749	\$48,934,908	\$49,057,235	\$48,160,279	\$101,171,984	\$97,095,187

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

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

***Management's Discussion and Analysis***  
***For the Year Ended December 31, 2019***

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***Unaudited***

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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.

**CITY OF TIPP CITY, OHIO**

**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2019**

**Unaudited**

**Changes in Net position** – The following table shows the changes in net position for the fiscal year 2019 compared with 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues:						
Charges for Services and Sales	\$1,171,456	\$1,501,825	\$25,263,150	\$26,910,181	\$26,434,606	\$28,412,006
Operating Grants and Contributions	899,052	717,674	0	0	899,052	717,674
Capital Grants and Contributions	57,288	1,731,182	0	1,250,353	57,288	2,981,535
Total Program Revenues	<u>2,127,796</u>	<u>3,950,681</u>	<u>25,263,150</u>	<u>28,160,534</u>	<u>27,390,946</u>	<u>32,111,215</u>
General revenues:						
Income Taxes	6,477,955	6,041,201	0	0	6,477,955	6,041,201
Property Taxes	421,103	417,062	0	0	421,103	417,062
Other Local Taxes	83,209	72,217	0	0	83,209	72,217
Unrestricted Shared Revenues	1,115,258	1,067,066	0	0	1,115,258	1,067,066
Investment Earnings	371,917	265,148	0	0	371,917	265,148
Miscellaneous	257,207	304,223	0	0	257,207	304,223
Total General Revenues	<u>8,726,649</u>	<u>8,166,917</u>	<u>0</u>	<u>0</u>	<u>8,726,649</u>	<u>8,166,917</u>
Total Revenues	<u>10,854,445</u>	<u>12,117,598</u>	<u>25,263,150</u>	<u>28,160,534</u>	<u>36,117,595</u>	<u>40,278,132</u>
<b>Program Expenses</b>						
Security of Persons and Property	1,860,740	4,786,776	0	0	1,860,740	4,786,776
Leisure Time Activities	1,335,245	1,305,551	0	0	1,335,245	1,305,551
Community Environment	324,325	390,421	0	0	324,325	390,421
Basic Utility Services	78,774	61,739	0	0	78,774	61,739
Transportation	2,171,650	1,708,316	0	0	2,171,650	1,708,316
General Government	1,862,561	1,742,173	0	0	1,862,561	1,742,173
Interest and Fiscal Charges	41,309	56,229	0	0	41,309	56,229
Electric	0	0	17,134,858	18,813,973	17,134,858	18,813,973
Water	0	0	4,167,258	3,184,391	4,167,258	3,184,391
Sewer	0	0	2,106,256	1,450,227	2,106,256	1,450,227
Refuse Collection	0	0	957,822	940,679	957,822	940,679
Total expenses	<u>7,674,604</u>	<u>10,051,205</u>	<u>24,366,194</u>	<u>24,389,270</u>	<u>32,040,798</u>	<u>34,440,475</u>
Change in Net Position before transfers	<u>3,179,841</u>	<u>2,066,393</u>	<u>896,956</u>	<u>3,771,264</u>	<u>4,076,797</u>	<u>5,837,657</u>
Transfers	0	(69,393)	0	69,393	0	0
Total Change in Net Position	<u>3,179,841</u>	<u>1,997,000</u>	<u>896,956</u>	<u>3,840,657</u>	<u>4,076,797</u>	<u>5,837,657</u>
Beginning Net Position	<u>48,934,908</u>	<u>46,937,908</u>	<u>48,160,279</u>	<u>44,319,622</u>	<u>97,095,187</u>	<u>91,257,530</u>
Ending Net Position	<u>\$52,114,749</u>	<u>\$48,934,908</u>	<u>\$49,057,235</u>	<u>\$48,160,279</u>	<u>\$101,171,984</u>	<u>\$97,095,187</u>

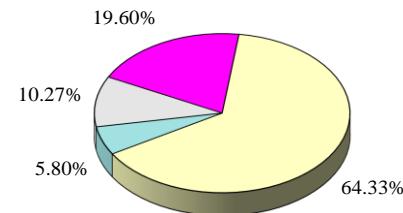
***Management's Discussion and Analysis  
For the Year Ended December 31, 2019******Unaudited******Governmental Activities***

Net position of the City's governmental activities increased by \$3,179,841 or 6.5%. Restricted net position increased by \$532,264 or 12.6% and unrestricted net position increased by \$2,285,141 or 56.8%.

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 \$6,477,955 compared to \$6,041,201 in 2018, an increase of 7.2%. The City tracks income taxes received using three categories: employee payroll withholding, business net profit, and individual taxpayer paid local income tax. All three categories were up for the year when compared to 2018 collections. Payroll withholding collections increased by 2.95%. Corporate net profit collections increased by 19.05%, and individual taxpayer collections increased by 16.08%. These are positive indicators that employment and wage growth continue to improve in Tipp City.

Property taxes and income taxes made up 3.9% and 59.7% respectively of revenues for governmental activities for the City in fiscal year 2019. The City's reliance upon tax revenues is demonstrated by the following graph indicating 64.33% of total revenues comes from general tax revenues:

Revenue Sources	2019	Percent of Total
Unrestricted Shared Revenues	\$1,115,258	10.27%
Program Revenues	2,127,796	19.60%
General Tax Revenues	6,982,267	64.33%
General Other	629,124	5.80%
<b>Total Revenue</b>	<b>\$10,854,445</b>	<b>100.00%</b>



## **CITY OF TIPP CITY, OHIO**

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2019***

***Unaudited***

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#### ***Business-Type Activities***

Net position of the business-type activities increased \$896,956. This increase was primarily attributed to Electric Fund operating income (\$1.2 million). Income and losses from the City's participation in the Northern Area Water Authority joint venture (\$213,785 gain) and Tri-Cities Regional Wastewater Authority joint venture (\$222,846 loss) essentially offset each other. 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 \$10,446,161, which is an increase from last year's balance of \$9,072,172. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2019 and 2018:

	Fund Balance December 31, 2019	Fund Balance December 31, 2018	Increase (Decrease)
General	\$6,861,615	\$6,566,409	\$295,206
Capital Improvement Reserve	2,080,684	1,196,626	884,058
Other Governmental	1,503,862	1,309,137	194,725
<b>Total</b>	<b>\$10,446,161</b>	<b>\$9,072,172</b>	<b>\$1,373,989</b>

*General Fund* – The City's General Fund balance had a increase of \$295,206 in 2019. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2019 Revenues	2018 Revenues	Increase (Decrease)
Taxes	\$3,889,903	\$3,617,731	\$272,172
Intergovernmental Revenue	1,094,842	1,068,013	26,829
Charges for Services	641,434	861,096	(219,662)
Licenses, Permits and Fees	175,935	237,114	(61,179)
Investment Earnings	370,438	264,299	106,139
Special Assessments	209	1,109	(900)
Fines and Forfeitures	5,720	12,256	(6,536)
All Other Revenue	195,575	184,608	10,967
<b>Total</b>	<b>\$6,374,056</b>	<b>\$6,246,226</b>	<b>\$127,830</b>

The decrease in charges for services is due to decreased 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 while 2019 revenues returned to normal levels. The increase in investment earnings is due to the improved interest rate environment with the 2018-2019 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.

## CITY OF TIPP CITY, OHIO

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### Management's Discussion and Analysis For the Year Ended December 31, 2019

*Unaudited*

	2019 Expenditures	2018 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,865,192	\$3,817,703	\$47,489
Leisure Time Activities	510,392	510,592	(200)
Community Environment	274,454	368,399	(93,945)
Basic Utility Services	33,072	29,352	3,720
General Government	1,344,492	1,344,535	(43)
Capital Outlay	46,730	49,548	(2,818)
Total	<u>\$6,074,332</u>	<u>\$6,120,129</u>	<u>(\$45,797)</u>

Expenditures decreased .7% led by the decreases in community environment. The City restructured its economic development department in 2019 resulting in wage and benefit cost savings. The increase in security of persons and property are employment and wage related. 2019 was the first full year of employment for the City's Assistant Fire Chief/Fire Inspector who was hired in mid-2018. 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 2019 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 \$93,443, 1.3% above budget. The City's original budgeted appropriations were increased during the year by \$244,650 to arrive at a final figure of \$7,329,842. There was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$6,932,709, \$397,133 or 5.4% below the final budget. Savings from the original budget include: \$85,000 in police department expenditures (health insurance, overtime, and fuel costs); \$60,000 in fire/emergency medical service department expenditures (wages and health insurance benefits); and \$65,000 in community and economic development expenditures (across the board savings).

# CITY OF TIPP CITY, OHIO

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## Management's Discussion and Analysis For the Year Ended December 31, 2019

Unaudited

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### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### *Capital Assets*

At the end of fiscal 2019 the City had \$87,096,132 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$50,358,525 was related to governmental activities and \$36,737,607 to the business-type activities. The following table shows fiscal year 2019 and 2018 balances:

	Governmental Activities		Increase (Decrease)
	2019	2018	
Land	\$14,275,563	\$14,275,563	\$0
Construction in Progress	709,108	470,918	238,190
Total Non-Depreciable Capital Assets	14,984,671	14,746,481	238,190
Buildings	9,114,370	8,887,825	226,545
Improvements Other Than Buildings	6,760,195	6,767,961	(7,766)
Machinery and Equipment	8,819,100	9,515,879	(696,779)
Infrastructure	40,959,461	40,319,331	640,130
Less: Accumulated Depreciation	(30,279,272)	(29,320,706)	(958,566)
Total Depreciable Capital Assets	35,373,854	36,170,290	(796,436)
Totals	\$50,358,525	\$50,916,771	(\$558,246)
	Business-Type Activities		Increase (Decrease)
	2019	2018	
Land	\$2,234,492	\$2,234,492	\$0
Construction in Progress	2,097,605	413,452	1,684,153
Total Non-Depreciable Capital Assets	4,332,097	2,647,944	1,684,153
Buildings	7,080,986	7,080,986	0
Improvements Other Than Buildings	48,179,846	44,729,199	3,450,647
Machinery and Equipment	3,462,566	3,493,630	(31,064)
Less: Accumulated Depreciation	(26,317,888)	(25,043,701)	(1,274,187)
Total Depreciable Capital Assets	32,405,510	30,260,114	2,145,396
Totals	\$36,737,607	\$32,908,058	\$3,829,549

Capital assets, net of depreciation, in governmental activities decreased \$558,246 (1.1%) in 2019. During 2019, the City invested approximately \$848,597 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 2019.

Capital assets, net of depreciation, for the business-type activities had an increase of \$3,829,549 (11.6%). 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2019***

***Unaudited***

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As of December 31, 2019, the City has contractual commitments of \$483,600 for various improvements. Additional information on the City's capital assets can be found in Note 11.

#### ***Debt***

At December 31, 2019, the City had \$305,000 in bonds outstanding, \$55,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
<b>Governmental Activities:</b>		
General Obligation Bonds	\$0	\$100,000
Special Assessment Bonds	305,000	360,000
OPWC Loan	729,676	777,858
General Obligation Notes	0	220,000
Compensated Absences	<u>631,262</u>	<u>580,707</u>
<b>Total Governmental Activities</b>	<b>1,665,938</b>	<b>2,038,565</b>
<b>Business-Type Activities:</b>		
OPWC Loans	\$2,413,117	\$1,013,249
General Obligation Notes	4,975,000	7,315,000
Compensated Absences	<u>302,307</u>	<u>271,155</u>
<b>Total Business-Type Activities</b>	<b>7,690,424</b>	<b>8,599,404</b>
<b>Totals</b>	<b><u>\$9,356,362</u></b>	<b><u>\$10,637,969</u></b>

During 2019, 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 2019 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, 2019, 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Management's Discussion and Analysis* For the Year Ended December 31, 2019**

***Unaudited***

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#### **ECONOMIC FACTORS**

Tipp City's future remains bright. Income tax receipts, the largest single source of general operating revenues, remained strong again in 2019 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 2020 operating budget reflects the conservatism of the City. Total 2020 general fund operating revenues are projected at \$7.30 million which is approximately \$478,500 higher than actual revenues received in 2019. The City expects continued increases in income and property tax revenues with other revenue sources remaining consistent with 2020 receipts.

The 2020 appropriation budget for the general fund totals \$7.24 million which is an increase of approximately \$300,000 from the original 2019 appropriations. This budget projects full employment in City departments and wage and benefit growth as both of the City's employment contracts with its bargaining units were renegotiated in 2019.

The City's general fund balance has increased in twelve of the last fourteen consecutive years and remains strong at \$6.9 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](http://www.tippcityohio.gov).

*CITY OF TIPP CITY, OHIO*

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**CITY OF TIPP CITY, OHIO**

**Statement of Net Position**  
**December 31, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 8,861,938	\$ 14,045,566	\$ 22,907,504
Investments	853,412	1,644,686	2,498,098
Receivables:			
Taxes	1,856,621	0	1,856,621
Accounts	132,325	1,973,697	2,106,022
Intergovernmental	714,260	29,444	743,704
Interest	15,364	0	15,364
Special Assessments	413,401	495,016	908,417
Lease	0	412,000	412,000
Internal Balances	76,305	(76,305)	0
Inventory of Supplies at Cost	122,392	668,519	790,911
Prepaid Items	40,870	46,728	87,598
Restricted Assets:			
Cash and Cash Equivalents	0	248,668	248,668
Investment in Joint Venture	0	8,729,055	8,729,055
Non-Depreciable Capital Assets	14,984,671	4,332,097	19,316,768
Depreciable Capital Assets, Net	35,373,854	32,405,510	67,779,364
<b>Total Assets</b>	<b>63,445,413</b>	<b>64,954,681</b>	<b>128,400,094</b>
<b>Deferred Outflows of Resources:</b>			
Pension	2,845,201	1,001,472	3,846,673
OPEB	717,961	137,746	855,707
<b>Total Deferred Outflows of Resources</b>	<b>3,563,162</b>	<b>1,139,218</b>	<b>4,702,380</b>
<b>Liabilities:</b>			
Accounts Payable	106,179	1,185,639	1,291,818
Accrued Wages and Benefits Payable	134,144	52,677	186,821
Intergovernmental Payable	6,168	186,162	192,330
Retainage Payable	0	63,600	63,600
Refundable Deposits	0	248,668	248,668
Accrued Interest Payable	6,974	193,847	200,821
General Obligation Notes Payable	220,000	2,340,000	2,560,000
Noncurrent liabilities:			
Due within one year	316,674	164,181	480,855
Due in more than one year:			
Net Pension Liability	9,518,550	3,322,334	12,840,884
Net OPEB Liability	2,482,193	1,546,647	4,028,840
Other Amounts Due in More Than One Year	1,349,264	7,526,243	8,875,507
<b>Total Liabilities</b>	<b>14,140,146</b>	<b>16,829,998</b>	<b>30,970,144</b>

**CITY OF TIPP CITY, OHIO**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred Inflows of Resources:</b>			
Deferred Revenue	0	70,005	70,005
Property Tax Levy for Next Fiscal Year	396,970	0	396,970
Pension	126,395	100,399	226,794
OPEB	230,315	36,262	266,577
<b>Total Deferred Inflows of Resources</b>	<b>753,680</b>	<b>206,666</b>	<b>960,346</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	49,103,849	27,409,490	76,513,339
Restricted For:			
Capital Projects	2,714,999	0	2,714,999
Debt Service	397,654	0	397,654
Transportation	1,573,377	0	1,573,377
Security of Persons	65,016	0	65,016
Unrestricted (Deficit)	(1,740,146)	21,647,745	19,907,599
<b>Total Net Position</b>	<b>\$ 52,114,749</b>	<b>\$ 49,057,235</b>	<b>\$ 101,171,984</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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**Statement of Activities**  
**For the Year Ended December 31, 2019**

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	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 1,860,740	\$ 595,073	\$ 0	\$ 0
Leisure Time Activities	1,335,245	363,788	0	0
Community Environment	324,325	202,684	0	0
Basic Utility Services	78,774	0	0	0
Transportation	2,171,650	9,911	899,052	57,288
General Government	1,862,561	0	0	0
Interest and Fiscal Charges	41,309	0	0	0
<b>Total Governmental Activities</b>	<b>7,674,604</b>	<b>1,171,456</b>	<b>899,052</b>	<b>57,288</b>
<b>Business-Type Activities:</b>				
Electric	17,134,858	18,097,130	0	0
Water	4,167,258	3,942,178	0	0
Sewer	2,106,256	2,279,445	0	0
Refuse Collection	957,822	944,397	0	0
<b>Total Business-Type Activities</b>	<b>24,366,194</b>	<b>25,263,150</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$ 32,040,798</b>	<b>\$ 26,434,606</b>	<b>\$ 899,052</b>	<b>\$ 57,288</b>

**General Revenues:**

- Income Taxes
- Property Taxes
- Other Local Taxes
- Unrestricted Shared Revenues
- Investment Earnings
- Miscellaneous
- Total General Revenues
- Change in Net Position
- Net Position Beginning of Year
- Net Position End of Year

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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Net (Expense) Revenue  
and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
\$ (1,265,667)	\$ 0	\$ (1,265,667)
(971,457)	0	(971,457)
(121,641)	0	(121,641)
(78,774)	0	(78,774)
(1,205,399)	0	(1,205,399)
(1,862,561)	0	(1,862,561)
(41,309)	0	(41,309)
<u>(5,546,808)</u>	<u>0</u>	<u>(5,546,808)</u>
0	962,272	962,272
0	(225,080)	(225,080)
0	173,189	173,189
0	(13,425)	(13,425)
0	896,956	896,956
<u>(5,546,808)</u>	<u>896,956</u>	<u>(4,649,852)</u>
6,477,955	0	6,477,955
421,103	0	421,103
83,209	0	83,209
1,115,258	0	1,115,258
371,917	0	371,917
257,207	0	257,207
<u>8,726,649</u>	<u>0</u>	<u>8,726,649</u>
3,179,841	896,956	4,076,797
<u>48,934,908</u>	<u>48,160,279</u>	<u>97,095,187</u>
<u>\$ 52,114,749</u>	<u>\$ 49,057,235</u>	<u>\$ 101,171,984</u>

**CITY OF TIPP CITY, OHIO**

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2019**

	General	Capital Improvement Reserve	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 5,500,639	\$ 1,952,588	\$ 1,408,711	\$ 8,861,938
Investments	853,412	0	0	853,412
Receivables:				
Taxes	1,178,540	678,081	0	1,856,621
Accounts	131,872	0	453	132,325
Intergovernmental	249,969	0	464,291	714,260
Interest	15,364	0	0	15,364
Special Assessments	0	45,135	368,266	413,401
Due from Other Funds	82,230	0	0	82,230
Inventory of Supplies, at Cost	64,533	0	57,859	122,392
Prepaid Items	29,581	7,744	3,545	40,870
<b>Total Assets</b>	<b>\$ 8,106,140</b>	<b>\$ 2,683,548</b>	<b>\$ 2,303,125</b>	<b>\$ 13,092,813</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 54,889	\$ 41,295	\$ 9,995	\$ 106,179
Accrued Wages and Benefits Payable	125,858	0	8,286	134,144
Intergovernmental Payable	6,025	0	143	6,168
Due to Other Funds	5,471	0	454	5,925
Accrued Interest Payable	0	3,180	2,650	5,830
General Obligation Notes Payable	0	120,000	100,000	220,000
<b>Total Liabilities</b>	<b>192,243</b>	<b>164,475</b>	<b>121,528</b>	<b>478,246</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	655,312	438,389	677,735	1,771,436
Property Tax Levy for Next Fiscal Year	396,970	0	0	396,970
<b>Total Deferred Inflows of Resources</b>	<b>1,052,282</b>	<b>438,389</b>	<b>677,735</b>	<b>2,168,406</b>
<b>Fund Balances:</b>				
Nonspendable	94,114	7,744	61,404	163,262
Restricted	0	2,072,940	1,451,055	3,523,995
Committed	0	0	94,053	94,053
Assigned	194,843	0	0	194,843
Unassigned	6,572,658	0	(102,650)	6,470,008
<b>Total Fund Balances</b>	<b>6,861,615</b>	<b>2,080,684</b>	<b>1,503,862</b>	<b>10,446,161</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 8,106,140</b>	<b>\$ 2,683,548</b>	<b>\$ 2,303,125</b>	<b>\$ 13,092,813</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Position Of Governmental Activities  
December 31, 2019***

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<b>Total Governmental Fund Balances</b>	\$ 10,446,161
<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.	50,358,525
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds.	1,771,436
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.	(8,794,291)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,667,082)</u>
<b><i>Net Position of Governmental Funds</i></b>	<b><u>\$ 52,114,749</u></b>

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, 2019**

	General	Capital Improvement Reserve	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 3,889,903	\$ 3,025,747	\$ 74,414	\$ 6,990,064
Intergovernmental Revenues	1,094,842	57,288	823,363	1,975,493
Charges for Services	641,434	0	343,075	984,509
Licenses, Permits and Fees	175,935	0	0	175,935
Investment Earnings	370,438	0	0	370,438
Special Assessments	209	23,366	73,653	97,228
Fines and Forfeitures	5,720	0	986	6,706
All Other Revenue	195,575	2,704	50,668	248,947
<b>Total Revenue</b>	<b>6,374,056</b>	<b>3,109,105</b>	<b>1,366,159</b>	<b>10,849,320</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	3,865,192	0	69	3,865,261
Leisure Time Activities	510,392	0	327,238	837,630
Community Environment	274,454	0	0	274,454
Basic Utility Services	33,072	0	0	33,072
Transportation	0	0	742,064	742,064
General Government	1,344,492	93,169	3,507	1,441,168
Capital Outlay	46,730	1,770,088	14,120	1,830,938
Debt Service:				
Principal Retirement	0	120,000	303,182	423,182
Interest and Fiscal Charges	0	20,419	25,584	46,003
<b>Total Expenditures</b>	<b>6,074,332</b>	<b>2,003,676</b>	<b>1,415,764</b>	<b>9,493,772</b>
Excess (Deficiency) of Revenues Over Expenditures	299,724	1,105,429	(49,605)	1,355,548
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	29,823	0	29,823
Transfers In	0	0	251,194	251,194
Transfers Out	0	(251,194)	0	(251,194)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(221,371)</b>	<b>251,194</b>	<b>29,823</b>
Net Change in Fund Balances	299,724	884,058	201,589	1,385,371
<b>Fund Balances at Beginning of Year</b>	<b>6,566,409</b>	<b>1,196,626</b>	<b>1,309,137</b>	<b>9,072,172</b>
Change in Inventory	(4,518)	0	(6,864)	(11,382)
<b>Fund Balances End of Year</b>	<b>\$ 6,861,615</b>	<b>\$ 2,080,684</b>	<b>\$ 1,503,862</b>	<b>\$ 10,446,161</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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***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, 2019***

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Net Change in Fund Balances - Total Governmental Funds \$ 1,385,371

*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 depreciation exceeded capital outlays. (465,222)

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position. (93,024)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 5,125

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 653,034

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. 1,353,388

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position. 423,182

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 4,694

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. (86,707)

***Change in Net Position of Governmental Activities*** \$ 3,179,841

See accompanying notes to the basic financial statements

*CITY OF TIPP CITY, OHIO*

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**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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 3,961,064	\$ 3,961,064	\$ 3,955,720	\$ (5,344)
Intergovernmental Revenue	1,090,114	1,090,114	1,083,316	(6,798)
Charges for Services	1,345,635	1,345,635	1,264,053	(81,582)
Licenses and Permits	182,600	182,600	202,314	19,714
Investment Earnings	250,000	250,000	365,898	115,898
Special Assessments	750	750	209	(541)
Fines and Forfeitures	17,000	17,000	5,849	(11,151)
All Other Revenues	131,700	131,700	194,947	63,247
Total Revenues	<u>6,978,863</u>	<u>6,978,863</u>	<u>7,072,306</u>	<u>93,443</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,061,257	4,113,757	3,914,952	198,805
Leisure Time Activities	505,379	532,579	516,000	16,579
Community Environment	382,419	382,419	338,890	43,529
Basic Utility Services	311,926	321,076	303,555	17,521
General Government	1,771,550	1,917,350	1,805,826	111,524
Capital Outlay	52,661	62,661	53,486	9,175
Total Expenditures	<u>7,085,192</u>	<u>7,329,842</u>	<u>6,932,709</u>	<u>397,133</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(106,329)	(350,979)	139,597	490,576
<b>Other Financing Sources (Uses):</b>				
Advances In	0	0	81,113	81,113
Total Other Financing Sources (Uses):	<u>0</u>	<u>0</u>	<u>81,113</u>	<u>81,113</u>
Net Change in Fund Balance	(106,329)	(350,979)	220,710	571,689
Fund Balance at Beginning of Year	5,871,055	5,871,055	5,871,055	0
Prior Year Encumbrances	141,817	141,817	141,817	0
Fund Balance at End of Year	<u>\$ 5,906,543</u>	<u>\$ 5,661,893</u>	<u>\$ 6,233,582</u>	<u>\$ 571,689</u>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

**Statement of Fund Net Position**  
**Proprietary Funds**  
**December 31, 2019**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<b>Assets:</b>			
Current assets:			
Cash and Cash Equivalents	\$ 10,328,521	\$ 1,758,896	\$ 1,877,883
Investments	1,644,686	0	0
Receivables:			
Accounts	1,464,618	291,889	217,190
Intergovernmental	0	29,444	0
Special Assessments	10,311	11,364	473,341
Lease - Current	412,000	0	0
Due from Other Funds	10,598	1,259	1,068
Inventory of Supplies at Cost	532,208	118,015	18,296
Prepaid Items	25,186	11,208	10,334
Restricted Assets:			
Cash and Cash Equivalents	248,668	0	0
Total current assets	<u>14,676,796</u>	<u>2,222,075</u>	<u>2,598,112</u>
Noncurrent assets:			
Investment in Joint Venture	0	1,604,637	7,124,418
Capital assets:			
Non-Depreciable Capital Assets	338,314	3,619,691	374,092
Depreciable Capital Assets, net	<u>15,315,245</u>	<u>9,876,865</u>	<u>7,213,400</u>
Total capital assets	<u>15,653,559</u>	<u>13,496,556</u>	<u>7,587,492</u>
Total noncurrent assets	<u>15,653,559</u>	<u>15,101,193</u>	<u>14,711,910</u>
Total assets	<u>30,330,355</u>	<u>17,323,268</u>	<u>17,310,022</u>
<b>Deferred Outflows of Resources:</b>			
Pension	571,108	295,621	134,743
OPEB	<u>78,382</u>	<u>40,742</u>	<u>18,622</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>649,490</u></b>	<b><u>336,363</u></b>	<b><u>153,365</u></b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts Payable	1,073,212	20,074	22,654
Accrued Wages and Benefits Payable	28,904	16,438	7,335
Intergovernmental Payable	1,855	141,814	42,493
Retainage Payable	0	63,600	0
Refundable Deposits	248,668	0	0
Due to Other Funds	78,341	4,709	2,291
Accrued Interest Payable	129,850	38,491	25,506
General Obligation Notes Payable - Current	1,900,000	305,000	135,000
OPWC Loans Payable - Current	0	63,098	9,800
Compensated Absences Payable - Current	<u>52,638</u>	<u>23,189</u>	<u>15,456</u>
<b>Total Current Liabilities</b>	<b><u>3,513,468</u></b>	<b><u>676,413</u></b>	<b><u>260,535</u></b>

**CITY OF TIPP CITY, OHIO**

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	Refuse Collection	Total
\$	80,266	\$ 14,045,566
	0	1,644,686
	0	1,973,697
	0	29,444
	0	495,016
	0	412,000
	0	12,925
	0	668,519
	0	46,728
	0	248,668
	80,266	<u>19,577,249</u>
	0	8,729,055
	0	4,332,097
	0	<u>32,405,510</u>
	0	<u>36,737,607</u>
	0	<u>45,466,662</u>
	80,266	<u>65,043,911</u>
	0	1,001,472
	0	137,746
	0	<u>1,139,218</u>
	69,699	1,185,639
	0	52,677
	0	186,162
	0	63,600
	0	248,668
	3,889	89,230
	0	193,847
	0	2,340,000
	0	72,898
	0	91,283
	<u>73,588</u>	<u>4,524,004</u>

(Continued)

**CITY OF TIPP CITY, OHIO**

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**Statement of Fund Net Position**  
**Proprietary Funds**  
**December 31, 2019**

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	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
<b>Noncurrent Liabilities:</b>			
General Obligation Notes Payable	3,000,000	1,147,500	827,500
OPWC Loans Payable	0	2,222,301	117,918
Compensated Absences Payable	100,828	69,698	40,498
Net Pension Liability	1,895,830	980,137	446,367
Net OPEB Liability	882,566	456,283	207,798
Total noncurrent liabilities	5,879,224	4,875,919	1,640,081
<b>Total Liabilities</b>	<b>9,392,692</b>	<b>5,552,332</b>	<b>1,900,616</b>
<b>Deferred Inflows of Resources:</b>			
Deferred Revenue	12,000	0	0
Pension	57,291	29,619	13,489
OPEB	20,693	10,698	4,871
<b>Total Deferred Inflows of Resources</b>	<b>89,984</b>	<b>40,317</b>	<b>18,360</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	11,153,559	9,758,657	6,497,274
Unrestricted (Deficit)	10,343,610	2,308,325	9,047,137
<b>Total Net Position</b>	<b>\$ 21,497,169</b>	<b>\$ 12,066,982</b>	<b>\$ 15,544,411</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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Refuse Collection	Total
0	4,975,000
0	2,340,219
0	211,024
0	3,322,334
0	1,546,647
0	12,395,224
73,588	16,919,228
<hr/>	
58,005	70,005
0	100,399
0	36,262
58,005	206,666
<hr/>	
0	27,409,490
(51,327)	21,647,745
\$ (51,327)	\$ 49,057,235

**CITY OF TIPP CITY, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2019**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<b>Operating Revenues:</b>			
Charges for Services	\$ 17,734,284	\$ 3,710,588	\$ 2,270,848
Other Operating Revenues	347,846	17,805	8,597
<b>Total Operating Revenues</b>	<b>18,082,130</b>	<b>3,728,393</b>	<b>2,279,445</b>
<b>Operating Expenses:</b>			
Personal Services	1,986,202	961,241	437,987
Contractual Services	13,818,378	2,335,133	998,415
Materials and Supplies	186,847	38,938	29,810
Utilities	9,611	30,061	21,314
Depreciation	836,900	641,829	346,032
Other Operating Expenses	17,417	5,055	2,637
<b>Total Operating Expenses</b>	<b>16,855,355</b>	<b>4,012,257</b>	<b>1,836,195</b>
<b>Operating Income (Loss)</b>	<b>1,226,775</b>	<b>(283,864)</b>	<b>443,250</b>
<b>Non-Operating Revenue (Expenses):</b>			
Income (Loss) from Joint Venture	0	213,785	(222,849)
Loss on Disposal of Capital Assets	(178,222)	(121,566)	(24,567)
Interest and Fiscal Charges	(101,281)	(33,435)	(22,645)
Investment Earnings	15,000	0	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(264,503)</b>	<b>58,784</b>	<b>(270,061)</b>
<b>Change in Net Position</b>	<b>962,272</b>	<b>(225,080)</b>	<b>173,189</b>
<b>Net Position Beginning of Year</b>	<b>20,534,897</b>	<b>12,292,062</b>	<b>15,371,222</b>
<b>Net Position (Deficit) End of Year</b>	<b>\$ 21,497,169</b>	<b>\$ 12,066,982</b>	<b>\$ 15,544,411</b>

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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Refuse Collection	Total Enterprise Funds
\$ 944,397	\$ 24,660,117
0	374,248
<hr/>	<hr/>
944,397	25,034,365
0	3,385,430
957,822	18,109,748
0	255,595
0	60,986
0	1,824,761
0	25,109
<hr/>	<hr/>
957,822	23,661,629
(13,425)	1,372,736
0	(9,064)
0	(324,355)
0	(157,361)
0	15,000
<hr/>	<hr/>
0	(475,780)
(13,425)	896,956
(37,902)	48,160,279
<hr/>	<hr/>
\$ (51,327)	\$ 49,057,235

**CITY OF TIPP CITY, OHIO**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$18,312,903	\$3,694,931	\$2,309,143
Cash Payments for Goods and Services	(14,203,006)	(2,425,489)	(1,083,368)
Cash Payments to Employees	(1,420,007)	(738,040)	(328,310)
Other Operating Revenues	477,474	20,686	14,746
Net Cash Provided (Used) by Operating Activities	<u>3,167,364</u>	<u>552,088</u>	<u>912,211</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Interest Paid on General Obligation Notes	(10,595)	0	0
Principal Paid on General Obligation Notes	(500,000)	0	0
Premium on Sale of General Obligation Notes	3,988	0	0
Proceeds from the Sale of General Obligation Notes	<u>400,000</u>	<u>0</u>	<u>0</u>
Net Cash (Used) for Noncapital Financing Activities	<u>(106,607)</u>	<u>0</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Assets	(4,129,324)	(1,425,218)	(386,202)
Receipt of Lease Payments	115,000	0	0
Receipt of OPWC Loan	0	1,472,766	9,596
Sale of General Obligation Notes	4,500,000	1,452,500	962,500
Premium on Sale of General Obligation Notes	44,865	14,481	0
Principal Paid on General Obligation Notes	(4,750,000)	(1,661,500)	(1,294,000)
Principal Paid on OPWC Loan	0	(63,098)	(9,800)
Interest Paid on Capital Debt	<u>(107,616)</u>	<u>(40,417)</u>	<u>(30,872)</u>
Net Cash (Used) for Capital and Related Financing Activities	<u>(4,327,075)</u>	<u>(250,486)</u>	<u>(748,778)</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of Investments	(261,378)	0	0
Net Cash (Used) for Investing Activities	<u>(261,378)</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,527,696)	301,602	163,433
Cash and Cash Equivalents at Beginning of Year	<u>12,104,885</u>	<u>1,457,294</u>	<u>1,714,450</u>
Cash and Cash Equivalents at End of Year	<u>\$10,577,189</u>	<u>\$1,758,896</u>	<u>\$1,877,883</u>
<b>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</b>			
Cash and Cash Equivalents	\$10,328,521	\$1,758,896	\$1,877,883
Restricted Cash and Cash Equivalents	248,668	0	0
Cash and Cash Equivalents at End of Year	<u>\$10,577,189</u>	<u>\$1,758,896</u>	<u>\$1,877,883</u>

**CITY OF TIPP CITY, OHIO**

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Refuse Collection	Total
\$939,632	\$25,256,609
(956,728)	(18,668,591)
0	(2,486,357)
0	512,906
<u>(17,096)</u>	<u>4,614,567</u>
 0	 (10,595)
0	(500,000)
0	3,988
<u>0</u>	<u>400,000</u>
 <u>0</u>	 <u>(106,607)</u>
 0	 (5,940,744)
0	115,000
0	1,482,362
0	6,915,000
0	59,346
0	(7,705,500)
0	(72,898)
<u>0</u>	<u>(178,905)</u>
 <u>0</u>	 <u>(5,326,339)</u>
 0	 (261,378)
<u>0</u>	<u>(261,378)</u>
 (17,096)	 (1,079,757)
<u>97,362</u>	<u>15,373,991</u>
<u>\$80,266</u>	<u>\$14,294,234</u>
 \$80,266	 \$14,045,566
0	248,668
<u>\$80,266</u>	<u>\$14,294,234</u>

(Continued)

**CITY OF TIPP CITY, OHIO**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)			
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	836,900	641,829	346,032
Adjustments to Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	581,530	(16,097)	38,366
Decrease in Intergovernmental Receivable	58,830	520	0
Decrease in Special Assessments Receivable	2,061	2,881	6,149
(Increase) Decrease in Inventory	62,863	(5,288)	1,091
(Increase) in Prepaid Items	(20,439)	(9,188)	(9,939)
(Increase) Decrease in Due from Other Funds	1,624	(80)	(71)
(Increase) in Deferred Outflows - Pension	(294,307)	(145,914)	(64,496)
(Increase) in Deferred Outflows - OPEB	(9,639)	(3,562)	(1,176)
Increase (Decrease) in Accounts Payable	(189,938)	(2,390)	(18,895)
Increase in Accrued Wages and Benefits	6,170	2,033	660
Increase (Decrease) in Due to Other Funds	(4,003)	(1,089)	(218)
(Decrease) in Deferred Revenue	0	0	0
Increase (Decrease) in Intergovernmental Payable	(1,333)	1,030	(3,532)
Increase in Customer Deposits Payable	44,924	0	0
Increase (Decrease) in Compensated Absences	28,983	(12,941)	15,110
Decrease in Deferred Inflows - Pension	(184,393)	(101,096)	(47,846)
Decrease in Deferred Inflows - OPEB	(31,112)	(17,321)	(8,276)
Increase in Net Pension Liability	864,727	422,464	184,692
Increase in Net OPEB Liability	187,141	80,161	31,310
Total Adjustments	1,940,589	835,952	468,961
Net Cash Provided (Used) by Operating Activities	<u>\$3,167,364</u>	<u>\$552,088</u>	<u>\$912,211</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2019 the Electric, Water and Sewer Funds had outstanding liabilities for capital assets of \$37,051, \$81,661 and \$21,661, respectively.

See accompanying notes to the basic financial statements

**CITY OF TIPP CITY, OHIO**

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Refuse Collection	Total
(\$13,425)	\$1,372,736
0	1,824,761
0	603,799
0	59,350
0	11,091
0	58,666
0	(39,566)
0	1,473
0	(504,717)
0	(14,377)
1,038	(210,185)
0	8,863
56	(5,254)
(4,765)	(4,765)
0	(3,835)
0	44,924
0	31,152
0	(333,335)
0	(56,709)
0	1,471,883
0	298,612
<hr/>	<hr/>
(3,671)	3,241,831
<hr/>	<hr/>
(\$17,096)	\$4,614,567

**CITY OF TIPP CITY, OHIO**

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***Statement of Net Position***  
***Fiduciary Funds***  
***December 31, 2019***

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	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 14,468
Restricted Assets:	
Cash and Cash Equivalents	74,766
<b>Total Assets</b>	<u>89,234</u>
<b>Liabilities:</b>	
Due to Others	89,234
<b>Total Liabilities</b>	<u>\$ 89,234</u>

See accompanying notes to the basic financial statements

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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, 2019 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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, 2019**

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**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, 2019***

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**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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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, 2019 but which are not intended to finance 2019 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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 2019.

###### **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 2019, 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.

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **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)	\$299,724
Increase (Decrease):	
Accrued Revenues at	
December 31, 2019	
received during 2020	(603,791)
Accrued Revenues at	
December 31, 2018	
received during 2019	708,597
Accrued Expenditures at	
December 31, 2019	
paid during 2020	192,243
Accrued Expenditures at	
December 31, 2018	
paid during 2019	(249,198)
2019 Prepays for 2020	(29,581)
2018 Prepays for 2019	24,787
Outstanding Encumbrances	(122,071)
Budget Basis	<u>\$220,710</u>

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **F. Cash and Cash Equivalents**

During fiscal year 2019, 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 2019, 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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, 2019, 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.

# **CITY OF TIPP CITY, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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### **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:

Description	Governmental and Business-Type Activities Estimated Lives (in Years)
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:

Obligation	Fund
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 / Net	General Fund
Pension Liability / Net OPEB	Street Construction, Maintenance and Repair Fund
Liability	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, 2019**

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**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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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.

**CITY OF TIPP CITY, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019**

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**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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## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE**

For 2019, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83, “Certain Asset Retirement Obligations,” Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,” and Statement No. 90, “Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.”

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 88 revises the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements.

GASB Statement No. 90 establishes criteria for reporting a government’s majority equity interest in a legally separate organization.

These changes were incorporated in the City’s 2019 financial statements; however, there was no effect on beginning net position/fund balance.

## CITY OF TIPP CITY, OHIO

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### Notes to the Basic Financial Statements For the Year Ended December 31, 2019

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#### NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Capital Improvement Reserve Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$29,581	\$7,744	\$3,545	\$40,870
Supplies Inventory	64,533	0	57,859	122,392
Total Nonspendable	<u>94,114</u>	<u>7,744</u>	<u>61,404</u>	<u>163,262</u>
Restricted:				
Transportation Projects	0	0	1,277,276	1,277,276
Police Activities	0	0	64,671	64,671
Debt Retirement	0	0	30,532	30,532
Capital Improvements	0	2,072,940	78,576	2,151,516
Total Restricted	<u>0</u>	<u>2,072,940</u>	<u>1,451,055</u>	<u>3,523,995</u>
Committed:				
Swimming Pool	0	0	93,708	93,708
Police Activities	0	0	345	345
Total Committed	<u>0</u>	<u>0</u>	<u>94,053</u>	<u>94,053</u>
Assigned:				
Services and Supplies	103,544	0	0	103,544
Projected Budgetary Deficit	91,299	0	0	91,299
Total Assigned	<u>194,843</u>	<u>0</u>	<u>0</u>	<u>194,843</u>
Unassigned:				
	<u>6,572,658</u>	<u>0</u>	<u>(102,650)</u>	<u>6,470,008</u>
Total Fund Balances	<u><u>\$6,861,615</u></u>	<u><u>\$2,080,684</u></u>	<u><u>\$1,503,862</u></u>	<u><u>\$10,446,161</u></u>

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**CITY OF TIPP CITY, OHIO**

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**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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**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	\$842,723
Shared Revenues	449,763
Interest Revenue	5,787
Special Assessment Revenue	413,401
Deferred Licenses and Permits	26,540
Deferred Charges for Services	33,222
	<hr/>
	\$1,771,436

*Long-Term liabilities not reported in the funds:*

Special Assessment Bond Payable	(\$305,000)
Accrued Interest on Long-Term Debt	(1,144)
OPWC Loan Payable	(729,676)
Compensated Absences Payable	(631,262)
	<hr/>
	(\$1,667,082)

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## CITY OF TIPP CITY, OHIO

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### Notes to the Basic Financial Statements For the Year Ended December 31, 2019

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

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

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

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

Capital Outlay	\$1,845,606
Depreciation Expense	(2,310,828)
	<hr/>
	(\$465,222)

*Governmental revenues not reported in the funds:*

Decrease in Deferred/Delinquent Tax Revenue	(\$7,797)
Increase in Shared Revenue	96,105
Decrease in Special Assessment Revenue	(97,019)
Increase in Interest Revenue	1,479
Increase in Licenses & Permits Revenue	26,540
Decrease in Deferred Charges for Services	(14,183)
	<hr/>
	\$5,125

*Contractually required contributions reported as deferred outflows:*

Pension	\$643,683
OPEB	9,351
	<hr/>
	\$653,034

*Pension and OPEB expense:*

Pension	(\$1,553,432)
OPEB	2,906,820
	<hr/>
	\$1,353,388

*Amount of bond principal payments:*

General Obligation Bond Principal Payment	\$100,000
Special Assessment Bond Principal Payment	55,000
OPWC Loan Principal Payment	48,182
General Obligation Note Principal Payment	220,000
	<hr/>
	\$423,182

*Expenses not requiring the use of current financial resources:*

Decrease in Compensated Absences Payable	(\$75,325)
Decrease in supplies inventory	(11,382)
	<hr/>
	(\$86,707)

#### NOTE 5 – COMPLIANCE AND ACCOUNTABILITY

##### **A. Fund Deficit**

The fund deficit at December 31, 2019 of \$102,650 in the 25-A Construction fund is the result of recording notes payable and accruals in the individual fund balance sheet. The General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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;

**CITY OF TIPP CITY, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019**

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**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 \$7,901,121 and the bank balance was \$7,922,981. Federal depository insurance covered \$250,000 of the bank balance and \$7,672,981 was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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

##### **B. Investments**

The City's investments at December 31, 2019 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
STAR Ohio	\$15,344,285	AAAm	\$15,344,285	\$0
FHLMC	999,748	AA <sup>+</sup>	0	999,748
Freddie Mac	998,686	AA <sup>+</sup>	0	998,686
FFCB	499,664	AA <sup>+</sup>	0	499,664
Total Investments	<u>\$17,842,383</u>		<u>\$15,344,285</u>	<u>\$2,498,098</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, 86% are STAR Ohio, 5.6% are FHLMC, 5.6% are Freddie Mac and 2.8% 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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	<u>\$23,245,406</u>	<u>\$2,498,098</u>
Investments:		
STAR Ohio	<u>(15,344,285)</u>	<u>15,344,285</u>
Per GASB Statement No. 3	<u><u>\$7,901,121</u></u>	<u><u>\$17,842,383</u></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 2019 were levied after October 1, 2018 on assessed values as of January 1, 2018, 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 2019. 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **NOTE 7 – TAXES (Continued)**

The full tax rate for all City operations for the year ended December 31, 2019 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2019 levy was based was \$315,580,380. This amount constitutes \$307,440,290 in real property assessed value and \$8,140,090 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 2019 was \$6,477,955. This represents a 7.2% increase from 2018 income tax revenue of \$6,041,201.

#### **NOTE 8 - RECEIVABLES**

Receivables at December 31, 2019 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.

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **NOTE 9 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2019:

Fund	Transfer In	Transfer Out
Capital Improvement Reserve Fund	\$0	\$251,194
Other Governmental Funds	251,194	0
<b>Totals</b>	<b>\$251,194</b>	<b>\$251,194</b>

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 2019:

Fund	Due From	Due To
General Fund	\$82,230	\$5,471
Other Governmental Funds	0	454
<b>Total Governmental Funds</b>	<b>82,230</b>	<b>5,925</b>
Electric Fund	10,598	78,341
Water Fund	1,259	4,709
Sewer Fund	1,068	2,291
Refuse Collection Fund	0	3,889
<b>Total Proprietary Funds</b>	<b>12,925</b>	<b>89,230</b>
<b>Totals</b>	<b>\$95,155</b>	<b>\$95,155</b>

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

**CITY OF TIPP CITY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019**

**NOTE 11 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2019:

*Historical Cost:*

Class	December 31, 2018	Additions	Deletions	December 31, 2019
<i>Non-depreciable Capital assets:</i>				
Land	\$14,275,563	\$0	\$0	\$14,275,563
Construction in Progress	470,918	280,943	(42,753)	709,108
Total Non-depreciable Capital assets	<u>14,746,481</u>	<u>280,943</u>	<u>(42,753)</u>	<u>14,984,671</u>
<i>Capital assets being depreciated:</i>				
Buildings	8,887,825	297,138	(70,593)	9,114,370
Improvements Other Than Buildings	6,767,961	0	(7,766)	6,760,195
Machinery and Equipment	9,515,879	461,681	(1,158,460)	8,819,100
Infrastructure	<u>40,319,331</u>	<u>848,597</u>	<u>(208,467)</u>	<u>40,959,461</u>
Total Depreciable Capital assets	<u>65,490,996</u>	<u>1,607,416</u>	<u>(1,445,286)</u>	<u>65,653,126</u>
Total Cost	<u><u>\$80,237,477</u></u>	<u><u>\$1,888,359</u></u>	<u><u>(\$1,488,039)</u></u>	<u><u>\$80,637,797</u></u>

*Accumulated Depreciation:*

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Buildings	(\$3,170,087)	(\$207,557)	\$37,081	(\$3,340,563)
Improvements Other Than Buildings	(3,683,005)	(302,036)	7,766	(3,977,275)
Machinery and Equipment	(6,984,941)	(584,919)	1,134,632	(6,435,228)
Infrastructure	<u>(15,482,673)</u>	<u>(1,216,316)</u>	<u>172,783</u>	<u>(16,526,206)</u>
Total Depreciation	<u><u>(\$29,320,706)</u></u>	<u><u>(\$2,310,828)</u></u> *	<u><u>\$1,352,262</u></u>	<u><u>(\$30,279,272)</u></u>
<i>Net Value:</i>	<u><u>\$50,916,771</u></u>			<u><u>\$50,358,525</u></u>

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$404,992
Leisure Time Activities	429,826
Transportation	1,347,968
General Government	<u>128,042</u>
Total Depreciation Expense	<u><u>\$2,310,828</u></u>

# CITY OF TIPP CITY, OHIO

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## Notes to the Basic Financial Statements For the Year Ended December 31, 2019

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### 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, 2019:

##### *Historical Cost:*

Class	December 31, 2018	Additions	Deletions	December 31, 2019
<i>Non-depreciable Capital assets:</i>				
Land	\$2,234,492	\$0	\$0	\$2,234,492
Construction in Progress	413,452	1,883,912	(199,759)	2,097,605
Total Non-depreciable Capital Assets	<u>2,647,944</u>	<u>1,883,912</u>	<u>(199,759)</u>	<u>4,332,097</u>
<i>Capital assets being depreciated:</i>				
Buildings	7,080,986	0	0	7,080,986
Improvements Other Than Buildings	44,729,199	3,879,886	(429,239)	48,179,846
Machinery and Equipment	3,493,630	414,626	(445,690)	3,462,566
Total Depreciable Capital assets	<u>55,303,815</u>	<u>4,294,512</u>	<u>(874,929)</u>	<u>58,723,398</u>
Total Cost	<u><u>\$57,951,759</u></u>	<u><u>\$6,178,424</u></u>	<u><u>(\$1,074,688)</u></u>	<u><u>\$63,055,495</u></u>

##### *Accumulated Depreciation:*

Class	December 31, 2018	Additions	Deletions	December 31, 2019
<i>Buildings</i>				
Buildings	(\$1,741,439)	(\$263,106)	\$0	(\$2,004,545)
Improvements Other Than Buildings	(20,912,715)	(1,329,538)	112,435	(22,129,818)
Machinery and Equipment	(2,389,547)	(232,117)	438,139	(2,183,525)
Total Depreciation	<u>(\$25,043,701)</u>	<u>(\$1,824,761)</u>	<u>\$550,574</u>	<u>(\$26,317,888)</u>
<i>Net Value:</i>	<u><u>\$32,908,058</u></u>			<u><u>\$36,737,607</u></u>

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **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.

# CITY OF TIPP CITY, OHIO

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## Notes to the Basic Financial Statements For the Year Ended December 31, 2019

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### 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, including requirements for reduced and unreduced benefits):

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

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 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)**

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local
<b>2019 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2019 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
<hr/>	
Total Employer	<u>14.0 %</u>
<hr/>	
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 \$516,649 for 2019.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

## CITY OF TIPP CITY, OHIO

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2019*

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#### **NOTE 12 – DEFINED BENEFIT PENSION PLANS** (Continued)

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

	Police	Firefighters
<b>2019 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2019 through December 31, 2019	12.25 %	12.25 %
<b>2019 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u><u>19.50 %</u></u>	<u><u>24.00 %</u></u>
Employee:		
January 1, 2019 through December 31, 2019	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$361,053 for 2019.

#### ***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, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. 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:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$7,334,774	\$5,506,110	\$12,840,884
Proportion of the Net Pension Liability-2019	0.026781%	0.067455%	
Proportion of the Net Pension Liability-2018	<u>0.027877%</u>	<u>0.065907%</u>	
Percentage Change	<u><u>(0.001096%)</u></u>	<u><u>0.001548%</u></u>	
Pension Expense	\$1,633,474	\$787,808	\$2,421,282

**CITY OF TIPP CITY, OHIO**

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**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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**NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)**

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$638,511	\$145,975	\$784,486
Differences between expected and actual experience	339	226,225	226,564
Net difference between projected and actual earnings on pension plan investments	995,535	678,344	1,673,879
Change in proportionate share	64,157	219,885	284,042
City contributions subsequent to the measurement date	516,649	361,053	877,702
<b>Total Deferred Outflows of Resources</b>	<b><u>\$2,215,191</u></b>	<b><u>\$1,631,482</u></b>	<b><u>\$3,846,673</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$96,312	\$5,142	\$101,454
Change in proportionate share	125,340	0	125,340
<b>Total Deferred Inflows of Resources</b>	<b><u>\$221,652</u></b>	<b><u>\$5,142</u></b>	<b><u>\$226,794</u></b>

\$877,702 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2020	\$659,592	\$381,294	\$1,040,886
2021	261,946	232,962	494,908
2022	92,358	261,070	353,428
2023	462,994	361,032	824,026
2024	0	28,929	28,929
<b>Total</b>	<b><u>\$1,476,890</u></b>	<b><u>\$1,265,287</u></b>	<b><u>\$2,742,177</u></b>

***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.

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **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, 2018 and December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2018
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	7.2 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2017
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

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 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 2018, 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 a loss of 2.94% for 2018.

## CITY OF TIPP CITY, OHIO

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### Notes to the Basic Financial Statements For the Year Ended December 31, 2019

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#### 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 2018 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 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

**Discount Rate** The discount rate used to measure the total pension liability was 7.2 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 7.2 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$10,835,593	\$7,334,774	\$4,425,560

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### ***Actuarial Assumptions – OPF***

OPF's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2018, compared with January 1, 2017, are presented below.

	<u>January 1, 2018</u>	<u>January 1, 2017</u>
Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2018 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2018 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2018 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	<u><u>120.00 %</u></u>	

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.

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)**

**Discount Rate** For 2018, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2017 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 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.

**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	\$7,237,403	\$5,506,110	\$4,059,366

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019***

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**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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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, 2019***

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**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 0 percent during calendar year 2019. 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 2019 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 2019.

***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](http://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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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 2019, 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.

Beginning January 1, 2019, OP&F changed its retiree health care model to 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 City's contractually required contribution to OP&F was \$9,351 for 2019.

#### ***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, 2017, rolled forward to the measurement date of December 31, 2018, 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, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. 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:

	<b>OPERS</b>	<b>OP&amp;F</b>	<b>Total</b>
Proportionate Share of the Net OPEB Liability	\$3,414,558	\$614,282	\$4,028,840
Proportion of the Net OPEB Liability-2019	0.026190%	0.067455%	
Proportion of the Net OPEB Liability-2018	0.027162%	0.065907%	
Percentage Change	(0.00097%)	0.0015480%	
OPEB Expense	\$310,188	(\$2,989,482)	(\$2,679,294)

**CITY OF TIPP CITY, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019**

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)**

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$110,089	\$318,414	\$428,503
Differences between expected and actual experience	1,157	0	1,157
Net difference between projected and actual earnings on OPEB plan investments	156,535	20,795	177,330
Change in proportionate share	38,886	200,480	239,366
City contributions subsequent to the measurement date	0	9,351	9,351
<b>Total Deferred Outflows of Resources</b>	<b><u>\$306,667</u></b>	<b><u>\$549,040</u></b>	<b><u>\$855,707</u></b>
<b>Deferred Inflows of Resources</b>			
Changes in assumptions	\$0	\$170,063	\$170,063
Differences between expected and actual experience	9,265	16,457	25,722
Change in proportionate share	70,792	0	70,792
<b>Total Deferred Inflows of Resources</b>	<b><u>\$80,057</u></b>	<b><u>\$186,520</u></b>	<b><u>\$266,577</u></b>

\$9,351 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 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31:</u>	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2020	\$123,145	\$61,168	\$184,313
2021	(114)	61,168	61,054
2022	24,723	61,172	85,895
2023	78,856	67,461	146,317
2024	0	57,543	57,543
2025	0	45,661	45,661
2026	0	(1,004)	(1,004)
<b>Total</b>	<b><u>\$226,610</u></b>	<b><u>\$353,169</u></b>	<b><u>\$579,779</u></b>

# **CITY OF TIPP CITY, OHIO**

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## **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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### **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, 2017, rolled forward to the measurement date of December 31, 2018. 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	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.50 percent
Municipal Bond Rate:	
Current measurement date	3.71 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial
	3.25 percent, ultimate in 2029
Prior Measurement date	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.

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

During 2018, 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 was a loss of 5.60 percent for 2018.

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 2018 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 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

**Discount Rate** A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent.

## CITY OF TIPP CITY, OHIO

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### Notes to the Basic Financial Statements For the Year Ended December 31, 2019

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#### NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, 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*** The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 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 (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	\$4,368,492	\$3,414,558	\$2,655,928

***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 2019 is 10.00 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	Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$3,282,131	\$3,414,558	\$3,567,078

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)**

##### ***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.66 percent	3.24 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	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

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

The most recent experience study was completed for the five year period ended December 31, 2016, the 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, 2018, are summarized below:

**CITY OF TIPP CITY, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019**

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)**

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	<u>120.00 %</u>	

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

**Discount Rate** The total OPEB liability was calculated using the discount rate of 4.66 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 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent.

**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 4.66 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 (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	\$748,362	\$614,282	\$501,732

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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, 2019, the City's accumulated, unpaid compensated absences amounted to \$933,569, of which \$631,262 is recorded as a liability of the Governmental Activities and \$302,307 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. 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, 2019:

Year Ending December 31,	Business-Type Activities
2020	\$412,000
Minimum Lease Payments	412,000
Less amount representing	
unearned revenue	(12,000)
Present value of minimum lease payments	<u><u>\$400,000</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 2020 rather than issuing long-term bonds. Savings on projected interest expense will be passed through to NAWA in the form of lower annual payment on the lease.

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **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 2019:

	<b>Maturity Date</b>	<b>Balance December 31, 2018</b>	<b>Issued</b>	<b>(Retired)</b>	<b>Balance December 31, 2019</b>
<b>Capital Projects Notes Payable:</b>					
3.00% 25A Reconstruction	2/12/2020	\$85,000	\$100,000	(\$85,000)	\$100,000
3.00% Fire Truck	2/12/2020	42,500	80,000	(42,500)	80,000
3.00% Main Street Streetscape Improvement	2/12/2020	90,000	40,000	(90,000)	40,000
3.50% Fire Station Improvement	11/20/2019	500,000	0	(500,000)	0
<b>Total Capital Projects Notes Payable</b>		<b>717,500</b>	<b>220,000</b>	<b>(717,500)</b>	<b>220,000</b>
<b>Enterprise Notes Payable:</b>					
3.00% Electric Notes	2/12/2020	350,000	1,900,000	(350,000)	1,900,000
3.00% Water Notes	2/12/2020	209,000	305,000	(209,000)	305,000
3.00% Sewer Notes	2/12/2020	331,500	135,000	(331,500)	135,000
<b>Total Enterprise Notes Payable</b>		<b>890,500</b>	<b>2,340,000</b>	<b>(890,500)</b>	<b>2,340,000</b>
<b>Total Notes Payable</b>		<b>\$1,608,000</b>	<b>\$2,560,000</b>	<b>(\$1,608,000)</b>	<b>\$2,560,000</b>

Multiple note issues were rolled over in February 2020 thereby extending their due dates beyond twelve months from the end of 2019. 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 2020 are recorded as long-term debt obligations in Note 17.

**CITY OF TIPP CITY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019**

**NOTE 17 - LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2019 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2018	Issued	(Retired)	Balance December 31, 2019	Amount Due Within One Year
<b>Business Type-Activities:</b>							
General Obligation Notes:							
1.20% Electric Notes	3,000,000	2020	\$4,900,000	\$3,000,000	(\$4,900,000)	\$3,000,000	\$0
1.20% Water Notes	1,147,500	2020	1,452,500	1,147,500	(1,452,500)	1,147,500	0
1.20% Sewer Notes	827,500	2020	962,500	827,500	(962,500)	827,500	0
Total General Obligation Notes			7,315,000	4,975,000	(7,315,000)	4,975,000	0
Ohio Public Works Commission Loans:							
0.00% OPWC Loan - AMR/AMI Project	600,000	2032	390,000	0	(30,000)	360,000	30,000
0.00% OPWC Loan - Water Tower Project	425,000	2033	318,750	0	(21,250)	297,500	21,250
0.00% OPWC Loan - Downtown Utilities Project	401,915	2034	304,499	0	(21,648)	282,851	21,648
0.00% OPWC Loan - Low System Water Tower			0	1,472,766	0	1,472,766	0
Total Ohio Public Works Commission Loans			1,013,249	1,472,766	(72,898)	2,413,117	72,898
Compensated Absences			271,155	302,307	(271,155)	302,307	91,283
Total Business-Type Activity Long-Term Liabilities			\$8,599,404	\$6,750,073	(\$7,659,053)	\$7,690,424	\$164,181
<b>Governmental Activities:</b>							
Unvoted General Obligation Bonds:							
4.0-4.800% Capital Facilities Bond	2,325,000	2019	\$100,000	\$0	(\$100,000)	\$0	\$0
Total General Obligation Bonds			100,000	0	(100,000)	0	0
General Obligation Notes:							
1.20% Capital Projects Notes	0	2019	220,000	0	(220,000)	0	0
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	360,000	0	(55,000)	305,000	55,000
Ohio Public Works Commission Loan:							
0.00% OPWC Loan - Main Street Streetscape	970,586	2034	777,858	0	(48,182)	729,676	48,182
Compensated Absences			580,707	631,262	(580,707)	631,262	213,492
Total Governmental Activity Long-Term Liabilities			\$2,038,565	\$631,262	(\$1,003,889)	\$1,665,938	\$316,674

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **NOTE 17 - LONG-TERM OBLIGATIONS** (Continued)

The principal amount of the City's special assessment bonds outstanding at December 31, 2019, \$305,000, 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, 2019, follow:

Years	Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2020	\$55,000	\$13,725	\$121,080	\$0
2021	60,000	11,250	121,080	0
2022	60,000	8,550	121,080	0
2023	65,000	5,850	121,080	0
2024	65,000	2,925	121,080	0
2025-2029	0	0	605,400	0
2030-2034	0	0	459,227	0
Totals	<u>\$305,000</u>	<u>\$42,300</u>	<u>\$1,670,027</u>	<u>\$0</u>

The OPWC Loan for the Low System Water Tower has not been finalized, therefore an amortization schedule is not available for this loan.

#### **NOTE 18 – CONSTRUCTION COMMITMENTS**

At December 31, 2019 the City had the following contractual commitments outstanding:

Project	Remaining Contractual Commitment	Estimated Date of Completion
Water Tower	\$274,653	6/30/2020
Electric Substation #1 Improvements	140,416	6/30/2020
Maple Hill Bridge Replacement	44,908	6/30/2021
CR 25-A Widening Project	23,630	6/30/2022
Total Construction Commitments	<u>\$483,607</u>	

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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, 2019, 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	\$2,000,000	per occurrence
Public Officials/Personal Injury	12,000,000	per occurrence
Property	1,000,000,000	per occurrence
Boiler and Machinery	100,000,000	per occurrence
Flood	25,000,000	per occurrence and aggregate
Cyber Liability	2,000,000	per occurrence and aggregate
Earthquake (Property)	25,000,000	per occurrence and aggregate

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

MVRMA issues a stand-alone financial report that includes financial statements and required supplementary information for MVRMA, Inc. Interested parties may obtain a copy by making a written request to 4625 Presidential Way, Kettering, Ohio 45429-5706

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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 9/1/19-8/31/20, the City pays 88% of the HSA Plan monthly premium of \$584.09 for single coverage and \$1,574.76 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 \$690.48 for single coverage and \$1,861.60 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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 \$7,124,417 which represents 24.02% of the total equity in Tri-Cities. This reflects a decrease of .04 under the City's equity interest of 24.06% in 2018. 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 2019, the City paid \$772,603 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 \$1,604,636 which represents 50% of the total equity of NAWA on December 31, 2019. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2019, the City paid \$1,883,448 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.

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2019***

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#### **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 February 3, 2020, the City approved the expenditure of up to \$260,000 for engineering services work for the extension of Abbott Park Way.

On February 12, 2020, the City issued general obligation bond anticipation notes, in the amount of \$4,975,000 to retire notes previously issued, for the purposes of: purchase and installation of an AMR/AMI water metering infrastructure, construction of a one million gallon elevated water storage tank, Water/Sewer Line Replacement in the Roselyn Subdivision, replacement of the electric Substation #1 transformer, Main Street Sanitary Sewer lift station improvements, and Water Tower #2 rehabilitation and painting. The notes have an interest rate of 2.00 percent and mature on February 11, 2021.

On February 18, 2020, the City authorized a contract with Emery Avaya Telecommunications for the purchase of a new telephone communication system in an amount not to exceed \$80,000.

On March 2, 2020, the City authorized a contract with Stryker Corporation for the purchase of two power cot systems for the City's ambulances in the amount of \$96,547.

On March 2, 2020, the City authorized the execution of five right-of-way agreements and property acquisition purchases necessary for the reconstruction of Wunderwood Drive and associated water main improvements. Right of way to be purchased by the City is \$48,102 with two property owners donating right of way property appraised at \$59,953.

On March 16, 2020, the City authorized a contract with Outdoor Enterprises for construction of stormwater drainage improvements along the I-75 soundwall (the Soundwall Drainage Improvement Project) in the amount of \$379,835.

On March 16, 2020, the City authorized a resolution permitting the City Council to meet and conduct business remotely while the Governor of the State of Ohio's State of Emergency related to the COVID-19 coronavirus pandemic is in place. The City Council will hold meetings remotely which will be advertised and available to the general public to dial-in to the meetings.

On April 6, 2020, the City authorized a Community Reinvestment Agreement (CRA) with the Meijer Corporation related to their purchase of 160 acres of land for industrial development. The CRA agreement will provide Meijer with a fifteen year, 50% tax abatement on their proposed automated warehouse facility.

On April 6, 2020, the City entered into a Jobs and Commerce Economic Development grant agreement with the Ohio Department of Transportation for the extension of Abbott Park Way. The State grant is a 16% reimbursement grant capped at \$150,000 total reimbursement.

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **NOTE 22 – SUBSEQUENT EVENTS** (Continued)

On April 6, 2020, the City authorized the purchase of a piece of used fire apparatus in a total amount not to exceed \$425,000. The Fire Chief has located a used truck that meets the City's needs in Cheektowga, New York.

On April 20, 2020, the City entered into an Ohio Department of Development “629 Grant” agreement for the extension of Abbott Park Way. This State grant is capped at \$490,000 total reimbursement.

On April 20, 2020, the City authorized a contract with Double Jay Construction for construction of a new water line and roadway reconstruction on Wunderwood Drive in the amount of \$304,528.

On May 4, 2020, the City authorized a contract with John R. Jurgensen for the City's annual asphalt repaving program in the amount of \$522,917.

#### **NOTE 23 – SIGNIFICANT ENCUMBRANCES**

At December 31, 2019 the City had the following significant encumbrances outstanding:

<u>Fund</u>	<u>Total Encumbrances</u>	<u>Significant Encumbrances</u>	<u>Explanation</u>
<b>Major Funds:</b>			
Capital Improvement Reserve	\$ 1,339,226	\$ 536,000 140,000 128,209	I-75 Drain Improvement Project Government Center Parking Lot Improvement County Road 25A Widening (Engineering)
Electric	341,618	170,917	Substation 1 Improvements
Water	890,670	422,652 321,900	Water Tower # 4 Construction December Treatment Services
Sewer	529,256	294,858 115,126	Sewer Lining Services Floral Acres Sewer Line

## **CITY OF TIPP CITY, OHIO**

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### **Notes to the Basic Financial Statements For the Year Ended December 31, 2019**

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#### **NOTE 24 – TAX ABATEMENT DISCLOSURES**

As of December 31, 2019, 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 2019).

##### **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 revenue sharing with the School District when a company's new payroll related to the project subject to the CRA agreement exceeds \$1,000,000 dollars. The agreement with Tipp City Exempted Village School District reimburses the school district 50 percent of the municipal income tax revenue derived from the new investment in the community less an amount up to 35% of the capital infrastructure improvement costs paid by the City for the project.

Below are the real property taxes abated in 2019:

<u>Community Reinvestment Area (CRA)</u>	Total Amount of Taxes Abated (Incentives Abated) For the Year 2019 (In Actual Dollars)
Manufacturing	\$558,586
Retail	14,947
Professional Buildings	2,439

<u>Amount of Income Tax Dollars paid to the Tipp City Exempted Village School District</u>	
Manufacturing	\$186,414

*CITY OF TIPP CITY, OHIO*

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*CITY OF TIPP CITY, OHIO*

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***R*EQ*U*IRE*D* *S*UPPL*E*MENTARY *I*NFORMATION**

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## **CITY OF TIPP CITY, OHIO**

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

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#### **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**

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<u>2016</u>	<u>2017</u>	<u>2018</u>
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0.026622%	0.027877%	0.026781%
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\$6,045,511	\$4,373,353	\$7,334,774
\$3,508,450	\$3,744,100	\$3,682,529

172.31%	116.81%	199.18%
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77.25%	84.66%	74.70%
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<u>2016</u>	<u>2017</u>	<u>2018</u>
-------------	-------------	-------------

0.062183%	0.065907%	0.067455%
-----------	-----------	-----------

\$3,938,623	\$4,045,022	\$5,506,110
\$1,485,547	\$1,599,574	\$1,685,615

265.13%	252.88%	326.65%
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68.36%	70.91%	63.07%
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## **CITY OF TIPP CITY, OHIO**

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### ***Schedule of City Pension Contributions Last Seven Years***

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#### **Ohio Public Employees Retirement System**

Year	2013	2014	2015
Contractually required contribution	\$463,371	\$392,857	\$407,050
Contributions in relation to the contractually required contribution	<u>463,371</u>	<u>392,857</u>	<u>407,050</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$3,564,392	\$3,273,808	\$3,392,083
Contributions as a percentage of covered payroll	13.00%	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
Contractually required contribution	\$208,247	\$258,066	\$291,343
Contributions in relation to the contractually required contribution	<u>208,247</u>	<u>258,066</u>	<u>291,343</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,250,733	\$1,358,242	\$1,533,384
Contributions as a percentage of covered payroll	16.65%	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**

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2016	2017	2018	2019
\$421,014	\$486,733	\$515,554	\$516,649
<u>421,014</u>	<u>486,733</u>	<u>515,554</u>	<u>516,649</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$3,508,450	\$3,744,100	\$3,682,529	\$3,690,350
12.00%	13.00%	14.00%	14.00%

2016	2017	2018	2019
\$282,254	\$303,919	\$322,393	\$361,053
<u>282,254</u>	<u>303,919</u>	<u>322,393</u>	<u>361,053</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$1,485,547	\$1,599,574	\$1,685,615	\$1,870,191
19.00%	19.00%	19.13%	19.31%

*CITY OF TIPP CITY, OHIO*

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## **CITY OF TIPP CITY, OHIO**

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

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#### **Ohio Public Employees Retirement System**

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

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

#### **Ohio Police and Fire Pension Fund**

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

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2016 is not available.

## **CITY OF TIPP CITY, OHIO**

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

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#### **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	<u>35,644</u>	<u>65,476</u>	<u>67,842</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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	<u>46,710</u>	<u>6,791</u>	<u>7,667</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**

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2016	2017	2018	2019
\$70,169	\$37,441	\$0	\$0
<u>70,169</u>	<u>37,441</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,508,450	\$3,744,100	\$3,682,529	\$3,690,350
2.00%	1.00%	0.00%	0.00%

2016	2017	2018	2019
\$7,428	\$7,998	\$8,428	\$9,351
<u>7,428</u>	<u>7,998</u>	<u>8,428</u>	<u>9,351</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,485,547	\$1,599,574	\$1,685,615	\$1,870,191
0.50%	0.50%	0.50%	0.50%

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Required Supplementary Information For the Year Ended December 31, 2019***

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#### **NET NET PENSION LIABILITY**

##### **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2019.

*Changes in assumptions:*

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

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

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

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

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

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

##### **OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2019.

*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%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

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

## **CITY OF TIPP CITY, OHIO**

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### ***Notes to the Required Supplementary Information For the Year Ended December 31, 2019***

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#### **NET OPEB LIABILITY**

##### **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* There were no changes in benefit terms for the periods 2018-2019.

*Changes in assumptions:*

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

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

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

##### **OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:*

2018: There were no changes in benefit terms.

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

*Changes in assumptions:*

2018: There were no changes in assumptions.

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

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

*CITY OF TIPP CITY, OHIO*

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*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

## **CITY OF TIPP CITY, OHIO**

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### ***Nonmajor Governmental Funds***

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#### ***Special Revenue Funds***

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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)***

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**Fieldstone TIF Project Fund**

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

**Police Donation Trust Fund**

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

***Debt Service Funds***

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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***

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

**Parks Capital Improvement Fund**

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

**25-A Construction Fund**

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

**CITY OF TIPP CITY, OHIO**

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,299,603	\$ 30,532	\$ 78,576	\$ 1,408,711
Receivables:				
Accounts	453	0	0	453
Intergovernmental	464,291	0	0	464,291
Special Assessments	0	368,266	0	368,266
Inventory of Supplies, at Cost	57,859	0	0	57,859
Prepaid Items	3,545	0	0	3,545
<b>Total Assets</b>	<b>\$ 1,825,751</b>	<b>\$ 398,798</b>	<b>\$ 78,576</b>	<b>\$ 2,303,125</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 9,995	\$ 0	\$ 0	\$ 9,995
Accrued Wages and Benefits Payable	8,286	0	0	8,286
Intergovernmental Payable	143	0	0	143
Due to Other Funds	454	0	0	454
Accrued Interest Payable	0	0	2,650	2,650
General Obligation Notes Payable	0	0	100,000	100,000
<b>Total Liabilities</b>	<b>18,878</b>	<b>0</b>	<b>102,650</b>	<b>121,528</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	309,469	368,266	0	677,735
<b>Fund Balances:</b>				
Nonspendable	61,404	0	0	61,404
Restricted	1,341,947	30,532	78,576	1,451,055
Committed	94,053	0	0	94,053
Unassigned	0	0	(102,650)	(102,650)
<b>Total Fund Balances</b>	<b>1,497,404</b>	<b>30,532</b>	<b>(24,074)</b>	<b>1,503,862</b>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<b>\$ 1,825,751</b>	<b>\$ 398,798</b>	<b>\$ 78,576</b>	<b>\$ 2,303,125</b>

**CITY OF TIPP CITY, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 74,414	\$ 0	\$ 0	\$ 74,414
Intergovernmental Revenues	823,363	0	0	823,363
Charges for Services	343,075	0	0	343,075
Special Assessments	0	73,653	0	73,653
Fines and Forfeitures	986	0	0	986
All Other Revenue	35,681	0	14,987	50,668
<b>Total Revenue</b>	<b>1,277,519</b>	<b>73,653</b>	<b>14,987</b>	<b>1,366,159</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	69	0	0	69
Leisure Time Activities	327,238	0	0	327,238
Transportation	742,064	0	0	742,064
General Government	0	3,507	0	3,507
Capital Outlay	3,139	0	10,981	14,120
Debt Service:				
Principal Retirement	0	203,182	100,000	303,182
Interest and Fiscal Charges	0	21,597	3,987	25,584
<b>Total Expenditures</b>	<b>1,072,510</b>	<b>228,286</b>	<b>114,968</b>	<b>1,415,764</b>
Excess (Deficiency) of Revenues Over Expenditures	205,009	(154,633)	(99,981)	(49,605)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	163,271	87,923	251,194
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>163,271</b>	<b>87,923</b>	<b>251,194</b>
Net Change in Fund Balances	205,009	8,638	(12,058)	201,589
<b>Fund Balances at Beginning of Year</b>	<b>1,299,259</b>	<b>21,894</b>	<b>(12,016)</b>	<b>1,309,137</b>
Change in Inventory	(6,864)	0	0	(6,864)
<b>Fund Balances End of Year</b>	<b>\$ 1,497,404</b>	<b>\$ 30,532</b>	<b>\$ (24,074)</b>	<b>\$ 1,503,862</b>

**CITY OF TIPP CITY, OHIO**

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2019**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 93,575	\$ 474,592	\$ 242,386	\$ 424,120
Receivables:				
Accounts	453	0	0	0
Intergovernmental	0	324,545	26,315	113,345
Inventory of Supplies, at Cost	0	57,859	0	0
Prepaid Items	0	3,518	0	27
<b>Total Assets</b>	<b>\$ 94,028</b>	<b>\$ 860,514</b>	<b>\$ 268,701</b>	<b>\$ 537,492</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 320	\$ 3,582	\$ 875	\$ 5,218
Accrued Wages and Benefits Payable	0	6,312	0	1,974
Intergovernmental Payable	0	107	0	36
Due to Other Funds	0	454	0	0
<b>Total Liabilities</b>	<b>320</b>	<b>10,455</b>	<b>875</b>	<b>7,228</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	0	216,363	17,543	75,563
<b>Fund Balances:</b>				
Nonspendable	0	61,377	0	27
Restricted	0	572,319	250,283	454,674
Committed	93,708	0	0	0
<b>Total Fund Balances</b>	<b>93,708</b>	<b>633,696</b>	<b>250,283</b>	<b>454,701</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 94,028</b>	<b>\$ 860,514</b>	<b>\$ 268,701</b>	<b>\$ 537,492</b>

**CITY OF TIPP CITY, OHIO**

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Peace Officer Training	Law Enforcement	Enforcement and Education	Drug Law Enforcement	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 11,160	\$ 42,435	\$ 9,629	\$ 1,361	\$ 345	\$ 1,299,603
0	0	0	0	0	453
0	0	86	0	0	464,291
0	0	0	0	0	57,859
0	0	0	0	0	3,545
<b>\$ 11,160</b>	<b>\$ 42,435</b>	<b>\$ 9,715</b>	<b>\$ 1,361</b>	<b>\$ 345</b>	<b>\$ 1,825,751</b>
 \$ 0	 \$ 0	 \$ 0	 \$ 0	 \$ 0	 \$ 9,995
0	0	0	0	0	8,286
0	0	0	0	0	143
0	0	0	0	0	454
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,878</b>
 <b>0</b>	 <b>0</b>	 <b>0</b>	 <b>0</b>	 <b>0</b>	 <b>309,469</b>
 0	 42,435	 9,715	 1,361	 345	 61,404
11,160	42,435	9,715	1,361	0	1,341,947
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>345</b>	<b>94,053</b>
<b>11,160</b>	<b>42,435</b>	<b>9,715</b>	<b>1,361</b>	<b>345</b>	<b>1,497,404</b>
<b>\$ 11,160</b>	<b>\$ 42,435</b>	<b>\$ 9,715</b>	<b>\$ 1,361</b>	<b>\$ 345</b>	<b>\$ 1,825,751</b>

**CITY OF TIPP CITY, OHIO**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended December 31, 2019**

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	<u>Swimming Pool</u>	<u>Street Construction, Maintenance and Repair</u>	<u>State Highway Improvement</u>	<u>Municipal Road</u>
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	561,932	45,563	215,868
Charges for Services	343,075	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	2,922	8,213	0	1,698
<b>Total Revenue</b>	<b>345,997</b>	<b>570,145</b>	<b>45,563</b>	<b>217,566</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	327,238	0	0	0
Transportation	0	424,403	18,581	224,666
Capital Outlay	0	1,357	0	1,782
<b>Total Expenditures</b>	<b>327,238</b>	<b>425,760</b>	<b>18,581</b>	<b>226,448</b>
Excess (Deficiency) of Revenues Over Expenditures	18,759	144,385	26,982	(8,882)
<b>Fund Balances at Beginning of Year</b>	<b>74,949</b>	<b>496,175</b>	<b>223,301</b>	<b>463,583</b>
Change in Inventory	0	(6,864)	0	0
<b>Fund Balances End of Year</b>	<b>\$ 93,708</b>	<b>\$ 633,696</b>	<b>\$ 250,283</b>	<b>\$ 454,701</b>

**CITY OF TIPP CITY, OHIO**

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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	\$ 74,414	\$ 0	\$ 74,414
0	0	0	0	0	0	823,363
0	0	0	0	0	0	343,075
0	0	986	0	0	0	986
0	22,648	0	0	0	200	35,681
0	22,648	986	0	74,414	200	1,277,519
0 69	0	0	0	0	0	69
0 0	0	0	0	0	0	327,238
0 0	0	0	0	74,414	0	742,064
0 0	0	0	0	0	0	3,139
0 69	0	0	0	74,414	0	1,072,510
0 22,579	986	0	0	0	200	205,009
11,160 19,856	8,729	1,361	0	0	145	1,299,259
0 0	0	0	0	0	0	(6,864)
\$ 11,160 \$ 42,435	\$ 9,715	\$ 1,361	\$ 0	\$ 345	\$ 0	\$ 1,497,404

**CITY OF TIPP CITY, OHIO**

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**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**December 31, 2019**

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	General Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 10,232	\$ 20,300	\$ 30,532
Receivables:			
Special Assessments	0	368,266	368,266
<b>Total Assets</b>	<b>\$ 10,232</b>	<b>\$ 388,566</b>	<b>\$ 398,798</b>
<b>Liabilities:</b>			
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 368,266</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	0	368,266	368,266
<b>Fund Balances:</b>			
Restricted	10,232	20,300	30,532
<b>Total Fund Balances</b>	<b>10,232</b>	<b>20,300</b>	<b>30,532</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 10,232</b>	<b>\$ 388,566</b>	<b>\$ 398,798</b>

**CITY OF TIPP CITY, OHIO**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Debt Service Funds**  
**For the Year Ended December 31, 2019**

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	General Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
<b>Revenues:</b>			
Special Assessments	\$ 0	\$ 73,653	\$ 73,653
<b>Total Revenue</b>	<b>0</b>	<b>73,653</b>	<b>73,653</b>
<b>Expenditures:</b>			
Current:			
General Government	0	3,507	3,507
Debt Service:			
Principal Retirement	148,182	55,000	203,182
Interest and Fiscal Charges	5,589	16,008	21,597
<b>Total Expenditures</b>	<b>153,771</b>	<b>74,515</b>	<b>228,286</b>
Excess (Deficiency) of Revenues			
Over Expenditures	(153,771)	(862)	(154,633)
<b>Other Financing Sources (Uses):</b>			
Transfers In	163,271	0	163,271
<b>Total Other Financing Sources (Uses)</b>	<b>163,271</b>	<b>0</b>	<b>163,271</b>
Net Change in Fund Balances	9,500	(862)	8,638
<b>Fund Balances at Beginning of Year</b>	<b>732</b>	<b>21,162</b>	<b>21,894</b>
<b>Fund Balances End of Year</b>	<b>\$ 10,232</b>	<b>\$ 20,300</b>	<b>\$ 30,532</b>

**CITY OF TIPP CITY, OHIO**

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**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**December 31, 2019**

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	Parks Capital Improvement	25-A Construction	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 78,576	\$ 0	\$ 78,576
<b>Total Assets</b>	<b>\$ 78,576</b>	<b>\$ 0</b>	<b>\$ 78,576</b>
<b>Liabilities:</b>			
Accrued Interest Payable	\$ 0	\$ 2,650	\$ 2,650
General Obligation Notes Payable	0	100,000	100,000
<b>Total Liabilities</b>	<b>0</b>	<b>102,650</b>	<b>102,650</b>
<b>Fund Balances:</b>			
Restricted	78,576	0	78,576
Unassigned	0	(102,650)	(102,650)
<b>Total Fund Balances</b>	<b>78,576</b>	<b>(102,650)</b>	<b>(24,074)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 78,576</b>	<b>\$ 0</b>	<b>\$ 78,576</b>

**CITY OF TIPP CITY, OHIO**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended December 31, 2019**

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	Parks Capital Improvement	25-A Construction	Total Nonmajor Capital Project Funds
<b>Revenues:</b>			
All Other Revenue	\$ 14,987	\$ 0	\$ 14,987
<b>Total Revenue</b>	<b>14,987</b>	<b>0</b>	<b>14,987</b>
<b>Expenditures:</b>			
Capital Outlay	10,981	0	10,981
Debt Service:			
Principal Retirement	0	100,000	100,000
Interest and Fiscal Charges	0	3,987	3,987
<b>Total Expenditures</b>	<b>10,981</b>	<b>103,987</b>	<b>114,968</b>
Excess (Deficiency) of Revenues			
Over Expenditures	4,006	(103,987)	(99,981)
<b>Other Financing Sources (Uses):</b>			
Transfers In	0	87,923	87,923
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>87,923</b>	<b>87,923</b>
Net Change in Fund Balances	4,006	(16,064)	(12,058)
<b>Fund Balances at Beginning of Year</b>	<b>74,570</b>	<b>(86,586)</b>	<b>(12,016)</b>
<b>Fund Balances End of Year</b>	<b>\$ 78,576</b>	<b>\$ (102,650)</b>	<b>\$ (24,074)</b>

**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, 2019***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 3,961,064	\$ 3,961,064	\$ 3,955,720	\$ (5,344)
Intergovernmental Revenues	1,090,114	1,090,114	1,083,316	(6,798)
Charges for Services	1,345,635	1,345,635	1,264,053	(81,582)
Licenses and Permits	182,600	182,600	202,314	19,714
Investment Earnings	250,000	250,000	365,898	115,898
Special Assessments	750	750	209	(541)
Fines and Forfeitures	17,000	17,000	5,849	(11,151)
All Other Revenues	131,700	131,700	194,947	63,247
Total Revenues	<u>6,978,863</u>	<u>6,978,863</u>	<u>7,072,306</u>	<u>93,443</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	2,658,892	2,668,892	2,582,810	86,082
Travel and Training	19,828	19,828	19,079	749
Materials and Supplies	55,464	55,464	53,623	1,841
Contractual Services	142,322	142,322	134,412	7,910
Total Police	<u>2,876,506</u>	<u>2,886,506</u>	<u>2,789,924</u>	<u>96,582</u>
Fire:				
Personal Services	198,756	203,756	198,623	5,133
Travel and Training	2,500	2,500	2,356	144
Materials and Supplies	3,637	13,637	9,257	4,380
Contractual Services	111,183	111,183	107,988	3,195
Total Fire	<u>316,076</u>	<u>331,076</u>	<u>318,224</u>	<u>12,852</u>
Emergency Medical Services:				
Personal Services	685,642	713,142	640,472	72,670
Travel and Training	9,763	9,763	9,678	85
Materials and Supplies	43,244	43,244	36,716	6,528
Contractual Services	130,026	130,026	119,938	10,088
Total Emergency Medical Services	<u>868,675</u>	<u>896,175</u>	<u>806,804</u>	<u>89,371</u>
Total Security of Persons and Property	<u>4,061,257</u>	<u>4,113,757</u>	<u>3,914,952</u>	<u>198,805</u>

(Continued)

**CITY OF TIPP CITY, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	308,253	335,453	339,009	(3,556)
Travel and Training	2,377	2,377	2,363	14
Materials and Supplies	68,272	68,272	58,091	10,181
Contractual Services	108,777	108,777	98,837	9,940
Total Parks	487,679	514,879	498,300	16,579
Recreation:				
Contractual Services	17,700	17,700	17,700	0
Total Recreation	17,700	17,700	17,700	0
Total Leisure Time Activities	505,379	532,579	516,000	16,579
Community Environment:				
Planning:				
Personal Services	269,775	269,775	238,255	31,520
Travel and Training	4,234	4,234	2,193	2,041
Materials and Supplies	3,165	3,165	1,571	1,594
Contractual Services	105,245	105,245	96,871	8,374
Total Community Environment	382,419	382,419	338,890	43,529
Basic Utility Services:				
Utility Billing:				
Personal Services	237,090	246,240	246,842	(602)
Travel and Training	3,014	3,014	1,005	2,009
Materials and Supplies	34,250	34,250	28,817	5,433
Contractual Services	37,572	37,572	26,891	10,681
Total Basic Utility Services	311,926	321,076	303,555	17,521
General Government:				
City Council:				
Personal Services	52,388	53,288	52,265	1,023
Travel and Training	7,950	7,950	3,264	4,686
Materials and Supplies	1,798	1,798	581	1,217
Contractual Services	30,280	32,780	29,955	2,825
Total City Council	92,416	95,816	86,065	9,751

(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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Commissions:				
Travel and Training	960	960	960	0
Materials and Supplies	2,200	2,200	948	1,252
Contractual Services	30,164	36,164	34,335	1,829
Total Commissions	<u>33,324</u>	<u>39,324</u>	<u>36,243</u>	<u>3,081</u>
Administration:				
Personal Services	299,194	310,794	312,300	(1,506)
Travel and Training	7,000	7,000	3,611	3,389
Materials and Supplies	1,500	1,500	1,186	314
Contractual Services	9,351	10,451	7,232	3,219
Total Administration	<u>317,045</u>	<u>329,745</u>	<u>324,329</u>	<u>5,416</u>
Buildings and Grounds:				
Personal Services	148,370	148,370	144,181	4,189
Travel and Training	3,687	3,687	2,909	778
Materials and Supplies	9,819	9,819	8,017	1,802
Contractual Services	137,727	142,727	130,094	12,633
Total Buildings and Grounds	<u>299,603</u>	<u>304,603</u>	<u>285,201</u>	<u>19,402</u>
Finance - Accounting:				
Personal Services	233,885	240,885	240,413	472
Travel and Training	1,300	1,300	1,039	261
Materials and Supplies	2,418	2,418	2,355	63
Contractual Services	20,815	21,815	21,482	333
Total Finance - Accounting	<u>258,418</u>	<u>266,418</u>	<u>265,289</u>	<u>1,129</u>
Finance - Income Tax:				
Personal Services	166,588	172,788	170,013	2,775
Travel and Training	1,700	1,700	1,221	479
Materials and Supplies	7,500	7,500	6,049	1,451
Contractual Services	26,753	26,753	23,567	3,186
Income Tax Refunds	100,000	100,000	87,452	12,548
Total Finance - Income Tax	<u>302,541</u>	<u>308,741</u>	<u>288,302</u>	<u>20,439</u>

(Continued)

**CITY OF TIPP CITY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legal:				
Personal Services	83,096	83,096	71,831	11,265
Travel and Training	975	975	836	139
Contractual Services	92,315	92,315	83,975	8,340
Total Legal	176,386	176,386	156,642	19,744
Engineering:				
Personal Services	22,953	25,453	19,228	6,225
Travel and Training	1,250	1,250	250	1,000
Materials and Supplies	2,300	2,300	1,729	571
Contractual Services	55,145	90,145	76,061	14,084
Total Engineering	81,648	119,148	97,268	21,880
General Administrative:				
Materials and Supplies	11,550	17,550	17,541	9
Contractual Services	129,633	165,633	154,977	10,656
Other Expenditures	68,986	93,986	93,969	17
Total General Administrative	210,169	277,169	266,487	10,682
Total General Government	1,771,550	1,917,350	1,805,826	111,524
Capital Outlay:				
Police	9,800	9,800	7,998	1,802
Fire	26,582	36,582	34,940	1,642
Emergency Medical Services	7,304	7,304	7,287	17
Parks	2,000	2,000	1,207	793
Planning	500	500	290	210
Utility Billing	1,825	1,825	563	1,262
City Council	300	300	0	300
Commissions	300	300	0	300
Administration	500	500	0	500
Buildings and Grounds	500	500	0	500
Finance - Accounting	300	300	251	49
Finance - Income Tax	2,250	2,250	950	1,300
Engineering	500	500	0	500
Total Capital Outlay	52,661	62,661	53,486	9,175
Total Expenditures	7,085,192	7,329,842	6,932,709	397,133
Excess (Deficiency) of Revenues Over (Under) Expenditures	(106,329)	(350,979)	139,597	490,576

(Continued)

**CITY OF TIPP CITY, OHIO**

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***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, 2019***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Other Financing Sources (Uses):</b>				
Advances In	0	0	81,113	81,113
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>81,113</u>	<u>81,113</u>
Net Change in Fund Balance	(106,329)	(350,979)	220,710	571,689
Fund Balance at Beginning of Year	5,871,055	5,871,055	5,871,055	0
Prior Year Encumbrances	141,817	141,817	141,817	0
Fund Balance at End of Year	<u>\$ 5,906,543</u>	<u>\$ 5,661,893</u>	<u>\$ 6,233,582</u>	<u>\$ 571,689</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, 2019***

**CAPITAL IMPROVEMENT RESERVE FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 3,138,256	\$ 3,081,489	\$ (56,767)
Intergovernmental Revenues	0	216,226	216,226
Special Assessments	35,000	23,366	(11,634)
All Other Revenues	11,000	2,704	(8,296)
<b>Total Revenues</b>	<b>3,184,256</b>	<b>3,323,785</b>	<b>139,529</b>
<b>Expenditures:</b>			
General Government:			
Contractual Services	2,900	2,897	3
Other Expenditures	173,000	170,759	2,241
<b>Total General Government</b>	<b>175,900</b>	<b>173,656</b>	<b>2,244</b>
Capital Outlay	3,628,783	3,428,921	199,862
<b>Total Expenditures</b>	<b>3,804,683</b>	<b>3,602,577</b>	<b>202,106</b>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(620,427)	(278,792)	341,635
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	15,000	29,823	14,823
Transfers Out	(933,988)	(905,300)	28,688
<b>Total Other Financing Sources (Uses)</b>	<b>(918,988)</b>	<b>(875,477)</b>	<b>43,511</b>
Net Change in Fund Balance	(1,539,415)	(1,154,269)	385,146
Fund Balance at Beginning of Year	331,230	331,230	0
Prior Year Encumbrances	1,436,403	1,436,403	0
<b>Fund Balance at End of Year</b>	<b>\$ 228,218</b>	<b>\$ 613,364</b>	<b>\$ 385,146</b>

**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, 2019**

**SWIMMING POOL FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 317,000	\$ 343,075	\$ 26,075
All Other Revenues	6,000	2,469	(3,531)
Total Revenues	<u>323,000</u>	<u>345,544</u>	<u>22,544</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	42,500	42,441	59
Contractual Services	293,756	285,682	8,074
Other Expenditures	625	115	510
Total Expenditures	<u>336,881</u>	<u>328,238</u>	<u>8,643</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(13,881)	17,306	31,187
Fund Balance at Beginning of Year	75,675	75,675	0
Prior Year Encumbrances	381	381	0
Fund Balance at End of Year	<u>\$ 62,175</u>	<u>\$ 93,362</u>	<u>\$ 31,187</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, 2019***

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 451,500	\$ 527,172	\$ 75,672
All Other Revenues	2,500	8,213	5,713
Total Revenues	<u>454,000</u>	<u>535,385</u>	<u>81,385</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Personal Services	339,529	334,926	4,603
Travel and Training	2,229	2,039	190
Materials and Supplies	35,994	32,481	3,513
Contractual Services	72,292	63,160	9,132
Total Transportation	<u>450,044</u>	<u>432,606</u>	<u>17,438</u>
Capital Outlay	1,357	1,357	0
Total Expenditures	<u>451,401</u>	<u>433,963</u>	<u>17,438</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,599	101,422	98,823
Fund Balance at Beginning of Year	358,515	358,515	0
Prior Year Encumbrances	5,858	5,858	0
Fund Balance at End of Year	<u>\$ 366,972</u>	<u>\$ 465,795</u>	<u>\$ 98,823</u>

**CITY OF TIPP CITY, OHIO**

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***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, 2019***

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**STATE HIGHWAY IMPROVEMENT FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 36,550	\$ 42,744	\$ 6,194
Total Revenues	<u>36,550</u>	<u>42,744</u>	<u>6,194</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Materials and Supplies	22,000	6,935	15,065
Contractual Services	<u>14,524</u>	<u>12,771</u>	<u>1,753</u>
Total Expenditures	<u>36,524</u>	<u>19,706</u>	<u>16,818</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	26	23,038	23,012
Fund Balance at Beginning of Year	212,324	212,324	0
Prior Year Encumbrances	<u>5,024</u>	<u>5,024</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 217,374</u>	<u>\$ 240,386</u>	<u>\$ 23,012</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, 2019***

**MUNICIPAL ROAD FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 226,241	\$ 215,601	\$ (10,640)
All Other Revenues	1,250	1,698	448
Total Revenues	<u>227,491</u>	<u>217,299</u>	<u>(10,192)</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Personal Services	102,765	97,339	5,426
Materials and Supplies	122,635	109,599	13,036
Contractual Services	56,037	52,750	3,287
Total Transportation	<u>281,437</u>	<u>259,688</u>	<u>21,749</u>
Capital Outlay	2,000	1,996	4
Total Expenditures	<u>283,437</u>	<u>261,684</u>	<u>21,753</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(55,946)	(44,385)	11,561
Fund Balance at Beginning of Year	397,656	397,656	0
Prior Year Encumbrances	34,089	34,089	0
Fund Balance at End of Year	<u>\$ 375,799</u>	<u>\$ 387,360</u>	<u>\$ 11,561</u>

**CITY OF TIPP CITY, OHIO**

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***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, 2019***

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**PEACE OFFICER TRAINING FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 7,500	\$ 0	\$ (7,500)
Total Revenues	<u>7,500</u>	<u>0</u>	<u>(7,500)</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Travel and Training	5,000	0	5,000
Total Expenditures	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Excess (Deficiency) of Revenues	2,500	0	(2,500)
Over (Under) Expenditures	2,500	0	(2,500)
Fund Balance at Beginning of Year	11,160	11,160	0
Fund Balance at End of Year	<u>\$ 13,660</u>	<u>\$ 11,160</u>	<u>\$ (2,500)</u>

**CITY OF TIPP CITY, OHIO**

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*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, 2019*

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**LAW ENFORCEMENT FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 2,500	\$ 22,648	\$ 20,148
Total Revenues	<u>2,500</u>	<u>22,648</u>	<u>20,148</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
State Grant:			
Contractual Services	8,500	69	8,431
Total Security of Persons and Property	<u>8,500</u>	<u>69</u>	<u>8,431</u>
Capital Outlay	3,000	0	3,000
Total Expenditures	<u>11,500</u>	<u>69</u>	<u>11,431</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(9,000)	22,579	31,579
Fund Balance at Beginning of Year	19,856	19,856	0
Fund Balance at End of Year	<u>\$ 10,856</u>	<u>\$ 42,435</u>	<u>\$ 31,579</u>

**CITY OF TIPP CITY, OHIO**

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***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, 2019***

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**ENFORCEMENT AND EDUCATION FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 750	\$ 1,000	\$ 250
Total Revenues	<u>750</u>	<u>1,000</u>	<u>250</u>
<b>Expenditures:</b>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	750	1,000	250
Fund Balance at Beginning of Year	8,629	8,629	0
Fund Balance at End of Year	<u>\$ 9,379</u>	<u>\$ 9,629</u>	<u>\$ 250</u>

**CITY OF TIPP CITY, OHIO**

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***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, 2019***

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**DRUG LAW ENFORCEMENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 50	\$ 0	\$ (50)
Total Revenues	<u>50</u>	<u>0</u>	<u>(50)</u>
<b>Expenditures:</b>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	50	0	(50)
Fund Balance at Beginning of Year	1,361	1,361	0
Fund Balance at End of Year	<u>\$ 1,411</u>	<u>\$ 1,361</u>	<u>\$ (50)</u>

**CITY OF TIPP CITY, OHIO**

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***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, 2019***

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**FIELDSTONE TIF PROJECT FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 74,577	\$ 74,414	\$ (163)
Total Revenues	<u>74,577</u>	<u>74,414</u>	<u>(163)</u>
<b>Expenditures:</b>			
Transportation:			
Street:			
Contractual Services	1,003	998	5
Other Expenditures	<u>73,574</u>	<u>73,416</u>	<u>158</u>
Total Expenditures	<u>74,577</u>	<u>74,414</u>	<u>163</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF TIPP CITY, OHIO**

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***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, 2019***

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**POLICE DONATION TRUST FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 0	\$ 200	\$ 200
Total Revenues	<u>0</u>	<u>200</u>	<u>200</u>
<b>Expenditures:</b>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	0	200	200
Fund Balance at Beginning of Year	145	145	0
Fund Balance at End of Year	<u>\$ 145</u>	<u>\$ 345</u>	<u>\$ 200</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, 2019***

**GENERAL BOND RETIREMENT FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	1,125,400	1,085,682	39,718
Interest and Fiscal Charges	34,088	32,311	1,777
Total Expenditures	<u>1,159,488</u>	<u>1,117,993</u>	<u>41,495</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(1,159,488)	(1,117,993)	41,495
<b>Other Financing Sources (Uses):</b>			
General Obligation Notes Issued	220,000	220,000	0
Premium on General Obligation Notes	2,500	2,193	(307)
Transfers In	936,988	905,300	(31,688)
Total Other Financing Sources (Uses)	<u>1,159,488</u>	<u>1,127,493</u>	<u>(31,995)</u>
Net Change in Fund Balance	0	9,500	9,500
Fund Balance at Beginning of Year	732	732	0
Fund Balance at End of Year	<u>\$ 732</u>	<u>\$ 10,232</u>	<u>\$ 9,500</u>

**CITY OF TIPP CITY, OHIO**

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***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, 2019***

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**SPECIAL ASSESSMENT BOND RETIREMENT FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Special Assessments	\$ 73,653	\$ 73,653	\$ 0
Total Revenues	<u>73,653</u>	<u>73,653</u>	<u>0</u>
<b>Expenditures:</b>			
General Government:			
Contractual Services	3,507	3,507	0
Debt Service:			
Principal Retirement	55,000	55,000	0
Interest and Fiscal Charges	16,008	16,008	0
Total Expenditures	<u>74,515</u>	<u>74,515</u>	<u>0</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(862)	(862)	0
Fund Balance at Beginning of Year	21,162	21,162	0
Fund Balance at End of Year	<u>\$ 20,300</u>	<u>\$ 20,300</u>	<u>\$ 0</u>

**CITY OF TIPP CITY, OHIO**

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***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, 2019***

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**PARKS CAPITAL IMPROVEMENT FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 5,000	\$ 14,987	\$ 9,987
Total Revenues	<u>5,000</u>	<u>14,987</u>	<u>9,987</u>
<b>Expenditures:</b>			
Capital Outlay	14,000	10,981	3,019
Total Expenditures	<u>14,000</u>	<u>10,981</u>	<u>3,019</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(9,000)	4,006	13,006
Fund Balance at Beginning of Year	74,570	74,570	0
Fund Balance at End of Year	<u>\$ 65,570</u>	<u>\$ 78,576</u>	<u>\$ 13,006</u>

**CITY OF TIPP CITY, OHIO**

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***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, 2019***

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**25-A CONSTRUCTION FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 0	\$ 81,113	\$ 81,113
Total Revenues	<u>0</u>	<u>81,113</u>	<u>81,113</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	0	81,113	81,113
<b>Other Financing Sources (Uses):</b>			
Advances Out	<u>0</u>	<u>(81,113)</u>	<u>(81,113)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(81,113)</u>	<u>(81,113)</u>
Net Change in Fund Balance	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***

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### ***Fiduciary Funds***

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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***

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#### **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 Net Position**  
**Agency Funds**  
**For the Year Ended December 31, 2019**

	Balance December 31, 2018	Additions	Deductions	Balance December 31, 2019
<b>Contractor Maintenance Deposit Fund</b>				
Assets:				
Restricted Cash and Cash Equivalents	\$137,814	\$78,426	(\$141,474)	\$74,766
Total Assets	<u>\$137,814</u>	<u>\$78,426</u>	<u>(\$141,474)</u>	<u>\$74,766</u>
Liabilities:				
Due to Others	\$137,814	\$78,426	(\$141,474)	\$74,766
Total Liabilities	<u>\$137,814</u>	<u>\$78,426</u>	<u>(\$141,474)</u>	<u>\$74,766</u>
<b>Health Insurance Fund</b>				
Assets:				
Cash and Cash Equivalents	\$12,868	\$139,870	(\$138,270)	\$14,468
Total Assets	<u>\$12,868</u>	<u>\$139,870</u>	<u>(\$138,270)</u>	<u>\$14,468</u>
Liabilities:				
Due to Others	\$12,868	\$139,870	(\$138,270)	\$14,468
Total Liabilities	<u>\$12,868</u>	<u>\$139,870</u>	<u>(\$138,270)</u>	<u>\$14,468</u>
<b>Total Agency Funds</b>				
Assets:				
Cash and Cash Equivalents	\$12,868	\$139,870	(\$138,270)	\$14,468
Restricted Cash and Cash Equivalents	137,814	78,426	(141,474)	74,766
Total Assets	<u>\$150,682</u>	<u>\$218,296</u>	<u>(\$279,744)</u>	<u>\$89,234</u>
Liabilities:				
Due to Others	\$150,682	\$218,296	(\$279,744)	\$89,234
Total Liabilities	<u>\$150,682</u>	<u>\$218,296</u>	<u>(\$279,744)</u>	<u>\$89,234</u>







## ***STATISTICAL TABLES***

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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***

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<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	S 2 – S 13
<b>Revenue Capacity</b> 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.	S 14 – S 17
<b>Debt Capacity</b> 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.	S 18 – S 27
<b>Economic and Demographic Information</b> 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.	S 28 – S 33
<b>Operating Information</b> 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.	S 34 – S 37
<b>Sources Note:</b> Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

## ***City of Tipp City***

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$33,597,957	\$34,228,303	\$31,966,661	\$36,793,037
Restricted	1,885,841	2,367,676	1,858,164	3,497,916
Unrestricted	5,015,791	5,478,337	9,638,818	5,487,005
<b>Total Governmental Activities Net Position</b>	<b><u>\$40,499,589</u></b>	<b><u>\$42,074,316</u></b>	<b><u>\$43,463,643</u></b>	<b><u>\$45,777,958</u></b>
<b>Business-type Activities:</b>				
Net Investment in Capital Assets	\$18,683,126	\$20,521,369	\$19,920,919	\$19,488,875
Unrestricted	18,126,140	18,359,537	20,056,259	21,158,072
<b>Total Business-type Activities Net Position</b>	<b><u>\$36,809,266</u></b>	<b><u>\$38,880,906</u></b>	<b><u>\$39,977,178</u></b>	<b><u>\$40,646,947</u></b>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$52,281,083	\$54,749,672	\$51,887,580	\$56,281,912
Restricted	1,885,841	2,367,676	1,858,164	3,497,916
Unrestricted	23,141,931	23,837,874	29,695,077	26,645,077
<b>Total Primary Government Net Position</b>	<b><u>\$77,308,855</u></b>	<b><u>\$80,955,222</u></b>	<b><u>\$83,440,821</u></b>	<b><u>\$86,424,905</u></b>

\* Restated

Source: Finance Director's Office

*City of Tipp City*

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2014	2015	2016	2017	2018	2019
*			*		
\$39,136,408	\$41,068,323	\$44,098,177	\$46,195,036	\$48,741,413	\$49,103,849
3,112,981	3,443,958	3,606,947	3,963,070	4,293,731	4,751,046
1,356,787	1,737,855	1,907,712	(3,220,198)	(4,100,236)	(1,740,146)
<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>	<u>\$52,114,749</u>
\$21,107,345	\$26,210,107	\$26,574,005	\$22,795,072	\$24,189,309	\$27,409,490
18,739,123	15,742,022	17,102,941	21,524,550	23,970,970	21,647,745
<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>	<u>\$49,057,235</u>
\$60,243,753	\$67,278,430	\$70,672,182	\$68,990,108	\$72,930,722	\$76,513,339
3,112,981	3,443,958	3,606,947	3,963,070	4,293,731	4,751,046
20,095,910	17,479,877	19,010,653	18,304,352	19,870,734	19,907,599
<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>	<u>\$101,171,984</u>

## ***City of Tipp City***

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

	2010	2011	2012	2013
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$3,191,455	\$3,295,937	\$3,807,107	\$3,530,729
Leisure Time Activities	1,115,986	1,206,554	1,258,269	1,184,929
Community Environment	240,229	263,018	266,399	318,126
Basic Utility Services	209,396	207,591	219,845	224,611
Transportation	1,520,827	1,496,946	1,748,615	1,282,473
General Government	1,552,036	1,724,894	1,546,497	1,461,944
Interest and Fiscal Charges	195,839	159,465	128,914	131,839
<i>Total Governmental Activities Expenses</i>	<u>8,025,768</u>	<u>8,354,405</u>	<u>8,975,646</u>	<u>8,134,651</u>
Business-type Activities:				
Electric	10,934,711	10,162,311	10,947,908	13,022,380
Water	2,687,174	2,339,234	2,450,611	2,750,504
Sewer	1,293,025	1,332,069	1,277,737	1,524,521
Refuse Collection	762,941	777,573	803,896	830,635
<i>Total Business-type Activities Expenses</i>	<u>15,677,851</u>	<u>14,611,187</u>	<u>15,480,152</u>	<u>18,128,040</u>
<i>Total Primary Government Expenses</i>	<u>\$23,703,619</u>	<u>\$22,965,592</u>	<u>\$24,455,798</u>	<u>\$26,262,691</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$526,499	\$674,013	\$677,146	\$467,951
Leisure Time Activities	387,874	394,409	362,673	285,683
Community Environment	20,431	68,382	65,012	19,545
Basic Utility Services	232,627	207,662	222,600	222,244
Transportation	32,162	31,468	86,142	66,357
Operating Grants and Contributions	651,175	649,294	688,116	639,270
Capital Grants and Contributions	211,035	926,961	913,862	1,264,689
<i>Total Governmental Activities Program Revenues</i>	<u>2,061,803</u>	<u>2,952,189</u>	<u>3,015,551</u>	<u>2,965,739</u>

***City of Tipp City***

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2014	2015	2016	2017	2018	2019
\$3,717,379	\$3,838,659	\$4,253,983	\$4,212,068	\$4,786,776	\$1,860,740
1,171,559	1,202,951	1,172,199	1,251,064	1,305,551	1,335,245
301,822	280,344	357,068	328,263	390,421	324,325
221,338	9,792	42,788	62,431	61,739	78,774
1,516,512	1,744,237	1,597,236	1,703,666	1,708,316	2,171,650
1,681,433	846,759	938,638	1,623,266	1,742,173	1,862,561
95,626	77,291	74,428	70,554	56,229	41,309
<u>8,705,669</u>	<u>8,000,033</u>	<u>8,436,340</u>	<u>9,251,312</u>	<u>10,051,205</u>	<u>7,674,604</u>
15,434,334	14,104,590	16,042,057	17,082,743	18,813,973	17,134,858
2,635,749	3,082,812	3,568,202	3,477,515	3,184,391	4,167,258
1,676,170	1,611,383	1,938,930	1,432,981	1,450,227	2,106,256
860,620	859,546	899,948	923,687	940,679	957,822
<u>20,606,873</u>	<u>19,658,331</u>	<u>22,449,137</u>	<u>22,916,926</u>	<u>24,389,270</u>	<u>24,366,194</u>
<u>\$29,312,542</u>	<u>\$27,658,364</u>	<u>\$30,885,477</u>	<u>\$32,168,238</u>	<u>\$34,440,475</u>	<u>\$32,040,798</u>
\$807,557	\$679,634	\$801,163	\$612,673	\$913,386	\$595,073
260,789	290,382	334,915	315,540	363,886	363,788
34,773	19,746	202,402	178,995	213,695	202,684
231,165	0	0	0	0	0
230,958	57,709	15,921	9,416	10,858	9,911
678,811	686,622	723,446	707,663	717,674	899,052
<u>1,082,009</u>	<u>1,372,145</u>	<u>2,182,014</u>	<u>1,612,294</u>	<u>1,731,182</u>	<u>57,288</u>
<u>3,326,062</u>	<u>3,106,238</u>	<u>4,259,861</u>	<u>3,436,581</u>	<u>3,950,681</u>	<u>2,127,796</u>

(continued)

## ***City of Tipp City***

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

	2010	2011	2012	2013
<b>Business-type Activities:</b>				
Charges for Services				
Electric	11,895,134	12,127,149	12,114,762	13,473,203
Water	2,516,700	2,151,483	2,523,591	2,354,501
Sewer	2,117,802	1,129,188	1,121,499	1,362,580
Refuse Collection	763,387	786,630	816,572	839,841
Capital Grants and Contributions	241,153	504,377	0	767,684
<i>Total Business-type Activities Program Revenues</i>	<u>17,534,176</u>	<u>16,698,827</u>	<u>16,576,424</u>	<u>18,797,809</u>
<i>Total Primary Government Program Revenues</i>	<u>19,595,979</u>	<u>19,651,016</u>	<u>19,591,975</u>	<u>21,763,548</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(5,963,965)	(5,402,216)	(5,960,095)	(5,168,912)
Business-type Activities	1,856,325	2,087,640	1,096,272	669,769
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$4,107,640)</u>	<u>(\$3,314,576)</u>	<u>(\$4,863,823)</u>	<u>(\$4,499,143)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Income Taxes	\$3,449,915	\$4,006,199	\$4,958,434	\$5,400,724
Property Taxes	323,521	323,887	327,145	330,957
Other Local Taxes	46,875	58,523	73,682	76,559
Unrestricted Shared Revenues	1,327,627	1,286,470	1,002,069	381,894
Investment Earnings	121,044	91,692	80,537	44,249
Miscellaneous	931,681	1,194,172	907,555	1,248,844
Transfers	41,943	16,000	0	0
<i>Total Governmental Activities</i>	<u>6,242,606</u>	<u>6,976,943</u>	<u>7,349,422</u>	<u>7,483,227</u>
Business-type Activities:				
Transfers	(41,943)	(16,000)	0	0
<i>Total Business-type Activities</i>	<u>(41,943)</u>	<u>(16,000)</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$6,200,663</u>	<u>\$6,960,943</u>	<u>\$7,349,422</u>	<u>\$7,483,227</u>
<b>Change in Net Position</b>				
Governmental Activities	\$278,641	\$1,574,727	\$1,389,327	\$2,314,315
Business-type Activities	1,814,382	2,071,640	1,096,272	669,769
<i>Total Primary Government Change in Net Position</i>	<u>\$2,093,023</u>	<u>\$3,646,367</u>	<u>\$2,485,599</u>	<u>\$2,984,084</u>

Source: Finance Director's Office

***City of Tipp City***

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2014	2015	2016	2017	2018	2019
15,250,429	16,148,597	16,894,764	17,942,294	20,171,837	18,097,130
2,789,748	3,099,354	3,574,386	3,679,697	3,663,801	3,942,178
1,560,951	1,686,990	1,887,109	1,948,942	2,158,793	2,279,445
862,774	809,891	885,333	907,429	915,750	944,397
404,328	0	903,697	151,153	1,250,353	0
<u>20,868,230</u>	<u>21,744,832</u>	<u>24,145,289</u>	<u>24,629,515</u>	<u>28,160,534</u>	<u>25,263,150</u>
<u>24,194,292</u>	<u>24,851,070</u>	<u>28,405,150</u>	<u>28,066,096</u>	<u>32,111,215</u>	<u>27,390,946</u>
(5,379,607)	(4,893,795)	(4,176,479)	(5,814,731)	(6,100,524)	(5,546,808)
261,357	2,086,501	1,696,152	1,712,589	3,771,264	896,956
<u>(\$5,118,250)</u>	<u>(\$2,807,294)</u>	<u>(\$2,480,327)</u>	<u>(\$4,102,142)</u>	<u>(\$2,329,260)</u>	<u>(\$4,649,852)</u>
\$5,344,919	\$5,834,924	\$5,963,230	\$5,760,914	\$6,041,201	\$6,477,955
303,129	385,271	396,384	413,503	417,062	421,103
78,345	81,444	86,281	85,348	72,217	83,209
936,945	978,819	970,419	1,005,568	1,067,066	1,115,258
31,794	35,690	76,914	144,263	265,148	371,917
950,506	240,767	74,616	199,883	304,223	257,207
(28,605)	(19,160)	(28,665)	(28,586)	(69,393)	0
<u>7,617,033</u>	<u>7,537,755</u>	<u>7,539,179</u>	<u>7,580,893</u>	<u>8,097,524</u>	<u>8,726,649</u>
28,605	19,160	28,665	28,586	69,393	0
<u>28,605</u>	<u>19,160</u>	<u>28,665</u>	<u>28,586</u>	<u>69,393</u>	<u>0</u>
<u>\$7,645,638</u>	<u>\$7,556,915</u>	<u>\$7,567,844</u>	<u>\$7,609,479</u>	<u>\$8,166,917</u>	<u>\$8,726,649</u>
\$2,237,426	\$2,643,960	\$3,362,700	\$1,766,162	\$1,997,000	\$3,179,841
289,962	2,105,661	1,724,817	1,741,175	3,840,657	896,956
<u>\$2,527,388</u>	<u>\$4,749,621</u>	<u>\$5,087,517</u>	<u>\$3,507,337</u>	<u>\$5,837,657</u>	<u>\$4,076,797</u>

## ***City of Tipp City***

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

	2010	2011	2012	2013	2014
<b>General Fund</b>					
Nonspendable	\$0	\$101,503	\$101,889	\$87,409	\$83,828
Assigned	0	182,888	127,985	166,514	89,394
Unassigned	0	4,235,878	4,723,463	5,127,418	5,437,072
Reserved	221,064	0	0	0	0
Unreserved	<u>3,830,666</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total General Fund</i>	<u>4,051,730</u>	<u>4,520,269</u>	<u>4,953,337</u>	<u>5,381,341</u>	<u>5,610,294</u>
<b>All Other Governmental Funds</b>					
Nonspendable	0	89,710	73,713	90,131	63,521
Restricted	0	1,626,209	1,092,849	1,183,624	850,479
Committed	0	73,056	22,628	8,934	7,726
Unassigned	0	(815,365)	(1,533,887)	(1,800,077)	(1,347,781)
Reserved	431,853	0	0	0	0
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	599,921	0	0	0	0
Capital Projects Funds	<u>(677,780)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total All Other Governmental Funds</i>	<u>353,994</u>	<u>973,610</u>	<u>(344,697)</u>	<u>(517,388)</u>	<u>(426,055)</u>
<i>Total Governmental Funds</i>	<u><b>\$4,405,724</b></u>	<u><b>\$5,493,879</b></u>	<u><b>\$4,608,640</b></u>	<u><b>\$4,863,953</b></u>	<u><b>\$5,184,239</b></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***

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<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$81,906	\$84,220	\$111,343	\$93,838	\$94,114
541,933	434,861	1,210,796	232,785	194,843
5,321,011	6,202,164	5,253,264	6,239,786	6,572,658
0	0	0	0	0
0	0	0	0	0
<b>5,944,850</b>	<b>6,721,245</b>	<b>6,575,403</b>	<b>6,566,409</b>	<b>6,861,615</b>
78,666	69,005	68,635	78,187	69,148
975,516	1,027,766	1,538,297	2,439,068	3,523,995
25,911	46,472	64,131	75,094	94,053
(866,231)	(348,343)	(191,578)	(86,586)	(102,650)
0	0	0	0	0
0	0	0	0	0
<b>213,862</b>	<b>794,900</b>	<b>1,479,485</b>	<b>2,505,763</b>	<b>3,584,546</b>
<b>\$6,158,712</b>	<b>\$7,516,145</b>	<b>\$8,054,888</b>	<b>\$9,072,172</b>	<b>\$10,446,161</b>

## ***City of Tipp City***

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

	2010	2011	2012	2013
<b>Revenues:</b>				
Taxes	\$3,823,618	\$4,480,781	\$5,250,226	\$5,741,284
Intergovernmental Revenues	2,220,692	2,833,417	2,093,184	2,551,048
Charges for Services	1,770,228	1,892,452	1,842,891	1,728,149
Licenses, Permits and Fees	14,113	13,092	63,444	19,080
Investment Earnings	123,206	73,890	110,478	47,076
Special Assessments	114,526	132,872	113,237	118,397
Fines and Forfeitures	20,429	15,326	15,002	14,979
All Other Revenue	222,130	571,643	328,305	582,051
<b>Total Revenue</b>	<b><u>8,308,942</u></b>	<b><u>10,013,473</u></b>	<b><u>9,816,767</u></b>	<b><u>10,802,064</u></b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	3,048,578	3,175,914	3,142,368	3,214,265
Leisure Time Activities	766,504	778,807	800,267	795,797
Community Environment	252,874	260,105	263,439	315,751
Basic Utility Services	229,294	208,818	217,147	226,353
Transportation	564,410	531,100	576,373	568,730
General Government	1,427,326	1,568,282	1,447,729	1,344,666
Capital Outlay	895,032	1,346,198	3,179,877	5,968,429
Debt Service:				
Principal Retirement	911,665	930,000	930,000	655,000
Interest and Fiscal Charges	198,280	162,268	131,753	114,388
<b>Total Expenditures</b>	<b><u>8,293,963</u></b>	<b><u>8,961,492</u></b>	<b><u>10,688,953</u></b>	<b><u>13,203,379</u></b>
Excess (Deficiency) of Revenues Over Expenditures	14,979	1,051,981	(872,186)	(2,401,315)

***City of Tipp City***

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2014	2015	2016	2017	2018	2019
\$5,741,874	\$6,140,765	\$6,306,461	\$6,310,421	\$6,493,963	\$6,990,064
2,483,754	2,952,132	3,937,776	3,098,833	2,546,844	1,975,493
1,873,129	954,867	1,116,035	970,309	1,243,157	984,509
33,575	18,498	177,551	176,053	237,114	175,935
29,358	35,721	74,840	145,283	264,299	370,438
240,613	138,987	125,638	109,389	104,272	97,228
13,242	16,850	14,965	11,480	13,306	6,706
369,327	272,958	78,103	220,353	354,194	248,947
<u>10,784,872</u>	<u>10,530,778</u>	<u>11,831,369</u>	<u>11,042,121</u>	<u>11,257,149</u>	<u>10,849,320</u>
3,364,152	3,432,396	3,381,426	3,616,840	3,817,703	3,865,261
800,510	807,835	768,549	816,543	838,582	837,630
302,715	289,769	323,062	313,949	368,399	274,454
226,658	0	26,281	27,240	29,352	33,072
590,590	669,395	615,747	671,574	693,429	742,064
1,381,047	693,607	703,182	1,350,127	1,417,714	1,441,168
3,083,086	3,039,076	4,025,287	3,012,089	2,596,721	1,830,938
2,037,991	1,633,482	1,299,082	989,982	595,382	423,182
104,065	80,410	76,364	73,235	58,799	46,003
<u>11,890,814</u>	<u>10,645,970</u>	<u>11,218,980</u>	<u>10,871,579</u>	<u>10,416,081</u>	<u>9,493,772</u>
(1,105,942)	(115,192)	612,389	170,542	841,068	1,355,548

(Continued)

## ***City of Tipp City***

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	0
General Obligation Notes Issued	0	0	0	1,753,900
OPWC Loan Issued	0	0	0	894,586
Transfers In	1,334,975	1,088,573	1,040,152	1,114,647
Transfers Out	(1,293,032)	(1,072,573)	(1,040,152)	(1,114,647)
<b>Total Other Financing Sources (Uses)</b>	<b>41,943</b>	<b>16,000</b>	<b>0</b>	<b>2,648,486</b>
<b>Net Change in Fund Balance</b>	<b><u>\$56,922</u></b>	<b><u>\$1,067,981</u></b>	<b><u>(\$872,186)</u></b>	<b><u>\$247,171</u></b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	14.68%	13.83%	12.61%	11.16%

Source: Finance Director's Office

*City of Tipp City*

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2014	2015	2016	2017	2018	2019
0	0	0	0	16,559	29,823
1,390,300	1,095,900	781,800	397,200	220,000	0
100,091	0	0	0	0	0
447,784	616,715	332,808	352,731	506,891	251,194
(476,389)	(635,875)	(361,473)	(381,317)	(576,284)	(251,194)
<u>1,461,786</u>	<u>1,076,740</u>	<u>753,135</u>	<u>368,614</u>	<u>167,166</u>	<u>29,823</u>
<b><u>\$355,844</u></b>	<b><u>\$961,548</u></b>	<b><u>\$1,365,524</u></b>	<b><u>\$539,156</u></b>	<b><u>\$1,008,234</u></b>	<b><u>\$1,385,371</u></b>

24.90%            22.06%            19.22%            13.92%            9.67%            6.13%

## ***City of Tipp City***

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

<b>Tax year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Income Tax Rate	1.25%	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands)	\$344,618	\$369,122	\$379,625	\$391,407	\$390,476
Total Tax Collected	\$3,597,653	\$4,042,351	\$4,960,000	\$5,440,357	\$5,476,399
Income Tax Receipts					
Withholding	2,648,385	3,086,202	3,594,951	3,834,176	3,897,251
Percentage	73.61%	76.35%	72.48%	70.48%	71.17%
Corporate	469,352	411,038	764,934	901,630	758,560
Percentage	13.05%	10.17%	15.42%	16.57%	13.85%
Individuals	479,916	545,111	600,115	704,551	820,588
Percentage	13.35%	13.48%	12.10%	12.95%	14.98%

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*

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2015	2016	2017	2018	2019
1.50%	1.50%	1.50%	1.50%	1.50%
\$406,376	\$422,925	\$442,196	\$460,731	\$460,731
\$5,823,985	\$6,043,210	\$5,990,628	\$6,206,490	\$6,594,652
4,009,922	4,222,119	4,372,643	4,712,997	4,851,822
68.86%	69.86%	72.99%	75.94%	73.57%
997,288	927,597	701,458	653,690	778,237
17.12%	15.35%	11.71%	10.53%	11.80%
816,775	893,494	916,527	839,803	964,593
14.02%	14.79%	15.30%	13.53%	14.63%



## ***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	2019 Rank
Meijer, Inc.	Warehouse Distribution	1
Abbott Laboratories	Manufacturing	2
Tipp City Exempted Village School District	Education	3
Regal Beloit (formerly AO Smith Corporation)	Manufacturing	4
DFAS Cleveland	Government	5
Arbogast	Automotive Retail	6
Creative Extruded Products	Manufacturing	7
US Express	Warehouse Distribution	8
Precision Strip Inc.	Metal Processing	9
Trophy Nut Company	Food Retail	10

Name of Taxpayer	Nature of Business	2010 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
Creative Extruded Products	Manufacturing	5
Federal Government	Government	6
City of Tipp City	Government	7
Arbogast Buick Pontiac GMC	Automotive Retail	8
Captor Corporation	Manufacturing	9
Precision Strip Inc.	Agricultural and Nursery	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*

	2010	2011	2012	2013
<b>Governmental Activities (1)</b>				
General Obligation Bonds Payable	\$3,180,000	\$2,290,000	\$1,400,000	\$785,000
General Obligation Notes Payable	0	0	0	1,753,900
Special Assessment Bonds Payable	715,000	675,000	635,000	595,000
OPWC Loan Payable	0	0	0	894,586
<b>Business-type Activities (1)</b>				
General Obligation Bonds Payable	\$545,000	\$420,000	\$320,000	\$220,000
General Obligation Notes Payable	0	0	0	5,094,100
Long-Term Loans Payable	<u>397,680</u>	<u>1,103,335</u>	<u>1,385,905</u>	<u>1,764,595</u>
Total Primary Government	<u><u>\$4,837,680</u></u>	<u><u>\$4,488,335</u></u>	<u><u>\$3,740,905</u></u>	<u><u>\$11,107,181</u></u>
<b>Population (2)</b>				
City of Tipp City	9,689	9,689	9,689	9,689
Outstanding Debt Per Capita	\$499	\$463	\$386	\$1,146
<b>Income (3)</b>				
Personal (in thousands)	344,618	369,122	379,625	391,407
Percentage of Personal Income	1.40%	1.22%	0.99%	2.84%

### **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***

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2014	2015	2016	2017	2018	2019
\$570,000	\$420,000	\$310,000	\$200,000	\$100,000	\$0
1,390,300	1,095,900	781,800	397,200	220,000	0
550,000	505,000	460,000	410,000	360,000	305,000
970,586	922,404	874,222	826,040	777,858	729,676
\$145,000	\$25,000	\$0	\$0	\$0	\$0
4,678,700	4,239,100	4,450,200	8,245,800	7,315,000	4,975,000
1,304,841	1,231,943	1,159,045	1,086,147	1,013,249	2,413,117
<b><u>\$9,609,427</u></b>	<b><u>\$8,439,347</u></b>	<b><u>\$8,035,267</u></b>	<b><u>\$11,165,187</u></b>	<b><u>\$9,786,107</u></b>	<b><u>\$8,422,793</u></b>

9,689	9,689	9,689	9,689	9,689	9,689
\$992	\$871	\$829	\$1,152	\$1,010	\$869

390,476	406,376	422,925	442,196	460,731	460,731
2.46%	2.08%	1.90%	2.52%	2.12%	1.83%

## ***City of Tipp City***

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	2010	2011	2012	2013
<b>Population (1)</b>	9,689	9,689	9,689	9,689
<b>Assessed Value (2)</b>	\$258,177,010	\$261,212,250	\$262,558,910	\$248,551,810
<b>General Bonded Debt (3)</b>				
General Obligation Bonds	\$3,725,000	\$2,710,000	\$1,720,000	\$1,005,000
<b>Resources Available to Pay Principal (4)</b>	\$32,640	\$36,941	\$40,552	\$355,431
<b>Net General Bonded Debt</b>	\$3,692,360	\$2,673,059	\$1,679,448	\$649,569
<b>Ratio of Net Bonded Debt to Estimated Assessed Value</b>	1.43%	1.02%	0.64%	0.26%
<b>Net Bonded Debt per Capita</b>	\$381.09	\$275.89	\$173.34	\$67.04

**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*

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2014	2015	2016	2017	2018	2019
9,689	9,689	9,689	9,689	9,689	9,689
\$252,767,420	\$254,574,200	\$271,234,280	\$271,853,340	\$276,688,510	\$315,580,380
\$715,000	\$445,000	\$310,000	\$200,000	\$100,000	\$0
\$56,748	\$39,462	\$5,993	\$765	\$732	\$10,232
\$658,252	\$405,538	\$304,007	\$199,235	\$99,268	(\$10,232)
0.26%	0.16%	0.11%	0.07%	0.04%	0.00%
\$67.94	\$41.86	\$31.38	\$20.56	\$10.25	(\$1.06)



## ***City of Tipp City***

*Computation of Direct and Overlapping  
General Obligation Debt  
December 31, 2019*

<b>Jurisdiction</b>	<b>Net Debt Outstanding</b>	<b>Percentage Applicable to the City of Tipp City</b>	<b>Amount Applicable to the City of Tipp City</b>
<b>Direct:</b>			
City of Tipp City	\$1,034,676	100.00%	\$1,034,676
<b>Overlapping:</b>			
Tipp City Exempted Village School District	14,342,534	67.92%	9,741,449
Miami County	11,805,435	12.19%	1,439,083
Miami Valley Career Center JVSD	140,776,963	3.79%	5,335,447
		Subtotal	<u>16,515,979</u>
		Total	<u>\$17,550,655</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***

<b>Collection Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Total Debt</b>				
Net Assessed Valuation	\$258,177,010	\$261,212,250	\$262,558,910	\$248,551,810
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	27,108,586	27,427,286	27,568,686	26,097,940
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><u>\$27,108,586</u></u>	<u><u>\$27,427,286</u></u>	<u><u>\$27,568,686</u></u>	<u><u>\$26,097,940</u></u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$258,177,010	\$261,212,250	\$262,558,910	\$248,551,810
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	14,199,736	14,366,674	14,440,740	13,670,350
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><u>\$14,199,736</u></u>	<u><u>\$14,366,674</u></u>	<u><u>\$14,440,740</u></u>	<u><u>\$13,670,350</u></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***

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<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$252,767,420	\$254,574,200	\$271,234,280	\$271,853,340	\$276,688,510	\$315,580,380
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
26,540,579	26,730,291	28,479,599	28,544,601	29,052,294	33,135,940
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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>	<u>\$33,135,940</u>
\$252,767,420	\$254,574,200	\$271,234,280	\$271,853,340	\$276,688,510	\$315,580,380
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
13,902,208	14,001,581	14,917,885	14,951,934	15,217,868	17,356,921
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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>	<u>\$17,356,921</u>

## ***City of Tipp City***

### *Pledged Revenue Coverage Last Ten Years*

	2010	2011	2012	2013	2014
<b>Special Assessment Bonds (1)</b>					
Special Assessment Collections	\$73,653	\$73,653	\$73,653	\$73,653	\$73,653
Debt Service					
Principal	40,000	40,000	40,000	40,000	45,000
Interest	30,664	29,465	28,065	26,665	25,265
Coverage	1.04	1.06	1.08	1.10	1.05

(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*

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2015	2016	2017	2018	2019
\$73,653	\$73,653	\$73,653	\$73,653	\$73,653
45,000	45,000	50,000	50,000	55,000
23,623	21,890	20,158	18,083	16,008
1.07	1.10	1.05	1.08	1.04

## ***City of Tipp City***

### *Demographic and Economic Statistics Last Ten Years*

Calendar Year	2010	2011	2012	2013
<b>Population (1)</b>				
City of Tipp City	9,689	9,689	9,689	9,689
Miami County	102,506	102,506	102,506	102,506
<b>Income (2) (a)</b>				
Total Personal (in thousands)	344,618	369,122	379,625	391,407
Per Capita	35,568	38,097	39,181	40,397
<b>Unemployment Rate (3)</b>				
Federal	9.6%	8.5%	8.1%	7.4%
State	10.1%	7.9%	7.2%	7.4%
Miami County	10.5%	7.6%	7.0%	7.2%
<b>Civilian Work Force Estimates (3)</b>				
State	5,897,600	5,791,000	5,747,900	5,765,700
Miami County	54,200	53,100	52,400	52,100
<b>Total Assessed Property Value (4)</b>	258,177,010	261,212,250	262,558,910	248,551,810
<b>Estimated Actual Property Value (4)</b>	737,338,171	746,320,714	750,168,314	710,148,029

### **Sources:**

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2018 for the presentation of 2018 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***

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2014	2015	2016	2017	2018	2019
9,689 102,506	9,689 102,506	9,689 102,506	9,689 102,506	9,689 102,506	9,689 102,506
390,476 40,301	406,376 41,942	422,925 43,650	442,196 45,639	460,731 47,552	460,731 47,552
6.2% 5.7% 5.3%	5.0% 4.6% 4.2%	4.9% 4.9% 4.3%	4.4% 5.0% 4.2%	3.9% 4.6% 3.9%	3.7% 4.1% 3.7%
5,719,500 51,800	5,694,027 52,621	5,713,100 52,600	5,780,000 53,700	5,754,900 53,200	5,802,300 54,100
252,767,420	254,574,200	271,234,280	271,853,340	276,688,510	315,580,380
722,192,629	727,354,857	774,955,086	776,723,829	790,538,600	901,658,229



## ***City of Tipp City***

*Principal Employers  
Current Year and Nine Years Ago*

Employer	Nature of Business	2019
		Number of Employees
		Rank
Meijer, Inc.	Warehouse Distribution	1,933
Tipp City Exempted Village School District	Education	453
Arbogast	Automotive Retail	348
Abbott Laboratories	Manufacturing	304
FHI LLC	Warehouse Distribution/Logistics	290
Menards	Home Improvement Retail	290
US Express	Warehouse Distribution	288
Adcare Health Systems (formerly Springmeade)	Health Care	277
Creative Extruded Products	Manufacturing	263
Regal Beloit (formerly AO Smith Corporation)	Manufacturing	225
Total		<u><u>4,671</u></u>

Employer	Nature of Business	2010
		Number of Employees
		Rank
Meijer, Inc.	Warehouse Distribution	975
Gardens Alive- Springhill	Agricultural and Nursery	523
A. O . Smith Corporation	Manufacturing	312
Tipp City Exempted Village School District	Education	288
Adcare Health Systems	Health Care	225
Creative Extruded Products	Manufacturing	182
FHI LLC	Trucking	163
Tip Top Canning	Food Processing	115
Arbogast	Auto Dealer	115
Transfreight	Trucking	113
Total		<u><u>3,011</u></u>

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

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

## ***City of Tipp City***

### *Full Time Equivalent Employees by Function Last Ten Years*

	2010	2011	2012	2013
<b>Governmental Activities</b>				
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	1.50	2.00
Finance	7.50	7.50	7.00	7.00
Legal	0.50	0.50	0.50	0.50
Engineering	3.00	3.00	3.00	3.00
Security of Persons and Property				
Police	22.50	22.50	22.50	22.50
Fire and EMS	15.50	15.50	15.50	15.50
Transportation				
Street	5.00	5.00	5.00	5.00
Leisure Time Activities				
Parks	4.75	4.75	4.75	4.75
Community Environment				
Community and Economic Development	2.50	2.50	2.50	2.50
<b>Business-Type Activities</b>				
Utilities				
Electric	14.50	14.00	14.00	14.00
Water	8.50	8.30	8.30	5.75
Sewer	3.50	3.20	3.20	5.75
Total Employees	<u>95.25</u>	<u>94.25</u>	<u>93.25</u>	<u>93.75</u>

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

Source: Finance Director's Office

***City of Tipp City***

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2014	2015	2016	2017	2018	2019
3.50	3.50	3.50	3.50	3.50	3.50
2.00	2.00	2.00	3.00	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	2.00	2.00
22.50	21.50	22.50	22.50	22.50	22.50
15.50	15.50	15.50	16.50	16.50	16.50
5.50	5.50	5.50	5.50	5.50	5.50
5.25	5.25	5.25	5.25	5.25	5.25
2.50	2.50	2.50	2.50	2.50	2.50
14.00	15.00	15.00	15.00	15.00	15.00
5.75	5.75	5.75	5.75	5.75	6.75
5.75	5.75	5.75	5.75	5.75	5.75
<b>94.75</b>	<b>94.75</b>	<b>95.75</b>	<b>97.75</b>	<b>96.75</b>	<b>97.75</b>

## ***City of Tipp City***

### *Operating Indicators by Function* *Last Ten Years*

	2010	2011	2012	2013
<b>Governmental Activities</b>				
General Government				
Accounts Payable Checks processed	2,819	2,766	3,549	2,911
Purchase Orders issued	1,430	2,280	2,429	2,018
Court				
Number of Criminal Cases	317	269	373	280
Number of Traffic Cases	886	734	887	825
Licenses and Permits				
Number of Residential Building Permits	7	12	21	14
Number of Commercial Building Permits	6	4	11	5
Security of Persons and Property				
Police				
Criminal Arrests	575	414	480	532
Calls for Service	20,745	15,972	10,010	14,909
Number of Accidents	218	208	207	208
Fire and EMS				
Number of Fire Calls	368	313	327	304
Number of EMS Runs	1,272	1,345	1,390	1,421
Transportation				
Street				
Tons of Salt Used	800	304	637	861
Leisure Time Activities				
Swimming Pool Receipts	284,522	281,817	254,257	285,683
<b>Business-Type Activities</b>				
Electric				
Number of Service Connections	4,872	4,859	4,946	4,954
Peak Demand (megawatts)	30.2	31.3	31.2	33.4
Energy Purchased (MWh)	143,846	143,172	142,617	150,263
Water				
Number of Service Connections	4,086	4,091	4,272	4,153
Daily Average Consumption (mgd)	1.3	1.1	1.2	1.2
Peak Daily Consumption (mgd)	2.5	2.6	2.5	2.3
Sewer				
Sewer Treatment Charges	657,465	688,675	653,840	642,679
Daily Average Sewage Treatment (mgd)	1.6	2.1	1.4	1.6
Refuse Collection				
Number of Customers Billed	3,926	3,943	3,964	4,037

Source: Finance Director's Office

***City of Tipp City***

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2014	2015	2016	2017	2018	2019
2,869	2,828	3,061	2,738	2,782	2,799
2,124	2,013	1,468	1,608	1,878	1,875
333	328	338	301	321	303
797	941	782	506	657	422
17	17	15	18	51	41
7	4	4	10	10	8
446	488	651	429	511	397
15,388	15,455	16,235	15,151	16,272	14,326
254	251	236	199	223	201
343	304	317	303	296	387
1,557	1,673	1,757	1,948	1,866	2,086
457	275	300	550	560	350
248,739	290,383	331,504	312,062	337,403	345,544
4,942	4,933	5,006	5,006	5,056	5,086
31.7	33.3	36.1	31.5	35.7	45.2
156,551	164,144	177,330	171,421	180,664	180,469
4,135	4,159	4,179	4,204	4,263	4,294
1.2	1.4	1.7	1.7	1.6	1.6
2.0	2.3	2.6	2.7	2.3	2.7
665,486	684,258	704,203	697,866	771,073	772,603
1.7	1.8	1.8	2.0	2.6	2.5
4,033	4,071	4,081	4,106	4,163	4,191

## ***City of Tipp City***

### *Capital Asset Statistics by Function Last Ten Years*

	2010	2011	2012	2013
<b>Governmental Activities</b>				
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
<b>Business-Type Activities</b>				
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*

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2014	2015	2016	2017	2018	2019
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 1,419 60	61 1,419 60	61 1,419 60	63 1,462 61	64 1,462 62	64 1,740 62
436 17 2 17	436 17 2 17	436 17 2 17	436 17 2 17	436 17 2 17	436 17 2 17
3	3	3	3	3	3
57 675	57 675	57 675	75 718	76 776	76 776
57	57	57	62	63	63





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