

City of Tipp City, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2020





City of Tipp City, Ohio

Miami County



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2020

Prepared by the Finance Department

John Green, Director



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MIAMI COUNTY, OHIO

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Tipp City

**Introductory
Section**



***Letter of Transmittal
For the Year Ended December 31, 2020***



Council-Manager
Government

June 24, 2021

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, 2020 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, 2020. 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, 2020 can be found in a separately issued report available from the City's Finance Department.

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

Letter of Transmittal

For the Year Ended December 31, 2020

PROFILE OF THE CITY

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

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

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

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

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

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

Letter of Transmittal

For the Year Ended December 31, 2020

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

The City also participates in the Ohio Benefits Cooperative (OBC), a risk sharing insurance pool, which provides health insurance coverage to the City's full-time employees. The OBC converted from a fully funded insurance pool purchasing benefits from Anthem to a self-funded insurance pool contracting with Anthem as the third party claims administrator effective September 1, 2015. The pool consists of twelve 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.

The Coronavirus Pandemic affected Tipp City as it has affected most communities across the Country. Tipp City residents and businesses have weathered the pandemic well and the local economy was not impacted as greatly as in other communities. The City recognized a small cash basis increase in income tax receipts when a lot of other Ohio communities experienced a revenue decrease. Tipp City and the Chamber of Commerce did continue their joint participation in the BusinessFirst! Business Retention and Expansion (BR&E) program although site visits were limited during the pandemic. BusinessFirst! is comprised of 30 member jurisdictions throughout multiple counties in the region, with over 100 community resource partners assisting businesses to operate successfully in the Dayton region. 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 when held.

Letter of Transmittal

For the Year Ended December 31, 2020

A review of permits issued in 2020 indicates commercial and industrial growth invested \$72,307,833 in the community, with seven projects undertaken this year which compares to eight projects in 2019. These projects included: the construction of the new automated Meijer Warehouse on Abbott Park Way, an expansion of the mezzanine at the Meijer Distribution Center, the addition of a solar panel array at the Tipp City Veterinary Hospital on CR 25A, an addition to the Meijer milk production and storage building, several projects at the Abbott Nutrition facility located on Abbott Park Way including a vestibule addition, additional pallet racking, and additional high bay fixtures, the addition of a bar area and coolers at Chaffee's Brew House on S. Second Street, and a restroom addition at the Tipp City Library.

The Dayton metropolitan region's unemployment rate averaged 8.54% in 2020, starting the year at 4.9%, fluctuating monthly with the pandemic response, and decreasing to 4.8% at year end. Miami County's unemployment rate also fluctuated monthly but ultimately fell from 4.6% in January, 2020 to 4.3% by year-end. These numbers indicate that employment in the Dayton region has weathered the pandemic fairly well.

During 2020, Tipp City had 36 new residential unit starts which is down from 41 residential starts in 2019. There are currently six active subdivisions being developed: Bowman Woods, Hunter's Ridge, Rosewood Creek, Fieldstone Place, Hawk Landing, and Cedar Grove. The following table outlines the residential growth for the last several years:

Year	Base Units	New Units	Demolished Units	Net% Growth
2014	4251	17	1	.376%
2015	4267	17	0	.376%
2016	4284	15	0	.352%
2017	4299	18	0	.419%
2018	4317	51	2	1.13%
2019	4366	41	0	.940%
2020	4401	36	1	.802%

Over 200 acres of vacant industrial land remains available for development within the community. Established industrial parks offer attractive sites for building as well. With its abundant natural resources, low cost utilities and facility of transportation, Tipp City is well situated for further expansion.

Letter of Transmittal

For the Year Ended December 31, 2020

MAJOR INITIATIVES

For the Year

As reported for the last 5-6 years, Tipp City's primary focus in 2020 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 2020, with State and Federal grant assistance, the City spent approximately \$1.4M on street improvements and resurfacing throughout the community. The most significant street projects were resurfacing Plum Street (\$300,000), payment of the City's 20% share of the Main Street Streetscape Project (\$332,000) which is a project being administered by the Ohio Department of Transportation (ODOT) using an 80% federal roadway improvement grant. The City also spent approximately \$409,000 on storm water projects along Interstate 75 and Garber Drive.

The City continued to work on capital improvement projects in the enterprise funds as well. The City completed the replacement of electric transformers and related infrastructure at Substation #1/1A (\$4M project), completion of a new 500,000 gallon water tower (\$2.4M project), and replacement of the water main on Wunderwood Drive (\$177,500). In the Sewer Fund, approximately \$225,000 was spent on sliplining sanitary sewers to prevent groundwater intrusion, and the Floral Acres Dr. sanitary sewer extension was completed (\$206,500).

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

Tipp City's beloved Mum Festival was canceled in 2020 due to the ongoing pandemic. The Festival, which takes place the fourth weekend of September, celebrates the long lasting fall flower, the chrysanthemum, and its connection to Tipp City's Springhill Nursery. The chrysanthemum was the inspiration for the City's logo which is presented on the front of this document. Hometown activities featured at the Mum Festival include a street dance, car show, 5K road race, parade and live entertainment.

Letter of Transmittal

For the Year Ended December 31, 2020

For The Future

The City of Tipp City continues to face a positive future. Industrial, commercial, and residential development, coupled with the commitment of the residents to fund necessary capital improvements, will help ensure the sound financial position of the City. In 2021-2022, 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 1st Street east to the bike path crossing - \$1.9M), widening County Road 25A near the Meijer Distribution Center (\$1.5M), and upgrades to both the water and sewer systems by constructing a new Service Center for equipment storage and operations (\$1M). The City convened a new citizen committee to look at capital improvement projects in the 2022-2031 timeframe and a ballot initiative to extend the 0.5% capital improvement income tax levy was placed on the May, 2021 ballot.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

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

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

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

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

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

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

Letter of Transmittal

For the Year Ended December 31, 2020

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, 2019. 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 twenty years (2000-2019). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

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

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

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

Respectfully submitted,



John W. Green
Director of Finance

CITY OF TIPP CITY, OHIO

List of Principal Officials For the Year Ended December 31, 2020

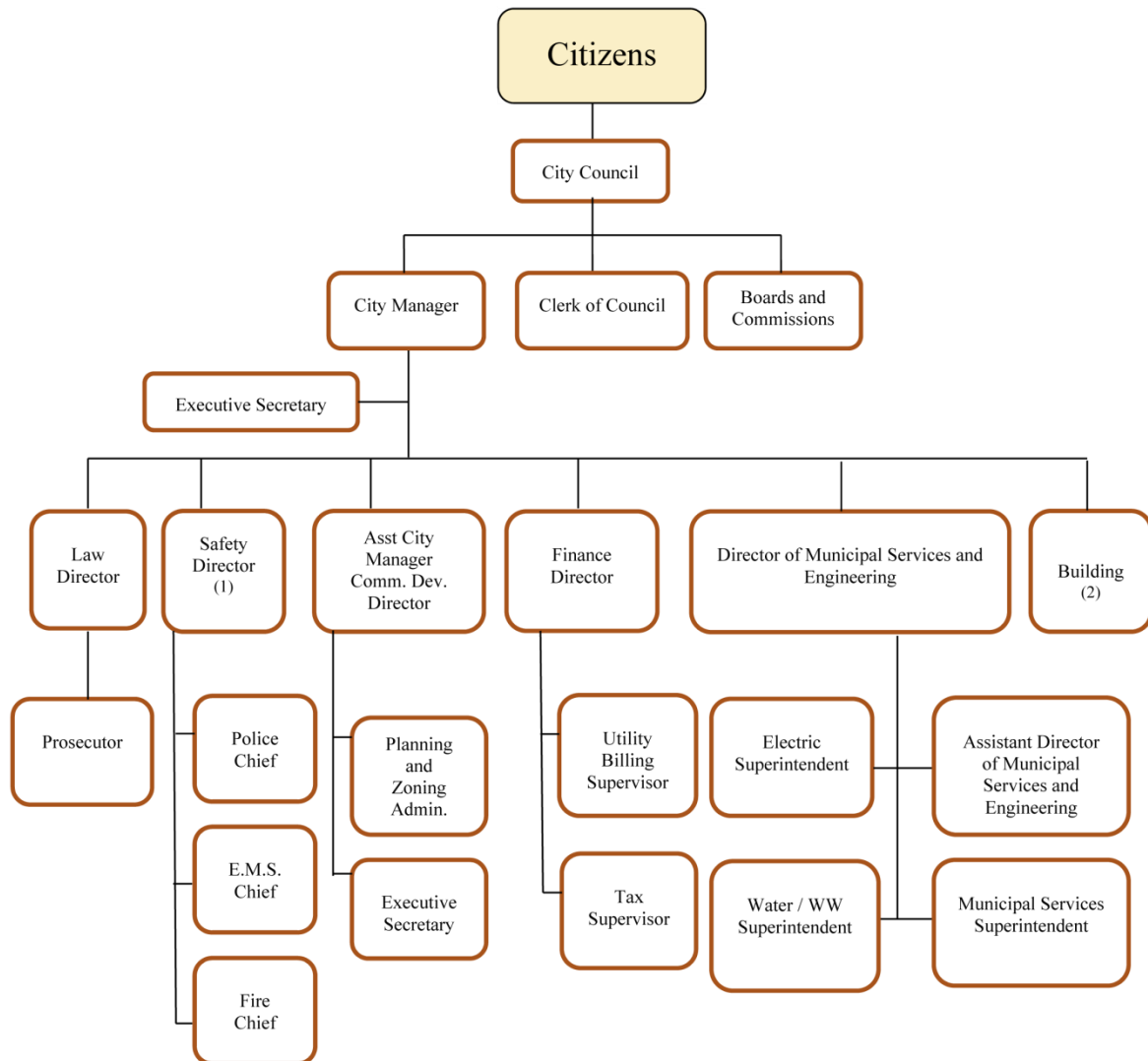
ELECTED OFFICIALS

Mayor	Joseph Gibson
President Of Council	Katelyn Berbach
Council Members	Frank Scenna Logan Rogers Michael McFarland Mike Jackson Kathryn Huffman

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 Organizational Chart
For the Year Ended December 31, 2020**



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

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



Government Finance Officers Association

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

Presented to

**City of Tipp City
Ohio**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

June 24, 2021

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, 2020, 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
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• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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Auditor's Responsibility (Continued)

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no 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, 2020, 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 2 to the financial statements, during 2020, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. 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.

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.

Other Matters (Continued)

Supplementary and Other Information (Continued)

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 June 24, 2021, 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



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







***Management's Discussion and Analysis
For the Year Ended December 31, 2020***

Unaudited

The discussion and analysis of the City of Tipp City's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2020. 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 2020 are as follows:

- ❑ In total, net position decreased \$861,457. Net position of governmental activities decreased \$1,165,553, which represents a 2.2% decrease from 2019. Net position of business-type activities increased \$304,096 or .6% from 2019.
- ❑ General revenues accounted for \$9 million in revenue or 25.5% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 74.5% of total revenues of \$35.4 million.
- ❑ Total net position of governmental activities decreased by \$1,165,553. Equity in Pooled Cash and Investments increased by \$635,089 due in part to one-time payments intended to stimulate the economy during COVID as well as continued increases in the gas tax receipts enacted by the State of Ohio in the 2019 biennial budget. This increase in cash was offset by a reduction in Pension and OPEB assets and liabilities. Deferred Outflows of Resources for Pension and OPEB decreased by \$1M along with a \$1.5M increase in Deferred Inflows of Resources for Pension and OPEB. These changes have more to do with the strength of the state-wide pension systems than any direct City activities. The City has also made a concerted effort to repay debt associated with capital improvements and reduced General Obligation Notes payable by approx. \$220,000 between periods.
- ❑ The City had \$12.8 million in expenses related to governmental activities; \$2.6 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$9 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$7.0 million in revenues and \$6.6 million in expenditures. The general fund's fund balance increased \$402,187 to \$7.3 million.
- ❑ Net position for enterprise funds increased by \$304,096. The Electric Fund's net position decreased by \$59,312, the Water Fund increased its net position by \$412,768, and the Sewer Fund decreased its net position by \$49,842.
- ❑ The Electric Fund decrease is largely insignificant to total Electric operations, but reflects an intentional decrease in cash with the 2019 implementation of a new rate structure with slightly lower rates for Industrial users, repayment of debt related to the construction of Substation #1/1A (\$0.5M), removal of the City's old power plant which had been decommissioned and used for storage, and a reduction in both operating revenues and costs of purchased power as the City worked its way through the ongoing global pandemic.
- ❑ The Water Fund increase is due to operating income where charges for services revenue kept pace with operating expenditures, a concerted effort to repay GO Notes outstanding for this utility (\$305,000 reduction), and a reduction in Net Pension Liability (\$319,202) which again is more an indication of the status of the statewide pension systems rather than a reflection on the City's operations.

***Management's Discussion and Analysis
For the Year Ended December 31, 2020***

Unaudited

- The Sewer Fund decrease is due to continued strong operating results with an increase in operating revenues (charges for services) outpacing operating expenditures by \$638,381. This increase was offset by a loss from the City's Joint Venture Tri-Cities Wastewater Authority (\$669,345) which experienced significant repair costs related to the failure of a primary digester lid. The primary digester lid has been repaired and is back in service, but the Joint Venture continues to experience an unusually high level of repair costs to the sewer collection system.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

***Management's Discussion and Analysis
For the Year Ended December 31, 2020***

Unaudited

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

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

Fund Financial Statements

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

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Unaudited

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table focuses on the net position of the City's governmental and business-type activities for both 2020 and 2019.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$13,669,289	\$13,086,888	\$26,633,499	\$28,217,074	\$40,302,788	\$41,303,962
Capital assets, Net	50,225,547	50,358,525	36,319,416	36,737,607	86,544,963	87,096,132
Total assets	63,894,836	63,445,413	62,952,915	64,954,681	126,847,751	128,400,094
Deferred Outflows of Resources	2,534,813	3,563,162	532,819	1,139,218	3,067,632	4,702,380
Net Pension Liability	7,966,303	9,518,550	2,004,349	3,322,334	9,970,652	12,840,884
Net OPEB Liability	2,838,478	2,482,193	1,368,926	1,546,647	4,207,404	4,028,840
Noncurrent liabilities	1,713,055	1,665,938	6,997,376	7,690,424	8,710,431	9,356,362
Other liabilities	687,434	473,465	2,958,295	4,270,593	3,645,729	4,744,058
Total liabilities	13,205,270	14,140,146	13,328,946	16,829,998	26,534,216	30,970,144
Deferred Inflows of Resources	2,275,183	753,680	795,457	206,666	3,070,640	960,346
Net position						
Net investment in capital assets	49,269,962	49,103,849	28,740,514	27,409,490	78,010,476	76,513,339
Restricted	4,629,543	4,751,046	0	0	4,629,543	4,751,046
Unrestricted (Deficit)	(2,950,309)	(1,740,146)	20,620,817	21,647,745	17,670,508	19,907,599
Total net position	\$50,949,196	\$52,114,749	\$49,361,331	\$49,057,235	\$100,310,527	\$101,171,984

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, 2020***

Unaudited

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

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

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

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

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

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2020 compared with 2019:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,182,020	\$1,171,456	\$23,824,159	\$25,263,150	\$25,006,179	\$26,434,606
Operating Grants and Contributions	1,394,874	899,052	0	0	1,394,874	899,052
Capital Grants and Contributions	10,771	57,288	0	0	10,771	57,288
Total Program Revenues	2,587,665	2,127,796	23,824,159	25,263,150	26,411,824	27,390,946
General revenues:						
Income Taxes	6,508,608	6,477,955	0	0	6,508,608	6,477,955
Property Taxes	503,698	421,103	0	0	503,698	421,103
Other Local Taxes	53,455	83,209	0	0	53,455	83,209
Unrestricted Shared Revenues	1,103,967	1,115,258	0	0	1,103,967	1,115,258
Investment Earnings	133,499	371,917	0	0	133,499	371,917
Miscellaneous	718,261	257,207	0	0	718,261	257,207
Total General Revenues	9,021,488	8,726,649	0	0	9,021,488	8,726,649
Total Revenues	11,609,153	10,854,445	23,824,159	25,263,150	35,433,312	36,117,595
Program Expenses						
Security of Persons and Property	5,714,105	1,860,740	0	0	5,714,105	1,860,740
Leisure Time Activities	1,253,806	1,335,245	0	0	1,253,806	1,335,245
Community Environment	443,457	324,325	0	0	443,457	324,325
Basic Utility Services	301,498	78,774	0	0	301,498	78,774
Transportation	2,814,270	2,171,650	0	0	2,814,270	2,171,650
General Government	2,222,475	1,862,561	0	0	2,222,475	1,862,561
Interest and Fiscal Charges	25,095	41,309	0	0	25,095	41,309
Electric	0	0	16,518,044	17,134,858	16,518,044	17,134,858
Water	0	0	3,692,868	4,167,258	3,692,868	4,167,258
Sewer	0	0	2,341,119	2,106,256	2,341,119	2,106,256
Refuse Collection	0	0	968,032	957,822	968,032	957,822
Total expenses	12,774,706	7,674,604	23,520,063	24,366,194	36,294,769	32,040,798
Change in Net Position before transfers	(1,165,553)	3,179,841	304,096	896,956	(861,457)	4,076,797
Transfers	0	0	0	0	0	0
Total Change in Net Position	(1,165,553)	3,179,841	304,096	896,956	(861,457)	4,076,797
Beginning Net Position	52,114,749	48,934,908	49,057,235	48,160,279	101,171,984	97,095,187
Ending Net Position	\$50,949,196	\$52,114,749	\$49,361,331	\$49,057,235	\$100,310,527	\$101,171,984

**Management's Discussion and Analysis
For the Year Ended December 31, 2020****Unaudited**

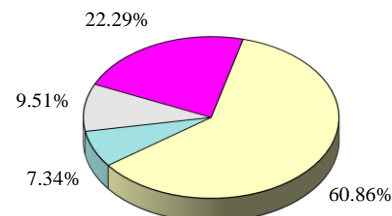
Governmental Activities

Net position of the City's governmental activities decreased by \$1,165,553 or 2.2%. Restricted net position increased by \$121,503 or 2.6% and unrestricted net position decreased by \$1,210,163 or 69.5%.

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 \$6,508,608 compared to \$6,477,955 in 2019, an increase of 0.5%. The City tracks income taxes received using three categories: employee payroll withholding, business net profit, and individual taxpayer paid local income tax. Business net profit and employee payroll withholding were both up for the year when compared to 2019 collections, but individual taxpayer paid receipts were down slightly. Payroll withholding collections increased by 2.46%. Corporate net profit collections increased by 18.44%, and individual taxpayer collections decreased by 11.01%. The increases in payroll withholding and corporate income taxes are positive indicators that employment and wage growth continue to improve in Tipp City.

Property taxes and income taxes made up 4.3% and 56.1% respectively of revenues for governmental activities for the City in fiscal year 2020. The City's reliance upon tax revenues is demonstrated by the following graph indicating 60.86% of total revenues comes from general tax revenues:

Revenue Sources	2020	Percent of Total
Unrestricted Shared Revenues	\$1,103,967	9.51%
Program Revenues	2,587,665	22.29%
General Tax Revenues	7,065,761	60.86%
General Other	851,760	7.34%
Total Revenue	<u>\$11,609,153</u>	<u>100.00%</u>



**Management's Discussion and Analysis
For the Year Ended December 31, 2020****Unaudited****Business-Type Activities**

Net position of the business-type activities increased \$304,096. This increase was primarily attributed to the Water Fund operating income (\$415,591). Income and losses from the City's participation in the Northern Area Water Authority joint venture (\$19,971 gain) and Tri-Cities Regional Wastewater Authority joint venture (\$669,345 loss) had a large impact on the bottom line. 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 \$11,049,766, which is an increase from last year's balance of \$10,446,161. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2020 and 2019:

	Fund Balance December 31, 2020	Fund Balance December 31, 2019	Increase (Decrease)
General	\$7,263,802	\$6,861,615	\$402,187
Capital Improvement Reserve	1,879,696	2,080,684	(200,988)
Other Governmental	1,906,268	1,503,862	402,406
Total	<u>\$11,049,766</u>	<u>\$10,446,161</u>	<u>\$603,605</u>

General Fund – The City's General Fund balance had a increase of \$402,187 in 2020. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2020 Revenues	2019 Revenues	Increase (Decrease)
Taxes	\$4,014,272	\$3,889,903	\$124,369
Intergovernmental Revenue	1,098,013	1,094,842	3,171
Charges for Services	853,976	641,434	212,542
Licenses, Permits and Fees	196,993	175,935	21,058
Investment Earnings	139,080	370,438	(231,358)
Special Assessments	0	209	(209)
Fines and Forfeitures	3,413	5,720	(2,307)
All Other Revenue	655,668	195,575	460,093
Total	<u>\$6,961,415</u>	<u>\$6,374,056</u>	<u>\$587,359</u>

The increase in charges for services is due to increased collections for fire protection and emergency medical service runs. The City restructured the contract with Monroe Township for the provision of these services which resulted in an increase of service charge revenues. The decrease in investment earnings is due to the poor interest rate environment as the Federal Reserve decreased interest rates from around 2% to effectively 0% following the economic slowdown leading up to and during the COVID pandemic. The increase in all other revenues is due to a series of rebates offered by the Ohio Bureau of Worker's Compensation with their "Billion Back" program and some special dividends made available due to their strong cash balance and a desire to assist local employers operating during the COVID pandemic.

**Management's Discussion and Analysis
For the Year Ended December 31, 2020****Unaudited**

	2020 Expenditures	2019 Expenditures	Increase (Decrease)
Security of Persons and Property	\$4,016,674	\$3,865,192	\$151,482
Leisure Time Activities	484,190	510,392	(26,202)
Community Environment	361,716	274,454	87,262
Basic Utility Services	30,023	33,072	(3,049)
General Government	1,433,089	1,344,492	88,597
Capital Outlay	64,598	46,730	17,868
Total	<u>\$6,390,290</u>	<u>\$6,074,332</u>	<u>\$315,958</u>

Expenditures increased 5.2% led by the increases in security of persons and property. The increases are employment and wage related. Employees in both of the City's bargaining units as well as all non-bargaining unit employees received a 2.5% cost of living adjustment in 2020 and health insurance costs increased approx. 9%.

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 decrease this year is due to a number of large-dollar capital improvement projects which were completed (purchase of a new Fire Truck - \$425,000, road resurfacing and reconstruction - \$1.3M, and storm water drainage work - \$375,000).

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 2020 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 \$171,055, 2.3% above budget. The City's original budgeted appropriations were increased during the year by \$305,000 to arrive at a final figure of \$7,670,268. There was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$7,084,249, \$411,019 or 5.4% below the final budget. Savings from the original budget include: \$215,000 in police department expenditures (wages, health insurance, overtime, and fuel costs) and \$60,000 in parks department expenditures (across the board savings). All city departments experienced a significant cost reduction in travel and training costs as most meetings, conferences, and training programs moved to an online format due to the COVID pandemic.

**Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2020 the City had \$86,544,963 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$50,225,547 was related to governmental activities and \$36,319,416 to the business-type activities. The following table shows fiscal year 2020 and 2019 balances:

	Governmental Activities		Increase (Decrease)
	2020	2019	
Land	\$14,275,563	\$14,275,563	\$0
Construction in Progress	1,032,325	709,108	323,217
Total Non-Depreciable Capital Assets	15,307,888	14,984,671	323,217
Buildings	9,203,026	9,114,370	88,656
Improvements Other Than Buildings	6,991,641	6,760,195	231,446
Machinery and Equipment	9,234,110	8,819,100	415,010
Infrastructure	41,394,686	40,959,461	435,225
Less: Accumulated Depreciation	(31,905,804)	(30,279,272)	(1,626,532)
Total Depreciable Capital Assets	34,917,659	35,373,854	(456,195)
Totals	\$50,225,547	\$50,358,525	(\$132,978)

	Business-Type Activities		Increase (Decrease)
	2020	2019	
Land	\$2,234,492	\$2,234,492	\$0
Construction in Progress	165,244	2,097,605	(1,932,361)
Total Non-Depreciable Capital Assets	2,399,736	4,332,097	(1,932,361)
Buildings	6,751,461	7,080,986	(329,525)
Improvements Other Than Buildings	51,648,334	48,179,846	3,468,488
Machinery and Equipment	3,487,728	3,462,566	25,162
Less: Accumulated Depreciation	(27,967,843)	(26,317,888)	(1,649,955)
Total Depreciable Capital Assets	33,919,680	32,405,510	1,514,170
Totals	\$36,319,416	\$36,737,607	(\$418,191)

Capital assets, net of depreciation, in governmental activities decreased \$132,978 (0.3%) in 2020. During 2020, the City invested approximately \$1.3M in street resurfacing or reconstruction improvements. Depreciation expense (\$1.6M) was high enough to offset the increased spending on capital assets.

Capital assets, net of depreciation, for the business-type activities had a decrease of \$418,191 (1.1%). The largest increases in business-type activities were related to improvements made to electric substation #1/1A and water tower #4 and the movement of these completed projects from Construction in Progress to depreciable assets.

As of December 31, 2020, the City has contractual commitments of \$2,846,281 for various improvements. Additional information on the City's capital assets can be found in Note 11.

**Management's Discussion and Analysis
For the Year Ended December 31, 2020****Unaudited**

Debt

At December 31, 2020, the City had \$250,000 in bonds outstanding, \$60,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2020 and 2019:

	2020	2019
Governmental Activities:		
Special Assessment Bonds	\$250,000	\$305,000
OPWC Loan	705,585	729,676
Compensated Absences	757,470	631,262
Total Governmental Activities	1,713,055	1,665,938
Business-Type Activities:		
OPWC Loans	\$2,603,902	\$2,413,117
General Obligation Notes	4,050,000	4,975,000
Compensated Absences	343,474	302,307
Total Business-Type Activities	6,997,376	7,690,424
Totals	\$8,710,431	\$9,356,362

During 2020, 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 2020 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, 2020, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 17.

ECONOMIC FACTORS

Tipp City's future remains bright. Income tax receipts, the largest single source of general operating revenues, remained strong again in 2020 reflecting improvements in the local economy and reduced unemployment numbers. The City has retained existing businesses while attracting business expansion. The residents committed in 2011, and renewed that commitment in 2021, to provide funding necessary for capital improvement projects over a ten year period (initially 2011-2021 and renewed for 2021-2031). This has, and will continue to, enable the City to complete much needed infrastructure improvement projects.

The 2021 operating budget continues to reflect the conservatism of the City while beginning the transition from a volunteer fire department to a department with paid staffing 24 hours a day/7 days per week. This transition has been discussed at length for a number of years, but the early steps will be made in 2021 which will increase costs for Security of Persons and Property in the future. Total 2021 general fund operating revenues are projected at \$7.39 million which is approximately \$96,000 lower than actual revenues received in 2020. The City expects continued increases in income and property tax revenues with other revenue sources remaining consistent with 2020 receipts, but does not expect additional rebates or dividends from the Ohio Bureau of Worker's Compensation.

The 2021 appropriation budget for the general fund totals \$7.77 million which is an increase of approximately \$530,000 from the original 2020 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 will be renegotiated in 2021.

The City's general fund balance has increased in thirteen of the last fifteen consecutive years and remains strong at \$7.2 million. As always, the City will continue to monitor its receipts and expenditure activity very closely to preserve this fund balance.

REQUESTS FOR INFORMATION

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



CITY OF TIPP CITY, OHIO**Statement of Net Position
December 31, 2020**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$ 10,350,439	\$ 14,878,788	\$ 25,229,227
Receivables:			
Taxes	1,792,738	0	1,792,738
Accounts	259,338	2,413,466	2,672,804
Intergovernmental	647,656	32,048	679,704
Interest	680	0	680
Special Assessments	341,779	420,297	762,076
Internal Balances	83,438	(83,438)	0
Inventory of Supplies at Cost	136,240	615,623	751,863
Prepaid Items	56,981	8,333	65,314
Restricted Assets:			
Cash and Cash Equivalents	0	268,701	268,701
Investment in Joint Venture	0	8,079,681	8,079,681
Non-Depreciable Capital Assets	15,307,888	2,399,736	17,707,624
Depreciable Capital Assets, Net	34,917,659	33,919,680	68,837,339
Total Assets	63,894,836	62,952,915	126,847,751
Deferred Outflows of Resources:			
Pension	1,576,966	314,717	1,891,683
OPEB	957,847	218,102	1,175,949
Total Deferred Outflows of Resources	2,534,813	532,819	3,067,632
Liabilities:			
Accounts Payable	454,879	1,380,667	1,835,546
Accrued Wages and Benefits Payable	188,892	70,634	259,526
Intergovernmental Payable	10,019	211,660	221,679
Retainage Payable	0	13,741	13,741
Due to Others	32,706	0	32,706
Refundable Deposits	0	268,701	268,701
Accrued Interest Payable	938	87,892	88,830
General Obligation Notes Payable	0	925,000	925,000
Noncurrent liabilities:			
Due within one year	361,621	279,268	640,889
Due in more than one year:			
Net Pension Liability	7,966,303	2,004,349	9,970,652
Net OPEB Liability	2,838,478	1,368,926	4,207,404
Other Amounts Due in More Than One Year	1,351,434	6,718,108	8,069,542
Total Liabilities	13,205,270	13,328,946	26,534,216

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Deferred Revenue	0	60,633	60,633
Property Tax Levy for Next Fiscal Year	402,831	0	402,831
Pension	1,248,477	497,573	1,746,050
OPEB	623,875	237,251	861,126
Total Deferred Inflows of Resources	2,275,183	795,457	3,070,640
Net Position:			
Net Investment in Capital Assets	49,269,962	28,740,514	78,010,476
Restricted For:			
Capital Projects	2,323,778	0	2,323,778
Debt Service	339,013	0	339,013
Transportation	1,824,398	0	1,824,398
Security of Persons	142,354	0	142,354
Unrestricted	(2,950,309)	20,620,817	17,670,508
Total Net Position	\$ 50,949,196	\$ 49,361,331	\$ 100,310,527

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO**Statement of Activities
For the Year Ended December 31, 2020**

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 5,714,105	\$ 779,956	\$ 202,115	\$ 0
Leisure Time Activities	1,253,806	29,693	21,549	0
Community Environment	443,457	196,079	14,726	0
Basic Utility Services	301,498	127,903	229,936	0
Transportation	2,814,270	48,389	873,402	10,771
General Government	2,222,475	0	53,146	0
Interest and Fiscal Charges	25,095	0	0	0
Total Governmental Activities	12,774,706	1,182,020	1,394,874	10,771
Business-Type Activities:				
Electric	16,518,044	16,458,732	0	0
Water	3,692,868	4,105,636	0	0
Sewer	2,341,119	2,291,277	0	0
Refuse Collection	968,032	968,514	0	0
Total Business-Type Activities	23,520,063	23,824,159	0	0
Totals	\$ 36,294,769	\$ 25,006,179	\$ 1,394,874	\$ 10,771

General Revenues:

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

 Change in Net Position

 Net Position Beginning of Year
 Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (4,732,034)	\$ 0	\$ (4,732,034)
(1,202,564)	0	(1,202,564)
(232,652)	0	(232,652)
56,341	0	56,341
(1,881,708)	0	(1,881,708)
(2,169,329)	0	(2,169,329)
(25,095)	0	(25,095)
<u>(10,187,041)</u>	<u>0</u>	<u>(10,187,041)</u>
0	(59,312)	(59,312)
0	412,768	412,768
0	(49,842)	(49,842)
<u>0</u>	<u>482</u>	<u>482</u>
<u>0</u>	<u>304,096</u>	<u>304,096</u>
<u>(10,187,041)</u>	<u>304,096</u>	<u>(9,882,945)</u>
6,508,608	0	6,508,608
503,698	0	503,698
53,455	0	53,455
1,103,967	0	1,103,967
133,499	0	133,499
<u>718,261</u>	<u>0</u>	<u>718,261</u>
<u>9,021,488</u>	<u>0</u>	<u>9,021,488</u>
(1,165,553)	304,096	(861,457)
<u>52,114,749</u>	<u>49,057,235</u>	<u>101,171,984</u>
<u>\$ 50,949,196</u>	<u>\$ 49,361,331</u>	<u>\$ 100,310,527</u>

CITY OF TIPP CITY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2020**

	General	Capital Improvement Reserve	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 6,713,049	\$ 1,914,665	\$ 1,722,725	\$ 10,350,439
Receivables:				
Taxes	1,146,123	646,615	0	1,792,738
Accounts	259,338	0	0	259,338
Intergovernmental	210,912	0	436,744	647,656
Interest	680	0	0	680
Special Assessments	0	47,166	294,613	341,779
Due from Other Funds	85,832	0	0	85,832
Inventory of Supplies, at Cost	70,595	0	65,645	136,240
Prepaid Items	47,764	5,411	3,806	56,981
Total Assets	<u>\$ 8,534,293</u>	<u>\$ 2,613,857</u>	<u>\$ 2,523,533</u>	<u>\$ 13,671,683</u>
Liabilities:				
Accounts Payable	\$ 81,270	\$ 354,404	\$ 19,205	\$ 454,879
Accrued Wages and Benefits Payable	176,957	0	11,935	188,892
Intergovernmental Payable	9,828	0	191	10,019
Due to Others	32,706	0	0	32,706
Due to Other Funds	2,202	0	192	2,394
Total Liabilities	<u>302,963</u>	<u>354,404</u>	<u>31,523</u>	<u>688,890</u>
Deferred Inflows of Resources:				
Unavailable Amounts	564,697	379,757	585,742	1,530,196
Property Tax Levy for Next Fiscal Year	402,831	0	0	402,831
Total Deferred Inflows of Resources	<u>967,528</u>	<u>379,757</u>	<u>585,742</u>	<u>1,933,027</u>
Fund Balances:				
Nonspendable	118,359	5,411	69,451	193,221
Restricted	0	1,874,285	1,823,224	3,697,509
Committed	0	0	13,593	13,593
Assigned	302,096	0	0	302,096
Unassigned	6,843,347	0	0	6,843,347
Total Fund Balances	<u>7,263,802</u>	<u>1,879,696</u>	<u>1,906,268</u>	<u>11,049,766</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,534,293</u>	<u>\$ 2,613,857</u>	<u>\$ 2,523,533</u>	<u>\$ 13,671,683</u>

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2020***

Total Governmental Fund Balances	\$ 11,049,766
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*Amounts reported for governmental activities in the
statement of net position are different because*

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	50,225,547
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Other long-term assets are not available to pay for current- period expenditures and therefore are reported as deferred inflows in the funds.	1,530,196
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The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liability and related deferred inflows & outflows are not reported in governmental funds.	(10,142,320)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,713,993)</u>
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<i>Net Position of Governmental Funds</i>	<u><u>\$ 50,949,196</u></u>
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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, 2020

	General	Capital Improvement Reserve	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 4,014,272	\$ 3,097,673	\$ 105,035	\$ 7,216,980
Intergovernmental Revenues	1,098,013	10,771	1,413,214	2,521,998
Charges for Services	853,976	27,651	0	881,627
Licenses, Permits and Fees	196,993	0	0	196,993
Investment Earnings	139,080	0	0	139,080
Special Assessments	0	61,285	73,653	134,938
Fines and Forfeitures	3,413	0	666	4,079
All Other Revenue	655,668	12,984	86,046	754,698
Total Revenue	6,961,415	3,210,364	1,678,614	11,850,393
Expenditures:				
Current:				
Security of Persons and Property	4,016,674	0	83,749	4,100,423
Leisure Time Activities	484,190	0	100,711	584,901
Community Environment	361,716	0	13,152	374,868
Basic Utility Services	30,023	0	205,364	235,387
Transportation	0	0	741,809	741,809
General Government	1,433,089	102,053	50,974	1,586,116
Capital Outlay	64,598	3,387,735	135,545	3,587,878
Debt Service:				
Principal Retirement	0	0	79,091	79,091
Interest and Fiscal Charges	0	409	24,892	25,301
Total Expenditures	6,390,290	3,490,197	1,435,287	11,315,774
Excess (Deficiency) of Revenues Over Expenditures	571,125	(279,833)	243,327	534,619
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	0	55,138	0	55,138
Transfers In	0	175,000	151,293	326,293
Transfers Out	(175,000)	(151,293)	0	(326,293)
Total Other Financing Sources (Uses)	(175,000)	78,845	151,293	55,138
Net Change in Fund Balances	396,125	(200,988)	394,620	589,757
Fund Balances at Beginning of Year	6,861,615	2,080,684	1,503,862	10,446,161
Change in Inventory	6,062	0	7,786	13,848
Fund Balances End of Year	\$ 7,263,802	\$ 1,879,696	\$ 1,906,268	\$ 11,049,766

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Year Ended December 31, 2020***

Net Change in Fund Balances - Total Governmental Funds	\$ 589,757
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays.	(82,080)
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position.	(50,898)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(241,240)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	703,767
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.	(2,051,796)
The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position.	79,091
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	206
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(112,360)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ (1,165,553)</u></u>
See accompanying notes to the basic financial statements	



CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,079,174	\$ 4,079,174	\$ 4,052,547	\$ (26,627)
Intergovernmental Revenue	1,131,221	1,131,221	1,098,237	(32,984)
Charges for Services	1,360,370	1,360,370	1,316,290	(44,080)
Licenses and Permits	185,250	185,250	196,704	11,454
Investment Earnings	375,000	375,000	146,281	(228,719)
Special Assessments	250	250	0	(250)
Fines and Forfeitures	10,500	10,500	3,467	(7,033)
All Other Revenues	156,350	156,350	655,644	499,294
Total Revenues	7,298,115	7,298,115	7,469,170	171,055
Expenditures:				
Current:				
Security of Persons and Property	4,214,912	4,214,912	4,012,503	202,409
Leisure Time Activities	535,264	535,264	503,179	32,085
Community Environment	352,720	352,720	356,494	(3,774)
Basic Utility Services	343,532	343,532	308,275	35,257
General Government	1,887,459	1,977,459	1,837,608	139,851
Capital Outlay	31,381	71,381	66,190	5,191
Total Expenditures	7,365,268	7,495,268	7,084,249	411,019
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,153)	(197,153)	384,921	582,074
Other Financing Sources (Uses):				
Transfers Out	0	(175,000)	(175,000)	0
Total Other Financing Sources (Uses):	0	(175,000)	(175,000)	0
Net Change in Fund Balance	(67,153)	(372,153)	209,921	582,074
Fund Balance at Beginning of Year	6,233,582	6,233,582	6,233,582	0
Prior Year Encumbrances	122,071	122,071	122,071	0
Fund Balance at End of Year	\$ 6,288,500	\$ 5,983,500	\$ 6,565,574	\$ 582,074

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2020**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
Current assets:			
Equity in Pooled Cash and Investments	\$ 10,526,519	\$ 1,958,132	\$ 2,305,042
Receivables:			
Accounts	1,824,431	344,062	244,973
Intergovernmental	0	32,048	0
Special Assessments	8,250	8,594	403,453
Due from Other Funds	3,947	576	467
Inventory of Supplies at Cost	481,075	113,577	20,971
Prepaid Items	6,070	1,605	658
Restricted Assets:			
Cash and Cash Equivalents	268,701	0	0
Total current assets	13,118,993	2,458,594	2,975,564
Noncurrent assets:			
Investment in Joint Venture	0	1,624,608	6,455,073
Capital assets:			
Non-Depreciable Capital Assets	383,002	1,980,912	35,822
Depreciable Capital Assets, net	14,758,658	11,536,286	7,624,736
Total capital assets	15,141,660	13,517,198	7,660,558
Total noncurrent assets	15,141,660	15,141,806	14,115,631
Total assets	28,260,653	17,600,400	17,091,195
Deferred Outflows of Resources:			
Pension	167,403	104,234	43,080
OPEB	116,048	72,194	29,860
Total Deferred Outflows of Resources	283,451	176,428	72,940
Liabilities:			
Current liabilities:			
Accounts Payable	1,294,769	2,056	8,713
Accrued Wages and Benefits Payable	35,431	26,290	8,913
Intergovernmental Payable	3,862	145,648	62,150
Retainage Payable	13,741	0	0
Refundable Deposits	268,701	0	0
Due to Other Funds	81,654	1,806	790
Accrued Interest Payable	53,000	20,273	14,619
General Obligation Notes Payable - Current	500,000	272,500	152,500
OPWC Loans Payable - Current	0	148,098	9,800
Compensated Absences Payable - Current	59,521	41,583	20,266
Total Current Liabilities	2,310,679	658,254	277,751

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
\$ 89,095	\$ 14,878,788
0	2,413,466
0	32,048
0	420,297
0	4,990
0	615,623
0	8,333
0	268,701
<u>89,095</u>	<u>18,642,246</u>
0	8,079,681
0	2,399,736
<u>0</u>	<u>33,919,680</u>
<u>0</u>	<u>36,319,416</u>
<u>0</u>	<u>44,399,097</u>
<u>89,095</u>	<u>63,041,343</u>
0	314,717
<u>0</u>	<u>218,102</u>
<u>0</u>	<u>532,819</u>
75,129	1,380,667
0	70,634
0	211,660
0	13,741
0	268,701
4,178	88,428
0	87,892
0	925,000
0	157,898
0	121,370
<u>79,307</u>	<u>3,325,991</u>

(Continued)

CITY OF TIPP CITY, OHIO**Statement of Fund Net Position
Proprietary Funds
December 31, 2020**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Noncurrent Liabilities:			
General Obligation Notes Payable	2,500,000	875,000	675,000
OPWC Loans Payable	0	2,332,986	113,018
Compensated Absences Payable	108,726	71,808	41,570
Net Pension Liability	1,066,150	663,834	274,365
Net OPEB Liability	728,156	453,384	187,386
Total noncurrent liabilities	4,403,032	4,397,012	1,291,339
Total Liabilities	6,713,711	5,055,266	1,569,090
Deferred Inflows of Resources:			
Deferred Revenue	0	0	0
Pension	265,706	163,825	68,042
OPEB	126,830	77,987	32,434
Total Deferred Inflows of Resources	392,536	241,812	100,476
Net Position:			
Net Investment in Capital Assets	12,141,660	9,888,614	6,710,240
Unrestricted	9,296,197	2,591,136	8,784,329
Total Net Position	<u>\$ 21,437,857</u>	<u>\$ 12,479,750</u>	<u>\$ 15,494,569</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
0	4,050,000
0	2,446,004
0	222,104
0	2,004,349
0	1,368,926
0	10,091,383
<u>79,307</u>	<u>13,417,374</u>
60,633	60,633
0	497,573
0	237,251
<u>60,633</u>	<u>795,457</u>
0	28,740,514
(50,845)	20,620,817
<u>\$ (50,845)</u>	<u>\$ 49,361,331</u>

CITY OF TIPP CITY, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 16,261,752	\$ 3,961,290	\$ 2,251,570
Other Operating Revenues	184,980	124,375	39,707
Total Operating Revenues	16,446,732	4,085,665	2,291,277
Operating Expenses:			
Personal Services	946,275	818,437	285,338
Contractual Services	14,502,380	2,098,733	951,606
Materials and Supplies	62,316	42,612	35,899
Utilities	8,804	27,043	19,446
Depreciation	887,301	679,679	360,341
Other Operating Expenses	13,894	3,570	266
Total Operating Expenses	16,420,970	3,670,074	1,652,896
Operating Income (Loss)	25,762	415,591	638,381
Non-Operating Revenue (Expenses):			
Income (Loss) from Joint Venture	0	19,971	(669,345)
Loss on Disposal of Capital Assets	(53,309)	(18,675)	0
Interest and Fiscal Charges	(43,765)	(4,119)	(18,878)
Investment Earnings	12,000	0	0
Total Non-Operating Revenues (Expenses)	(85,074)	(2,823)	(688,223)
Change in Net Position	(59,312)	412,768	(49,842)
Net Position Beginning of Year	21,497,169	12,066,982	15,544,411
Net Position End of Year	\$ 21,437,857	\$ 12,479,750	\$ 15,494,569

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total Enterprise Funds</u>
\$ 968,514	\$ 23,443,126
0	349,062
<u>968,514</u>	<u>23,792,188</u>
0	2,050,050
968,032	18,520,751
0	140,827
0	55,293
0	1,927,321
0	17,730
<u>968,032</u>	<u>22,711,972</u>
482	1,080,216
0	(649,374)
0	(71,984)
0	(66,762)
0	12,000
<u>0</u>	<u>(776,120)</u>
482	304,096
(51,327)	49,057,235
<u>\$ (50,845)</u>	<u>\$ 49,361,331</u>

CITY OF TIPP CITY, OHIO**Statement of Cash Flows****Proprietary Funds****For the Year Ended December 31, 2020**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$15,884,976	\$3,907,196	\$2,224,388
Cash Payments for Goods and Services	(14,276,320)	(2,157,242)	(980,339)
Cash Payments to Employees	(1,226,788)	(745,554)	(307,697)
Other Operating Revenues	258,864	127,145	109,595
Net Cash Provided by Operating Activities	640,732	1,131,545	1,045,947
<u>Cash Flows from Noncapital Financing Activities:</u>			
Interest Paid on General Obligation Notes	(11,967)	0	0
Principal Paid on General Obligation Notes	(400,000)	0	0
Net Cash (Used) for Noncapital Financing Activities	(411,967)	0	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(458,772)	(800,657)	(449,123)
Receipt of Lease Payments	411,967	0	0
Receipt of OPWC Loan	0	227,234	0
Sale of General Obligation Notes	3,000,000	1,147,500	827,500
Premium on Sale of General Obligation Notes	26,010	9,949	7,174
Principal Paid on General Obligation Notes	(4,500,000)	(1,452,500)	(962,500)
Principal Paid on OPWC Loan	0	(31,549)	(4,900)
Interest Paid on Capital Debt	(134,625)	(32,286)	(36,939)
Net Cash (Used) for Capital and Related Financing Activities	(1,655,420)	(932,309)	(618,788)
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	1,644,686	0	0
Net Cash Provided from Investing Activities	1,644,686	0	0
Net Increase in Cash and Cash Equivalents	218,031	199,236	427,159
Cash and Cash Equivalents at Beginning of Year	10,577,189	1,758,896	1,877,883
Cash and Cash Equivalents at End of Year	\$10,795,220	\$1,958,132	\$2,305,042
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$10,526,519	\$1,958,132	\$2,305,042
Restricted Cash and Cash Equivalents	268,701	0	0
Cash and Cash Equivalents at End of Year	\$10,795,220	\$1,958,132	\$2,305,042

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
\$971,142	\$22,987,702
(962,313)	(18,376,214)
0	(2,280,039)
0	495,604
<u>8,829</u>	<u>2,827,053</u>

0	(11,967)
<u>0</u>	<u>(400,000)</u>

<u>0</u>	<u>(411,967)</u>
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0	(1,708,552)
0	411,967
0	227,234
0	4,975,000
0	43,133
0	(6,915,000)
0	(36,449)
<u>0</u>	<u>(203,850)</u>

<u>0</u>	<u>(3,206,517)</u>
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<u>0</u>	<u>1,644,686</u>
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<u>0</u>	<u>1,644,686</u>
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8,829	853,255
<u>80,266</u>	<u>14,294,234</u>
<u>\$89,095</u>	<u>\$15,147,489</u>

\$89,095	\$14,878,788
<u>0</u>	<u>268,701</u>
<u>\$89,095</u>	<u>\$15,147,489</u>

(Continued)

CITY OF TIPP CITY, OHIO**Statement of Cash Flows****Proprietary Funds****For the Year Ended December 31, 2020**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$25,762	\$415,591	\$638,381
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	887,301	679,679	360,341
Adjustments to Assets and Liabilities:			
(Increase) in Accounts Receivable	(359,813)	(52,173)	(27,783)
(Increase) in Intergovernmental Receivable	0	(2,604)	0
Decrease in Special Assessments Receivable	2,061	2,770	69,888
(Increase) Decrease in Inventory	51,133	4,438	(2,675)
Decrease in Prepaid Items	19,116	9,603	9,676
Decrease in Due from Other Funds	6,651	683	601
Decrease in Deferred Outflows - Pension	403,705	191,387	91,663
(Increase) in Deferred Outflows - OPEB	(37,666)	(31,452)	(11,238)
Increase in Accounts Payable	251,618	43	1,775
Increase in Accrued Wages and Benefits	6,527	9,852	1,578
Increase (Decrease) in Due to Other Funds	3,313	(2,903)	(1,501)
Increase in Deferred Revenue	0	0	0
Increase in Intergovernmental Payable	2,007	3,834	19,657
Increase in Retainage Payable	13,741	0	0
Increase in Customer Deposits Payable	20,033	0	0
Increase in Compensated Absences	14,781	20,504	5,882
Increase in Deferred Inflows - Pension	208,415	134,206	54,553
Increase in Deferred Inflows - OPEB	106,137	67,289	27,563
Decrease in Net Pension Liability	(829,680)	(316,303)	(172,002)
Decrease in Net OPEB Liability	(154,410)	(2,899)	(20,412)
Total Adjustments	614,970	715,954	407,566
Net Cash Provided by Operating Activities	\$640,732	\$1,131,545	\$1,045,947

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2019 the Electric and Sewer Funds had outstanding liabilities for capital assets of \$6,990 and \$5,945, respectively.

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
\$482	\$1,080,216
0	1,927,321
0	(439,769)
0	(2,604)
0	74,719
0	52,896
0	38,395
0	7,935
0	686,755
0	(80,356)
5,430	258,866
0	17,957
289	(802)
2,628	2,628
0	25,498
0	13,741
0	20,033
0	41,167
0	397,174
0	200,989
0	(1,317,985)
0	(177,721)
<u>8,347</u>	<u>1,746,837</u>
<u>\$8,829</u>	<u>\$2,827,053</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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, 2020 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

The City is a participant in a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA) with other local cities. This organization is a jointly governed organization. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. See Note 19 for further information.

1. Joint Venture with Equity Interest

Tri-Cities North Regional Wastewater Authority - The City is a participant with the cities of Huber Heights and Vandalia in a joint venture to provide reliable, reasonably priced and environmentally sound wastewater utility collection and treatment service for their respective communities. See Note 20 for further information.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Venture with Equity Interest (Continued)

Northern Area Water Authority (NAWA) – The City is a participant with the City of Vandalia in a joint venture to provide efficient water treatment services to meet the needs of both communities. See Note 20 for further information.

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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, 2020***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

D. Basis of Accounting

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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, 2020 but which are not intended to finance 2020 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources – property tax levy for next fiscal year as further described in Note 7.

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

E. Budgetary Process

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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 2020.

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 2020, several supplemental appropriations measures were necessary to budget the use of contingency funds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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)	\$396,125
Increase (Decrease):	
Accrued Revenues at December 31, 2020 received during 2021	(781,293)
Accrued Revenues at December 31, 2019 received during 2020	603,791
Accrued Expenditures at December 31, 2020 paid during 2021	302,963
Accrued Expenditures at December 31, 2019 paid during 2020	(192,243)
2019 Prepays for 2020	29,581
2020 Prepays for 2021	(47,764)
Outstanding Encumbrances	(101,239)
Budget Basis	<u>\$209,921</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2020, 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 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

H. Restricted Assets

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation (Continued)

3. Depreciation

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

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

L. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Notes	Capital Improvement Reserve Fund 25-A Construction Fund Electric Fund Water Fund Sewer Fund
Special Assessment Bond	Special Assessment Bond Retirement Fund
Compensated Absences / Net Pension Liability / Net OPEB Liability	General Fund Street Construction, Maintenance and Repair Fund Municipal Road Fund Electric Fund Water Fund Sewer Fund
OPWC Loans	Capital Improvement Reserve Fund Water Fund Sewer Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

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

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

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

N. Net Position

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

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

O. Pension/OPEB

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Activity

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

Q. Interfund Assets/Liabilities

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

R. Fund Balance

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balance (Continued)

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

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

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

S. Estimates

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

T. Operating Revenues and Expenses

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

U. Deferred Outflows/Inflows of Resources

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Deferred Outflows/Inflows of Resources (Continued)

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

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2020, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, “Fiduciary Activities.” GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments.

This change was incorporated in the City’s 2020 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 3 – FUND BALANCE CLASSIFICATION

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Capital Improvement Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid Items	\$47,764	\$5,411	\$3,806	\$56,981
Supplies Inventory	70,595	0	65,645	136,240
Total Nonspendable	<u>118,359</u>	<u>5,411</u>	<u>69,451</u>	<u>193,221</u>
Restricted:				
Transportation Projects	0	0	1,571,552	1,571,552
Police Activities	0	0	142,009	142,009
Debt Retirement	0	0	45,338	45,338
Capital Improvements	0	1,874,285	64,325	1,938,610
Total Restricted	<u>0</u>	<u>1,874,285</u>	<u>1,823,224</u>	<u>3,697,509</u>
Committed:				
Swimming Pool	0	0	13,248	13,248
Police Activities	0	0	345	345
Total Committed	<u>0</u>	<u>0</u>	<u>13,593</u>	<u>13,593</u>
Assigned:				
Services and Supplies	73,707	0	0	73,707
Projected Budgetary Deficit	228,389	0	0	228,389
Total Assigned	<u>302,096</u>	<u>0</u>	<u>0</u>	<u>302,096</u>
Unassigned:	<u>6,843,347</u>	<u>0</u>	<u>0</u>	<u>6,843,347</u>
Total Fund Balances	<u><u>\$7,263,802</u></u>	<u><u>\$1,879,696</u></u>	<u><u>\$1,906,268</u></u>	<u><u>\$11,049,766</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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	\$691,504
Shared Revenues	437,377
Interest Revenue	206
Special Assessment Revenue	341,779
Deferred Licenses and Permits	25,626
Deferred Charges for Services	33,704
	<hr/>
	\$1,530,196

Long-Term liabilities not reported in the funds:

Special Assessment Bond Payable	(\$250,000)
Accrued Interest on Long-Term Debt	(938)
OPWC Loan Payable	(705,585)
Compensated Absences Payable	(757,470)
	<hr/>
	(\$1,713,993)

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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

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

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

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

Capital Outlay	\$2,278,242
Depreciation Expense	(2,360,322)
	<u>(\$82,080)</u>

Governmental revenues not reported in the funds:

Decrease in Deferred/Delinquent Tax Revenue	(\$151,219)
Decrease in Shared Revenue	(12,386)
Decrease in Special Assessment Revenue	(71,622)
Decrease in Interest Revenue	(5,581)
Decrease in Licenses & Permits Revenue	(914)
Increase in Deferred Charges for Services	482
	<u>(\$241,240)</u>

Contractually required contributions reported as deferred outflows:

Pension	\$694,181
OPEB	9,586
	<u>\$703,767</u>

Pension and OPEB expense:

Pension	(\$1,532,251)
OPEB	(519,545)
	<u>(\$2,051,796)</u>

Amount of bond principal payments:

Special Assessment Bond Principal Payment	\$55,000
OPWC Loan Principal Payment	24,091
	<u>\$79,091</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$126,208)
Increase in supplies inventory	13,848
	<u>(\$112,360)</u>

NOTE 5 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficit at December 31, 2020 of \$50,845 in the Refuse Collection fund is the result of accruals in the individual fund balance sheet. The General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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 \$9,044,549 and the bank balance was \$9,149,082. Federal depository insurance covered \$250,000 of the bank balance and \$8,899,082 was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

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

The City's investments at December 31, 2020 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
STAR Ohio	\$15,453,379	AAAm	\$15,453,379	\$0
FFCB	1,000,000	AA ⁺	0	1,000,000
Total Investments	<u>\$16,453,379</u>		<u>\$15,453,379</u>	<u>\$1,000,000</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, 93.9% are STAR Ohio and 6.1% are FFCB.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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 2020 were levied after October 1, 2019 on assessed values as of January 1, 2019, 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 2020. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

The full tax rate for all City operations for the year ended December 31, 2020 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2020 levy was based was \$320,995,370. This amount constitutes \$312,754,770 in real property assessed value and \$8,240,600 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 2020 was \$6,508,608. This represents a .5% increase from 2019 income tax revenue of \$6,477,955.

CITY OF TIPP CITY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 8 - RECEIVABLES

Receivables at December 31, 2020 consisted of taxes, special assessments, interfund receivables, interest, 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.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2020:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$175,000
Capital Improvement Reserve Fund	175,000	151,293
Other Governmental Funds	151,293	0
Totals	<u>\$326,293</u>	<u>\$326,293</u>

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

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of due from other funds and due to other funds for all funds for 2020:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$85,832	\$2,202
Other Governmental Funds	0	192
Total Governmental Funds	<u>85,832</u>	<u>2,394</u>
Electric Fund	3,947	81,654
Water Fund	576	1,806
Sewer Fund	467	790
Refuse Collection Fund	0	4,178
Total Proprietary Funds	<u>4,990</u>	<u>88,428</u>
Totals	<u>\$90,822</u>	<u>\$90,822</u>

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2020:

Historical Cost:

Class	December 31, 2019	Additions	Deletions	December 31, 2020
Non-depreciable Capital assets:				
Land	\$14,275,563	\$0	\$0	\$14,275,563
Construction in Progress	709,108	608,581	(285,364)	1,032,325
Total Non-depreciable Capital assets	14,984,671	608,581	(285,364)	15,307,888
Capital assets being depreciated:				
Buildings	9,114,370	100,756	(12,100)	9,203,026
Improvements Other Than Buildings	6,760,195	231,446	0	6,991,641
Machinery and Equipment	8,819,100	1,002,309	(587,299)	9,234,110
Infrastructure	40,959,461	620,514	(185,289)	41,394,686
Total Depreciable Capital assets	65,653,126	1,955,025	(784,688)	66,823,463
Total Cost	<u>\$80,637,797</u>	<u>\$2,563,606</u>	<u>(\$1,070,052)</u>	<u>\$82,131,351</u>

Accumulated Depreciation:

Class	December 31, 2019	Additions	Deletions	December 31, 2020
Buildings	(\$3,340,563)	(\$212,946)	\$5,647	(\$3,547,862)
Improvements Other Than Buildings	(3,977,275)	(298,534)	0	(4,275,809)
Machinery and Equipment	(6,435,228)	(614,248)	549,674	(6,499,802)
Infrastructure	(16,526,206)	(1,234,594)	178,469	(17,582,331)
Total Depreciation	<u>(\$30,279,272)</u>	<u>(\$2,360,322) *</u>	<u>\$733,790</u>	<u>(\$31,905,804)</u>
Net Value:	<u>\$50,358,525</u>			<u>\$50,225,547</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$424,889
Leisure Time Activities	432,722
Transportation	1,372,998
General Government	129,713
Total Depreciation Expense	<u>\$2,360,322</u>

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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, 2020:

Historical Cost:

Class	December 31, 2019	Additions	Deletions	December 31, 2020
<i>Non-depreciable Capital assets:</i>				
Land	\$2,234,492	\$0	\$0	\$2,234,492
Construction in Progress	2,097,605	147,217	(2,079,578)	165,244
Total Non-depreciable Capital Assets	4,332,097	147,217	(2,079,578)	2,399,736
<i>Capital assets being depreciated:</i>				
Buildings	7,080,986	0	(329,525)	6,751,461
Improvements Other Than Buildings	48,179,846	3,484,374	(15,886)	51,648,334
Machinery and Equipment	3,462,566	29,101	(3,939)	3,487,728
Total Depreciable Capital assets	58,723,398	3,513,475	(349,350)	61,887,523
Total Cost	\$63,055,495	\$3,660,692	(\$2,428,928)	\$64,287,259

Accumulated Depreciation:

Class	December 31, 2019	Additions	Deletions	December 31, 2020
Buildings	(\$2,004,545)	(\$260,183)	\$257,541	(\$2,007,187)
Improvements Other Than Buildings	(22,129,818)	(1,421,573)	15,886	(23,535,505)
Machinery and Equipment	(2,183,525)	(245,565)	3,939	(2,425,151)
Total Depreciation	(\$26,317,888)	(\$1,927,321)	\$277,366	(\$27,967,843)
<i>Net Value:</i>	\$36,737,607			\$36,319,416

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 12– DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

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 Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>State and Local</u>	<u>Law Enforcement</u>
2020 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	*
2020 Actual Contribution Rates		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>13.0 %</u>

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$530,321 for 2020.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2020 through December 31, 2020	12.25 %	12.25 %
2020 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2020 through December 31, 2020	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$371,519 for 2020.

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, 2019, 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, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$5,118,718	\$4,851,934	\$9,970,652
Proportion of the Net Pension Liability-2020	0.025897%	0.072024%	
Proportion of the Net Pension Liability-2019	0.026781%	0.067455%	
Percentage Change	<u>(0.000884%)</u>	<u>0.0045690%</u>	
Pension Expense	\$765,508	\$740,346	\$1,505,854

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$273,403	\$119,101	\$392,504
Differences between expected and actual experience	0	183,662	183,662
Change in proportionate share	0	413,677	413,677
City contributions subsequent to the measurement date	530,321	371,519	901,840
Total Deferred Outflows of Resources	<u>\$803,724</u>	<u>\$1,087,959</u>	<u>\$1,891,683</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,021,074	\$234,384	\$1,255,458
Differences between expected and actual experience	64,719	250,238	314,957
Change in proportionate share	175,635	0	175,635
Total Deferred Inflows of Resources	<u>\$1,261,428</u>	<u>\$484,622</u>	<u>\$1,746,050</u>

\$901,840 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, 2021. 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:	OPERS	OP&F	Total
2021	(\$253,519)	\$70,059	(\$183,460)
2022	(371,359)	100,068	(271,291)
2023	42,281	206,803	249,084
2024	(405,428)	(145,004)	(550,432)
2025	0	(108)	(108)
Total	<u>(\$988,025)</u>	<u>\$231,818</u>	<u>(\$756,207)</u>

Actuarial Assumptions - OPERS

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

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, 2019 and December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2019
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)	1.4 percent simple through 2020. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age
	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

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 2019, 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 17.2% for 2019.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 2019 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	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

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	\$8,442,422	\$5,118,718	\$2,130,805

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2019 is based on the results of an actuarial valuation date of January 1, 2019, 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, 2019, compared with January 1, 2018, are presented below.

	January 1, 2019	January 1, 2018
Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
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 increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

For the January 1, 2019 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2019 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The 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, 2019 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds*	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u>120.00 %</u>	

* levered 2x

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2019, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2018 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	\$6,724,613	\$4,851,934	\$3,285,625

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS 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 2020, 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, 2020***

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 2020. 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 2020 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 2020.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

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 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$9,586 for 2020.

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, 2018, rolled forward to the measurement date of December 31, 2019, 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, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability	\$3,495,968	\$711,436	\$4,207,404
Proportion of the Net OPEB Liability-2020	0.025310%	0.072024%	
Proportion of the Net OPEB Liability-2019	0.026190%	0.067455%	
Percentage Change	(0.000880%)	0.0045690%	
OPEB Expense	\$351,555	\$110,902	\$462,457

CITY OF TIPP CITY, OHIO**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020****NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)**

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$553,373	\$415,936	\$969,309
Differences between expected and actual experience	93	0	93
Change in proportionate share	3,262	193,699	196,961
City contributions subsequent to the measurement date	0	9,586	9,586
Total Deferred Outflows of Resources	<u>\$556,728</u>	<u>\$619,221</u>	<u>\$1,175,949</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$178,012	\$32,737	\$210,749
Differences between expected and actual experience	319,723	76,508	396,231
Changes in assumptions	0	151,618	151,618
Change in proportionate share	102,528	0	102,528
Total Deferred Inflows of Resources	<u>\$600,263</u>	<u>\$260,863</u>	<u>\$861,126</u>

\$9,586 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 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2021	\$18,618	\$65,437	\$84,055
2022	13,774	65,440	79,214
2023	141	72,154	72,295
2024	(76,068)	61,566	(14,502)
2025	0	61,893	61,893
2026	0	14,072	14,072
2027	0	8,210	8,210
Total	<u>(\$43,535)</u>	<u>\$348,772</u>	<u>\$305,237</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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, 2018, rolled forward to the measurement date of December 31, 2019. 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	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior Measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.5 percent initial, 3.5 percent ultimate in 2030
Prior Measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

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 2019, 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 19.7 percent for 2019.

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 2019 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 2.75 percent.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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 3.16 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 (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
City's proportionate share of the net OPEB liability	\$4,575,036	\$3,495,968	\$2,631,987

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 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$3,392,806	\$3,495,968	\$3,597,817

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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, 2019, with actuarial liabilities rolled forward to December 31, 2019	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
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	3.56 percent	4.66 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

The most recent experience study was completed for the five year period ended December 31, 2016. The 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, 2019, are summarized below:

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds*	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u>120.00 %</u>	

* levered 2x

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 For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, 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 of 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 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City's proportionate share of the net OPEB liability	\$882,134	\$711,436	\$569,597

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

NOTE 14 - COMPENSATED ABSENCES

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

At December 31, 2020, the City's accumulated, unpaid compensated absences amounted to \$1,100,944, of which \$757,470 is recorded as a liability of the Governmental Activities and \$343,474 is recorded as a liability of the Business-Type Activities. The amounts are recorded in "Due within One Year" and "Due in More Than One Year" on the Entity Wide Statement of Net position based upon estimated usage.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

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 was recorded within the Electric Fund. The last payment from NAWA was received in 2020 and was for \$411,973.

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 2020:

	Maturity Date	Balance December 31, 2019	Issued	(Retired)	Balance December 31, 2020
Capital Projects Notes Payable:					
3.00% 25A Reconstruction	2/12/2020	\$100,000	\$0	(\$100,000)	\$0
3.00% Fire Truck	2/12/2020	80,000	0	(80,000)	0
3.00% Main Street Streetscape Improvement	2/12/2020	40,000	0	(40,000)	0
Total Capital Projects Notes Payable		220,000	0	(220,000)	0
Enterprise Notes Payable:					
0.75% Electric Notes	2/9/2022	1,900,000	500,000	(1,900,000)	500,000
0.75% Water Notes	2/9/2022	305,000	272,500	(305,000)	272,500
0.75% Sewer Notes	2/9/2022	135,000	152,500	(135,000)	152,500
Total Enterprise Notes Payable		2,340,000	925,000	(2,340,000)	925,000
Total Notes Payable		\$2,560,000	\$925,000	(\$2,560,000)	\$925,000

Multiple note issues were rolled over in February 2020 thereby extending their due dates beyond twelve months from the end of 2020. 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 17 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2020 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2019	Issued	(Retired)	Balance December 31, 2020	Amount Due Within One Year
Business Type-Activities:							
General Obligation Notes:							
1.20% Electric Notes	2,500,000	2021	\$3,000,000	\$2,500,000	(\$3,000,000)	\$2,500,000	\$0
1.20% Water Notes	875,000	2021	1,147,500	875,000	(1,147,500)	875,000	0
1.20% Sewer Notes	675,000	2021	827,500	675,000	(827,500)	675,000	0
Total General Obligation Notes			<u>4,975,000</u>	<u>4,050,000</u>	<u>(4,975,000)</u>	<u>4,050,000</u>	<u>0</u>
Ohio Public Works Commission Loans:							
0.00% OPWC Loan - AMR/AMI Project	600,000	2032	360,000	0	(15,000)	345,000	30,000
0.00% OPWC Loan - Water Tower Project	425,000	2033	297,500	0	(10,625)	286,875	21,250
0.00% OPWC Loan - Downtown Utilities Project	401,915	2034	282,851	0	(10,824)	272,027	21,648
0.00% OPWC Loan - Low System Water Tower	1,700,000	2040	1,472,766	227,234	0	1,700,000	85,000
Total Ohio Public Works Commission Loans			<u>2,413,117</u>	<u>227,234</u>	<u>(36,449)</u>	<u>2,603,902</u>	<u>157,898</u>
Compensated Absences			<u>302,307</u>	<u>343,474</u>	<u>(302,307)</u>	<u>343,474</u>	<u>121,370</u>
Total Business-Type Activity Long-Term Liabilities			<u><u>\$7,690,424</u></u>	<u><u>\$4,620,708</u></u>	<u><u>(\$5,313,756)</u></u>	<u><u>\$6,997,376</u></u>	<u><u>\$279,268</u></u>
Governmental Activities:							
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	\$305,000	\$0	(\$55,000)	\$250,000	\$60,000
Ohio Public Works Commission Loan:							
0.00% OPWC Loan - Main Street Streetscape	970,586	2034	729,676	0	(24,091)	705,585	48,182
Compensated Absences			<u>631,262</u>	<u>757,470</u>	<u>(631,262)</u>	<u>757,470</u>	<u>253,439</u>
Total Governmental Activity Long-Term Liabilities			<u><u>\$1,665,938</u></u>	<u><u>\$757,470</u></u>	<u><u>(\$710,353)</u></u>	<u><u>\$1,713,055</u></u>	<u><u>\$361,621</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2020**

NOTE 17 - LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's special assessment bonds outstanding at December 31, 2020, \$250,000, 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, 2020, follow:

Years	Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2021	\$60,000	\$11,250	\$206,080	\$0
2022	60,000	8,550	206,080	0
2023	65,000	5,850	206,080	0
2024	65,000	2,925	206,080	0
2025	0	0	206,080	0
2026-2030	0	0	1,030,400	0
2031-2035	0	0	823,687	0
2036-2040	0	0	425,000	0
Totals	<u>\$250,000</u>	<u>\$28,575</u>	<u>\$3,309,487</u>	<u>\$0</u>

NOTE 18 – CONSTRUCTION COMMITMENTS

At December 31, 2020 the City had the following contractual commitments outstanding:

Project	Remaining Contractual Commitment	Estimated Date of Completion
I-75 Exit 68 Interchange Beautification	\$7,562	12/31/2022
Finance Department Software Upgrade	222,720	12/31/2021
Demolition of Old Power Plant	363,577	6/30/2021
S. Kinna Drive Extension	858,817	4/30/2021
Abbott Park Way Extension	659,570	6/30/2021
Electric Substation #4 Engineering	554,500	12/31/2021
Hyatt/Park St. Traffic Signal Replacement	179,535	12/31/2021
Total Construction Commitments	<u>\$2,846,281</u>	

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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, 2020, 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	500,000,000	per occurrence
Boiler and Machinery	100,000,000	per occurrence
Flood	25,000,000	per occurrence and aggregate
Cyber Liability	2,000,000	per occurrence and aggregate
Earthquake (Property)	25,000,000	per occurrence and aggregate

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

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 9/1/20-8/31/21, the City pays 88% of the HSA Plan monthly premium of \$635.36 for single coverage and \$1,712.98 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 \$751.09 for single coverage and \$2,024.99 for family coverage. The City pays 88% of the monthly premium for this plan.

Dental insurance is offered through Superior Dental Care with a deductible of \$25 for single coverage and up to \$75 for family coverage. The City pays 88% of the monthly premium of \$25.73 for single coverage and \$74.35 for family coverage.

The City also provides a minimum of \$35,000 life and Accidental Death and Dismemberment insurance at no cost to the employees. Employees have the opportunity to purchase additional group rated health and life insurance benefits, with the full cost of the premiums paid by the employee via payroll deduction.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 20 - JOINT VENTURES

A. Tri-Cities North Regional Wastewater Authority

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

Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Tipp City, Vandalia and Huber Heights. Tri-Cities is governed by a management board consisting of the city managers of the three participating cities. The Board has complete authority over all the aspects of the Plant's operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation, and the City does have an equity interest. The percentage of equity interest for each city is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$6,455,072 which represents 22.15% of the total equity in Tri-Cities. This reflects a decrease of 1.91% under the City's equity interest of 24.06% in 2019. 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 2020, the City paid \$709,556 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 \$1,624,607 which represents 50% of the total equity of NAWA on December 31, 2020. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2020, the City paid \$1,931,724 to NAWA for services provided. NAWA did file a GAAP basis financial statement in accordance with Ohio Revised Code and copies of this report are available from Northern Area Water Authority, 333 J. E. Bohanan Drive, Vandalia, Ohio 45377.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 21 - CONTINGENCIES

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

NOTE 22 – SUBSEQUENT EVENTS

On January 4, 2021, the City agreed to place the renewal of the 2011 Capital Improvement Income Tax Levy on the May ballot. The renewal of the Capital Improvement Income Tax Levy was subsequently approved by the voters on May 4th and will continue in place through 2021.

On January 19, 2021, the City authorized a contract with Outdoor Enterprises for the replacement of the 3rd St. culvert in an amount not to exceed \$740,144.

On February 1, 2021, the City authorized a contract with Byers Chevrolet for the purchase of a new Tahoe for use in the EMS Department in an amount not to exceed \$52,125 which includes lights, sirens, and other appurtenances.

On February 10, 2021, the City issued general obligation bond anticipation notes, in the amount of \$9,050,000 to retire notes previously issued, for the purposes of: construction of a one million gallon elevated water storage tank, Water/Sewer Line Replacement in the Roselyn Subdivision, replacement of the electric Substation #1/1A transformer, Main Street Sanitary Sewer lift station improvements, and Water Tower #2 rehabilitation and painting. This issue also included \$5M for the construction of a new electric substation (#4) to be located in the industrial area west of Interstate-75. The notes have an interest rate of 0.75 percent and mature on February 09, 2022.

On March 1, 2021, the City authorized a contract with Horton Emergency Vehicles for the purchase of a new ambulance in the amount of \$265,125.

On March 1, 2021, the City authorized the creation of Post-1995 CRA's #8, #9, and #10 to foster future economic development in undeveloped sections of the City.

On March 15, 2021, the City authorized a contract with Versalift for the purchase of a double-bucket truck for the City's electric department in the amount of \$249,507.

On March 15, 2021, the City authorized an agreement with the Ohio Department of Transportation for the widening of County Road 25A north of Main Street. The City's local match is \$600,064.20.

On April 5, 2021, the City authorized an agreement with the Ohio Department of Transportation for the paving of Hyatt Street within the corporate limits of the City. The City's local match is \$98,885.

On April 19, 2021, the City approved a three-year agreement with the local Fraternal Order of Police. The most significant financial items in the agreement are cost of living increases of 2.5% in 2021, 3% in 2022, and 3% in 2023. The FOP members also agreed to pay a higher percentage of the costs of insurances provided by the City. The member contribution will increase from 12% to 15% of the monthly premium.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 22 – SUBSEQUENT EVENTS (Continued)

On May 17, 2021, the City authorized a contract with Visu-Sewer for sliplining sanitary sewer lines within the City in the amount of \$222,948.

On May 17, 2021, the City authorized a contract with John R. Jurgensen for the City's annual asphalt repaving program in the amount of \$587,032.

NOTE 23 – SIGNIFICANT ENCUMBRANCES

At December 31, 2020 the City had the following significant encumbrances outstanding:

<u>Fund</u>	<u>Total Encumbrances</u>	<u>Significant Encumbrances</u>	<u>Explanation</u>
Major Funds:			
Capital Improvement Reserve	\$ 1,838,155	\$ 707,434	S. Kinna Road Extension
		656,686	3rd St. Culvert Replacement
		200,000	Finance Software Upgrade
		138,560	Government Center Parking Lot Improvement
Electric	1,648,094	558,125	Substation #4 Engineering
		500,000	Purchase of SCADA System
		462,730	Demolition of old Power Plant
Water	411,238	272,790	Purchase Potable Water from Joint Venture
		80,000	S. Kinna Dr. Water Line
		37,189	Utility Service Center Architecture
Sewer	479,685	270,235	Sanitary Sewer Sliplining
		87,620	Decemder Treatment Service
		75,000	S. Kinna Dr. Sewer Line
		25,000	Utility Service Center Architecture

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2020***

NOTE 24 – TAX ABATEMENT DISCLOSURES

As of December 31, 2020, the City of Tipp City provides tax incentives under the Community Reinvestment Area (CRA) program and has three Enterprise Zones (but no active EZ abatements in 2020).

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 2020:

<u>Community Reinvestment Area (CRA)</u>	<u>Total Amount of Taxes Abated (Incentives Abated) For the Year 2019 (In Actual Dollars)</u>
Manufacturing	\$558,586
Retail	14,947
Professional Buildings	2,425
 Amount of Income Tax Dollars paid to the Tipp City Exempted Village School District	
<u>Manufacturing</u>	\$211,654



REQUIRED SUPPLEMENTARY INFORMATION

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

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

CITY OF TIPP CITY, OHIO

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
0.026622%	0.027877%	0.026781%	0.025897%
\$6,045,511	\$4,373,353	\$7,334,774	\$5,118,718
\$3,508,450	\$3,744,100	\$3,682,529	\$3,690,350
172.31%	116.81%	199.18%	138.71%
77.25%	84.66%	74.70%	82.17%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
0.062183%	0.065907%	0.067455%	0.072024%
\$3,938,623	\$4,045,022	\$5,506,110	\$4,851,934
\$1,485,547	\$1,599,574	\$1,685,615	\$1,870,191
265.13%	252.88%	326.65%	259.44%
68.36%	70.91%	63.07%	69.89%

CITY OF TIPP CITY, OHIO

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

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	463,371	392,857	407,050
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$3,564,392	\$3,273,808	\$3,392,083
Contributions as a percentage of covered payroll	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	208,247	258,066	291,343
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$1,250,733	\$1,358,242	\$1,533,384
Contributions as a percentage of covered payroll	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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$421,014	\$486,733	\$515,554	\$516,649	\$530,321
<u>421,014</u>	<u>486,733</u>	<u>515,554</u>	<u>516,649</u>	<u>530,321</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	\$3,788,007
12.00%	13.00%	14.00%	14.00%	14.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$282,254	\$303,919	\$322,393	\$361,053	\$371,519
<u>282,254</u>	<u>303,919</u>	<u>322,393</u>	<u>361,053</u>	<u>371,519</u>
<u>\$0</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	\$1,917,263
19.00%	19.00%	19.13%	19.31%	19.38%



CITY OF TIPP CITY, OHIO

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

Ohio Public Employees Retirement System

Year	2016	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.026072%	0.027162%	0.026190%	0.025310%
City's proportionate share of the net OPEB liability (asset)	\$2,633,329	\$2,949,604	\$3,414,558	\$3,495,968
City's covered payroll	\$3,508,450	\$3,744,100	\$3,682,529	\$3,690,350
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	75.06%	78.78%	92.72%	94.73%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%	47.80%

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

Ohio Police and Fire Pension Fund

Year	2016	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.062183%	0.065907%	0.067455%	0.072024%
City's proportionate share of the net OPEB liability (asset)	\$2,951,699	\$3,734,209	\$614,282	\$711,436
City's covered payroll	\$1,485,547	\$1,599,574	\$1,685,615	\$1,870,191
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	198.69%	233.45%	36.44%	38.04%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%	47.08%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2016 is not available.

CITY OF TIPP CITY, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2013 is not available.

CITY OF TIPP CITY, OHIO

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$70,169	\$37,441	\$0	\$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>	<u>\$0</u>	<u>\$0</u>
\$3,508,450	\$3,744,100	\$3,682,529	\$3,690,350	\$3,788,007
2.00%	1.00%	0.00%	0.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>
\$7,428	\$7,998	\$8,428	\$9,351	\$9,586
<u>7,428</u>	<u>7,998</u>	<u>8,428</u>	<u>9,351</u>	<u>9,586</u>
<u>\$0</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	\$1,917,263
0.50%	0.50%	0.50%	0.50%	0.50%

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2020***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2020.

Changes in assumptions:

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

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

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

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

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

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

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

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2020.

Changes in assumptions:

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

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2020***

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND (Continued)

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

2019-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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***Notes to the Required Supplementary Information
For the Year Ended December 31, 2020***

NET OPEB LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2020.

Changes in assumptions:

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

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

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

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

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

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

2020: There were no changes in benefit terms.

Changes in assumptions:

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

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

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

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

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Swimming Pool Fund

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Municipal Road Fund

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

Peace Officer Training Fund

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

Law Enforcement Fund

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

Enforcement and Education Fund

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

Drug Law Enforcement Fund

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

Cares Act Grant Fund

This fund is used to account for Coronavirus Relief funds received through passage of the CARES Act. These funds can be used for necessary expenditures incurred due to the Covid-19 public health emergency.

(Continued)

Special Revenue Funds (Continued)

Fieldstone TIF Project Fund

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

Police Donation Trust Fund

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

Debt Service Funds

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

General Bond Retirement Fund

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

Special Assessment Bond Retirement Fund

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

Capital Projects Funds

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

Parks Capital Improvement Fund

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

25-A Construction Fund

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

Downtown Streetscape Grant Fund

To account for improvements to the downtown streetscape financed by note proceeds and intergovernmental revenues. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

CITY OF TIPP CITY, OHIO**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 1,613,062	\$ 45,338	\$ 64,325	\$ 1,722,725
Receivables:				
Intergovernmental	436,744	0	0	436,744
Special Assessments	0	294,613	0	294,613
Inventory of Supplies, at Cost	65,645	0	0	65,645
Prepaid Items	3,806	0	0	3,806
Total Assets	\$ 2,119,257	\$ 339,951	\$ 64,325	\$ 2,523,533
Liabilities:				
Accounts Payable	\$ 19,205	\$ 0	\$ 0	\$ 19,205
Accrued Wages and Benefits Payable	11,935	0	0	11,935
Intergovernmental Payable	191	0	0	191
Due to Other Funds	192	0	0	192
Total Liabilities	31,523	0	0	31,523
Deferred Inflows of Resources:				
Unavailable Amounts	291,129	294,613	0	585,742
Fund Balances:				
Nonspendable	69,451	0	0	69,451
Restricted	1,713,561	45,338	64,325	1,823,224
Committed	13,593	0	0	13,593
Total Fund Balances	1,796,605	45,338	64,325	1,906,268
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 2,119,257	\$ 339,951	\$ 64,325	\$ 2,523,533

CITY OF TIPP CITY, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2020***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 105,035	\$ 0	\$ 0	\$ 105,035
Intergovernmental Revenues	1,413,214	0	0	1,413,214
Special Assessments	0	73,653	0	73,653
Fines and Forfeitures	666	0	0	666
All Other Revenue	71,165	0	14,881	86,046
Total Revenue	<u>1,590,080</u>	<u>73,653</u>	<u>14,881</u>	<u>1,678,614</u>
Expenditures:				
Current:				
Security of Persons and Property	83,749	0	0	83,749
Leisure Time Activities	100,711	0	0	100,711
Community Environment	13,152	0	0	13,152
Basic Utility Services	205,364	0	0	205,364
Transportation	741,809	0	0	741,809
General Government	47,467	3,507	0	50,974
Capital Outlay	106,413	0	29,132	135,545
Debt Service:				
Principal Retirement	0	79,091	0	79,091
Interest and Fiscal Charges	0	24,550	342	24,892
Total Expenditures	<u>1,298,665</u>	<u>107,148</u>	<u>29,474</u>	<u>1,435,287</u>
Excess (Deficiency) of Revenues Over Expenditures	291,415	(33,495)	(14,593)	243,327
Other Financing Sources (Uses):				
Transfers In	0	48,301	102,992	151,293
Total Other Financing Sources (Uses)	<u>0</u>	<u>48,301</u>	<u>102,992</u>	<u>151,293</u>
Net Change in Fund Balances	291,415	14,806	88,399	394,620
Fund Balances at Beginning of Year	1,497,404	30,532	(24,074)	1,503,862
Change in Inventory	7,786	0	0	7,786
Fund Balances End of Year	<u>\$ 1,796,605</u>	<u>\$ 45,338</u>	<u>\$ 64,325</u>	<u>\$ 1,906,268</u>

CITY OF TIPP CITY, OHIO**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2020**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Assets:				
Equity in Pooled Cash and Investments	\$ 13,521	\$ 711,918	\$ 281,732	\$ 452,618
Receivables:				
Intergovernmental	0	299,873	24,314	112,507
Inventory of Supplies, at Cost	0	65,645	0	0
Prepaid Items	0	3,779	0	27
Total Assets	<u>\$ 13,521</u>	<u>\$ 1,081,215</u>	<u>\$ 306,046</u>	<u>\$ 565,152</u>
Liabilities:				
Accounts Payable	\$ 273	\$ 3,847	\$ 2,000	\$ 2,116
Accrued Wages and Benefits Payable	0	9,190	0	2,745
Intergovernmental Payable	0	145	0	46
Due to Other Funds	0	192	0	0
Total Liabilities	<u>273</u>	<u>13,374</u>	<u>2,000</u>	<u>4,907</u>
Deferred Inflows of Resources:				
Unavailable Amounts	<u>0</u>	<u>199,916</u>	<u>16,209</u>	<u>75,004</u>
Fund Balances:				
Nonspendable	0	69,424	0	27
Restricted	0	798,501	287,837	485,214
Committed	13,248	0	0	0
Total Fund Balances	<u>13,248</u>	<u>867,925</u>	<u>287,837</u>	<u>485,241</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,521</u>	<u>\$ 1,081,215</u>	<u>\$ 306,046</u>	<u>\$ 565,152</u>

CITY OF TIPP CITY, OHIO

Peace Officer Training	Law Enforcement	Enforcement and Education	Drug Law Enforcement	CARES Act Grant	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 11,160	\$ 64,206	\$ 10,331	\$ 1,361	\$ 65,870	\$ 345	\$ 1,613,062
0	0	50	0	0	0	436,744
0	0	0	0	0	0	65,645
0	0	0	0	0	0	3,806
<u>\$ 11,160</u>	<u>\$ 64,206</u>	<u>\$ 10,381</u>	<u>\$ 1,361</u>	<u>\$ 65,870</u>	<u>\$ 345</u>	<u>\$ 2,119,257</u>
\$ 0	\$ 4,104	\$ 0	\$ 0	\$ 6,865	\$ 0	\$ 19,205
0	0	0	0	0	0	11,935
0	0	0	0	0	0	191
0	0	0	0	0	0	192
<u>0</u>	<u>4,104</u>	<u>0</u>	<u>0</u>	<u>6,865</u>	<u>0</u>	<u>31,523</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>291,129</u>
0	0	0	0	0	0	69,451
11,160	60,102	10,381	1,361	59,005	0	1,713,561
0	0	0	0	0	345	13,593
<u>11,160</u>	<u>60,102</u>	<u>10,381</u>	<u>1,361</u>	<u>59,005</u>	<u>345</u>	<u>1,796,605</u>
<u>\$ 11,160</u>	<u>\$ 64,206</u>	<u>\$ 10,381</u>	<u>\$ 1,361</u>	<u>\$ 65,870</u>	<u>\$ 345</u>	<u>\$ 2,119,257</u>

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2020**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	604,116	48,982	207,966
Fines and Forfeitures	0	0	0	0
All Other Revenue	1,005	38,212	0	10,177
Total Revenue	<u>1,005</u>	<u>642,328</u>	<u>48,982</u>	<u>218,143</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	81,465	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	410,502	11,428	187,444
General Government	0	0	0	0
Capital Outlay	0	5,383	0	159
Total Expenditures	<u>81,465</u>	<u>415,885</u>	<u>11,428</u>	<u>187,603</u>
Excess (Deficiency) of Revenues Over Expenditures	(80,460)	226,443	37,554	30,540
Fund Balances at Beginning of Year	93,708	633,696	250,283	454,701
Change in Inventory	0	7,786	0	0
Fund Balances End of Year	<u>\$ 13,248</u>	<u>\$ 867,925</u>	<u>\$ 287,837</u>	<u>\$ 485,241</u>

CITY OF TIPP CITY, OHIO

Peace Officer Training	Law Enforcement	Enforcement and Education	Drug Law Enforcement	CARES Act Grant	Fieldstone TIF Project
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 105,035
0	0	0	0	552,150	0
0	0	666	0	0	0
0	21,771	0	0	0	0
0	21,771	666	0	552,150	105,035
0	4,104	0	0	79,645	0
0	0	0	0	19,246	0
0	0	0	0	13,152	0
0	0	0	0	205,364	0
0	0	0	0	27,400	105,035
0	0	0	0	47,467	0
0	0	0	0	100,871	0
0	4,104	0	0	493,145	105,035
0	17,667	666	0	59,005	0
11,160	42,435	9,715	1,361	0	0
0	0	0	0	0	0
\$ 11,160	\$ 60,102	\$ 10,381	\$ 1,361	\$ 59,005	\$ 0

(Continued)

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2020**

	Police Donation Trust	Total Nonmajor Special Revenue Funds
Revenues:		
Taxes	\$ 0	\$ 105,035
Intergovernmental Revenues	0	1,413,214
Fines and Forfeitures	0	666
All Other Revenue	0	71,165
Total Revenue	<u>0</u>	<u>1,590,080</u>
Expenditures:		
Current:		
Security of Persons and Property	0	83,749
Leisure Time Activities	0	100,711
Community Environment	0	13,152
Basic Utility Services	0	205,364
Transportation	0	741,809
General Government	0	47,467
Capital Outlay	0	106,413
Total Expenditures	<u>0</u>	<u>1,298,665</u>
Excess (Deficiency) of Revenues Over Expenditures	0	291,415
Fund Balances at Beginning of Year	345	1,497,404
Change in Inventory	0	7,786
Fund Balances End of Year	<u>\$ 345</u>	<u>\$ 1,796,605</u>



CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2020**

	General Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 23,617	\$ 21,721	\$ 45,338
Receivables:			
Special Assessments	0	294,613	294,613
Total Assets	<u>\$ 23,617</u>	<u>\$ 316,334</u>	<u>\$ 339,951</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Deferred Inflows of Resources:			
Unavailable Amounts	<u>0</u>	<u>294,613</u>	<u>294,613</u>
Fund Balances:			
Restricted	23,617	21,721	45,338
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>23,617</u>	<u>21,721</u>	<u>45,338</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,617</u>	<u>\$ 316,334</u>	<u>\$ 339,951</u>

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2020**

	General Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Special Assessments	\$ 0	\$ 73,653	\$ 73,653
Total Revenue	<u>0</u>	<u>73,653</u>	<u>73,653</u>
Expenditures:			
Current:			
General Government	0	3,507	3,507
Debt Service:			
Principal Retirement	24,091	55,000	79,091
Interest and Fiscal Charges	10,825	13,725	24,550
Total Expenditures	<u>34,916</u>	<u>72,232</u>	<u>107,148</u>
Excess (Deficiency) of Revenues Over Expenditures	(34,916)	1,421	(33,495)
Other Financing Sources (Uses):			
Transfers In	48,301	0	48,301
Total Other Financing Sources (Uses)	<u>48,301</u>	<u>0</u>	<u>48,301</u>
Net Change in Fund Balances	13,385	1,421	14,806
Fund Balances at Beginning of Year	<u>10,232</u>	<u>20,300</u>	<u>30,532</u>
Fund Balances End of Year	<u>\$ 23,617</u>	<u>\$ 21,721</u>	<u>\$ 45,338</u>

CITY OF TIPP CITY, OHIO

***Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2020***

	Parks Capital Improvement	Total Nonmajor Capital Projects Funds
Assets:		
Equity in Pooled Cash and Investments	\$ 64,325	\$ 64,325
Receivables:		
Total Assets	<u>\$ 64,325</u>	<u>\$ 64,325</u>
Liabilities:		
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:		
Restricted	<u>64,325</u>	<u>64,325</u>
Total Fund Balances	<u>64,325</u>	<u>64,325</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 64,325</u>	<u>\$ 64,325</u>

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2020**

	Parks Capital Improvement	25-A Construction	Total Nonmajor Capital Project Funds
Revenues:			
All Other Revenue	\$ 14,881	\$ 0	\$ 14,881
Total Revenue	<u>14,881</u>	<u>0</u>	<u>14,881</u>
Expenditures:			
Current:			
Capital Outlay	29,132	0	29,132
Debt Service:			
Interest and Fiscal Charges	0	342	342
Total Expenditures	<u>29,132</u>	<u>342</u>	<u>29,474</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,251)	(342)	(14,593)
Other Financing Sources (Uses):			
Transfers In	0	102,992	102,992
Total Other Financing Sources (Uses)	<u>0</u>	<u>102,992</u>	<u>102,992</u>
Net Change in Fund Balances	(14,251)	102,650	88,399
Fund Balances at Beginning of Year	<u>78,576</u>	<u>(102,650)</u>	<u>(24,074)</u>
Fund Balances End of Year	<u>\$ 64,325</u>	<u>\$ 0</u>	<u>\$ 64,325</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2020***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,079,174	\$ 4,079,174	\$ 4,052,547	\$ (26,627)
Intergovernmental Revenues	1,131,221	1,131,221	1,098,237	(32,984)
Charges for Services	1,360,370	1,360,370	1,316,290	(44,080)
Licenses and Permits	185,250	185,250	196,704	11,454
Investment Earnings	375,000	375,000	146,281	(228,719)
Special Assessments	250	250	0	(250)
Fines and Forfeitures	10,500	10,500	3,467	(7,033)
All Other Revenues	156,350	156,350	655,644	499,294
Total Revenues	7,298,115	7,298,115	7,469,170	171,055
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,761,878	2,761,878	2,593,464	168,414
Travel and Training	25,065	25,065	14,625	10,440
Materials and Supplies	54,232	54,232	42,565	11,667
Contractual Services	133,336	133,336	120,510	12,826
Total Police	2,974,511	2,974,511	2,771,164	203,347
Fire:				
Personal Services	4,000	4,000	3,826	174
Travel and Training	1,141	1,141	1,141	0
Materials and Supplies	444	444	324	120
Contractual Services	7,715	7,715	3,246	4,469
Total Fire	13,300	13,300	8,537	4,763
Emergency Medical Services:				
Personal Services	902,087	902,087	902,948	(861)
Travel and Training	22,500	22,500	21,172	1,328
Materials and Supplies	76,209	76,209	69,802	6,407
Contractual Services	226,305	226,305	238,880	(12,575)
Total Emergency Medical Services	1,227,101	1,227,101	1,232,802	(5,701)
Total Security of Persons and Property	4,214,912	4,214,912	4,012,503	202,409

(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, 2020***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	339,359	339,359	324,644	14,715
Travel and Training	2,517	2,517	1,288	1,229
Materials and Supplies	64,329	64,329	56,297	8,032
Contractual Services	111,359	111,359	103,250	8,109
Total Parks	517,564	517,564	485,479	32,085
Recreation:				
Contractual Services	17,700	17,700	17,700	0
Total Recreation	17,700	17,700	17,700	0
Total Leisure Time Activities	535,264	535,264	503,179	32,085
Community Environment:				
Planning:				
Personal Services	252,705	252,705	267,274	(14,569)
Travel and Training	4,535	4,535	1,633	2,902
Materials and Supplies	1,950	1,950	1,229	721
Contractual Services	93,530	93,530	86,358	7,172
Total Community Environment	352,720	352,720	356,494	(3,774)
Basic Utility Services:				
Utility Billing:				
Personal Services	267,978	267,978	253,757	14,221
Travel and Training	3,000	3,000	761	2,239
Materials and Supplies	35,445	35,445	29,218	6,227
Contractual Services	37,109	37,109	24,539	12,570
Total Basic Utility Services	343,532	343,532	308,275	35,257
General Government:				
City Council:				
Personal Services	53,562	53,562	51,570	1,992
Travel and Training	4,690	4,690	1,763	2,927
Materials and Supplies	1,700	1,700	372	1,328
Contractual Services	37,686	37,686	20,002	17,684
Total City Council	97,638	97,638	73,707	23,931

(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, 2020***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Commissions:				
Travel and Training	500	500	432	68
Materials and Supplies	2,200	2,200	488	1,712
Contractual Services	34,279	34,279	32,088	2,191
Total Commissions	36,979	36,979	33,008	3,971
Administration:				
Personal Services	322,414	322,414	318,074	4,340
Travel and Training	7,000	7,000	2,428	4,572
Materials and Supplies	1,715	1,715	518	1,197
Contractual Services	8,823	8,823	7,133	1,690
Total Administration	339,952	339,952	328,153	11,799
Buildings and Grounds:				
Personal Services	153,053	153,053	145,719	7,334
Travel and Training	5,234	5,234	1,829	3,405
Materials and Supplies	9,516	9,516	8,076	1,440
Contractual Services	133,253	133,253	121,851	11,402
Total Buildings and Grounds	301,056	301,056	277,475	23,581
Finance - Accounting:				
Personal Services	248,548	248,548	233,668	14,880
Travel and Training	1,318	1,318	201	1,117
Materials and Supplies	2,000	2,000	1,620	380
Contractual Services	22,912	22,912	20,582	2,330
Total Finance - Accounting	274,778	274,778	256,071	18,707
Finance - Income Tax:				
Personal Services	197,452	197,452	181,203	16,249
Travel and Training	1,550	1,550	144	1,406
Materials and Supplies	6,949	6,949	5,921	1,028
Contractual Services	27,649	27,649	22,398	5,251
Income Tax Refunds	100,000	100,000	90,553	9,447
Total Finance - Income Tax	333,600	333,600	300,219	33,381

(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, 2020***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legal:				
Personal Services	72,394	72,394	72,452	(58)
Travel and Training	1,000	1,000	375	625
Contractual Services	106,111	106,111	94,993	11,118
Total Legal	179,505	179,505	167,820	11,685
Engineering:				
Personal Services	16,053	16,053	17,153	(1,100)
Travel and Training	1,250	1,250	0	1,250
Materials and Supplies	2,300	2,300	891	1,409
Contractual Services	61,875	111,875	105,520	6,355
Total Engineering	81,478	131,478	123,564	7,914
General Administrative:				
Materials and Supplies	25,938	25,938	25,938	0
Contractual Services	117,532	141,032	136,791	4,241
Other Expenditures	99,003	115,503	114,862	641
Total General Administrative	242,473	282,473	277,591	4,882
Total General Government	1,887,459	1,977,459	1,837,608	139,851
Capital Outlay:				
Police	12,442	12,442	11,810	632
Fire	3,313	3,313	3,040	273
Emergency Medical Services	10,101	50,101	49,339	762
Parks	625	625	500	125
Planning	500	500	0	500
Utility Billing	1,000	1,000	779	221
City Council	300	300	0	300
Commissions	300	300	0	300
Administration	500	500	0	500
Buildings and Grounds	500	500	472	28
Finance - Accounting	300	300	250	50
Finance - Income Tax	1,000	1,000	0	1,000
Engineering	500	500	0	500
Total Capital Outlay	31,381	71,381	66,190	5,191
Total Expenditures	7,365,268	7,495,268	7,084,249	411,019

(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, 2020***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,153)	(197,153)	384,921	582,074
Other Financing Sources (Uses):				
Transfers Out	0	(175,000)	(175,000)	0
Total Other Financing Sources (Uses)	0	(175,000)	(175,000)	0
Net Change in Fund Balance	(67,153)	(372,153)	209,921	582,074
Fund Balance at Beginning of Year	6,233,582	6,233,582	6,233,582	0
Prior Year Encumbrances	122,071	122,071	122,071	0
Fund Balance at End of Year	<u>\$ 6,288,500</u>	<u>\$ 5,983,500</u>	<u>\$ 6,565,574</u>	<u>\$ 582,074</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, 2020***

CAPITAL IMPROVEMENT RESERVE FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 3,232,403	\$ 3,148,778	\$ (83,625)
Intergovernmental Revenues	377,000	10,771	(366,229)
Charges for Services	26,000	27,651	1,651
Special Assessments	30,000	61,285	31,285
All Other Revenues	11,000	12,984	1,984
Total Revenues	3,676,403	3,261,469	(414,934)
Expenditures:			
General Government:			
Contractual Services	6,000	5,079	921
Other Expenditures	179,850	179,779	71
Total General Government	185,850	184,858	992
Capital Outlay	5,357,675	4,907,945	449,730
Total Expenditures	5,543,525	5,092,803	450,722
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,867,122)	(1,831,334)	35,788
Other Financing Sources (Uses):			
Sale of Capital Assets	15,000	55,138	40,138
Transfers In	175,000	175,000	0
Transfers Out	(274,900)	(274,882)	18
Total Other Financing Sources (Uses)	(84,900)	(44,744)	40,156
Net Change in Fund Balance	(1,952,022)	(1,876,078)	75,944
Fund Balance at Beginning of Year	613,364	613,364	0
Prior Year Encumbrances	1,339,224	1,339,224	0
Fund Balance at End of Year	\$ 566	\$ 76,510	\$ 75,944

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, 2020***

	SWIMMING POOL FUND		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 0	\$ 1,458	\$ 1,458
Total Revenues	0	1,458	1,458
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Contractual Services	72,553	80,023	(7,470)
Other Expenditures	2,000	1,609	391
Total Expenditures	74,553	81,632	(7,079)
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(74,553)	(80,174)	(5,621)
Fund Balance at Beginning of Year	93,362	93,362	0
Prior Year Encumbrances	213	213	0
Fund Balance at End of Year	\$ 19,022	\$ 13,401	\$ (5,621)

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, 2020***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 567,365	\$ 612,341	\$ 44,976
All Other Revenues	2,500	38,212	35,712
Total Revenues	<u>569,865</u>	<u>650,553</u>	<u>80,688</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	345,975	301,816	44,159
Travel and Training	1,755	840	915
Materials and Supplies	36,392	31,648	4,744
Contractual Services	99,277	94,779	4,498
Total Transportation	<u>483,399</u>	<u>429,083</u>	<u>54,316</u>
Capital Outlay	247,000	215,651	31,349
Total Expenditures	<u>730,399</u>	<u>644,734</u>	<u>85,665</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(160,534)	5,819	166,353
Fund Balance at Beginning of Year	465,795	465,795	0
Prior Year Encumbrances	8,797	8,797	0
Fund Balance at End of Year	<u>\$ 314,058</u>	<u>\$ 480,411</u>	<u>\$ 166,353</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, 2020***

STATE HIGHWAY IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 45,960	\$ 49,649	\$ 3,689
Total Revenues	45,960	49,649	3,689
Expenditures:			
Transportation:			
Street:			
Materials and Supplies	24,000	3,948	20,052
Contractual Services	9,500	8,355	1,145
Total Transportation	33,500	12,303	21,197
Capital Outlay	100,000	0	100,000
Total Expenditures	133,500	12,303	121,197
Excess (Deficiency) of Revenues Over (Under) Expenditures	(87,540)	37,346	124,886
Fund Balance at Beginning of Year	240,386	240,386	0
Prior Year Encumbrances	2,000	2,000	0
Fund Balance at End of Year	\$ 154,846	\$ 279,732	\$ 124,886

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, 2020***

	MUNICIPAL ROAD FUND		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 227,372	\$ 208,245	\$ (19,127)
All Other Revenues	1,250	10,177	8,927
Total Revenues	<u>228,622</u>	<u>218,422</u>	<u>(10,200)</u>
Expenditures:			
Transportation:			
Street:			
Personal Services	106,042	96,605	9,437
Materials and Supplies	134,836	87,489	47,347
Contractual Services	53,275	49,437	3,838
Total Transportation	<u>294,153</u>	<u>233,531</u>	<u>60,622</u>
Capital Outlay	<u>2,214</u>	<u>159</u>	<u>2,055</u>
Total Expenditures	<u>296,367</u>	<u>233,690</u>	<u>62,677</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,745)	(15,268)	52,477
Fund Balance at Beginning of Year	387,360	387,360	0
Prior Year Encumbrances	36,760	36,760	0
Fund Balance at End of Year	<u>\$ 356,375</u>	<u>\$ 408,852</u>	<u>\$ 52,477</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, 2020***

PEACE OFFICER TRAINING FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 7,500	\$ 0	\$ (7,500)
Total Revenues	<u>7,500</u>	<u>0</u>	<u>(7,500)</u>
Expenditures:			
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 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

***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, 2020***

LAW ENFORCEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 2,500	\$ 21,771	\$ 19,271
Total Revenues	<u>2,500</u>	<u>21,771</u>	<u>19,271</u>
Expenditures:			
Capital Outlay	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Expenditures	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	21,771	22,271
Fund Balance at Beginning of Year	<u>42,435</u>	<u>42,435</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 41,935</u>	<u>\$ 64,206</u>	<u>\$ 22,271</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, 2020***

ENFORCEMENT AND EDUCATION FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 750	\$ 702	\$ (48)
Total Revenues	<u>750</u>	<u>702</u>	<u>(48)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	750	702	(48)
Fund Balance at Beginning of Year	<u>9,629</u>	<u>9,629</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,379</u>	<u>\$ 10,331</u>	<u>\$ (48)</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, 2020***

DRUG LAW ENFORCEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 50	\$ 0	\$ (50)
Total Revenues	<u>50</u>	<u>0</u>	<u>(50)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50	0	(50)
Fund Balance at Beginning of Year	<u>1,361</u>	<u>1,361</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,411</u></u>	<u><u>\$ 1,361</u></u>	<u><u>\$ (50)</u></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, 2020***

CARES ACT GRANT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 898,096	\$ 552,150	\$ (345,946)
Total Revenues	<u>898,096</u>	<u>552,150</u>	<u>(345,946)</u>
Expenditures:			
General Government:			
Federal Grant:			
Personal Services	426,000	380,645	45,355
Materials and Supplies	80,000	64,535	15,465
Contractual Services	91,000	61,951	29,049
Other Expenditures	<u>301,096</u>	<u>0</u>	<u>301,096</u>
Total Expenditures	<u>898,096</u>	<u>507,131</u>	<u>390,965</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	45,019	45,019
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>\$ 45,019</u>	<u>\$ 45,019</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, 2020***

FIELDSTONE TIF PROJECT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 74,414	\$ 105,035	\$ 30,621
Total Revenues	<u>74,414</u>	<u>105,035</u>	<u>30,621</u>
Expenditures:			
Transportation:			
Street:			
Contractual Services	1,479	1,479	0
Other Expenditures	<u>103,556</u>	<u>103,556</u>	<u>0</u>
Total Expenditures	<u>105,035</u>	<u>105,035</u>	<u>0</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(30,621)	0	30,621
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (30,621)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 30,621</u></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, 2020***

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

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2020***

GENERAL BOND RETIREMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Debt Service:			
Principal Retirement	267,218	254,915	12,303
Interest and Fiscal Charges	6,582	6,582	0
Total Expenditures	273,800	261,497	12,303
Excess (Deficiency) of Revenues Over (Under) Expenditures	(273,800)	(261,497)	12,303
Other Financing Sources (Uses):			
Transfers In	273,800	274,882	1,082
Total Other Financing Sources (Uses)	273,800	274,882	1,082
Net Change in Fund Balance	0	13,385	13,385
Fund Balance at Beginning of Year	10,232	10,232	0
Fund Balance at End of Year	\$ 10,232	\$ 23,617	\$ 13,385

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, 2020***

SPECIAL ASSESSMENT BOND RETIREMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 73,653	\$ 73,653	\$ 0
Total Revenues	<u>73,653</u>	<u>73,653</u>	<u>0</u>
Expenditures:			
General Government:			
Contractual Services	3,507	3,507	0
Debt Service:			
Principal Retirement	56,238	56,238	0
Interest and Fiscal Charges	<u>12,487</u>	<u>12,487</u>	<u>0</u>
Total Expenditures	<u>72,232</u>	<u>72,232</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,421	1,421	0
Fund Balance at Beginning of Year	<u>20,300</u>	<u>20,300</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,721</u>	<u>\$ 21,721</u>	<u>\$ 0</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2020***

PARKS CAPITAL IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 5,000	\$ 14,881	\$ 9,881
Total Revenues	5,000	14,881	9,881
Expenditures:			
Capital Outlay	50,000	29,132	20,868
Total Expenditures	50,000	29,132	20,868
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,000)	(14,251)	30,749
Fund Balance at Beginning of Year	78,576	78,576	0
Fund Balance at End of Year	\$ 33,576	\$ 64,325	\$ 30,749

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2020***

DOWNTOWN STREETS CAPE GRANT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Capital Outlay	1,549,980	0	1,549,980
Total Expenditures	1,549,980	0	1,549,980
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,549,980)	0	1,549,980
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ (1,549,980)	\$ 0	\$ 1,549,980





STATISTICAL TABLES

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

Contents

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

City of Tipp City

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

	2011	2012	2013	2014
Governmental Activities:				*
Net Investment in Capital Assets	\$34,228,303	\$31,966,661	\$36,793,037	\$39,136,408
Restricted	2,367,676	1,858,164	3,497,916	3,112,981
Unrestricted	5,478,337	9,638,818	5,487,005	1,356,787
Total Governmental Activities Net Position	<u>\$42,074,316</u>	<u>\$43,463,643</u>	<u>\$45,777,958</u>	<u>\$43,606,176</u>
Business-type Activities:				
Net Investment in Capital Assets	\$20,521,369	\$19,920,919	\$19,488,875	\$21,107,345
Unrestricted	18,359,537	20,056,259	21,158,072	18,739,123
Total Business-type Activities Net Position	<u>\$38,880,906</u>	<u>\$39,977,178</u>	<u>\$40,646,947</u>	<u>\$39,846,468</u>
Primary Government:				
Net Investment in Capital Assets	\$54,749,672	\$51,887,580	\$56,281,912	\$60,243,753
Restricted	2,367,676	1,858,164	3,497,916	3,112,981
Unrestricted	23,837,874	29,695,077	26,645,077	20,095,910
Total Primary Government Net Position	<u>\$80,955,222</u>	<u>\$83,440,821</u>	<u>\$86,424,905</u>	<u>\$83,452,644</u>

* Restated

Source: Finance Director's Office

City of Tipp City

2015	2016	2017	2018	2019	2020
		*			
\$41,068,323	\$44,098,177	\$46,195,036	\$48,741,413	\$49,103,849	\$49,269,962
3,443,958	3,606,947	3,963,070	4,293,731	4,751,046	4,629,543
1,737,855	1,907,712	(3,220,198)	(4,100,236)	(1,740,146)	(2,950,309)
<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>	<u>\$50,949,196</u>
\$26,210,107	\$26,574,005	\$22,795,072	\$24,189,309	\$27,409,490	\$28,740,514
15,742,022	17,102,941	21,524,550	23,970,970	21,647,745	20,620,817
<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>	<u>\$49,361,331</u>
\$67,278,430	\$70,672,182	\$68,990,108	\$72,930,722	\$76,513,339	\$78,010,476
3,443,958	3,606,947	3,963,070	4,293,731	4,751,046	4,629,543
17,479,877	19,010,653	18,304,352	19,870,734	19,907,599	17,670,508
<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>	<u>\$100,310,527</u>

City of Tipp City

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

	2011	2012	2013	2014
Expenses				
Governmental Activities:				
Security of Persons and Property	\$3,295,937	\$3,807,107	\$3,530,729	\$3,717,379
Leisure Time Activities	1,206,554	1,258,269	1,184,929	1,171,559
Community Environment	263,018	266,399	318,126	301,822
Basic Utility Services	207,591	219,845	224,611	221,338
Transportation	1,496,946	1,748,615	1,282,473	1,516,512
General Government	1,724,894	1,546,497	1,461,944	1,681,433
Interest and Fiscal Charges	159,465	128,914	131,839	95,626
<i>Total Governmental Activities Expenses</i>	<u>8,354,405</u>	<u>8,975,646</u>	<u>8,134,651</u>	<u>8,705,669</u>
Business-type Activities:				
Electric	10,162,311	10,947,908	13,022,380	15,434,334
Water	2,339,234	2,450,611	2,750,504	2,635,749
Sewer	1,332,069	1,277,737	1,524,521	1,676,170
Refuse Collection	777,573	803,896	830,635	860,620
<i>Total Business-type Activities Expenses</i>	<u>14,611,187</u>	<u>15,480,152</u>	<u>18,128,040</u>	<u>20,606,873</u>
<i>Total Primary Government Expenses</i>	<u><u>\$22,965,592</u></u>	<u><u>\$24,455,798</u></u>	<u><u>\$26,262,691</u></u>	<u><u>\$29,312,542</u></u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$674,013	\$677,146	\$467,951	\$807,557
Leisure Time Activities	394,409	362,673	285,683	260,789
Community Environment	68,382	65,012	19,545	34,773
Basic Utility Services	207,662	222,600	222,244	231,165
Transportation	31,468	86,142	66,357	230,958
Operating Grants and Contributions	649,294	688,116	639,270	678,811
Capital Grants and Contributions	926,961	913,862	1,264,689	1,082,009
<i>Total Governmental Activities Program Revenues</i>	<u>2,952,189</u>	<u>3,015,551</u>	<u>2,965,739</u>	<u>3,326,062</u>

City of Tipp City

2015	2016	2017	2018	2019	2020
\$3,838,659	\$4,253,983	\$4,212,068	\$4,786,776	\$1,860,740	\$5,714,105
1,202,951	1,172,199	1,251,064	1,305,551	1,335,245	1,253,806
280,344	357,068	328,263	390,421	324,325	443,457
9,792	42,788	62,431	61,739	78,774	301,498
1,744,237	1,597,236	1,703,666	1,708,316	2,171,650	2,814,270
846,759	938,638	1,623,266	1,742,173	1,862,561	2,222,475
77,291	74,428	70,554	56,229	41,309	25,095
8,000,033	8,436,340	9,251,312	10,051,205	7,674,604	12,774,706
14,104,590	16,042,057	17,082,743	18,813,973	17,134,858	16,518,044
3,082,812	3,568,202	3,477,515	3,184,391	4,167,258	3,692,868
1,611,383	1,938,930	1,432,981	1,450,227	2,106,256	2,341,119
859,546	899,948	923,687	940,679	957,822	968,032
19,658,331	22,449,137	22,916,926	24,389,270	24,366,194	23,520,063
\$27,658,364	\$30,885,477	\$32,168,238	\$34,440,475	\$32,040,798	\$36,294,769
\$679,634	\$801,163	\$612,673	\$913,386	\$595,073	\$779,956
290,382	334,915	315,540	363,886	363,788	29,693
19,746	202,402	178,995	213,695	202,684	196,079
0	0	0	0	0	127,903
57,709	15,921	9,416	10,858	9,911	48,389
686,622	723,446	707,663	717,674	899,052	1,394,874
1,372,145	2,182,014	1,612,294	1,731,182	57,288	10,771
3,106,238	4,259,861	3,436,581	3,950,681	2,127,796	2,587,665

(continued)

City of Tipp City

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

	2011	2012	2013	2014
Business-type Activities:				
Charges for Services				
Electric	12,127,149	12,114,762	13,473,203	15,250,429
Water	2,151,483	2,523,591	2,354,501	2,789,748
Sewer	1,129,188	1,121,499	1,362,580	1,560,951
Refuse Collection	786,630	816,572	839,841	862,774
Capital Grants and Contributions	504,377	0	767,684	404,328
<i>Total Business-type Activities Program Revenues</i>	<u>16,698,827</u>	<u>16,576,424</u>	<u>18,797,809</u>	<u>20,868,230</u>
<i>Total Primary Government Program Revenues</i>	<u>19,651,016</u>	<u>19,591,975</u>	<u>21,763,548</u>	<u>24,194,292</u>
Net (Expense)/Revenue				
Governmental Activities	(5,402,216)	(5,960,095)	(5,168,912)	(5,379,607)
Business-type Activities	2,087,640	1,096,272	669,769	261,357
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$3,314,576)</u>	<u>(\$4,863,823)</u>	<u>(\$4,499,143)</u>	<u>(\$5,118,250)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Income Taxes	\$4,006,199	\$4,958,434	\$5,400,724	\$5,344,919
Property Taxes	323,887	327,145	330,957	303,129
Other Local Taxes	58,523	73,682	76,559	78,345
Unrestricted Shared Revenues	1,286,470	1,002,069	381,894	936,945
Investment Earnings	91,692	80,537	44,249	31,794
Miscellaneous	1,194,172	907,555	1,248,844	950,506
Transfers	16,000	0	0	(28,605)
<i>Total Governmental Activities</i>	<u>6,976,943</u>	<u>7,349,422</u>	<u>7,483,227</u>	<u>7,617,033</u>
Business-type Activities:				
Transfers	(16,000)	0	0	28,605
<i>Total Business-type Activities</i>	<u>(16,000)</u>	<u>0</u>	<u>0</u>	<u>28,605</u>
<i>Total Primary Government</i>	<u>\$6,960,943</u>	<u>\$7,349,422</u>	<u>\$7,483,227</u>	<u>\$7,645,638</u>
Change in Net Position				
Governmental Activities	\$1,574,727	\$1,389,327	\$2,314,315	\$2,237,426
Business-type Activities	2,071,640	1,096,272	669,769	289,962
<i>Total Primary Government Change in Net Position</i>	<u>\$3,646,367</u>	<u>\$2,485,599</u>	<u>\$2,984,084</u>	<u>\$2,527,388</u>

Source: Finance Director's Office

City of Tipp City

2015	2016	2017	2018	2019	2020
16,148,597	16,894,764	17,942,294	20,171,837	18,097,130	16,458,732
3,099,354	3,574,386	3,679,697	3,663,801	3,942,178	4,105,636
1,686,990	1,887,109	1,948,942	2,158,793	2,279,445	2,291,277
809,891	885,333	907,429	915,750	944,397	968,514
0	903,697	151,153	1,250,353	0	0
21,744,832	24,145,289	24,629,515	28,160,534	25,263,150	23,824,159
24,851,070	28,405,150	28,066,096	32,111,215	27,390,946	26,411,824
(4,893,795)	(4,176,479)	(5,814,731)	(6,100,524)	(5,546,808)	(10,187,041)
2,086,501	1,696,152	1,712,589	3,771,264	896,956	304,096
(\$2,807,294)	(\$2,480,327)	(\$4,102,142)	(\$2,329,260)	(\$4,649,852)	(\$9,882,945)
\$5,834,924	\$5,963,230	\$5,760,914	\$6,041,201	\$6,477,955	\$6,508,608
385,271	396,384	413,503	417,062	421,103	503,698
81,444	86,281	85,348	72,217	83,209	53,455
978,819	970,419	1,005,568	1,067,066	1,115,258	1,103,967
35,690	76,914	144,263	265,148	371,917	133,499
240,767	74,616	199,883	304,223	257,207	718,261
(19,160)	(28,665)	(28,586)	(69,393)	0	0
7,537,755	7,539,179	7,580,893	8,097,524	8,726,649	9,021,488
19,160	28,665	28,586	69,393	0	0
19,160	28,665	28,586	69,393	0	0
\$7,556,915	\$7,567,844	\$7,609,479	\$8,166,917	\$8,726,649	\$9,021,488
\$2,643,960	\$3,362,700	\$1,766,162	\$1,997,000	\$3,179,841	(\$1,165,553)
2,105,661	1,724,817	1,741,175	3,840,657	896,956	304,096
\$4,749,621	\$5,087,517	\$3,507,337	\$5,837,657	\$4,076,797	(\$861,457)

City of Tipp City

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

	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$101,503	\$101,889	\$87,409	\$83,828	\$81,906
Assigned	182,888	127,985	166,514	89,394	541,933
Unassigned	4,235,878	4,723,463	5,127,418	5,437,072	5,321,011
<i>Total General Fund</i>	<u>4,520,269</u>	<u>4,953,337</u>	<u>5,381,341</u>	<u>5,610,294</u>	<u>5,944,850</u>
All Other Governmental Funds					
Nonspendable	89,710	73,713	90,131	63,521	78,666
Restricted	1,626,209	1,092,849	1,183,624	850,479	975,516
Committed	73,056	22,628	8,934	7,726	25,911
Unassigned	(815,365)	(1,533,887)	(1,800,077)	(1,347,781)	(866,231)
Total All Other Governmental Funds	<u>973,610</u>	<u>(344,697)</u>	<u>(517,388)</u>	<u>(426,055)</u>	<u>213,862</u>
<i>Total Governmental Funds</i>	<u><u>\$5,493,879</u></u>	<u><u>\$4,608,640</u></u>	<u><u>\$4,863,953</u></u>	<u><u>\$5,184,239</u></u>	<u><u>\$6,158,712</u></u>

Source: Finance Director's Office

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

City of Tipp City

2016	2017	2018	2019	2020
\$84,220	\$111,343	\$93,838	\$94,114	\$118,359
434,861	1,210,796	232,785	194,843	302,096
6,202,164	5,253,264	6,239,786	6,572,658	6,843,347
6,721,245	6,575,403	6,566,409	6,861,615	7,263,802
69,005	68,635	78,187	69,148	74,862
1,027,766	1,538,297	2,439,068	3,523,995	3,697,509
46,472	64,131	75,094	94,053	13,593
(348,343)	(191,578)	(86,586)	(102,650)	0
794,900	1,479,485	2,505,763	3,584,546	3,785,964
\$7,516,145	\$8,054,888	\$9,072,172	\$10,446,161	\$11,049,766

City of Tipp City

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

	2011	2012	2013	2014
Revenues:				
Taxes	\$4,480,781	\$5,250,226	\$5,741,284	\$5,741,874
Intergovernmental Revenues	2,833,417	2,093,184	2,551,048	2,483,754
Charges for Services	1,892,452	1,842,891	1,728,149	1,873,129
Licenses, Permits and Fees	13,092	63,444	19,080	33,575
Investment Earnings	73,890	110,478	47,076	29,358
Special Assessments	132,872	113,237	118,397	240,613
Fines and Forfeitures	15,326	15,002	14,979	13,242
All Other Revenue	571,643	328,305	582,051	369,327
Total Revenue	10,013,473	9,816,767	10,802,064	10,784,872
Expenditures:				
Current:				
Security of Persons and Property	3,175,914	3,142,368	3,214,265	3,364,152
Leisure Time Activities	778,807	800,267	795,797	800,510
Community Environment	260,105	263,439	315,751	302,715
Basic Utility Services	208,818	217,147	226,353	226,658
Transportation	531,100	576,373	568,730	590,590
General Government	1,568,282	1,447,729	1,344,666	1,381,047
Capital Outlay	1,346,198	3,179,877	5,968,429	3,083,086
Debt Service:				
Principal Retirement	930,000	930,000	655,000	2,037,991
Interest and Fiscal Charges	162,268	131,753	114,388	104,065
Total Expenditures	8,961,492	10,688,953	13,203,379	11,890,814
Excess (Deficiency) of Revenues Over Expenditures	1,051,981	(872,186)	(2,401,315)	(1,105,942)

City of Tipp City

2015	2016	2017	2018	2019	2020
\$6,140,765	\$6,306,461	\$6,310,421	\$6,493,963	\$6,990,064	\$7,216,980
2,952,132	3,937,776	3,098,833	2,546,844	1,975,493	2,521,998
954,867	1,116,035	970,309	1,243,157	984,509	881,627
18,498	177,551	176,053	237,114	175,935	196,993
35,721	74,840	145,283	264,299	370,438	139,080
138,987	125,638	109,389	104,272	97,228	134,938
16,850	14,965	11,480	13,306	6,706	4,079
272,958	78,103	220,353	354,194	248,947	754,698
10,530,778	11,831,369	11,042,121	11,257,149	10,849,320	11,850,393
3,432,396	3,381,426	3,616,840	3,817,703	3,865,261	4,100,423
807,835	768,549	816,543	838,582	837,630	584,901
289,769	323,062	313,949	368,399	274,454	374,868
0	26,281	27,240	29,352	33,072	235,387
669,395	615,747	671,574	693,429	742,064	741,809
693,607	703,182	1,350,127	1,417,714	1,441,168	1,586,116
3,039,076	4,025,287	3,012,089	2,596,721	1,830,938	3,587,878
1,633,482	1,299,082	989,982	595,382	423,182	79,091
80,410	76,364	73,235	58,799	46,003	25,301
10,645,970	11,218,980	10,871,579	10,416,081	9,493,772	11,315,774
(115,192)	612,389	170,542	841,068	1,355,548	534,619

(Continued)

City of Tipp City

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

	2011	2012	2013	2014
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
General Obligation Notes Issued	0	0	1,753,900	1,390,300
OPWC Loan Issued	0	0	894,586	100,091
Transfers In	1,088,573	1,040,152	1,114,647	447,784
Transfers Out	(1,072,573)	(1,040,152)	(1,114,647)	(476,389)
Total Other Financing Sources (Uses)	<u>16,000</u>	<u>0</u>	<u>2,648,486</u>	<u>1,461,786</u>
Net Change in Fund Balance	<u>\$1,067,981</u>	<u>(\$872,186)</u>	<u>\$247,171</u>	<u>\$355,844</u>
Debt Service as a Percentage of Noncapital Expenditures	13.83%	12.61%	11.16%	24.90%

Source: Finance Director's Office

City of Tipp City

2015	2016	2017	2018	2019	2020
0	0	0	16,559	29,823	55,138
1,095,900	781,800	397,200	220,000	0	0
0	0	0	0	0	0
616,715	332,808	352,731	506,891	251,194	326,293
(635,875)	(361,473)	(381,317)	(576,284)	(251,194)	(326,293)
1,076,740	753,135	368,614	167,166	29,823	55,138
\$961,548	\$1,365,524	\$539,156	\$1,008,234	\$1,385,371	\$589,757
22.06%	19.22%	13.92%	9.67%	6.13%	1.16%

City of Tipp City

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

Tax year	2011	2012	2013	2014
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands)	\$369,122	\$379,625	\$391,407	\$390,476
Total Tax Collected	\$4,042,351	\$4,960,000	\$5,440,357	\$5,476,399
Income Tax Receipts				
Withholding	3,086,202	3,594,951	3,834,176	3,897,251
Percentage	76.35%	72.48%	70.48%	71.17%
Corporate	411,038	764,934	901,630	758,560
Percentage	10.17%	15.42%	16.57%	13.85%
Individuals	545,111	600,115	704,551	820,588
Percentage	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

2015	2016	2017	2018	2019	2020
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$406,376	\$422,925	\$442,196	\$462,553	\$474,732	\$474,732
\$5,823,985	\$6,043,210	\$5,990,628	\$6,206,490	\$6,594,652	\$6,754,862
4,009,922	4,222,119	4,372,643	4,712,997	4,851,822	4,971,293
68.86%	69.86%	72.99%	75.94%	73.57%	73.60%
997,288	927,597	701,458	653,690	778,237	921,716
17.12%	15.35%	11.71%	10.53%	11.80%	13.65%
816,775	893,494	916,527	839,803	964,593	861,853
14.02%	14.79%	15.30%	13.53%	14.63%	12.75%



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	2020 Rank
Meijer, Inc.	Warehouse Distribution	1
Abbott Laboratories	Manufacturing	2
Tipp City Exempted Village School District	Education	3
DFAS Cleveland	Government	4
Regal Beloit (formerly AO Smith Corporation)	Manufacturing	5
Arbogast	Automotive Retail	6
Creative Extruded Products	Manufacturing	7
US Express	Warehouse Distribution	8
Captor Corp.	Manufacturing	9
FHI LLC	Warehouse Distribution	10

Name of Taxpayer	Nature of Business	2011 Rank
A. O . Smith Corporation	Manufacturing	1
Meijer, Inc.	Warehouse Distribution	2
Tipp City Exempted Village School District	Education	3
Federal Government	Government	4
Creative Extruded Products	Manufacturing	5
Arbogast Buick Pontiac GMC	Automotive Retail	6
Rostam Direct (formerly Gardens Alive- Springhill)	Agricultural-Nursery	7
City of Tipp City	Government	8
Precision Strip Inc.	Metal Processing	9
Indian Creek Fabricators	Manufacturing	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

	2011	2012	2013	2014
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$2,290,000	\$1,400,000	\$785,000	\$570,000
General Obligation Notes Payable	0	0	1,753,900	1,390,300
Special Assessment Bonds Payable	675,000	635,000	595,000	550,000
OPWC Loan Payable	0	0	894,586	970,586
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$420,000	\$320,000	\$220,000	\$145,000
General Obligation Notes Payable	0	0	5,094,100	4,678,700
Long-Term Loans Payable	1,103,335	1,385,905	1,764,595	1,304,841
Total Primary Government	<u>\$4,488,335</u>	<u>\$3,740,905</u>	<u>\$11,107,181</u>	<u>\$9,609,427</u>
Population ⁽²⁾				
City of Tipp City	9,689	9,689	9,689	9,689
Outstanding Debt Per Capita	\$463	\$386	\$1,146	\$992
Income ⁽³⁾				
Personal (in thousands)	369,122	379,625	391,407	390,476
Percentage of Personal Income	1.22%	0.99%	2.84%	2.46%

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

2015	2016	2017	2018	2019	2020
\$420,000	\$310,000	\$200,000	\$100,000	\$0	\$0
1,095,900	781,800	397,200	220,000	0	0
505,000	460,000	410,000	360,000	305,000	250,000
922,404	874,222	826,040	777,858	729,676	705,585
\$25,000	\$0	\$0	\$0	\$0	\$0
4,239,100	4,450,200	8,245,800	7,315,000	4,975,000	4,050,000
1,231,943	1,159,045	1,086,147	1,013,249	2,413,117	2,603,902
<u>\$8,439,347</u>	<u>\$8,035,267</u>	<u>\$11,165,187</u>	<u>\$9,786,107</u>	<u>\$8,422,793</u>	<u>\$7,609,487</u>
9,689	9,689	9,689	9,689	9,689	9,689
\$871	\$829	\$1,152	\$1,010	\$869	\$785
406,376	422,925	442,196	462,553	474,732	474,732
2.08%	1.90%	2.52%	2.12%	1.77%	1.60%

City of Tipp City

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2011	2012	2013	2014
Population ⁽¹⁾	9,689	9,689	9,689	9,689
Assessed Value ⁽²⁾	\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$2,710,000	\$1,720,000	\$1,005,000	\$715,000
Resources Available to Pay Principal ⁽⁴⁾	\$36,941	\$40,552	\$355,431	\$56,748
Net General Bonded Debt	\$2,673,059	\$1,679,448	\$649,569	\$658,252
Ratio of Net Bonded Debt to Estimated Assessed Value	1.02%	0.64%	0.26%	0.26%
Net Bonded Debt per Capita	\$275.89	\$173.34	\$67.04	\$67.94

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

2015	2016	2017	2018	2019	2020
9,689	9,689	9,689	9,689	9,689	9,689
\$254,574,200	\$271,234,280	\$271,853,340	\$276,688,510	\$315,580,380	\$320,995,370
\$445,000	\$310,000	\$200,000	\$100,000	\$0	\$0
\$39,462	\$5,993	\$765	\$732	\$10,232	\$23,617
\$405,538	\$304,007	\$199,235	\$99,268	(\$10,232)	(\$23,617)
0.16%	0.11%	0.07%	0.04%	0.00%	-0.01%
\$41.86	\$31.38	\$20.56	\$10.25	(\$1.06)	(\$2.44)



City of Tipp City

*Computation of Direct and Overlapping
General Obligation Debt
December 31, 2020*

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of Tipp City</u>	<u>Amount Applicable to the City of Tipp City</u>
Direct:			
City of Tipp City	\$955,585	100.00%	\$955,585
Overlapping:			
Tipp City Exempted Village School District	12,754,426	67.92%	8,662,806
Miami County	10,609,006	12.19%	1,293,238
Miami Valley Career Center JVSD	137,864,062	3.79%	5,225,048
		Subtotal	15,181,092
		Total	\$16,136,677

Source: Miami County Auditor and Fiscal Officers of Subdivisions.

Note:

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

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

City of Tipp City

Debt Limitations Last Ten Years

Collection Year	2011	2012	2013	2014
Total Debt				
Net Assessed Valuation	\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420
Legal Debt Limitation (%) ⁽¹⁾	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) ⁽¹⁾	27,427,286	27,568,686	26,097,940	26,540,579
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	\$27,427,286	\$27,568,686	\$26,097,940	\$26,540,579
Unvoted Debt				
Net Assessed Valuation	\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420
Legal Debt Limitation (%) ⁽¹⁾	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) ⁽¹⁾	14,366,674	14,440,740	13,670,350	13,902,208
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	\$14,366,674	\$14,440,740	\$13,670,350	\$13,902,208

(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

2015	2016	2017	2018	2019	2020
\$254,574,200	\$271,234,280	\$271,853,340	\$276,688,510	\$315,580,380	\$320,995,370
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
26,730,291	28,479,599	28,544,601	29,052,294	33,135,940	33,704,514
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
\$26,730,291	\$28,479,599	\$28,544,601	\$29,052,294	\$33,135,940	\$33,704,514
\$254,574,200	\$271,234,280	\$271,853,340	\$276,688,510	\$315,580,380	\$320,995,370
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,001,581	14,917,885	14,951,934	15,217,868	17,356,921	17,654,745
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
\$14,001,581	\$14,917,885	\$14,951,934	\$15,217,868	\$17,356,921	\$17,654,745

City of Tipp City

*Pledged Revenue Coverage
Last Ten Years*

	2011	2012	2013	2014
Special Assessment Bonds (1)				
Special Assessment Collections	\$73,653	\$73,653	\$73,653	\$73,653
Debt Service				
Principal	40,000	40,000	40,000	45,000
Interest	29,465	28,065	26,665	25,265
Coverage	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

2015	2016	2017	2018	2019	2020
\$73,653	\$73,653	\$73,653	\$73,653	\$73,653	\$73,653
45,000	45,000	50,000	50,000	55,000	55,000
23,623	21,890	20,158	18,083	16,008	13,725
1.07	1.10	1.05	1.08	1.04	1.07

City of Tipp City

Demographic and Economic Statistics Last Ten Years

Calendar Year	2011	2012	2013	2014
Population ⁽¹⁾				
City of Tipp City	9,689	9,689	9,689	9,689
Miami County	102,506	102,506	102,506	102,506
Income ^{(2) (a)}				
Total Personal (in thousands)	369,122	379,625	391,407	390,476
Per Capita	38,097	39,181	40,397	40,301
Unemployment Rate ⁽³⁾				
Federal	8.5%	8.1%	7.4%	6.2%
State	7.9%	7.2%	7.4%	5.7%
Miami County	7.6%	7.0%	7.2%	5.3%
Civilian Work Force Estimates ⁽³⁾				
State	5,791,000	5,747,900	5,765,700	5,719,500
Miami County	53,100	52,400	52,100	51,800
Total Assessed Property Value ⁽⁴⁾	261,212,250	262,558,910	248,551,810	252,767,420
Estimated Actual Property Value ⁽⁴⁾	746,320,714	750,168,314	710,148,029	722,192,629

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2019 for the presentation of 2020 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

2015	2016	2017	2018	2019	2020
9,689	9,689	9,689	9,689	9,689	9,689
102,506	102,506	102,506	102,506	102,506	102,506
406,376	422,925	442,196	462,553	474,732	474,732
41,942	43,650	45,639	47,740	48,997	48,997
5.0%	4.9%	4.4%	3.9%	3.7%	8.1%
4.6%	4.9%	5.0%	4.6%	4.1%	8.1%
4.2%	4.3%	4.2%	3.9%	3.7%	7.0%
5,694,027	5,713,100	5,780,000	5,754,900	5,802,300	5,754,300
52,621	52,600	53,700	53,200	54,100	54,200
254,574,200	271,234,280	271,853,340	276,688,510	315,580,380	320,995,370
727,354,857	774,955,086	776,723,829	790,538,600	901,658,229	917,129,629



City of Tipp City

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2020	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	2,554	1
Tipp City Exempted Village School District	Education	451	2
FHI LLC	Warehouse Distribution/Logistics	355	3
Abbott Laboratories	Manufacturing	350	4
Menards	Home Improvement Retail	307	5
Arbogast	Automotive Retail	297	6
US Express	Warehouse Distribution	288	7
Creative Extruded Products	Manufacturing	259	8
Adcare Health Systems (formerly Springmeade)	Health Care	245	9
Rostam Direct (formerly Gardens Alive-Springhill)	Agricultural-Nursery	183	10
Total		5,289	

Employer	Nature of Business	2011	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	1,247	1
Rostam Direct (formerly Gardens Alive- Springhill)	Agricultural-Nursery	523	2
Tipp City Exempted Village School District	Education	477	3
A. O . Smith Corporation	Manufacturing	306	4
Menards	Retail	249	5
Adcare Health Systems	Health Care	229	6
Creative Extruded Products	Manufacturing	207	7
FHI LLC	Warehouse Distribution	195	8
Tipp Topp Canning	Food Processing	176	9
Arbogast Buick Pontiac GMC	Automotive Retail	155	10
Total		3,764	

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

	2011	2012	2013	2014
Governmental Activities				
General Government				
Legislative	3.50	3.50	3.50	3.50
City Manager	2.00	2.00	2.00	2.00
Building and Facility Services	2.00	1.50	2.00	2.00
Finance	7.50	7.00	7.00	7.00
Legal	0.50	0.50	0.50	0.50
Engineering	3.00	3.00	3.00	3.00
Security of Persons and Property				
Police	22.50	22.50	22.50	22.50
Fire and EMS	15.50	15.50	15.50	15.50
Transportation				
Street	5.00	5.00	5.00	5.50
Leisure Time Activities				
Parks	4.75	4.75	4.75	5.25
Community Environment				
Community and Economic Development	2.50	2.50	2.50	2.50
Business-Type Activities				
Utilities				
Electric	14.00	14.00	14.00	14.00
Water	8.30	8.30	5.75	5.75
Sewer	3.20	3.20	5.75	5.75
Total Employees	94.25	93.25	93.75	94.75

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

2015	2016	2017	2018	2019	2020
3.50	3.50	3.50	3.50	3.50	3.50
2.00	2.00	3.00	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	2.00	2.00	2.00
21.50	22.50	22.50	22.50	22.50	22.50
15.50	15.50	16.50	16.50	16.50	18.50
5.50	5.50	5.50	5.50	5.50	5.50
5.25	5.25	5.25	5.25	5.25	5.25
2.50	2.50	2.50	2.50	2.50	2.50
15.00	15.00	15.00	15.00	15.00	15.00
5.75	5.75	5.75	5.75	6.75	6.75
5.75	5.75	5.75	5.75	5.75	5.75
94.75	95.75	97.75	96.75	97.75	99.75

City of Tipp City

Operating Indicators by Function Last Ten Years

	2011	2012	2013	2014
Governmental Activities				
General Government				
Accounts Payable Checks processed	2,766	3,549	2,911	2,869
Purchase Orders issued	2,280	2,429	2,018	2,124
Court				
Number of Criminal Cases	269	373	280	333
Number of Traffic Cases	734	887	825	797
Licenses and Permits				
Number of Residential Building Permits	12	21	14	17
Number of Commercial Building Permits	4	11	5	7
Security of Persons and Property				
Police				
Criminal Arrests	414	480	532	446
Calls for Service	15,972	10,010	14,909	15,388
Number of Accidents	208	207	208	254
Fire and EMS				
Number of Fire Calls	313	327	304	343
Number of EMS Runs	1,345	1,390	1,421	1,557
Transportation				
Street				
Tons of Salt Used	304	637	861	457
Leisure Time Activities				
Swimming Pool Receipts	281,817	254,257	285,683	248,739
Business-Type Activities				
Electric				
Number of Service Connections	4,859	4,946	4,954	4,942
Peak Demand (megawatts)	31.3	31.2	33.4	31.7
Energy Purchased (MWh)	143,172	142,617	150,263	156,551
Water				
Number of Service Connections	4,091	4,272	4,153	4,135
Daily Average Consumption (mgd)	1.1	1.2	1.2	1.2
Peak Daily Consumption (mgd)	2.6	2.5	2.3	2.0
Sewer				
Sewer Treatment Charges	688,675	653,840	642,679	665,486
Daily Average Sewage Treatment (mgd)	2.1	1.4	1.6	1.7
Refuse Collection				
Number of Customers Billed	3,943	3,964	4,037	4,033

Source: Finance Director's Office

City of Tipp City

2015	2016	2017	2018	2019	2020
2,828	3,061	2,738	2,782	2,799	2,734
2,013	1,468	1,608	1,878	1,875	1,497
328	338	301	321	303	260
941	782	506	657	422	788
17	15	18	51	41	36
4	4	10	10	8	7
488	651	429	511	397	406
15,455	16,235	15,151	16,272	14,326	18,138
251	236	199	223	201	152
304	317	303	296	387	324
1,673	1,757	1,948	1,866	2,086	1,693
275	300	550	560	350	760
290,383	331,504	312,062	337,403	345,544	0
4,933	5,006	5,006	5,056	5,086	5,148
33.3	36.1	31.5	35.7	45.2	35.2
164,144	177,330	171,421	180,664	180,469	169,845
4,159	4,179	4,204	4,263	4,294	4,330
1.4	1.7	1.7	1.6	1.6	1.7
2.3	2.6	2.7	2.3	2.7	2.8
684,258	704,203	697,866	771,073	772,603	709,557
1.8	1.8	2.0	2.6	2.5	1.9
4,071	4,081	4,106	4,163	4,191	4,249

City of Tipp City

Capital Asset Statistics by Function Last Ten Years

	2011	2012	2013	2014
Governmental Activities				
General Government				
Area (square miles)	7.5	7.5	7.5	7.5
Security of Persons and Property				
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	2
Transportation				
Street				
Miles of Street	61	61	61	61
Street Lights	1,419	1,419	1,419	1,419
Miles of Storm Sewers	60	60	60	60
Leisure Time Activities				
Park Area (acres)	436	436	436	436
Number of Parks	17	17	17	17
Number of Tennis Courts	2	2	2	2
Number of Ball Fields	17	17	17	17
Business-Type Activities				
Utilities				
Electric				
Substations	3	3	3	3
Water				
Waterlines (Miles)	57	57	57	57
Number of Fire hydrants	675	675	675	675
Sewer				
Sewerlines (Miles)	57	57	57	57

Source: Finance Director's Office

City of Tipp City

2015	2016	2017	2018	2019	2020
7.5	7.5	7.5	7.5	7.5	7.5
1	1	1	1	1	1
2	2	2	2	2	2
61	61	63	64	64	66
1,419	1,419	1,462	1,462	1,740	1,750
60	60	61	62	62	63
436	436	436	436	436	436
17	17	17	17	17	17
2	2	2	2	2	2
17	17	17	17	17	17
3	3	3	3	3	3
57	57	75	76	76	76
675	675	718	776	776	776
57	57	62	63	63	63

