

City of Tipp City, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2015





City of Tipp City, Ohio

Miami County



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2015

Prepared by the Finance Department

John Green, Director



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MIAMI COUNTY, OHIO

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Tipp City

**Introductory
Section**





Council-Manager
Government

June 27, 2016

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, 2015 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 Ohio State Auditor's office 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, 2015. 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. .

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 Auditor's Report.

Letter of Transmittal

For the Year Ended December 31, 2015

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 ensure 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, 2015***

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

The City also participates in the Ohio Benefits Cooperative (OBC), a risk sharing insurance pool, which provides health insurance coverage to the City's full-time employees. The OBC converted from a fully funded insurance pool purchasing benefits from Anthem to a self-funded insurance pool contracting with Anthem as the third party claims administrator effective September 1, 2015. The pool consists of eleven municipalities and townships who pool risk for the provision of health insurance coverage. This separate entity does not meet the established criteria for inclusion in the reporting entity and, accordingly is not included in the City's financial report.

Tipp City Council adopts an operating budget on or about the first business day of the fiscal year. This annual budget serves as the foundation for the City of Tipp City's financial planning and control. The budget is prepared on a cash-encumbrance basis wherein transactions are recorded when cash is received or disbursed, or when a commitment has been recorded as an encumbrance against an applicable appropriation. Budgetary control is maintained by the encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the encumbrance of the amount of the purchase.

ECONOMIC CONDITIONS AND OUTLOOK

Since Tipp City's beginning in 1850, location has played a prime role in its economic well being. What began as a canal town has burgeoned into an extremely attractive place for business and industry due to the city's location just north of the crossroads of America, Interstates I-70 and I-75. Interstate I-75 bisects the city from North to South and is a major factor in the continued success of the City's economic development. Over 50 industries call Tipp City home.

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

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

Commercial and industrial growth in 2015 invested \$3,385,000 in the community, with four projects undertaken this year as compared to seven projects in 2014. In June, 2014, Meijer announced and started construction on a \$100,000,000 Milk Manufacturing Facility which will add 100 employees over the 3 year project. The Abbott Liquid Nutrition Manufacturing Facility completed their second line and is in full production. The Dayton Orthopedics building (25,000sf) is now open on North Weller Drive providing medical office space with rehabilitation services.

Letter of Transmittal

For the Year Ended December 31, 2015

The Dayton metropolitan region's unemployment rate averaged 4.5% in 2015, starting the year at 4.6% then decreasing slightly to 4.5% by year end. Miami County's unemployment rate fell from a high of 5.8% in January, 2015 to a low of 4.2% by year-end. These numbers show the marked improvement in employment in the Dayton region with continued commercial/industrial growth over the last 2-3 years.

During 2015, Tipp City had 17 new residential unit starts which is the same number as residential starts in 2014 but down from the 22 new units in 2012. There are currently six active subdivisions being developed: Sycamore Woods, Curry Branch, Bowman Woods, Hunter's Ridge, Rosewood Creek, and Cedar Grove. The following table outlines the residential growth for the last several years:

Year	Base Units	New Units	Demolished Units	Net% Growth
2006	4110	34	3	.754%
2007	4141	31	3	.676%
2008	4169	21	0	.504%
2009	4190	10	0	.239%
2010	4200	7	1	.143%
2011	4206	11	0	.261%
2012	4217	22	0	.522%
2013	4239	14	2	.283%
2014	4251	17	1	.376%
2015	4267	17	0	.398%

Over 500 acres of vacant prime industrial land remains available for development within the community. Established industrial parks offer attractive sites for building as well. With its abundant natural resources, low cost utilities and facility of transportation, Tipp City is well situated for further expansion as the economy continues to recover.

MAJOR INITIATIVES

For the Year

Tipp City's primary focus in 2015 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.

Letter of Transmittal
For the Year Ended December 31, 2015

During 2015, with State and Federal grant assistance, the City spent approximately \$2M on street improvements and resurfacing throughout the community. The most significant street project begun in 2015, which will be completed in 2016, is the reconstruction and expansion of approximately 0.75 miles of South County Road 25A from a two-lane to a four-lane highway, relocating public utilities, and improving storm water drainage. Phase I of this project is anticipated to cost approximately \$4.2 million and will be 70% funded with Federal Highway Administration funding.

The City continued to work on capital improvement projects in the enterprise funds as well. The City continued construction of a new Electric Department Service Center (\$2.8M project), replaced water and lines on Walnut Street (\$650,000 project) and performed multiple sanitary sewer sliplining rehabilitation projects throughout the City.

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

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

For The Future

The City of Tipp City faces a bright future. Economic development coupled with the commitment of the residents to fund necessary capital improvements over the next decade, will help ensure the sound financial position of the City. In 2016-2017, the City will continue to focus on capital improvements with its street resurfacing program (approx. \$1 million) and reconstruction of a second portion of County Road 25A south of Main Street (Phase II - \$3.5 million). The County Road 25A project will again be financed primarily with federal and state grant funding. The City will replace multiple 4-inch residential water lines throughout the community; and will complete approximately \$400,000 of sanitary sewer slip-lining and manhole rehabilitation projects with financial assistance from an Ohio Public Works Commission grant (50/50 matching grant). Tipp City continues to have an aggressive capital improvement program planned for the next few years.

***Letter of Transmittal
For the Year Ended December 31, 2015***

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, 2015***

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, 2014. 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 fifteen years (2000-2014). 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 appreciation to Roy Porter, CPA, and the rest of the staff of Donald J. Schonhardt and Associates, for their guidance and assistance in preparing this report.

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

Respectfully submitted,



John W. Green
Director of Finance

***List of Principal Officials
For the Year Ended December 31, 2015***

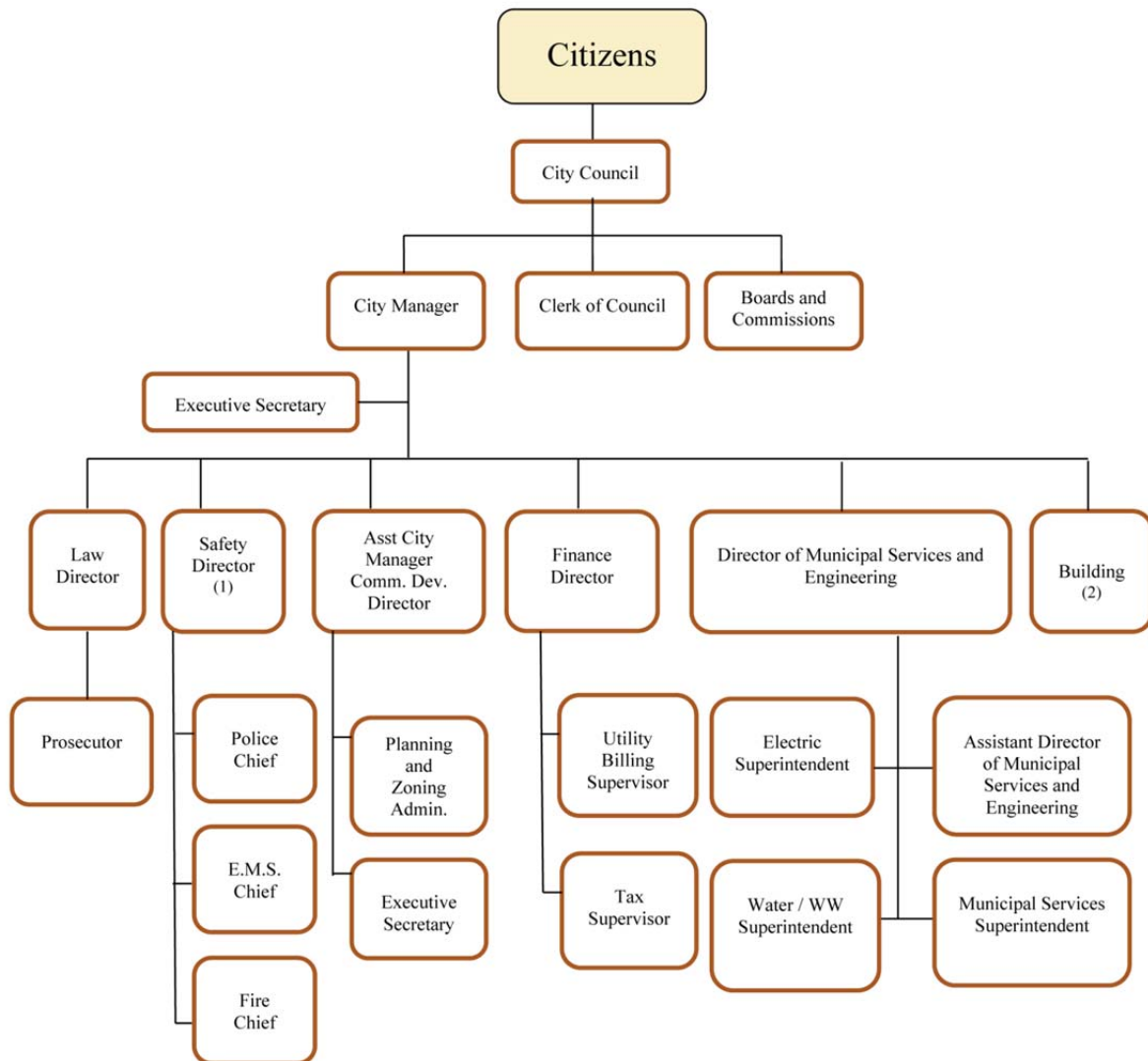
ELECTED OFFICIALS

Mayor	Pat Hale
President Of Council	Joseph Gibson
Council Members	Dolores Gillis Michael McDermott John Kessler Matt Owen Katelyn Berbach

APPOINTED OFFICIALS

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

**City Organizational Chart
For the Year Ended December 31, 2015**



(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

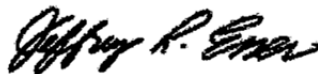
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Tipp City
Ohio**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended**

December 31, 2014



Executive Director/CEO







Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Honorable Mayor and 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, 2015, 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 Tri-Cities North Regional Wastewater Authority, which represent 44 percent, 51 percent, and 6 percent, respectively, of the assets, net position, and expenses of the Sewer Fund and 13 percent, 15 percent and 1 percent, respectively of the assets, net position, and expenses of the Business-Type Activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for Tri-Cities North Regional Wastewater Authority, is based solely on the report 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.

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.

Opinions

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, the 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, 2015, and the respective changes in 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 the year ended December 31, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

The 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 this information to the auditing procedures applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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, this information is 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 27, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and a trailing "y" that extends downwards.

Dave Yost
Auditor of State

Columbus, Ohio

June 27, 2016



***Management's Discussion and Analysis
For the Year Ended December 31, 2015***

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, 2015. 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 2015 are as follows:

- ❑ In total, net position increased \$4,749,621. Net position of governmental activities increased \$2,643,960, which represents a 6.1% increase from 2014. Net position of business-type activities increased \$2,105,661 or 5.3% from 2014.
- ❑ General revenues accounted for \$7.6 million in revenue or 23.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 76.7% of total revenues of \$32.4 million.
- ❑ Total net position of governmental activities increased by \$2,643,960. Net capital assets increased by \$1 million while current assets (primarily cash) decreased by \$1.3 million. This is a reflection of the City's capital improvement program following the 2011 increase in the City's income tax rate (restricted to capital improvements). During 2015 the City invested (with Federal and State grant assistance) approximately \$2 million in street resurfacing.
- ❑ The City had \$8 million in expenses related to governmental activities; \$3.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7.6 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5.4 million in revenues and \$5 million in expenditures and other financing uses. The general fund's fund balance increased \$334,556 to \$5.9 million.
- ❑ Net position for enterprise funds increased by \$2.1 million. The Electric Fund's net position increased by \$2,044,007, the Water Fund increased its net position by \$27,049, and the Sewer Fund increased its net position by \$84,260.
 - ❑ The Electric Fund increase is a reflection of operating income as electric consumption increased in 2015 and the costs of purchased power decreased due to a mild winter, as well as a decrease in claims payable related to payment of the second half of the liability related to the AMPGS electric generation project (See Note 21).
 - ❑ The Water Fund increase is due in large part to an increase in non-operating income from the City's participation in the Northern Area Water Authority (See Note 20). The Northern Area Water Authority instituted a small rate increase to its two members to facilitate future capital improvements which resulted in a higher level of non-operating income reported by the member communities. The Water Fund also experienced a reduction in long-term liabilities due to the retirement of debt in 2015.

***Management's Discussion and Analysis
For the Year Ended December 31, 2015***

Unaudited

- The Sewer Fund increase is due to lower wastewater treatment charges due to Tipp City's decreased participation in the Tri-Cities North Regional Wastewater Authority (Note 20). Each participant's monthly treatment cost and its share of plant equity is based on its respective percentage of flows into and treated by the plant. As Tipp City's wastewater flows decreased in relation to the flows of the other member communities from 21.16% to 20.96%, the City's monthly treatment charges and equity interest in the plant decreased accordingly. As with the Water Fund, the Sewer Fund also experienced a reduction in long-term liabilities due to debt retirement.

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, 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, 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, 2015***

Unaudited

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

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

Fund Financial Statements

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

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

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2015**

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 2015 and 2014.

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Current and other assets	\$11,494,795	\$10,121,194	\$19,842,132	\$23,248,392	\$31,336,927	\$33,369,586
Capital assets, Net	45,886,827	44,856,894	31,670,050	28,106,286	77,556,877	72,963,180
Total assets	57,381,622	54,978,088	51,512,182	51,354,678	108,893,804	106,332,766
Deferred Outflows of Resources	776,311	494,226	231,392	156,697	1,007,703	650,923
Net Pension Liability	5,138,582	4,903,434	1,276,779	1,247,138	6,415,361	6,150,572
Noncurrent liabilities	3,497,296	3,988,203	5,723,890	6,356,859	9,221,186	10,345,062
Other liabilities	2,919,020	2,663,366	2,518,396	3,843,910	5,437,416	6,507,276
Total liabilities	11,554,898	11,555,003	9,519,065	11,447,907	21,073,963	23,002,910
Deferred Inflows of Resources	352,899	311,135	272,380	217,000	625,279	528,135
Net position						
Net investment in capital assets	41,068,323	39,136,408	26,210,107	21,107,345	67,278,430	60,243,753
Restricted	3,443,958	3,112,981	0	0	3,443,958	3,112,981
Unrestricted	1,737,855	1,356,787	15,742,022	18,739,123	17,479,877	20,095,910
Total net position	<u>\$46,250,136</u>	<u>\$43,606,176</u>	<u>\$41,952,129</u>	<u>\$39,846,468</u>	<u>\$88,202,265</u>	<u>\$83,452,644</u>

The amount by which the city's assets exceed its liabilities and deferred inflows of resources is called net position. At year-end, the City's net position was \$88.2 million compared to \$83.5 million in 2014. Of that amount, in 2015 approximately \$67.3 million (76.3%) was invested in capital assets, net of debt related to those assets. At year-end 2014, that amount was approximately \$60.2 million (72.2%). For 2015 another \$3.4 million (3.9%) was subject to external restrictions upon its use. The remaining \$17.5 million (19.8%) in 2015 was unrestricted and available for future use. For 2014, this amount was \$20.1 million (24.1%).

***Management's Discussion and Analysis
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During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2015**

Unaudited

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

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014. The net pension liability and associated deferred outflows reduced beginning of year net position (net) by \$4,409,208 in governmental activities and \$1,090,441 in business-type activities.

Changes in Net position – The following table shows the changes in net position for the fiscal year 2015 compared with 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,047,471	\$1,565,242	\$21,744,832	\$20,463,902	\$22,792,303	\$22,029,144
Operating Grants and Contributions	686,622	678,811	0	0	686,622	678,811
Capital Grants and Contributions	1,372,145	1,082,009	0	404,328	1,372,145	1,486,337
Total Program Revenues	3,106,238	3,326,062	21,744,832	20,868,230	24,851,070	24,194,292
General revenues:						
Income Taxes	5,834,924	5,344,919	0	0	5,834,924	5,344,919
Property Taxes	385,271	303,129	0	0	385,271	303,129
Other Local Taxes	81,444	78,345	0	0	81,444	78,345
Unrestricted Shared Revenues	978,819	936,945	0	0	978,819	936,945
Investment Earnings	35,690	31,794	0	0	35,690	31,794
Miscellaneous	240,767	950,506	0	0	240,767	950,506
Total General Revenues	7,556,915	7,645,638	0	0	7,556,915	7,645,638
Total Revenues	10,663,153	10,971,700	21,744,832	20,868,230	32,407,985	31,839,930
Program Expenses						
Security of Persons and Property	3,838,659	3,717,379	0	0	3,838,659	3,717,379
Leisure Time Activities	1,202,951	1,171,559	0	0	1,202,951	1,171,559
Community Environment	280,344	301,822	0	0	280,344	301,822
Basic Utility Services	9,792	221,338	0	0	9,792	221,338
Transportation	1,744,237	1,516,512	0	0	1,744,237	1,516,512
General Government	846,759	1,681,433	0	0	846,759	1,681,433
Interest and Fiscal Charges	77,291	95,626	0	0	77,291	95,626
Electric	0	0	14,104,590	15,434,334	14,104,590	15,434,334
Water	0	0	3,082,812	2,635,749	3,082,812	2,635,749
Sewer	0	0	1,611,383	1,676,170	1,611,383	1,676,170
Refuse Collection	0	0	859,546	860,620	859,546	860,620
Total expenses	8,000,033	8,705,669	19,658,331	20,606,873	27,658,364	29,312,542
Change in Net Position before transfers	2,663,120	2,266,031	2,086,501	261,357	4,749,621	2,527,388
Transfers	(19,160)	(28,605)	19,160	28,605	0	0
Total Change in Net Position	2,643,960	2,237,426	2,105,661	289,962	4,749,621	2,527,388
Beginning Net Position - Restated	43,606,176	N/A	39,846,468	N/A	83,452,644	N/A
Ending Net Position	\$46,250,136	\$43,606,176	\$41,952,129	\$39,846,468	\$88,202,265	\$83,452,644

**Management's Discussion and Analysis
For the Year Ended December 31, 2015****Unaudited**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$494,226 for Governmental Activities and \$156,697 for Business-type Activities computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$521,929 for Governmental Activities and \$140,673 for Business-type Activities.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-type Activities
Total 2015 program expenses under GASB 68	\$8,000,033	\$19,658,331
Pension expense under GASB 68	(521,929)	(140,673)
2015 contractually required contribution	535,082	163,311
Adjusted 2015 program expenses	8,013,186	19,680,969
Total 2014 program expenses under GASB 27	8,705,669	20,606,873
Decrease in program expenses not related to pension	(\$692,483)	(\$925,904)

Governmental Activities

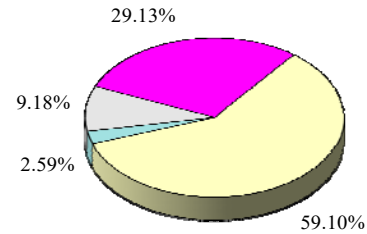
Net position of the City's governmental activities increased by \$2,643,960 or 6.1%. Net investment in capital assets increased \$7,034,677 or 11.7%. Restricted net position increased by \$330,977 or 10.6% while unrestricted net position decreased by \$2,616,033 or 13%.

The City receives an income tax, which was increased by a vote of the City electorate from 1.25% to 1.50% effective July, 2011. This income tax is assessed on all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City. Income tax is the largest source of revenue for the City. 46.7% of the City's income tax received is designated for capital outlay. Income tax revenue was \$5,834,924 compared to \$5,344,919 in 2014, an increase of 9.2%. This follows a decrease of 1% in 2014. The City did experience a small increase in payroll withholding tax receipts which is reflective of the positive decline in the regions unemployment rate.

**Management's Discussion and Analysis
For the Year Ended December 31, 2015****Unaudited**

Property taxes and income taxes made up 3.6% and 54.7% respectively of revenues for governmental activities for the City in fiscal year 2015. The City's reliance upon tax revenues is demonstrated by the following graph indicating 59.1% of total revenues comes from general tax revenues:

Revenue Sources	2015	Percent of Total
Unrestricted Shared Revenues	\$978,819	9.18%
Program Revenues	3,106,238	29.13%
General Tax Revenues	6,301,639	59.10%
General Other	276,457	2.59%
Total Revenue	<u>\$10,663,153</u>	<u>100.00%</u>

**Business-Type Activities**

Net position of the business-type activities increased \$2,105,661. This increase was primarily attributed to operating income, reduction in long-term debt levels, and income from the City's participation in the Northern Area Water Authority joint venture (\$206,042). Additional information on the City's participation with its joint ventures can be found in Note 20.

**Management's Discussion and Analysis
For the Year Ended December 31, 2015****Unaudited****FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$6,158,712, which is an increase from last year's balance of \$5,184,239. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2015 and 2014:

	Fund Balance December 31, 2015	Fund Balance December 31, 2014	Increase (Decrease)
General	\$5,944,850	\$5,610,294	\$334,556
Capital Improvement Reserve	(737,944)	(1,167,914)	429,970
25-A Construction	69,159	5,621	63,538
Other Governmental	882,647	736,238	146,409
Total	<u>\$6,158,712</u>	<u>\$5,184,239</u>	<u>\$974,473</u>

General Fund – The City's General Fund balance had an increase of \$334,556 in 2015. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2015 Revenues	2014 Revenues	Increase (Decrease)
Taxes	\$3,424,740	\$3,240,572	\$184,168
Intergovernmental Revenue	980,077	936,470	43,607
Charges for Services	690,235	1,545,003	(854,768)
Licenses, Permits and Fees	18,460	33,575	(15,115)
Investment Earnings	35,721	29,358	6,363
Special Assessments	1,161	1,197	(36)
Fines and Forfeitures	15,623	12,569	3,054
All Other Revenue	216,629	299,259	(82,630)
Total	<u>\$5,382,646</u>	<u>\$6,098,003</u>	<u>(\$715,357)</u>

The decrease in charges for services is due to a change in the methodology of recording internal charges to the utility funds (offset of expenditures). Increased income tax collections were a result an improving economy.

	2015 Expenditures	2014 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,430,934	\$3,364,152	\$66,782
Leisure Time Activities	456,559	443,590	12,969
Community Environment	289,769	302,715	(12,946)
Basic Utility Services	0	226,658	(226,658)
General Government	669,535	1,372,472	(702,937)
Capital Outlay	29,270	48,614	(19,344)
Total	<u>\$4,876,067</u>	<u>\$5,758,201</u>	<u>(\$882,134)</u>

General Fund basic utility service and general government expenditures decreased due to the same change in methodology mentioned above for charges for services. The offsets were equal in nature between the revenue and expenditure accounts. Changes in expenditure amounts amongst the other functions were minimal in nature in 2015.

***Management's Discussion and Analysis
For the Year Ended December 31, 2015***

Unaudited

Capital Improvement Reserve Fund – This fund is the main fund for general capital improvements taking place throughout the City. It is funded by 0.7% of the total 1.5% local income tax which is restricted for the acquisition, construction, maintenance, and repair of the City's non-utility capital improvements. The balance will fluctuate yearly according to the capital improvement activity taking place in any given year. The increase this year is due to lower note payable balances recorded reflecting the maturation of ongoing projects.

25-A Construction Fund – During 2015 construction continued to proceed toward completion. Fund balance increased due to the timing differences between receipts of grants and notes payable and the payment for construction costs.

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 2015 the City amended its general fund budget several times. The general fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

Final general fund budgeted revenues did not change from original budgeted figures. Actual revenues collected were \$6,414,966, 2.2% above budget. The City's original budgeted appropriations were increased during the year by \$487,981 to arrive at a final figure of \$7,268,090. \$200,000 of this amount was due to a short-term advance from the General Fund to the Capital Improvement Reserve Fund for a portion of the City's local match of the County Road 25-A reconstruction project. Another \$90,000 was due to a transfer of funds from the General Fund to the Capital Improvement Reserve Fund for the completion of the Leshner Woods Recreational Trails project. There was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$6,248,452, \$649,638 below the final budget. City Council and staff continue to monitor expenditures closely. Several cost cutting measures, including staff position consolidations, put in place in 2009 at the height of the local recession continued in operation through 2015.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2015 the City had \$77,556,877 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$45,886,827 was related to governmental activities and \$31,670,050 to the business-type activities. The following table shows fiscal year 2015 and 2014 balances:

**Management's Discussion and Analysis
For the Year Ended December 31, 2015**

Unaudited

	Governmental Activities		Increase (Decrease)
	2015	2014	
Land	\$13,549,726	\$13,549,726	\$0
Construction in Progress	1,489,518	0	1,489,518
Total Non-Depreciable Capital Assets	15,039,244	13,549,726	1,489,518
Buildings	8,613,743	8,554,843	58,900
Improvements Other Than Buildings	6,482,037	6,397,357	84,680
Machinery and Equipment	8,856,505	8,493,559	362,946
Infrastructure	31,742,280	31,514,155	228,125
Less: Accumulated Depreciation	(24,846,982)	(23,652,746)	(1,194,236)
Total Depreciable Capital Assets	30,847,583	31,307,168	(459,585)
Totals	\$45,886,827	\$44,856,894	\$1,029,933

	Business-Type Activities		Increase (Decrease)
	2015	2014	
Land	\$2,234,492	\$2,234,492	\$0
Construction in Progress	4,461,250	1,935,005	2,526,245
Total Non-Depreciable Capital Assets	6,695,742	4,169,497	2,526,245
Buildings	4,130,684	2,203,610	1,927,074
Improvements Other Than Buildings	38,091,340	37,819,225	272,115
Machinery and Equipment	3,382,204	3,137,788	244,416
Less: Accumulated Depreciation	(20,629,920)	(19,223,834)	(1,406,086)
Total Depreciable Capital Assets	24,974,308	23,936,789	1,037,519
Totals	\$31,670,050	\$28,106,286	\$3,563,764

Capital assets, net of depreciation, in governmental activities increased \$1,029,933 (2.3%) in 2015. During 2015, the City invested approximately \$2 million in street resurfacing improvements, including construction in progress on the County Road 25-A reconstruction project.

Capital assets, net of depreciation, for the business- type activities had an increase of \$3,563,764 (12.7%). The largest increases in business-type activities were related to construction of a new Electric Utility Service Center (\$2.5M), electric line replacement related to the County Road 25-A reconstruction project (\$500,000), and replacement of multiple water lines throughout the City (\$635,000).

As of December 31, 2015, the City has contractual commitments of \$2,702,662 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, 2015****Unaudited**

Debt

At December 31, 2015, the City had \$950,000 in bonds outstanding, \$180,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2015 and 2014:

	2015	Restated 2014
Governmental Activities:		
General Obligation Bonds	\$420,000	\$570,000
Special Assessment Bonds	505,000	550,000
OPWC Loan	922,404	970,586
General Obligation Notes	1,095,900	1,390,300
Compensated Absences	553,992	507,317
Net Pension Liability	5,138,582	4,903,434
Total Governmental Activities	8,635,878	8,891,637
Business-Type Activities:		
General Obligation Bonds	\$25,000	\$145,000
OPWC Loans	1,231,943	1,304,841
General Obligation Notes	4,239,100	4,678,700
Compensated Absences	227,847	228,318
Net Pension Liability	1,276,779	1,247,138
Total Business-Type Activities	7,000,669	7,603,997
Totals	\$15,636,547	\$16,495,634

During 2015, 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 2015 general obligation note(s) activity can be found in Note 15.

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Tipp City lies, is limited to ten mills. At December 31, 2015, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 18.

ECONOMIC FACTORS

Tipp City's future remains bright. Income tax receipts, the largest single source of general operating revenues, remained strong again in 2015 reflecting improvements in the local economy and reduced unemployment numbers. The City has retained existing businesses while attracting business expansion with Abbott, a Fortune 100 company locating a Liquid Nutrition Manufacturing Facility in Tipp City and Meijer constructing the first phase of a major expansion related to the production of milk products (milk, ice cream, yogurt, etc.). The residents committed in 2011 to increase funding necessary for capital improvement projects over a ten year period. This has, and will continue to, enable the City to complete much needed infrastructure improvement projects. The 2016 operating budget reflects the optimism present in the City. Total 2016 general fund operating revenues are projected at \$7.08 million which is slightly higher than actual revenues received in 2015. While the City expects continued increases in income tax revenues as unemployment declines and local business continues to recover, the budget reflects decreases in state shared local government revenues due to the reductions included in the State of Ohio's biennial budget.

The 2016 appropriation budget for the general fund totals \$7.08 million which is an increase of approximately \$400,000 from the original 2015 appropriations. The City's unencumbered general fund balance has increased in ten of the last eleven consecutive years and remains strong at \$5.1 million (cash basis). 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, 2015

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 6,379,861	\$ 7,430,695	\$ 13,810,556
Investments	795,583	996,488	1,792,071
Receivables:			
Taxes	1,663,331	0	1,663,331
Accounts	315,954	2,001,452	2,317,406
Intergovernmental	1,269,564	60,692	1,330,256
Interest	4,448	0	4,448
Special Assessments	828,894	551,105	1,379,999
Lease	0	889,800	889,800
Internal Balances	76,588	(76,588)	0
Inventory of Supplies at Cost	133,228	842,408	975,636
Prepaid Items	27,344	7,558	34,902
Investment in Joint Venture	0	6,941,480	6,941,480
Restricted Assets:			
Cash and Cash Equivalents	0	197,042	197,042
Non-Depreciable Capital Assets	15,039,244	6,695,742	21,734,986
Depreciable Capital Assets, Net	30,847,583	24,974,308	55,821,891
Total Assets	57,381,622	51,512,182	108,893,804
Deferred Outflows of Resources:			
Pension	776,311	231,392	1,007,703
Liabilities:			
Accounts Payable	799,980	1,174,959	1,974,939
Accrued Wages and Benefits Payable	114,535	45,784	160,319
Intergovernmental Payable	8,626	185,595	194,221
Retainage Payable	101,859	210,264	312,123
Refundable Deposits	0	197,042	197,042
Accrued Interest Payable	17,920	40,852	58,772
General Obligation Notes Payable	1,876,100	663,900	2,540,000
Noncurrent liabilities:			
Due within one year	368,782	158,026	526,808
Due in more than one year:			
Net Pension Liability	5,138,582	1,276,779	6,415,361
Other Amounts Due in More Than One Year	3,128,514	5,565,864	8,694,378
Total Liabilities	11,554,898	9,519,065	21,073,963
Deferred Inflows of Resources:			
Deferred Revenue	0	249,964	249,964
Property Tax Levy for Next Fiscal Year	319,115	0	319,115
Pension	33,784	22,416	56,200
Total Deferred Inflows of Resources	352,899	272,380	625,279

CITY OF TIPP CITY, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	41,068,323	26,210,107	67,278,430
Restricted For:			
Capital Projects	1,732,584	0	1,732,584
Debt Service	705,170	0	705,170
Transportation	979,430	0	979,430
Other Purposes	26,774	0	26,774
Unrestricted	1,737,855	15,742,022	17,479,877
Total Net Position	\$ 46,250,136	\$ 41,952,129	\$ 88,202,265

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

**Statement of Activities
For the Year Ended December 31, 2015**

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,838,659	\$ 679,634	\$ 0	\$ 0
Leisure Time Activities	1,202,951	290,382	0	0
Community Environment	280,344	19,746	0	0
Basic Utility Services	9,792	0	0	0
Transportation	1,744,237	57,709	686,622	1,372,145
General Government	846,759	0	0	0
Interest and Fiscal Charges	77,291	0	0	0
Total Governmental Activities	8,000,033	1,047,471	686,622	1,372,145
Business-Type Activities:				
Electric	14,104,590	16,148,597	0	0
Water	3,082,812	3,099,354	0	0
Sewer	1,611,383	1,686,990	0	0
Refuse Collection	859,546	809,891	0	0
Total Business-Type Activities	19,658,331	21,744,832	0	0
Totals	\$ 27,658,364	\$ 22,792,303	\$ 686,622	\$ 1,372,145

General Revenues:

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

Change in Net Position

Net Position Beginning of Year, Restated

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (3,159,025)	\$ 0	\$ (3,159,025)
(912,569)	0	(912,569)
(260,598)	0	(260,598)
(9,792)	0	(9,792)
372,239	0	372,239
(846,759)	0	(846,759)
(77,291)	0	(77,291)
<u>(4,893,795)</u>	<u>0</u>	<u>(4,893,795)</u>
0	2,044,007	2,044,007
0	16,542	16,542
0	75,607	75,607
0	(49,655)	(49,655)
<u>0</u>	<u>2,086,501</u>	<u>2,086,501</u>
<u>(4,893,795)</u>	<u>2,086,501</u>	<u>(2,807,294)</u>
5,834,924	0	5,834,924
385,271	0	385,271
81,444	0	81,444
978,819	0	978,819
35,690	0	35,690
240,767	0	240,767
(19,160)	19,160	0
<u>7,537,755</u>	<u>19,160</u>	<u>7,556,915</u>
2,643,960	2,105,661	4,749,621
<u>43,606,176</u>	<u>39,846,468</u>	<u>83,452,644</u>
<u>\$ 46,250,136</u>	<u>\$ 41,952,129</u>	<u>\$ 88,202,265</u>

CITY OF TIPP CITY, OHIO**Balance Sheet
Governmental Funds
December 31, 2015**

	General	Capital Improvement Reserve	25A- Construction
Assets:			
Cash and Cash Equivalents	\$ 4,344,780	\$ 1,070,867	\$ 112,242
Investments	795,583	0	0
Receivables:			
Taxes	1,038,877	624,454	0
Accounts	315,941	0	0
Intergovernmental	184,170	0	758,114
Interest	4,448	0	0
Special Assessments	0	166,016	0
Due from Other Funds	78,463	0	0
Interfund Loans Receivable	200,000	0	0
Inventory of Supplies, at Cost	61,905	0	0
Prepaid Items	20,001	2,197	0
Total Assets	<u>\$ 7,044,168</u>	<u>\$ 1,863,534</u>	<u>\$ 870,356</u>
Liabilities:			
Accounts Payable	\$ 24,097	\$ 86,300	\$ 669,350
Accrued Wages and Benefits Payable	106,112	0	0
Intergovernmental Payable	8,577	0	0
Retainage Payable	0	101,859	0
Due to Other Funds	1,736	0	0
Interfund Loans Payable	0	200,000	0
Accrued Interest Payable	0	3,412	393
General Obligation Notes Payable	0	1,706,100	45,000
Total Liabilities	<u>140,522</u>	<u>2,097,671</u>	<u>714,743</u>
Deferred Inflows of Resources:			
Unavailable Amounts	639,681	503,807	86,454
Property Tax Levy for Next Fiscal Year	319,115	0	0
Total Deferred Inflows of Resources	<u>958,796</u>	<u>503,807</u>	<u>86,454</u>
Fund Balances:			
Nonspendable	81,906	2,197	0
Restricted	0	0	69,159
Committed	0	0	0
Assigned	541,933	0	0
Unassigned	5,321,011	(740,141)	0
Total Fund Balances	<u>5,944,850</u>	<u>(737,944)</u>	<u>69,159</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,044,168</u>	<u>\$ 1,863,534</u>	<u>\$ 870,356</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 851,972	\$ 6,379,861
0	795,583
0	1,663,331
13	315,954
327,280	1,269,564
0	4,448
662,878	828,894
0	78,463
0	200,000
71,323	133,228
5,146	27,344
<u>\$ 1,918,612</u>	<u>\$ 11,696,670</u>
\$ 20,233	\$ 799,980
8,423	114,535
49	8,626
0	101,859
139	1,875
0	200,000
1,090	4,895
125,000	1,876,100
<u>154,934</u>	<u>3,107,870</u>
881,031	2,110,973
0	319,115
<u>881,031</u>	<u>2,430,088</u>
76,469	160,572
906,357	975,516
25,911	25,911
0	541,933
(126,090)	4,454,780
<u>882,647</u>	<u>6,158,712</u>
<u>\$ 1,918,612</u>	<u>\$ 11,696,670</u>



***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2015***

Total Governmental Fund Balances	\$ 6,158,712
<i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	45,886,827
Other long-term assets are not available to pay for current- period expenditures and therefore are reported as deferred inflows in the funds.	2,110,973
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.	(4,396,055)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,510,321)</u>
<i>Net Position of Governmental Funds</i>	<u>\$ 46,250,136</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Capital Improvement Reserve	25-A Construction
Revenues:			
Taxes	\$ 3,424,740	\$ 2,634,498	\$ 0
Intergovernmental Revenues	980,077	27,283	1,256,474
Charges for Services	690,235	0	0
Licenses, Permits and Fees	18,460	0	0
Investment Earnings	35,721	0	0
Special Assessments	1,161	64,173	0
Fines and Forfeitures	15,623	0	0
All Other Revenue	216,629	15,939	0
Total Revenue	5,382,646	2,741,893	1,256,474
Expenditures:			
Current:			
Security of Persons and Property	3,430,934	0	0
Leisure Time Activities	456,559	0	0
Community Environment	289,769	0	0
Transportation	0	0	0
General Government	669,535	20,565	0
Capital Outlay	29,270	1,791,720	1,191,922
Debt Service:			
Principal Retirement	0	665,300	375,000
Interest and Fiscal Charges	0	10,371	1,584
Total Expenditures	4,876,067	2,487,956	1,568,506
Excess (Deficiency) of Revenues Over Expenditures	506,579	253,937	(312,032)
Other Financing Sources (Uses):			
General Obligation Notes Issued	0	540,900	330,000
Transfers In	0	90,000	45,570
Transfers Out	(170,000)	(454,867)	0
Total Other Financing Sources (Uses)	(170,000)	176,033	375,570
Net Change in Fund Balances	336,579	429,970	63,538
Fund Balances at Beginning of Year	5,610,294	(1,167,914)	5,621
Change in Inventory	(2,023)	0	0
Fund Balances End of Year	\$ 5,944,850	\$ (737,944)	\$ 69,159

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 81,527	\$ 6,140,765
688,298	2,952,132
264,632	954,867
38	18,498
0	35,721
73,653	138,987
1,227	16,850
40,390	272,958
<u>1,149,765</u>	<u>10,530,778</u>
1,462	3,432,396
351,276	807,835
0	289,769
669,395	669,395
3,507	693,607
26,164	3,039,076
593,182	1,633,482
68,455	80,410
<u>1,713,441</u>	<u>10,645,970</u>
(563,676)	(115,192)
225,000	1,095,900
481,145	616,715
(11,008)	(635,875)
<u>695,137</u>	<u>1,076,740</u>
131,461	961,548
736,238	5,184,239
14,948	12,925
<u>\$ 882,647</u>	<u>\$ 6,158,712</u>

***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, 2015***

Net Change in Fund Balances - Total Governmental Funds	\$ 961,548
<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 capital outlays and capital contributions exceeded depreciation.	1,055,060
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position.	(25,127)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	132,375
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	535,082
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(521,929)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.	(1,095,900)
The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position.	1,633,482
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	3,119
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.	(33,750)
<i>Change in Net Position of Governmental Activities</i>	<u>\$ 2,643,960</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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,352,824	\$ 3,352,824	\$ 3,519,788	\$ 166,964
Intergovernmental Revenue	936,900	936,900	981,039	44,139
Charges for Services	1,667,432	1,667,432	1,612,554	(54,878)
Licenses and Permits	19,025	19,025	18,460	(565)
Investment Earnings	75,000	75,000	43,238	(31,762)
Special Assessments	750	750	1,161	411
Fines and Forfeitures	13,200	13,200	14,876	1,676
All Other Revenues	208,950	208,950	223,850	14,900
Total Revenues	6,274,081	6,274,081	6,414,966	140,885
Expenditures:				
Current:				
Security of Persons and Property	3,565,722	3,696,372	3,579,721	116,651
Leisure Time Activities	520,176	522,676	470,671	52,005
Community Environment	526,832	526,832	309,518	217,314
Basic Utility Services	263,024	263,024	226,368	36,656
General Government	1,766,080	1,830,911	1,608,884	222,027
Capital Outlay	58,275	58,275	53,290	4,985
Total Expenditures	6,700,109	6,898,090	6,248,452	649,638
Excess (Deficiency) of Revenues Over (Under) Expenditures	(426,028)	(624,009)	166,514	790,523
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	0	(1,000)
Transfers Out	(80,000)	(170,000)	(170,000)	0
Advances In	100,000	100,000	100,000	0
Advances Out	0	(200,000)	(200,000)	0
Total Other Financing Sources (Uses):	21,000	(269,000)	(270,000)	(1,000)
Net Change in Fund Balance	(405,028)	(893,009)	(103,486)	789,523
Fund Balance at Beginning of Year	5,021,256	5,021,256	5,021,256	0
Prior Year Encumbrances	111,390	111,390	111,390	0
Fund Balance at End of Year	\$ 4,727,618	\$ 4,239,637	\$ 5,029,160	\$ 789,523

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO
Statement of Fund Net Position
Proprietary Funds
December 31, 2015

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
Current assets:			
Cash and Cash Equivalents	\$ 5,177,824	\$ 1,309,081	\$ 794,667
Investments	996,488	0	0
Receivables:			
Accounts	1,583,360	253,274	164,818
Intergovernmental	0	60,692	0
Special Assessments	18,555	24,684	507,866
Lease - Current	57,800	0	0
Due from Other Funds	3,326	361	283
Inventory of Supplies at Cost	703,521	120,669	18,218
Prepaid Items	4,815	1,316	1,427
Restricted Assets:			
Cash and Cash Equivalents	197,042	0	0
Total current assets	8,742,731	1,770,077	1,487,279
Noncurrent assets:			
Lease Receivable	832,000	0	0
Investment in Joint Venture	0	503,239	6,438,241
Capital assets:			
Non-Depreciable Capital Assets	4,075,255	2,598,372	22,115
Depreciable Capital Assets, net	7,851,179	10,546,167	6,576,962
Total capital assets	11,926,434	13,144,539	6,599,077
Total noncurrent assets	12,758,434	13,647,778	13,037,318
Total assets	21,501,165	15,417,855	14,524,597
Deferred Outflows of Resources:			
Pension	117,798	76,906	36,688
Liabilities:			
Current liabilities:			
Accounts Payable	1,025,669	79,997	1,864
Accrued Wages and Benefits Payable	23,391	15,054	7,339
Intergovernmental Payable	13,129	120,047	52,419
Retainage Payable	185,419	24,845	0
Refundable Deposits	197,042	0	0
Due to Other Funds	74,833	1,373	722
Accrued Interest Payable	11,670	17,102	12,080
General Obligation Notes Payable - Current	112,180	332,120	219,600
General Obligation Bonds Payable - Current	0	0	25,000
OPWC Loans Payable - Current	0	63,122	9,776
Compensated Absences Payable - Current	31,320	19,800	9,008
Total Current Liabilities	1,674,653	673,460	337,808

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$ 149,123	\$ 7,430,695
0	996,488
0	2,001,452
0	60,692
0	551,105
0	57,800
0	3,970
0	842,408
0	7,558
0	197,042
149,123	12,149,210
0	832,000
0	6,941,480
0	6,695,742
0	24,974,308
0	31,670,050
0	39,443,530
149,123	51,592,740
0	231,392
67,429	1,174,959
0	45,784
0	185,595
0	210,264
0	197,042
3,630	80,558
0	40,852
0	663,900
0	25,000
0	72,898
0	60,128
71,059	2,756,980

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2015**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Noncurrent Liabilities:			
General Obligation Notes Payable	1,225,820	1,757,880	1,255,400
OPWC Loans Payable	0	1,001,975	157,070
Compensated Absences Payable	107,503	43,151	17,065
Net Pension Liability	656,962	419,072	200,745
Total noncurrent liabilities	1,990,285	3,222,078	1,630,280
Total Liabilities	3,664,938	3,895,538	1,968,088
Deferred Inflows of Resources:			
Deferred Revenue	189,800	0	0
Pension	11,557	7,340	3,519
Total Deferred Inflows of Resources	201,357	7,340	3,519
Net Position:			
Net Investment in Capital Assets	11,288,434	9,989,442	4,932,231
Unrestricted	6,464,234	1,602,441	7,657,447
Total Net Position	<u>\$ 17,752,668</u>	<u>\$ 11,591,883</u>	<u>\$ 12,589,678</u>

See accompanying notes to the basic financial statements

Refuse Collection	Total
0	4,239,100
0	1,159,045
0	167,719
0	1,276,779
0	6,842,643
71,059	9,599,623
60,164	249,964
0	22,416
60,164	272,380
0	26,210,107
17,900	15,742,022
\$ 17,900	\$ 41,952,129

CITY OF TIPP CITY, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 15,877,751	\$ 2,880,834	\$ 1,684,833
Other Operating Revenues	263,367	12,478	2,157
Total Operating Revenues	16,141,118	2,893,312	1,686,990
Operating Expenses:			
Personal Services	1,068,651	675,746	310,951
Contractual Services	12,295,038	1,750,166	860,761
Materials and Supplies	128,353	47,569	27,100
Utilities	5,572	22,113	14,753
Depreciation	583,234	562,622	276,265
Other Operating Expenses	10,021	5,621	1,742
Total Operating Expenses	14,090,869	3,063,837	1,491,572
Operating Income (Loss)	2,050,249	(170,525)	195,418
Non-Operating Revenue (Expenses):			
Income (Loss) from Joint Venture	0	206,042	(102,943)
Loss on Disposal of Capital Assets	(3,491)	0	0
Interest and Fiscal Charges	(10,230)	(18,975)	(16,868)
Investment Earnings	7,479	0	0
Total Non-Operating Revenues (Expenses)	(6,242)	187,067	(119,811)
Income (Loss) Before Transfers	2,044,007	16,542	75,607
Transfers-In	0	10,507	8,653
Change in Net Position	2,044,007	27,049	84,260
Net Position Beginning of Year, Restated	15,708,661	11,564,834	12,505,418
Net Position End of Year	\$ 17,752,668	\$ 11,591,883	\$ 12,589,678

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$ 809,891	\$ 21,253,309
0	278,002
809,891	21,531,311
0	2,055,348
859,546	15,765,511
0	203,022
0	42,438
0	1,422,121
0	17,384
859,546	19,505,824
(49,655)	2,025,487
0	103,099
0	(3,491)
0	(46,073)
0	7,479
0	61,014
(49,655)	2,086,501
0	19,160
(49,655)	2,105,661
67,555	39,846,468
\$ 17,900	\$ 41,952,129

CITY OF TIPP CITY, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$15,978,156	\$2,815,567	\$1,666,562
Cash Payments for Goods and Services	(13,193,320)	(1,801,654)	(916,659)
Cash Payments to Employees	(1,120,041)	(700,515)	(324,023)
Other Operating Revenues	303,317	15,744	37,875
Net Cash Provided by Operating Activities	1,968,112	329,142	463,755
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In From Other Funds	0	10,507	8,653
Interest Paid on General Obligation Notes	(7,479)	0	0
Principal Paid on General Obligation Notes	(750,000)	0	0
Premium on Sale of General Obligation Notes	4,865	0	0
Proceeds from the Sale of General Obligation Notes	700,000	0	0
Net Cash Provided (Used) for Noncapital Financing Activities	(52,614)	10,507	8,653
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(3,139,327)	(1,569,025)	(52,399)
Receipt of Lease Payments	54,065	0	0
Sale of General Obligation Notes	638,000	2,090,000	1,475,000
Premium on Sale of General Obligation Notes	5,991	13,374	10,551
Principal Paid on General Obligation Notes	(699,670)	(2,588,030)	(2,261,400)
Principal Paid on General Obligation Bonds	(95,000)	0	(25,000)
Principal Paid on OPWC Loan	0	(63,122)	(9,776)
Interest Paid on Capital Debt	(11,372)	(34,225)	(32,093)
Net Cash Used for Capital and Related Financing Activities	(3,247,313)	(2,151,028)	(895,117)
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	258,684	508,455	0
Net Cash Provided from Investing Activities	258,684	508,455	0
Net Increase (Decrease) in Cash and Cash Equivalents	(1,073,131)	(1,302,924)	(422,709)
Cash and Cash Equivalents at Beginning of Year	6,447,997	2,612,005	1,217,376
Cash and Cash Equivalents at End of Year	\$5,374,866	\$1,309,081	\$794,667
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$5,177,824	\$1,309,081	\$794,667
Restricted Cash and Cash Equivalents	197,042	0	0
Cash and Cash Equivalents at End of Year	\$5,374,866	\$1,309,081	\$794,667

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
\$870,055	\$21,330,340
(858,490)	(16,770,123)
0	(2,144,579)
0	356,936
<u>11,565</u>	<u>2,772,574</u>

0	19,160
0	(7,479)
0	(750,000)
0	4,865
<u>0</u>	<u>700,000</u>

<u>0</u>	<u>(33,454)</u>
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0	(4,760,751)
0	54,065
0	4,203,000
0	29,916
0	(5,549,100)
0	(120,000)
0	(72,898)
<u>0</u>	<u>(77,690)</u>

<u>0</u>	<u>(6,293,458)</u>
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<u>0</u>	<u>767,139</u>
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<u>0</u>	<u>767,139</u>
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11,565	(2,787,199)
<u>137,558</u>	<u>10,414,936</u>
<u>\$149,123</u>	<u>\$7,627,737</u>

\$149,123	\$7,430,695
<u>0</u>	<u>197,042</u>
<u>\$149,123</u>	<u>\$7,627,737</u>

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015**

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	\$2,050,249	(\$170,525)	\$195,418
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	583,234	562,622	276,265
Adjustments to Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	111,486	(54,593)	(18,510)
(Increase) in Intergovernmental Receivable	0	(11,076)	0
Decrease in Special Assessments Receivable	2,061	3,310	35,718
(Increase) Decrease in Inventory	(189,418)	2,374	(1,624)
(Increase) in Prepaid Items	(1,169)	(336)	(648)
Decrease in Due from Other Funds	836	358	239
(Increase) in Deferred Outflows - Pension	(117,798)	(76,906)	(36,688)
Increase in Accounts Payable	17,258	1,604	1,328
(Decrease) in Accrued Wages and Benefits	(34,194)	(23,450)	(11,328)
Increase (Decrease) in Due to Other Funds	(748)	(429)	(64)
Increase in Deferred Revenue	0	0	0
Increase (Decrease) in Intergovernmental Payable	927	20,695	(11,202)
(Decrease) in Claims Payable	(557,787)	0	0
Increase in Customer Deposits Payable	5,237	0	0
Increase (Decrease) in Compensated Absences	(8,397)	6,159	1,767
Increase in Deferred Inflows - Pension	11,557	7,340	3,519
Increase in Net Pension Liability	94,778	61,995	29,565
Total Adjustments	(82,137)	499,667	268,337
Net Cash Provided by Operating Activities	<u>\$1,968,112</u>	<u>\$329,142</u>	<u>\$463,755</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2015 the Electric and Water Funds had outstanding liabilities for capital assets of \$322,160 and \$99,411, respectively.

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
(\$49,655)	\$2,025,487
0	1,422,121
0	38,383
0	(11,076)
0	41,089
0	(188,668)
0	(2,153)
0	1,433
0	(231,392)
1,002	21,192
0	(68,972)
54	(1,187)
60,164	60,164
0	10,420
0	(557,787)
0	5,237
0	(471)
0	22,416
0	186,338
61,220	747,087
\$11,565	\$2,772,574

CITY OF TIPP CITY, OHIO

Statement of Assets and Liabilities
Agency Funds
December 31, 2015

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 9,372
Restricted Assets:	
Cash and Cash Equivalents	<u>860,859</u>
Total Assets	<u>870,231</u>
Liabilities:	
Due to Others	<u>870,231</u>
Total Liabilities	<u>\$ 870,231</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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, 2015 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, 2015***

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.

25-A Construction Fund – This fund is used to account for improvements to 25A County Road financed by note proceeds and intergovernmental revenues.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

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

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

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

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

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

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

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

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

Fiduciary Funds

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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, 2015***

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, 2015***

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, 2015 but which are not intended to finance 2015 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, 2015***

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 2015.

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 2015, 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, 2015**

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)	\$336,579
Increase (Decrease):	
Accrued Revenues at December 31, 2015 received during 2016	(853,174)
Accrued Revenues at December 31, 2014 received during 2015	711,310
Accrued Expenditures at December 31, 2015 paid during 2016	140,522
Accrued Expenditures at December 31, 2014 paid during 2015	(317,790)
2015 Prepaids for 2016	(20,001)
2014 Prepaids for 2015	19,900
Outstanding Encumbrances	(120,832)
Budget Basis	<u>(\$103,486)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, State Treasury Asset Reserve (STAR) Plus and certificates of deposit with original maturity dates of three months or less. STAR Plus is a federally insured cash accounts powered by the Federally Insured Cash Account (FICA) Program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully selected FDIC insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits.

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

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the City's Investment Policies. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 6, "Cash, Cash Equivalents and Investments."

H. Restricted Assets

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

I. Inventory

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015, 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 fair market 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 fair market 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, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation (Continued)

3. Depreciation

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

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

L. Long-Term Obligations

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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. Net position restricted for Other Purposes include federal grants for security of persons and property and mandatory fines for various court programs.

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

O. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balance (Continued)

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

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

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

S. Estimates

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

T. Operating Revenues and Expenses

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

U. Deferred Outflows/Inflows of Resources

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. On the government-wide statement of net position and the proprietary statement of net position, unearned interest earnings, that will be earned over the term of the lease, are reported as deferred revenue. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide and proprietary funds statement of net position. See Note 12.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

In 2015 the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure.

The implementation of GASB 68 had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business-type Activities	Electric	Water	Sewer
Net Position December 31, 2014	\$48,015,384	\$40,936,909	\$16,270,845	\$11,921,911	\$12,676,598
Adjustments:					
Net Pension Liability	(4,903,434)	(1,247,138)	(642,970)	(408,389)	(195,779)
Deferred Outflows -					
Payments Subsequent to Measurement Date	494,226	156,697	80,786	51,312	24,599
Restated Net Position December 31, 2014	<u>\$43,606,176</u>	<u>\$39,846,468</u>	<u>\$15,708,661</u>	<u>\$11,564,834</u>	<u>\$12,505,418</u>

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Capital Improvement Reserve Fund	25-A Construction Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$20,001	\$2,197	\$0	\$5,146	\$27,344
Supplies Inventory	61,905	0	0	71,323	133,228
Total Nonspendable	81,906	2,197	0	76,469	160,572
Restricted:					
Transportation Projects	0	0	0	763,168	763,168
Police Activities	0	0	0	26,774	26,774
Debt Retirement	0	0	0	55,317	55,317
Capital Improvements	0	0	69,159	61,098	130,257
Total Restricted	0	0	69,159	906,357	975,516
Committed:					
Swimming Pool	0	0	0	25,766	25,766
Police Activities	0	0	0	145	145
Total Committed	0	0	0	25,911	25,911
Assigned:					
Goods and Services	102,119	0	0	0	102,119
Projected Budgetary Deficit	439,814	0	0	0	439,814
Total Committed	541,933	0	0	0	541,933
Unassigned:	5,321,011	(740,141)	0	(126,090)	4,454,780
Total Fund Balances	\$5,944,850	(\$737,944)	\$69,159	\$882,647	\$6,158,712

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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	\$723,838
Delinquent Property Tax Revenue	1,387
Shared Revenues	425,171
Interest Revenue	2,405
Special Assessment Revenue	828,894
Deferred Charges for Services	129,278
	\$2,110,973

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$420,000)
General Obligation Notes Payable	(1,095,900)
Special Assessment Bond Payable	(505,000)
Accrued Interest on Long-Term Debt	(13,025)
OPWC Loan Payable	(922,404)
Compensated Absences Payable	(553,992)
	(\$3,510,321)

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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

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

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

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

Capital Outlay	\$2,875,822
Depreciation Expense	(1,820,762)
	<u>\$1,055,060</u>

Governmental revenues not reported in the funds:

Increase in Deferred/Delinquent Tax Revenue	\$160,874
Increase in Shared Revenue	85,454
Decrease in Special Assessment Revenue	(90,474)
Decrease in Interest Revenue	(31)
Decrease in Deferred Charges for Services	(23,448)
	<u>\$132,375</u>

Issuance of long-term debt:

General Obligation Notes Issued	(\$1,095,900)
---------------------------------	---------------

Amount of bond principal payments:

General Obligation Bond Principal Payment	\$150,000
Special Assessment Bond Principal Payment	45,000
OPWC Loan Principal Payment	48,182
General Obligation Note Principal Payment	1,390,300
	<u>\$1,633,482</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$46,675)
Increase in supplies inventory	12,925
	<u>(\$33,750)</u>

NOTE 5 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits at December 31, 2015 of \$737,944 and \$126,090 in the Capital Improvement Reserve and the Abbott Drive Construction, respectively (capital projects funds), are the result of recording notes payable and accruals in the individual fund balance sheets. The General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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, 2015**

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

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

A. Deposits

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

At year end the carrying amount of the City's deposits was \$15,178,959 and the bank balance was \$15,318,510. Federal depository insurance covered \$11,452,522 of the bank balance. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$3,865,988</u>
Total Balance	<u><u>\$3,865,988</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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

The City's investments at December 31, 2015 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years) 1-3
FHLB	\$498,513	AA ⁺	\$498,513
FFCB	495,351	AA ⁺	495,351
Freddie Mac	497,077	AA ⁺	497,077
Total Investments	<u>\$1,490,941</u>		<u>\$1,490,941</u>

¹ Standard & Poor's

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, 33.4% are FHLB, 33.2% are FFCB, 33.3% are Freddie Mac.

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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

C. Reconciliation of Cash, Cash Equivalents and Investments (Continued)

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

	Cash and Cash Equivalents	Investments
Per GASB Statement No. 9	\$14,877,829	\$1,792,071
Certificates of Deposit (with maturities of more than 3 months)	301,130	(301,130)
Per GASB Statement No. 3	<u>\$15,178,959</u>	<u>\$1,490,941</u>

NOTE 7 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property used in business and located in the City. Real property taxes (other than public utility) collected during 2015 were levied after October 1, 2014 on assessed values as of January 1, 2014, 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 2007. 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, 2015 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2015 levy was based was \$254,574,200. This amount constitutes \$247,943,820 in real property assessed value and \$6,630,380 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 7 – TAXES (Continued)

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 2015 was \$5,834,924. This represents a 9.2% increase from 2014 income tax revenue of \$5,344,919.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2015 consisted of taxes, special assessments, interfund receivables, interest, lease receivable, accounts receivable and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred inflows of resources are considered collectable in full.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2015:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$170,000
Capital Improvement Reserve Fund	90,000	454,867
25-A Construction Fund	45,570	0
Other Governmental Funds	481,145	11,008
Total Governmental Funds	<u>616,715</u>	<u>635,875</u>
Water Fund	10,507	0
Sewer Fund	8,653	0
Total Proprietary Funds	<u>19,160</u>	<u>0</u>
Totals	<u>\$635,875</u>	<u>\$635,875</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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of due from other funds and due to other funds for all funds for 2015:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$78,463	\$1,736
Other Governmental Funds	0	139
Total Governmental Funds	<u>78,463</u>	<u>1,875</u>
Electric Fund	3,326	74,833
Water Fund	361	1,373
Sewer Fund	283	722
Refuse Collection Fund	0	3,630
Total Proprietary Funds	<u>3,970</u>	<u>80,558</u>
Totals	<u>\$82,433</u>	<u>\$82,433</u>

The due to / due from balances account for amounts due between funds for utility balances. The interfund loan receivable / payable for \$200,000 between the General Fund and the Capital Improvement Reserve Fund represents a short term loan in anticipation of reimbursement grant proceeds.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2015:

Historical Cost:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Non-depreciable Capital assets:				
Land	\$13,549,726	\$0	\$0	\$13,549,726
Construction in Progress	0	1,489,518	0	1,489,518
Total Non-depreciable Capital assets	13,549,726	1,489,518	0	15,039,244
Capital assets being depreciated:				
Buildings	8,554,843	58,900	0	8,613,743
Improvements Other Than Buildings	6,397,357	84,680	0	6,482,037
Machinery and Equipment	8,493,559	761,053	(398,107)	8,856,505
Infrastructure	31,514,155	481,671	(253,546)	31,742,280
Total Depreciable Capital assets	54,959,914	1,386,304	(651,653)	55,694,565
Total Cost	\$68,509,640	\$2,875,822	(\$651,653)	\$70,733,809

Accumulated Depreciation:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings	(\$2,379,596)	(\$194,977)	\$0	(\$2,574,573)
Improvements Other Than Buildings	(2,559,431)	(240,816)	0	(2,800,247)
Machinery and Equipment	(5,956,482)	(522,968)	398,107	(6,081,343)
Infrastructure	(12,757,237)	(862,001)	228,419	(13,390,819)
Total Depreciation	(\$23,652,746)	(\$1,820,762) *	\$626,526	(\$24,846,982)
Net Value:	\$44,856,894			\$45,886,827

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$366,681)
Leisure Time Activities	(380,590)
Transportation	(967,337)
General Government	(106,154)
Total Depreciation Expense	(\$1,820,762)

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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, 2015:

Historical Cost:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Non-depreciable Capital assets:				
Land	\$2,234,492	\$0	\$0	\$2,234,492
Construction in Progress	1,935,005	3,789,290	(1,263,045)	4,461,250
Total Non-depreciable Capital Assets	4,169,497	3,789,290	(1,263,045)	6,695,742
Capital assets being depreciated:				
Buildings	2,203,610	1,927,074	0	4,130,684
Improvements Other Than Buildings	37,819,225	278,660	(6,545)	38,091,340
Machinery and Equipment	3,137,788	257,397	(12,981)	3,382,204
Total Depreciable Capital assets	43,160,623	2,463,131	(19,526)	45,604,228
Total Cost	\$47,330,120	\$6,252,421	(\$1,282,571)	\$52,299,970

Accumulated Depreciation:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings	(\$895,699)	(\$106,005)	\$0	(\$1,001,704)
Improvements Other Than Buildings	(16,419,015)	(1,089,592)	3,054	(17,505,553)
Machinery and Equipment	(1,909,120)	(226,524)	12,981	(2,122,663)
Total Depreciation	(\$19,223,834)	(\$1,422,121)	\$16,035	(\$20,629,920)
Net Value:	\$28,106,286			\$31,670,050

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
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, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

	<u>State and Local</u>
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also 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 \$407,050 for 2015.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Plan Description - City full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report 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 after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$291,343 for 2015.

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, 2014, 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, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. 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	\$3,198,970	\$3,216,391	\$6,415,361
Proportion of the Net Pension Liability	0.026523%	0.0620875%	
Pension Expense	\$350,624	\$311,978	\$662,602

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$170,687	\$138,623	\$309,310
City contributions subsequent to the measurement date	<u>407,050</u>	<u>291,343</u>	<u>698,393</u>
Total Deferred Outflows of Resources	<u>\$577,737</u>	<u>\$429,966</u>	<u>\$1,007,703</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	<u>\$56,200</u>	<u>\$0</u>	<u>\$56,200</u>

\$698,393 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2016	\$16,741	\$34,656	\$51,397
2017	16,741	34,656	51,397
2018	38,333	34,656	72,989
2019	<u>42,672</u>	<u>34,655</u>	<u>77,327</u>
Total	<u>\$114,487</u>	<u>\$138,623</u>	<u>\$253,110</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.

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, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

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 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 8 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 8 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 (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$5,885,188	\$3,198,970	\$936,527

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. 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, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
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, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$4,448,756	\$3,216,391	\$2,172,953

NOTE 13 - POSTEMPLOYMENT BENEFITS**A. Ohio Public Employees Retirement System ("OPERS")**

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee’s Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees 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 2.0% during calendar year 2015. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The 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 to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The City's contributions for health care to the OPERS for the years ending December 31, 2015, 2014, and 2013 were \$70,586, \$70,066 and \$35,643, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2015, 2014, and 2013 were \$7,667, \$6,812 and \$46,710 for police, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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, 2015, the City's accumulated, unpaid compensated absences amounted to \$781,839, of which \$553,992 is recorded as a liability of the Governmental Activities and \$227,847 is recorded as a liability of the Business-Type Activities. The amounts are recorded in "Due within One Year" and "Due in More Than One Year" on the Entity Wide Statement of Net position based upon estimated usage.

NOTE 15 - 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015****NOTE 15 - NOTES PAYABLE (Continued)**

The City had the following bond anticipation note activity during 2015:

	Maturity Date	Balance December 31, 2014	Issued	(Retired)	Balance December 31, 2015
Capital Projects Notes Payable:					
1.00% 25A Reconstruction	2/16/2016	\$44,000	\$45,000	(\$44,000)	\$45,000
1.00% Kinna Drive Construction	2/16/2016	100,000	50,000	(100,000)	50,000
1.00% Abbott Drive Construction	2/16/2016	75,000	75,000	(75,000)	75,000
1.00% Fire Truck	2/16/2016	82,500	83,000	(82,500)	83,000
1.00% Main Street Streetscape Improvement	2/16/2016	62,100	62,100	(62,100)	62,100
1.00% Fire Station Improvement	11/24/2016	1,465,000	1,220,000	(1,465,000)	1,220,000
1.00% South Third Street Reconstruction	11/24/2016	411,000	341,000	(411,000)	341,000
Total Capital Projects Notes Payable		2,239,600	1,876,100	(2,239,600)	1,876,100
Enterprise Notes Payable:					
1.00% Electric Notes	2/16/2016	111,790	112,180	(111,790)	112,180
1.00% Water Notes	2/16/2016	186,010	186,120	(186,010)	186,120
1.00% Sewer Notes	2/16/2016	512,600	120,600	(512,600)	120,600
1.00% Main Street Utility Improvement - Water	11/24/2016	168,000	146,000	(168,000)	146,000
1.00% Main Street Utility Improvement - Sewer	11/24/2016	112,000	99,000	(112,000)	99,000
1.00% Roselyn Water Improvement	11/25/2015	265,000	0	(265,000)	0
1.00% Roselyn Sewer Improvement	11/25/2015	265,000	0	(265,000)	0
Total Enterprise Notes Payable		1,620,400	663,900	(1,620,400)	663,900
Total Notes Payable		\$3,860,000	\$2,540,000	(\$3,860,000)	\$2,540,000

Multiple note issues were rolled over in February 2016 thereby extending their due dates beyond twelve months from the end of 2015. 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 2016 are recorded as long-term debt obligations in Note 18.

NOTE 16 – CONSTRUCTION COMMITMENTS

At December 31, 2015 the City had the following contractual commitments outstanding:

Project	Remaining Contractual Commitment	Estimated Date of Completion
County Road 25A Widening	\$2,359,255	12/31/2016
Electric Utility Service Center	239,807	2/29/2016
W. Walnut St. Waterline Project	103,600	2/29/2016
Total Construction Commitments	\$2,702,662	

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 17 - CAPITAL LEASE RECEIVABLE

The City and the Northern Area Water Authority (NAWA) have entered into a capital lease agreement where the City will finance the lease-purchase of a backup electric generator on behalf of NAWA. The value of the equipment leased under the lease agreement is \$1,245,755. The receivable is recorded within the Electric Fund and is recorded on the Statement of Net Position as lease receivable – current and lease receivable. The following is a schedule of future minimum lease payments, to be received, under the capital lease together with the present value of the net minimum lease payments as of December 31, 2015:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>
2016	\$57,800
2017	76,000
2018	74,000
2019	72,000
2020	70,000
2021-2025	320,000
2026-2029	<u>220,000</u>
Minimum Lease Payments	889,800
Less amount representing unearned revenue	<u>(189,800)</u>
Present value of minimum lease payments	<u><u>\$700,000</u></u>

The capital lease agreement was amended in 2011 due to the favorable interest rate environment and the City's intent to reissue the debt as short-term notes through 2015 rather than issuing long-term bonds. Savings on projected interest expense will be passed through to NAWA in the form of lower annual payment on the lease.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 18 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2015 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2014	Issued	(Retired)	Balance December 31, 2015	Amount Due Within One Year
Business Type-Activities:							
General Obligation Bonds:							
4.6-4.625% Electric Improvement Bonds	\$995,000	2015	\$95,000	\$0	(\$95,000)	\$0	\$0
2.0-3.85% Rosewood Sewer Bonds	300,000	2016	50,000	0	(25,000)	25,000	25,000
Total General Obligation Bonds			145,000	0	(120,000)	25,000	25,000
General Obligation Notes:							
1.00% Electric Notes	1,225,820	2017	1,337,880	1,225,820	(1,337,880)	1,225,820	0
1.00% Water Notes	1,757,880	2017	1,969,020	1,757,880	(1,969,020)	1,757,880	0
1.00% Sewer Notes	1,255,400	2017	1,371,800	1,255,400	(1,371,800)	1,255,400	0
Total General Obligation Notes			4,678,700	4,239,100	(4,678,700)	4,239,100	0
Ohio Public Works Commission Loans:							
0.00% OPWC Loan - AMR/AMI Project	600,000	2032	510,000	0	(30,000)	480,000	30,000
0.00% OPWC Loan - Water Tower Project	425,000	2033	403,750	0	(21,250)	382,500	21,250
0.00% OPWC Loan - Downtown Utilities Pro	401,915	2034	391,091	0	(21,648)	369,443	21,648
Total Ohio Public Works Commission Loans			1,304,841	0	(72,898)	1,231,943	72,898
Net Pension Liability:							
Ohio Public Employers Retirement System			1,247,138	186,338	(156,697)	1,276,779	0
Compensated Absences			228,318	227,847	(228,318)	227,847	60,128
Total Business-Type Activity Long-Term Liabilities			\$7,603,997	\$4,653,285	(\$5,256,613)	\$7,000,669	\$158,026
Governmental Activities:							
Unvoted General Obligation Bonds:							
4.6-4.625% Service Center Improvement	\$940,000	2015	\$40,000	\$0	(\$40,000)	\$0	\$0
4.0-4.800% Capital Facilities Bond	2,325,000	2019	500,000	0	(100,000)	400,000	100,000
2.0-4.15% Donn Davis Construction - City Share	250,000	2017	30,000	0	(10,000)	20,000	10,000
Total General Obligation Bonds			570,000	0	(150,000)	420,000	110,000
General Obligation Notes:							
1.00% Capital Projects Notes	1,095,900	2017	1,390,300	1,095,900	(1,390,300)	1,095,900	0
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	550,000	0	(45,000)	505,000	45,000
Ohio Public Works Commission Loan:							
0.00% OPWC Loan - Main Street Streetscape	970,586	2034	970,586	0	(48,182)	922,404	48,182
Net Pension Liability:							
Ohio Public Employees Retirement System			1,879,578	278,773	(236,160)	1,922,191	0
Ohio Police and Fire Pension System			3,023,856	450,601	(258,066)	3,216,391	0
Total Net Pension Liability			4,903,434	729,374	(494,226)	5,138,582	0
Compensated Absences			507,317	553,992	(507,317)	553,992	165,600
Total Governmental Activity Long-Term Liabilities			\$8,891,637	\$2,379,266	(\$2,635,025)	\$8,635,878	\$368,782

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 18 - LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's special assessment bonds outstanding at December 31, 2015, \$505,000, 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, 2015, follow:

Years	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$135,000	\$20,663	\$45,000	\$21,890	\$121,080	\$0
2017	110,000	14,716	50,000	20,158	121,080	0
2018	100,000	9,600	50,000	18,083	121,080	0
2019	100,000	4,800	55,000	16,008	121,080	0
2020	0	0	55,000	13,725	121,080	0
2021-2025	0	0	250,000	28,575	605,400	0
2026-2030	0	0	0	0	605,400	0
2031-2034	0	0	0	0	338,147	0
Totals	\$445,000	\$49,779	\$505,000	\$118,439	\$2,154,347	\$0

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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, 2015, the pool has twenty 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 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:

General/Automobile Liability	\$10,000,000	per occurrence
Public Officials Liability	10,000,000	per occurrence
Property	1,000,000,000	per occurrence
Boiler and Machinery	100,000,000	per occurrence
Flood (Zones A & V)	5,000,000	per occurrence and aggregate
Flood (except Zones A & V)	25,000,000	per occurrence and aggregate
Earthquake (Property)	25,000,000	aggregate

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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, 2015 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 9/1/15-8/31/16, the City pays 88% of the HSA Plan monthly premium of \$469.93 for single coverage and \$1,283.07 for family coverage. The City also makes an annual contribution to the employee health savings accounts. The annual amount of City contributions to the Health Savings Account is \$1,100 for single coverage and \$3,000 for family coverage. The City also offers two PPO plans for health insurance. The monthly premium for the "core" PPO plan is \$621.94 for single coverage and \$1,698.12 for family coverage. The City pays 88% of the monthly premium for this plan. The City also offers a "savings" PPO plan with higher deductibles and lower monthly premiums. The monthly premium for the "savings" PPO plan is \$541.70 for single coverage and \$1,479.02 for family coverage. The City pays 95% of the monthly premium for this plan.

Dental insurance is offered through DentaSelect Plus with a deductible of \$25 for single coverage and up to \$75 for family coverage. The City pays 88% of the monthly premium of \$26.25 for single coverage and \$79.11 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, 2015***

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 \$6,438,241 which represents 20.96% of the total equity in Tri-Cities. This reflects a decrease of .2% under the City's equity interest of 21.16% in 2014. 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 2015, the City paid \$684,258 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 \$503,237 which represents 50% of the total equity of NAWA on December 31, 2015. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2015, the City paid \$1,564,037 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, 2015***

NOTE 21 – AMP GS PROJECT

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 12,000 kilowatts of a total 771,281 kilowatts, giving the City a 1.56 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$2,085,435. The City received a credit of \$427,162 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$542,698 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$1,115,575. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable. Since March 31, 2014 the City has made payments of \$1,115,575 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the City's allocation of additional costs incurred by the project is \$15,955 and interest expense incurred on AMP's line of credit of \$3,801, resulting in a net impaired cost estimate at December 31, 2015 of \$19,756.

NOTE 22 - 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.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 23 – SUBSEQUENT EVENTS

On January 19, 2016, the City authorized a contract with LeVan's Excavating Inc. for construction of a walking/biking trail through Leshar Woods in the amount of \$223,336. The City had previously received a reimbursement grant from the Ohio Department of Natural Resources Recreational Trails Program which is estimated to reimburse the City for approximately 67% of the construction costs.

On February 1, 2016, the City authorized a contract with Virginia Transformer Corporation for the purchase of a power transformer related to Substation #3 improvements in the amount of \$477,532. This transformer is part of an approx. \$2 million project to renovate and expand Substation #3.

On February 16, 2016, the City issued general obligation bond anticipation notes, in the amount of \$6,035,000 to retire notes previously issued, for the purposes of improving County Road 25A and Kinna Drive, the purchase and installation of an electric generator at the water treatment plant, construction of a one million gallon elevated water storage tank, purchase and installation of an AMR/AMI water metering infrastructure, purchase of an aerial ladder truck for the fire department, Main Street Sanitary Sewer lift station improvements, Water Tower #2 rehabilitation and painting, and the Main Street Utility/Streetscape Improvements. The notes have an interest rate of 1.2 percent and mature on February 15, 2017.

On March 7, 2016, the City authorized a contract with Milcon Concrete for the replacement of water and sewer lines and repaving of streets in the Roselyn Subdivision in the amount of \$654,910.

On March 16, 2015, the City authorized a contract with Barrett Paving for the City's 2016 asphalt paving program in the amount of \$442,153.

On April 4, 2016, the City authorized a contract with Utility Truck Equipment through the State of Ohio Cooperative Purchasing Plan for the purchase of a 60' aerial lift truck, for use by the City's Electric Department, at a cost not to exceed \$215,930.

NOTE 24 – SIGNIFICANT ENCUMBRANCES

At December 31, 2015 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	\$ 853,677	\$ 266,630 197,130	Leshar Woods Trail Construction Dry Materials Storage Facility
25-A Construction	2,932,916	2,223,950 135,305	Contractor Services - 25-A Project Contractor Inspection Services
Electric	3,672,924	2,822,870	Substation 3 Improvements
Water	402,285	134,104	Miscellaneous Waterline Improvements
Sewer	338,036	250,000	25-A Sewer Line Improvements

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF TIPP CITY, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

Year	2013	2014
City's proportion of the net pension liability (asset)	0.0620875%	0.0620875%
City's proportionate share of the net pension liability (asset)	\$3,023,856	\$3,216,391
City's covered-employee payroll	\$1,250,733	\$1,358,242
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	241.77%	236.81%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%

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

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

CITY OF TIPP CITY, OHIO

**Schedule of City Contributions
Last Three Years**

Ohio Public Employees Retirement System

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

Information prior to 2013 is not available.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Swimming Pool Fund

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Municipal Road Fund

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

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.

Fieldstone TIF Project Fund

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

Police Donation Trust Fund

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

(Continued)

Debt Service Funds

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

General Bond Retirement Fund

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

Special Assement Bond Retirement Fund

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

Capital Projects Funds

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

Parks Capital Improvement Fund

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

Abbott Drive Construction Fund

To account for street improvements to Abbott Drive financed by note proceeds.

Ohio Public Works Commission (OPWC) Grant Fund

To account for street construction projects, partially funded by state grants from the Ohio Public Works Commission.

CITY OF TIPP CITY, OHIO**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 735,557	\$ 55,317	\$ 61,098	\$ 851,972
Receivables:				
Accounts	13	0	0	13
Intergovernmental	327,280	0	0	327,280
Special Assessments	0	662,878	0	662,878
Inventory of Supplies, at Cost	71,323	0	0	71,323
Prepaid Items	5,146	0	0	5,146
Total Assets	\$ 1,139,319	\$ 718,195	\$ 61,098	\$ 1,918,612
Liabilities:				
Accounts Payable	\$ 20,233	\$ 0	\$ 0	\$ 20,233
Accrued Wages and Benefits Payable	8,423	0	0	8,423
Intergovernmental Payable	49	0	0	49
Due to Other Funds	139	0	0	139
Accrued Interest Payable	0	0	1,090	1,090
General Obligation Notes Payable	0	0	125,000	125,000
Total Liabilities	28,844	0	126,090	154,934
Deferred Inflows of Resources:				
Unavailable Amounts	218,153	662,878	0	881,031
Fund Balances:				
Nonspendable	76,469	0	0	76,469
Restricted	789,942	55,317	61,098	906,357
Committed	25,911	0	0	25,911
Unassigned	0	0	(126,090)	(126,090)
Total Fund Balances	892,322	55,317	(64,992)	882,647
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 1,139,319	\$ 718,195	\$ 61,098	\$ 1,918,612

CITY OF TIPP CITY, OHIO

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 68,723	\$ 0	\$ 12,804	\$ 81,527
Intergovernmental Revenues	686,364	0	1,934	688,298
Charges for Services	264,632	0	0	264,632
Licenses and Permits	38	0	0	38
Special Assessments	0	73,653	0	73,653
Fines and Forfeitures	1,227	0	0	1,227
All Other Revenue	40,390	0	0	40,390
Total Revenue	<u>1,061,374</u>	<u>73,653</u>	<u>14,738</u>	<u>1,149,765</u>
Expenditures:				
Current:				
Security of Persons and Property	1,462	0	0	1,462
Leisure Time Activities	351,276	0	0	351,276
Transportation	669,395	0	0	669,395
General Government	0	3,507	0	3,507
Capital Outlay	7,937	0	18,227	26,164
Debt Service:				
Principal Retirement	0	243,182	350,000	593,182
Interest and Fiscal Charges	0	66,070	2,385	68,455
Total Expenditures	<u>1,030,070</u>	<u>312,759</u>	<u>370,612</u>	<u>1,713,441</u>
Excess (Deficiency) of Revenues Over Expenditures	31,304	(239,106)	(355,874)	(563,676)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	225,000	225,000
Transfers In	80,000	223,343	177,802	481,145
Transfers Out	(11,008)	0	0	(11,008)
Total Other Financing Sources (Uses)	<u>68,992</u>	<u>223,343</u>	<u>402,802</u>	<u>695,137</u>
Net Change in Fund Balances	100,296	(15,763)	46,928	131,461
Fund Balances at Beginning of Year	777,078	71,080	(111,920)	736,238
Change in Inventory	14,948	0	0	14,948
Fund Balances End of Year	<u>\$ 892,322</u>	<u>\$ 55,317</u>	<u>\$ (64,992)</u>	<u>\$ 882,647</u>

CITY OF TIPP CITY, OHIO**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Assets:				
Cash and Cash Equivalents	\$ 25,766	\$ 233,845	\$ 143,556	\$ 305,521
Receivables:				
Accounts	0	13	0	0
Intergovernmental	0	206,846	16,771	103,613
Inventory of Supplies, at Cost	0	71,323	0	0
Prepaid Items	1,461	3,655	0	30
Total Assets	<u>\$ 27,227</u>	<u>\$ 515,682</u>	<u>\$ 160,327</u>	<u>\$ 409,164</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 5,386	\$ 2,820	\$ 12,027
Accrued Wages and Benefits Payable	0	6,424	0	1,999
Intergovernmental Payable	0	49	0	0
Due to Other Funds	0	139	0	0
Total Liabilities	<u>0</u>	<u>11,998</u>	<u>2,820</u>	<u>14,026</u>
Deferred Inflows of Resources:				
Unavailable Amounts	<u>0</u>	<u>137,897</u>	<u>11,181</u>	<u>69,075</u>
Fund Balances:				
Nonspendable	1,461	74,978	0	30
Restricted	0	290,809	146,326	326,033
Committed	25,766	0	0	0
Total Fund Balances	<u>27,227</u>	<u>365,787</u>	<u>146,326</u>	<u>326,063</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,227</u>	<u>\$ 515,682</u>	<u>\$ 160,327</u>	<u>\$ 409,164</u>

CITY OF TIPP CITY, OHIO

Law Enforcement	Enforcement and Education	Drug Law Enforcement	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 13,929	\$ 5,779	\$ 7,016	\$ 145	\$ 735,557
0	0	0	0	13
0	50	0	0	327,280
0	0	0	0	71,323
0	0	0	0	5,146
<u>\$ 13,929</u>	<u>\$ 5,829</u>	<u>\$ 7,016</u>	<u>\$ 145</u>	<u>\$ 1,139,319</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,233
0	0	0	0	8,423
0	0	0	0	49
0	0	0	0	139
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,844</u>
0	0	0	0	218,153
0	0	0	0	76,469
13,929	5,829	7,016	0	789,942
0	0	0	145	25,911
<u>13,929</u>	<u>5,829</u>	<u>7,016</u>	<u>145</u>	<u>892,322</u>
<u>\$ 13,929</u>	<u>\$ 5,829</u>	<u>\$ 7,016</u>	<u>\$ 145</u>	<u>\$ 1,139,319</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, 2015

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	431,547	34,991	219,826
Charges for Services	264,614	18	0	0
Licenses and Permits	0	38	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	25,768	4,446	1,761	4,094
Total Revenue	<u>290,382</u>	<u>436,049</u>	<u>36,752</u>	<u>223,920</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	351,276	0	0	0
Transportation	0	401,959	17,954	180,759
Capital Outlay	0	755	0	2,303
Total Expenditures	<u>351,276</u>	<u>402,714</u>	<u>17,954</u>	<u>183,062</u>
Excess (Deficiency) of Revenues Over Expenditures	(60,894)	33,335	18,798	40,858
Other Financing Sources (Uses):				
Transfers In	80,000	0	0	0
Transfers Out	0	0	0	(11,008)
Total Other Financing Sources (Uses)	<u>80,000</u>	<u>0</u>	<u>0</u>	<u>(11,008)</u>
Net Change in Fund Balances	19,106	33,335	18,798	29,850
Fund Balances at Beginning of Year	8,121	317,504	127,528	296,213
Change in Inventory	0	14,948	0	0
Fund Balances End of Year	<u>\$ 27,227</u>	<u>\$ 365,787</u>	<u>\$ 146,326</u>	<u>\$ 326,063</u>

CITY OF TIPP CITY, OHIO

Law Enforcement	Enforcement and Education	Drug Law Enforcement	Fieldstone TIF Project	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 68,723	\$ 0	\$ 68,723
0	0	0	0	0	686,364
0	0	0	0	0	264,632
0	0	0	0	0	38
0	1,202	25	0	0	1,227
4,321	0	0	0	0	40,390
4,321	1,202	25	68,723	0	1,061,374
96	0	0	0	1,366	1,462
0	0	0	0	0	351,276
0	0	0	68,723	0	669,395
4,879	0	0	0	0	7,937
4,975	0	0	68,723	1,366	1,030,070
(654)	1,202	25	0	(1,366)	31,304
0	0	0	0	0	80,000
0	0	0	0	0	(11,008)
0	0	0	0	0	68,992
(654)	1,202	25	0	(1,366)	100,296
14,583	4,627	6,991	0	1,511	777,078
0	0	0	0	0	14,948
\$ 13,929	\$ 5,829	\$ 7,016	\$ 0	\$ 145	\$ 892,322

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2015**

	General Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 39,462	\$ 15,855	\$ 55,317
Receivables:			
Special Assessments	0	662,878	662,878
Total Assets	<u>\$ 39,462</u>	<u>\$ 678,733</u>	<u>\$ 718,195</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Deferred Inflows of Resources:			
Unavailable Amounts	0	662,878	662,878
Fund Balances:			
Restricted	39,462	15,855	55,317
Total Fund Balances	<u>39,462</u>	<u>15,855</u>	<u>55,317</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 39,462</u>	<u>\$ 678,733</u>	<u>\$ 718,195</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2015**

	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	198,182	45,000	243,182
Interest and Fiscal Charges	42,447	23,623	66,070
Total Expenditures	<u>240,629</u>	<u>72,130</u>	<u>312,759</u>
Excess (Deficiency) of Revenues Over Expenditures	(240,629)	1,523	(239,106)
Other Financing Sources (Uses):			
Transfers In	223,343	0	223,343
Total Other Financing Sources (Uses)	<u>223,343</u>	<u>0</u>	<u>223,343</u>
Net Change in Fund Balances	(17,286)	1,523	(15,763)
Fund Balances at Beginning of Year	56,748	14,332	71,080
Fund Balances End of Year	<u>\$ 39,462</u>	<u>\$ 15,855</u>	<u>\$ 55,317</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2015**

	Parks Capital Improvement	Abbott Drive Construction	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 61,098	\$ 0	\$ 61,098
Total Assets	<u>\$ 61,098</u>	<u>\$ 0</u>	<u>\$ 61,098</u>
Liabilities:			
Accrued Interest Payable	\$ 0	\$ 1,090	\$ 1,090
General Obligation Notes Payable	<u>0</u>	<u>125,000</u>	<u>125,000</u>
Total Liabilities	<u>0</u>	<u>126,090</u>	<u>126,090</u>
Fund Balances:			
Restricted	61,098	0	61,098
Unassigned	<u>0</u>	<u>(126,090)</u>	<u>(126,090)</u>
Total Fund Balances	<u>61,098</u>	<u>(126,090)</u>	<u>(64,992)</u>
Total Liabilities and Fund Balances	<u>\$ 61,098</u>	<u>\$ 0</u>	<u>\$ 61,098</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, 2015**

	Parks Capital Improvement	Abbott Drive Construction	OPWC Grant	Total Nonmajor Capital Project Funds
Revenues:				
Taxes	\$ 12,804	\$ 0	\$ 0	\$ 12,804
Intergovernmental Revenues	0	0	1,934	1,934
Total Revenue	<u>12,804</u>	<u>0</u>	<u>1,934</u>	<u>14,738</u>
Expenditures:				
Capital Outlay	18,227	0	0	18,227
Debt Service:				
Principal Retirement	0	350,000	0	350,000
Interest and Fiscal Charges	0	2,385	0	2,385
Total Expenditures	<u>18,227</u>	<u>352,385</u>	<u>0</u>	<u>370,612</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,423)	(352,385)	1,934	(355,874)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	225,000	0	225,000
Transfers In	0	177,802	0	177,802
Total Other Financing Sources (Uses)	<u>0</u>	<u>402,802</u>	<u>0</u>	<u>402,802</u>
Net Change in Fund Balances	(5,423)	50,417	1,934	46,928
Fund Balances at Beginning of Year	<u>66,521</u>	<u>(176,507)</u>	<u>(1,934)</u>	<u>(111,920)</u>
Fund Balances End of Year	<u>\$ 61,098</u>	<u>\$ (126,090)</u>	<u>\$ 0</u>	<u>\$ (64,992)</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, 2015***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,352,824	\$ 3,352,824	\$ 3,519,788	\$ 166,964
Intergovernmental Revenues	936,900	936,900	981,039	44,139
Charges for Services	1,667,432	1,667,432	1,612,554	(54,878)
Licenses and Permits	19,025	19,025	18,460	(565)
Investment Earnings	75,000	75,000	43,238	(31,762)
Special Assessments	750	750	1,161	411
Fines and Forfeitures	13,200	13,200	14,876	1,676
All Other Revenues	208,950	208,950	223,850	14,900
Total Revenues	6,274,081	6,274,081	6,414,966	140,885
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,314,589	2,357,089	2,341,547	15,542
Travel and Training	18,396	18,396	17,324	1,072
Materials and Supplies	84,605	84,605	52,629	31,976
Contractual Services	150,849	150,849	127,973	22,876
Total Police	2,568,439	2,610,939	2,539,473	71,466
Fire:				
Personal Services	80,830	80,830	75,659	5,171
Travel and Training	1,626	1,626	1,626	0
Materials and Supplies	8,601	8,601	6,312	2,289
Contractual Services	65,429	65,429	60,811	4,618
Total Fire	156,486	156,486	144,408	12,078
Emergency Medical Services:				
Personal Services	695,706	765,356	760,054	5,302
Travel and Training	6,500	6,500	1,317	5,183
Materials and Supplies	39,148	39,148	31,776	7,372
Contractual Services	99,443	117,943	102,693	15,250
Total Emergency Medical Services	840,797	928,947	895,840	33,107
Total Security of Persons and Property	3,565,722	3,696,372	3,579,721	116,651

(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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks:				
Personal Services	324,632	327,132	320,416	6,716
Travel and Training	1,500	1,500	1,202	298
Materials and Supplies	60,169	60,169	47,689	12,480
Contractual Services	115,175	115,175	83,664	31,511
Total Parks	501,476	503,976	452,971	51,005
Recreation:				
Contractual Services	18,700	18,700	17,700	1,000
Total Recreation	18,700	18,700	17,700	1,000
Total Leisure Time Activities	520,176	522,676	470,671	52,005
Community Environment:				
Planning:				
Personal Services	249,725	249,725	242,688	7,037
Travel and Training	3,985	3,985	3,371	614
Materials and Supplies	3,638	3,638	2,437	1,201
Contractual Services	269,484	269,484	61,022	208,462
Total Community Environment	526,832	526,832	309,518	217,314
Basic Utility Services:				
Utility Billing:				
Personal Services	199,800	199,800	168,757	31,043
Travel and Training	4,000	4,000	3,980	20
Materials and Supplies	33,703	33,703	30,729	2,974
Contractual Services	25,521	25,521	22,902	2,619
Total Basic Utility Services	263,024	263,024	226,368	36,656
General Government:				
City Council:				
Personal Services	92,053	99,553	96,362	3,191
Travel and Training	5,400	7,400	6,917	483
Materials and Supplies	3,712	3,712	2,225	1,487
Contractual Services	21,456	21,456	17,647	3,809
Total City Council	122,621	132,121	123,151	8,970

(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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Commissions:				
Personal Services	0	331	331	0
Travel and Training	2,500	2,500	846	1,654
Materials and Supplies	3,389	3,389	2,855	534
Contractual Services	32,212	32,212	29,103	3,109
Total Commissions	38,101	38,432	33,135	5,297
Administration:				
Personal Services	328,370	328,370	218,905	109,465
Travel and Training	6,758	6,758	5,703	1,055
Materials and Supplies	2,000	2,000	958	1,042
Contractual Services	9,224	9,224	6,315	2,909
Total Administration	346,352	346,352	231,881	114,471
Buildings and Grounds:				
Personal Services	132,683	132,683	131,294	1,389
Travel and Training	2,849	2,849	2,255	594
Materials and Supplies	8,129	8,129	5,115	3,014
Contractual Services	138,055	142,055	125,854	16,201
Total Buildings and Grounds	281,716	285,716	264,518	21,198
Finance - Accounting:				
Personal Services	222,989	227,989	220,155	7,834
Travel and Training	1,500	1,500	1,285	215
Materials and Supplies	2,500	2,500	2,296	204
Contractual Services	19,754	19,754	18,031	1,723
Total Finance - Accounting	246,743	251,743	241,767	9,976
Finance - Income Tax:				
Personal Services	150,681	155,681	154,207	1,474
Travel and Training	1,500	1,500	1,370	130
Materials and Supplies	7,695	7,695	5,410	2,285
Contractual Services	23,249	23,249	21,317	1,932
Income Tax Refunds	85,000	90,000	88,305	1,695
Total Finance - Income Tax	268,125	278,125	270,609	7,516

(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, 2015***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legal:				
Personal Services	59,398	60,898	59,438	1,460
Travel and Training	400	400	220	180
Materials and Supplies	300	300	0	300
Contractual Services	20,560	25,560	25,320	240
Total Legal	80,658	87,158	84,978	2,180
Engineering:				
Personal Services	153,920	163,420	160,325	3,095
Travel and Training	1,150	1,150	1,003	147
Materials and Supplies	4,269	4,269	3,308	961
Contractual Services	20,925	20,925	17,257	3,668
Total Engineering	180,264	189,764	181,893	7,871
General Administrative:				
Personal Services	1,000	1,000	0	1,000
Materials and Supplies	25,000	25,000	19,580	5,420
Contractual Services	143,875	163,875	137,453	26,422
Other Expenditures	31,625	31,625	19,919	11,706
Total General Administrative	201,500	221,500	176,952	44,548
Total General Government	1,766,080	1,830,911	1,608,884	222,027
Capital Outlay:				
Fire	40,575	40,575	40,557	18
Emergency Medical Services	5,400	5,400	3,759	1,641
Parks	1,000	1,000	749	251
Planning	750	750	263	487
Utility Billing	1,000	1,000	767	233
City Council	500	500	0	500
Commissions	500	500	0	500
Administration	6,500	6,500	6,500	0
Buildings and Grounds	500	500	230	270
Finance - Accounting	300	300	0	300
Finance - Income Tax	500	500	0	500
Engineering	750	750	465	285
Total Capital Outlay	58,275	58,275	53,290	4,985
Total Expenditures	6,700,109	6,898,090	6,248,452	649,638
Excess (Deficiency) of Revenues Over (Under) Expenditures	(426,028)	(624,009)	166,514	790,523

(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, 2015***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	0	(1,000)
Transfers Out	(80,000)	(170,000)	(170,000)	0
Advances In	100,000	100,000	100,000	0
Advances Out	0	(200,000)	(200,000)	0
Total Other Financing Sources (Uses)	<u>21,000</u>	<u>(269,000)</u>	<u>(270,000)</u>	<u>(1,000)</u>
Net Change in Fund Balance	(405,028)	(893,009)	(103,486)	789,523
Fund Balance at Beginning of Year	5,021,256	5,021,256	5,021,256	0
Prior Year Encumbrances	<u>111,390</u>	<u>111,390</u>	<u>111,390</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,727,618</u>	<u>\$ 4,239,637</u>	<u>\$ 5,029,160</u>	<u>\$ 789,523</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
For the Year Ended December 31, 2015***

CAPITAL IMPROVEMENT RESERVE FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 2,794,944	\$ 2,701,882	\$ (93,062)
Intergovernmental Revenues	0	27,283	27,283
Special Assessments	100,000	64,173	(35,827)
All Other Revenues	1,000	73	(927)
Total Revenues	<u>2,895,944</u>	<u>2,793,411</u>	<u>(102,533)</u>
Expenditures:			
General Government:			
Contractual Services	3,100	3,012	88
Other Expenditures	100,125	92,220	7,905
Total General Government	<u>103,225</u>	<u>95,232</u>	<u>7,993</u>
Capital Outlay	<u>2,883,905</u>	<u>2,485,637</u>	<u>398,268</u>
Debt Service:			
Interest and Fiscal Charges	3,000	0	3,000
Total Expenditures	<u>2,990,130</u>	<u>2,580,869</u>	<u>409,261</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(94,186)	212,542	306,728
Other Financing Sources (Uses):			
Sale of Capital Assets	15,000	15,866	866
Transfers In	90,000	90,000	0
Transfers Out	(909,638)	(903,795)	5,843
Advances In	200,000	200,000	0
Advances Out	(100,000)	(100,000)	0
Total Other Financing Sources (Uses)	<u>(704,638)</u>	<u>(697,929)</u>	<u>6,709</u>
Net Change in Fund Balance	(798,824)	(485,387)	313,437
Fund Balance at Beginning of Year	175,972	175,972	0
Prior Year Encumbrances	526,605	526,605	0
Fund Balance at End of Year	<u>\$ (96,247)</u>	<u>\$ 217,190</u>	<u>\$ 313,437</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
For the Year Ended December 31, 2015***

25-A CONSTRUCTION FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 3,479,600	\$ 584,814	\$ (2,894,786)
Total Revenues	<u>3,479,600</u>	<u>584,814</u>	<u>(2,894,786)</u>
Expenditures:			
Capital Outlay	<u>3,479,600</u>	<u>3,455,488</u>	<u>24,112</u>
Total Expenditures	<u>3,479,600</u>	<u>3,455,488</u>	<u>24,112</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(2,870,674)	(2,870,674)
Fund Balance at Beginning of Year	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 50,000</u>	<u>\$ (2,820,674)</u>	<u>\$ (2,870,674)</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, 2015**

SWIMMING POOL FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 279,400	\$ 264,614	\$ (14,786)
All Other Revenues	16,000	25,768	9,768
Total Revenues	295,400	290,382	(5,018)
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	40,000	29,314	10,686
Contractual Services	330,638	321,353	9,285
Other Expenditures	500	494	6
Total Leisure Time Activities	371,138	351,161	19,977
Capital Outlay	1,000	0	1,000
Total Expenditures	372,138	351,161	20,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,738)	(60,779)	15,959
Other Financing Sources (Uses):			
Transfers In	80,000	80,000	0
Total Other Financing Sources (Uses)	80,000	80,000	0
Net Change in Fund Balance	3,262	19,221	15,959
Fund Balance at Beginning of Year	6,196	6,196	0
Prior Year Encumbrances	19	19	0
Fund Balance at End of Year	\$ 9,477	\$ 25,436	\$ 15,959

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, 2015*****STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 420,500	\$ 431,904	\$ 11,404
Charges for Services	0	5	5
Licenses and Permits	0	38	38
All Other Revenues	1,500	4,446	2,946
Total Revenues	422,000	436,393	14,393
Expenditures:			
Transportation:			
Street:			
Personal Services	352,062	336,845	15,217
Travel and Training	485	418	67
Materials and Supplies	29,591	21,481	8,110
Contractual Services	68,505	56,371	12,134
Total Transportation	450,643	415,115	35,528
Capital Outlay	1,000	755	245
Total Expenditures	451,643	415,870	35,773
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,643)	20,523	50,166
Fund Balance at Beginning of Year	201,074	201,074	0
Prior Year Encumbrances	3,700	3,700	0
Fund Balance at End of Year	\$ 175,131	\$ 225,297	\$ 50,166

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, 2015***

STATE HIGHWAY IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 34,300	\$ 35,020	\$ 720
All Other Revenues	0	1,761	1,761
Total Revenues	34,300	36,781	2,481
Expenditures:			
Transportation:			
Street:			
Materials and Supplies	27,626	27,231	395
Contractual Services	19,500	7,903	11,597
Total Expenditures	47,126	35,134	11,992
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,826)	1,647	14,473
Fund Balance at Beginning of Year	121,283	121,283	0
Prior Year Encumbrances	626	626	0
Fund Balance at End of Year	\$ 109,083	\$ 123,556	\$ 14,473

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, 2015***

MUNICIPAL ROAD FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 210,000	\$ 219,311	\$ 9,311
All Other Revenues	0	4,094	4,094
Total Revenues	210,000	223,405	13,405
Expenditures:			
Transportation:			
Street:			
Personal Services	95,302	89,852	5,450
Materials and Supplies	136,612	112,936	23,676
Contractual Services	31,495	21,129	10,366
Total Transportation	263,409	223,917	39,492
Capital Outlay	6,488	2,303	4,185
Total Expenditures	269,897	226,220	43,677
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,897)	(2,815)	57,082
Other Financing Sources (Uses):			
Transfers Out	(11,185)	(11,008)	177
Total Other Financing Sources (Uses)	(11,185)	(11,008)	177
Net Change in Fund Balance	(71,082)	(13,823)	57,259
Fund Balance at Beginning of Year	261,925	261,925	0
Prior Year Encumbrances	6,850	6,850	0
Fund Balance at End of Year	\$ 197,693	\$ 254,952	\$ 57,259

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, 2015***

LAW ENFORCEMENT FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
All Other Revenues	\$ 2,500	\$ 4,321	\$ 1,821
Total Revenues	<u>2,500</u>	<u>4,321</u>	<u>1,821</u>
Expenditures:			
Security of Persons and Property:			
State Grant:			
Contractual Services	100	96	4
Total Security of Persons and Property	<u>100</u>	<u>96</u>	<u>4</u>
Capital Outlay	12,900	4,879	8,021
Total Expenditures	<u>13,000</u>	<u>4,975</u>	<u>8,025</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,500)	(654)	9,846
Fund Balance at Beginning of Year	14,583	14,583	0
Fund Balance at End of Year	<u>\$ 4,083</u>	<u>\$ 13,929</u>	<u>\$ 9,846</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, 2015***

ENFORCEMENT AND EDUCATION FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 400	\$ 1,252	\$ 852
Total Revenues	<u>400</u>	<u>1,252</u>	<u>852</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	400	1,252	852
Fund Balance at Beginning of Year	<u>4,527</u>	<u>4,527</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 4,927</u></u>	<u><u>\$ 5,779</u></u>	<u><u>\$ 852</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, 2015***

DRUG LAW ENFORCEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 100	\$ 25	\$ (75)
Total Revenues	<u>100</u>	<u>25</u>	<u>(75)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	100	25	(75)
Fund Balance at Beginning of Year	<u>6,991</u>	<u>6,991</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 7,091</u></u>	<u><u>\$ 7,016</u></u>	<u><u>\$ (75)</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, 2015***

FIELDSTONE TIF PROJECT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 68,723	\$ 68,723	\$ 0
Total Revenues	<u>68,723</u>	<u>68,723</u>	<u>0</u>
Expenditures:			
Transportation:			
Street:			
Contractual Services	753	753	0
Other Expenditures	<u>67,970</u>	<u>67,970</u>	<u>0</u>
Total Expenditures	<u>68,723</u>	<u>68,723</u>	<u>0</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Fund
For the Year Ended December 31, 2015***

POLICE DONATION TRUST FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Security of Persons and Property:			
Police:			
Materials and Supplies	1,511	1,366	145
Total Expenditures	1,511	1,366	145
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,511)	(1,366)	145
Fund Balance at Beginning of Year	1,511	1,511	0
Fund Balance at End of Year	\$ 0	\$ 145	\$ 145

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2015***

GENERAL BOND RETIREMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Debt Service:			
Principal Retirement	3,970,800	3,970,682	118
Interest and Fiscal Charges	74,860	81,290	(6,430)
Total Expenditures	4,045,660	4,051,972	(6,312)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,045,660)	(4,051,972)	(6,312)
Other Financing Sources (Uses):			
General Obligation Notes Issued	3,066,000	3,096,000	30,000
Premium on General Obligation Notes	20,000	23,883	3,883
Transfers In	920,823	914,803	(6,020)
Total Other Financing Sources (Uses)	4,006,823	4,034,686	27,863
Net Change in Fund Balance	(38,837)	(17,286)	21,551
Fund Balance at Beginning of Year	56,748	56,748	0
Fund Balance at End of Year	\$ 17,911	\$ 39,462	\$ 21,551

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, 2015***

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	45,000	45,000	0
Interest and Fiscal Charges	23,623	23,623	0
Total Expenditures	<u>72,130</u>	<u>72,130</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,523	1,523	0
Fund Balance at Beginning of Year	14,332	14,332	0
Fund Balance at End of Year	<u>\$ 15,855</u>	<u>\$ 15,855</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, 2015***

PARKS CAPITAL IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 18,500	\$ 16,171	\$ (2,329)
Total Revenues	<u>18,500</u>	<u>16,171</u>	<u>(2,329)</u>
Expenditures:			
Leisure Time Activities:			
Other Expenditures	3,500	3,367	133
Total Leisure Time Activities	<u>3,500</u>	<u>3,367</u>	<u>133</u>
Capital Outlay	25,000	23,227	1,773
Total Expenditures	<u>28,500</u>	<u>26,594</u>	<u>1,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(10,423)	(423)
Fund Balance at Beginning of Year	66,521	66,521	0
Fund Balance at End of Year	<u>\$ 56,521</u>	<u>\$ 56,098</u>	<u>\$ (423)</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, 2015***

	OPWC GRANT FUND		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 0	\$ 36,263	\$ 36,263
Total Revenues	0	36,263	36,263
Expenditures:			
Capital Outlay	61,425	34,329	27,096
Total Expenditures	61,425	34,329	27,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,425)	1,934	63,359
Fund Balance at Beginning of Year	(63,359)	(63,359)	0
Prior Year Encumbrances	61,425	61,425	0
Fund Balance at End of Year	\$ (63,359)	\$ 0	\$ 63,359

Fiduciary Funds

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

Agency Funds

Contractor Maintenance Deposit Fund

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

Health Insurance Fund

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

Medical Reimbursement Fund

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

CITY OF TIPP CITY, OHIO**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2015**

	Balance December 31, 2014	Additions	Deductions	Balance December 31, 2015
<u>Contractor Maintenance Deposit Fund</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$1,155,915	\$19,574	(\$314,630)	\$860,859
Total Assets	\$1,155,915	\$19,574	(\$314,630)	\$860,859
Liabilities:				
Due to Others	\$1,155,915	\$19,574	(\$314,630)	\$860,859
Total Liabilities	\$1,155,915	\$19,574	(\$314,630)	\$860,859
<u>Health Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$11,884	\$128,874	(\$135,813)	\$4,945
Total Assets	\$11,884	\$128,874	(\$135,813)	\$4,945
Liabilities:				
Due to Others	\$11,884	\$128,874	(\$135,813)	\$4,945
Total Liabilities	\$11,884	\$128,874	(\$135,813)	\$4,945
<u>Medical Reimbursement Fund</u>				
Assets:				
Cash and Cash Equivalents	\$5,939	\$3,072	(\$4,584)	\$4,427
Total Assets	\$5,939	\$3,072	(\$4,584)	\$4,427
Liabilities:				
Due to Others	\$5,939	\$3,072	(\$4,584)	\$4,427
Total Liabilities	\$5,939	\$3,072	(\$4,584)	\$4,427
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$17,823	\$131,946	(\$140,397)	\$9,372
Restricted Cash and Cash Equivalents	1,155,915	19,574	(314,630)	860,859
Total Assets	\$1,173,738	\$151,520	(\$455,027)	\$870,231
Liabilities:				
Due to Others	\$1,173,738	\$151,520	(\$455,027)	\$870,231
Total Liabilities	\$1,173,738	\$151,520	(\$455,027)	\$870,231







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)

	2006	2007	2008	2009
Governmental Activities:				
Net Investment in Capital Assets	\$30,829,948	\$31,427,283	\$32,242,094	\$32,842,386
Restricted	3,074,745	2,443,299	2,243,415	1,947,201
Unrestricted	3,479,712	4,176,006	5,455,035	5,431,361
Total Governmental Activities Net Position	<u>\$37,384,405</u>	<u>\$38,046,588</u>	<u>\$39,940,544</u>	<u>\$40,220,948</u>
Business-type Activities:				
Net Investment in Capital Assets	\$19,874,577	\$19,295,981	\$19,681,449	\$20,158,896
Unrestricted	11,519,382	12,679,089	13,807,232	14,835,988
Total Business-type Activities Net Position	<u>\$31,393,959</u>	<u>\$31,975,070</u>	<u>\$33,488,681</u>	<u>\$34,994,884</u>
Primary Government:				
Net Investment in Capital Assets	\$50,704,525	\$50,723,264	\$51,923,543	\$53,001,282
Restricted	3,074,745	2,443,299	2,243,415	1,947,201
Unrestricted	14,999,094	16,855,095	19,262,267	20,267,349
Total Primary Government Net Position	<u>\$68,778,364</u>	<u>\$70,021,658</u>	<u>\$73,429,225</u>	<u>\$75,215,832</u>

* Restated

Source: Finance Director's Office

City of Tipp City

2010	2011	2012	2013	2014	2015
				*	
\$33,597,957	\$34,228,303	\$31,966,661	\$36,793,037	\$39,136,408	\$41,068,323
1,885,841	2,367,676	1,858,164	3,497,916	3,112,981	3,443,958
5,015,791	5,478,337	9,638,818	5,487,005	1,356,787	1,737,855
<u>\$40,499,589</u>	<u>\$42,074,316</u>	<u>\$43,463,643</u>	<u>\$45,777,958</u>	<u>\$43,606,176</u>	<u>\$46,250,136</u>
\$18,683,126	\$20,521,369	\$19,920,919	\$19,488,875	\$21,107,345	\$26,210,107
18,126,140	18,359,537	20,056,259	21,158,072	18,739,123	15,742,022
<u>\$36,809,266</u>	<u>\$38,880,906</u>	<u>\$39,977,178</u>	<u>\$40,646,947</u>	<u>\$39,846,468</u>	<u>\$41,952,129</u>
\$52,281,083	\$54,749,672	\$51,887,580	\$56,281,912	\$60,243,753	\$67,278,430
1,885,841	2,367,676	1,858,164	3,497,916	3,112,981	3,443,958
23,141,931	23,837,874	29,695,077	26,645,077	20,095,910	17,479,877
<u>\$77,308,855</u>	<u>\$80,955,222</u>	<u>\$83,440,821</u>	<u>\$86,424,905</u>	<u>\$83,452,644</u>	<u>\$88,202,265</u>

City of Tipp City

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

	2006	2007	2008	2009
Expenses				
Governmental Activities:				
Security of Persons and Property	\$3,059,221	\$3,195,571	\$3,319,976	\$3,286,305
Leisure Time Activities	1,223,444	1,407,319	1,285,709	1,320,200
Community Environment	244,199	231,885	251,345	260,189
Basic Utility Services	208,175	229,516	247,636	238,584
Transportation	1,415,279	1,465,686	1,595,113	1,858,692
General Government	1,570,900	1,763,783	1,645,898	1,601,373
Interest and Fiscal Charges	311,856	286,399	264,771	243,087
<i>Total Governmental Activities Expenses</i>	<u>8,033,074</u>	<u>8,580,159</u>	<u>8,610,448</u>	<u>8,808,430</u>
Business-type Activities:				
Electric	8,279,720	8,330,307	9,488,473	10,043,278
Water	870,940	1,907,331	2,183,762	2,492,331
Sewer	1,153,467	1,145,064	1,296,882	1,236,664
Refuse Collection	560,964	661,807	716,728	741,101
<i>Total Business-type Activities Expenses</i>	<u>10,865,091</u>	<u>12,044,509</u>	<u>13,685,845</u>	<u>14,513,374</u>
<i>Total Primary Government Expenses</i>	<u>\$18,898,165</u>	<u>\$20,624,668</u>	<u>\$22,296,293</u>	<u>\$23,321,804</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$600,915	\$597,064	\$539,207	\$613,231
Leisure Time Activities	382,974	391,090	381,063	332,688
Community Environment	191,900	176,493	131,771	89,325
Basic Utility Services	0	0	238,266	116,993
Transportation	4,080	1,339	3,366	33,388
Operating Grants and Contributions	587,476	593,159	656,539	693,882
Capital Grants and Contributions	1,129,308	799,014	1,927,765	1,168,819
<i>Total Governmental Activities Program Revenues</i>	<u>2,896,653</u>	<u>2,558,159</u>	<u>3,877,977</u>	<u>3,048,326</u>

City of Tipp City

2010	2011	2012	2013	2014	2015
\$3,191,455	\$3,295,937	\$3,807,107	\$3,530,729	\$3,717,379	\$3,838,659
1,115,986	1,206,554	1,258,269	1,184,929	1,171,559	1,202,951
240,229	263,018	266,399	318,126	301,822	280,344
209,396	207,591	219,845	224,611	221,338	9,792
1,520,827	1,496,946	1,748,615	1,282,473	1,516,512	1,744,237
1,552,036	1,724,894	1,546,497	1,461,944	1,681,433	846,759
195,839	159,465	128,914	131,839	95,626	77,291
<u>8,025,768</u>	<u>8,354,405</u>	<u>8,975,646</u>	<u>8,134,651</u>	<u>8,705,669</u>	<u>8,000,033</u>
10,934,711	10,162,311	10,947,908	13,022,380	15,434,334	14,104,590
2,687,174	2,339,234	2,450,611	2,750,504	2,635,749	3,082,812
1,293,025	1,332,069	1,277,737	1,524,521	1,676,170	1,611,383
762,941	777,573	803,896	830,635	860,620	859,546
<u>15,677,851</u>	<u>14,611,187</u>	<u>15,480,152</u>	<u>18,128,040</u>	<u>20,606,873</u>	<u>19,658,331</u>
<u>\$23,703,619</u>	<u>\$22,965,592</u>	<u>\$24,455,798</u>	<u>\$26,262,691</u>	<u>\$29,312,542</u>	<u>\$27,658,364</u>
\$526,499	\$674,013	\$677,146	\$467,951	\$807,557	\$679,634
387,874	394,409	362,673	285,683	260,789	290,382
20,431	68,382	65,012	19,545	34,773	19,746
232,627	207,662	222,600	222,244	231,165	0
32,162	31,468	86,142	66,357	230,958	57,709
651,175	649,294	688,116	639,270	678,811	686,622
211,035	926,961	913,862	1,264,689	1,082,009	1,372,145
<u>2,061,803</u>	<u>2,952,189</u>	<u>3,015,551</u>	<u>2,965,739</u>	<u>3,326,062</u>	<u>3,106,238</u>

(continued)

City of Tipp City

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

	2006	2007	2008	2009
Business-type Activities:				
Charges for Services				
Electric	8,591,803	9,351,973	10,077,906	10,957,613
Water	1,257,977	1,818,669	2,276,912	2,331,227
Sewer	967,542	1,218,038	1,318,119	1,259,362
Refuse Collection	595,003	675,937	713,082	738,911
Capital Grants and Contributions	1,091,585	290,512	835,244	751,569
<i>Total Business-type Activities Program Revenues</i>	<u>12,503,910</u>	<u>13,355,129</u>	<u>15,221,263</u>	<u>16,038,682</u>
<i>Total Primary Government Program Revenues</i>	<u>15,400,563</u>	<u>15,913,288</u>	<u>19,099,240</u>	<u>19,087,008</u>
Net (Expense)/Revenue				
Governmental Activities	(5,136,421)	(6,022,000)	(4,732,471)	(5,760,104)
Business-type Activities	1,638,819	1,310,620	1,535,418	1,525,308
<i>Total Primary Government Net (Expense)/Revenue</i>	<u><u>(\$3,497,602)</u></u>	<u><u>(\$4,711,380)</u></u>	<u><u>(\$3,197,053)</u></u>	<u><u>(\$4,234,796)</u></u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Income Taxes	\$3,801,640	\$3,460,790	\$3,644,832	\$3,133,216
Property Taxes	321,525	321,337	327,431	326,079
Other Local Taxes	32,640	35,265	21,407	28,052
Unrestricted Shared Revenues	1,302,928	1,311,289	1,474,216	1,302,247
Investment Earnings	610,310	610,371	441,016	195,035
Miscellaneous	196,113	215,622	695,718	1,036,774
Transfers	693,565	729,509	21,807	19,105
<i>Total Governmental Activities</i>	<u>6,958,721</u>	<u>6,684,183</u>	<u>6,626,427</u>	<u>6,040,508</u>
Business-type Activities:				
Transfers	(693,565)	(729,509)	(21,807)	(19,105)
<i>Total Business-type Activities</i>	<u>(693,565)</u>	<u>(729,509)</u>	<u>(21,807)</u>	<u>(19,105)</u>
<i>Total Primary Government</i>	<u><u>\$6,265,156</u></u>	<u><u>\$5,954,674</u></u>	<u><u>\$6,604,620</u></u>	<u><u>\$6,021,403</u></u>
Change in Net Position				
Governmental Activities	\$1,822,300	\$662,183	\$1,893,956	\$280,404
Business-type Activities	945,254	581,111	1,513,611	1,506,203
<i>Total Primary Government Change in Net Position</i>	<u><u>\$2,767,554</u></u>	<u><u>\$1,243,294</u></u>	<u><u>\$3,407,567</u></u>	<u><u>\$1,786,607</u></u>

Source: Finance Director's Office

City of Tipp City

2010	2011	2012	2013	2014	2015
11,895,134	12,127,149	12,114,762	13,473,203	15,250,429	16,148,597
2,516,700	2,151,483	2,523,591	2,354,501	2,789,748	3,099,354
2,117,802	1,129,188	1,121,499	1,362,580	1,560,951	1,686,990
763,387	786,630	816,572	839,841	862,774	809,891
241,153	504,377	0	767,684	404,328	0
17,534,176	16,698,827	16,576,424	18,797,809	20,868,230	21,744,832
19,595,979	19,651,016	19,591,975	21,763,548	24,194,292	24,851,070
(5,963,965)	(5,402,216)	(5,960,095)	(5,168,912)	(5,379,607)	(4,893,795)
1,856,325	2,087,640	1,096,272	669,769	261,357	2,086,501
(\$4,107,640)	(\$3,314,576)	(\$4,863,823)	(\$4,499,143)	(\$5,118,250)	(\$2,807,294)
\$3,449,915	\$4,006,199	\$4,958,434	\$5,400,724	\$5,344,919	\$5,834,924
323,521	323,887	327,145	330,957	303,129	385,271
46,875	58,523	73,682	76,559	78,345	81,444
1,327,627	1,286,470	1,002,069	381,894	936,945	978,819
121,044	91,692	80,537	44,249	31,794	35,690
931,681	1,194,172	907,555	1,248,844	950,506	240,767
41,943	16,000	0	0	(28,605)	(19,160)
6,242,606	6,976,943	7,349,422	7,483,227	7,617,033	7,537,755
(41,943)	(16,000)	0	0	28,605	19,160
(41,943)	(16,000)	0	0	28,605	19,160
\$6,200,663	\$6,960,943	\$7,349,422	\$7,483,227	\$7,645,638	\$7,556,915
\$278,641	\$1,574,727	\$1,389,327	\$2,314,315	\$2,237,426	\$2,643,960
1,814,382	2,071,640	1,096,272	669,769	289,962	2,105,661
\$2,093,023	\$3,646,367	\$2,485,599	\$2,984,084	\$2,527,388	\$4,749,621

City of Tipp City

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

	2006	2007	2008	2009	2010
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	204,586	204,706	228,586	147,861	221,064
Unreserved	<u>3,435,396</u>	<u>3,401,815</u>	<u>3,682,473</u>	<u>3,856,093</u>	<u>3,830,666</u>
<i>Total General Fund</i>	<u>3,639,982</u>	<u>3,606,521</u>	<u>3,911,059</u>	<u>4,003,954</u>	<u>4,051,730</u>
All Other Governmental Funds					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	736,407	482,190	1,652,697	477,377	431,853
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	420,362	369,856	505,158	514,834	599,921
Capital Projects Funds	<u>141,300</u>	<u>(157,446)</u>	<u>(1,628,054)</u>	<u>(644,828)</u>	<u>(677,780)</u>
Total All Other Governmental Funds	<u>1,298,069</u>	<u>694,600</u>	<u>529,801</u>	<u>347,383</u>	<u>353,994</u>
<i>Total Governmental Funds</i>	<u><u>\$4,938,051</u></u>	<u><u>\$4,301,121</u></u>	<u><u>\$4,440,860</u></u>	<u><u>\$4,351,337</u></u>	<u><u>\$4,405,724</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

2011	2012	2013	2014	2015
\$101,503	\$101,889	\$87,409	\$83,828	\$81,906
182,888	127,985	166,514	89,394	541,933
4,235,878	4,723,463	5,127,418	5,437,072	5,321,011
0	0	0	0	0
0	0	0	0	0
4,520,269	4,953,337	5,381,341	5,610,294	5,944,850
89,710	73,713	90,131	63,521	78,666
1,626,209	1,092,849	1,183,624	850,479	975,516
73,056	22,628	8,934	7,726	25,911
(815,365)	(1,533,887)	(1,800,077)	(1,347,781)	(866,231)
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
973,610	(344,697)	(517,388)	(426,055)	213,862
\$5,493,879	\$4,608,640	\$4,863,953	\$5,184,239	\$6,158,712

City of Tipp City

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

	2006	2007	2008	2009
Revenues:				
Taxes	\$4,102,979	\$3,713,187	\$4,030,913	\$3,571,583
Intergovernmental Revenues	3,031,924	2,523,552	2,756,171	3,201,047
Charges for Services	962,883	956,560	1,654,251	1,738,276
Licenses, Permits and Fees	51,671	88,217	35,547	12,858
Investment Earnings	568,508	634,068	452,408	205,677
Special Assessments	176,517	146,551	160,172	134,197
Fines and Forfeitures	18,698	20,630	18,286	15,962
All Other Revenue	202,602	320,344	184,486	378,679
Total Revenue	9,115,782	8,403,109	9,292,234	9,258,279
Expenditures:				
Current:				
Security of Persons and Property	2,857,394	2,980,614	3,080,822	2,968,982
Leisure Time Activities	836,527	866,924	884,455	851,403
Community Environment	229,968	238,806	248,376	246,653
Basic Utility Services	207,205	223,769	235,440	234,230
Transportation	555,612	549,832	767,377	646,218
General Government	1,398,609	1,457,073	1,464,240	1,433,994
Capital Outlay	2,806,629	2,263,569	1,336,673	1,928,432
Debt Service:				
Principal Retirement	901,632	897,062	882,509	857,972
Interest and Fiscal Charges	313,856	288,508	267,055	245,371
Total Expenditures	10,107,432	9,766,157	9,166,947	9,413,255
Excess (Deficiency) of Revenues Over Expenditures	(991,650)	(1,363,048)	125,287	(154,976)

City of Tipp City

2010	2011	2012	2013	2014	2015
\$3,823,618	\$4,480,781	\$5,250,226	\$5,741,284	\$5,741,874	\$6,140,765
2,220,692	2,833,417	2,093,184	2,551,048	2,483,754	2,952,132
1,770,228	1,892,452	1,842,891	1,728,149	1,873,129	954,867
14,113	13,092	63,444	19,080	33,575	18,498
123,206	73,890	110,478	47,076	29,358	35,721
114,526	132,872	113,237	118,397	240,613	138,987
20,429	15,326	15,002	14,979	13,242	16,850
222,130	571,643	328,305	582,051	369,327	272,958
<u>8,308,942</u>	<u>10,013,473</u>	<u>9,816,767</u>	<u>10,802,064</u>	<u>10,784,872</u>	<u>10,530,778</u>

3,048,578	3,175,914	3,142,368	3,214,265	3,364,152	3,432,396
766,504	778,807	800,267	795,797	800,510	807,835
252,874	260,105	263,439	315,751	302,715	289,769
229,294	208,818	217,147	226,353	226,658	0
564,410	531,100	576,373	568,730	590,590	669,395
1,427,326	1,568,282	1,447,729	1,344,666	1,381,047	693,607
895,032	1,346,198	3,179,877	5,968,429	3,083,086	3,039,076
911,665	930,000	930,000	655,000	2,037,991	1,633,482
198,280	162,268	131,753	114,388	104,065	80,410
<u>8,293,963</u>	<u>8,961,492</u>	<u>10,688,953</u>	<u>13,203,379</u>	<u>11,890,814</u>	<u>10,645,970</u>

14,979	1,051,981	(872,186)	(2,401,315)	(1,105,942)	(115,192)
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(Continued)

City of Tipp City

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

	2006	2007	2008	2009
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	0	0
OPWC Loan Issued	0	0	0	0
Transfers In	2,458,945	2,453,724	1,282,021	1,150,447
Transfers Out	(1,765,380)	(1,724,215)	(1,260,214)	(1,131,342)
Total Other Financing Sources (Uses)	<u>693,565</u>	<u>729,509</u>	<u>21,807</u>	<u>19,105</u>
Net Change in Fund Balance	<u>(\$298,085)</u>	<u>(\$633,539)</u>	<u>\$147,094</u>	<u>(\$135,871)</u>
Debt Service as a Percentage of Noncapital Expenditures	16.23%	15.19%	17.43%	13.57%

Source: Finance Director's Office

City of Tipp City

2010	2011	2012	2013	2014	2015
0	0	0	1,753,900	1,390,300	1,095,900
0	0	0	894,586	100,091	0
1,334,975	1,088,573	1,040,152	1,114,647	447,784	616,715
(1,293,032)	(1,072,573)	(1,040,152)	(1,114,647)	(476,389)	(635,875)
41,943	16,000	0	2,648,486	1,461,786	1,076,740
\$56,922	\$1,067,981	(\$872,186)	\$247,171	\$355,844	\$961,548
14.68%	13.83%	12.61%	11.16%	24.90%	22.06%

City of Tipp City

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

Tax year	2006	2007	2008	2009	2010
Income Tax Rate	1.25%	1.25%	1.25%	1.25%	1.25%
Estimated Personal Income (in thousands)	\$293,855	\$306,036	\$319,766	\$318,078	\$344,618
Total Tax Collected	\$3,867,731	\$3,679,252	\$3,748,800	\$3,471,660	\$3,597,653
Income Tax Receipts					
Withholding	2,684,253	2,769,744	2,747,671	2,626,888	2,648,385
Percentage	69.40%	75.28%	73.29%	75.67%	73.61%
Corporate	696,447	414,080	508,418	296,977	469,352
Percentage	18.01%	11.25%	13.56%	8.55%	13.05%
Individuals	487,031	495,428	492,711	547,795	479,916
Percentage	12.59%	13.47%	13.15%	15.79%	13.35%

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

2011	2012	2013	2014	2015
1.50%	1.50%	1.50%	1.50%	1.50%
\$369,122	\$379,625	\$391,407	\$390,476	\$390,476
\$4,042,351	\$4,960,000	\$5,440,357	\$5,476,399	\$5,823,985
3,086,202	3,594,951	3,834,176	3,897,251	4,009,922
76.35%	72.48%	70.48%	71.17%	68.86%
411,038	764,934	901,630	758,560	997,288
10.17%	15.42%	16.57%	13.85%	17.12%
545,111	600,115	704,551	820,588	816,775
13.48%	12.10%	12.95%	14.98%	14.02%



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	2015 Rank
Meijer, Inc.	Warehouse Distribution	1
Regal Beloit America (formerly A.O. Smith Corp.)	Manufacturing	2
Tipp City Exempted Village School District	Education	3
Abbott Laboratories	Manufacturing	4
Federal Government	Government	5
Arbogast Buick Pontiac GMC	Automotive Retail	6
Creative Extruded Products	Manufacturing	7
Precision Strip Inc.	Metal Processing	8
City of Tipp City	Government	9
U.S. Xpress, Inc.	Warehouse Distribution	10

Name of Taxpayer	Nature of Business	2006 Rank
A. O . Smith Corporation	Manufacturing	1
Meijer, Inc.	Warehouse Distribution	2
Tipp City Exempted Village School District	Education	3
Gardens Alive- Springhill	Agricultural-Nursery	4
Creative Extruded Products	Manufacturing	5
Federal Government	Government	6
Tipp Machine and Tool	Manufacturing	7
City of Tipp City	Government	8
Arbogast	Auto Dealer	9
DAP Products, Inc.	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

	2006	2007	2008	2009
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$6,540,000	\$5,690,000	\$4,855,000	\$4,045,000
General Obligation Notes Payable	0	0	0	0
Special Assessment Bonds Payable	860,000	825,000	790,000	755,000
OPWC Loan Payable	0	0	0	0
Capital Leases	44,208	32,146	19,637	6,665
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$1,135,000	\$950,000	\$795,000	\$670,000
General Obligation Notes Payable	0	0	0	0
Long-Term Loans Payable	408,510	408,510	408,510	397,680
Total Primary Government	<u>\$8,987,718</u>	<u>\$7,905,656</u>	<u>\$6,868,147</u>	<u>\$5,874,345</u>
Population ⁽²⁾				
City of Tipp City	9,221	9,221	9,221	9,221
Outstanding Debt Per Capita	\$975	\$857	\$745	\$637
Income ⁽³⁾				
Personal (in thousands)	293,855	306,036	319,766	318,078
Percentage of Personal Income	3.06%	2.58%	2.15%	1.85%

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

2010	2011	2012	2013	2014	2015
\$3,180,000	\$2,290,000	\$1,400,000	\$785,000	\$570,000	\$420,000
0	0	0	1,753,900	1,390,300	1,095,900
715,000	675,000	635,000	595,000	550,000	505,000
0	0	0	894,586	970,586	922,404
0	0	0	0	0	0
\$545,000	\$420,000	\$320,000	\$220,000	\$145,000	\$25,000
0	0	0	5,094,100	4,678,700	4,239,100
397,680	1,103,335	1,385,905	1,764,595	1,304,841	1,231,943
<u>\$4,837,680</u>	<u>\$4,488,335</u>	<u>\$3,740,905</u>	<u>\$11,107,181</u>	<u>\$9,609,427</u>	<u>\$8,439,347</u>
9,689	9,689	9,689	9,689	9,689	9,689
\$499	\$463	\$386	\$1,146	\$992	\$871
344,618	369,122	379,625	391,407	390,476	390,476
1.40%	1.22%	0.99%	2.84%	2.46%	2.16%

City of Tipp City

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2006	2007	2008	2009
Population ⁽¹⁾	9,221	9,221	9,221	9,221
Assessed Value ⁽²⁾	\$259,775,650	\$275,784,680	\$267,820,410	\$261,124,460
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$7,675,000	\$6,640,000	\$5,650,000	\$4,715,000
Resources Available to Pay Principal ⁽⁴⁾	\$0	\$954	\$4,164	\$3,754
Net General Bonded Debt	\$7,675,000	\$6,639,046	\$5,645,836	\$4,711,246
Ratio of Net Bonded Debt to Estimated Assessed Value	2.95%	2.41%	2.11%	1.80%
Net Bonded Debt per Capita	\$832.34	\$719.99	\$612.28	\$510.93

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

2010	2011	2012	2013	2014	2015
9,689	9,689	9,689	9,689	9,689	9,689
\$258,177,010	\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420	\$254,574,200
\$3,725,000	\$2,710,000	\$1,720,000	\$1,005,000	\$715,000	\$445,000
\$32,640	\$36,941	\$40,552	\$355,431	\$56,748	\$39,462
\$3,692,360	\$2,673,059	\$1,679,448	\$649,569	\$658,252	\$405,538
1.43%	1.02%	0.64%	0.26%	0.26%	0.16%
\$381.09	\$275.89	\$173.34	\$67.04	\$67.94	\$41.86



City of Tipp City

Computation of Direct and Overlapping General Obligation Debt December 31, 2015

<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	\$2,943,304	100.00%	\$2,943,304
Overlapping:			
Tipp City Exempted Village School District	13,088,000	67.92%	8,889,370
Miami County	19,180,000	12.19%	2,338,042
Miami Valley Career Center JVSD	6,931,335	3.79%	262,698
		Subtotal	11,490,110
		Total	<u>\$14,433,414</u>

Source: Miami County Auditor and Fiscal Officers of Subdivisions.

Note:

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

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

City of Tipp City

Debt Limitations Last Ten Years

Collection Year	2006	2007	2008	2009
Total Debt				
Net Assessed Valuation	\$259,775,650	\$275,784,680	\$267,820,410	\$261,124,460
Legal Debt Limitation (%) ⁽¹⁾	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) ⁽¹⁾	27,276,443	28,957,391	28,121,143	27,418,068
City Debt Outstanding ⁽²⁾	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$27,276,443</u>	<u>\$28,957,391</u>	<u>\$28,121,143</u>	<u>\$27,418,068</u>
Unvoted Debt				
Net Assessed Valuation	\$259,775,650	\$275,784,680	\$267,820,410	\$261,124,460
Legal Debt Limitation (%) ⁽¹⁾	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) ⁽¹⁾	14,287,661	15,168,157	14,730,123	14,361,845
City Debt Outstanding ⁽²⁾	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$14,287,661</u>	<u>\$15,168,157</u>	<u>\$14,730,123</u>	<u>\$14,361,845</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City debt outstanding does not include general obligation debt that is supported by enterprise funds, income tax receipts, and special assessments.

Source: Finance Director's Office

City of Tipp City

2010	2011	2012	2013	2014	2015
\$258,177,010	\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420	\$254,574,200
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
27,108,586	27,427,286	27,568,686	26,097,940	26,540,579	26,730,291
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$27,108,586</u>	<u>\$27,427,286</u>	<u>\$27,568,686</u>	<u>\$26,097,940</u>	<u>\$26,540,579</u>	<u>\$26,730,291</u>
\$258,177,010	\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420	\$254,574,200
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,199,736	14,366,674	14,440,740	13,670,350	13,902,208	14,001,581
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$14,199,736</u>	<u>\$14,366,674</u>	<u>\$14,440,740</u>	<u>\$13,670,350</u>	<u>\$13,902,208</u>	<u>\$14,001,581</u>

City of Tipp City

Pledged Revenue Coverage Last Ten Years

	2006	2007	2008	2009	2010
Special Assessment Bonds (1)					
Special Assessment Collections	\$73,653	\$73,653	\$73,653	\$73,653	\$73,653
Debt Service					
Principal	35,000	35,000	35,000	35,000	40,000
Interest	34,165	33,465	32,678	31,715	30,664
Coverage	1.06	1.08	1.09	1.10	1.04

(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

2011	2012	2013	2014	2015
\$73,653	\$73,653	\$73,653	\$73,653	\$73,653
40,000	40,000	40,000	45,000	45,000
29,465	28,065	26,665	25,265	23,623
1.06	1.08	1.10	1.05	1.07

City of Tipp City

Demographic and Economic Statistics Last Ten Years

Calendar Year	2006	2007	2008	2009
Population ⁽¹⁾				
City of Tipp City	9,221	9,221	9,221	9,221
Miami County	98,868	98,868	98,868	98,868
Income ^{(2) (a)}				
Total Personal (in thousands)	293,855	306,036	319,766	318,078
Per Capita	31,868	33,189	34,678	34,495
Unemployment Rate ⁽³⁾				
Federal	4.6%	4.6%	5.8%	9.3%
State	5.5%	5.6%	6.6%	10.2%
Miami County	5.5%	5.4%	6.4%	11.7%
Civilian Work Force Estimates ⁽³⁾				
State	5,934,000	5,976,500	5,986,400	5,970,200
Miami County	55,100	55,400	55,400	55,400
Total Assessed Property Value ⁽⁴⁾	259,775,650	275,784,680	267,820,410	261,124,460
Estimated Actual Property Value ⁽⁴⁾	786,707,789	854,886,147	803,462,520	747,736,243

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2014 for the presentation of 2015 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

2010	2011	2012	2013	2014	2015
9,689	9,689	9,689	9,689	9,689	9,689
102,506	102,506	102,506	102,506	102,506	102,506
344,618	369,122	379,625	391,407	390,476	390,476
35,568	38,097	39,181	40,397	40,301	40,301
9.6%	8.5%	8.1%	7.4%	6.2%	5.0%
10.1%	7.9%	7.2%	7.4%	5.7%	4.6%
10.5%	7.6%	7.0%	7.2%	5.3%	4.2%
5,897,600	5,791,000	5,747,900	5,765,700	5,719,500	5,694,027
54,200	53,100	52,400	52,100	51,800	52,621
258,177,010	261,212,250	262,558,910	248,551,810	252,767,420	254,574,200
737,338,171	746,320,714	750,168,314	710,148,029	722,192,629	727,354,857



City of Tipp City

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2015	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	1,273	1
Tipp City Exempted Village School District	Education	443	2
CBS Personnel Services	Employee Leasing	344	3
Associate Staffing	Employee Leasing	339	4
FHI LLC	Warehouse Distribution	328	5
Menards	Retail	300	6
Rostam Direct (formerly Gardens Alive-Springhill)	Agricultural-Nursery	287	7
Arbogast	Automotive Retail	285	8
Creative Extruded Products	Manufacturing	242	9
Adcare Health Systems (formerly Springmeade)	Health Care	227	10
Total		4,068	

Employer	Nature of Business	2006	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	800	1
A. O . Smith Corporation	Manufacturing	330	2
Tipp City Exempted Village School District	Education	290	3
Creative Extruded Products	Manufacturing	245	4
Springmeade Health Center	Health Care	147	5
Arbogast	Auto Dealer	120	6
DAP Products, Inc.	Manufacturing	110	7
Tipp Machine & Tool	Manufacturing	103	8
Gardens Alive- Springhill	Agricultural and Nursery	100	9
Allen Foods	Food Processing	88	10
Total		2,333	

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

	2006	2007	2008	2009
Governmental Activities				
General Government				
Legislative	4.00	4.00	4.00	3.50
City Manager	2.00	2.00	2.00	2.00
Building and Facility Services	2.00	2.00	2.00	2.00
Finance	7.50	8.00	8.00	8.00
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	6.00	6.00	6.00	5.50
Leisure Time Activities				
Parks	6.00	6.00	6.00	5.25
Community Environment				
Community and Economic Development	2.50	2.50	2.50	2.50
Business-Type Activities				
Utilities				
Electric	15.50	15.50	15.50	15.50
Water	5.50	8.50	8.50	8.50
Sewer	3.50	3.50	3.50	3.50
Total Employees	96.00	99.50	99.50	97.75

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

2010	2011	2012	2013	2014	2015
3.50	3.50	3.50	3.50	3.50	3.50
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	1.50	2.00	2.00	2.00
7.50	7.50	7.00	7.00	7.00	7.00
0.50	0.50	0.50	0.50	0.50	0.50
3.00	3.00	3.00	3.00	3.00	3.00
22.50	22.50	22.50	22.50	22.50	21.50
15.50	15.50	15.50	15.50	15.50	15.50
5.00	5.00	5.00	5.00	5.50	5.50
4.75	4.75	4.75	4.75	5.25	5.25
2.50	2.50	2.50	2.50	2.50	2.50
14.50	14.00	14.00	14.00	14.00	15.00
8.50	8.30	8.30	5.75	5.75	5.75
3.50	3.20	3.20	5.75	5.75	5.75
95.25	94.25	93.25	93.75	94.75	94.75

City of Tipp City

Operating Indicators by Function Last Ten Years

	2006	2007	2008	2009
Governmental Activities				
General Government				
Accounts Payable Checks processed	3,542	3,576	3,495	3,068
Purchase Orders issued	2,813	2,780	2,631	2,312
Court				
Number of Criminal Cases	368	412	341	332
Number of Traffic Cases	747	742	781	684
Licenses and Permits				
Number of Residential Building Permits	34	31	21	10
Number of Commercial Building Permits	8	9	5	3
Security of Persons and Property				
Police				
Criminal Arrests	676	770	679	596
Calls for Service	16,391	15,420	15,595	17,570
Number of Accidents	416	390	335	188
Fire and EMS				
Number of Fire Calls	404	408	437	348
Number of EMS Runs	1,415	1,353	1,347	1,256
Transportation				
Street				
Tons of Salt Used	621	1,121	844	476
Leisure Time Activities				
Swimming Pool Receipts	268,227	268,574	266,423	244,334
Business-Type Activities				
Electric				
Number of Service Connections	4,761	4,804	4,807	4,833
Peak Demand (megawatts)	31.4	33.0	30.1	29.3
Energy Purchased (MWh)	160,677	154,852	149,116	140,826
Water				
Number of Service Connections	3,984	4,026	4,043	4,050
Daily Average Consumption (mgd)	1.3	1.3	1.2	1.2
Peak Daily Consumption (mgd)	2.8	2.5	2.5	2.1
Sewer				
Sewer Treatment Charges	612,634	621,828	650,130	643,307
Daily Average Sewage Treatment (mgd)	1.8	1.6	1.7	1.5
Refuse Collection				
Number of Customers Billed	3,837	3,852	3,835	3,911

Source: Finance Director's Office

Note: n/a = Information is not available. Refuse billing started in 2004.

City of Tipp City

2010	2011	2012	2013	2014	2015
2,819	2,766	3,549	2,911	2,869	2,828
1,430	2,280	2,429	2,018	2,124	2,013
317	269	373	280	333	328
886	734	887	825	797	941
7	12	21	14	17	17
6	4	11	5	7	4
575	414	480	532	446	488
20,745	15,972	10,010	14,909	15,388	15,455
218	208	207	208	254	251
368	313	327	304	343	304
1,272	1,345	1,390	1,421	1,557	1,673
800	304	637	861	457	275
284,522	281,817	254,257	285,683	248,739	290,383
4,872	4,859	4,946	4,954	4,942	4,933
30.2	31.3	31.2	33.4	31.7	33.3
143,846	143,172	142,617	150,263	156,551	164,144
4,086	4,091	4,272	4,153	4,135	4,159
1.3	1.1	1.2	1.2	1.2	1.4
2.5	2.6	2.5	2.3	2.0	2.3
657,465	688,675	653,840	642,679	665,486	684,258
1.6	2.1	1.4	1.6	1.7	1.8
3,926	3,943	3,964	4,037	4,033	4,071

City of Tipp City

Capital Asset Statistics by Function Last Ten Years

	2006	2007	2008	2009
Governmental Activities				
General Government				
Area (square miles)	7.2	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	60	61	61	61
Street Lights	1,328	1,400	1,409	1,419
Miles of Storm Sewers	58	59	60	60
Leisure Time Activities				
Park Area (acres)	434	434	436	436
Number of Parks	17	17	17	17
Number of Tennis Courts	2	2	2	2
Number of Ball Fields	20	20	20	17
Business-Type Activities				
Utilities				
Electric				
Substations	3	3	3	3
Water				
Waterlines (Miles)	54	55	56	57
Number of Fire hydrants	658	658	665	675
Sewer				
Sewerlines (Miles)	54	55	56	57

Source: Finance Director's Office

City of Tipp City

2010	2011	2012	2013	2014	2015
7.5	7.5	7.5	7.5	7.5	7.5
1	1	1	1	1	1
2	2	2	2	2	2
61	61	61	61	61	61
1,419	1,419	1,419	1,419	1,419	1,419
60	60	60	60	60	60
436	436	436	436	436	436
17	17	17	17	17	17
2	2	2	2	2	2
17	17	17	17	17	17
3	3	3	3	3	3
57	57	57	57	57	57
675	675	675	675	675	675
57	57	57	57	57	57





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