

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





City of Tipp City, Ohio

Miami County



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016

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 28, 2017

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, 2016 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, 2016. 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 Auditors' Report.

***Letter of Transmittal
For the Year Ended December 31, 2016***

PROFILE OF THE CITY

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

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

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

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

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

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

Letter of Transmittal
For the Year Ended December 31, 2016

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. Nine 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.

Letter of Transmittal
For the Year Ended December 31, 2016

Commercial and industrial growth in 2016 invested \$4,385,000 in the community, with four projects undertaken this year which compares to four projects in 2015. These projects included a 40,000 square foot and a 7,000 square foot expansion at Repacorp, a 900 square foot expansion at Precision Strip, and the reconstruction of the Gulf fuel station. In addition, Meijer has purchased 55 acres of land for future expansion at their site on County Road 25A and an additional twenty-five acres of commercial/industrial development land on County Road 25A was sold in late 2016 for a logistics, warehousing, and distribution center.

The Dayton metropolitan region's unemployment rate averaged 4.6% in 2016, starting the year at 4.5% then increasing slightly to 4.7% by year end. Miami County's unemployment rate fell from a high of 5.2% in January, 2016 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 2016, Tipp City had 15 new residential unit starts which is down from 17 residential starts in 2015. 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
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	.376%
2016	4282	15	0	.352%

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.

***Letter of Transmittal
For the Year Ended December 31, 2016***

MAJOR INITIATIVES

For the Year

Tipp City's primary focus in 2016 continued to be maintenance, repair, and upgrade of capital facilities and infrastructure. In late fall of 2010, City Council established a citizens committee for the purpose of reviewing a ten-year capital improvement plan and recommending a funding option to meet the City's future capital improvement needs in the governmental funds. The committee's recommendation was to place before the City electorate a 0.25% increase in the City's income tax rate (from 1.25% to 1.5%) to be effective July 1, 2011 and a 0.25% increase in the City's income tax rate to be effective January 1, 2013. This second increase replaced an expiring tax levy of the same amount leaving the overall rate at 1.5%. The City's electorate approved the measure on May 3, 2011. These income tax levies will each be collected for a period of 10 years from the enacted dates and are expected to generate approximately \$13 million in additional revenues. The additional revenues are restricted for use for capital improvements to include replacing a 35 year-old aerial ladder truck in the Fire Department (2012), expansion and renovation of the existing Fire/EMS station (2013-2014), street reconstruction and resurfacing (ongoing), and replacement of vehicles and equipment as necessary.

During 2016, with State and Federal grant assistance, the City spent approximately \$3M on street improvements and resurfacing throughout the community. The most significant street project begun in 2015, which will be completed in 2017, 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 73% funded with Federal Highway Administration funding.

The City continued to work on capital improvement projects in the enterprise funds as well. The City completed construction of a new Electric Department Service Center (\$2.8M project), replaced water and sewer lines in the Roselyn Subdivision (Judith Dr., Michael Place, and Earl Ct. - \$860,000 project) and performed a large sanitary sewer sliplining rehabilitation project on Second St. 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. Continued economic development, coupled with the commitment of the residents to fund necessary capital improvements, will help ensure the sound financial position of the City. In 2017-2018, 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.

***Letter of Transmittal
For the Year Ended December 31, 2016***

The City is engineering expansion of its electric utility service with additional transformer capacity at Substations #2 and #3 and replacement transformer(s) at Substation #1 and #1A (approx. \$7.5M to be invested for all three locations). In the water utility, the City plans to construct a new 500,000 gallon water tower to replace a 1930's era 350,000 gallon tower and will replace several 4-inch residential water lines. In the wastewater/sewer utility the City will continue sliplining and joint repair to eliminate inflow and infiltration and to extend the life of existing sanitary sewer line. As noted, Tipp City continues to have an aggressive capital improvement program planned for the next few years.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

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

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

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

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

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

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, 2016***

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, 2015. 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 sixteen years (2000-2015). 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, 2016***

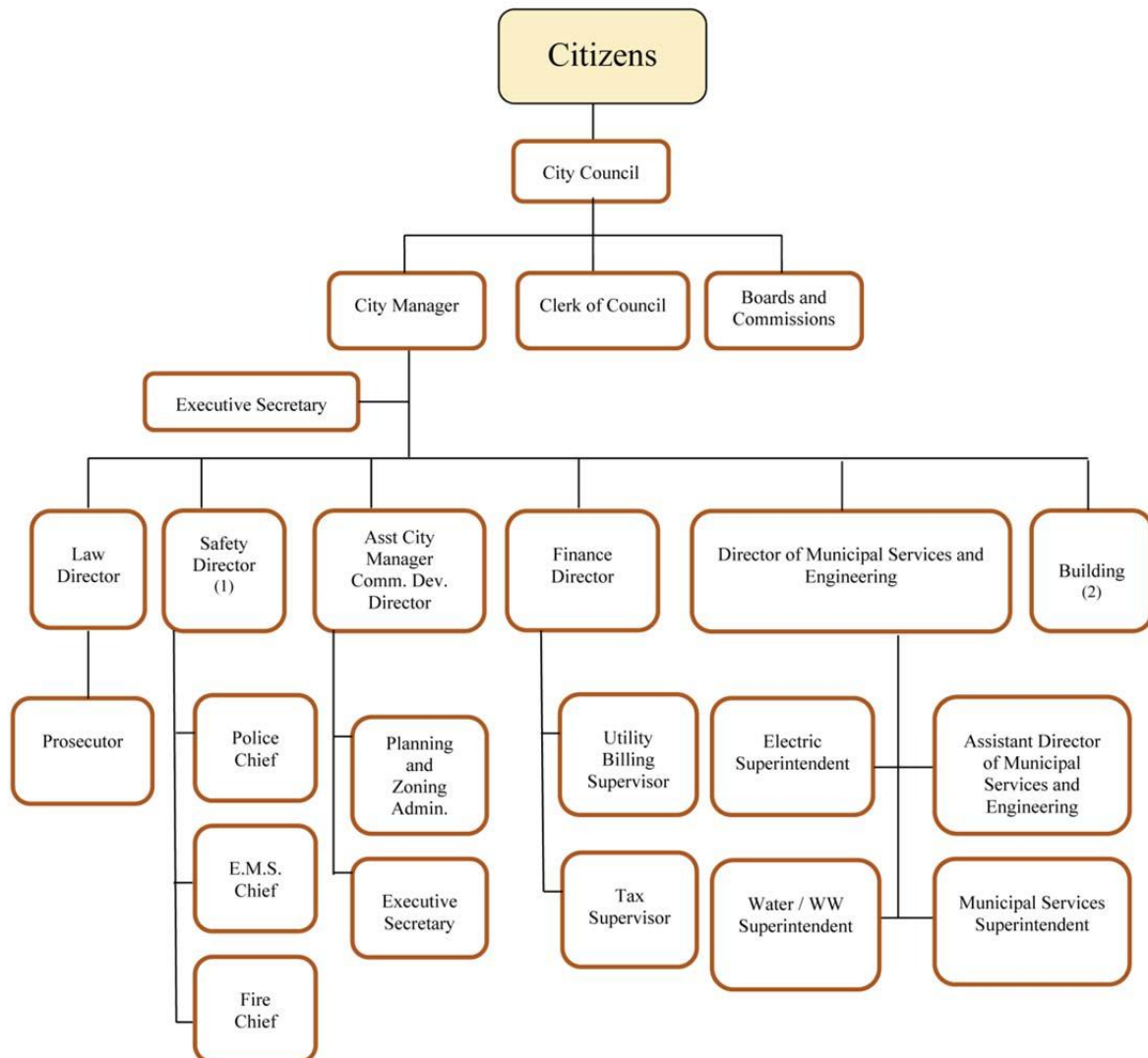
ELECTED OFFICIALS

Mayor	Pat Hale
President Of Council	Joseph Gibson
Council Members	Carrie Arblaster Tom Merritt 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	Jonathan Freeman
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, 2016**



- (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, 2015

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Tri-Cities North Regional Wastewater Authority, which represents 42 percent, 50 percent, 7 percent, and 13 percent, respectively, of the assets, net position, expenses, and revenues, of the Sewer Fund and 12 percent, 15 percent, 1 percent, and 1 percent, respectively, of the assets, net position, expenses, and revenues of the business-type activities opinion unit. 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 the 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.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402

Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

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, 2016, 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.

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 and the other auditors 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 and the other auditors subjected these statements and schedules to the auditing procedures applied to the basic financial statements. We and the other auditors also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied to the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, 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, reading "Dave Yost". The signature is written in a cursive style with a large, looping "D" and a trailing flourish.

Dave Yost
Auditor of State
Columbus, Ohio

June 28, 2017



***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

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, 2016. 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 2016 are as follows:

- ❑ In total, net position increased \$5,087,517. Net position of governmental activities increased \$3,362,700, which represents a 7.3% increase from 2015. Net position of business-type activities increased \$1,724,817 or 4.1% from 2015.
- ❑ General revenues accounted for \$7.6 million in revenue or 21% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 79% of total revenues of \$36 million.
- ❑ Total net position of governmental activities increased by \$3,362,700. Net capital assets increased by \$2.2 million while current assets (primarily cash) increased 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 2016 the City invested (with Federal and State grant assistance) approximately \$3 million in street reconstruction and resurfacing.
- ❑ The City had \$8.4 million in expenses related to governmental activities; \$4.26 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7.54 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5.7 million in revenues and \$4.9 million in expenditures and other financing uses. The general fund's fund balance increased \$775,281 to \$6.7 million.
- ❑ Net position for enterprise funds increased by \$1.7 million. The Electric Fund's net position increased by \$1,056,705, the Water Fund increased its net position by \$21,904, and the Sewer Fund increased its net position by \$660,823.
- ❑ The Electric Fund increase is a reflection of operating income along with an increase in capital assets. Both electric consumption and the costs of purchased power, which are passed through to the residents on a rolling six-month average, increased in 2016 resulting in an increase in service charge revenues of approximately \$894,000. While operating expenses, primarily purchased power costs increased also, the Electric Fund still experienced operating incomes of \$855,730. The increase in capital assets was due to the completion of the new Electric Service Center and monies expended in 2016 for Substation #3 improvements.
- ❑ The Water Fund increase is due to an increase in non-operating income from the City's participation in the Northern Area Water Authority (See Note 20).

***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

Unaudited

- The Sewer Fund increase is due to capital contributions received from the City's participation in the Tri-Cities North Regional Wastewater Authority (hereafter TCA - See Note 20). A portion of the City's monthly sanitary sewer charge is set aside by TCA for use to make future system improvements to remove sources of inflow and infiltration (I&I). The City performed a \$380,000 sanitary sewer sliplining project in 2016 which was funded in part with monies held by TCA for this purpose.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

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, 2016****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 2016 and 2015.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$12,763,018	\$11,494,795	\$21,699,823	\$19,842,132	\$34,462,841	\$31,336,927
Capital assets, Net	48,083,299	45,886,827	32,232,150	31,670,050	80,315,449	77,556,877
Total assets	60,846,317	57,381,622	53,931,973	51,512,182	114,778,290	108,893,804
Deferred Outflows of Resources	2,017,744	776,311	737,355	231,392	2,755,099	1,007,703
Net Pension Liability	6,873,076	5,138,582	1,925,026	1,276,779	8,798,102	6,415,361
Noncurrent liabilities	3,161,954	3,497,296	5,901,693	5,723,890	9,063,647	9,221,186
Other liabilities	2,810,386	2,919,020	2,901,573	2,518,396	5,711,959	5,437,416
Total liabilities	12,845,416	11,554,898	10,728,292	9,519,065	23,573,708	21,073,963
Deferred Inflows of Resources	405,809	352,899	264,090	272,380	669,899	625,279
Net position						
Net investment in capital assets	44,098,177	41,068,323	26,574,005	26,210,107	70,672,182	67,278,430
Restricted	3,606,947	3,443,958	0	0	3,606,947	3,443,958
Unrestricted	1,907,712	1,737,855	17,102,941	15,742,022	19,010,653	17,479,877
Total net position	\$49,612,836	\$46,250,136	\$43,676,946	\$41,952,129	\$93,289,782	\$88,202,265

The amount by which the city's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources is called net position. At year-end, the City's net position was \$93.3 million compared to \$88.2 million in 2015. Of that amount, in 2016, approximately \$70.7 million (75.8%) was invested in capital assets, net of debt related to those assets. At year-end 2015, that amount was approximately \$67.3 million (76.3%). For 2016 another \$3.6 million (3.9%) was subject to external restrictions upon its use. The remaining \$19 million (20.3%) in 2016 was unrestricted and available for future use. For 2015, this amount was \$17.5 million (19.8%).

***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

Unaudited

The adoption of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," significantly revised 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, 2016****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.

Changes in Net position – The following table shows the changes in net position for the fiscal year 2016 compared with 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,354,401	\$1,047,471	\$23,241,592	\$21,744,832	\$24,595,993	\$22,792,303
Operating Grants and Contributions	723,446	686,622	0	0	723,446	686,622
Capital Grants and Contributions	2,182,014	1,372,145	903,697	0	3,085,711	1,372,145
Total Program Revenues	4,259,861	3,106,238	24,145,289	21,744,832	28,405,150	24,851,070
General revenues:						
Income Taxes	5,963,230	5,834,924	0	0	5,963,230	5,834,924
Property Taxes	396,384	385,271	0	0	396,384	385,271
Other Local Taxes	86,281	81,444	0	0	86,281	81,444
Unrestricted Shared Revenues	970,419	978,819	0	0	970,419	978,819
Investment Earnings	76,914	35,690	0	0	76,914	35,690
Miscellaneous	74,616	240,767	0	0	74,616	240,767
Total General Revenues	7,567,844	7,556,915	0	0	7,567,844	7,556,915
Total Revenues	11,827,705	10,663,153	24,145,289	21,744,832	35,972,994	32,407,985
Program Expenses						
Security of Persons and Property	4,253,983	3,838,659	0	0	4,253,983	3,838,659
Leisure Time Activities	1,172,199	1,202,951	0	0	1,172,199	1,202,951
Community Environment	357,068	280,344	0	0	357,068	280,344
Basic Utility Services	42,788	9,792	0	0	42,788	9,792
Transportation	1,597,236	1,744,237	0	0	1,597,236	1,744,237
General Government	938,638	846,759	0	0	938,638	846,759
Interest and Fiscal Charges	74,428	77,291	0	0	74,428	77,291
Electric	0	0	16,042,057	14,104,590	16,042,057	14,104,590
Water	0	0	3,568,202	3,082,812	3,568,202	3,082,812
Sewer	0	0	1,938,930	1,611,383	1,938,930	1,611,383
Refuse Collection	0	0	899,948	859,546	899,948	859,546
Total expenses	8,436,340	8,000,033	22,449,137	19,658,331	30,885,477	27,658,364
Change in Net Position before transfers	3,391,365	2,663,120	1,696,152	2,086,501	5,087,517	4,749,621
Transfers	(28,665)	(19,160)	28,665	19,160	0	0
Total Change in Net Position	3,362,700	2,643,960	1,724,817	2,105,661	5,087,517	4,749,621
Beginning Net Position	46,250,136	43,606,176	41,952,129	39,846,468	88,202,265	83,452,644
Ending Net Position	\$49,612,836	\$46,250,136	\$43,676,946	\$41,952,129	\$93,289,782	\$88,202,265

**Management's Discussion and Analysis
For the Year Ended December 31, 2016****Unaudited**

Governmental Activities

Net position of the City's governmental activities increased by \$3,362,700 or 7.3%. Net investment in capital assets increased \$3,029,854 or 7.4%. Restricted net position increased by \$162,989 or 4.7% while unrestricted net position increased by \$169,857 or 9.8%.

The City receives an income tax, which was increased by a vote of the City electorate from 1.25% to 1.50% effective July, 2011. This income tax is assessed on all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City. Income tax is the largest source of revenue for the City. 46.7% of the City's income tax received is designated for capital outlay. Income tax revenue was \$5,963,230 compared to \$5,834,924 in 2015, an increase of 2.2%. This follows a increase of 9.2% in 2015. The City did experience a small increase in payroll withholding tax receipts which is reflective of the positive decline in the regions unemployment rate.

Property taxes and income taxes made up 3.4% and 50.4% respectively of revenues for governmental activities for the City in fiscal year 2016. The City's reliance upon tax revenues is demonstrated by the following graph indicating 54.5% of total revenues comes from general tax revenues:

Revenue Sources	2016	Percent of Total	
Unrestricted Shared Revenues	\$970,419	8.20%	8.20%
Program Revenues	4,259,861	36.02%	36.02%
General Tax Revenues	6,445,895	54.50%	54.50%
General Other	151,530	1.28%	1.28%
Total Revenue	<u>\$11,827,705</u>	<u>100.00%</u>	

Business-Type Activities

Net position of the business-type activities increased \$1,724,817. This increase was primarily attributed to operating income, income from the City's participation in the Northern Area Water Authority joint venture (\$311,886), and capital contributions from the City's participation in the Tri-Cities North Regional Wastewater Authority (\$344,029). 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, 2016****Unaudited****FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$7,516,145, which is an increase from last year's balance of \$6,158,712. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2016 and 2015:

	Fund Balance December 31, 2016	Fund Balance December 31, 2015	Increase (Decrease)
General	\$6,721,245	\$5,944,850	\$776,395
Capital Improvement Reserve	(203,287)	(737,944)	534,657
25-A Construction	(17,036)	69,159	(86,195)
Other Governmental	1,015,223	882,647	132,576
Total	<u>\$7,516,145</u>	<u>\$6,158,712</u>	<u>\$1,357,433</u>

General Fund – The City's General Fund balance had an increase of \$776,395 in 2016. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2016 Revenues	2015 Revenues	Increase (Decrease)
Taxes	\$3,514,455	\$3,424,740	\$89,715
Intergovernmental Revenue	1,048,928	980,077	68,851
Charges for Services	788,600	690,235	98,365
Licenses, Permits and Fees	177,551	18,460	159,091
Investment Earnings	74,840	35,721	39,119
Special Assessments	1,238	1,161	77
Fines and Forfeitures	14,140	15,623	(1,483)
All Other Revenue	38,180	216,629	(178,449)
Total	<u>\$5,657,932</u>	<u>\$5,382,646</u>	<u>\$275,286</u>

The increase in charges for services is due to increased collections for fire protection and charges for emergency medical service runs. The differences in licenses, permits and fees and all other revenue are the result of reclassified revenues. Increased income tax collections were a result an improving economy.

	2016 Expenditures	2015 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,381,426	\$3,430,934	(\$49,508)
Leisure Time Activities	457,650	456,559	1,091
Community Environment	323,062	289,769	33,293
Basic Utility Services	26,281	0	26,281
General Government	651,438	669,535	(18,097)
Capital Outlay	42,794	29,270	13,524
Total	<u>\$4,882,651</u>	<u>\$4,876,067</u>	<u>\$6,584</u>

Changes in expenditure amounts amongst all functions were minimal in nature in 2016.

***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

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 2016, construction continued to proceed toward completion of the road widening and reconstruction project. Fund balance decreased due to the timing differences between receipts of grants 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 2016 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 \$6,943,737, 2.7% above budget. The City's original budgeted appropriations were increased during the year by \$68,450 to arrive at a final figure of \$6,995,198. There was a significant variance between actual expenditures and final budgeted expenditures. Total actual expenditures were \$6,145,766, \$849,432 below the final budget. Savings from the original budget include: \$300,000 in unspent economic development monies; \$100,000 in police department expenditures (health insurance, overtime, and fuel costs); \$100,000 in emergency medical service department expenditures (wages, health insurance benefits, and radio maintenance); \$96,600 in city administration expense (unfilled human resources generalist position and changes in health insurance coverage); and \$83,000 in parks department expenditures (across the board savings).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2016 the City had \$80,315,449 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$48,083,299 was related to governmental activities and \$32,232,150 to the business-type activities. The following table shows fiscal year 2016 and 2015 balances:

**Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Unaudited

	Governmental Activities		Increase (Decrease)
	2016	2015	
Land	\$13,707,679	\$13,549,726	\$157,953
Construction in Progress	3,927,771	1,489,518	2,438,253
Total Non-Depreciable Capital Assets	17,635,450	15,039,244	2,596,206
Buildings	8,707,095	8,613,743	93,352
Improvements Other Than Buildings	6,763,861	6,482,037	281,824
Machinery and Equipment	8,826,589	8,856,505	(29,916)
Infrastructure	32,310,659	31,742,280	568,379
Less: Accumulated Depreciation	(26,160,355)	(24,846,982)	(1,313,373)
Total Depreciable Capital Assets	30,447,849	30,847,583	(399,734)
Totals	\$48,083,299	\$45,886,827	\$2,196,472

	Business-Type Activities		Increase (Decrease)
	2016	2015	
Land	\$2,234,492	\$2,234,492	\$0
Construction in Progress	2,081,170	4,461,250	(2,380,080)
Total Non-Depreciable Capital Assets	4,315,662	6,695,742	(2,380,080)
Buildings	7,073,486	4,130,684	2,942,802
Improvements Other Than Buildings	39,595,876	38,091,340	1,504,536
Machinery and Equipment	3,279,035	3,382,204	(103,169)
Less: Accumulated Depreciation	(22,031,909)	(20,629,920)	(1,401,989)
Total Depreciable Capital Assets	27,916,488	24,974,308	2,942,180
Totals	\$32,232,150	\$31,670,050	\$562,100

Capital assets, net of depreciation, in governmental activities increased \$2,196,472 (4.8%) in 2016. During 2016, the City invested approximately \$3 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 \$562,100 (1.8%). The largest increases in business-type activities were related to improvements made to electric substation #3, including a second transformer, switch gear, and a power control house (\$650,000 in 2016), and replacement of water and sewer lines in the Roselyn subdivision (Judith Dr., Michael Place, and Earl Court – approx. \$600,000).

As of December 31, 2016, the City has contractual commitments of \$486,541 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, 2016****Unaudited**

Debt

At December 31, 2016, the City had \$770,000 in bonds outstanding, \$160,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2016 and 2015:

	2016	2015
Governmental Activities:		
General Obligation Bonds	\$310,000	\$420,000
Special Assessment Bonds	460,000	505,000
OPWC Loan	874,222	922,404
General Obligation Notes	781,800	1,095,900
Compensated Absences	735,932	553,992
Net Pension Liability	6,873,076	5,138,582
Total Governmental Activities	10,035,030	8,635,878
Business-Type Activities:		
General Obligation Bonds	\$0	\$25,000
OPWC Loans	1,159,045	1,231,943
General Obligation Notes	4,450,200	4,239,100
Compensated Absences	292,448	227,847
Net Pension Liability	1,925,026	1,276,779
Total Business-Type Activities	7,826,719	7,000,669
Totals	\$17,861,749	\$15,636,547

During 2016, 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 2016 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, 2016, 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.

***Management's Discussion and Analysis
For the Year Ended December 31, 2016***

Unaudited

ECONOMIC FACTORS

Tipp City's future remains bright. Income tax receipts, the largest single source of general operating revenues, remained strong again in 2016 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 2017 operating budget reflects the conservatism of the City. Total 2017 general fund operating revenues are projected at \$6.75 million which is slightly lower than actual revenues received in 2016. While the City expects continued increases in income and property tax revenues, the budget reflects decreases in state shared local government revenues due to the reductions included in the State of Ohio's biennial budget, and expectations for the emergency medical services receipts was reduced slightly to be in line with average receipt levels over the last 3-4 years versus the large increase noted in 2016.

The 2017 appropriation budget for the general fund totals \$7.2 million which is an increase of approximately \$500,000 from the original 2016 appropriations. This budget includes \$400,000 earmarked for economic development incentives should a viable project arise. If not, these monies will not be spent. In addition, the 2017 appropriation budget includes the addition of a police detective assigned specifically to drug interdiction activities, filling the Human Resources Generalist position, and the addition of a full-time Fire Inspector in the fire department.

The City's general fund balance has increased in eleven of the last twelve consecutive years and remains strong at \$6.7 million. As always, the City will continue to monitor its receipts and expenditure activity very closely to preserve and enhance 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, 2016

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 7,142,204	\$ 8,056,330	\$ 15,198,534
Investments	1,070,680	1,219,229	2,289,909
Receivables:			
Taxes	1,861,632	0	1,861,632
Accounts	365,685	2,168,827	2,534,512
Intergovernmental	1,361,251	524,641	1,885,892
Interest	6,475	0	6,475
Special Assessments	720,011	538,754	1,258,765
Lease	0	817,375	817,375
Internal Balances	81,855	(81,855)	0
Inventory of Supplies at Cost	125,137	802,922	928,059
Prepaid Items	28,088	7,355	35,443
Restricted Assets:			
Cash and Cash Equivalents	0	189,690	189,690
Investment in Joint Venture	0	7,456,555	7,456,555
Non-Depreciable Capital Assets	17,635,450	4,315,662	21,951,112
Depreciable Capital Assets, Net	30,447,849	27,916,488	58,364,337
Total Assets	60,846,317	53,931,973	114,778,290
Deferred Outflows of Resources:			
Pension	2,017,744	737,355	2,755,099
Liabilities:			
Accounts Payable	993,369	1,651,962	2,645,331
Accrued Wages and Benefits Payable	90,145	33,328	123,473
Intergovernmental Payable	12,556	244,666	257,222
Retainage Payable	138,441	30,927	169,368
Refundable Deposits	0	189,690	189,690
Accrued Interest Payable	16,775	52,100	68,875
General Obligation Notes Payable	1,559,100	698,900	2,258,000
Noncurrent liabilities:			
Due within one year	426,221	158,209	584,430
Due in more than one year:			
Net Pension Liability	6,873,076	1,925,026	8,798,102
Other Amounts Due in More Than One Year	2,735,733	5,743,484	8,479,217
Total Liabilities	12,845,416	10,728,292	23,573,708
Deferred Inflows of Resources:			
Deferred Revenue	0	226,895	226,895
Property Tax Levy for Next Fiscal Year	340,267	0	340,267
Pension	65,542	37,195	102,737
Total Deferred Inflows of Resources	405,809	264,090	669,899

CITY OF TIPP CITY, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	44,098,177	26,574,005	70,672,182
Restricted For:			
Capital Projects	1,804,151	0	1,804,151
Debt Service	603,240	0	603,240
Transportation	1,121,570	0	1,121,570
Security of Persons	30,154	0	30,154
Leisure Time Activities	47,832	0	47,832
Unrestricted	1,907,712	17,102,941	19,010,653
Total Net Position	\$ 49,612,836	\$ 43,676,946	\$ 93,289,782

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO**Statement of Activities
For the Year Ended December 31, 2016**

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 4,253,983	\$ 801,163	\$ 3,960	\$ 0
Leisure Time Activities	1,172,199	334,915	0	0
Community Environment	357,068	202,402	0	0
Basic Utility Services	42,788	0	0	0
Transportation	1,597,236	15,921	719,486	2,182,014
General Government	938,638	0	0	0
Interest and Fiscal Charges	74,428	0	0	0
Total Governmental Activities	8,436,340	1,354,401	723,446	2,182,014
Business-Type Activities:				
Electric	16,042,057	16,894,764	0	203,998
Water	3,568,202	3,574,386	0	0
Sewer	1,938,930	1,887,109	0	699,699
Refuse Collection	899,948	885,333	0	0
Total Business-Type Activities	22,449,137	23,241,592	0	903,697
Totals	\$ 30,885,477	\$ 24,595,993	\$ 723,446	\$ 3,085,711

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
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
\$ (3,448,860)	\$ 0	\$ (3,448,860)
(837,284)	0	(837,284)
(154,666)	0	(154,666)
(42,788)	0	(42,788)
1,320,185	0	1,320,185
(938,638)	0	(938,638)
(74,428)	0	(74,428)
<u>(4,176,479)</u>	<u>0</u>	<u>(4,176,479)</u>
0	1,056,705	1,056,705
0	6,184	6,184
0	647,878	647,878
0	(14,615)	(14,615)
<u>0</u>	<u>1,696,152</u>	<u>1,696,152</u>
<u>(4,176,479)</u>	<u>1,696,152</u>	<u>(2,480,327)</u>
5,963,230	0	5,963,230
396,384	0	396,384
86,281	0	86,281
970,419	0	970,419
76,914	0	76,914
74,616	0	74,616
(28,665)	28,665	0
<u>7,539,179</u>	<u>28,665</u>	<u>7,567,844</u>
3,362,700	1,724,817	5,087,517
<u>46,250,136</u>	<u>41,952,129</u>	<u>88,202,265</u>
<u>\$ 49,612,836</u>	<u>\$ 43,676,946</u>	<u>\$ 93,289,782</u>

CITY OF TIPP CITY, OHIO**Balance Sheet
Governmental Funds
December 31, 2016**

	General	Capital Improvement Reserve	25-A Construction
Assets:			
Cash and Cash Equivalents	\$ 4,987,995	\$ 1,162,222	\$ 19,799
Investments	1,070,680	0	0
Receivables:			
Taxes	1,178,585	683,047	0
Accounts	361,725	0	0
Intergovernmental	185,417	0	823,587
Interest	6,475	0	0
Special Assessments	0	130,786	0
Due from Other Funds	83,940	0	0
Inventory of Supplies, at Cost	63,019	0	0
Prepaid Items	21,201	1,712	0
Total Assets	<u>\$ 7,959,037</u>	<u>\$ 1,977,767</u>	<u>\$ 843,386</u>
Liabilities:			
Accounts Payable	\$ 48,856	\$ 117,186	\$ 814,951
Accrued Wages and Benefits Payable	84,024	0	0
Intergovernmental Payable	11,807	0	0
Retainage Payable	0	138,441	0
Due to Other Funds	1,939	0	0
Accrued Interest Payable	0	3,907	471
General Obligation Notes Payable	0	1,389,100	45,000
Total Liabilities	<u>146,626</u>	<u>1,648,634</u>	<u>860,422</u>
Deferred Inflows of Resources:			
Unavailable Amounts	750,899	532,420	0
Property Tax Levy for Next Fiscal Year	340,267	0	0
Total Deferred Inflows of Resources	<u>1,091,166</u>	<u>532,420</u>	<u>0</u>
Fund Balances:			
Nonspendable	84,220	1,712	0
Restricted	0	0	0
Committed	0	0	0
Assigned	434,861	0	0
Unassigned	6,202,164	(204,999)	(17,036)
Total Fund Balances	<u>6,721,245</u>	<u>(203,287)</u>	<u>(17,036)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,959,037</u>	<u>\$ 1,977,767</u>	<u>\$ 843,386</u>

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 972,188	\$ 7,142,204
0	1,070,680
0	1,861,632
3,960	365,685
352,247	1,361,251
0	6,475
589,225	720,011
0	83,940
62,118	125,137
5,175	28,088
<u>\$ 1,984,913</u>	<u>\$ 12,765,103</u>
\$ 12,376	\$ 993,369
6,121	90,145
749	12,556
0	138,441
146	2,085
1,308	5,686
<u>125,000</u>	<u>1,559,100</u>
<u>145,700</u>	<u>2,801,382</u>
823,990	2,107,309
<u>0</u>	<u>340,267</u>
<u>823,990</u>	<u>2,447,576</u>
67,293	153,225
1,027,766	1,027,766
46,472	46,472
0	434,861
<u>(126,308)</u>	<u>5,853,821</u>
<u>1,015,223</u>	<u>7,516,145</u>
<u>\$ 1,984,913</u>	<u>\$ 12,765,103</u>



***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2016***

Total Governmental Fund Balances	\$ 7,516,145
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***Amounts reported for governmental activities in the
statement of net position are different because***

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	48,083,299
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Other long-term assets are not available to pay for current- period expenditures and therefore are reported as deferred inflows in the funds.	2,107,309
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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.	(4,920,874)
--	-------------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,173,043)</u>
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<i>Net Position of Governmental Funds</i>	<u>\$ 49,612,836</u>
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See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	Capital Improvement Reserve	25-A Construction
Revenues:			
Taxes	\$ 3,514,455	\$ 2,713,797	\$ 0
Intergovernmental Revenues	1,048,928	149,800	2,032,214
Charges for Services	788,600	0	0
Licenses, Permits and Fees	177,551	0	0
Investment Earnings	74,840	0	0
Special Assessments	1,238	50,747	0
Fines and Forfeitures	14,140	0	0
All Other Revenue	38,180	31,739	0
Total Revenue	5,657,932	2,946,083	2,032,214
Expenditures:			
Current:			
Security of Persons and Property	3,381,426	0	0
Leisure Time Activities	457,650	0	0
Community Environment	323,062	0	0
Basic Utility Services	26,281	0	0
Transportation	0	0	0
General Government	651,438	48,237	0
Capital Outlay	42,794	1,852,333	2,118,331
Debt Service:			
Principal Retirement	0	540,900	330,000
Interest and Fiscal Charges	0	16,083	2,206
Total Expenditures	4,882,651	2,457,553	2,450,537
Excess (Deficiency) of Revenues Over Expenditures	775,281	488,530	(418,323)
Other Financing Sources (Uses):			
General Obligation Notes Issued	0	396,800	285,000
Transfers In	0	0	47,128
Transfers Out	0	(350,673)	0
Total Other Financing Sources (Uses)	0	46,127	332,128
Net Change in Fund Balances	775,281	534,657	(86,195)
Fund Balances at Beginning of Year	5,944,850	(737,944)	69,159
Change in Inventory	1,114	0	0
Fund Balances End of Year	\$ 6,721,245	\$ (203,287)	\$ (17,036)

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 78,209	\$ 6,306,461
706,834	3,937,776
327,435	1,116,035
0	177,551
0	74,840
73,653	125,638
825	14,965
8,184	78,103
<u>1,195,140</u>	<u>11,831,369</u>
0	3,381,426
310,899	768,549
0	323,062
0	26,281
615,747	615,747
3,507	703,182
11,829	4,025,287
428,182	1,299,082
58,075	76,364
<u>1,428,239</u>	<u>11,218,980</u>
(233,099)	612,389
100,000	781,800
285,680	332,808
<u>(10,800)</u>	<u>(361,473)</u>
<u>374,880</u>	<u>753,135</u>
141,781	1,365,524
882,647	6,158,712
<u>(9,205)</u>	<u>(8,091)</u>
<u>\$ 1,015,223</u>	<u>\$ 7,516,145</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, 2016***

Net Change in Fund Balances - Total Governmental Funds \$ 1,365,524

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation. 2,210,172

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position. (13,700)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (3,664)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 531,750

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,056,569)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. (781,800)

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position. 1,299,082

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,936

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. (190,031)

Change in Net Position of Governmental Activities \$ 3,362,700

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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,579,296	\$ 3,579,296	\$ 3,629,697	\$ 50,401
Intergovernmental Revenue	974,977	974,977	1,014,462	39,485
Charges for Services	1,726,397	1,726,397	1,766,274	39,877
Licenses and Permits	20,025	177,525	173,866	(3,659)
Investment Earnings	50,000	50,000	77,049	27,049
Special Assessments	1,000	1,000	1,238	238
Fines and Forfeitures	14,000	14,000	14,756	756
All Other Revenues	197,250	39,750	66,395	26,645
Total Revenues	6,562,945	6,562,945	6,743,737	180,792
Expenditures:				
Current:				
Security of Persons and Property	3,606,070	3,606,070	3,415,661	190,409
Leisure Time Activities	544,536	547,036	463,798	83,238
Community Environment	633,447	646,447	331,589	314,858
Basic Utility Services	270,254	271,404	255,268	16,136
General Government	1,738,589	1,790,389	1,605,651	184,738
Capital Outlay	82,702	82,702	73,799	8,903
Total Expenditures	6,875,598	6,944,048	6,145,766	798,282
Excess (Deficiency) of Revenues Over (Under) Expenditures	(312,653)	(381,103)	597,971	979,074
Other Financing Sources (Uses):				
Transfers Out	(51,150)	(51,150)	0	51,150
Advances In	200,000	200,000	200,000	0
Total Other Financing Sources (Uses):	148,850	148,850	200,000	51,150
Net Change in Fund Balance	(163,803)	(232,253)	797,971	1,030,224
Fund Balance at Beginning of Year	5,029,160	5,029,160	5,029,160	0
Prior Year Encumbrances	120,832	120,832	120,832	0
Fund Balance at End of Year	\$ 4,986,189	\$ 4,917,739	\$ 5,947,963	\$ 1,030,224

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO
Statement of Fund Net Position
Proprietary Funds
December 31, 2016

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Assets:			
Current assets:			
Cash and Cash Equivalents	\$ 5,426,928	\$ 1,374,654	\$ 1,052,219
Investments	1,219,229	0	0
Receivables:			
Accounts	1,728,896	260,081	179,850
Intergovernmental	124,335	44,636	355,670
Special Assessments	16,494	21,581	500,679
Lease - Current	61,375	0	0
Due from Other Funds	3,784	425	357
Inventory of Supplies at Cost	660,433	122,749	19,740
Prepaid Items	4,347	2,233	775
Restricted Assets:			
Cash and Cash Equivalents	189,690	0	0
Total current assets	9,435,511	1,826,359	2,109,290
Noncurrent assets:			
Lease Receivable	756,000	0	0
Investment in Joint Venture	0	815,125	6,641,430
Capital assets:			
Non-Depreciable Capital Assets	2,106,909	1,963,449	245,304
Depreciable Capital Assets, net	10,183,742	10,935,361	6,797,385
Total capital assets	12,290,651	12,898,810	7,042,689
Total noncurrent assets	13,046,651	13,713,935	13,684,119
Total assets	22,482,162	15,540,294	15,793,409
Deferred Outflows of Resources:			
Pension	383,013	240,224	114,118
Liabilities:			
Current liabilities:			
Accounts Payable	1,143,838	11,432	360,654
Accrued Wages and Benefits Payable	16,561	11,450	5,317
Intergovernmental Payable	41,291	148,422	54,953
Retainage Payable	0	0	30,927
Refundable Deposits	189,690	0	0
Due to Other Funds	80,254	1,781	700
Accrued Interest Payable	12,832	22,301	16,967
General Obligation Notes Payable - Current	112,190	346,110	240,600
OPWC Loans Payable - Current	0	63,122	9,776
Compensated Absences Payable - Current	47,808	26,248	11,255
Total Current Liabilities	1,644,464	630,866	731,149

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$ 202,529	\$ 8,056,330
0	1,219,229
0	2,168,827
0	524,641
0	538,754
0	61,375
0	4,566
0	802,922
0	7,355
0	189,690
202,529	13,573,689
0	756,000
0	7,456,555
0	4,315,662
0	27,916,488
0	32,232,150
0	40,444,705
202,529	54,018,394
0	737,355
136,038	1,651,962
0	33,328
0	244,666
0	30,927
0	189,690
3,686	86,421
0	52,100
0	698,900
0	72,898
0	85,311
139,724	3,146,203

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Fund Net Position
Proprietary Funds
December 31, 2016**

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Noncurrent Liabilities:			
General Obligation Notes Payable	1,113,810	1,886,590	1,449,800
OPWC Loans Payable	0	938,853	147,294
Compensated Absences Payable	110,893	71,149	25,095
Net Pension Liability	999,939	627,155	297,932
Total noncurrent liabilities	2,224,642	3,523,747	1,920,121
Total Liabilities	3,869,106	4,154,613	2,651,270
Deferred Inflows of Resources:			
Deferred Revenue	167,375	0	0
Pension	19,321	12,118	5,756
Total Deferred Inflows of Resources	186,696	12,118	5,756
Net Position:			
Net Investment in Capital Assets	11,714,651	9,664,135	5,195,219
Unrestricted	7,094,722	1,949,652	8,055,282
Total Net Position	\$ 18,809,373	\$ 11,613,787	\$ 13,250,501

See accompanying notes to the basic financial statements

<u>Refuse Collection</u>	<u>Total</u>
0	4,450,200
0	1,086,147
0	207,137
0	1,925,026
<u>0</u>	<u>7,668,510</u>
139,724	10,814,713
59,520	226,895
<u>0</u>	<u>37,195</u>
59,520	264,090
0	26,574,005
3,285	17,102,941
<u>\$ 3,285</u>	<u>\$ 43,676,946</u>

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities		
	Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 16,772,066	\$ 3,259,774	\$ 1,886,419
Other Operating Revenues	115,855	2,726	690
Total Operating Revenues	16,887,921	3,262,500	1,887,109
Operating Expenses:			
Personal Services	1,232,292	764,372	344,109
Contractual Services	14,045,488	2,114,263	1,100,854
Materials and Supplies	115,039	30,970	29,802
Utilities	10,628	23,600	14,936
Depreciation	610,239	604,040	290,879
Other Operating Expenses	18,505	2,286	903
Total Operating Expenses	16,032,191	3,539,531	1,781,483
Operating Income (Loss)	855,730	(277,031)	105,626
Non-Operating Revenue (Expenses):			
Income (Loss) from Joint Venture	0	311,886	(140,840)
Interest and Fiscal Charges	(9,866)	(28,671)	(16,607)
Investment Earnings	6,843	0	0
Total Non-Operating Revenues (Expenses)	(3,023)	283,215	(157,447)
Income (Loss) Before Contributions and Transfers	852,707	6,184	(51,821)
Transfers-In	0	15,720	12,945
Capital Contributions from Joint Venture	0	0	344,029
Capital Contributions	203,998	0	355,670
Change in Net Position	1,056,705	21,904	660,823
Net Position Beginning of Year	17,752,668	11,591,883	12,589,678
Net Position End of Year	\$ 18,809,373	\$ 11,613,787	\$ 13,250,501

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$ 885,333	\$ 22,803,592
0	119,271
885,333	22,922,863
0	2,340,773
899,948	18,160,553
0	175,811
0	49,164
0	1,505,158
0	21,694
899,948	22,253,153
(14,615)	669,710
0	171,046
0	(55,144)
0	6,843
0	122,745
(14,615)	792,455
0	28,665
0	344,029
0	559,668
(14,615)	1,724,817
17,900	41,952,129
\$ 3,285	\$ 43,676,946

CITY OF TIPP CITY, OHIO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type activities - Enterprise Funds		
	Electric	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$16,621,737	\$3,268,915	\$1,871,313
Cash Payments for Goods and Services	(13,882,165)	(2,148,031)	(1,144,054)
Cash Payments to Employees	(1,136,470)	(684,014)	(313,817)
Other Operating Revenues	133,781	5,873	7,877
Net Cash Provided by Operating Activities	1,736,883	442,743	421,319
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In From Other Funds	0	15,720	12,945
Interest Paid on General Obligation Notes	(6,843)	0	0
Principal Paid on General Obligation Notes	(700,000)	0	0
Premium on Sale of General Obligation Notes	3,023	0	0
Proceeds from the Sale of General Obligation Notes	650,000	0	0
Net Cash Provided (Used) for Noncapital Financing Activities	(53,820)	15,720	12,945
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(1,288,192)	(448,996)	(345,616)
Receipt of Lease Payments	56,726	0	0
Receipt of Intergovernmental Grants	79,663	0	0
Sale of General Obligation Notes	576,000	2,232,700	1,690,400
Premium on Sale of General Obligation Notes	2,677	10,757	8,115
Principal Paid on General Obligation Notes	(638,000)	(2,090,000)	(1,475,000)
Principal Paid on General Obligation Bonds	0	0	(25,000)
Principal Paid on OPWC Loan	0	(63,122)	(9,776)
Interest Paid on Capital Debt	(7,444)	(34,229)	(19,835)
Net Cash Used for Capital and Related Financing Activities	(1,218,570)	(392,890)	(176,712)
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	(222,741)	0	0
Net Cash Used for Investing Activities	(222,741)	0	0
Net Increase in Cash and Cash Equivalents	241,752	65,573	257,552
Cash and Cash Equivalents at Beginning of Year	5,374,866	1,309,081	794,667
Cash and Cash Equivalents at End of Year	\$5,616,618	\$1,374,654	\$1,052,219
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$5,426,928	\$1,374,654	\$1,052,219
Restricted Cash and Cash Equivalents	189,690	0	0
Cash and Cash Equivalents at End of Year	\$5,616,618	\$1,374,654	\$1,052,219

CITY OF TIPP CITY, OHIO

Refuse Collection	Total
\$884,689	\$22,646,654
(831,283)	(18,005,533)
0	(2,134,301)
0	147,531
53,406	2,654,351
0	28,665
0	(6,843)
0	(700,000)
0	3,023
0	650,000
0	(25,155)
0	(2,082,804)
0	56,726
0	79,663
0	4,499,100
0	21,549
0	(4,203,000)
0	(25,000)
0	(72,898)
0	(61,508)
0	(1,788,172)
0	(222,741)
0	(222,741)
53,406	618,283
149,123	7,627,737
\$202,529	\$8,246,020
\$202,529	\$8,056,330
0	189,690
\$202,529	\$8,246,020

(Continued)

CITY OF TIPP CITY, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016**

	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)	\$855,730	(\$277,031)	\$105,626
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	610,239	604,040	290,879
Adjustments to Assets and Liabilities:			
(Increase) in Accounts Receivable	(145,536)	(6,807)	(15,032)
Decrease in Intergovernmental Receivable	0	16,056	0
Decrease in Special Assessments Receivable	2,061	3,103	7,187
(Increase) Decrease in Inventory	43,088	(2,080)	(1,522)
(Increase) Decrease in Prepaid Items	468	(917)	652
(Increase) in Due from Other Funds	(458)	(64)	(74)
(Increase) in Deferred Outflows - Pension	(265,215)	(163,318)	(77,430)
Increase (Decrease) in Accounts Payable	246,486	(2,725)	842
(Decrease) in Accrued Wages and Benefits	(6,830)	(3,604)	(2,022)
Increase (Decrease) in Due to Other Funds	5,421	408	(22)
Decrease in Deferred Revenue	0	0	0
Increase in Intergovernmental Payable	28,162	28,375	2,534
Decrease in Customer Deposits Payable	(7,352)	0	0
Increase in Compensated Absences	19,878	34,446	10,277
Increase in Deferred Inflows - Pension	7,764	4,778	2,237
Increase in Net Pension Liability	342,977	208,083	97,187
Total Adjustments	881,153	719,774	315,693
Net Cash Provided by Operating Activities	<u>\$1,736,883</u>	<u>\$442,743</u>	<u>\$421,319</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2016 the Electric, Water and Sewer Funds had outstanding liabilities for capital assets of \$8,425, \$8,726 and \$388,875, respectively.

See accompanying notes to the basic financial statements

CITY OF TIPP CITY, OHIO

<u>Refuse Collection</u>	<u>Total</u>
(\$14,615)	\$669,710
0	1,505,158
0	(167,375)
0	16,056
0	12,351
0	39,486
0	203
0	(596)
0	(505,963)
68,609	313,212
0	(12,456)
56	5,863
(644)	(644)
0	59,071
0	(7,352)
0	64,601
0	14,779
0	648,247
<u>68,021</u>	<u>1,984,641</u>
<u>\$53,406</u>	<u>\$2,654,351</u>

CITY OF TIPP CITY, OHIO

Statement of Assets and Liabilities
Agency Funds
December 31, 2016

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 5,422
Restricted Assets:	
Cash and Cash Equivalents	<u>233,595</u>
Total Assets	<u>239,017</u>
Liabilities:	
Due to Others	<u>239,017</u>
Total Liabilities	<u><u>\$ 239,017</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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, 2016 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, 2016***

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, 2016***

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, 2016***

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, 2016***

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, 2016***

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, 2016 but which are not intended to finance 2016 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, 2016***

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 2016.

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 2016, 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, 2016***

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)	\$775,281
Increase (Decrease):	
Accrued Revenues at December 31, 2016 received during 2017	(712,885)
Accrued Revenues at December 31, 2015 received during 2016	853,174
Accrued Expenditures at December 31, 2016 paid during 2017	146,626
Accrued Expenditures at December 31, 2015 paid during 2016	(140,522)
2015 Prepaids for 2016	20,001
2016 Prepaids for 2017	(21,201)
Outstanding Encumbrances	(122,503)
Budget Basis	<u>\$797,971</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2016, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

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

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, 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."

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

H. Restricted Assets

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

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, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, 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, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**K. Capital Assets and Depreciation (Continued)****3. Depreciation**

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

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

L. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Bond Retirement Fund 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, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

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

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

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

N. Net Position

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

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

O. Pensions

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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, 2016***

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, 2016***

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.

V. Fair Market Value

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” and GASB Statement No. 77 “Tax Abatement Disclosures.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes, for applying fair value to certain investments, and disclosures related to all fair value measurements. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Capital Improvement Reserve Fund</u>	<u>25-A Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Prepaid Items	\$21,201	\$1,712	\$0	\$5,175	\$28,088
Supplies Inventory	63,019	0	0	62,118	125,137
Total Nonspendable	84,220	1,712	0	67,293	153,225
Restricted:					
Transportation Projects	0	0	0	913,391	913,391
Police Activities	0	0	0	30,009	30,009
Debt Retirement	0	0	0	25,104	25,104
Capital Improvements	0	0	0	59,262	59,262
Total Restricted	0	0	0	1,027,766	1,027,766
Committed:					
Swimming Pool	0	0	0	46,327	46,327
Police Activities	0	0	0	145	145
Total Committed	0	0	0	46,472	46,472
Assigned:					
Services and Supplies	95,829	0	0	0	95,829
Projected Budgetary Deficit	339,032	0	0	0	339,032
Total Assigned	434,861	0	0	0	434,861
Unassigned:	6,202,164	(204,999)	(17,036)	(126,308)	5,853,821
Total Fund Balances	\$6,721,245	(\$203,287)	(\$17,036)	\$1,015,223	\$7,516,145

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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	\$860,644
Delinquent Property Tax Revenue	4,015
Shared Revenues	363,274
Interest Revenue	4,479
Special Assessment Revenue	720,011
Deferred Licenses and Permits	23,613
Deferred Charges for Services	131,273
	\$2,107,309

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$310,000)
General Obligation Notes Payable	(781,800)
Special Assessment Bond Payable	(460,000)
Accrued Interest on Long-Term Debt	(11,089)
OPWC Loan Payable	(874,222)
Compensated Absences Payable	(735,932)
	(\$3,173,043)

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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	\$4,062,076
Depreciation Expense	(1,851,904)
	<u>\$2,210,172</u>

Governmental revenues not reported in the funds:

Increase in Deferred/Delinquent Tax Revenue	\$139,434
Decrease in Shared Revenue	(61,897)
Decrease in Special Assessment Revenue	(108,883)
Increase in Interest Revenue	2,074
Increase in Licenses & Permits Revenue	23,613
Increase in Deferred Charges for Services	1,995
	<u>(\$3,664)</u>

Issuance of long-term debt:

General Obligation Notes Issued	(\$781,800)
---------------------------------	-------------

Amount of bond principal payments:

General Obligation Bond Principal Payment	\$110,000
Special Assessment Bond Principal Payment	45,000
OPWC Loan Principal Payment	48,182
General Obligation Note Principal Payment	1,095,900
	<u>\$1,299,082</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$181,940)
Decrease in supplies inventory	(8,091)
	<u>(\$190,031)</u>

NOTE 5 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits at December 31, 2016 of \$203,287, \$17,036 and \$126,308 in the Capital Improvement Reserve, 25-A Construction and the Abbott Drive Construction funds, 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, 2016***

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, 2016**

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 \$5,223,843 and the bank balance was \$5,382,901. Federal depository insurance covered \$500,000 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>\$4,882,901</u>
Total Balance	<u><u>\$4,882,901</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

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

The City's investments at December 31, 2016 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
STAR Ohio	\$10,706,002	AAAm ¹	\$10,706,002	\$0
FHLMC	495,459	AA ⁺	0	495,459
FHLB	497,680	AA ⁺	0	497,680
FFCB	498,484	AA ⁺	0	498,484
Freddie Mac	495,682	AA ⁺	0	495,682
Total Investments	<u>\$12,693,307</u>		<u>\$10,706,002</u>	<u>\$1,987,305</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, 84.4% are STAR Ohio, 3.9% are FHLMC, 3.9% are FHLB, 3.9% are FFCB and 3.9% 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, 2016**

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	\$15,627,241	\$2,289,909
Certificates of Deposit (with maturities of more than 3 months)	302,604	(302,604)
Investments:		
STAR Ohio	(10,706,002)	10,706,002
Per GASB Statement No. 3	<u>\$5,223,843</u>	<u>\$12,693,307</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 2016 were levied after October 1, 2015 on assessed values as of January 1, 2015, 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, 2016 was \$1.40 per \$1,000 of assessed value. The assessed value upon which the 2016 levy was based was \$271,234,280. This amount constitutes \$264,196,020 in real property assessed value and \$7,038,260 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, 2016**

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 2016 was \$5,963,230. This represents a 2.2% increase from 2015 income tax revenue of \$5,834,924.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2016 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 2016:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$0
Capital Improvement Reserve Fund	0	350,673
25-A Construction Fund	47,128	0
Other Governmental Funds	285,680	10,800
Total Governmental Funds	332,808	361,473
Water Fund	15,720	0
Sewer Fund	12,945	0
Total Proprietary Funds	28,665	0
Totals	\$361,473	\$361,473

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, 2016***

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of due from other funds and due to other funds for all funds for 2016:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$83,940	\$1,939
Other Governmental Funds	0	146
Total Governmental Funds	<u>83,940</u>	<u>2,085</u>
Electric Fund	3,784	80,254
Water Fund	425	1,781
Sewer Fund	357	700
Refuse Collection Fund	0	3,686
Total Proprietary Funds	<u>4,566</u>	<u>86,421</u>
Totals	<u><u>\$88,506</u></u>	<u><u>\$88,506</u></u>

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2016:

Historical Cost:

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Non-depreciable Capital assets:				
Land	\$13,549,726	\$157,953	\$0	\$13,707,679
Construction in Progress	1,489,518	2,455,555	(17,302)	3,927,771
Total Non-depreciable Capital assets	15,039,244	2,613,508	(17,302)	17,635,450
Capital assets being depreciated:				
Buildings	8,613,743	93,352	0	8,707,095
Improvements Other Than Buildings	6,482,037	281,824	0	6,763,861
Machinery and Equipment	8,856,505	377,279	(407,195)	8,826,589
Infrastructure	31,742,280	713,415	(145,036)	32,310,659
Total Depreciable Capital assets	55,694,565	1,465,870	(552,231)	56,608,204
Total Cost	\$70,733,809	\$4,079,378	(\$569,533)	\$74,243,654

Accumulated Depreciation:

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Buildings	(\$2,574,573)	(\$197,030)	\$0	(\$2,771,603)
Improvements Other Than Buildings	(2,800,247)	(276,268)	0	(3,076,515)
Machinery and Equipment	(6,081,343)	(517,693)	395,013	(6,204,023)
Infrastructure	(13,390,819)	(860,913)	143,518	(14,108,214)
Total Depreciation	(\$24,846,982)	(\$1,851,904) *	\$538,531	(\$26,160,355)
Net Value:	\$45,886,827			\$48,083,299

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$372,844)
Leisure Time Activities	(390,493)
Transportation	(970,938)
General Government	(117,629)
Total Depreciation Expense	(\$1,851,904)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

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, 2016:

Historical Cost:

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Non-depreciable Capital assets:				
Land	\$2,234,492	\$0	\$0	\$2,234,492
Construction in Progress	4,461,250	1,051,244	(3,431,324)	2,081,170
Total Non-depreciable Capital Assets	6,695,742	1,051,244	(3,431,324)	4,315,662
Capital assets being depreciated:				
Buildings	4,130,684	2,942,802	0	7,073,486
Improvements Other Than Buildings	38,091,340	1,504,536	0	39,595,876
Machinery and Equipment	3,382,204	0	(103,169)	3,279,035
Total Depreciable Capital assets	45,604,228	4,447,338	(103,169)	49,948,397
Total Cost	\$52,299,970	\$5,498,582	(\$3,534,493)	\$54,264,059

Accumulated Depreciation:

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Buildings	(\$1,001,704)	(\$213,845)	\$0	(\$1,215,549)
Improvements Other Than Buildings	(17,505,553)	(1,083,073)	0	(18,588,626)
Machinery and Equipment	(2,122,663)	(208,240)	103,169	(2,227,734)
Total Depreciation	(\$20,629,920)	(\$1,505,158)	\$103,169	(\$22,031,909)
Net Value:	\$31,670,050			\$32,232,150

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

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>
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 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>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$421,013 for 2016.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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 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, 2016**

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>
2016 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	
January 1, 2016 through December 31, 2016	12.25 %
2016 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	<u>0.50</u>
Total Employer	<u>19.50 %</u>
Employee:	
January 1, 2016 through December 31, 2016	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$282,254 for 2016.

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, 2015, 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, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$4,725,246	\$4,072,856	\$8,798,102
Proportion of the Net Pension Liability-2016	0.027280%	0.063311%	
Proportion of the Net Pension Liability-2015	<u>0.026523%</u>	<u>0.062088%</u>	
Percentage Change	<u>0.0007570%</u>	<u>0.0012237%</u>	
Pension Expense	\$750,187	\$634,962	\$1,385,149

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2016, 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	\$1,388,927	\$662,905	\$2,051,832
City contributions subsequent to the measurement date	<u>421,013</u>	<u>282,254</u>	<u>703,267</u>
Total Deferred Outflows of Resources	<u>\$1,809,940</u>	<u>\$945,159</u>	<u>\$2,755,099</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$89,697	\$11,436	\$101,133
Change in Proportionate Share	<u>1,604</u>	<u>0</u>	<u>1,604</u>
Total Deferred Inflows of Resources	<u>\$91,301</u>	<u>\$11,436</u>	<u>\$102,737</u>

\$703,267 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, 2017. 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>
2017	\$303,772	\$172,358	\$476,130
2018	325,981	172,358	498,339
2019	353,559	172,358	525,917
2020	314,314	137,018	451,332
2021	0	(2,204)	(2,204)
2022	<u>0</u>	<u>(419)</u>	<u>(419)</u>
Total	<u>\$1,297,626</u>	<u>\$651,469</u>	<u>\$1,949,095</u>

Actuarial Assumptions - OPERS

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015 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

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 0.4 percent for 2015.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 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	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

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	\$7,528,470	\$4,725,246	\$2,360,814

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8% to 7.5%. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, 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, 2015, are presented below:

Valuation Date	January 1, 2015
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

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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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, 2015 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 %	0.00 %
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.

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.

	<u>1% Decrease (7.25%)</u>	<u>Current Discount Rate (8.25%)</u>	<u>1% Increase (9.25%)</u>
City's proportionate share of the net pension liability	\$5,371,550	\$4,072,856	\$2,972,732

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

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 2015 CAFR for details.

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 2016, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

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 2016. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% 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 RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The City's contributions for health care to the OPERS for the years ending December 31, 2016, 2015, and 2014 were \$70,169, \$70,586 and \$70,066, respectively, which were equal to the required contributions for each year.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

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 2016, 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, 2016, 2015, and 2014 were \$7,428, \$7,667 and \$6,812 for police, which were equal to the required contributions for each year.

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, 2016, the City's accumulated, unpaid compensated absences amounted to \$1,028,380, of which \$735,932 is recorded as a liability of the Governmental Activities and \$292,448 is recorded as a liability of the Business-Type Activities. The amounts are recorded in "Due within One Year" and "Due in More Than One Year" on the Entity Wide Statement of Net position based upon estimated usage.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016****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.

The City had the following bond anticipation note activity during 2016:

	Maturity Date	Balance December 31, 2015	Issued	(Retired)	Balance December 31, 2016
Capital Projects Notes Payable:					
1.20% 25A Reconstruction	2/15/2017	\$45,000	\$45,000	(\$45,000)	\$45,000
1.20% Kinna Drive Construction	2/15/2017	50,000	50,000	(50,000)	50,000
1.20% Abbott Drive Construction	2/15/2017	75,000	75,000	(75,000)	75,000
1.20% Fire Truck	2/15/2017	83,000	82,000	(83,000)	82,000
1.20% Main Street Streetscape Improvement	2/15/2017	62,100	62,100	(62,100)	62,100
1.88% Fire Station Improvement	11/22/2017	1,220,000	975,000	(1,220,000)	975,000
1.88% South Third Street Reconstruction	11/22/2017	341,000	270,000	(341,000)	270,000
Total Capital Projects Notes Payable		<u>1,876,100</u>	<u>1,559,100</u>	<u>(1,876,100)</u>	<u>1,559,100</u>
Enterprise Notes Payable:					
1.20% Electric Notes	2/15/2017	112,180	112,190	(112,180)	112,190
1.20% Water Notes	2/15/2017	186,120	221,110	(186,120)	221,110
1.20% Sewer Notes	2/15/2017	120,600	155,600	(120,600)	155,600
1.88% Main Street Utility Improvement - Water	11/22/2017	146,000	125,000	(146,000)	125,000
1.88% Main Street Utility Improvement - Sewer	11/22/2017	99,000	85,000	(99,000)	85,000
Total Enterprise Notes Payable		<u>663,900</u>	<u>698,900</u>	<u>(663,900)</u>	<u>698,900</u>
Total Notes Payable		<u>\$2,540,000</u>	<u>\$2,258,000</u>	<u>(\$2,540,000)</u>	<u>\$2,258,000</u>

Multiple note issues were rolled over in February 2017 thereby extending their due dates beyond twelve months from the end of 2016. 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 2017 are recorded as long-term debt obligations in Note 18.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 16 – CONSTRUCTION COMMITMENTS

At December 31, 2016 the City had the following contractual commitments outstanding:

<u>Project</u>	<u>Remaining Contractual Commitment</u>	<u>Estimated Date of Completion</u>
Electric Substation #3 Improvements	\$268,100	12/31/2017
CR 25-A Project	138,441	4/30/2017
Comprehensive Master Development Plan	80,000	12/31/2017
Total Construction Commitments	<u>\$486,541</u>	

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, 2016:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>
2017	\$61,375
2018	74,000
2019	72,000
2020	70,000
2021	68,000
2022-2026	310,000
2027-2029	<u>162,000</u>
Minimum Lease Payments	817,375
Less amount representing unearned revenue	<u>(167,375)</u>
Present value of minimum lease payments	<u>\$650,000</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 2017 rather than issuing long-term bonds. Savings on projected interest expense will be passed through to NAWA in the form of lower annual payment on the lease.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 18 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2016 were as follows:

	Original Issue Amount	Maturity Year	Balance December 31, 2015	Issued	(Retired)	Balance December 31, 2016	Amount Due Within One Year
Business Type-Activities:							
General Obligation Bonds:							
2.0-3.85% Rosewood Sewer Bonds	300,000	2016	\$25,000	\$0	(\$25,000)	\$0	\$0
Total General Obligation Bonds			25,000	0	(25,000)	0	0
General Obligation Notes:							
1.20% Electric Notes	1,113,810	2018	1,225,820	1,113,810	(1,225,820)	1,113,810	0
1.20% Water Notes	1,886,590	2018	1,757,880	1,886,590	(1,757,880)	1,886,590	0
1.20% Sewer Notes	1,449,800	2018	1,255,400	1,449,800	(1,255,400)	1,449,800	0
Total General Obligation Notes			4,239,100	4,450,200	(4,239,100)	4,450,200	0
Ohio Public Works Commission Loans:							
0.00% OPWC Loan - AMR/AMI Project	600,000	2032	480,000	0	(30,000)	450,000	30,000
0.00% OPWC Loan - Water Tower Project	425,000	2033	382,500	0	(21,250)	361,250	21,250
0.00% OPWC Loan - Downtown Utilities Pro	401,915	2034	369,443	0	(21,648)	347,795	21,648
Total Ohio Public Works Commission Loans			1,231,943	0	(72,898)	1,159,045	72,898
Net Pension Liability:							
Ohio Public Employers Retirement System			1,276,779	648,247	0	1,925,026	0
Compensated Absences			227,847	292,448	(227,847)	292,448	85,311
Total Business-Type Activity Long-Term Liabilities			\$7,000,669	\$5,390,895	(\$4,564,845)	\$7,826,719	\$158,209
Governmental Activities:							
Unvoted General Obligation Bonds:							
4.0-4.800% Capital Facilities Bond	2,325,000	2019	\$400,000	\$0	(\$100,000)	\$300,000	\$100,000
2.0-4.15% Donn Davis Construction - City Share	250,000	2017	20,000	0	(10,000)	10,000	10,000
Total General Obligation Bonds			420,000	0	(110,000)	310,000	110,000
General Obligation Notes:							
1.20% Capital Projects Notes	781,800	2018	1,095,900	781,800	(1,095,900)	781,800	0
Special Assessment Bonds (with governmental commitment):							
2.0-4.5% Donn Davis Construction Bond	930,000	2024	505,000	0	(45,000)	460,000	50,000
Ohio Public Works Commission Loan:							
0.00% OPWC Loan - Main Street Streetscape	970,586	2034	922,404	0	(48,182)	874,222	48,182
Net Pension Liability:							
Ohio Public Employees Retirement System			1,922,191	878,029	0	2,800,220	0
Ohio Police and Fire Pension System			3,216,391	856,465	0	4,072,856	0
Total Net Pension Liability			5,138,582	1,734,494	0	6,873,076	0
Compensated Absences			553,992	735,932	(553,992)	735,932	218,039
Total Governmental Activity Long-Term Liabilities			\$8,635,878	\$3,252,226	(\$1,853,074)	\$10,035,030	\$426,221

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 18 - LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's special assessment bonds outstanding at December 31, 2016, \$460,000, 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, 2016, follow:

Years	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
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	0	0	60,000	11,250	121,080	0
2022-2026	0	0	190,000	17,325	605,400	0
2027-2031	0	0	0	0	605,400	0
2032-2034	0	0	0	0	217,067	0
Totals	<u>\$310,000</u>	<u>\$29,116</u>	<u>\$460,000</u>	<u>\$96,549</u>	<u>\$2,033,267</u>	<u>\$0</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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, 2016, 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:

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 19 - RISK MANAGEMENT (Continued)

Workers' compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The City pays unemployment claims to the State of Ohio as incurred.

The City is a member of the Ohio Benefits Cooperative (OBC), a consortium of political subdivisions in the greater Miami Valley area. The purpose of the OBC is to pool risk and collectively purchase health insurance. OBC entered into an administrative agreement on September 1, 2016 with the Jefferson Health Plan for stop loss insurance, pooling, administration and other benefit services to provide medical benefits to City employees.

The City offers a High Deductible Health Plan combined with a Health Savings Account (HSA Plan). For the plan year effective 9/1/15-8/31/16, the City pays 88% of the HSA Plan monthly premium of \$513.22 for single coverage and \$1,394.92 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 \$649.13 for single coverage and \$1,765.00 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 \$578.01 for single coverage and \$1,571.31 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 \$25.73 for single coverage and \$74.35 for family coverage.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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 \$6,641,430 which represents 22.08% of the total equity in Tri-Cities. This reflects a increase of 1.12% over the City's equity interest of 20.96% in 2015. 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 2016, the City paid \$704,203 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 \$815,123 which represents 50% of the total equity of NAWA on December 31, 2016. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefits to or burden on the City. During 2016, the City paid \$1,855,498 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, 2016***

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 was intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's project share was 12,000 kilowatts (kW) of a total 771,281 kW, giving the City a 1.56 percent project 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. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed *impaired* and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. As a result of a March 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 of the impaired costs at March 31, 2014 was \$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, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired costs balance 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 net impaired cost balance either positively or negatively.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

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 \$20,912 and interest expense incurred on AMP's line-of-credit of \$4,108, resulting in a net impaired cost estimate at December 31, 2016 of \$25,020. The City does have a potential PHFU Liability of \$558,199 resulting in a net total potential liability of \$583,219, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 23 – SUBSEQUENT EVENTS

On January 3, 2017, the City authorized a contract with Heyne Construction, Inc. for construction of public restrooms in the old City Hall in downtown Tipp City in the amount of \$93,985.

On January 17, 2017, the City authorized a contract with Lebanon Ford, of Lebanon, Ohio, through the State of Ohio Cooperative Purchasing Plan for the purchase of two Ford Explorer Police Interceptor vehicles at a cost not to exceed \$56,660.

On February 15, 2017, the City issued general obligation bond anticipation notes, in the amount of \$10,232,000 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 and to provide \$5,000,000 in “new money” for electric substation #1 transformer. The notes have an interest rate of 1.75 percent and mature on February 14, 2018.

On March 6, 2017, the City authorized a contract with Brumbaugh Construction for the widening and reconstruction of a portion of County Road 25A from Michaels Road south to Evanston Road in the amount of \$1,753,385. The City had previously received a reimbursement grant from the Ohio Department of Transportation which is estimated to reimburse the City for approximately 73% of the construction costs and has applied for a grant from the Ohio Publics Works Commission which is anticipated to provide up to 20% funding for this project.

On March 6, 2017, the City authorized a contract with Glenwood Electric in the amount of \$440,890 to install the previously purchased power transformer, switch gear, and power control room related to Substation #3 improvements. This is the final contract required to complete an approx. \$2 million project to renovate and expand Substation #3.

On March 20, 2017, the City authorized a contract with John R. Jurgensen Paving for the City’s 2017 asphalt paving program in the amount of \$401,490.

On April 17, 2017, the City authorized a contract with DLZ Engineering in an amount not to exceed \$172,770 for construction administration and inspection services related to the widening and reconstruction of a portion of County Road 25A from Michaels Road south to Evanston Road.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 24 – TAX ABATEMENT DISCLOSURES

As of December 31, 2016, the City of Tipp City provides tax incentives under the Community Reinvestment Area (CRA) program and has three Enterprise Zones (but no active abatements in 2016).

Real Estate Tax Abatements

Pursuant to Ohio Revised Code Chapter 5709, the City established four (CRA #1, CRA #2 CRA #3 and CRA #4) Community Reinvestment Areas prior to 1994 and one CRA #5 post-1994. Various portions of the community are covered by these five CRA's. The City authorizes incentives based upon each businesses investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the CRAs gave the City the ability to maintain and expand businesses located in the City and create new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate.

The City also has an agreement with the Tipp City Exempted Village School District for payments in lieu of taxes when required by Section 5709.82 of the Ohio Revised Code.

The City of Tipp City and the Tipp City Exempted Village School District, in line with section 5709.82 of the Ohio Revised Code, have created a Community Reinvestment Area (CRA) Compensation Agreement. This agreement requires municipal income tax sharing with the School Districts, when new income tax collections exceed \$1,000,000 dollars for a project granted a CRA abatement. The agreement with Tipp City Exempted Village School District reimburses the school district 50 percent of the municipal income tax revenue derived from the new investment in the community less an amount up to 35% of the capital infrastructure improvement costs paid by the City for the project.

Below are the real property taxes abated in 2016:

<u>Community Reinvestment Area (CRA)</u>	<u>Total Amount of Taxes Abated (Incentives Abated) For the Year 2016 (In Actual Dollars)</u>
Manufacturing	\$578,560
Retail	19,120
Professional Buildings	3,367
 Amount of Income Tax Dollars paid to the Tipp City Exempted Village School District	
<u>Manufacturing</u>	\$66,181

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 25 – SIGNIFICANT ENCUMBRANCES

At December 31, 2016 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	\$ 473,570	\$ 188,930 112,882	Dry Materials Storage Facility Downtown Restroom Improvements
Electric	2,319,479	1,901,748	Substation 3 Improvements
Sewer	270,868	250,000	25-A Sewer Line Improvements

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REQUIRED SUPPLEMENTAL INFORMATION

CITY OF TIPP CITY, OHIO

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

Ohio Public Employees Retirement System

Year	2013	2014	2015
City's proportion of the net pension liability (asset)	0.026523%	0.026523%	0.027280%
City's proportionate share of the net pension liability (asset)	\$3,126,716	\$3,198,970	\$4,725,245
City's covered-employee payroll	\$3,564,392	\$3,273,808	\$3,392,083
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	87.72%	97.71%	139.30%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

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

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
City's proportion of the net pension liability (asset)	0.0620875%	0.0620875%	0.063311%
City's proportionate share of the net pension liability (asset)	\$3,023,856	\$3,216,391	\$4,072,855
City's covered-employee payroll	\$1,250,733	\$1,358,242	\$1,533,384
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	241.77%	236.81%	265.61%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

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

Notes: The City implemented GASB Statement 68 in 2015.

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

CITY OF TIPP CITY, OHIO

**Schedule of City Contributions
Last Four Years**

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

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



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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Swimming Pool Fund

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Municipal Road Fund

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

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. (The budgetary statement is not presented because the fund only exists on a modified accrual basis).

CITY OF TIPP CITY, OHIO**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 887,822	\$ 25,104	\$ 59,262	\$ 972,188
Receivables:				
Accounts	3,960	0	0	3,960
Intergovernmental	352,247	0	0	352,247
Special Assessments	0	589,225	0	589,225
Inventory of Supplies, at Cost	62,118	0	0	62,118
Prepaid Items	5,175	0	0	5,175
Total Assets	<u>\$ 1,311,322</u>	<u>\$ 614,329</u>	<u>\$ 59,262</u>	<u>\$ 1,984,913</u>
Liabilities:				
Accounts Payable	\$ 12,376	\$ 0	\$ 0	\$ 12,376
Accrued Wages and Benefits Payable	6,121	0	0	6,121
Intergovernmental Payable	749	0	0	749
Due to Other Funds	146	0	0	146
Accrued Interest Payable	0	0	1,308	1,308
General Obligation Notes Payable	0	0	125,000	125,000
Total Liabilities	<u>19,392</u>	<u>0</u>	<u>126,308</u>	<u>145,700</u>
Deferred Inflows of Resources:				
Unavailable Amounts	<u>234,765</u>	<u>589,225</u>	<u>0</u>	<u>823,990</u>
Fund Balances:				
Nonspendable	67,293	0	0	67,293
Restricted	943,400	25,104	59,262	1,027,766
Committed	46,472	0	0	46,472
Unassigned	0	0	(126,308)	(126,308)
Total Fund Balances	<u>1,057,165</u>	<u>25,104</u>	<u>(67,046)</u>	<u>1,015,223</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 1,311,322</u>	<u>\$ 614,329</u>	<u>\$ 59,262</u>	<u>\$ 1,984,913</u>

CITY OF TIPP CITY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 73,477	\$ 0	\$ 4,732	\$ 78,209
Intergovernmental Revenues	706,834	0	0	706,834
Charges for Services	327,435	0	0	327,435
Special Assessments	0	73,653	0	73,653
Fines and Forfeitures	825	0	0	825
All Other Revenue	4,773	0	3,411	8,184
Total Revenue	<u>1,113,344</u>	<u>73,653</u>	<u>8,143</u>	<u>1,195,140</u>
Expenditures:				
Current:				
Leisure Time Activities	310,899	0	0	310,899
Transportation	615,747	0	0	615,747
General Government	0	3,507	0	3,507
Capital Outlay	1,850	0	9,979	11,829
Debt Service:				
Principal Retirement	0	203,182	225,000	428,182
Interest and Fiscal Charges	0	55,487	2,588	58,075
Total Expenditures	<u>928,496</u>	<u>262,176</u>	<u>237,567</u>	<u>1,428,239</u>
Excess (Deficiency) of Revenues Over Expenditures	184,848	(188,523)	(229,424)	(233,099)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	100,000	100,000
Transfers In	0	158,310	127,370	285,680
Transfers Out	(10,800)	0	0	(10,800)
Total Other Financing Sources (Uses)	<u>(10,800)</u>	<u>158,310</u>	<u>227,370</u>	<u>374,880</u>
Net Change in Fund Balances	174,048	(30,213)	(2,054)	141,781
Fund Balances at Beginning of Year	892,322	55,317	(64,992)	882,647
Change in Inventory	(9,205)	0	0	(9,205)
Fund Balances End of Year	<u>\$ 1,057,165</u>	<u>\$ 25,104</u>	<u>\$ (67,046)</u>	<u>\$ 1,015,223</u>

CITY OF TIPP CITY, OHIO**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Assets:				
Cash and Cash Equivalents	\$ 46,327	\$ 278,277	\$ 165,990	\$ 371,134
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	221,433	17,954	112,760
Inventory of Supplies, at Cost	0	62,118	0	0
Prepaid Items	1,505	3,645	0	25
Total Assets	<u>\$ 47,832</u>	<u>\$ 565,473</u>	<u>\$ 183,944</u>	<u>\$ 483,919</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 637	\$ 3,383	\$ 8,356
Accrued Wages and Benefits Payable	0	4,659	0	1,462
Intergovernmental Payable	0	749	0	0
Due to Other Funds	0	146	0	0
Total Liabilities	<u>0</u>	<u>6,191</u>	<u>3,383</u>	<u>9,818</u>
Deferred Inflows of Resources:				
Unavailable Amounts	<u>0</u>	<u>147,622</u>	<u>11,969</u>	<u>75,174</u>
Fund Balances:				
Nonspendable	1,505	65,763	0	25
Restricted	0	345,897	168,592	398,902
Committed	46,327	0	0	0
Total Fund Balances	<u>47,832</u>	<u>411,660</u>	<u>168,592</u>	<u>398,927</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 47,832</u>	<u>\$ 565,473</u>	<u>\$ 183,944</u>	<u>\$ 483,919</u>

CITY OF TIPP CITY, OHIO

Law Enforcement	Enforcement and Education	Drug Law Enforcement	Police Donation Trust	Total Nonmajor Special Revenue Funds
\$ 12,379	\$ 6,529	\$ 7,041	\$ 145	\$ 887,822
3,960	0	0	0	3,960
0	100	0	0	352,247
0	0	0	0	62,118
0	0	0	0	5,175
<u>\$ 16,339</u>	<u>\$ 6,629</u>	<u>\$ 7,041</u>	<u>\$ 145</u>	<u>\$ 1,311,322</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,376
0	0	0	0	6,121
0	0	0	0	749
0	0	0	0	146
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,392</u>
0	0	0	0	234,765
0	0	0	0	67,293
16,339	6,629	7,041	0	943,400
0	0	0	145	46,472
<u>16,339</u>	<u>6,629</u>	<u>7,041</u>	<u>145</u>	<u>1,057,165</u>
<u>\$ 16,339</u>	<u>\$ 6,629</u>	<u>\$ 7,041</u>	<u>\$ 145</u>	<u>\$ 1,311,322</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, 2016**

	Swimming Pool	Street Construction, Maintenance and Repair	State Highway Improvement	Municipal Road
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	443,028	35,921	223,925
Charges for Services	327,432	3	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	4,072	341	0	60
Total Revenue	<u>331,504</u>	<u>443,372</u>	<u>35,921</u>	<u>223,985</u>
Expenditures:				
Current:				
Leisure Time Activities	310,899	0	0	0
Transportation	0	388,294	13,655	140,321
Capital Outlay	0	0	0	0
Total Expenditures	<u>310,899</u>	<u>388,294</u>	<u>13,655</u>	<u>140,321</u>
Excess (Deficiency) of Revenues Over Expenditures	20,605	55,078	22,266	83,664
Other Financing Sources (Uses):				
Transfers Out	0	0	0	(10,800)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,800)</u>
Net Change in Fund Balances	20,605	55,078	22,266	72,864
Fund Balances at Beginning of Year	27,227	365,787	146,326	326,063
Change in Inventory	0	(9,205)	0	0
Fund Balances End of Year	<u>\$ 47,832</u>	<u>\$ 411,660</u>	<u>\$ 168,592</u>	<u>\$ 398,927</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	\$ 73,477	\$ 0	\$ 73,477
3,960	0	0	0	0	706,834
0	0	0	0	0	327,435
0	800	25	0	0	825
300	0	0	0	0	4,773
4,260	800	25	73,477	0	1,113,344
0	0	0	0	0	310,899
0	0	0	73,477	0	615,747
1,850	0	0	0	0	1,850
1,850	0	0	73,477	0	928,496
2,410	800	25	0	0	184,848
0	0	0	0	0	(10,800)
0	0	0	0	0	(10,800)
2,410	800	25	0	0	174,048
13,929	5,829	7,016	0	145	892,322
0	0	0	0	0	(9,205)
\$ 16,339	\$ 6,629	\$ 7,041	\$ 0	\$ 145	\$ 1,057,165

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2016**

	General Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 5,993	\$ 19,111	\$ 25,104
Receivables:			
Special Assessments	0	589,225	589,225
Total Assets	<u>\$ 5,993</u>	<u>\$ 608,336</u>	<u>\$ 614,329</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Deferred Inflows of Resources:			
Unavailable Amounts	0	589,225	589,225
Fund Balances:			
Restricted	5,993	19,111	25,104
Unassigned	0	0	0
Total Fund Balances	<u>5,993</u>	<u>19,111</u>	<u>25,104</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,993</u>	<u>\$ 608,336</u>	<u>\$ 614,329</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2016**

	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	158,182	45,000	203,182
Interest and Fiscal Charges	33,597	21,890	55,487
Total Expenditures	<u>191,779</u>	<u>70,397</u>	<u>262,176</u>
Excess (Deficiency) of Revenues Over Expenditures	(191,779)	3,256	(188,523)
Other Financing Sources (Uses):			
Transfers In	158,310	0	158,310
Total Other Financing Sources (Uses)	<u>158,310</u>	<u>0</u>	<u>158,310</u>
Net Change in Fund Balances	(33,469)	3,256	(30,213)
Fund Balances at Beginning of Year	39,462	15,855	55,317
Fund Balances End of Year	<u>\$ 5,993</u>	<u>\$ 19,111</u>	<u>\$ 25,104</u>

CITY OF TIPP CITY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016**

	Parks Capital Improvement	Abbott Drive Construction	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 59,262	\$ 0	\$ 59,262
Total Assets	<u>\$ 59,262</u>	<u>\$ 0</u>	<u>\$ 59,262</u>
Liabilities:			
Accrued Interest Payable	\$ 0	\$ 1,308	\$ 1,308
General Obligation Notes Payable	0	125,000	125,000
Total Liabilities	<u>0</u>	<u>126,308</u>	<u>126,308</u>
Fund Balances:			
Restricted	59,262	0	59,262
Unassigned	0	(126,308)	(126,308)
Total Fund Balances	<u>59,262</u>	<u>(126,308)</u>	<u>(67,046)</u>
Total Liabilities and Fund Balances	<u>\$ 59,262</u>	<u>\$ 0</u>	<u>\$ 59,262</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, 2016**

	Parks Capital Improvement	Abbott Drive Construction	Total Nonmajor Capital Project Funds
Revenues:			
Taxes	\$ 4,732	\$ 0	\$ 4,732
All Other Revenue	3,411	0	3,411
Total Revenue	<u>8,143</u>	<u>0</u>	<u>8,143</u>
Expenditures:			
Capital Outlay	9,979	0	9,979
Debt Service:			
Principal Retirement	0	225,000	225,000
Interest and Fiscal Charges	0	2,588	2,588
Total Expenditures	<u>9,979</u>	<u>227,588</u>	<u>237,567</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,836)	(227,588)	(229,424)
Other Financing Sources (Uses):			
General Obligation Notes Issued	0	100,000	100,000
Transfers In	0	127,370	127,370
Total Other Financing Sources (Uses)	<u>0</u>	<u>227,370</u>	<u>227,370</u>
Net Change in Fund Balances	(1,836)	(218)	(2,054)
Fund Balances at Beginning of Year	61,098	(126,090)	(64,992)
Fund Balances End of Year	<u>\$ 59,262</u>	<u>\$ (126,308)</u>	<u>\$ (67,046)</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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,579,296	\$ 3,579,296	\$ 3,629,697	\$ 50,401
Intergovernmental Revenues	974,977	974,977	1,014,462	39,485
Charges for Services	1,726,397	1,726,397	1,766,274	39,877
Licenses and Permits	20,025	177,525	173,866	(3,659)
Investment Earnings	50,000	50,000	77,049	27,049
Special Assessments	1,000	1,000	1,238	238
Fines and Forfeitures	14,000	14,000	14,756	756
All Other Revenues	197,250	39,750	66,395	26,645
Total Revenues	6,562,945	6,562,945	6,743,737	180,792
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,330,142	2,330,142	2,269,539	60,603
Travel and Training	17,253	17,253	16,922	331
Materials and Supplies	62,949	62,949	45,345	17,604
Contractual Services	157,881	157,881	142,152	15,729
Total Police	2,568,225	2,568,225	2,473,958	94,267
Fire:				
Personal Services	76,332	76,332	73,438	2,894
Travel and Training	665	665	665	0
Materials and Supplies	7,538	7,538	4,691	2,847
Contractual Services	80,899	80,899	76,758	4,141
Total Fire	165,434	165,434	155,552	9,882
Emergency Medical Services:				
Personal Services	710,763	710,763	643,166	67,597
Travel and Training	8,000	8,000	7,773	227
Materials and Supplies	39,273	39,273	32,013	7,260
Contractual Services	114,375	114,375	103,199	11,176
Total Emergency Medical Services	872,411	872,411	786,151	86,260
Total Security of Persons and Property	3,606,070	3,606,070	3,415,661	190,409

(Continued)

CITY OF TIPP CITY, OHIO***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Leisure Time Activities:				
Parks:				
Personal Services	328,791	331,291	314,397	16,894
Travel and Training	2,162	2,162	1,751	411
Materials and Supplies	67,130	67,130	46,682	20,448
Contractual Services	128,753	128,753	83,268	45,485
Total Parks	<u>526,836</u>	<u>529,336</u>	<u>446,098</u>	<u>83,238</u>
Recreation:				
Contractual Services	17,700	17,700	17,700	0
Total Recreation	<u>17,700</u>	<u>17,700</u>	<u>17,700</u>	<u>0</u>
Total Leisure Time Activities	<u>544,536</u>	<u>547,036</u>	<u>463,798</u>	<u>83,238</u>
Community Environment:				
Planning:				
Personal Services	260,154	273,154	267,436	5,718
Travel and Training	4,927	4,927	4,158	769
Materials and Supplies	3,507	3,507	2,262	1,245
Contractual Services	364,859	364,859	57,733	307,126
Total Community Environment	<u>633,447</u>	<u>646,447</u>	<u>331,589</u>	<u>314,858</u>
Basic Utility Services:				
Utility Billing:				
Personal Services	203,287	204,437	197,348	7,089
Travel and Training	3,500	3,500	3,411	89
Materials and Supplies	36,796	36,796	32,315	4,481
Contractual Services	26,671	26,671	22,194	4,477
Total Basic Utility Services	<u>270,254</u>	<u>271,404</u>	<u>255,268</u>	<u>16,136</u>
General Government:				
City Council:				
Personal Services	46,428	49,228	46,246	2,982
Travel and Training	7,077	7,077	6,696	381
Materials and Supplies	3,000	3,000	1,273	1,727
Contractual Services	18,515	18,515	14,224	4,291
Total City Council	<u>75,020</u>	<u>77,820</u>	<u>68,439</u>	<u>9,381</u>

(Continued)

CITY OF TIPP CITY, OHIO**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Commissions:				
Travel and Training	1,800	1,800	1,107	693
Materials and Supplies	3,321	3,321	1,517	1,804
Contractual Services	31,876	31,876	29,108	2,768
Total Commissions	36,997	36,997	31,732	5,265
Administration:				
Personal Services	307,043	307,043	218,277	88,766
Travel and Training	7,165	7,165	6,085	1,080
Materials and Supplies	1,506	1,506	1,339	167
Contractual Services	7,564	7,564	6,724	840
Total Administration	323,278	323,278	232,425	90,853
Buildings and Grounds:				
Personal Services	137,100	137,100	131,793	5,307
Travel and Training	3,500	3,500	3,489	11
Materials and Supplies	7,832	7,832	6,120	1,712
Contractual Services	142,007	142,007	135,298	6,709
Total Buildings and Grounds	290,439	290,439	276,700	13,739
Finance - Accounting:				
Personal Services	229,375	229,375	216,967	12,408
Travel and Training	1,500	1,500	808	692
Materials and Supplies	2,540	2,540	2,386	154
Contractual Services	19,471	19,471	18,909	562
Total Finance - Accounting	252,886	252,886	239,070	13,816
Finance - Income Tax:				
Personal Services	161,340	161,340	158,310	3,030
Travel and Training	1,500	1,500	1,392	108
Materials and Supplies	7,280	7,280	7,003	277
Contractual Services	26,178	26,178	25,296	882
Income Tax Refunds	100,000	109,000	108,918	82
Total Finance - Income Tax	296,298	305,298	300,919	4,379

(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, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legal:				
Personal Services	60,949	60,949	56,840	4,109
Travel and Training	400	400	390	10
Materials and Supplies	300	300	146	154
Contractual Services	24,318	54,318	42,603	11,715
Total Legal	85,967	115,967	99,979	15,988
Engineering:				
Personal Services	155,504	155,504	150,572	4,932
Travel and Training	3,052	3,052	2,902	150
Materials and Supplies	4,103	4,103	3,342	761
Contractual Services	25,004	25,004	16,048	8,956
Total Engineering	187,663	187,663	172,864	14,799
General Administrative:				
Materials and Supplies	11,444	11,444	8,380	3,064
Contractual Services	142,497	152,497	140,067	12,430
Other Expenditures	36,100	36,100	35,076	1,024
Total General Administrative	190,041	200,041	183,523	16,518
Total General Government	1,738,589	1,790,389	1,605,651	184,738
Capital Outlay:				
Police	10,000	10,000	9,750	250
Fire	47,984	47,984	47,967	17
Emergency Medical Services	4,200	4,200	3,663	537
Parks	625	625	0	625
Planning	500	500	466	34
Utility Billing	693	693	608	85
City Council	1,000	1,000	0	1,000
Commissions	500	500	466	34
Administration	12,750	12,750	7,097	5,653
Buildings and Grounds	1,100	1,100	1,070	30
Finance - Accounting	2,300	2,300	2,109	191
Finance - Income Tax	300	300	0	300
Engineering	750	750	603	147
Total Capital Outlay	82,702	82,702	73,799	8,903
Total Expenditures	6,875,598	6,944,048	6,145,766	798,282
Excess (Deficiency) of Revenues Over (Under) Expenditures	(312,653)	(381,103)	597,971	979,074

(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, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other Financing Sources (Uses):				
Transfers Out	(51,150)	(51,150)	0	51,150
Advances In	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>148,850</u>	<u>148,850</u>	<u>200,000</u>	<u>51,150</u>
 Net Change in Fund Balance	(163,803)	(232,253)	797,971	1,030,224
 Fund Balance at Beginning of Year	5,029,160	5,029,160	5,029,160	0
Prior Year Encumbrances	<u>120,832</u>	<u>120,832</u>	<u>120,832</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,986,189</u>	<u>\$ 4,917,739</u>	<u>\$ 5,947,963</u>	<u>\$ 1,030,224</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, 2016***

CAPITAL IMPROVEMENT RESERVE FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 2,876,729	\$ 2,815,635	\$ (61,094)
Intergovernmental Revenues	0	149,800	149,800
Special Assessments	75,000	50,747	(24,253)
All Other Revenues	1,000	25,201	24,201
Total Revenues	<u>2,952,729</u>	<u>3,041,383</u>	<u>88,654</u>
Expenditures:			
General Government:			
Contractual Services	3,100	2,432	668
Other Expenditures	131,250	127,693	3,557
Total General Government	<u>134,350</u>	<u>130,125</u>	<u>4,225</u>
Capital Outlay	<u>2,786,008</u>	<u>2,594,661</u>	<u>191,347</u>
Debt Service:			
Principal Retirement	3,598	3,598	0
Total Expenditures	<u>2,923,956</u>	<u>2,728,384</u>	<u>195,572</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,773	312,999	284,226
Other Financing Sources (Uses):			
Sale of Capital Assets	15,000	6,538	(8,462)
Transfers Out	(854,563)	(823,763)	30,800
Advances Out	(200,000)	(200,000)	0
Total Other Financing Sources (Uses)	<u>(1,039,563)</u>	<u>(1,017,225)</u>	<u>22,338</u>
Net Change in Fund Balance	(1,010,790)	(704,226)	306,564
Fund Balance at Beginning of Year	217,190	217,190	0
Prior Year Encumbrances	853,677	853,677	0
Fund Balance at End of Year	<u>\$ 60,077</u>	<u>\$ 366,641</u>	<u>\$ 306,564</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, 2016***

25-A CONSTRUCTION FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 0	\$ 1,880,287	\$ 1,880,287
Total Revenues	0	1,880,287	1,880,287
Expenditures:			
Capital Outlay	2,982,916	3,862,765	(879,849)
Total Expenditures	2,982,916	3,862,765	(879,849)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,982,916)	(1,982,478)	1,000,438
Fund Balance at Beginning of Year	(2,820,674)	(2,820,674)	0
Prior Year Encumbrances	2,932,916	2,932,916	0
Fund Balance at End of Year	\$ (2,870,674)	\$ (1,870,236)	\$ 1,000,438

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, 2016***

SWIMMING POOL FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 284,000	\$ 327,432	\$ 43,432
All Other Revenues	16,000	4,072	(11,928)
Total Revenues	300,000	331,504	31,504
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	51,500	47,931	3,569
Contractual Services	334,010	267,862	66,148
Other Expenditures	150	150	0
Total Leisure Time Activities	385,660	315,943	69,717
Capital Outlay	1,000	0	1,000
Total Expenditures	386,660	315,943	70,717
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,660)	15,561	102,221
Other Financing Sources (Uses):			
Transfers In	65,000	0	(65,000)
Total Other Financing Sources (Uses)	65,000	0	(65,000)
Net Change in Fund Balance	(21,660)	15,561	37,221
Fund Balance at Beginning of Year	25,436	25,436	0
Prior Year Encumbrances	330	330	0
Fund Balance at End of Year	\$ 4,106	\$ 41,327	\$ 37,221

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, 2016***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 426,858	\$ 438,166	\$ 11,308
Charges for Services	0	3	3
All Other Revenues	2,000	354	(1,646)
Total Revenues	428,858	438,523	9,665
Expenditures:			
Transportation:			
Street:			
Personal Services	341,892	319,859	22,033
Travel and Training	2,000	1,731	269
Materials and Supplies	34,765	24,663	10,102
Contractual Services	96,575	54,370	42,205
Total Transportation	475,232	400,623	74,609
Capital Outlay	1,000	0	1,000
Total Expenditures	476,232	400,623	75,609
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,374)	37,900	85,274
Fund Balance at Beginning of Year	225,297	225,297	0
Prior Year Encumbrances	8,548	8,548	0
Fund Balance at End of Year	\$ 186,471	\$ 271,745	\$ 85,274

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, 2016***

STATE HIGHWAY IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 34,329	\$ 35,526	\$ 1,197
Total Revenues	34,329	35,526	1,197
Expenditures:			
Transportation:			
Street:			
Materials and Supplies	42,000	19,999	22,001
Contractual Services	9,500	4,377	5,123
Total Expenditures	51,500	24,376	27,124
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,171)	11,150	28,321
Fund Balance at Beginning of Year	123,556	123,556	0
Prior Year Encumbrances	20,000	20,000	0
Fund Balance at End of Year	\$ 126,385	\$ 154,706	\$ 28,321

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, 2016***

MUNICIPAL ROAD FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 219,982	\$ 220,877	\$ 895
All Other Revenues	500	60	(440)
Total Revenues	220,482	220,937	455
Expenditures:			
Transportation:			
Street:			
Personal Services	97,703	89,164	8,539
Materials and Supplies	155,940	121,772	34,168
Contractual Services	37,879	28,437	9,442
Total Transportation	291,522	239,373	52,149
Capital Outlay	2,000	0	2,000
Total Expenditures	293,522	239,373	54,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,040)	(18,436)	54,604
Other Financing Sources (Uses):			
Transfers Out	(10,800)	(10,800)	0
Total Other Financing Sources (Uses)	(10,800)	(10,800)	0
Net Change in Fund Balance	(83,840)	(29,236)	54,604
Fund Balance at Beginning of Year	254,952	254,952	0
Prior Year Encumbrances	50,569	50,569	0
Fund Balance at End of Year	\$ 221,681	\$ 276,285	\$ 54,604

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, 2016***

LAW ENFORCEMENT FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
All Other Revenues	<u>\$ 2,500</u>	<u>\$ 300</u>	<u>\$ (2,200)</u>
Total Revenues	<u> 2,500</u>	<u> 300</u>	<u> (2,200)</u>
Expenditures:			
Capital Outlay	<u> 3,000</u>	<u> 1,850</u>	<u> 1,150</u>
Total Expenditures	<u> 3,000</u>	<u> 1,850</u>	<u> 1,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (500)</u>	<u> (1,550)</u>	<u> (1,050)</u>
Fund Balance at Beginning of Year	<u> 13,929</u>	<u> 13,929</u>	<u> 0</u>
Fund Balance at End of Year	<u><u> \$ 13,429</u></u>	<u><u> \$ 12,379</u></u>	<u><u> \$ (1,050)</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, 2016***

ENFORCEMENT AND EDUCATION FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 500	\$ 750	\$ 250
Total Revenues	500	750	250
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	500	750	250
Fund Balance at Beginning of Year	5,779	5,779	0
Fund Balance at End of Year	<u>\$ 6,279</u>	<u>\$ 6,529</u>	<u>\$ 250</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, 2016***

DRUG LAW ENFORCEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 100	\$ 25	\$ (75)
Total Revenues	100	25	(75)
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	100	25	(75)
Fund Balance at Beginning of Year	7,016	7,016	0
Fund Balance at End of Year	<u>\$ 7,116</u>	<u>\$ 7,041</u>	<u>\$ (75)</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, 2016***

FIELDSTONE TIF PROJECT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 73,605	\$ 73,477	\$ (128)
Total Revenues	<u>73,605</u>	<u>73,477</u>	<u>(128)</u>
Expenditures:			
Transportation:			
Street:			
Contractual Services	996	992	4
Other Expenditures	<u>72,609</u>	<u>72,485</u>	<u>124</u>
Total Expenditures	<u>73,605</u>	<u>73,477</u>	<u>128</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, 2016***

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

CITY OF TIPP CITY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2016***

GENERAL BOND RETIREMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Debt Service:			
Principal Retirement	3,254,300	3,254,182	118
Interest and Fiscal Charges	67,763	65,904	1,859
Total Expenditures	3,322,063	3,320,086	1,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,322,063)	(3,320,086)	1,977
Other Financing Sources (Uses):			
General Obligation Notes Issued	2,438,500	2,437,000	(1,500)
Premium on General Obligation Notes	20,000	15,054	(4,946)
Transfers In	870,363	834,563	(35,800)
Total Other Financing Sources (Uses)	3,328,863	3,286,617	(42,246)
Net Change in Fund Balance	6,800	(33,469)	(40,269)
Fund Balance at Beginning of Year	39,462	39,462	0
Fund Balance at End of Year	\$ 46,262	\$ 5,993	\$ (40,269)

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, 2016***

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	21,890	21,890	0
Total Expenditures	<u>70,397</u>	<u>70,397</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,256	3,256	0
Fund Balance at Beginning of Year	15,855	15,855	0
Fund Balance at End of Year	<u>\$ 19,111</u>	<u>\$ 19,111</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, 2016***

PARKS CAPITAL IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 12,000	\$ 4,732	\$ (7,268)
All Other Revenues	0	3,411	3,411
Total Revenues	<u>12,000</u>	<u>8,143</u>	<u>(3,857)</u>
Expenditures:			
Capital Outlay	<u>17,000</u>	<u>9,979</u>	<u>7,021</u>
Total Expenditures	<u>17,000</u>	<u>9,979</u>	<u>7,021</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(1,836)	3,164
Fund Balance at Beginning of Year	56,098	56,098	0
Prior Year Encumbrances	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 56,098</u>	<u>\$ 59,262</u>	<u>\$ 3,164</u>

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, 2016**

	Balance December 31, 2015	Additions	Deductions	Balance December 31, 2016
<u>Contractor Maintenance Deposit Fund</u>				
Assets:				
Restricted Cash and Cash Equivalents	\$860,859	\$47,000	(\$674,264)	\$233,595
Total Assets	\$860,859	\$47,000	(\$674,264)	\$233,595
Liabilities:				
Due to Others	\$860,859	\$47,000	(\$674,264)	\$233,595
Total Liabilities	\$860,859	\$47,000	(\$674,264)	\$233,595
<u>Health Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$4,945	\$125,455	(\$129,405)	\$995
Total Assets	\$4,945	\$125,455	(\$129,405)	\$995
Liabilities:				
Due to Others	\$4,945	\$125,455	(\$129,405)	\$995
Total Liabilities	\$4,945	\$125,455	(\$129,405)	\$995
<u>Medical Reimbursement Fund</u>				
Assets:				
Cash and Cash Equivalents	\$4,427	\$0	\$0	\$4,427
Total Assets	\$4,427	\$0	\$0	\$4,427
Liabilities:				
Due to Others	\$4,427	\$0	\$0	\$4,427
Total Liabilities	\$4,427	\$0	\$0	\$4,427
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$9,372	\$125,455	(\$129,405)	\$5,422
Restricted Cash and Cash Equivalents	860,859	47,000	(674,264)	233,595
Total Assets	\$870,231	\$172,455	(\$803,669)	\$239,017
Liabilities:				
Due to Others	\$870,231	\$172,455	(\$803,669)	\$239,017
Total Liabilities	\$870,231	\$172,455	(\$803,669)	\$239,017





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)

	2007	2008	2009	2010
Governmental Activities:				
Net Investment in Capital Assets	\$31,427,283	\$32,242,094	\$32,842,386	\$33,597,957
Restricted	2,443,299	2,243,415	1,947,201	1,885,841
Unrestricted	4,176,006	5,455,035	5,431,361	5,015,791
Total Governmental Activities Net Position	<u>\$38,046,588</u>	<u>\$39,940,544</u>	<u>\$40,220,948</u>	<u>\$40,499,589</u>
Business-type Activities:				
Net Investment in Capital Assets	\$19,295,981	\$19,681,449	\$20,158,896	\$18,683,126
Unrestricted	12,679,089	13,807,232	14,835,988	18,126,140
Total Business-type Activities Net Position	<u>\$31,975,070</u>	<u>\$33,488,681</u>	<u>\$34,994,884</u>	<u>\$36,809,266</u>
Primary Government:				
Net Investment in Capital Assets	\$50,723,264	\$51,923,543	\$53,001,282	\$52,281,083
Restricted	2,443,299	2,243,415	1,947,201	1,885,841
Unrestricted	16,855,095	19,262,267	20,267,349	23,141,931
Total Primary Government Net Position	<u>\$70,021,658</u>	<u>\$73,429,225</u>	<u>\$75,215,832</u>	<u>\$77,308,855</u>

* Restated

Source: Finance Director's Office

City of Tipp City

2011	2012	2013	2014	2015	2016
			*		
\$34,228,303	\$31,966,661	\$36,793,037	\$39,136,408	\$41,068,323	\$44,098,177
2,367,676	1,858,164	3,497,916	3,112,981	3,443,958	3,606,947
5,478,337	9,638,818	5,487,005	1,356,787	1,737,855	1,907,712
<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>	<u>\$49,612,836</u>
\$20,521,369	\$19,920,919	\$19,488,875	\$21,107,345	\$26,210,107	\$26,574,005
18,359,537	20,056,259	21,158,072	18,739,123	15,742,022	17,102,941
<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>	<u>\$43,676,946</u>
\$54,749,672	\$51,887,580	\$56,281,912	\$60,243,753	\$67,278,430	\$70,672,182
2,367,676	1,858,164	3,497,916	3,112,981	3,443,958	3,606,947
23,837,874	29,695,077	26,645,077	20,095,910	17,479,877	19,010,653
<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>	<u>\$93,289,782</u>

City of Tipp City

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

	2007	2008	2009	2010
Expenses				
Governmental Activities:				
Security of Persons and Property	\$3,195,571	\$3,319,976	\$3,286,305	\$3,191,455
Leisure Time Activities	1,407,319	1,285,709	1,320,200	1,115,986
Community Environment	231,885	251,345	260,189	240,229
Basic Utility Services	229,516	247,636	238,584	209,396
Transportation	1,465,686	1,595,113	1,858,692	1,520,827
General Government	1,763,783	1,645,898	1,601,373	1,552,036
Interest and Fiscal Charges	286,399	264,771	243,087	195,839
<i>Total Governmental Activities Expenses</i>	<u>8,580,159</u>	<u>8,610,448</u>	<u>8,808,430</u>	<u>8,025,768</u>
Business-type Activities:				
Electric	8,330,307	9,488,473	10,043,278	10,934,711
Water	1,907,331	2,183,762	2,492,331	2,687,174
Sewer	1,145,064	1,296,882	1,236,664	1,293,025
Refuse Collection	661,807	716,728	741,101	762,941
<i>Total Business-type Activities Expenses</i>	<u>12,044,509</u>	<u>13,685,845</u>	<u>14,513,374</u>	<u>15,677,851</u>
<i>Total Primary Government Expenses</i>	<u>\$20,624,668</u>	<u>\$22,296,293</u>	<u>\$23,321,804</u>	<u>\$23,703,619</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$597,064	\$539,207	\$613,231	\$526,499
Leisure Time Activities	391,090	381,063	332,688	387,874
Community Environment	176,493	131,771	89,325	20,431
Basic Utility Services	0	238,266	116,993	232,627
Transportation	1,339	3,366	33,388	32,162
Operating Grants and Contributions	593,159	656,539	693,882	651,175
Capital Grants and Contributions	799,014	1,927,765	1,168,819	211,035
<i>Total Governmental Activities Program Revenues</i>	<u>2,558,159</u>	<u>3,877,977</u>	<u>3,048,326</u>	<u>2,061,803</u>

City of Tipp City

2011	2012	2013	2014	2015	2016
\$3,295,937	\$3,807,107	\$3,530,729	\$3,717,379	\$3,838,659	\$4,253,983
1,206,554	1,258,269	1,184,929	1,171,559	1,202,951	1,172,199
263,018	266,399	318,126	301,822	280,344	357,068
207,591	219,845	224,611	221,338	9,792	42,788
1,496,946	1,748,615	1,282,473	1,516,512	1,744,237	1,597,236
1,724,894	1,546,497	1,461,944	1,681,433	846,759	938,638
159,465	128,914	131,839	95,626	77,291	74,428
<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>	<u>8,436,340</u>
10,162,311	10,947,908	13,022,380	15,434,334	14,104,590	16,042,057
2,339,234	2,450,611	2,750,504	2,635,749	3,082,812	3,568,202
1,332,069	1,277,737	1,524,521	1,676,170	1,611,383	1,938,930
777,573	803,896	830,635	860,620	859,546	899,948
<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>22,449,137</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>	<u>\$30,885,477</u>
\$674,013	\$677,146	\$467,951	\$807,557	\$679,634	\$801,163
394,409	362,673	285,683	260,789	290,382	334,915
68,382	65,012	19,545	34,773	19,746	202,402
207,662	222,600	222,244	231,165	0	0
31,468	86,142	66,357	230,958	57,709	15,921
649,294	688,116	639,270	678,811	686,622	723,446
926,961	913,862	1,264,689	1,082,009	1,372,145	2,182,014
<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>	<u>4,259,861</u>

(continued)

City of Tipp City

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

	2007	2008	2009	2010
Business-type Activities:				
Charges for Services				
Electric	9,351,973	10,077,906	10,957,613	11,895,134
Water	1,818,669	2,276,912	2,331,227	2,516,700
Sewer	1,218,038	1,318,119	1,259,362	2,117,802
Refuse Collection	675,937	713,082	738,911	763,387
Capital Grants and Contributions	290,512	835,244	751,569	241,153
<i>Total Business-type Activities Program Revenues</i>	<u>13,355,129</u>	<u>15,221,263</u>	<u>16,038,682</u>	<u>17,534,176</u>
<i>Total Primary Government Program Revenues</i>	<u>15,913,288</u>	<u>19,099,240</u>	<u>19,087,008</u>	<u>19,595,979</u>
Net (Expense)/Revenue				
Governmental Activities	(6,022,000)	(4,732,471)	(5,760,104)	(5,963,965)
Business-type Activities	1,310,620	1,535,418	1,525,308	1,856,325
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$4,711,380)</u>	<u>(\$3,197,053)</u>	<u>(\$4,234,796)</u>	<u>(\$4,107,640)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Income Taxes	\$3,460,790	\$3,644,832	\$3,133,216	\$3,449,915
Property Taxes	321,337	327,431	326,079	323,521
Other Local Taxes	35,265	21,407	28,052	46,875
Unrestricted Shared Revenues	1,311,289	1,474,216	1,302,247	1,327,627
Investment Earnings	610,371	441,016	195,035	121,044
Miscellaneous	215,622	695,718	1,036,774	931,681
Transfers	729,509	21,807	19,105	41,943
<i>Total Governmental Activities</i>	<u>6,684,183</u>	<u>6,626,427</u>	<u>6,040,508</u>	<u>6,242,606</u>
Business-type Activities:				
Transfers	(729,509)	(21,807)	(19,105)	(41,943)
<i>Total Business-type Activities</i>	<u>(729,509)</u>	<u>(21,807)</u>	<u>(19,105)</u>	<u>(41,943)</u>
<i>Total Primary Government</i>	<u>\$5,954,674</u>	<u>\$6,604,620</u>	<u>\$6,021,403</u>	<u>\$6,200,663</u>
Change in Net Position				
Governmental Activities	\$662,183	\$1,893,956	\$280,404	\$278,641
Business-type Activities	581,111	1,513,611	1,506,203	1,814,382
<i>Total Primary Government Change in Net Position</i>	<u>\$1,243,294</u>	<u>\$3,407,567</u>	<u>\$1,786,607</u>	<u>\$2,093,023</u>

Source: Finance Director's Office

City of Tipp City

2011	2012	2013	2014	2015	2016
12,127,149	12,114,762	13,473,203	15,250,429	16,148,597	16,894,764
2,151,483	2,523,591	2,354,501	2,789,748	3,099,354	3,574,386
1,129,188	1,121,499	1,362,580	1,560,951	1,686,990	1,887,109
786,630	816,572	839,841	862,774	809,891	885,333
504,377	0	767,684	404,328	0	903,697
16,698,827	16,576,424	18,797,809	20,868,230	21,744,832	24,145,289
19,651,016	19,591,975	21,763,548	24,194,292	24,851,070	28,405,150
(5,402,216)	(5,960,095)	(5,168,912)	(5,379,607)	(4,893,795)	(4,176,479)
2,087,640	1,096,272	669,769	261,357	2,086,501	1,696,152
(\$3,314,576)	(\$4,863,823)	(\$4,499,143)	(\$5,118,250)	(\$2,807,294)	(\$2,480,327)
\$4,006,199	\$4,958,434	\$5,400,724	\$5,344,919	\$5,834,924	\$5,963,230
323,887	327,145	330,957	303,129	385,271	396,384
58,523	73,682	76,559	78,345	81,444	86,281
1,286,470	1,002,069	381,894	936,945	978,819	970,419
91,692	80,537	44,249	31,794	35,690	76,914
1,194,172	907,555	1,248,844	950,506	240,767	74,616
16,000	0	0	(28,605)	(19,160)	(28,665)
6,976,943	7,349,422	7,483,227	7,617,033	7,537,755	7,539,179
(16,000)	0	0	28,605	19,160	28,665
(16,000)	0	0	28,605	19,160	28,665
\$6,960,943	\$7,349,422	\$7,483,227	\$7,645,638	\$7,556,915	\$7,567,844
\$1,574,727	\$1,389,327	\$2,314,315	\$2,237,426	\$2,643,960	\$3,362,700
2,071,640	1,096,272	669,769	289,962	2,105,661	1,724,817
\$3,646,367	\$2,485,599	\$2,984,084	\$2,527,388	\$4,749,621	\$5,087,517

City of Tipp City

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

	2007	2008	2009	2010	2011
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$101,503
Assigned	0	0	0	0	182,888
Unassigned	0	0	0	0	4,235,878
Reserved	204,706	228,586	147,861	221,064	0
Unreserved	<u>3,401,815</u>	<u>3,682,473</u>	<u>3,856,093</u>	<u>3,830,666</u>	<u>0</u>
<i>Total General Fund</i>	<u>3,606,521</u>	<u>3,911,059</u>	<u>4,003,954</u>	<u>4,051,730</u>	<u>4,520,269</u>
All Other Governmental Funds					
Nonspendable	0	0	0	0	89,710
Restricted	0	0	0	0	1,626,209
Committed	0	0	0	0	73,056
Unassigned	0	0	0	0	(815,365)
Reserved	482,190	1,652,697	477,377	431,853	0
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	369,856	505,158	514,834	599,921	0
Capital Projects Funds	<u>(157,446)</u>	<u>(1,628,054)</u>	<u>(644,828)</u>	<u>(677,780)</u>	<u>0</u>
Total All Other Governmental Funds	<u>694,600</u>	<u>529,801</u>	<u>347,383</u>	<u>353,994</u>	<u>973,610</u>
<i>Total Governmental Funds</i>	<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>	<u><u>\$5,493,879</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

2012	2013	2014	2015	2016
\$101,889	\$87,409	\$83,828	\$81,906	\$84,220
127,985	166,514	89,394	541,933	434,861
4,723,463	5,127,418	5,437,072	5,321,011	6,202,164
0	0	0	0	0
0	0	0	0	0
4,953,337	5,381,341	5,610,294	5,944,850	6,721,245
73,713	90,131	63,521	78,666	69,005
1,092,849	1,183,624	850,479	975,516	1,027,766
22,628	8,934	7,726	25,911	46,472
(1,533,887)	(1,800,077)	(1,347,781)	(866,231)	(348,343)
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
(344,697)	(517,388)	(426,055)	213,862	794,900
\$4,608,640	\$4,863,953	\$5,184,239	\$6,158,712	\$7,516,145

City of Tipp City

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

	2007	2008	2009	2010
Revenues:				
Taxes	\$3,713,187	\$4,030,913	\$3,571,583	\$3,823,618
Intergovernmental Revenues	2,523,552	2,756,171	3,201,047	2,220,692
Charges for Services	956,560	1,654,251	1,738,276	1,770,228
Licenses, Permits and Fees	88,217	35,547	12,858	14,113
Investment Earnings	634,068	452,408	205,677	123,206
Special Assessments	146,551	160,172	134,197	114,526
Fines and Forfeitures	20,630	18,286	15,962	20,429
All Other Revenue	320,344	184,486	378,679	222,130
Total Revenue	8,403,109	9,292,234	9,258,279	8,308,942
Expenditures:				
Current:				
Security of Persons and Property	2,980,614	3,080,822	2,968,982	3,048,578
Leisure Time Activities	866,924	884,455	851,403	766,504
Community Environment	238,806	248,376	246,653	252,874
Basic Utility Services	223,769	235,440	234,230	229,294
Transportation	549,832	767,377	646,218	564,410
General Government	1,457,073	1,464,240	1,433,994	1,427,326
Capital Outlay	2,263,569	1,336,673	1,928,432	895,032
Debt Service:				
Principal Retirement	897,062	882,509	857,972	911,665
Interest and Fiscal Charges	288,508	267,055	245,371	198,280
Total Expenditures	9,766,157	9,166,947	9,413,255	8,293,963
Excess (Deficiency) of Revenues Over Expenditures	(1,363,048)	125,287	(154,976)	14,979

City of Tipp City

2011	2012	2013	2014	2015	2016
\$4,480,781	\$5,250,226	\$5,741,284	\$5,741,874	\$6,140,765	\$6,306,461
2,833,417	2,093,184	2,551,048	2,483,754	2,952,132	3,937,776
1,892,452	1,842,891	1,728,149	1,873,129	954,867	1,116,035
13,092	63,444	19,080	33,575	18,498	177,551
73,890	110,478	47,076	29,358	35,721	74,840
132,872	113,237	118,397	240,613	138,987	125,638
15,326	15,002	14,979	13,242	16,850	14,965
571,643	328,305	582,051	369,327	272,958	78,103
<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>	<u>11,831,369</u>

3,175,914	3,142,368	3,214,265	3,364,152	3,432,396	3,381,426
778,807	800,267	795,797	800,510	807,835	768,549
260,105	263,439	315,751	302,715	289,769	323,062
208,818	217,147	226,353	226,658	0	26,281
531,100	576,373	568,730	590,590	669,395	615,747
1,568,282	1,447,729	1,344,666	1,381,047	693,607	703,182
1,346,198	3,179,877	5,968,429	3,083,086	3,039,076	4,025,287
930,000	930,000	655,000	2,037,991	1,633,482	1,299,082
162,268	131,753	114,388	104,065	80,410	76,364
<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>	<u>11,218,980</u>

1,051,981	(872,186)	(2,401,315)	(1,105,942)	(115,192)	612,389
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(Continued)

City of Tipp City

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	0	0
OPWC Loan Issued	0	0	0	0
Transfers In	2,453,724	1,282,021	1,150,447	1,334,975
Transfers Out	<u>(1,724,215)</u>	<u>(1,260,214)</u>	<u>(1,131,342)</u>	<u>(1,293,032)</u>
Total Other Financing Sources (Uses)	<u>729,509</u>	<u>21,807</u>	<u>19,105</u>	<u>41,943</u>
Net Change in Fund Balance	<u><u>(\$633,539)</u></u>	<u><u>\$147,094</u></u>	<u><u>(\$135,871)</u></u>	<u><u>\$56,922</u></u>
Debt Service as a Percentage of Noncapital Expenditures	15.19%	17.43%	13.57%	14.68%

Source: Finance Director's Office

City of Tipp City

2011	2012	2013	2014	2015	2016
0	0	1,753,900	1,390,300	1,095,900	781,800
0	0	894,586	100,091	0	0
1,088,573	1,040,152	1,114,647	447,784	616,715	332,808
(1,072,573)	(1,040,152)	(1,114,647)	(476,389)	(635,875)	(361,473)
16,000	0	2,648,486	1,461,786	1,076,740	753,135
\$1,067,981	(\$872,186)	\$247,171	\$355,844	\$961,548	\$1,365,524
13.83%	12.61%	11.16%	24.90%	22.06%	19.22%

City of Tipp City

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

Tax year	2007	2008	2009	2010	2011
Income Tax Rate	1.25%	1.25%	1.25%	1.25%	1.50%
Estimated Personal Income (in thousands)	\$306,036	\$319,766	\$318,078	\$344,618	\$369,122
Total Tax Collected	\$3,679,252	\$3,748,800	\$3,471,660	\$3,597,653	\$4,042,351
Income Tax Receipts					
Withholding	2,769,744	2,747,671	2,626,888	2,648,385	3,086,202
Percentage	75.28%	73.29%	75.67%	73.61%	76.35%
Corporate	414,080	508,418	296,977	469,352	411,038
Percentage	11.25%	13.56%	8.55%	13.05%	10.17%
Individuals	495,428	492,711	547,795	479,916	545,111
Percentage	13.47%	13.15%	15.79%	13.35%	13.48%

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

2012	2013	2014	2015	2016
1.50%	1.50%	1.50%	1.50%	1.50%
\$379,625	\$391,407	\$390,476	\$404,816	\$404,816
\$4,960,000	\$5,440,357	\$5,476,399	\$5,823,985	\$6,043,210
3,594,951	3,834,176	3,897,251	4,009,922	4,222,119
72.48%	70.48%	71.17%	68.86%	69.86%
764,934	901,630	758,560	997,288	927,597
15.42%	16.57%	13.85%	17.12%	15.35%
600,115	704,551	820,588	816,775	893,494
12.10%	12.95%	14.98%	14.02%	14.79%



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	2016 Rank
Meijer, Inc.	Warehouse Distribution	1
Tipp City Exempted Village School District	Education	2
FHI LLC	Warehouse Distribution/Logistics	3
Menards	Retail	4
CBS Personnel Services	Employee Leasing	5
Abbott Laboratories	Manufacturing	6
Arbogast Buick Pontiac GMC	Automotive Retail	7
Creative Extruded Products	Manufacturing	8
Adcare Health Systems (formerly Springmeade)	Health Care	9
Regal Beloit America (formerly A.O. Smith Corp.)	Manufacturing	10

Name of Taxpayer	Nature of Business	2007 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
Federal Government	Government	5
Creative Extruded Products	Manufacturing	6
City of Tipp City	Government	7
Precision Strip	Agricultural and Nursery	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

	2007	2008	2009	2010
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$5,690,000	\$4,855,000	\$4,045,000	\$3,180,000
General Obligation Notes Payable	0	0	0	0
Special Assessment Bonds Payable	825,000	790,000	755,000	715,000
OPWC Loan Payable	0	0	0	0
Capital Leases	32,146	19,637	6,665	0
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$950,000	\$795,000	\$670,000	\$545,000
General Obligation Notes Payable	0	0	0	0
Long-Term Loans Payable	408,510	408,510	397,680	397,680
Total Primary Government	<u>\$7,905,656</u>	<u>\$6,868,147</u>	<u>\$5,874,345</u>	<u>\$4,837,680</u>
Population ⁽²⁾				
City of Tipp City	9,221	9,221	9,221	9,689
Outstanding Debt Per Capita	\$857	\$745	\$637	\$499
Income ⁽³⁾				
Personal (in thousands)	306,036	319,766	318,078	344,618
Percentage of Personal Income	2.58%	2.15%	1.85%	1.40%

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

2011	2012	2013	2014	2015	2016
\$2,290,000	\$1,400,000	\$785,000	\$570,000	\$420,000	\$310,000
0	0	1,753,900	1,390,300	1,095,900	781,800
675,000	635,000	595,000	550,000	505,000	460,000
0	0	894,586	970,586	922,404	874,222
0	0	0	0	0	0
\$420,000	\$320,000	\$220,000	\$145,000	\$25,000	\$0
0	0	5,094,100	4,678,700	4,239,100	4,450,200
1,103,335	1,385,905	1,764,595	1,304,841	1,231,943	1,159,045
<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>	<u>\$8,035,267</u>
9,689	9,689	9,689	9,689	9,689	9,689
\$463	\$386	\$1,146	\$992	\$871	\$829
369,122	379,625	391,407	390,476	404,816	404,816
1.22%	0.99%	2.84%	2.46%	2.08%	1.98%

City of Tipp City

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2007	2008	2009	2010
Population ⁽¹⁾	9,221	9,221	9,221	9,689
Assessed Value ⁽²⁾	\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$6,640,000	\$5,650,000	\$4,715,000	\$3,725,000
Resources Available to Pay Principal ⁽⁴⁾	\$954	\$4,164	\$3,754	\$32,640
Net General Bonded Debt	\$6,639,046	\$5,645,836	\$4,711,246	\$3,692,360
Ratio of Net Bonded Debt to Estimated Assessed Value	2.41%	2.11%	1.80%	1.43%
Net Bonded Debt per Capita	\$719.99	\$612.28	\$510.93	\$381.09

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

2011	2012	2013	2014	2015	2016
9,689	9,689	9,689	9,689	9,689	9,689
\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420	\$254,574,200	\$271,234,280
\$2,710,000	\$1,720,000	\$1,005,000	\$715,000	\$445,000	\$310,000
\$36,941	\$40,552	\$355,431	\$56,748	\$39,462	\$5,993
\$2,673,059	\$1,679,448	\$649,569	\$658,252	\$405,538	\$304,007
1.02%	0.64%	0.26%	0.26%	0.16%	0.11%
\$275.89	\$173.34	\$67.04	\$67.94	\$41.86	\$31.38



City of Tipp City

Computation of Direct and Overlapping General Obligation Debt December 31, 2016

<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	\$2,426,022	100.00%	\$2,426,022
Overlapping:			
Tipp City Exempted Village School District	12,536,601	67.92%	8,514,859
Miami County	20,574,989	12.19%	2,508,091
Miami Valley Career Center JVSD	5,537,994	3.79%	209,890
		Subtotal	11,232,840
		Total	<u>\$13,658,862</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	2007	2008	2009	2010
Total Debt				
Net Assessed Valuation	\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010
Legal Debt Limitation (%) ⁽¹⁾	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) ⁽¹⁾	28,957,391	28,121,143	27,418,068	27,108,586
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>\$28,957,391</u>	<u>\$28,121,143</u>	<u>\$27,418,068</u>	<u>\$27,108,586</u>
Unvoted Debt				
Net Assessed Valuation	\$275,784,680	\$267,820,410	\$261,124,460	\$258,177,010
Legal Debt Limitation (%) ⁽¹⁾	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) ⁽¹⁾	15,168,157	14,730,123	14,361,845	14,199,736
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>\$15,168,157</u>	<u>\$14,730,123</u>	<u>\$14,361,845</u>	<u>\$14,199,736</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

2011	2012	2013	2014	2015	2016
\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420	\$254,574,200	\$271,234,280
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
27,427,286	27,568,686	26,097,940	26,540,579	26,730,291	28,479,599
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<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>	<u>\$28,479,599</u>
\$261,212,250	\$262,558,910	\$248,551,810	\$252,767,420	\$254,574,200	\$271,234,280
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,366,674	14,440,740	13,670,350	13,902,208	14,001,581	14,917,885
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<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>	<u>\$14,917,885</u>

City of Tipp City

Pledged Revenue Coverage Last Ten Years

	2007	2008	2009	2010	2011
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	40,000	40,000
Interest	33,465	32,678	31,715	30,664	29,465
Coverage	1.08	1.09	1.10	1.04	1.06

(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

2012	2013	2014	2015	2016
\$73,653	\$73,653	\$73,653	\$73,653	\$73,653
40,000	40,000	45,000	45,000	45,000
28,065	26,665	25,265	23,623	21,890
1.08	1.10	1.05	1.07	1.10

City of Tipp City

Demographic and Economic Statistics Last Ten Years

Calendar Year	2007	2008	2009	2010
Population (1)				
City of Tipp City	9,221	9,221	9,221	9,689
Miami County	98,868	98,868	98,868	102,506
Income (2) (a)				
Total Personal (in thousands)	306,036	319,766	318,078	344,618
Per Capita	33,189	34,678	34,495	35,568
Unemployment Rate (3)				
Federal	4.6%	5.8%	9.3%	9.6%
State	5.6%	6.6%	10.2%	10.1%
Miami County	5.4%	6.4%	11.7%	10.5%
Civilian Work Force Estimates (3)				
State	5,976,500	5,986,400	5,970,200	5,897,600
Miami County	55,400	55,400	55,400	54,200
Total Assessed Property Value (4)	275,784,680	267,820,410	261,124,460	258,177,010
Estimated Actual Property Value (4)	854,886,147	803,462,520	747,736,243	737,338,171

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

2011	2012	2013	2014	2015	2016
9,689	9,689	9,689	9,689	9,689	9,689
102,506	102,506	102,506	102,506	102,506	102,506
369,122	379,625	391,407	390,476	404,816	404,816
38,097	39,181	40,397	40,301	41,781	41,781
8.5%	8.1%	7.4%	6.2%	5.0%	4.9%
7.9%	7.2%	7.4%	5.7%	4.6%	4.9%
7.6%	7.0%	7.2%	5.3%	4.2%	4.3%
5,791,000	5,747,900	5,765,700	5,719,500	5,694,027	5,713,100
53,100	52,400	52,100	51,800	52,621	52,600
261,212,250	262,558,910	248,551,810	252,767,420	254,574,200	271,234,280
746,320,714	750,168,314	710,148,029	722,192,629	727,354,857	774,955,086



City of Tipp City

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2016	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	1,642	1
Tipp City Exempted Village School District	Education	456	2
FHI LLC	Warehouse Distribution	371	3
Menards	Retail	320	4
CBS Personnel Services	Employee Leasing	294	5
Abbott Laboratories	Manufacturing	288	6
Arbogast	Automotive Retail	281	7
Creative Extruded Products	Manufacturing	274	8
Adcare Health Systems (formerly Springmeade)	Health Care	221	9
Regal Beloit (formerly AO Smith Corporation)	Manufacturing	221	10
Total		4,368	

Employer	Nature of Business	2007	
		Number of Employees	Rank
Meijer, Inc.	Warehouse Distribution	802	1
A. O . Smith Corporation	Manufacturing	341	2
Tipp City Exempted Village School District	Education	290	3
Creative Extruded Products	Manufacturing	240	4
Arbogast	Auto Dealer	120	5
Springmeade Health Center	Health Care	110	6
DAP Products, Inc.	Manufacturing	110	7
Gardens Alive- Springhill	Agricultural and Nursery	100	8
Captor	Manufacturing	92	9
Allen Foods	Food Processing	84	10
Total		2,289	

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

	2007	2008	2009	2010
Governmental Activities				
General Government				
Legislative	4.00	4.00	3.50	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	8.00	8.00	8.00	7.50
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	5.50	5.00
Leisure Time Activities				
Parks	6.00	6.00	5.25	4.75
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	14.50
Water	8.50	8.50	8.50	8.50
Sewer	3.50	3.50	3.50	3.50
Total Employees	99.50	99.50	97.75	95.25

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

2011	2012	2013	2014	2015	2016
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	1.50	2.00	2.00	2.00	2.00
7.50	7.00	7.00	7.00	7.00	7.00
0.50	0.50	0.50	0.50	0.50	0.50
3.00	3.00	3.00	3.00	3.00	3.00
22.50	22.50	22.50	22.50	21.50	22.50
15.50	15.50	15.50	15.50	15.50	15.50
5.00	5.00	5.00	5.50	5.50	5.50
4.75	4.75	4.75	5.25	5.25	5.25
2.50	2.50	2.50	2.50	2.50	2.50
14.00	14.00	14.00	14.00	15.00	15.00
8.30	8.30	5.75	5.75	5.75	5.75
3.20	3.20	5.75	5.75	5.75	5.75
94.25	93.25	93.75	94.75	94.75	95.75

City of Tipp City

Operating Indicators by Function Last Ten Years

	2007	2008	2009	2010
Governmental Activities				
General Government				
Accounts Payable Checks processed	3,576	3,495	3,068	2,819
Purchase Orders issued	2,780	2,631	2,312	1,430
Court				
Number of Criminal Cases	412	341	332	317
Number of Traffic Cases	742	781	684	886
Licenses and Permits				
Number of Residential Building Permits	31	21	10	7
Number of Commercial Building Permits	9	5	3	6
Security of Persons and Property				
Police				
Criminal Arrests	770	679	596	575
Calls for Service	15,420	15,595	17,570	20,745
Number of Accidents	390	335	188	218
Fire and EMS				
Number of Fire Calls	408	437	348	368
Number of EMS Runs	1,353	1,347	1,256	1,272
Transportation				
Street				
Tons of Salt Used	1,121	844	476	800
Leisure Time Activities				
Swimming Pool Receipts	268,574	266,423	244,334	284,522
Business-Type Activities				
Electric				
Number of Service Connections	4,804	4,807	4,833	4,872
Peak Demand (megawatts)	33.0	30.1	29.3	30.2
Energy Purchased (MWh)	154,852	149,116	140,826	143,846
Water				
Number of Service Connections	4,026	4,043	4,050	4,086
Daily Average Consumption (mgd)	1.3	1.2	1.2	1.3
Peak Daily Consumption (mgd)	2.5	2.5	2.1	2.5
Sewer				
Sewer Treatment Charges	621,828	650,130	643,307	657,465
Daily Average Sewage Treatment (mgd)	1.6	1.7	1.5	1.6
Refuse Collection				
Number of Customers Billed	3,852	3,835	3,911	3,926

Source: Finance Director's Office

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

City of Tipp City

2011	2012	2013	2014	2015	2016
2,766	3,549	2,911	2,869	2,828	3,061
2,280	2,429	2,018	2,124	2,013	1,468
269	373	280	333	328	338
734	887	825	797	941	782
12	21	14	17	17	15
4	11	5	7	4	4
414	480	532	446	488	651
15,972	10,010	14,909	15,388	15,455	16,235
208	207	208	254	251	236
313	327	304	343	304	317
1,345	1,390	1,421	1,557	1,673	1,757
304	637	861	457	275	300
281,817	254,257	285,683	248,739	290,383	331,504
4,859	4,946	4,954	4,942	4,933	5,006
31.3	31.2	33.4	31.7	33.3	36.1
143,172	142,617	150,263	156,551	164,144	177,330
4,091	4,272	4,153	4,135	4,159	4,179
1.1	1.2	1.2	1.2	1.4	1.7
2.6	2.5	2.3	2.0	2.3	2.6
688,675	653,840	642,679	665,486	684,258	704,203
2.1	1.4	1.6	1.7	1.8	1.8
3,943	3,964	4,037	4,033	4,071	4,081

City of Tipp City

Capital Asset Statistics by Function Last Ten Years

	2007	2008	2009	2010
Governmental Activities				
General Government				
Area (square miles)	7.5	7.5	7.5	7.5
Security of Persons and Property				
Police				
Stations	1	1	1	1
Fire				
Stations	2	2	2	2
Transportation				
Street				
Miles of Street	61	61	61	61
Street Lights	1,400	1,409	1,419	1,419
Miles of Storm Sewers	59	60	60	60
Leisure Time Activities				
Park Area (acres)	434	436	436	436
Number of Parks	17	17	17	17
Number of Tennis Courts	2	2	2	2
Number of Ball Fields	20	20	17	17
Business-Type Activities				
Utilities				
Electric				
Substations	3	3	3	3
Water				
Waterlines (Miles)	55	56	57	57
Number of Fire hydrants	658	665	675	675
Sewer				
Sewerlines (Miles)	55	56	57	57

Source: Finance Director's Office

City of Tipp City

2011	2012	2013	2014	2015	2016
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