To: Members of City Council
Tim Eggleston, City Manager

From: John Green, Finance Director
Subject: Quarterly Financial Report
Date: 2-13-15

BACKGROUND

This report is provided to offer a review of the revenues and expenditures at year-end for the following funds: General Fund, Electric Fund, Water Fund, and Sewer Fund. These are the most significant operating funds of the City.

Appendix A details the year to date cash activity for the City's funds. It is important to note the ending balance, encumbrances (purchase orders outstanding that have not yet been spent), and unencumbered balance. The unencumbered balance is the amount remaining in the fund if the City were to expend all the monies listed as encumbrances. The OPWC Grant Fund shows a negative cash position as the entire cost of the project was encumbered (purchase order issued) but State grant reimbursements will not be received until monthly payment draws are made by the contractor. The ending balance is the amount of funds available to the City at year-end and agrees with the amount listed in Appendix B.

Appendix B provides a listing of the City's funds held at various financial institutions. Also presented are the current interest rates of the investments held and the days to maturity if the investments are held to the initial maturity date. Most of the City's cash is consolidated in money market accounts and StarOhio/StarPlus as desirable investments remain difficult to locate.

Appendix C is the Debt Schedule for the City through year-end. Principal and interest payments made in 2014 are included in the schedule.

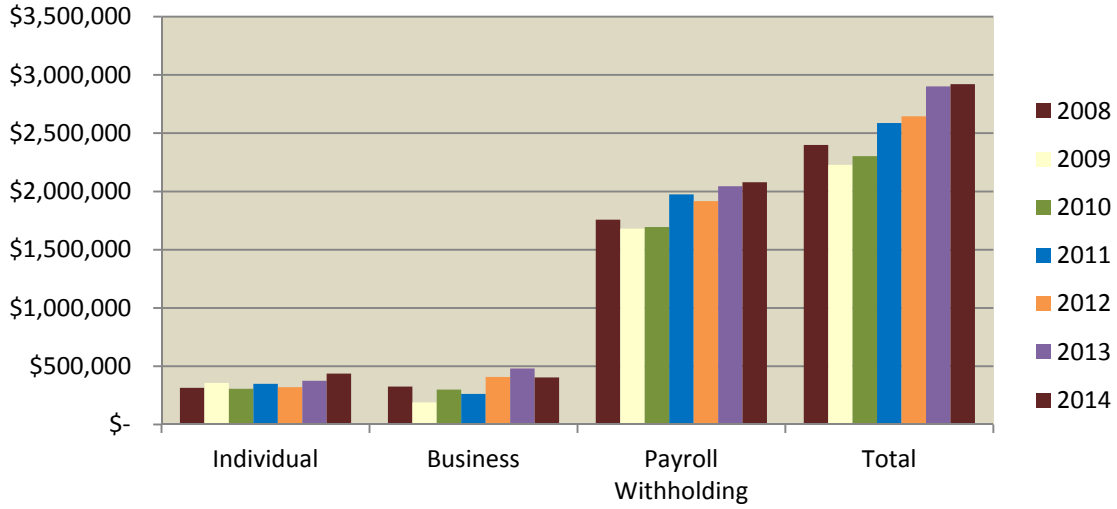
GENERAL FUND

The General Fund is the main operating fund of the City and is used to account for all financial transactions which are not reported in other funds. Major sources of revenue include Taxes, Charges for Services, and Reimbursements and Refunds.

Revenues

Total General Fund revenues ended the year within $5,000 of the 2014 budget. Property tax and income tax revenues were slightly lower than anticipated. License and permit fees were slightly higher than anticipated. Following is an analysis of significant revenue sources:

- Income Tax – The General Fund receives 0.8% of the total 1.5% collected in local income taxes. Income tax receipts comprise approximately 47% of budgeted General Fund revenues and ended the year $14,000 lower than anticipated (0.5%) but $19,215 (0.66%) above 2013 receipts.



- Intergovernmental Receipts – This category includes monies received from other governmental entities including local government fund monies, estate tax collections, property tax rollback receipts, and the electric excise tax. Intergovernmental receipts comprise 14.75% of budgeted General Fund revenues and finished the year $5,797 (0.62%) above the 2014 budget but down $99,867 (9.65% from 2013).
    - The reduction in revenues from 2013 were almost entirely due to Estate tax revenues which fell from $98,657 in 2013 to $367 in 2014.
- Charges for Services – These receipts comprise 9.52% of budgeted General Fund revenues. The most significant items in this category are the fire run contracts and billings for ambulance runs.
- Ambulance run receipts ended the year up $12,634 (2.28%) when compared to 2013.

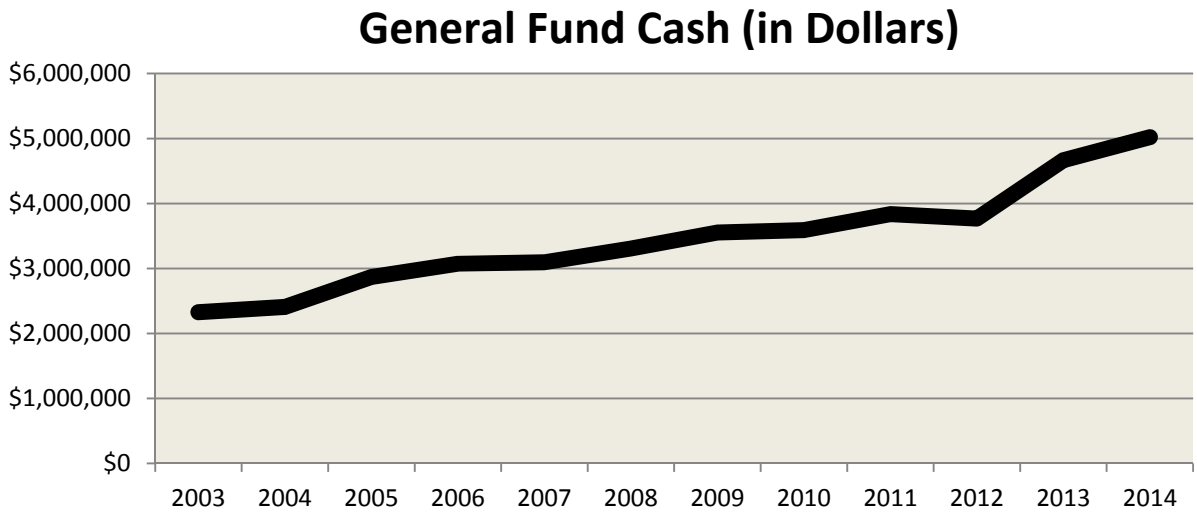
- Reimbursements and Refunds – The administrative reimbursements and the utility billing charge-back fee to the Electric, Water, and Sewer Funds are posted on a quarterly basis and ended the year in line with the budget. The General Fund received $41,808 in rebates from the Ohio Bureau of Worker's Compensation through their $1 Billion Back rebate program. The City also received a General Fund reimbursement of $18,745 from MVRMA for the closure of a loss years with lower than anticipated claims having been incurred.

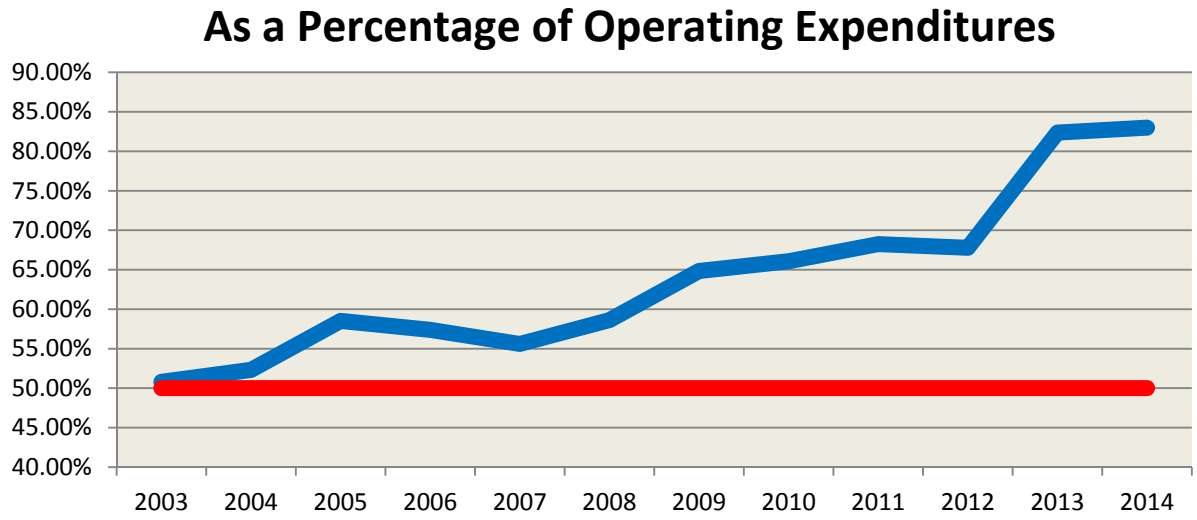
Expenditures

Total General Fund expenditures ended the year approximately $375,074 (5.84%) below original budgeted amounts. Cost containment was seen throughout the General Fund and 2014 expenditure levels were unusual in several areas due to retirements and resignations and the accompanying delay in filling open positions. The largest decrease was noted in the Police department where personnel costs were $88,766 below the budget due primarily to staffing/shift/overtime changes. The Administration, Engineering, and Parks departments all saw significant decreases with staffing changes and delays in hiring replacement employees.

Overview

With actual revenues meeting the original budget and the expense reductions noted above, the City saw an increase in the General Fund cash balance of $244,547. Taking into consideration short-term advances made to (and due from) the Capital Improvement Reserve Fund, the General Fund balance has increased each year since 2004. The chart below reflects this increase in fund balance. In 2012, when it appears the General Fund balance decreased, there was a $600,000 loan to the Capital Improvement Fund which was paid back in 2013. At the end of 2014 the General Fund had a short-term advance of $100,000 outstanding which will be returned in 2015.




As a Percentage of Operating Expenditures
90.00%
85.00%
80.00%
75.00%
70.00%
65.00%
60.00%
55.00%
50.00%
45.00%
40.00%
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014

GENERAL FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2014

	2013 ACTUAL 31-Dec	2014 ACTUAL 31-Dec	2014 TOTAL BUDGET	2014 % of BUDGET
REVENUES				
Property Taxes	329,076	310,513	326,963	94.97%
Income Taxes	2,901,348	2,920,563	2,934,774	99.52%
Other Taxes	76,154	63,587	75,000	84.78%
Intergovernmental Receipts	1,035,064	935,197	929,400	100.62%
Charges for Services	616,471	631,032	599,612	105.24%
Fines & Forfeitures	15,012	12,211	14,650	83.35%
Fees, Licenses, & Permits	19,080	33,575	19,025	176.48%
Earnings on Investments	103,602	34,550	75,000	46.07%
Miscellaneous Revenue	183,246	198,345	195,100	101.66%
Reimbursements & Refunds	964,246	1,004,890	1,128,916	89.01%
Other Financing Sources	600,000	150,000	1,000	15000.00%
Total Revenues	6,843,299	6,294,463	6,299,440	99.92%
EXPENDITURES				
Council	66,386	96,370	92,247	104.47%
Boards & Commissions	49,379	52,504	57,292	91.64%
Administration	229,451	175,002	239,009	73.22%
Buildings & Facilities	208,978	206,800	243,854	84.80%
Finance - Administration	210,247	218,551	239,063	91.42%
Finance - Utility Billing	223,801	230,331	260,424	88.44%
Finance - Income Tax	230,050	253,781	299,552	84.72%
Law	62,214	73,878	83,767	88.19%
Police	2,371,230	2,388,225	2,537,669	94.11%
Fire	141,630	177,689	200,509	88.62%
EMS	821,711	842,481	851,485	98.94%
Community & Economic Dev.	307,482	306,213	337,749	90.66%
Engineering	179,353	197,427	195,575	100.95%
Parks	391,862	434,683	489,155	88.86%
Recreation	26,550	17,700	18,700	94.65%
Non-Departmental	368,202	378,281	278,940	135.61%
Total Expenditures	5,888,526	6,049,916	6,424,990	94.16%

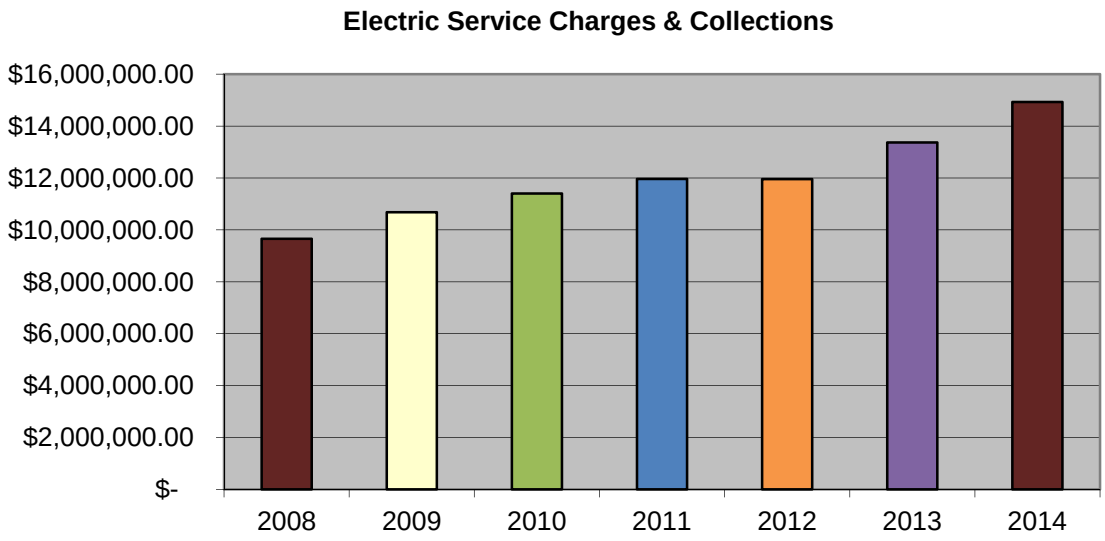
2014 total budget expenditures include $207,669 in carryover encumbrances.

ELECTRIC FUND

The Electric Fund was established to account for the provision of electric utility services to residential and commercial users in the Tipp City area. This fund is an Enterprise Fund, with user fees financing the expenditures.

Revenues

- Service Charges & Collections – Service charge receipts (amounts billed to and received from the utility customers) are up from the prior period (11.70%) due to an increase in consumption (2.18%), and an increase in cost of purchased power which is passed through to the consumer. January/February 2014 were exceptionally cold with the frequent "polar vortexes" that caused power costs to increase significantly. The City's January, 2014 electric bill was approximately double that of a normal January. This cost worked its way through the purchased power cost adjustment over the first six months of 2014.



Total Electric Fund expenditures ended the year 30% below budget. The most significant categories of expenditures are as follow:

- Administration – Administrative costs ended the year 2.5% below budget. Distribution – Distribution costs ended the year at 28.5% of the budget. Cost savings in this area are due primarily to capital improvement projects that were encumbered but not completed prior to year-end (construction of the new Electric Utility Service Center).
- Purchase of Power – Total purchased power costs for the City were up 22.32% from the previous year and required several supplemental appropriations prior to year end. As noted above, costs of power purchased by the City were unusually high during 2014.

Overview

The Electric Fund had a slight reduction in its ending cash fund balance, reducing that balance from $7,516,035 to $7,511,364 ($4,671). This is a smaller reduction than originally budgeted ($142,000) largely due to project delays and increased revenue from the pass-through of purchased power costs. Maintaining this cash balance is significant to help offset a projected $10 million in future capital projects for this utility (Electric Utility Service Center, 2nd Tap to DP&L, and various substation improvement projects).

ELECTRIC FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2014

	2013 ACTUAL 31-Dec	2014 ACTUAL 31-Dec	2014 TOTAL BUDGET	2014 % of BUDGET
REVENUES				
Charges for Services	13,365,372	14,929,471	13,509,424	110.51%
Line Extension Fees	1,979	-	120,000	0.00%
Assessments	2,061	2,061	2,061	100.00%
NAWA Generator Charges	57,358	54,088	57,500	94.07%
Sale of G.O. Notes	1,561,460	1,449,670	1,449,793	99.99%
Miscellaneous	138,238	205,749	212,702	96.73%
Total Revenues	15,126,468	16,641,039	15,351,480	108.40%
EXPENDITURES				
Administration (net of debt)	1,374,844	1,431,185	1,468,932	97.43%
Debt Service	1,752,696	1,633,694	1,651,685	98.91%
Distribution	3,544,686	2,791,582	9,768,250	28.58%
Purchase of Power	8,820,221	10,789,249	10,750,000	100.37%
Total Expenditures	15,492,447	16,645,710	23,638,867	70.42%

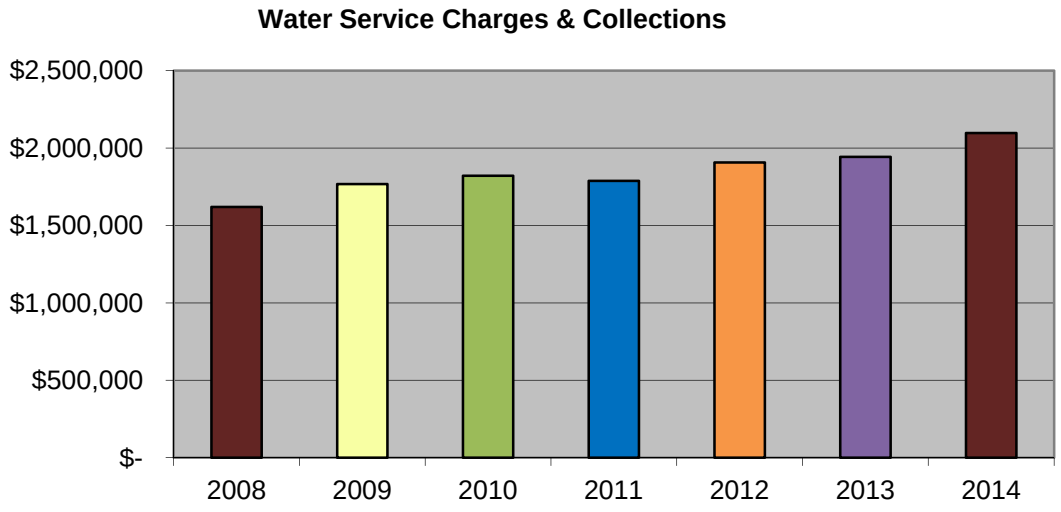
2014 total budget expenditures include $3,587,498 in carryover encumbrances.

WATER FUND

The Water Fund was established to account for the treatment and distribution of water to residential and commercial users. This fund is an Enterprise Fund, with user fees financing the expenditures.

Revenues

- Service Charges & Collections – Service charges (amounts billed to and received from the utility customers) ended the year $154,458 (7.95%) higher than 2013 receipts due to increased consumption (2.11%) and implementation of the scheduled rate increase (6%). However, service charge receipts ended the year $263,647 (11.17%) lower than the 2014 budget as a larger increase in consumption was predicted due to economic growth and development which is still in progress.



Expenditures

The Water Fund expenditures ended the year $1,032,564 (15.78%) below budget. The most significant categories of expenditures are as follow:

- Administration – Administrative costs ended the year 5.04% below budget.
- Distribution – Distribution costs ended the year at 61.75% of the 2014 budget. As noted in prior years, the City budgeted for several capital improvement projects that were still ongoing at year end.
- Treatment – Treatment costs ended the year up $92,369 (6%) from the previous year due to the increased consumption noted above, but were $483,145 (22%) below budget as our consumption numbers were significantly lower than originally anticipated.

Overview

The Water Fund ended the year with negative cash flow ($362,675) compared to a planned cash reduction of $802,264. The ending fund balance decreased from $2,214,541 to $1,851,866. The planned reduction in cash balance was due to several capital improvement projects for line repair/replacement, several of which were still ongoing at year end. These projects should be completed in 2015 and the Water Fund cash balance will be maintained at the 25% target level as discussed in the annual CIP meetings.

WATER FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2014

	2013 ACTUAL 31-Dec	2014 ACTUAL 31-Dec	2014 TOTAL BUDGET	2014 % of BUDGET
REVENUES				
Service Charges & Collections	1,942,988	2,097,446	2,361,093	88.83%
Water Tap-In Fees	22,544	38,931	25,000	155.72%
NAWA Plant Charges	334,290	422,704	352,423	119.94%
NAWA Well Charges	22,201	21,905	22,500	97.36%
Assessments	2,992	3,114	2,500	124.56%
Sale of G.O. Notes	1,885,040	2,511,619	2,443,101	102.80%
Other Revenues	63,747	52,616	38,010	138.43%
Total Revenues	4,273,802	5,148,335	5,244,627	98.16%
EXPENDITURES				
Administration (net of debt)	293,212	221,359	233,098	94.96%
Debt Service	2,090,824	2,787,546	2,805,263	99.37%
Distribution	641,320	839,446	1,359,419	61.75%
Treatment	1,570,290	1,662,659	2,145,794	77.48%
Total Expenditures	4,595,646	5,511,010	6,543,574	84.22%

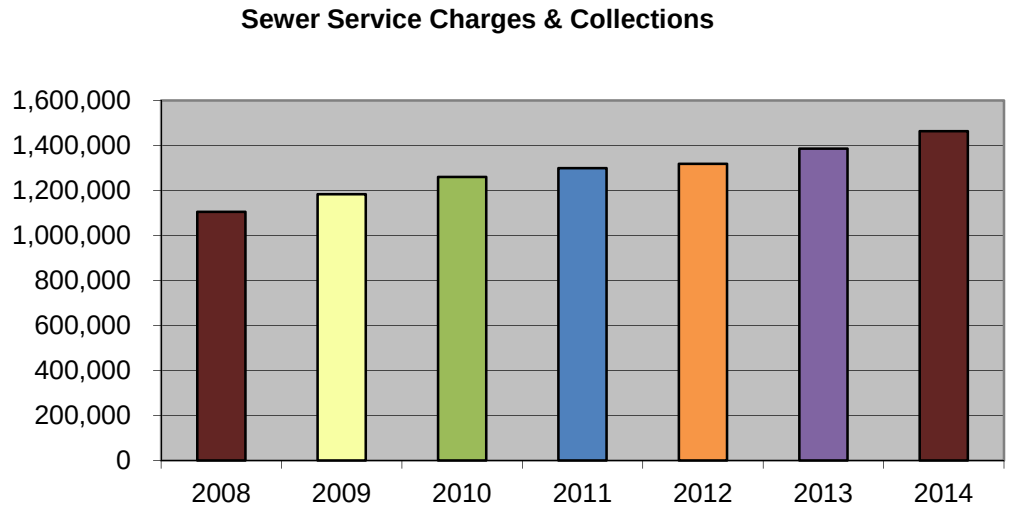
2014 total budget expenditures include $239,183 in carryover encumbrances.

SEWER FUND

The purpose of the Sewer Fund is to provide wastewater collection and treatment service to resident and commercial users. This fund is an Enterprise Fund with user fees financing the expenditures.

Revenues

- Service Charges & Collections – This is the only significant revenue line item for the Sewer Fund. Service charges (amounts billed to and received from the utility customers) ended the year up $77,764 (5.6%) from 2013. This increase was due in part to an increase in consumption (2.43%). Service charge receipts ended the year $172,370 (10.5%) below the budget. As noted in the Water Fund discussion, the City anticipated certain economic development would progress at a faster pace in 2014 and budgeted revenues accordingly. These differences should be resolved in 2015



Expenditures

The Sewer Fund expenditures ended the year 24.53% below the original budget due to delays in capital improvement projects. The most significant categories of expenditures are as follow:

- Administration – Administrative costs ended the year $2,388 (1.21%) below budget.
- Treatment – Total collection system and treatment costs were down from the previous year ($43,628 or 2.17%) due to continued work on capital improvement projects (sewer line replacements and sliplining) Total collection system and treatment costs ended the year approximately $1.5M (44%) below the budget due to delayed capital improvement projects. These projects are anticipated to be completed by the end of 2015.

Overview

The Sewer Fund ended the year with negative cash flow of $739,366 compared to a planned reduction of $424,893. This reduced the fund balance from $1,956,741 to $1,217,376. This decrease was due primarily to capital improvement projects budgeted in 2013 which were carried over and completed in 2014 (approx. $1 million in encumbrances was carried forward). As these capital improvement projects are completed in 2015, the Sewer Fund cash balance will be approaching and will be maintained at the 25% target level as discussed in the annual CIP meetings.

SEWER FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2014

	2013 ACTUAL 31-Dec	2014 ACTUAL 31-Dec	2014 TOTAL BUDGET	2014 % of BUDGET
REVENUES				
Service Charges & Collections	1,385,739	1,463,503	1,635,873	89.46%
Sewer Tap-In Fees	18,503	31,971	25,000	127.88%
N.E. Sewer Assessments	0	0	0	0.00%
Other Assessments	8,015	8,151	7,500	108.68%
Sale of G.O. Notes	1,891,000	2,195,211	2,036,404	107.80%
Other Revenues	29,359	58,995	10,225	576.97%
Total Revenues	3,332,616	3,757,831	3,715,002	101.15%
EXPENDITURES				
Administration (net of debt)	261,353	194,203	196,591	98.79%
Debt Service	472,376	2,338,524	2,246,810	104.08%
Treatment	2,008,098	1,964,470	3,515,190	55.89%
Total Expenditures	2,741,827	4,497,197	5,958,591	75.47%

2014 total budget expenditures include $952,616 in carryover encumbrances.

YEAR-TO-DATE FUND REPORT
DECEMBER 31, 2014

FUND NAME	BEGINNING BALANCE	Y-T-D RECEIPTS	Y-T-D EXPENDITURES	ENDING BALANCE	ENCUMBRANCES	UNENCUMBERED BALANCE
GENERAL FUND	4,888,099.42	6,294,463.21	6,049,916.47	5,132,646.16	111,393.87	5,021,252.29
SWIMMING POOL FUND	7,422.63	356,238.56	357,446.54	6,214.65	19.19	6,195.46
STREET REPAIR & MAINT. FUND	306,235.49	439,636.16	541,098.09	204,773.56	3,700.68	201,072.88
STATE HIGHWAY FUND	108,852.41	33,915.08	20,858.43	121,909.06	625.81	121,283.25
MUNICIPAL ROAD FUND	254,758.21	214,692.61	200,675.64	268,775.18	6,848.32	261,926.86
LAW ENFORCEMENT FUND	21,604.86	1,282.00	8,303.75	14,583.11	0.00	14,583.11
ENFORCEMENT AND EDUCATION FUND	4,054.25	473.00	0.00	4,527.25	0.00	4,527.25
DRUG LAW ENFORCEMENT FUND	6,891.08	100.00	0.00	6,991.08	0.00	6,991.08
GENERAL BOND RETIREMENT FUND	355,431.44	4,669,246.83	4,967,930.67	56,747.60	0.00	56,747.60
S. ASSESS. BOND RET. FUND	14,451.09	73,653.16	73,772.30	14,331.95	0.00	14,331.95
CAPITAL IMP. RESERVE FUND	894,975.45	2,887,433.52	3,083,430.32	698,978.65	526,604.72	172,373.93
PARKS CAPITAL IMP. FUND	12,330.07	60,321.35	6,130.37	66,521.05	0.00	66,521.05
ABBOTT DRIVE CONST. FUND	33,191.95	0.00	33,191.95	0.00	0.00	0.00
25-A CONSTRUCTION FUND	50,000.00	0.00	0.00	50,000.00	0.00	50,000.00
OPWC GRANT FUND	0.00	840,598.61	842,532.61	(1,934.00)	61,425.32	(63,359.32)
ELECTRIC FUND	7,516,035.32	16,641,039.32	16,645,710.41	7,511,364.23	3,921,400.64	3,589,963.59
WATER FUND	2,214,540.73	5,148,335.25	5,511,009.55	1,851,866.43	369,615.26	1,482,251.17
WATER IMP. RESERVE FUND	783,926.64	0.00	161,493.05	622,433.59	622,433.46	0.13
WATER TOWER CONSTRUCTION FUND	639,371.35	0.00	0.00	639,371.35	637,371.00	0.35
DOWNTOWN UTILITY REPLACEMENT	8,129.67	100,090.92	104,623.29	3,597.30	0.00	3,597.30
NORTH WESTEDGE UTILITIES	172,693.92	300,000.00	465,905.40	6,788.52	0.00	6,788.52
SEWER FUND	1,956,740.98	3,757,831.31	4,497,196.72	1,217,375.57	631,632.53	585,743.04
UTILITY SERVICE DEPOSITS FUND	188,456.39	20,509.32	17,160.72	191,804.99	0.00	191,804.99
REFUSE COLLECTION FUND	133,210.33	862,774.85	858,426.80	137,558.38	629.29	136,929.09
SELF INSURANCE HEALTH FUND	32,164.74	118,727.09	139,008.06	11,883.77	901.08	10,982.69
POLICE DONATION TRUST FUND	1,511.02	0.00	0.00	1,511.02	0.00	1,511.02
CONTRACTOR MAINT DEPOSIT FUND	60,706.60	1,122,485.00	27,276.80	1,155,914.80	126,427.56	1,029,487.24
MEDICAL REIMBURSEMENT FUND	5,380.82	10,368.34	9,810.19	5,938.97	0.00	5,938.97
TOTAL ALL FUNDS	20,671,166.86	43,954,215.49	44,622,908.13	20,002,474.22	7,023,028.73	12,979,445.49

CITY OF TIPP CITY, OHIO
FINANCIAL STATEMENT
DECEMBER 31, 2014

	Annual Interest Rate	Average Days to Maturity	Ending Balance
Bank Deposits			
Chase Bank Checking (Operating & Payroll)	-	-	$ 3,262,057
Total Bank Deposits			$ 3,262,057
Investments			
STAR Ohio/STAR Plus	0.20%	-	10,629,086
Chase Bank Money Market Account	0.03%	-	3,508,914
Fifth Third Bank – Cash Equivalents	0.06%	-	2,418
US Bank - Treasury/Agency Securities	0.68%-1.30%	824	2,000,000
Fifth Third Bank – Certificate of Deposit	0.70%-0.90%	129	600,000
Total Investments			$ 16,740,418
TOTAL BANK DEPOSITS & INVESTMENTS			**$ 20,002,474**

CITY OF TIPP CITY
DEBT SCHEDULE
DECEMBER 31, 2014

Description of Debt	1/1/2014 Beginning Balance	Proceeds Of New Issues	Net Principal Reduction	12/31/2014 Ending Balance	Interest Paid	YTD Payments (Net)
SHORT TERM NOTES						
25A Reconstruction	446,000	-	27,000	419,000	4,435	31,435
Kinna Drive Construction	265,000	-	20,000	245,000	2,635	22,635
Electric Generator Note	800,000	-	50,000	750,000	7,956	57,956
AMR-AMI Note	1,029,000	-	83,500	945,500	10,232	93,732
Water Tower Construction Note	1,190,000	-	70,000	1,120,000	11,834	81,834
Aerial Ladder Fire Truck	575,000	-	82,500	492,500	5,718	88,218
Abbott Park Way Construction	600,000	-	320,000	280,000	5,967	325,967
Fire Station Expansion/Reconstruct	1,710,000	-	245,000	1,465,000	16,862	261,862
South Third Street Reconstruction	481,000	-	70,000	411,000	4,742	74,742
Roselyn Water/Sewer Line	530,000	-	-	530,000	5,223	5,223
Main Street Utility Line Replace	315,000	-	35,000	280,000	3,448	38,448
Main Street Lift Station Improvements	1,500,000	-	75,000	1,425,000	14,917	89,917
W. Walnut St. Water Line Replace	290,000	-	29,000	261,000	2,884	31,884
Main Street Streetscape Improvements	550,000	-	90,000	460,000	5,470	95,470
Water Tower #2 Rehabilitation	500,000	-	50,000	450,000	4,972	54,972
North East Sewer Interceptor Notes	-	395,000	-	395,000	-	-
Total Short Term Notes	10,781,000	395,000	1,247,000	9,929,000	107,295	1,354,295
LONG TERM BONDS						
Service Center Improvement	90,000	-	50,000	40,000	4,162	54,162
Capital Facilities	600,000	-	100,000	500,000	27,900	127,900
25A Reconstruction	25,000	-	25,000	-	912	25,912
Fire Truck Equipment	30,000	-	30,000	-	1,095	31,095
Donn Davis Construction	40,000	-	10,000	40,000	1,550	11,550
Donn Davis Construction	595,000	-	45,000	550,000	25,264	70,264
Electric Improvement Bonds	145,000	-	50,000	95,000	6,706	56,706
Rosewood Sewer Bonds	75,000	-	25,000	50,000	2,838	27,838
Total Long Term Bonds	1,600,000	-	335,000	1,265,000	70,427	405,427
0% INTEREST LOANS						
North East Sewer Interceptor Loan	397,680	-	397,680	-	-	397,680
AMR/AMI Loan	540,000	-	30,000	510,000	-	30,000
Water Tower Construction Loan	425,000	-	21,250	403,750	-	21,250
Downtown Utilities Loan	1,400,000	-	34,915	1,365,085	-	34,915
Total Loans	2,762,680	-	483,845	2,278,835	-	483,845
TOTAL DEBT	15,143,680	395,000	2,065,845	13,472,835	177,722	2,243,567