



To: Members of City Council
Tim Eggleston, City Manager

From: John Green, Finance Director

Subject: Quarterly Financial Report

Date: 1-29-2016

BACKGROUND

The purpose of this report is to provide a review of the revenues and expenditures at year-end for the following significant operating funds: General Fund, Pool Fund, Electric Fund, Water Fund, and Sewer Fund.

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 25A Construction Fund currently shows a large negative cash position when the outstanding encumbrances are included. This is due to timing of receipts and expenditures compared to the purchase orders issued for contract services. Sources of revenues for this Fund are an ODOT and an OPWC reimbursement grant. As the work is complete the contractor will request progress payments which are paid proportionally by ODOT and OPWC with the City posting an in/out transaction on the City's financial ledgers which will also reduce the open purchase order as these payments are made. The ending balance is the amount of funds available to the City as of December 31, 2015 and agrees with the bank and investment amounts 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 final maturity date. Most of the City's cash remains consolidated in the money market accounts and StarOhio/StarPlus to provide safety and liquidity. A primary goal for 2016 is to re-write the City's investment policy and to locate more desirable investments while maintaining safety and liquidity of the City's investable balances.

Appendix C is the Debt Schedule for the City. Principal and interest payments made in 2015 are included in the schedule.

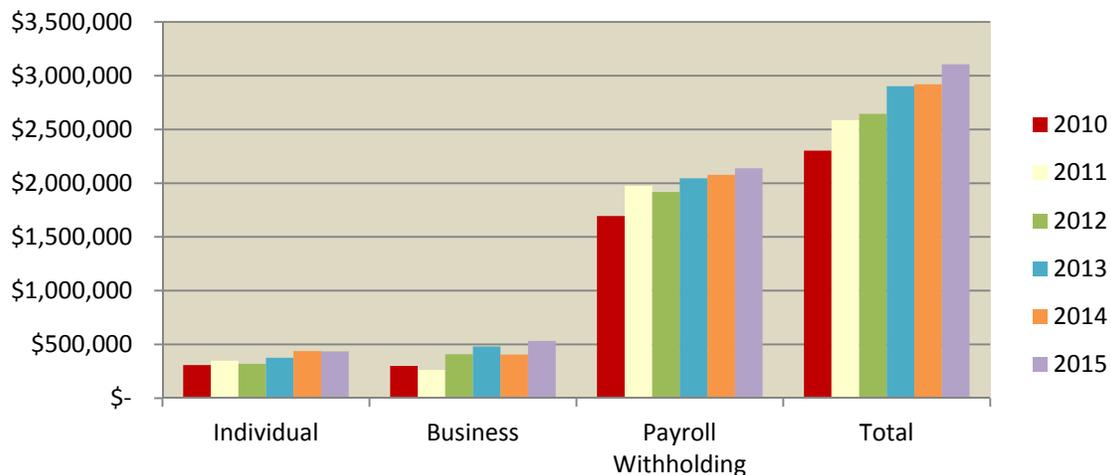
GENERAL FUND

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

The General Fund revenues ended the year better than initially predicted. Income tax collections were up more than 5% for the year (4% budgeted). Hotel-Motel tax collections were up \$32,500 due to a delay in collecting 4th quarter 2014 taxes. Local Government funds shared by the State of Ohio were down less than anticipated and ended the year \$30,000 higher than expected. Following is an analysis of significant revenue sources:

- Property Taxes – Property tax receipts comprise approximately 5.19% of budgeted General Fund revenues. Both distributions have been received and receipts ended the year in line with budgeted revenues.
- Income Tax – Income tax receipts comprise approximately 46.23% of budgeted General Fund revenues. Year-end income tax receipts were up \$185,369 (6.3%) over the same period in 2014 and ended approximately 5.38% ahead of the budget.



- Intergovernmental Receipts – This category includes monies received from other governmental entities including local government fund monies, property tax rollback receipts, and the electric excise tax. Intergovernmental receipts comprise 14.7% of budgeted General Fund revenues.
 - The most significant sources of intergovernmental receipts are the local government monies received from the State of Ohio and the City's electric excise tax.
 - Local government fund collections ended the year up \$41,666 (15.51%) from the prior year and \$18,464 (6.8%) ahead of the budget.
 - Electric excise tax receipts ended the year up \$25,129 (4.24%) from the prior year and \$17,108 (2.85%) above the 2015 budget.
- Charges for Services – These receipts comprise 10.02% of budgeted General Fund revenues. The most significant items in this category are the Fire Run Contracts and

billings for Ambulance Runs. Ambulance run revenues ended the year up \$11,976 (2.11%) from the prior year and \$3,977 (0.69%) above the budget.

- Earnings on Investment – Interest receipts are up (\$8,688 or 25.15%) from the prior year but remain well below budgeted levels.
- 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.

Expenditures

General Fund operating expenditures ended the year \$285,482 (4.89%) higher than 2014 operating expenditures. This was due in large part to a payroll timing anomaly with the City experiencing 27 pay periods in 2015 versus 26 pay periods in 2014. The City also experienced significant increases in costs of liability, property, and health insurance coverages.

Total General Fund expenditures (including transfers and advances to other funds) ended the year up \$447,707 from the prior year. This included an unanticipated transfer of \$90,000 to the Capital Improvement Reserve Fund (CIRF) to complete the Lesher Woods Bike/Walking Trail, and an unanticipated advance of \$200,000 to the CIRF for matching funds for the CR25A Road Widening Project. The advanced funds will be returned to the General Fund by the CIRF in 2016.

Even with the payroll timing anomaly and the unanticipated transfers/advances to the CIRF, total General Fund expenditures were approx. \$171,096 (2.57%) below the original 2015 budget and \$459,077 (6.60%) below the amended 2015 budget.

Results of Operations

The 2015 operating budget anticipated an operating deficit, or cash drawdown, of \$293,638. This included the budgeted expenditure of \$200,000 for economic development incentives which was not spent in 2015. We also noted that historically the City spends approximately 97% of the proposed budget throughout the course of the year, providing for a comfort level that the actual results of operations would be better than the budgeted deficit.

Higher than anticipated revenues and conservative spending levels permitted the General Fund to end the year with positive cash flow of \$17,346, with an additional \$200,000 to be repaid from the Capital Improvement Reserve Fund (CIRF) in 2016. This is the twelfth year in a row the General Fund has ended the year with positive cash flow, net of short-term advances to the CIRF Fund.

**GENERAL FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2015**

	2014 ACTUAL 31-Dec	2015 ACTUAL 31-Dec	2015 TOTAL BUDGET	2015 % of BUDGET
REVENUES				
Property Taxes	310,513	317,783	330,577	96.13%
Income Taxes	2,920,563	3,105,932	2,947,247	105.38%
Other Taxes	63,587	96,076	75,000	128.10%
Intergovernmental Receipts	935,197	981,040	936,900	104.71%
Charges for Services	631,032	622,963	638,671	97.54%
Fines & Forfeitures	12,211	14,876	13,200	112.70%
Fees, Licenses, & Permits	33,575	18,460	19,025	97.03%
Earnings on Investments	34,550	43,238	75,000	57.65%
Miscellaneous Revenue	198,345	191,606	179,700	106.63%
Reimbursements & Refunds	1,004,890	1,022,995	1,058,761	96.62%
Other Financing Sources	150,000	100,000	101,000	99.01%
Total Revenues	6,294,463	6,514,969	6,375,081	102.19%
EXPENDITURES				
Council	96,370	122,569	123,121	99.55%
Boards & Commissions	52,504	32,389	38,600	83.91%
Administration	175,002	230,945	352,851	65.45%
Buildings & Facilities	206,800	247,938	282,217	87.85%
Finance - Administration	218,551	241,417	247,043	97.72%
Finance - Utility Billing	230,331	223,126	264,024	84.51%
Finance - Income Tax	253,781	263,999	268,625	98.28%
Law	73,878	84,678	80,658	104.98%
Police	2,388,225	2,530,512	2,568,441	98.52%
Fire	177,689	149,959	197,061	76.10%
EMS	842,481	892,253	846,196	105.44%
Community & Economic Dev.	306,213	304,735	527,583	57.76%
Engineering	197,427	176,650	181,016	97.59%
Parks	434,683	447,670	502,477	89.09%
Recreation	17,700	17,700	18,700	94.65%
Non-Departmental	378,281	531,083	281,500	188.66%
Total Expenditures	6,049,916	6,497,623	6,780,113	95.83%

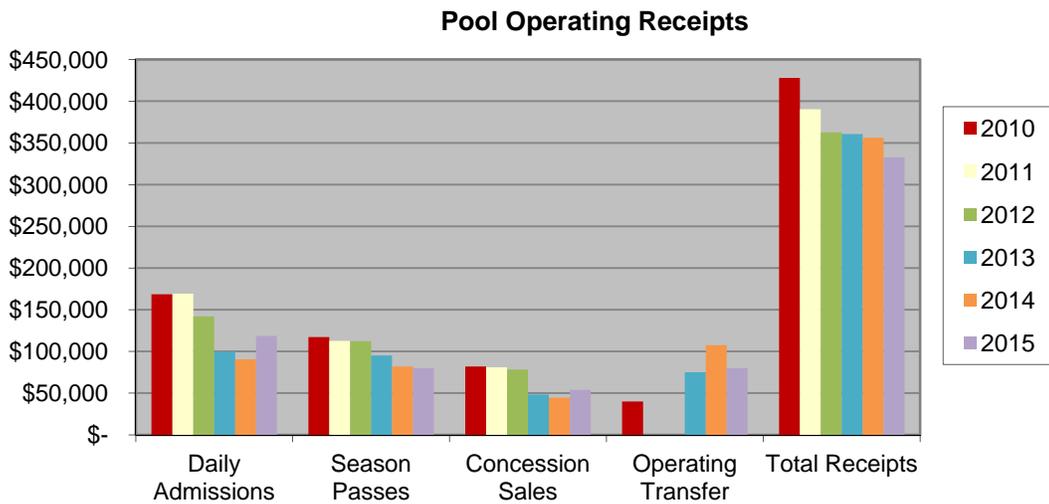
2015 total budget expenditures include \$111,394 in carryover encumbrances.

SWIMMING POOL FUND

The Swimming Pool Fund accounts for the operating activities (receipts and disbursements) of the Tippecanoe Family Aquatic Center (TFAC).

Revenues

- The TFAC experienced very positive attendance numbers in July and August after poor weather and poor attendance in June. Daily admissions ended the year up from 2013 and 2014 while season pass receipts were down just slightly. The City's operating contribution of \$80,000 was transferred into the pool fund to subsidize operations and was sufficient to provide funding to start the 2016 pool season.



Expenditures

The Swimming Pool Fund expenditures ended the year down slightly (\$6,615 or 1.85%) due to small decreases in the contractual services and concession supplies line items.

**SWIMMING POOL FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2015**

	2014 ACTUAL 31-Dec	2015 ACTUAL 31-Dec	2015 TOTAL BUDGET	2015 % of BUDGET
REVENUES				
Daily Admissions	90,432	118,572	120,000	98.81%
Season Passes	81,909	80,072	95,000	84.29%
Lesson Fees	10,045	7,170	10,000	71.70%
Concession Sales	44,519	53,976	65,000	83.04%
Rental Fees	2,431	825	4,000	20.63%
Transfers In	107,500	80,000	80,000	100.00%
Other Revenue Sources	19,403	29,768	21,400	139.10%
Total Revenues	356,239	370,383	395,400	93.67%
EXPENDITURES				
Materials & Supplies	63,322	60,989	79,089	77.11%
Contract Services	294,125	289,843	317,049	91.42%
Capital Improvements	0	0	1,000	0.00%
Total Expenditures	357,447	350,832	397,138	88.34%

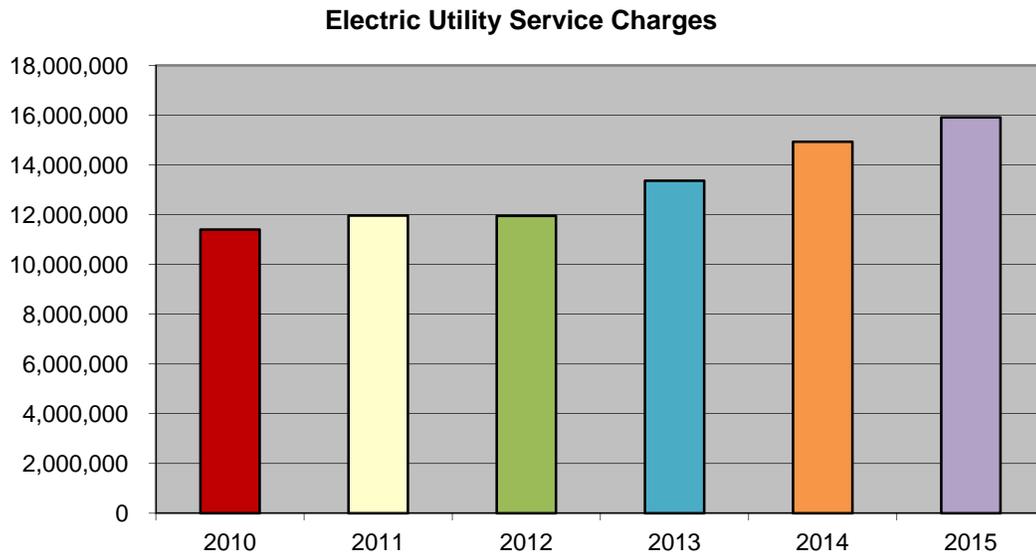
2015 total budget expenditures include \$19 in carryover encumbrances.

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) ended the year up from the prior period (6.57%) due to an increase in consumption (4.64%), and an increase in costs of purchased power which is passed through to the consumer.



Expenditures

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

- Administration – Administrative costs (net of debt) ended the year at 92.88% of the budget, up \$73,362 (5.13%) from 2014 due primarily to increases in the excise tax paid on sales and the administrative reimbursements (cost sharing) to the General Fund which is set at 4% of anticipated receipts.
- Distribution – Distribution costs ended the year at 55.43% of the budget. The most significant distribution costs budgeted for 2015 were tied to capital improvement projects which are ongoing. The Electric Utility Service Center was substantially completed by year-end. The 2nd tap to DP&L and Substation #3 Improvements are encumbered but the majority of this project will be completed in 2016.
- Purchase of Power – Purchased power costs ended the year up slightly (0.42% from the previous year (January/February 2015 were not as cold as January/February 2014 and the costs of oil/natural gas were down significantly throughout 2015).

**ELECTRIC FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2015**

	2014 ACTUAL 31-Dec	2015 ACTUAL 31-Dec	2015 TOTAL BUDGET	2015 % of BUDGET
REVENUES				
Charges for Services	14,929,471	15,910,955	15,035,989	105.82%
Line Extension Fees	-	71,361	50,000	142.72%
Assessments	2,061	2,061	2,061	100.00%
NAWA Generator Charges	54,088	54,065	51,700	104.57%
Sale of G.O. Notes	1,449,670	1,338,000	1,338,126	99.99%
Miscellaneous	205,749	286,142	110,000	260.13%
Total Revenues	16,641,039	17,662,584	16,587,876	106.48%
EXPENDITURES				
Administration (net of debt)	1,431,185	1,504,547	1,619,867	92.88%
Debt Service	1,633,694	1,563,521	1,580,434	98.93%
Distribution	2,791,582	5,096,603	9,194,549	55.43%
Purchase of Power	10,789,249	10,834,964	10,947,867	98.97%
Total Expenditures	16,645,710	18,999,635	23,342,717	81.39%

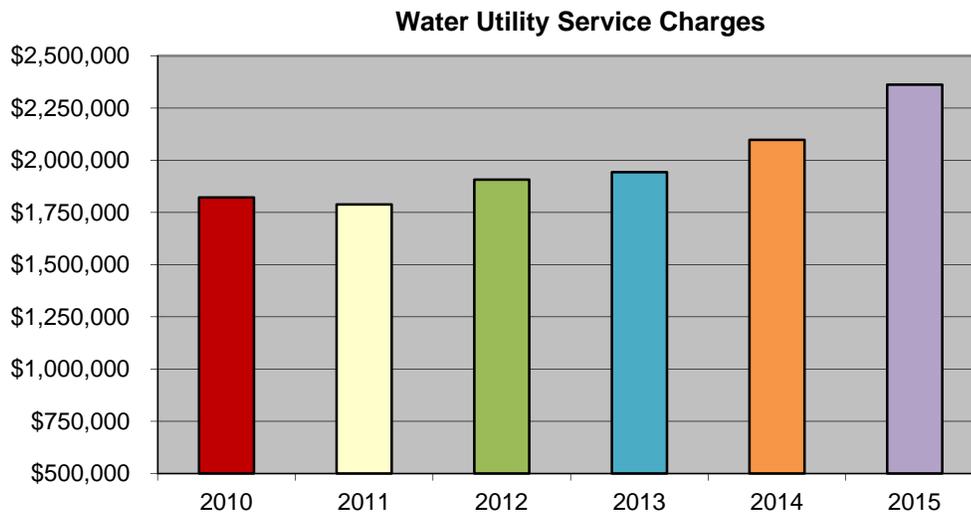
2015 total budget expenditures include \$3,921,401 in carryover encumbrances.

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) are higher (12.60%) than this period last year due to an increase in consumption (13.68%) but ended the year down approximately 4.85% from the original budget. The Water Fund usually sees an increase in revenues in the summer months with yard watering, but with the cool, wet summer the City experienced in June and July the City did not see the typical yard watering increase. With the continued expansion of several large commercial customers these flows should become more consistent and less weather dependent.



Expenditures

The Water Fund expenditures overall ended the year below budget. The most significant categories of expenditures are as follow:

- Administration – Administrative costs (net of debt service) ended the year at 92.96% of the budget, up \$6,367 (2.88%) from the prior year.
- Distribution – Distribution costs ended the year down from the prior year (\$181,061 or 21.57%). As mentioned in the Electric Fund, water distribution includes costs associated with several capital improvement projects. Expenditures levels fluctuate significantly between accounting periods dependent on the projects scheduled for a particular year.
- Treatment – Treatment costs ended up from the previous year (17.54%) due to an increase in consumption noted above and a small rate increase enacted by NAWA in 2015 to provide funds for necessary capital improvements.

**WATER FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2015**

	2014 ACTUAL 31-Dec	2015 ACTUAL 31-Dec	2015 TOTAL BUDGET	2015 % of BUDGET
REVENUES				
Federal Grant	-	-	-	0.00%
Service Charges & Collections	2,097,446	2,361,786	2,482,115	95.15%
Water Tap-In Fees	38,931	42,391	25,000	169.56%
NAWA Plant Charges	422,704	379,225	388,909	97.51%
NAWA Well Charges	21,905	22,741	22,500	101.07%
Assessments	3,114	3,236	3,000	107.87%
Sale of G.O. Notes	2,511,619	2,022,000	2,221,218	91.03%
Other Revenues	52,616	34,830	46,500	74.90%
Total Revenues	5,148,335	4,866,209	5,189,242	93.77%
EXPENDITURES				
Administration (net of debt)	221,359	227,726	244,973	92.96%
Debt Service	2,787,546	2,596,971	2,485,140	104.50%
Distribution	839,446	658,385	1,166,126	56.46%
Treatment	1,662,659	1,954,371	1,864,848	104.80%
Total Expenditures	5,511,010	5,437,453	5,761,087	94.38%

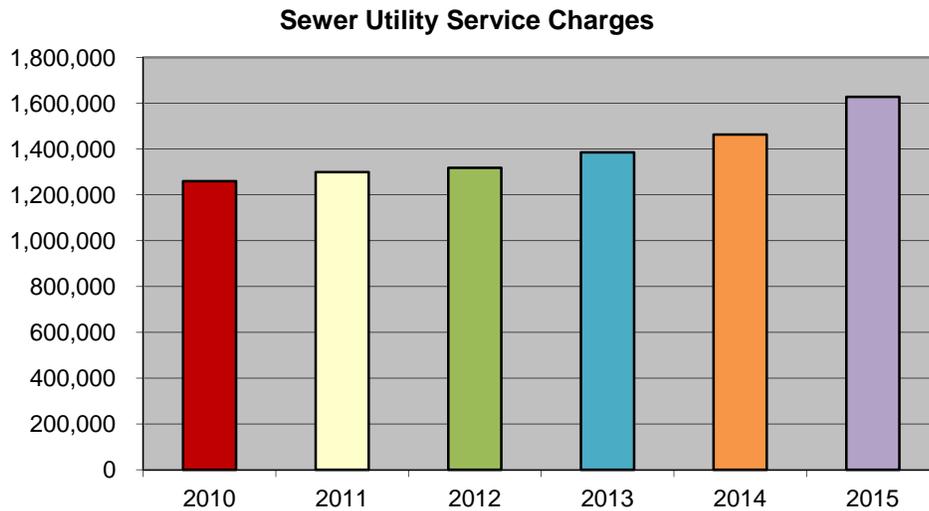
2015 total budget expenditures include \$369,615 in carryover encumbrances.

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) are up from 2014 (11.26%) due to an increase in consumption (13.16%) and ended the year slightly below budget (99.08%).



Expenditures

The Sewer Fund expenditures ended the year below budget. The most significant categories of expenditures are as follow:

- **Administration** – Administrative costs (net of debt) ended the year down from the prior year (\$4,419 or 2.28%) and at 93.43% of the budget.
- **Treatment** – Treatment costs are significantly lower than the previous year (\$854,569 or 43.60%) and ended the year below budget (51.92%). Sewer treatment includes costs associated with several capital improvement projects that were completed in 2014 (Main Street Lift Station) and improvement projects that remain pending at 2015's year-end.

**SEWER FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2015**

	2014 ACTUAL 31-Dec	2015 ACTUAL 31-Dec	2015 TOTAL BUDGET	2015 % of BUDGET
REVENUES				
Service Charges & Collections	1,463,503	1,628,291	1,643,446	99.08%
Sewer Tap-In Fees	31,971	32,662	25,000	130.65%
N.E. Sewer Assessments	0	28,555	0	0.00%
Other Assessments	8,151	7,337	8,000	91.71%
Sale of G.O. Notes	2,195,211	1,419,000	1,517,041	93.54%
Other Revenues	58,995	17,752	24,500	72.46%
Total Revenues	3,757,831	3,133,597	3,217,987	97.38%
EXPENDITURES				
Administration (net of debt)	194,203	189,784	203,135	93.43%
Debt Service	2,338,524	2,256,620	2,120,714	106.41%
Treatment	1,964,470	1,109,901	2,137,834	51.92%
Total Expenditures	4,497,197	3,556,305	4,461,683	79.71%

2015 total budget expenditures include \$631,633 in carryover encumbrances.

APPENDIX A

YEAR-TO-DATE FUND REPORT
December 31, 2015

FUND NAME	BEGINNING BALANCE	Y-T-D RECEIPTS	Y-T-D EXPENDITURES	ENDING BALANCE	ENCUMBRANCES	UNENCUMBERED BALANCE
GENERAL FUND	5,132,646.16	6,514,969.09	6,497,623.31	5,149,991.94	120,833.11	5,029,158.83
SWIMMING POOL FUND	6,214.65	370,383.25	350,831.81	25,766.09	330.20	25,435.89
STREET REPAIR & MAINT. FUND	204,773.56	436,395.70	407,324.21	233,845.05	8,547.82	225,297.23
STATE HIGHWAY FUND	121,909.06	36,780.94	15,134.37	143,555.63	20,000.00	123,555.63
MUNICIPAL ROAD FUND	268,775.18	223,404.86	186,659.15	305,520.89	50,569.15	254,951.74
LAW ENFORCEMENT FUND	14,583.11	4,320.11	4,974.28	13,928.94	-	13,928.94
ENFORCEMENT AND EDUCATION FUND	4,527.25	1,252.00	-	5,779.25	-	5,779.25
DRUG LAW ENFORCEMENT FUND	6,991.08	25.00	-	7,016.08	-	7,016.08
FIELDSTONE TIF PROJECT FUND	-	68,723.06	68,723.06	-	-	-
GENERAL BOND RETIREMENT FUND	56,747.60	4,034,686.06	4,051,971.86	39,461.80	-	39,461.80
S. ASSESS. BOND RET. FUND	14,331.95	73,653.16	72,130.05	15,855.06	-	15,855.06
CAPITAL IMP. RESERVE FUND	698,978.65	3,099,278.35	2,730,987.73	1,067,269.27	853,675.63	213,593.64
PARKS CAPITAL IMP. FUND	66,521.05	16,170.68	21,594.16	61,097.57	5,000.00	56,097.57
25-A CONSTRUCTION FUND	50,000.00	584,813.82	522,572.12	112,241.70	2,932,916.18	(2,820,674.48)
OPWC GRANT FUND	(1,934.00)	36,263.41	34,329.41	-	-	-
ELECTRIC FUND	7,511,364.23	17,662,583.58	18,999,635.41	6,174,312.40	3,672,924.23	2,501,388.17
WATER FUND	1,851,866.43	4,866,209.44	5,437,453.37	1,280,622.50	383,519.89	897,102.61
WATER IMP. RESERVE FUND	622,433.59	-	600,764.78	21,668.81	18,764.55	2,904.26
WATER TOWER CONSTRUCTION FUND	639,371.35	-	639,371.00	0.35	-	0.35
DOWNTOWN UTILITY REPLACEMENT	3,597.30	-	-	3,597.30	-	3,597.30
NORTH WESTEDGE UTILITIES	6,788.52	-	-	6,788.52	-	6,788.52
SEWER FUND	1,217,375.57	3,133,596.81	3,556,305.43	794,666.95	338,036.09	456,630.86
UTILITY SERVICE DEPOSITS FUND	191,804.99	25,972.45	20,735.05	197,042.39	-	197,042.39
REFUSE COLLECTION FUND	137,558.38	870,054.80	858,489.95	149,123.23	-	149,123.23
SELF INSURANCE HEALTH FUND	11,883.77	128,874.32	135,812.99	4,945.10	-	4,945.10
POLICE DONATION TRUST FUND	1,511.02	-	1,365.50	145.52	-	145.52
CONTRACTOR MAINT DEPOSIT FUND	1,155,914.80	19,575.00	314,630.39	860,859.41	858,370.32	2,489.09
MEDICAL REIMBURSEMENT FUND	5,938.97	3,072.42	4,584.38	4,427.01	-	4,427.01
Total All Funds	20,002,474.22	42,211,058.31	45,534,003.77	16,679,528.76	9,263,487.17	7,416,041.59

APPENDIX B

**CITY OF TIPP CITY, OHIO
FINANCIAL STATEMENT
December 31, 2015**

	Annual Interest Rate	Average Days to Maturity	Ending Balance
<u>Bank Deposits</u>			
Chase Bank Checking (Operating & Payroll)	-	-	\$ 3,167,040
Total Bank Deposits			<u>\$ 3,167,040</u>
 <u>Investments</u>			
STAR Ohio/STAR Plus	0.21%	-	10,650,522
Chase Bank Money Market Account	0.03%	-	759,550
Fifth Third Bank – Cash Equivalents	0.15%	-	300,417
Fifth Third Bank – Certificates of Deposit	1.10%	628	302,000
US Bank – Treasury/Agency Securities	0.84%	633	1,500,000
Total Investments			<u>\$ 13,512,489</u>
 TOTAL BANK DEPOSITS & INVESTMENTS			 \$ 16,679,529

APPENDIX C

**CITY OF TIPP CITY
DEBT SCHEDULE
December 31, 2015**

Description of Debt	1/1/2015 Beginning Balance	Proceeds Of New Issues	Net Principal Reduction	12/31/2015 Ending Balance	Interest Paid	YTD Payments
<u>SHORT TERM NOTES</u>						
25A Reconstruction	419,000	-	44,000	375,000	4,176	48,176
Kinna Drive Construction	245,000	-	100,000	145,000	2,443	102,443
Electric Generator Note	750,000	-	50,000	700,000	7,479	57,479
AMR-AMI Note	945,500	-	83,500	862,000	9,430	92,930
Water Tower Construction Note	1,120,000	-	70,000	1,050,000	11,169	81,169
Aerial Ladder Fire Truck	492,500	-	82,500	410,000	4,912	87,412
Abbott Park Way Construction	280,000	-	75,000	205,000	2,792	77,792
Fire Station Expansion/Reconstruct	1,465,000	-	245,000	1,220,000	14,650	259,650
South Third Street Reconstruction	411,000	-	70,000	341,000	4,110	74,110
Roselyn Water/Sewer Line	530,000	-	530,000	-	5,300	535,300
Main Street Utility Line Replace	280,000	-	35,000	245,000	2,800	37,800
Main Street Lift Station Improvements	1,425,000	-	450,000	975,000	14,211	464,211
W. Walnut St. Water Line Replace	261,000	-	29,000	232,000	2,603	31,603
Main Street Streetscape Improvements	460,000	-	60,000	400,000	4,587	64,587
Water Tower #2 Rehabilitation	450,000	-	80,000	370,000	4,488	84,488
1994 North Trunk Sewer Note	395,000	-	50,000	345,000	3,939	53,939
Total Short Term Notes	9,929,000	-	2,054,000	7,945,000	99,089	2,153,089
<u>LONG TERM BONDS</u>						
Service Center Improvement	40,000	-	40,000	-	1,850	41,850
Capital Facilities	500,000	-	100,000	400,000	23,400	123,400
Donn Davis Construction	30,000	-	10,000	20,000	1,185	11,185
Donn Davis Construction	545,000	-	45,000	500,000	23,623	68,623
Electric Improvement Bonds	95,000	-	95,000	-	2,790	97,790
Rosewood Sewer Bonds	50,000	-	25,000	25,000	12,773	37,773
Total Long Term Bonds	1,260,000	-	315,000	945,000	65,621	380,621
<u>0% INTEREST LOAN</u>						
AMR/AMI Loan	510,000	-	30,000	495,000	-	30,000
Water Tower Construction Loan	403,750	-	21,250	393,125	-	21,250
Downtown Utilities Loan	1,365,085	-	69,830	1,330,170	-	69,830
Total Loans	2,278,835	-	121,080	2,218,295	-	121,080
TOTAL DEBT	13,467,835	-	2,490,080	10,977,755	164,710	2,654,790