



To: Members of City Council
Tim Eggleston, City Manager

From: John Green, Finance Director

Subject: Quarterly Financial Report

Date: 01-27-2017

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, 2016 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 continuing goal for 2017 is to complete the re-write of 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 2016 are included in the schedule.

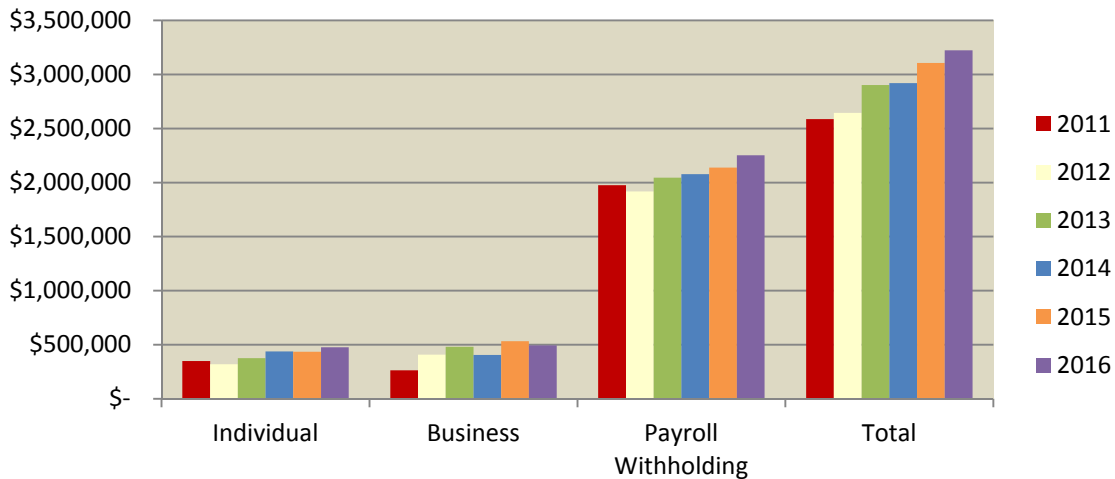
GENERAL FUND

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 4% for the year (2.5% budgeted). Hotel-Motel tax collections were down \$11,500 due to a delay in collecting 4th quarter 2014 taxes which inflated 2015 receipts. Local Government funds shared by the State of Ohio were down (\$15,500) which was slightly more than anticipated (\$13,500). Following is an analysis of significant revenue sources:

- Property Taxes – Property tax receipts comprise approximately 4.69% of budgeted General Fund revenues and ended the year in line with our budgeted projections.
- Income Tax – Income tax receipts comprise approximately 47.13% of budgeted General Fund revenues and ended the year up \$116,880 (3.76%) over the same period in 2015.



- 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 14.42% 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 down \$15,500 (5.37%). The decrease is due to further action by the State of Ohio to reallocate a portion of the Local Government funds from Cities with an income tax to other cities, villages, and townships for law enforcement training and general state aid to those entities. Early projections indicate when the State of Ohio prepares it’s 2017-2017 biennial budget that the Local Government Funds distributed will be reduced even further or possibly eliminated.

- Electric excise tax receipts ended the year up \$43,046 (6.98%) from the prior year due to higher consumption and higher costs of purchased power.
- Charges for Services – These receipts comprise 9.56% 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 \$46,271 (7.99%) from the prior year.
- Earnings on Investment – Interest receipts are up (\$33,811 or 78.20%) from the prior year. Mid-year I moved the City’s primary investment from STARPlus (0.37-0.50% interest) to STAROhio (0.48-0.75% interest) which generated a small increase in interest earnings. I also had less money invested in federal agency securities which provided for monthly versus quarterly income tax payments.

Expenditures

General Fund operating expenditures ended the year \$474,357 (7.3%) lower than 2015 operating expenditures. This was due in part to a payroll timing anomaly where the City experienced 27 pay periods in 2015 versus 26 pay periods in 2016. The City also made transfers/advances to the Capital Improvement Fund of \$90,000/\$200,000 in 2015 which were not needed in 2016.

Significant savings from the original budget include: \$300,000 in unspent economic development monies; \$100,000 in Police Dept expenditures (\$32,500 health insurance, \$20,500 overtime, \$25,000 in fuel costs); \$100,000 in EMS Dept expenditures (\$50,500 wages, \$20,000 health insurance, \$10,500 radio maintenance); \$96,600 in City Administration expense (\$57,500 HR Generalist, \$28,000 health insurance); and \$83,000 in Parks expenditures (across the board savings in most line items).

Total General Fund expenditures were approx. \$903,485 (13.04%) below the original 2016 budget and \$971,935 (13.89%) below the amended 2016 budget.

Results of Operations

The 2016 operating budget anticipated an operating deficit, or cash drawdown, of \$42,972. This included the budgeted expenditure of \$300,000 for economic development incentives which was not spent in 2016. 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, conservative spending levels, and the repayment of a \$200,000 advance from the Capital Improvement Fund permitted the General Fund to end the year with positive cash flow of \$920,474. This is the thirteenth 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, 2016**

	2015 ACTUAL 31-Dec	2016 ACTUAL 31-Dec	2016 ORIGINAL BUDGET	2016 % of BUDGET
REVENUES				
Property Taxes	317,783	322,322	316,848	101.73%
Income Taxes	3,105,932	3,222,812	3,187,448	101.11%
Other Taxes	96,076	84,563	75,000	112.75%
Intergovernmental Receipts	981,040	1,014,464	974,977	104.05%
Charges for Services	767,656	729,674	646,773	112.82%
Fines & Forfeitures	14,876	14,756	14,000	105.40%
Fees, Licenses, & Permits	18,460	173,866	20,025	868.24%
Earnings on Investments	43,238	77,049	50,000	154.10%
Miscellaneous Revenue	46,913	55,281	188,250	29.37%
Reimbursements & Refunds	1,022,995	1,048,953	1,089,624	96.27%
Other Financing Sources	100,000	200,000	200,000	100.00%
Total Revenues	6,514,969	6,943,740	6,762,945	102.67%
EXPENDITURES				
Council	122,569	67,951	76,520	88.80%
Boards & Commissions	32,389	31,961	37,497	85.24%
Administration	230,945	239,400	336,029	71.24%
Buildings & Facilities	247,938	266,775	291,039	91.66%
Finance - Administration	241,417	239,290	255,186	93.77%
Finance - Utility Billing	223,126	248,817	270,948	91.83%
Finance - Income Tax	263,999	293,002	296,598	98.79%
Law	84,678	99,980	85,967	116.30%
Police	2,530,512	2,469,255	2,578,225	95.77%
Fire	149,959	160,436	213,419	75.17%
EMS	892,253	771,235	876,611	87.98%
Community & Economic Dev.	304,735	324,919	633,948	51.25%
Engineering	176,650	171,598	188,413	91.08%
Parks	447,670	444,472	527,460	84.27%
Recreation	17,700	17,700	17,700	100.00%
Non-Departmental	531,083	176,475	241,191	73.17%
Total Expenditures	6,497,623	6,023,266	6,926,751	86.96%

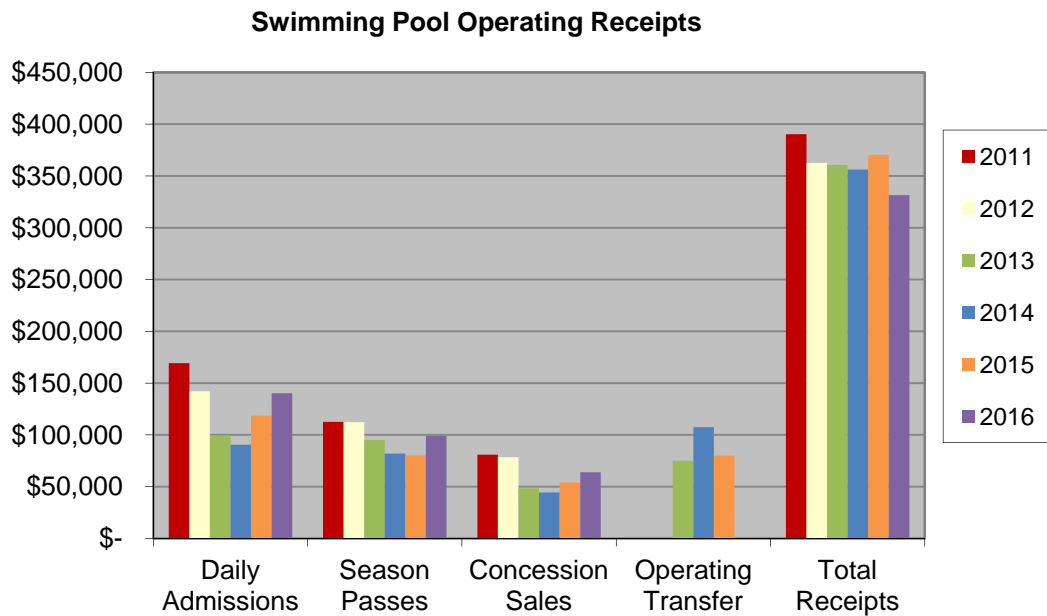
2016 total budget expenditures include \$120,833 in carryover encumbrances.

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 one of its best years in the last 3-4 years with very positive attendance numbers. Daily admissions and season pass sales ended the year up significantly from 2014 and 2015. The City did not have to make the planned operating contribution of \$65,000 which resulted in additional savings to the General Fund.



Expenditures

The Swimming Pool Fund expenditures ended the year down significantly (\$39,889 or 11.37%) due to the decrease noted when the operational services contract was put out for competitive bid.

**SWIMMING POOL FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2016**

	2015 ACTUAL 31-Dec	2016 ACTUAL 31-Dec	2016 ORIGINAL BUDGET	2016 % of BUDGET
REVENUES				
Daily Admissions	118,572	140,166	120,000	116.81%
Season Passes	80,072	98,915	82,500	119.90%
Lesson Fees	7,170	16,395	10,000	163.95%
Concession Sales	53,976	63,960	65,000	98.40%
Rental Fees	825	1,313	2,000	65.65%
Transfers In	80,000	0	65,000	0.00%
Other Revenue Sources	29,768	10,754	20,500	52.46%
Total Revenues	370,383	331,503	365,000	90.82%
EXPENDITURES				
Materials & Supplies	60,989	82,193	80,660	101.90%
Contract Services	289,843	228,750	305,000	75.00%
Capital Improvements	0	0	1,000	0.00%
Total Expenditures	350,832	310,943	386,660	80.42%

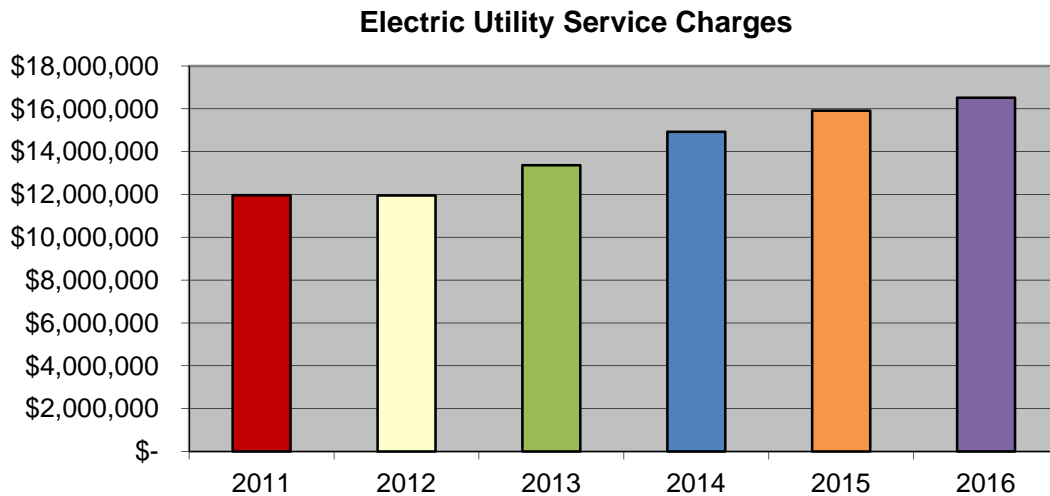
2016 total budget expenditures include \$330 in carryover encumbrances.

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 (3.82%) due to an increase in consumption (8.59%), 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, primarily due to delays in completion of capital asset projects (Substation #3 expansion). The most significant categories of expenditures are as follow:

- Administration – Administrative costs (net of debt) ended the year at 97.66% of the budget, up \$83,211 (5.53%) from 2015 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 45.59% of the budget. The most significant distribution costs budgeted for 2016 were tied to capital improvement projects which are ongoing. The 2nd tap to DP&L and Substation #3 Improvements were bid out in phases with long lead times for delivery of materials and supplies. Funds to complete this project remain encumbered but the majority of this project will be completed in 2017.
- Purchase of Power – Purchased power costs ended the year up significantly (9.84% from the previous year due to an increase in consumption as noted above (8.59%). We continue to notice the cost differences between coal power and natural gas as the natural gas (AFEC) plant was down for an extended period in the 2nd half of 2016. These costs should become more consistent with the hydro plants coming online at the end of 2016 and into 2017.

**ELECTRIC FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2016**

	2015 ACTUAL 31-Dec	2016 ACTUAL 31-Dec	2016 ORIGINAL BUDGET	2016 % of BUDGET
REVENUES				
Federal and State Grants	-	79,663	-	0.00%
Charges for Services	15,910,955	16,518,685	16,024,605	103.08%
Line Extension Fees	71,361	107,537	50,000	215.07%
Assessments	2,061	2,061	2,061	100.00%
NAWA Generator Charges	54,065	56,726	57,500	98.65%
Sale of G.O. Notes	1,338,000	1,226,000	1,226,459	99.96%
Miscellaneous	286,142	205,553	115,000	178.74%
Total Revenues	17,662,584	18,116,562	17,475,625	103.67%
EXPENDITURES				
Administration (net of debt)	1,504,547	1,587,758	1,625,758	97.66%
Debt Service	1,563,521	1,352,287	1,378,270	98.11%
Distribution	5,096,603	2,803,976	6,150,466	45.59%
Purchase of Power	10,834,964	11,900,696	11,495,260	103.53%
Total Expenditures	18,999,635	17,644,717	20,649,754	85.45%

2016 total budget expenditures include \$3,672,924 in carryover encumbrances.

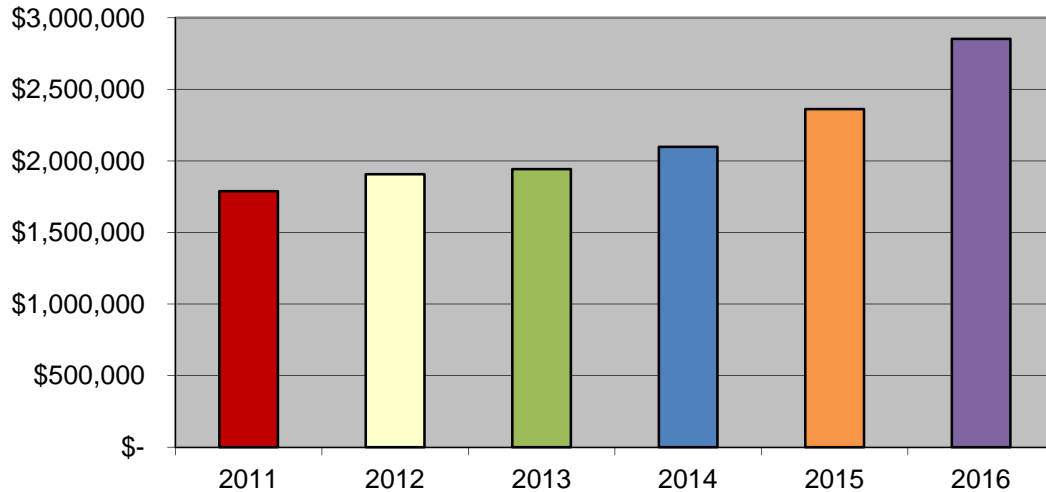
WATER FUND

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 (20.78%) than this period last year due to an increase in consumption (16.62%) and ended the year approximately 11% higher than the original budget. With the continued expansion of several large commercial customers these flows should become more consistent and less weather dependent.

Water Utility Service Charges



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 87.89% of the budget, down \$4,745 (2.08%) from the prior year.
- Distribution – Distribution costs ended the year up from the prior year (\$174,308 or 26.48%). Water distribution includes costs associated with several capital improvement projects (2016 - Roselyn subdivision water line). Distribution expenditure levels fluctuate significantly between accounting periods dependent on the projects scheduled for a particular year.
- Treatment – Treatment costs ended up from the previous year (14.31%) due to an increase in consumption noted above.

**WATER FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2016**

	2015 ACTUAL 31-Dec	2016 ACTUAL 31-Dec	2016 ORIGINAL BUDGET	2016 % of BUDGET
REVENUES				
Federal Grant	-	-	56,250	0.00%
Service Charges & Collections	2,361,786	2,852,500	2,569,007	111.04%
Water Tap-In Fees	42,391	21,880	30,000	72.93%
NAWA Plant Charges	379,225	371,828	396,910	93.68%
NAWA Well Charges	22,741	22,708	23,000	98.73%
Assessments	3,236	3,103	3,500	88.66%
Sale of G.O. Notes	2,022,000	2,180,000	2,417,780	90.17%
Other Revenues	34,830	13,282	37,000	35.90%
Total Revenues	4,866,209	5,465,301	5,533,447	98.77%
EXPENDITURES				
Administration (net of debt)	227,726	222,981	253,692	87.89%
Debt Service	2,596,971	2,102,709	2,203,532	95.42%
Distribution	658,385	832,693	1,704,692	48.85%
Treatment	1,954,371	2,233,978	1,921,636	116.25%
Total Expenditures	5,437,453	5,392,361	6,083,552	88.64%

2016 total budget expenditures include \$383,520 in carryover encumbrances.

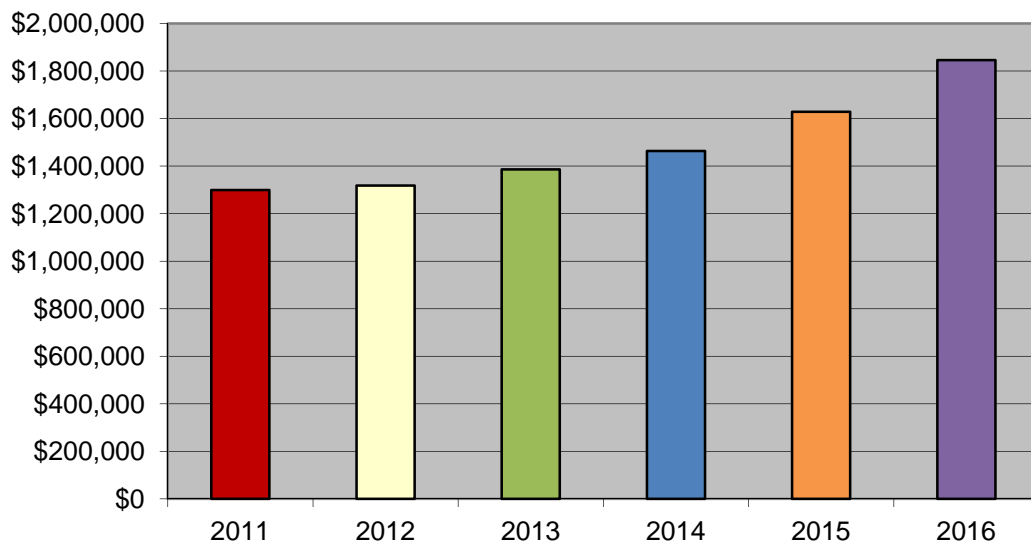
SEWER FUND

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 2015 (13.34%) due to an increase in consumption (11.55%) and ended the year above the original budget (6.92%).

Sewer Utility Service Charges



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 (\$315 or 017%) and at 92.72% of the budget.
- **Treatment** – Treatment costs are significantly higher than the previous year (\$511,684 or 46.10%) and ended the year below budget (61.67%). Sewer treatment includes costs associated with several capital improvement projects that were completed in 2016 (OPWC sliplining project and Roselyn subdivision sewer line) and improvement projects that remain pending at 2016 year-end.

**SEWER FUND
STATEMENT OF REVENUE AND EXPENDITURES
DECEMBER 31, 2016**

	2015 ACTUAL 31-Dec	2016 ACTUAL 31-Dec	2016 ORIGINAL BUDGET	2016 % of BUDGET
REVENUES				
Federal and State Grants	-	-	250,000	0.00%
Service Charges & Collections	1,628,291	1,845,457	1,726,097	106.92%
Sewer Tap-In Fees	32,662	20,104	25,000	80.42%
N.E. Sewer Assessments	28,555	-	-	0.00%
Other Assessments	7,337	7,187	7,500	95.83%
Sale of G.O. Notes	1,419,000	1,647,000	1,847,637	89.14%
Other Revenues	17,752	14,353	22,500	63.79%
Total Revenues	3,133,597	3,534,101	3,878,734	91.11%
EXPENDITURES				
Administration (net of debt)	189,784	189,469	204,342	92.72%
Debt Service	2,256,620	1,465,494	1,767,394	82.92%
Treatment	1,109,901	1,621,585	2,629,245	61.67%
Total Expenditures	3,556,305	3,276,548	4,600,981	71.21%

2016 total budget expenditures include \$338,036 in carryover encumbrances.

APPENDIX A

YEAR-TO-DATE FUND REPORT
DECEMBER 31, 2016

FUND NAME	BEGINNING BALANCE	Y-T-D RECEIPTS	Y-T-D EXPENDITURES	ENDING BALANCE	ENCUMBRANCES	UNENCUMBERED BALANCE
GENERAL FUND	5,149,991.94	6,943,740.12	6,023,266.07	6,070,465.99	122,503.26	5,947,962.73
SWIMMING POOL FUND	25,766.09	331,503.49	310,942.97	46,326.61	5,000.00	41,326.61
STREET REPAIR & MAINT. FUND	33,845.05	438,523.37	394,091.12	278,277.30	6,533.34	271,743.96
STATE HIGHWAY FUND	143,555.63	35,526.99	13,092.44	165,990.18	11,284.96	154,705.22
MUNICIPAL ROAD FUND	305,520.89	220,937.18	155,323.92	371,134.15	94,851.22	276,282.93
LAW ENFORCEMENT FUND	13,928.94	300.00	1,850.00	12,378.94	-	12,378.94
ENFORCEMENT AND EDUCATION FUND	5,779.25	750.00	-	6,529.25	-	6,529.25
DRUG LAW ENFORCEMENT FUND	7,016.08	25.00	-	7,041.08	-	7,041.08
FIELDSTONE TIF PROJECT FUND	-	73,476.40	73,476.40	-	-	-
GENERAL BOND RETIREMENT FUND	39,461.80	3,286,617.60	3,320,086.46	5,992.94	-	5,992.94
S. ASSESS. BOND RET. FUND	15,855.06	73,653.16	70,397.30	19,110.92	-	19,110.92
CAPITAL IMP. RESERVE FUND	1,067,269.27	3,047,920.34	2,952,967.85	1,162,221.76	795,584.03	366,637.73
PARKS CAPITAL IMP. FUND	61,097.57	8,143.62	9,979.18	59,262.01	-	59,262.01
25-A CONSTRUCTION FUND	112,241.70	1,608,733.87	1,701,176.29	19,799.28	1,890,035.64	(1,870,236.36)
ELECTRIC FUND	6,174,312.40	18,116,562.22	17,644,717.28	6,646,157.34	2,707,364.71	3,938,792.63
WATER FUND	1,280,622.50	5,465,300.85	5,392,360.72	1,353,562.63	66,812.01	1,286,750.62
WATER IMP. RESERVE FUND	21,668.81	-	577.56	21,091.25	-	21,091.25
WATER TOWER CONSTRUCTION FUND	0.35	-	-	0.35	-	0.35
DOWNTOWN UTILITY REPLACEMENT	3,597.30	-	3,597.30	-	-	-
NORTH WESTEDGE UTILITIES	6,788.52	-	6,788.52	-	-	-
SEWER FUND	794,666.95	3,534,100.55	3,276,548.11	1,052,219.39	682,507.55	369,711.84
UTILITY SERVICE DEPOSITS FUND	197,042.39	11,530.11	18,881.99	189,690.51	-	189,690.51
REFUSE COLLECTION FUND	149,123.23	884,688.32	831,282.93	202,528.62	67,184.98	135,343.64
SELF INSURANCE HEALTH FUND	4,945.10	125,454.65	129,404.59	995.16	-	995.16
POLICE DONATION TRUST FUND	145.52	-	-	145.52	-	145.52
CONTRACTOR MAINT DEPOSIT FUND	860,859.41	46,999.17	674,263.58	233,595.00	234,005.91	(410.91)
MEDICAL REIMBURSEMENT FUND	4,427.01	-	-	4,427.01	-	4,427.01
TOTALS	16,679,528.76	44,254,487.01	43,005,072.58	17,928,943.19	6,683,667.61	11,245,275.58

APPENDIX B

**CITY OF TIPP CITY, OHIO
FINANCIAL STATEMENT
DECEMBER 31, 2016**

	Annual Interest Rate	Average Days to Maturity	Ending Balance
<u>Bank Deposits</u>			
Chase Bank Checking (Operating & Payroll)	-	-	\$ 3,910,461
Total Bank Deposits			<u>\$ 3,910,461</u>
 <u>Investments</u>			
STAR Ohio/STAR Plus	0.77%	-	10,706,002
Chase Bank Money Market Account	0.08%	-	1,010,480
Fifth Third Bank – Certificates of Deposit	1.10%	262	302,000
US Bank – Treasury/Agency Securities	0.95-1.25%	678	<u>2,000,000</u>
Total Investments			<u>\$ 14,018,482</u>
 TOTAL BANK DEPOSITS & INVESTMENTS			 \$ 17,928,943

APPENDIX C

**CITY OF TIPP CITY
DEBT SCHEDULE
DECEMBER 31, 2016**

Description of Debt	1/1/2016 Beginning Balance	Proceeds Of New Issues	Net Principal Reduction	12/31/2016 Ending Balance	Interest Paid	YTD Payments
<u>SHORT TERM NOTES</u>						
25A Reconstruction	375,000	-	45,000	330,000	3,663	48,663
Kinna Drive Construction	145,000	-	50,000	95,000	1,414	51,414
Electric Generator Note	700,000	-	50,000	650,000	6,843	56,843
AMR-AMI Note	862,000	-	84,000	778,000	9,632	93,632
Water Tower Construction Note	1,050,000	-	70,000	980,000	10,266	80,266
Aerial Ladder Fire Truck	410,000	-	83,000	327,000	4,007	87,007
Abbott Park Way Construction	205,000	-	75,000	130,000	2,002	77,002
Fire Station Expansion/Reconstruct	1,220,000	-	245,000	975,000	13,530	258,530
South Third Street Reconstruction	341,000	-	71,000	270,000	3,782	74,782
Roselyn Water/Sewer Line	-	700,000	-	700,000	-	-
Main Street Utility Line Replace	245,000	-	35,000	210,000	7,452	42,452
Main Street Lift Station Improvements	975,000	-	58,000	917,000	9,532	67,532
W. Walnut St. Water Line Replace	232,000	-	29,000	203,000	2,266	31,266
Main Street Streetscape Improvements	400,000	-	90,000	310,000	3,909	93,909
Water Tower #2 Rehabilitation	370,000	-	50,000	320,000	3,616	53,616
1994 North Trunk Sewer Note	345,000	-	50,000	295,000	3,371	53,371
Total Short Term Notes	7,875,000	700,000	1,085,000	7,490,000	85,285	1,170,285
<u>LONG TERM BONDS</u>						
Capital Facilities	400,000	-	100,000	300,000	18,900	118,900
Donn Davis Construction	20,000	-	10,000	10,000	800	10,800
Donn Davis Construction	505,000	-	45,000	460,000	21,890	66,890
Rosewood Sewer Bonds	25,000	-	25,000	-	963	25,963
Total Long Term Bonds	950,000	-	180,000	770,000	42,553	222,553
<u>0% INTEREST LOAN</u>						
AMR/AMI Loan	480,000	-	30,000	450,000	-	30,000
Water Tower Construction Loan	382,500	-	21,250	361,250	-	21,250
Downtown Utilities Loan	1,291,848	-	69,830	1,222,018	-	69,830
Total Loans	2,154,348	-	121,080	2,033,268	-	121,080
TOTAL DEBT	10,979,348	700,000	1,386,080	10,293,268	127,838	1,513,918