

CITY OF TIPTON, IOWA

**INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013**

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CITY OF TIPTON

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Shirley Kepford	Mayor	December 2015
Leanne Zearley	1 st Ward Council Person	December 2015
Dean Anderson	2 nd Ward Council Person	December 2013
Dawn Siech	3 rd Ward Council Person	December 2015
Pamela Spear	At Large Council Person	December 2015
David Fry	At Large Council Person	December 2013
Chris Nosbisch	City Manager	Indefinite
Lorna Fletcher	Finance Officer/ City Clerk	Indefinite
Amy Lenz	Deputy City Clerk	Indefinite
Steve Nash	Director of Public Works	Indefinite
Virgil Penrod	Gas Superintendent	Indefinite
John Packwood	Electric Superintendent	Indefinite
Heath Holub	Chief of Police	Indefinite
L.E. Dendinger	City Attorney	Indefinite
Marvin Miller	Zoning Administrator	Indefinite
Terry Goerd	Building Inspector	Indefinite

CITY OF TIPTON

Independent Auditors' Report

The Honorable Mayor and
Member of the City Council
Tipton, Iowa

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 Tipton, Iowa, as of and for the year ended June 30, 2013, 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 the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1.C.; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tipton, Iowa, as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.C.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 12, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information which consists of Management's Discussion and Analysis and the budgetary comparison information as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
March 19, 2014

CITY OF TIPTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Tipton provides this Management's Discussion and Analysis of its financial statements as a narrative overview of the financial activities for the fiscal year ended June 30, 2013. Readers are encouraged to consider this information in conjunction with the City's financial statements which follow.

2013 FINANCIAL HIGHLIGHTS

- The City's total cash basis net position decreased by 34.4% at the close of fiscal year 2013, or \$3,494,629. Governmental activities cash basis net position decreased by \$1,479,694.
- City governmental activities revenues decreased by \$4,383,051, or 47.8%, when compared to fiscal year 2012. Significant changes were due to the City borrowing new money for capital projects in the prior year.
- General government activities expenditures increased by \$743,380, or 13.5%, during this same period. That increase was due to increase in the number of capital projects.
- Business type activities (the City's enterprise funds) revenues decreased by \$5,241,438, or 42.8%, and direct operating expenses decreased by \$227,504 or 2.5% when compared to the prior year.
- The City has \$13,090,319 in long term debt compared to \$14,182,295 at the close of fiscal year 2012. The change between years is the new General Obligation Debt of \$1,075,000 and the refunding of Water Revenue Notes.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- The Government-Wide Financial Statement consists of a Statement of Activities and Net Position - Cash Basis (Exhibit A). This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.
- The Governmental Fund Financial Statements (Exhibits B & C) tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

- The Proprietary Funds Financial Statement (Exhibit D) tells how business type activities were financed in the short term as well as what remains for future spending.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Other Information provides budgetary comparison schedules of receipts, disbursements, and changes in balances - budget to actual (cash basis) for all governmental and proprietary funds.
- Supplementary Information provides detailed information about the nonmajor funds and the City's indebtedness.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the more important questions asked about the City's finances is: "Is the City as a whole better or worse off as a result of the fiscal year's activities?" The Statement of Activities and Net Position reports information which helps answer this question. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Position is divided into two different kinds of activities:

- Governmental activities including public safety, public works, culture and recreation, community and economic development, general government, debt service, and capital projects. Property tax and state and federal grants finance most of these activities.
- Business type activities include the utilities such as electric, natural gas, water, sewer, garbage collection, communications, airport, and cemetery. These activities are primarily financed by user charges.

Fund Financial Statements

The City has two types of funds:

- Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending in the following year. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) the Permanent Fund - Cemetery Trust. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
 - The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

- Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise funds are used to report business type activities. The City maintains a number of enterprise funds to provide separate information for electric, water, and gas funds, as well as reserves for revenue bonds and the 69 KV substation project. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.
 - The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.
 - Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

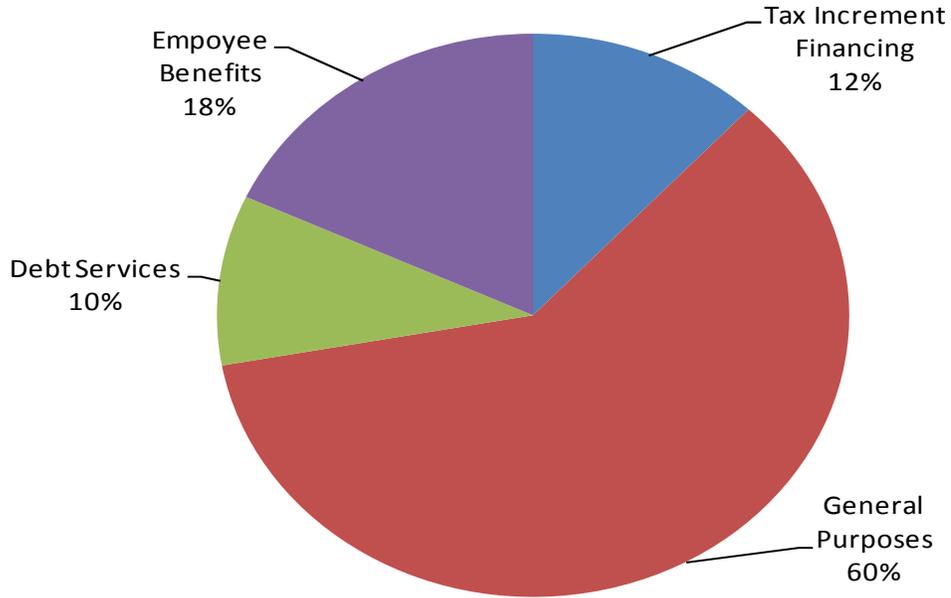
Net assets may serve, over time, as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago from \$2,922,974 to 1,443,280. The analysis that follows focuses on the changes in cash basis net position of governmental activities:

STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS

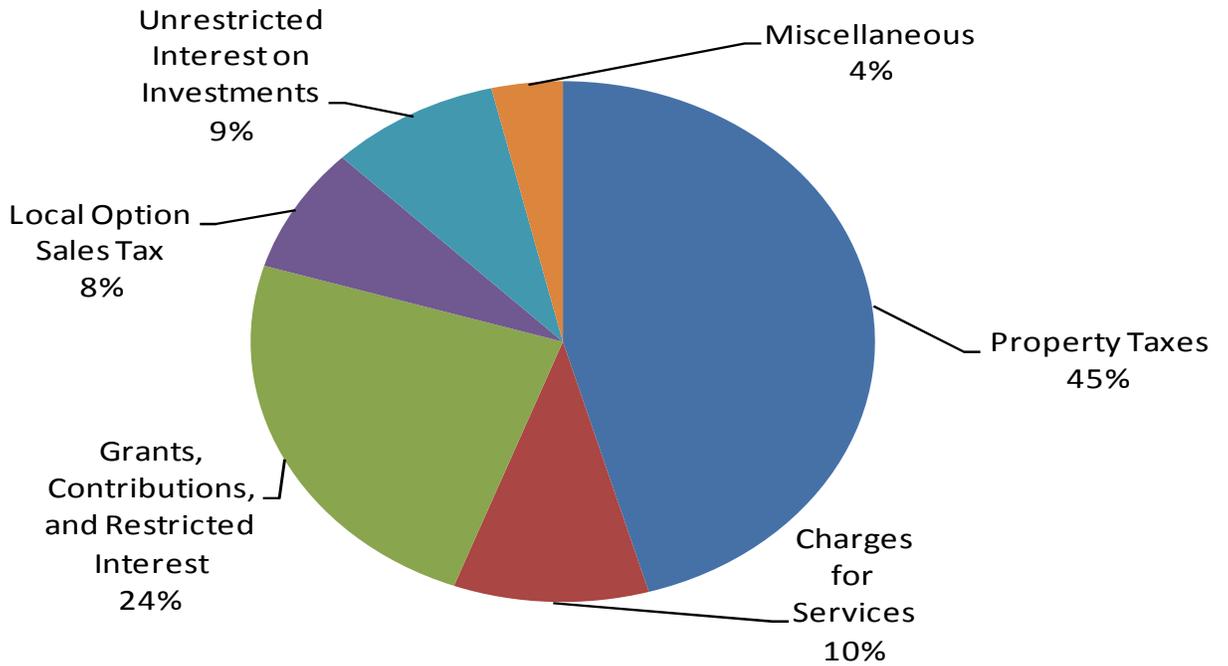
GOVERNMENTAL ACTIVITIES

	June 30, <u>2013</u>	June 30, <u>2012</u>
Receipts and transfers:		
Program receipts:		
Charges for services	\$ 325,926	\$ 356,061
Operating grants, contributions, and restricted interest	505,086	856,489
Capital grants, contributions, and restricted interest	271,132	-
General receipts:		
Property tax	1,470,133	1,360,223
Local option sales tax	251,653	198,459
Rent	271,975	281,875
Unrestricted investment earnings	12,304	20,825
Miscellaneous	118,776	245,207
Debt proceeds	1,054,766	5,250,133
Sale of assets	4,173	-
Interfund loans	(124,710)	-
Transfers, net	<u>618,022</u>	<u>593,015</u>
Total receipts and transfers	<u>4,779,236</u>	<u>9,162,287</u>
Disbursements:		
General government:		
Public safety	874,717	840,049
Public works	492,321	574,943
Culture and recreation	744,394	747,120
Community and economic development	230,328	216,302
General government	283,117	574,521
Debt service	988,004	944,916
Capital projects	<u>2,646,049</u>	<u>1,618,296</u>
Total general government disbursements	<u>6,258,930</u>	<u>5,516,147</u>
Change in Cash Basis Net Position	(1,479,694)	3,646,140
Cash Basis Net Position, Beginning of Year	<u>2,922,974</u>	<u>(723,166)</u>
Cash Basis Net Position, End of Year	<u>\$ 1,443,280</u>	<u>\$ 2,922,974</u>

Property Tax Levies



Receipts by Source

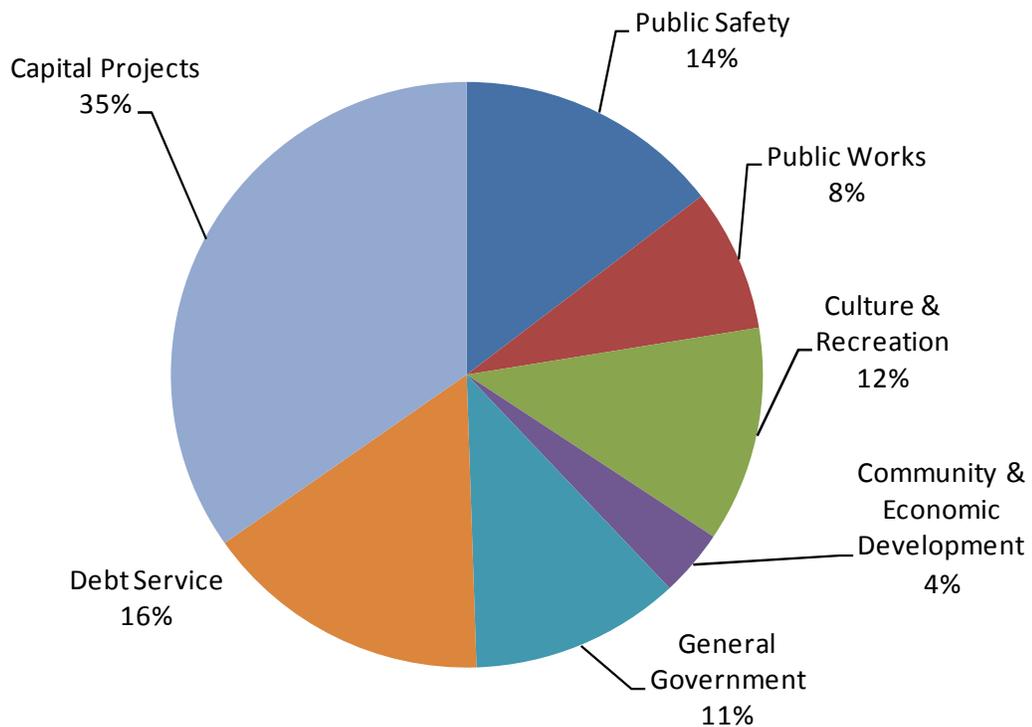


The City's total receipts for governmental activities decreased by \$4,383,051 from the previous year. The total cost of all governmental programs increased by \$743,380 with no new programs added during the year, but there was an increase in capital project expenditures.

The City increased the property tax rates for 2013 by 0.7%. The increase was due primarily to the increase in general operations of the City. There was no increase in the general government levy of \$8.10 per \$1,000 of assessed taxable valuation. The overall increase in levy proceeds is also due to increased total assessed valuation.

The cost of all governmental activities this year was \$6,258,930, compared to \$5,515,550 last year. The amount financed by taxpayers was \$1,294,643. The remainder was financed by charges for services for those directly benefiting from the programs of \$325,926 or by other governments or organizations that subsidized certain programs with grants, contributions, and restricted interest of \$776,218.

Disbursements by Function



STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS

BUSINESS TYPE ACTIVITIES

	June 30, <u>2013</u>	June 30, <u>2012</u>
Receipts:		
Program receipts:		
Charges for services	\$ 7,264,491	\$ 6,771,250
Operating grants, contributions, and restricted interest	49,519	189,128
General receipts:		
Unrestricted investment earnings	34,220	38,970
Miscellaneous	144,327	76,524
Debt proceeds	13,785	5,764,559
Sale of assets	<u>-</u>	<u>7,052</u>
Total receipts	<u>7,506,342</u>	<u>12,847,483</u>
Disbursements:		
Electric	5,209,054	6,046,274
Water	1,418,887	810,372
Gas	1,317,001	1,278,089
Wastewater	539,104	524,762
Communications	1,120	2,992
Airport	95,059	126,710
Garbage	403,031	430,261
Cemetery	<u>44,709</u>	<u>36,009</u>
Total disbursements	<u>9,027,965</u>	<u>9,255,469</u>
Change in cash basis net assets before transfers	(1,521,623)	3,592,014
Interfund loans	124,710	-
Transfers, net	<u>(618,022)</u>	<u>(593,015)</u>
Change in Cash Basis Net Position	(2,014,935)	2,998,999
Cash Basis Net Position, Beginning of Year	<u>7,227,584</u>	<u>4,228,585</u>
Cash Basis Net Position, End of Year	<u>\$ 5,212,649</u>	<u>\$ 7,227,584</u>

Total business type activities receipts for the fiscal year were \$7,506,342 compared to \$12,847,483 last year. This change was due primarily to more favorable gas and electric purchases and the issuance of \$4,515,000 in Electric Revenue Bonds in the prior year. Total disbursements and net transfers for the fiscal year were \$9,645,987 compared to \$9,848,484 last year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City completed this year, its governmental funds reported a combined fund balance of \$1,443,280, a decrease from last year's total of 2,519,179. The following are the major reasons for the changes of fund balances of the governmental funds from the prior year:

1. The General Fund cash balance decreased \$30,185 from the prior year to a fund balance of \$189,372.
2. The Road Use Tax (RUT) Fund cash balance decreased \$104,211 from the prior year to a fund balance of \$274,071. The increase was attributable to decreased receipt of state road use taxes.
3. The Fire Station Project Fund cash balance decreased by \$1,403,627 from the prior year to a fund balance of \$176,566 due to the project being completed during the year.
4. Economic/Industrial Development Fund decreased \$49,557 from the prior year to a fund balance of \$354,989.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

1. The Electric Operating Fund cash balance increased \$202,481 to \$1,632,579 due to decreases in transfers out for construction expenses in the Additional Generation Project.
2. The Electric Bond Reserve Fund cash balance increased \$4,786 to \$1,414,882 due to interest on investments.
3. The Gas Operating Fund cash balance decreased \$2,376 to \$19,006 due to a decrease in demand for gas due to a mild winter.
4. The Water Revenue Bond Reserve cash balance decreased by \$740,293 from the prior year to a fund balance of \$229,682 due to debt proceeds from the prior year being used to pay off Water Revenue Bonds.
5. The KV Substation Project Fund cash balance decreased by \$1,259,253 from the prior year to a fund balance of \$(113,794) due to using prior year debt proceeds to pay for the project.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time which resulted in an increase in budgeted receipts of \$537,915 and budgeted disbursements of \$3,193,066 to provide for additional disbursements in certain City departments.

DEBT ADMINISTRATION

On June 30, 2013, the City had \$13,090,319 in bonds and other long-term debt, compared to \$14,182,295 at the beginning of the year.

Outstanding debt at June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
General Obligation Bonds:		
Street improvements	\$ 200,000	\$ 295,000
Fire truck acquisition	231,319	261,295
Corporate Purpose 2011A	1,885,000	2,250,000
Corporate Purpose 2011B	1,055,000	1,175,000
Corporate Purpose 2011C	1,750,000	1,985,000
Refunding Bond 2012A	735,000	755,000
Corporate Purpose 2013	<u>1,075,000</u>	<u>-</u>
Total	<u>6,931,319</u>	<u>6,721,295</u>
Revenue Bonds and Notes:		
Sewer revenue	1,944,000	2,091,000
Water revenue	-	855,000
Electric revenue 2011	1,635,000	1,795,000
Electric revenue 2012	<u>2,580,000</u>	<u>2,720,000</u>
Total	<u>6,159,000</u>	<u>7,461,000</u>
Total indebtedness	<u>\$ 13,090,319</u>	<u>\$ 14,182,295</u>

Debt decreased as a result of refunding Water Revenue Bonds in July 2012. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$6,931,319 is well below the constitutional debt limit and although it is general obligation debt, the notes are for numerous projects and are serviced by road use tax revenue or water revenue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Revenues

Economic Condition - which can reflect a declining, stable or growing economic environment and has a substantial impact on property, sales, gas and other tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in Council Approved Rates - while certain tax rates are set by statutes, the City Council has significant authority to impose and periodically increase/decrease rates (electricity, natural gas, sanitation, recycling, water, wastewater, permitting, recreation user fees, and facility rental fees, etc.).

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) - certain recurring revenues (state revenue sharing, block grants, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons. In addition, the state revenue sharing has diminished significantly and there are no signs that such sharing will return to previous levels.

Contribution from the Utilities Funds - the City owns and operates the Water & Sewer, Electric, Natural Gas and Garbage utility systems and provides administrative and support services for the utilities. In return, the City receives payments from the utilities. Therefore, the ongoing competitiveness and vitality of those utilities is important to the City's well being.

Market Impacts on Investment Income - due to varying maturities on the City's investments and the varying nature of the market in general, City investment income may fluctuate from year to year. However, in an effort to try and eliminate guessing the market fluctuations, the City continues to ladder certain CD investments.

Expenses

Introduction of New Programs - within the functional expense categories (General Government, Public Safety - Police and Fire, Cultural and Recreation, and Redevelopment, etc.) individual programs may be added or deleted to meet changing community needs.

Increase/Decrease in Authorized Personnel - changes in service demand may cause the Council to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 11.9% of the City's total budget and 52.7% of the General Fund budget. We anticipate little change in those percentages for next year's budget.

Salary Increases (cost of living, merit and market adjustment) - the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace. The City Council will be reviewing all non-union positions for market competitiveness over the next fiscal year. Additionally, the City will be entering into negotiations with the union personnel within the next six months.

Inflation - while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as chemicals, supplies, fuel, and parts. Some functions may experience unusual commodity specific increases (for example, fuel prices).

Future factors & budget

Tipton's elected and appointed officials considered the above factors when establishing the FY 2014 budget, tax rates, and fees that will be charged for various City activities. The City and surrounding County have stayed steady in their unemployment rate, which has stayed slightly below the State average (4.1% versus 4.6%). The median household income remains unchanged however; State established rollback has steadily increased over the past two years and looks to continue that increase based upon agricultural production and value.

The City continues to monitor bills presented from the Governor and the Legislature regarding the future of rollback and any effects it may have on the budget.

The City continues to monitor the state of the Federal deficit and the potential cuts that may affect the community. The Social Security tax credit was allowed to lapse in January 2013, further affecting the disposable income of our citizens. Energy prices are elevated and remain unstable as consumers continue to see large fluctuations at the fuel pump.

Revenues

The City's Regular General Levy remains at \$8.10/\$1,000 of assessed value. Debt service permissible levies are expected to decrease again from \$1.46758/\$1,000 to \$1.27839/\$1,000 of assessed value because of the local option sales tax. Rollback is scheduled to increase in residential slightly for FY 2013 which should lead to a modest increase in tax based revenues. The proposed decrease in commercial and industrial rollback should be negated somewhat by the backfill established by the State of Iowa. The City of Tipton has taken the position to gradually phase out its reliance on the back-fill dollars in preparation for the loss of these monies.

A 1% annual increase in electric rates will take effect in May 2014. The City completed large increase in both sewer and water during the 2014 fiscal year and does not expect additional increases in either of those accounts over the next fiscal year. The City has been working with Waste Management to change the billing format and reduce the commercial loss by the City. Garbage is one revenue account that may need to see an increase within the next fiscal year. The City was successful in locking in natural gas prices and does not plan any increases in the foreseeable future. A \$25,000 capital project set aside was created in 2013 for the Gas Department to facilitate the radio read meter change out.

Expenses, 2013-2014

After a one year hiatus, the City does plan to bond for various capital projects in 2014. These will include streets, sewer, water, equipment, and aquatic center. The City will also be pursuing a change in venue for City Council meetings as the current facility is not ADA accessible.

The City continues to work with its Attorney regarding the James Kennedy Aquatic Center. A forensic architecture firm was hired to complete a thorough review of the building and certain projects will need to be completed during the 2014 calendar year.

A private entity, the Heartland Group, is constructing a new sports complex and expects to be open in 2014. This group has not identified any monetary needs from the City, although there is a definite possibility that they will be forthcoming.

Expenses anticipated, 2014 and thereafter

The City still faces proportional operating costs based upon its .5% ownership of the Louisa Generation Station (LGS).

The City will maintain or slightly reduce the number of its full time employees in 2014. With that said, the introduction of the new healthcare law has City staff estimating healthcare costs in the 18 – 25% range for next fiscal year. Additionally, the City will have to begin insuring at least two part time employees beginning in January 2014. The City will begin Union negotiations in the 2013 calendar year as a new contract will be needed for July 2014. In 2012, employees were contributing \$75 to their healthcare premiums and that number will continue to increase to \$100 per month in 2013.

As stated above, it is very likely that repairs will be necessary at the James Kennedy Aquatic Center and may be completed over a multi-year timeline. Repairs will be made based upon the recommend priorities received from the design firm.

CONTACT INFORMATION

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about the report or need additional financial information, contact the City Manager at City Hall at 407 Lynn Street, Tipton, Iowa 52772, telephone (563) 886-6187.

Respectfully submitted,

Chris Nosbisch
City Manager

BASIC FINANCIAL STATEMENTS

CITY OF TIPTON

Statement of Activities and Net Position - Cash Basis

As of and for the year ended June 30, 2013

		<u>Program Receipts</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
	<u>Disbursements</u>	<u>Services</u>	<u>Grants,</u>	<u>Grants,</u>
			<u>and Restricted</u>	<u>Contributions,</u>
			<u>Interest</u>	<u>and Restricted</u>
				<u>Interest</u>
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Public safety	\$ 874,717	\$ 187,315	\$ 101,558	\$ -
Public works	492,321	2,492	330,938	271,132
Culture and recreation	744,394	121,632	50,455	-
Community and economic development	230,328	-	8,286	-
General government	283,117	14,487	13,849	-
Debt service	988,004	-	-	-
Capital projects	2,646,049	-	-	-
	<u>6,258,930</u>	<u>325,926</u>	<u>505,086</u>	<u>271,132</u>
Business type activities:				
Electric	5,209,054	4,480,595	34,015	-
Water	1,418,887	523,977	-	-
Gas	1,317,001	1,319,837	-	-
Wastewater	539,104	466,086	-	-
Communications	1,120	25,378	-	-
Airport	95,059	15,200	13,989	-
Garbage	403,031	425,973	-	-
Cemetery	44,709	7,445	1,515	-
	<u>9,027,965</u>	<u>7,264,491</u>	<u>49,519</u>	<u>-</u>
Total	<u>\$ 15,286,895</u>	<u>\$ 7,590,417</u>	<u>\$ 554,605</u>	<u>\$ 271,132</u>
GENERAL RECEIPTS AND TRANSFERS:				
Property and other city taxes levied for:				
General purposes				
Employee benefits				
Debt service				
Tax increment financing				
Local option sales tax				
Rent				
Unrestricted interest on investments				
Miscellaneous				
Long-term debt issuance				
Debt discount				
Sale of assets				
Interfund loans				
Transfers				
Total general receipts and transfers				

**Net (Disbursements) Receipts and
Changes in Cash Basis Net Position**

Governmental Activities	Business Type Activities	Total
\$ (585,844)	\$ -	\$ (585,844)
112,241	-	112,241
(572,307)	-	(572,307)
(222,042)	-	(222,042)
(254,781)	-	(254,781)
(988,004)	-	(988,004)
<u>(2,646,049)</u>	<u>-</u>	<u>(2,646,049)</u>
 (5,156,786)	 -	 (5,156,786)
 -	(694,444)	(694,444)
-	(894,910)	(894,910)
-	2,836	2,836
-	(73,018)	(73,018)
-	24,258	24,258
-	(65,870)	(65,870)
-	22,942	22,942
-	(35,749)	(35,749)
<u>-</u>	<u>(1,713,955)</u>	<u>(1,713,955)</u>
 (5,156,786)	 (1,713,955)	 (6,870,741)
 885,105	-	885,105
265,994	-	265,994
143,544	-	143,544
175,490	-	175,490
251,653	-	251,653
271,975	-	271,975
12,304	34,220	46,524
118,776	144,327	263,103
1,061,132	13,868	1,075,000
(6,366)	(83)	(6,449)
4,173	-	4,173
(124,710)	124,710	-
<u>618,022</u>	<u>(618,022)</u>	<u>-</u>
 3,677,092	 (300,980)	 3,376,112

CITY OF TIPTON

Statement of Activities and Net Position - Cash Basis

As of and for the year ended June 30, 2013

		Program Receipts	
<u>Disbursements</u>	<u>Charges for Services</u>	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
CHANGE IN CASH BASIS NET POSITION			
CASH BASIS NET POSITION, BEGINNING OF YEAR			
CASH BASIS NET POSITION, END OF YEAR			
CASH BASIS NET POSITION:			
Restricted:			
Nonexpendable			
Expendable:			
Urban renewal purposes			
Debt service			
Streets			
Other purposes			
Assigned for:			
Ambulance			
Capital projects			
Unemployment claims			
Unrestricted			
TOTAL CASH BASIS NET POSITION			

**Net (Disbursements) Receipts and
Changes in Cash Basis Net Position**

Governmental Activities	Business Type Activities	Total
(1,479,694)	(2,014,935)	(3,494,629)
<u>2,922,974</u>	<u>7,227,584</u>	<u>10,150,558</u>
<u>\$ 1,443,280</u>	<u>\$ 5,212,649</u>	<u>\$ 6,655,929</u>

\$ 100,000	\$ -	\$ 100,000
534,764	-	534,764
18,871	2,003,932	2,022,803
306,667	-	306,667
88,353	153,881	242,234
107,296	-	107,296
394,376	-	394,376
72,297	-	72,297
<u>(179,344)</u>	<u>3,054,836</u>	<u>2,875,492</u>
<u>\$ 1,443,280</u>	<u>\$ 5,212,649</u>	<u>\$ 6,655,929</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TIPTON

**Statement of Cash Receipts, Disbursements and Changes
in Cash Balances - Governmental Funds**

As of and for the year ended June 30, 2013

	<u>General</u>	<u>Capital Project</u> <u>Fire</u> <u>Station</u> <u>Project</u>
RECEIPTS:		
Property tax	\$ 885,105	\$ -
Tax increment financing	-	-
Other city tax	-	-
Licenses and permits	14,487	-
Use of money and property	19,336	1,484
Intergovernmental	44,589	265,565
Charges for service	310,464	-
Special assessments	5,567	-
Miscellaneous	<u>120,376</u>	<u>6,019</u>
Total receipts	<u>1,399,924</u>	<u>273,068</u>
DISBURSEMENTS:		
Operating:		
Public safety	874,717	-
Public works	483,587	-
Culture and recreation	744,394	-
Community and economic development	78,296	-
General government	116,820	-
Debt service	-	-
Capital projects	<u>-</u>	<u>1,676,695</u>
Total disbursements	<u>2,297,814</u>	<u>1,676,695</u>
Excess (deficiency) of receipts over disbursements	<u>(897,890)</u>	<u>(1,403,627)</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from sale of capital assets	3,062	-
Long-term debt issued	-	-
Debt discounts	-	-
Interfund loan advances	(1,538)	-
Transfers in	866,181	-
Transfers out	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>867,705</u>	<u>-</u>

Exhibit B

Special Revenue			
Road Use Tax	Economic/ Industrial Development	Nonmajor	Total
\$ -	\$ -	\$ 409,538	\$ 1,294,643
-	-	175,490	175,490
-	-	251,653	251,653
-	-	-	14,487
-	1,165	2,937	24,922
308,462	-	-	618,616
-	-	975	311,439
-	-	74,527	80,094
-	49,278	5,337	181,010
<u>308,462</u>	<u>50,443</u>	<u>920,457</u>	<u>2,952,354</u>
-	-	-	874,717
8,734	-	-	492,321
-	-	-	744,394
-	100,000	52,032	230,328
-	-	3,258	120,078
-	-	988,004	988,004
-	-	497,933	2,174,628
<u>8,734</u>	<u>100,000</u>	<u>1,541,227</u>	<u>5,624,470</u>
<u>299,728</u>	<u>(49,557)</u>	<u>(620,770)</u>	<u>(2,672,116)</u>
-	-	-	3,062
-	-	532,877	532,877
-	-	(3,196)	(3,196)
-	-	-	(1,538)
-	-	851,023	1,717,204
(403,939)	-	(666,459)	(1,070,398)
<u>(403,939)</u>	<u>-</u>	<u>714,245</u>	<u>1,178,011</u>

(continued)

CITY OF TIPTON

**Statement of Cash Receipts, Disbursements and Changes
in Cash Balances - Governmental Funds**

As of and for the year ended June 30, 2013

	<u>General</u>	<u>Capital Project Fire Station Project</u>
NET CHANGE IN CASH BALANCES	\$ (30,185)	\$ (1,403,627)
CASH BALANCES (DEFICIT), BEGINNING OF YEAR	<u>219,557</u>	<u>1,580,193</u>
CASH BALANCES, END OF YEAR	<u>\$ 189,372</u>	<u>\$ 176,566</u>
CASH BASIS FUND BALANCES:		
Nonspendable	\$ -	\$ -
Restricted for:		
Urban renewal	-	-
Debt service	-	-
Streets	-	-
Other purposes	-	-
Assigned for:		
Ambulance	107,296	-
Capital projects	-	176,566
Unemployment claims	72,297	-
Unassigned (deficit)	<u>9,779</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 189,372</u>	<u>\$ 176,566</u>

Exhibit B

Special Revenue			
<u>Road Use Tax</u>	<u>Economic/ Industrial Development</u>	<u>Nonmajor</u>	<u>Total</u>
\$ (104,211)	\$ (49,557)	\$ 93,475	\$ (1,494,105)
<u>378,282</u>	<u>404,546</u>	<u>(63,399)</u>	<u>2,519,179</u>
<u>\$ 274,071</u>	<u>\$ 354,989</u>	<u>\$ 30,076</u>	<u>\$ 1,025,074</u>
\$ -	\$ -	\$ 100,000	100,000
-	354,989	179,775	534,764
-	-	18,871	18,871
274,071	-	32,596	306,667
-	-	88,353	88,353
-	-	-	107,296
-	-	217,810	394,376
-	-	-	72,297
-	-	(607,329)	(597,550)
<u>\$ 274,071</u>	<u>\$ 354,989</u>	<u>\$ 30,076</u>	<u>\$ 1,025,074</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TIPTON

**Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Position -
Governmental Funds**

As of and for the year ended June 30, 2013

Total governmental funds cash balances (page 28) \$ 1,025,074

***Amounts reported for governmental activities in the Statement
of Activities and Net Position are different because:***

The Internal Service Funds are utilized to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government on a cost reimbursement basis. The assets of the Internal Service Fund are included in governmental activities in the Statement of Activities and Net Position.

418,206

Cash basis net position of governmental activities (page 24) \$ 1,443,280

Net change in cash balances (page 28) \$ (1,494,105)

***Amounts reported for governmental activities in the Statement
of Activities and Net Position are different because:***

The Internal Service Funds are utilized to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government on a cost reimbursement basis. The change in net position of the Internal Service Fund is reported with governmental activities.

14,411

**Change in cash basis net position of governmental activities
(page 24)** \$ (1,479,694)

The accompanying notes are an integral part of the financial statements.

CITY OF TIPTON

**Statement of Cash Receipts, Disbursements and
Changes in Cash Balances - Proprietary Funds**

As of and for the year ended June 30, 2013

	<u>Enterprise</u>			
	<u>Electric Operating</u>	<u>Electric Bond Reserve</u>	<u>Gas Operating</u>	<u>Water Revenue Bonds Reserve</u>
OPERATING RECEIPTS:				
Licenses and permits	\$ 788	\$ -	\$ -	\$ -
Intergovernmental	34,015	-	-	-
Charges for services	4,479,807	-	1,319,837	-
Miscellaneous	62,977	-	8,616	-
	<u>4,577,587</u>	<u>-</u>	<u>1,328,453</u>	<u>-</u>
Total operating receipts				
OPERATING DISBURSEMENTS:				
Capital projects	-	-	-	-
Business type activities	3,487,151	-	1,307,438	8,350
	<u>3,487,151</u>	<u>-</u>	<u>1,307,438</u>	<u>8,350</u>
Total operating disbursements				
Excess (deficiency) of operating receipts over operating disbursements	<u>1,090,436</u>	<u>-</u>	<u>21,015</u>	<u>(8,350)</u>
NONOPERATING RECEIPTS (DISBURSEMENTS):				
Interest on investments	6,337	4,786	3,147	201
Debt service	-	-	-	(906,410)
Capital projects	(42,003)	-	-	-
	<u>(35,666)</u>	<u>4,786</u>	<u>3,147</u>	<u>(906,209)</u>
Net nonoperating receipts (disbursements)				
Excess (deficiency) of receipts over disbursements	<u>1,054,770</u>	<u>4,786</u>	<u>24,162</u>	<u>(914,559)</u>
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	-	-	-
Long-term bonds issued	-	-	-	-
Debt discount	-	-	-	-
Interfund loan	-	-	-	131,862
Interfund loan advance	(2,138)	-	(1,538)	-
Transfers in	-	-	-	42,404
Transfers out	(850,151)	-	(25,000)	-
	<u>(852,289)</u>	<u>-</u>	<u>(26,538)</u>	<u>174,266</u>
Net other financing sources (uses)				
NET CHANGE IN CASH BALANCES	202,481	4,786	(2,376)	(740,293)
CASH BALANCES, BEGINNING OF YEAR	<u>1,430,098</u>	<u>1,410,096</u>	<u>21,382</u>	<u>969,975</u>
CASH BALANCES, END OF YEAR	<u>\$ 1,632,579</u>	<u>\$ 1,414,882</u>	<u>\$ 19,006</u>	<u>\$ 229,682</u>

69 KV Substation Project	Nonmajor	Totals	Internal Service
-	\$ 100	\$ 888	\$ -
-	15,504	49,519	-
-	1,463,959	7,263,603	80,700
-	72,734	144,327	209,701
-	1,552,297	7,458,337	290,401
-	-	-	471,421
-	1,401,572	6,204,511	453,440
-	1,401,572	6,204,511	924,861
-	150,725	1,253,826	(634,460)
1,935	17,814	34,220	2,656
-	(613,853)	(1,520,263)	-
(1,261,188)	-	(1,303,191)	-
(1,259,253)	(596,039)	(2,789,234)	2,656
(1,259,253)	(445,314)	(1,535,408)	(631,804)
-	-	-	1,111
-	13,868	13,868	528,255
-	(83)	(83)	(3,170)
-	-	131,862	41,627
-	(3,476)	(7,152)	(164,799)
-	900,980	943,384	2,791
-	(686,255)	(1,561,406)	(31,575)
-	225,034	(479,527)	374,240
(1,259,253)	(220,280)	(2,014,935)	(257,564)
1,145,459	2,250,574	7,227,584	403,795
\$ (113,794)	\$ 2,030,294	\$ 5,212,649	\$ 146,231

(continued)

CITY OF TIPTON

**Statement of Cash Receipts, Disbursements and
Changes in Cash Balances - Proprietary Funds**

As of and for the year ended June 30, 2013

	Enterprise			
	Electric	Gas	Water	
	Operating	Operating	Bond	Revenue Bonds
	<u>Operating</u>	<u>Operating</u>	<u>Reserve</u>	<u>Reserve</u>
CASH BASIS FUND BALANCES:				
Restricted:				
Debt service	\$ -	\$ 1,414,882	\$ -	\$ 229,682
Other purposes	-	-	-	-
Unrestricted	<u>1,632,579</u>	<u>19,006</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 1,632,579</u>	<u>\$ 19,006</u>	<u>\$ 1,414,882</u>	<u>\$ 229,682</u>

69 KV			
Substation Project	Nonmajor	Totals	Internal Service
\$ -	\$ 359,368	\$ 2,003,932	\$ -
-	153,881	153,881	-
<u>(113,794)</u>	<u>1,517,045</u>	<u>3,054,836</u>	<u>418,206</u>
<u>\$ (113,794)</u>	<u>\$ 2,030,294</u>	<u>\$ 5,212,649</u>	<u>\$ 418,206</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(1) Summary of Significant Accounting Policies

The City of Tipton is a political subdivision of the State of Iowa located in Cedar County. It was first incorporated in 1840 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Manager-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides utility services to the citizens of Tipton including electricity, water, solid waste, sewer and gas.

A. Reporting Entity

For financial reporting purposes, the City of Tipton has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Cedar County Assessor's Conference Board, Cedar County Joint E911 Service Board, Cedar County Emergency Management Commission, and Cedar County Solid Waste Commission.

In addition to the jointly governed organizations identified above, the City has an agreement with the cities of Wilton and Durant for joint operation of a street sweeper.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(1) **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation (continued)

Government-wide Financial Statement (continued)

The Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position are subject to externally imposed stipulations which require them to be maintained permanently by the City.

Expendable restricted net position results when constraints placed on net position use is either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consist of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds or enterprise funds are aggregated and reported as nonmajor funds.

A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, receipts, or disbursements of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type (that is total governmental funds or total enterprise funds).
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(1) **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Economic/Industrial Development Fund is used to account for the proceeds from land that was sold in order to develop other land.

Capital Projects:

The Fire Station Project Fund is used to account for the project costs of the new fire station.

The City reports the following major enterprise funds:

The Electric Operating Fund accounts for the operation and maintenance of the City's electric system.

The Electric Bond Reserve Fund accounts for the payment of debt obligations of the electric department.

The Gas Operating Fund accounts for the operation and maintenance of the City's gas system.

The Water Revenue Bonds Reserve Fund accounts for the payments of debt obligations of the water revenue bonds issued.

The 69 KV Substation Project Fund is used to account for the project costs of the new substation.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(1) **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

The City reports the following nonmajor funds:

Special Revenue Funds

Employee Benefits
Local Option Tax
TIF Capital Improvement
Aquatic Campaign
Library Trust
PS Share Trust
Fire Trust

Electric Enterprise Funds

Electric Revenue Bonds
2006 Electric Substation
Additional Generation
Electric Development
Electric Renewal/Replacement
Electric Reserve
Electric Meter Deposits

Debt Service Funds

GO Fire Truck
GO Street Improvement
GO Street Improvement 03
GO Capital Projects Bond Series 2011A
GO Capital Projects Bond Series 2011B
GO Capital Projects Bond Series 2011C

Capital Project Funds

GO Street Improvement Project
Skate Park Project
Streetscapes Project
Public Works Building

Wastewater Enterprise Funds

Wastewater Debt Service
Wastewater Treatment

Water Enterprise Funds

Water Operating
Water Meter Deposits
Water Tower Project

Other Enterprise Funds

Communications Local Access
Airport Operating
Garbage Collection
Cemetery Enterprise

Gas Enterprise Funds

Gas D.E.I
Gas Meter Deposits
Gas Surplus

In addition, the City reports internal service funds which are used to account for the financing of goods or services provided to other funds on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(1) **Summary of Significant Accounting Policies** (continued)

C. Measurement Focus and Basis of Accounting (continued)

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental activities can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

**CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

(1) **Summary of Significant Accounting Policies** (continued)

F. Property Tax Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2011, to compute the amounts which became liens on property on July 1, 2012. These taxes were due and payable in two installments on September 30, 2012 and March 31, 2013, at the Cedar County Treasurer's Offices. These taxes are recognized as income to the City when they are received from the county.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

At June 30, 2013, the City's deposits consisted of cash, cash equivalents and bank certificates of deposit as follows:

	<u>Bank Value</u>	<u>Carrying Value</u>
Checking account	\$ 4,768,321	\$ 4,748,830
Certificates of deposit	1,852,291	1,852,291
PSF health cash account	<u>35,317</u>	<u>35,317</u>
Total	<u>\$ 6,655,929</u>	<u>\$ 6,636,438</u>

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(3) Bonds and Notes Payable

Long-term debt activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General governmental activities					
General obligation bonds	\$ 6,721,295	\$ 1,075,000	\$ 864,976	\$ 6,931,319	\$ 790,000
Business-type activities					
Revenue Bonds	\$ 7,461,000	\$ -	\$ 1,302,000	\$ 6,159,000	\$ 477,000

Annual debt service requirements to maturity of general obligation bonds and notes and revenue bonds and notes are as follows:

	<u>General Obligation Bonds and Notes</u>		<u>Revenue Bonds and Notes</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 790,000	\$ 151,882	\$ 477,000	\$ 149,988	\$ 1,267,000	\$ 301,870
2015	771,000	134,361	486,000	142,753	1,257,000	277,114
2016	872,000	118,384	496,000	134,433	1,368,000	252,817
2017	888,000	103,915	506,000	124,990	1,394,000	228,905
2018	809,000	88,263	521,000	114,473	1,330,000	202,736
2019-2023	2,771,319	195,797	2,634,000	374,338	5,405,319	570,135
2024-2027	30,000	855	1,039,000	77,460	1,069,000	78,315
	<u>\$6,931,319</u>	<u>\$ 793,457</u>	<u>\$ 6,159,000</u>	<u>\$ 1,118,435</u>	<u>\$ 13,090,319</u>	<u>\$ 1,911,892</u>

General obligation notes issued on November 12, 2008 provided funds to pay for the cost of street construction and reconstruction. The remaining outstanding balance as of June 30, 2013 is \$200,000 with a maturity date of 2015. The interest rates range from 4.00-4.15%.

General obligation notes issued on June 1, 2010, and subsequently reissued on July 15, 2010, provided funds to pay for the cost of a fire truck. The remaining outstanding balance as of June 30, 2013 is \$231,319. The note matures in 2020 and has an interest rate of 3.25%.

General obligation notes issued August 3, 2011 provided funds to pay for the refunding of the Series 2003 bonds, which related to street projects. The remaining outstanding balance as of June 30, 2013 is \$1,885,000. The note matures in 2023 and has an interest rate range of 2.00-3.20%.

General obligation notes issued November 15, 2011 provided funds to pay for the cost of the 2011 Summer Water Projects, a Public Works Building addition, 2011 Street Projects, and equipment replacement. The note matures in 2024 and has a remaining outstanding balance of \$1,055,000 as of June 30, 2013. The note has a range of interest rates from 0.75-2.85%.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(3) Bonds and Notes Payable (continued)

General obligation notes issued November 15, 2011 provided funds to pay for the cost of downtown sidewalks, a water tower, 2008 Street Projects, and a salt shed. The remaining outstanding balance of the note is \$1,750,000 as of June 30, 2013. The note will mature in 2022 and has an interest rate range of 2.00-3.20%

General obligation notes issued May 22, 2012 provided funds to refund the Water Revenue Note 2002. This note matures in 2020 and has a remaining outstanding balance of \$735,000 at June 30, 2013. The note has a range of interest rates from 2.00-3.20%.

General obligation notes issued March 19, 2013 provided funds to purchase vehicles for the City such as a garbage truck, street sweeper, police vehicle, and bucket truck. The remaining outstanding balance on the note as of June 30, 2013 is \$1,075,000 with a maturity date of 2023. The note has interest rates from 2.00-3.2%.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$1,305,000 in water revenue bonds issued in July 2002. Proceeds from the bonds provided financing for the construction of water projects. These revenue notes were called on July 1, 2012.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$3,200,000 in sewer revenue bonds issued in June 2003. Proceeds from the bonds provided financing for the construction of sewer projects. The bonds are payable solely from sewer customer net receipts and are payable through 2029. Annual principal and interest payments on the bonds are expected to require less than 50 percent of net revenues. The total principal and interest remaining to be paid on the notes is \$2,311,110. For the current year, principal and interest paid and total customer net revenues were \$178,365 and \$142,399, respectively.

The resolution providing for the issuance of the sewer revenue bonds includes the following provisions:

- a) The City shall generate net revenues from sewer operations equal to at least 110% of the principal and interest due in the fiscal year.
- b) An amount equal to 1/12th of the next principal payment due and 1/6th of the next interest payment due shall be set aside in a sewer sinking fund on a monthly basis.
- c) A surplus fund is to be established into which there shall be set apart and paid all the net revenues remaining after first making the required payments into the sinking fund.

At June 30, 2013, the City was not in compliance with the minimum net revenue provisions above.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(3) Bonds and Notes Payable (continued)

The City has pledged future electric customer receipts, net of specified operating disbursements, to repay \$1,795,000 in electric revenue bonds issued in December 2011. Proceeds from the bonds provided financing for the construction of electric projects and current refunding of the Electric Revenue Notes issued in 2010. The bonds are payable solely from electric customer net revenues and are payable through 2022. The total principal and interest remaining to be paid on the notes is \$1,822,330. For the current year, principal and interest paid and total customer net revenues were \$192,785 and \$1,120,149, respectively.

The resolution providing for the issuance of the electric revenue bonds Series 2011 includes the following provisions:

- a) The bonds are payable from the net revenue of the utility which will be collected in a sinking fund and applied to the interest payment on the bonds.
- b) The City certifies that it will not exceed \$10,000,000 in tax exempt obligations during the current calendar year.

At June 30, 2013, the City was in compliance with all the provisions above.

The City has pledged future electric customer receipts, net of specified operating disbursements, to repay \$2,720,000 in electric revenue bonds issued in March 2012. Proceeds from the bonds provided financing for the construction of electric projects. The bonds are payable solely from electric customer net revenues and are payable through 2027. The total principal and interest remaining to be paid on the notes is \$2,924,003. For the current year, principal and interest paid and total customer net revenues were \$211,337 and \$1,120,149, respectively.

The resolution providing for the issuance of electric revenue bonds Series 2012 includes the following provisions:

- a) The City shall generate net revenues from electric revenues equal to at least 125% of the maximum annual debt service.
- b) An amount equal to 1/12th of the next principal payment due and 1/8th of the next interest payment due shall be set aside in a sinking fund on a month. After fiscal year 2012, an amount of 1/6th of interest coming due should be set aside in a sinking fund.
- c) A reserve fund must be maintained for principal and interest.

At June 30, 2013, the City was in compliance with the provisions above.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(3) Bonds and Notes Payable (continued)

Pursuant to the Code of Iowa, the City's general obligation debt is limited to 5% of assessed value as follows:

Assessed Value	<u>\$ 167,825,635</u>
Debt limit - 5% of assessed value	\$ 8,391,282
Debt outstanding	<u>6,931,319</u>
Debt margin	<u>\$ 1,459,963</u>

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

	Transfers Out						Total
	Road Use <u>Tax</u>	Electric <u>Operating</u>	Gas <u>Operating</u>	Nonmajor		Internal <u>Service</u>	
Transfers In:				<u>Governmental</u>	<u>Enterprise</u>		
General	-	438,587	12,751	315,215	99,628	-	866,181
RUT	-	-	-	-	-	-	-
Econ/Dev	-	-	-	-	-	-	-
Fire Station Project	-	-	-	-	-	-	-
Water Rev Bond Res	-	-	-	-	42,404	-	42,404
69 KV Station	-	-	-	-	-	-	-
Electric	-	-	-	-	-	-	-
Electric Bond/Int Res	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-
Nonmajor Governmental	403,939	-	-	326,244	89,265	31,575	851,023
Nonmajor Enterprise	-	408,773	12,249	25,000	454,958	-	900,980
Internal Service Funds	-	2,791	-	-	-	-	2,791
Total	403,939	850,151	25,000	666,459	686,255	31,575	2,663,379

Transfers are used to move resources from the fund that will be providing the resources to the fund in which certain expenditures/expenses are being accounted for. Transfers are generally used to fund the cost of administration, debt service, or capital projects.

(5) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306 - 9117.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(5) Pension and Retirement Benefits (continued)

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$155,683, \$142,702, and \$115,709, respectively, equal to the required contributions for each year.

(6) Health Insurance

The City provides health insurance for its employees with partial self-funding provisions as follows:

	Out of Pocket Limits	
	Per Calendar Year	
	<u>Single</u>	<u>Family</u>
Employee	\$ 500	\$ 1,000
City	1,500	3,000

The City has established an internal service fund to account for and pay its share of this partial self-funding. As of June 30, 2013, there are unpaid claims for which the City is partially liable under the partial self-funding provision of the health insurance plan. This liability has not been determined.

(7) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours based on their length of employment. Sick leave is not payable at termination of employment. It is payable when used and may be accumulated to a maximum of 1,000 hours. Vacation is payable when used and may be accumulated to a maximum of 200 hours. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2013 is \$48,396. This liability has been computed based on rates of pay in effect at June 30, 2013.

(8) Note Receivable

The City entered into a non-interest bearing note receivable agreement with Tipton Economic Development Corporation (TEDCO) to utilize designated economic development funds to promote business development in Tipton. Funds advanced under this agreement cannot exceed \$875,000 and are due in February 2020. The agreement is secured by industrial park land which is subject to sales covenants. During the year ended June 30, 2013, the City paid TEDCO an advance of \$100,000. The balance due to the City at June 30, 2013 totaled \$646,813.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(9) Long-term Receivables

In fiscal year ended June 2010, the City was awarded an ARRA grant up to the amount of \$94,000 to be loaned out to area businesses. The grant aims to create and save jobs, spur economic activity, and invest in long term growth.

The City lends out money to approved area businesses and then submits a request to the federal government for reimbursement. Agreements with the businesses carry a 5 year maturity.

The table below reflects transactions as of and for the year ended June 30, 2013:

Amount loaned out to area businesses	\$	22,108
Principal payments received		<u>7,428</u>
Ending balance on long-term receivables	\$	<u>14,680</u>
ARRA Grant line of credit balance, beginning of year	\$	94,000
Amount in use		<u>14,680</u>
Amount available to lend by the City	\$	<u>79,320</u>
Amount distributed to area businesses	\$	14,750
Amount received from the federal government		-
Amount City forgiven by USDA, Rural Development		<u>250</u>
Amount owed to the City from the federal government	\$	<u>14,500</u>

(10) Risk Management and Contingencies

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes the liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City is named as a defendant in various legal actions arising in the normal course of operations. The City's management believes the resolution of those actions will not have a material effect on the City's financial statements.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(11) Construction Project Commitments

As of June 30, 2013, the City has various outstanding construction contracts totaling \$39,737.

(12) Landfill Commitment

The City of Tipton participates in a 28E organization with Cedar County and other cities in Cedar County. This organization is the Cedar County Solid Waste Commission, which owns and operates a landfill. The landfill has been closed and is in the postclosure stage. The estimated cost of postclosure care is approximately \$140,000, which has been fully funded. Actual postclosure care costs may be different due to inflation, changes in technology, or changes in regulations.

(13) Deficit Fund Balances

The following funds had deficit balances at June 30, 2013:

Special Revenue:		
Aquatic Campaign	\$	(607,329)
Enterprise:		
Garbage Collection		(27,567)
Cemetery Enterprise		(52,839)
Water Operating		(255,290)
Airport Operating		(68,704)
69 KV Substation Project		(113,794)

The City has increased water and sewer rates during 2013-2014 fiscal year, with discussions of increasing the garbage rates. There have been discussions on a plan for the Aquatic Campaign if the City does not receive all pledges. The City has discussed different options for the Cemetery as it is hard to budget each year, the City is considering an increase in the rates. The City is evaluating the Airport's cost structure to improve profitability. The City plans to transfer money from the Additional Generation Fund or Electric Operating to cover the remaining costs of the Substation Project.

(14) Excess of Expenditures Over Budget

The following expenditures exceeded budgeted amounts:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Capital Projects	\$1,713,000	\$2,180,914	\$ 467,914

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

(15) Subsequent Events

Management evaluated subsequent events through March 19, 2014, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2013, but prior to March 19, 2014 that provided additional evidence about conditions that did not exist at June 30, 2013, but arose before the financial statements were available to be issued, have not been recognized for the year ended June 30, 2013.

This information is an integral part of the accompanying financial statements.

OTHER INFORMATION

CITY OF TIPTON

**Budgetary Comparison Schedule of Receipts, Disbursements and
Changes in Balances - Budget to Actual (Cash Basis)-
All Governmental Funds and Proprietary Funds
Required Supplementary Information**

Year ended June 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Total
RECEIPTS:				
Property tax	\$ 1,294,643	\$ -	\$ -	\$ 1,294,643
Tax increment financing	175,490	-	-	175,490
Other city tax	251,653	-	-	251,653
Licenses and permits	14,487	888	-	15,375
Use of money and property	24,922	36,876	2,656	59,142
Intergovernmental	618,616	49,519	-	668,135
Charges for services	311,439	7,344,303	80,700	7,655,742
Special assessments	80,094	-	-	80,094
Miscellaneous	181,010	354,028	209,701	325,337
	<u>2,952,354</u>	<u>7,785,614</u>	<u>293,057</u>	<u>10,525,611</u>
Total receipts				
DISBURSEMENTS:				
Public safety	874,717	-	-	874,717
Public works	492,321	-	-	492,321
Culture and recreation	744,394	-	-	744,394
Community and economic development	230,328	-	-	230,328
General government	120,078	453,440	453,440	120,078
Debt service	988,004	1,520,263	-	2,508,267
Capital projects	2,174,628	1,303,191	-	3,477,819
Business type activities	-	6,204,511	-	6,204,511
	<u>5,624,470</u>	<u>9,481,405</u>	<u>453,440</u>	<u>14,652,435</u>
Total disbursements				
Excess (deficiency) of receipts over disbursements	(2,672,116)	(1,695,791)	(160,383)	(4,126,824)
OTHER FINANCING SOURCES (USES), NET	<u>1,178,011</u>	<u>(105,287)</u>	<u>374,240</u>	<u>698,484</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,494,105)	(1,801,078)	213,857	(3,428,340)
BALANCES BEGINNING OF YEAR	<u>2,519,179</u>	<u>7,631,379</u>	<u>403,795</u>	<u>9,746,763</u>
BALANCES END OF YEAR	<u>\$ 1,025,074</u>	<u>\$ 5,830,301</u>	<u>\$ 617,652</u>	<u>\$ 6,318,423</u>

Budgeted Amounts		Final to Total Variance
Original	Final	
\$ 1,273,805	\$ 1,273,805	\$ 20,838
174,087	174,087	1,403
216,530	236,530	15,123
16,700	16,700	(1,325)
509,734	796,120	(736,978)
823,479	852,992	(184,857)
8,419,295	8,424,370	(768,628)
42,700	43,700	36,394
<u>956,453</u>	<u>1,152,394</u>	<u>(827,057)</u>
<u>12,432,783</u>	<u>12,970,698</u>	<u>(2,445,087)</u>
995,101	968,534	93,817
576,000	579,270	86,949
746,919	784,376	39,982
196,601	348,031	117,703
135,590	218,949	98,871
1,011,406	1,013,261	(1,495,006)
1,713,000	2,557,023	(920,796)
<u>9,220,080</u>	<u>11,318,319</u>	<u>5,113,808</u>
<u>14,594,697</u>	<u>17,787,763</u>	<u>3,135,328</u>
(2,161,914)	(4,817,065)	690,241
<u>2,161,914</u>	<u>4,817,065</u>	<u>(4,118,581)</u>
-	-	(3,428,340)
<u>3,105,695</u>	<u>3,105,695</u>	<u>-</u>
<u>\$ 3,105,695</u>	<u>\$ 3,105,695</u>	<u>\$ (3,428,340)</u>

See accompanying independent auditor's report.

CITY OF TIPTON

Notes to Other Information - Budgetary Reporting

June 30, 2013

The budgetary comparison is presented as Other Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following a required public notice and hearing for all funds except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund. These eight functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted revenues by \$537,915, and budgeted disbursements by \$3,193,066. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements exceeded budgeted amounts in the debt service function.

SUPPLEMENTARY INFORMATION

CITY OF TIPTON

**Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances**

Combining Nonmajor Governmental Funds

As of and for the year ended June 30, 2013

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Cemetery Trust</u>	<u>Total Nonmajor Governmental Funds</u>
RECEIPTS:					
Property tax	\$ 265,994	\$ 143,544	\$ -	\$ -	\$ 409,538
Tax increment financing collections	175,490	-	-	-	175,490
Other city tax	251,653	-	-	-	251,653
Use of money and property	1,523	1,149	265	-	2,937
Charges for services	-	-	-	975	975
Special assessments	61,313	-	13,214	-	74,527
Miscellaneous	5,337	-	-	-	5,337
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	761,310	144,693	13,479	975	920,457
DISBURSEMENTS:					
Operating:					
Community and economic development	52,032	-	-	-	52,032
General government	3,258	-	-	-	3,258
Debt service	-	988,004	-	-	988,004
Capital projects	-	-	497,933	-	497,933
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	55,290	988,004	497,933	-	1,541,227
Excess (deficiency) of receipts over disbursements	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	706,020	(843,311)	(484,454)	975	(620,770)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	532,877	-	532,877
Debt discounts	-	-	(3,196)	-	(3,196)
Transfers in	-	844,454	6,569	-	851,023
Transfers out	(666,459)	-	-	-	(666,459)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net other financing sources (uses)	(666,459)	844,454	536,250	-	714,245

Schedule 1

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Cemetery Trust</u>	<u>Total Nonmajor Governmental Funds</u>
NET CHANGE IN CASH BALANCES	\$ 39,561	\$ 1,143	\$ 51,796	\$ 975	\$ 93,475
CASH BALANCES, BEGINNING OF YEAR	<u>(352,065)</u>	<u>17,728</u>	<u>167,709</u>	<u>103,229</u>	<u>(63,399)</u>
CASH BALANCES, END OF YEAR	<u>\$ (312,504)</u>	<u>\$ 18,871</u>	<u>\$ 219,505</u>	<u>\$ 104,204</u>	<u>\$ 30,076</u>
CASH BASIS FUND BALANCES:					
Nonspendable	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
Restricted for:					
Urban renewal	179,775	-	-	-	179,775
Debt service	-	18,871	-	-	18,871
Streets	32,596	-	-	-	32,596
Other purposes	82,454	-	1,695	4,204	88,353
Assigned for capital projects	-	-	217,810	-	217,810
Unassigned	<u>(607,329)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(607,329)</u>
Total cash basis fund balances	<u>\$ (312,504)</u>	<u>\$ 18,871</u>	<u>\$ 219,505</u>	<u>\$ 104,204</u>	<u>\$ 30,076</u>

CITY OF TIPTON

**Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances**

Nonmajor Governmental Funds - Special Revenue

As of and for the year ended June 30, 2013

	<u>Employee Benefits</u>	<u>Local Option Tax</u>	<u>TIF Capital Improvement</u>
RECEIPTS:			
Property tax	\$ 265,994	\$ -	\$ -
Tax Increment Financing	-	-	175,490
Other city tax	-	251,653	-
Use of money and property	84	361	1,003
Special assessments	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total receipts	266,078	252,014	176,493
	<hr/>	<hr/>	<hr/>
DISBURSEMENTS:			
Operating:			
Community and economic development	-	-	52,032
General government	-	-	3,258
Capital projects	-	-	-
	<hr/>	<hr/>	<hr/>
Total disbursements	-	-	55,290
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts over disbursements	266,078	252,014	121,203
	<hr/>	<hr/>	<hr/>
OTHER FINANCING USES			
Transfers out	(265,215)	(209,880)	(127,871)
	<hr/>	<hr/>	<hr/>
Total other financing uses	(265,215)	(209,880)	(127,871)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN CASH BALANCES	863	42,134	(6,668)
	<hr/>	<hr/>	<hr/>
CASH BALANCES, BEGINNING OF YEAR	21,109	88,250	121,251
	<hr/>	<hr/>	<hr/>
CASH BALANCES, END OF YEAR	\$ 21,972	\$ 130,384	\$ 114,583
	<hr/>	<hr/>	<hr/>
CASH BASIS FUND BALANCES:			
Restricted for:			
Streets	\$ -	\$ 32,596	\$ -
Urban renewal	-	65,192	114,583
Other purposes	21,972	32,596	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total cash basis fund balances	\$ 21,972	\$ 130,384	\$ 114,583
	<hr/>	<hr/>	<hr/>

Schedule 2

<u>Aquatic Campaign</u>	<u>Library Trust</u>	<u>PS Share Trust</u>	<u>Fire Trust</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 265,994
-	-	-	-	175,490
-	-	-	-	251,653
-	6	37	32	1,523
-	-	-	61,313	61,313
<u>800</u>	<u>825</u>	<u>3,712</u>	<u>-</u>	<u>5,337</u>
<u>800</u>	<u>831</u>	<u>3,749</u>	<u>61,345</u>	<u>761,310</u>
-	-	-	-	52,032
-	-	-	-	3,258
-	-	-	-	-
-	-	-	-	<u>55,290</u>
<u>800</u>	<u>831</u>	<u>3,749</u>	<u>61,345</u>	<u>706,020</u>
-	-	-	(63,493)	(666,459)
-	-	-	(63,493)	(666,459)
800	831	3,749	(2,148)	39,561
(608,129)	1,961	12,469	11,024	(352,065)
<u>\$ (607,329)</u>	<u>\$ 2,792</u>	<u>\$ 16,218</u>	<u>\$ 8,876</u>	<u>\$ (312,504)</u>
\$ -	\$ -	\$ -	\$ -	\$ 32,596
-	-	-	-	179,775
-	2,792	16,218	8,876	82,454
(607,329)	-	-	-	(607,329)
<u>\$ (607,329)</u>	<u>\$ 2,792</u>	<u>\$ 16,218</u>	<u>\$ 8,876</u>	<u>\$ (312,504)</u>

CITY OF TIPTON

**Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances**

Nonmajor Governmental Funds - Capital Projects

As of and for the year ended June 30, 2013

	<u>Capital Projects</u>			
	<u>GO Street Improvement</u>	<u>Skate Park Project</u>	<u>Street- scapes Project</u>	<u>Public Works Building</u>
RECEIPTS:				
Use of money and property	\$ 3	\$ 98	\$ 65	\$ -
Special assessments	-	-	13,214	-
Total receipts	<u>3</u>	<u>98</u>	<u>13,279</u>	<u>-</u>
DISBURSEMENTS:				
Capital projects	-	-	-	614
Excess (deficiency) of receipts over disbursements	<u>3</u>	<u>98</u>	<u>13,279</u>	<u>(614)</u>
OTHER FINANCING SOURCES				
Long-term debt issued	-	-	-	-
Debt discount	-	-	-	-
Transfers in	-	-	-	6,569
Net other financing sources	-	-	-	6,569
NET CHANGE IN CASH BALANCES	3	98	13,279	5,955
CASH BALANCES, BEGINNING OF YEAR	<u>1,692</u>	<u>37,558</u>	<u>18,491</u>	<u>(5,341)</u>
CASH BALANCES, END OF YEAR	<u>\$ 1,695</u>	<u>\$ 37,656</u>	<u>\$ 31,770</u>	<u>\$ 614</u>
CASH BASIS FUND BALANCES:				
Restricted for:				
Other purposes	\$ 1,695	\$ -	\$ -	\$ -
Assigned for capital projects	-	37,656	31,770	614
Unassigned	-	-	-	-
Total cash basis fund balances	<u>\$ 1,695</u>	<u>\$ 37,656</u>	<u>\$ 31,770</u>	<u>\$ 614</u>

Schedule 3

GO Street Improvement <u>2011</u>	Wetland Mitigation Project	Total Capital Project Funds
\$ 77	\$ 22	\$ 265
-	-	13,214
<u>77</u>	<u>22</u>	<u>13,479</u>
<u>402,087</u>	<u>95,232</u>	<u>497,933</u>
<u>(402,010)</u>	<u>(95,210)</u>	<u>(484,454)</u>
400,814	132,063	532,877
(2,405)	(791)	(3,196)
<u>-</u>	<u>-</u>	<u>6,569</u>
398,409	131,272	536,250
(3,601)	36,062	51,796
<u>115,309</u>	<u>-</u>	<u>167,709</u>
<u>\$ 111,708</u>	<u>\$ 36,062</u>	<u>\$ 219,505</u>
\$ -	\$ -	\$ 1,695
111,708	36,062	217,810
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 111,708</u>	<u>\$ 36,062</u>	<u>\$ 219,505</u>

CITY OF TIPTON

**Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances**

Combining Nonmajor Proprietary Funds

As of and for the year ended June 30, 2013

	<u>Electric</u>	<u>Water</u>	<u>Gas</u>	<u>Wastewater</u>	<u>Other</u>	<u>Total</u>
OPERATING RECEIPTS:						
Licenses and permits	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 100
Intergovernmental	-	-	-	-	15,504	15,504
Charges for service	-	523,877	-	466,086	473,996	1,463,959
Miscellaneous	27,309	6,435	5,900	460	32,630	72,734
Total operating receipts	27,309	530,412	5,900	466,546	522,130	1,552,297
OPERATING DISBURSEMENTS:						
Business type activities:						
Electric	14,589	-	-	-	-	14,589
Water	-	504,127	-	-	-	504,127
Gas	-	-	9,563	-	-	9,563
Wastewater	-	-	-	329,374	-	329,374
Communications	-	-	-	-	1,120	1,120
Airport	-	-	-	-	95,059	95,059
Garbage	-	-	-	-	403,031	403,031
Cemetery	-	-	-	-	44,709	44,709
Total operating disbursements	14,589	504,127	9,563	329,374	543,919	1,401,572
Excess (deficiency) of operating receipts over operating disbursements	12,720	26,285	(3,663)	137,172	(21,789)	150,725
NONOPERATING RECEIPTS (DISBURSEMENTS):						
Interest on investments	4,873	87	338	2,831	9,685	17,814
Debt service	(404,123)	-	-	(209,730)	-	(613,853)
Capital projects	-	-	-	-	-	-
Net nonoperating receipts (disbursements)	(399,250)	87	338	(206,899)	9,685	(596,039)
Excess (deficiency) of receipts over disbursements	(386,530)	26,372	(3,325)	(69,727)	(12,104)	(445,314)
OTHER FINANCING SOURCES (USES):						
Sale of capital assets	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	13,868	13,868
Debt discount	-	-	-	-	(83)	(83)
Debt premium	-	-	-	-	-	-
Interfund loan advance	-	(938)	-	(863)	(1,675)	(3,476)
Transfers in	404,123	25,000	-	454,958	16,899	900,980
Transfers out	-	(169,563)	-	(499,192)	(17,500)	(686,255)
Net other financing sources (uses)	404,123	(145,501)	-	(45,097)	11,509	225,034

Schedule 4

	<u>Electric</u>	<u>Water</u>	<u>Gas</u>	<u>Wastewater</u>	<u>Other</u>	<u>Total</u>
NET CHANGE IN CASH BALANCES	\$ 17,593	\$ (119,129)	\$ (3,325)	\$ (114,824)	\$ (595)	\$ (220,280)
CASH BALANCES, BEGINNING OF YEAR	<u>1,603,956</u>	<u>(134,366)</u>	<u>465,520</u>	<u>431,312</u>	<u>(115,848)</u>	<u>2,250,574</u>
CASH BALANCES, END OF YEAR	<u>\$ 1,621,549</u>	<u>\$ (253,495)</u>	<u>\$ 462,195</u>	<u>\$ 316,488</u>	<u>\$ (116,443)</u>	<u>\$ 2,030,294</u>
CASH BASIS FUND BALANCES						
Restricted:						
Debt service	\$ 212,921	\$ -	\$ -	\$ 146,447	\$ -	\$ 359,368
Other purposes	143,196	1,795	8,890	-	-	153,881
Unrestricted	<u>1,265,432</u>	<u>(255,290)</u>	<u>453,305</u>	<u>170,041</u>	<u>(116,443)</u>	<u>1,517,045</u>
Total cash basis fund balances	<u>\$ 1,621,549</u>	<u>\$ (253,495)</u>	<u>\$ 462,195</u>	<u>\$ 316,488</u>	<u>\$ (116,443)</u>	<u>\$ 2,030,294</u>

CITY OF TIPTON

**Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Enterprise Funds - Electric**

As of and for the year ended June 30, 2013

	<u>2006 Electric Substation</u>	<u>Additional Generation</u>	<u>Electric Development</u>
OPERATING RECEIPTS:			
Miscellaneous	\$ -	\$ -	\$ -
OPERATING DISBURSEMENTS:			
Business type activities:			
Electric	<u>500</u>	<u>-</u>	<u>-</u>
Excess of operating receipts over operating disbursements	<u>(500)</u>	<u>-</u>	<u>-</u>
NONOPERATING RECEIPTS (DISBURSEMENTS):			
Interest on investments	1,306	305	22
Debt service	<u>(211,338)</u>	<u>-</u>	<u>-</u>
Total nonoperating receipts (disbursements):	<u>(210,032)</u>	<u>305</u>	<u>22</u>
Excess (deficiency) of receipts over disbursements	<u>(210,532)</u>	<u>305</u>	<u>22</u>
OTHER FINANCING SOURCES			
Long-term debt issued	-	-	-
Debt discount	-	-	-
Transfers in	211,338	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>211,338</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH BALANCES	806	305	22
CASH BALANCES, BEGINNING OF YEAR	<u>479,446</u>	<u>128,191</u>	<u>8,510</u>
CASH BALANCES, END OF YEAR	<u><u>\$ 480,252</u></u>	<u><u>\$ 128,496</u></u>	<u><u>\$ 8,532</u></u>
CASH BASIS FUND BALANCES:			
Restricted for:			
Debt service	\$ -	\$ -	\$ -
Other purposes	-	128,496	-
Unrestricted	<u>480,252</u>	<u>-</u>	<u>8,532</u>
Total cash basis fund balances	<u><u>\$ 480,252</u></u>	<u><u>\$ 128,496</u></u>	<u><u>\$ 8,532</u></u>

Schedule 5

<u>Electric Revenue Bonds</u>	<u>Electric Renewal/ Replacement</u>	<u>Electric Reserve</u>	<u>Electric Meter Deposits</u>	<u>Totals</u>
\$ -	\$ 14,264	\$ -	\$ 13,045	\$ 27,309
<u>500</u>	<u>-</u>	<u>-</u>	<u>13,589</u>	<u>14,589</u>
<u>(500)</u>	<u>14,264</u>	<u>-</u>	<u>(544)</u>	<u>12,720</u>
871	939	1,366	64	4,873
<u>(192,785)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(404,123)</u>
<u>(191,914)</u>	<u>939</u>	<u>1,366</u>	<u>64</u>	<u>(399,250)</u>
<u>(192,414)</u>	<u>15,203</u>	<u>1,366</u>	<u>(480)</u>	<u>(386,530)</u>
-	-	-	-	-
-	-	-	-	-
192,785	-	-	-	404,123
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>192,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>404,123</u>
371	15,203	1,366	(480)	17,593
<u>212,550</u>	<u>356,633</u>	<u>403,446</u>	<u>15,180</u>	<u>1,603,956</u>
<u>\$ 212,921</u>	<u>\$ 371,836</u>	<u>\$ 404,812</u>	<u>\$ 14,700</u>	<u>\$ 1,621,549</u>
\$ 212,921	\$ -	\$ -	\$ -	\$ 212,921
-	-	-	14,700	143,196
<u>-</u>	<u>371,836</u>	<u>404,812</u>	<u>-</u>	<u>1,265,432</u>
<u>\$ 212,921</u>	<u>\$ 371,836</u>	<u>\$ 404,812</u>	<u>\$ 14,700</u>	<u>\$ 1,621,549</u>

CITY OF TIPTON

**Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Enterprise Funds - Water**

As of and for the year ended June 30, 2013

	<u>Water Operating</u>	<u>Water Meter Deposits</u>	<u>Water Tower Project</u>	<u>Totals</u>
OPERATING RECEIPTS:				
Licenses and permits	\$ 100	\$ -	\$ -	\$ 100
Charges for service	523,877	-	-	523,877
Miscellaneous	2,730	3,705	-	6,435
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating receipts	526,707	3,705	-	530,412
OPERATING DISBURSEMENTS:				
Business type activities:				
Water	499,026	5,101	-	504,127
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of operating receipts over operating disbursements	27,681	(1,396)	-	26,285
	<hr/>	<hr/>	<hr/>	<hr/>
NONOPERATING RECEIPTS (DISBURSEMENTS):				
Interest on investments	79	8	-	87
Debt service	-	-	-	-
Capital projects	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net nonoperating receipts (disbursements)	79	8	-	87
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts over disbursements	27,760	(1,388)	-	26,372
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Debt discount	-	-	-	-
Debt premium	-	-	-	-
Interfund loan advances	(938)	-	-	(938)
Transfers in	25,000	-	-	25,000
Transfers out	(137,894)	-	(31,669)	(169,563)
	<hr/>	<hr/>	<hr/>	<hr/>
Net other financing sources (uses)	(113,832)	-	(31,669)	(145,501)
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN CASH BALANCES	(86,072)	(1,388)	(31,669)	(119,129)
	<hr/>	<hr/>	<hr/>	<hr/>
CASH BALANCES, BEGINNING OF YEAR	(169,218)	3,183	31,669	(134,366)
	<hr/>	<hr/>	<hr/>	<hr/>
CASH BALANCES, END OF YEAR	<u>\$ (255,290)</u>	<u>\$ 1,795</u>	<u>\$ -</u>	<u>\$ (253,495)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
CASH BASIS FUND BALANCES:				
Restricted:				
Debt service	\$ -	\$ -	\$ -	\$ -
Other purposes	-	1,795	-	1,795
Unrestricted	(255,290)	-	-	(255,290)
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash basis fund balances	<u>\$ (255,290)</u>	<u>\$ 1,795</u>	<u>\$ -</u>	<u>\$ (253,495)</u>

CITY OF TIPTON

**Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Enterprise Funds - Gas**

As of and for the year ended June 30, 2013

	<u>Gas D.E.I.</u>	<u>Gas Meter Deposits</u>	<u>Gas Surplus</u>	<u>Totals</u>
OPERATING RECEIPTS:				
Miscellaneous	\$ -	\$ 5,900	\$ -	\$ 5,900
OPERATING DISBURSEMENTS:				
Business type activities:				
Gas	<u>-</u>	<u>9,563</u>	<u>-</u>	<u>9,563</u>
Excess of operating receipts over operating disbursements	-	(3,663)	-	(3,663)
NONOPERATING RECEIPTS:				
Interest on investments	<u>69</u>	<u>29</u>	<u>240</u>	<u>338</u>
Excess of receipts over disbursements	69	(3,634)	240	(3,325)
CASH BALANCES, BEGINNING OF YEAR	<u>15,482</u>	<u>12,524</u>	<u>437,514</u>	<u>465,520</u>
CASH BALANCES, END OF YEAR	<u>\$ 15,551</u>	<u>\$ 8,890</u>	<u>\$ 437,754</u>	<u>\$ 462,195</u>
CASH BASIS FUND BALANCES:				
Restricted for:				
Other purposes	\$ -	\$ 8,890	\$ -	\$ 8,890
Unrestricted	<u>15,551</u>	<u>-</u>	<u>437,754</u>	<u>453,305</u>
Total cash basis fund balances	<u>\$ 15,551</u>	<u>\$ 8,890</u>	<u>\$ 437,754</u>	<u>\$ 462,195</u>

CITY OF TIPTON

**Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Enterprise Funds - Wastewater**

As of and for the year ended June 30, 2013

	Wastewater Debt Service	Waste Water Treatment	Totals
OPERATING RECEIPTS:			
Charges for services	\$ -	\$ 466,086	\$ 466,086
Miscellaneous	<u>-</u>	<u>460</u>	<u>460</u>
Total operating receipts	-	466,546	466,546
OPERATING DISBURSEMENTS:			
Business type activities:			
Wastewater	<u>5,227</u>	<u>324,147</u>	<u>329,374</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(5,227)</u>	<u>142,399</u>	<u>137,172</u>
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Interest on investments	1,030	1,801	2,831
Debt service	<u>(209,730)</u>	<u>-</u>	<u>(209,730)</u>
Net nonoperating receipts (disbursements)	<u>(208,700)</u>	<u>1,801</u>	<u>(206,899)</u>
Excess (deficiency) of receipts over disbursements	<u>(213,927)</u>	<u>144,200</u>	<u>(69,727)</u>
OTHER FINANCING SOURCES (USES):			
Sale of capital assets	-	-	-
Interfund loan advances	-	(863)	(863)
Transfers in	214,958	240,000	454,958
Transfers out	<u>(240,000)</u>	<u>(259,192)</u>	<u>(499,192)</u>
Net other financing sources (uses)	<u>(25,042)</u>	<u>(20,055)</u>	<u>(45,097)</u>
NET CHANGE IN CASH BALANCES	(238,969)	124,145	(114,824)
CASH BALANCES, BEGINNING OF YEAR	<u>385,416</u>	<u>45,896</u>	<u>431,312</u>
CASH BALANCES, END OF YEAR	<u>\$ 146,447</u>	<u>\$ 170,041</u>	<u>\$ 316,488</u>
CASH BASIS FUND BALANCES:			
Restricted for:			
Debt service	\$ 146,447	\$ -	\$ 146,447
Unrestricted	<u>-</u>	<u>170,041</u>	<u>170,041</u>
Total cash basis fund balances	<u>\$ 146,447</u>	<u>\$ 170,041</u>	<u>\$ 316,488</u>

CITY OF TIPTON

**Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Enterprise Funds - Other**

As of and for the year ended June 30, 2013

	Communications		
	<u>Local</u>	<u>Airport</u>	<u>Garbage</u>
	<u>Access</u>	<u>Operating</u>	<u>Collection</u>
OPERATING RECEIPTS:			
Intergovernmental	\$ -	\$ 13,989	\$ -
Charges for services	25,378	15,200	425,973
Miscellaneous	-	28,222	455
	<u>25,378</u>	<u>57,411</u>	<u>426,428</u>
Total operating receipts			
	<u>25,378</u>	<u>57,411</u>	<u>426,428</u>
OPERATING DISBURSEMENTS:			
Business type activities:			
Communications	1,120	-	-
Airport	-	95,059	-
Garbage	-	-	403,031
Cemetery	-	-	-
	<u>1,120</u>	<u>95,059</u>	<u>403,031</u>
Total operating disbursements			
	<u>1,120</u>	<u>95,059</u>	<u>403,031</u>
Excess (deficiency) of operating receipts over operating disbursements	24,258	(37,648)	23,397
NONOPERATING RECEIPTS:			
Interest on investments	<u>86</u>	<u>8,500</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>24,344</u>	<u>(29,148)</u>	<u>23,397</u>
OTHER FINANCING SOURCES (USES):			
Long term debt proceeds	-	13,868	-
Debt discounts	-	(83)	-
Interfund loan advances	-	-	-
Transfers in	-	4,650	-
Transfers out	<u>(17,500)</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>(17,500)</u>	<u>18,435</u>	<u>-</u>
NET CHANGE IN CASH BALANCES	6,844	(10,713)	23,397
CASH BALANCES, BEGINNING OF YEAR	<u>25,823</u>	<u>(57,991)</u>	<u>(50,964)</u>
CASH BALANCES, END OF YEAR	<u>\$ 32,667</u>	<u>\$ (68,704)</u>	<u>\$ (27,567)</u>
CASH BASIS FUND BALANCES:			
Unrestricted	<u>\$ 32,667</u>	<u>\$ (68,704)</u>	<u>\$ (27,567)</u>

Schedule 9

<u>Cemetery</u> <u>Enterprise</u>	<u>Totals</u>
\$ 1,515	\$ 15,504
7,445	473,996
<u>3,953</u>	<u>32,630</u>
 12,913	 522,130
 -	 1,120
-	95,059
-	403,031
<u>44,709</u>	<u>44,709</u>
 44,709	 543,919
 (31,796)	 (21,789)
 <u>1,099</u>	 <u>9,685</u>
 <u>(30,697)</u>	 <u>(12,104)</u>
 -	 13,868
-	(83)
(1,675)	(1,675)
12,249	16,899
<u>-</u>	<u>(17,500)</u>
 10,574	 11,509
 (20,123)	 (595)
 <u>(32,716)</u>	 <u>(115,848)</u>
 <u>\$ (52,839)</u>	 <u>\$ (116,443)</u>
 <u>\$ (52,839)</u>	 <u>\$ (116,443)</u>

CITY OF TIPTON

**Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Internal Service Funds**

As of and for the year ended June 30, 2013

	<u>Central Garage</u>	<u>PSF Health Insurance</u>	<u>City Reserve</u>
OPERATING RECEIPTS:			
Use of money and property	\$ 271,975	\$ -	\$ -
Charges for services	-	80,700	-
Miscellaneous	<u>50,656</u>	<u>-</u>	<u>-</u>
Total operating receipts	<u>322,631</u>	<u>80,700</u>	<u>-</u>
OPERATING DISBURSEMENTS:			
Capital projects	471,421	-	-
Business type activities	<u>218,277</u>	<u>57,208</u>	<u>-</u>
Total operating disbursements	<u>689,698</u>	<u>57,208</u>	<u>-</u>
Excess (deficiency) of operating receipts over operating disbursements	(367,067)	23,492	-
NONOPERATING RECEIPTS:			
Interest on investments	<u>444</u>	<u>59</u>	<u>2,153</u>
Excess of receipts over disbursements	<u>(366,623)</u>	<u>23,551</u>	<u>2,153</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	1,111	-	-
Long-term debt issued	528,255	-	-
Debt discount	(3,170)	-	-
Transfers in	2,791	-	-
Transfers out	(31,575)	-	-
Interfund loan	-	-	8,690
Interfund loan advance	<u>-</u>	<u>-</u>	<u>(163,862)</u>
Net other financing sources (uses)	<u>497,412</u>	<u>-</u>	<u>(155,172)</u>
NET CHANGE IN CASH BALANCES	130,789	23,551	(153,019)
CASH BALANCES, BEGINNING OF YEAR	<u>114,573</u>	<u>35,950</u>	<u>262,078</u>
CASH BALANCES, END OF YEAR	<u>\$ 245,362</u>	<u>\$ 59,501</u>	<u>\$ 109,059</u>
CASH BASIS FUND BALANCES:			
Unrestricted	<u>\$ 245,362</u>	<u>\$ 59,501</u>	<u>\$ 109,059</u>

Schedule 10

<u>Administrative Services</u>	<u>Payroll Account</u>	<u>Totals</u>
\$ -	\$ -	\$ 271,975
-	-	80,700
<u>158,865</u>	<u>180</u>	<u>209,701</u>
<u>158,865</u>	<u>180</u>	<u>562,376</u>
-	-	471,421
<u>177,955</u>	<u>-</u>	<u>453,440</u>
<u>177,955</u>	<u>-</u>	<u>924,861</u>
(19,090)	180	(362,485)
<u>-</u>	<u>-</u>	<u>2,656</u>
<u>(19,090)</u>	<u>180</u>	<u>(359,829)</u>
-	-	1,111
-	-	528,255
-	-	(3,170)
-	-	2,791
-	-	(31,575)
32,937	-	41,627
<u>(937)</u>	<u>-</u>	<u>(164,799)</u>
<u>32,000</u>	<u>-</u>	<u>374,240</u>
12,910	180	14,411
<u>(9,890)</u>	<u>1,084</u>	<u>403,795</u>
<u>\$ 3,020</u>	<u>\$ 1,264</u>	<u>\$ 418,206</u>
<u>\$ 3,020</u>	<u>\$ 1,264</u>	<u>\$ 418,206</u>

CITY OF TIPTON

Schedule of Indebtedness

Year Ended June 30, 2012

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>
General obligation notes:				
Street improvement 2008	November 12, 2008	2.75-4.15%	\$ 650,000	\$ 295,000
Fire truck acquisition note	July 15, 2010	3.25%	319,295	261,295
Corporate purpose 2011A	August 3, 2011	2.00-3.20%	2,615,000	2,250,000
Corporate purpose 2011B	November 15, 2011	.50-2.85%	1,175,000	1,175,000
Corporate purpose 2011C	November 15, 2011	2.00-3.20%	1,985,000	1,985,000
Corporate purpose 2013	March 19, 2013	.45-1.8%	1,075,000	-
Refunding Bond 2012A	May 22, 2012	.80-2.35%	<u>755,000</u>	<u>755,000</u>
Total general obligation notes			<u>8,574,295</u>	<u>6,721,295</u>
Revenue notes:				
Electric revenue 2011	December 1, 2011	.70-2.60%	1,795,000	1,795,000
Electric revenue 2012	March 28, 2012	.50-3.50%	2,720,000	2,720,000
Water revenue	July 1, 2002	4.25-5.40%	1,305,000	855,000
Sewer revenue	June 30, 2003	3.00%	<u>3,200,000</u>	<u>2,091,000</u>
Total revenue notes			<u>9,020,000</u>	<u>7,461,000</u>
Total indebtedness			<u>\$ 17,594,295</u>	<u>\$ 14,182,295</u>

Schedule 11

<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ -	\$ 95,000	\$ 200,000	\$ 11,713	\$ -
-	29,976	231,319	8,517	-
-	365,000	1,885,000	53,840	-
-	120,000	1,055,000	19,125	-
-	235,000	1,750,000	47,835	-
1,075,000	-	1,075,000	-	-
-	20,000	735,000	9,256	-
<u>1,075,000</u>	<u>864,976</u>	<u>6,931,319</u>	<u>150,285</u>	<u>-</u>
-	160,000	1,635,000	32,785	-
-	140,000	2,580,000	71,337	-
-	855,000	-	22,154	-
-	147,000	1,944,000	31,365	-
-	1,302,000	6,159,000	157,641	-
<u>\$ 1,075,000</u>	<u>\$ 2,166,976</u>	<u>\$ 13,090,319</u>	<u>\$ 307,927</u>	<u>\$ -</u>

CITY OF TIPTON
Bond and Note Maturities
June 30, 2013

Year Ending June 30,	General Obligation Debt					
	<u>2008 Street Improvement</u>		<u>Fire Truck Acquisition Note</u>		<u>Corporate Purpose 2011A</u>	
	Issued November 12, 2008		Issued June 1, 2010 (Reissued July 15, 2010)		Issued August 3, 2011	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2014	4.00%	\$ 100,000	3.25%	\$ 30,000	2.00%	\$ 195,000
2015	4.15%	100,000	3.25%	31,000	2.00%	170,000
2016	-	-	3.25%	32,000	2.00%	170,000
2017	-	-	3.25%	33,000	2.00%	175,000
2018	-	-	3.25%	34,000	2.00%	180,000
2019	-	-	3.25%	35,000	2.00%	185,000
2020	-	-	3.25%	36,319	2.00%	190,000
2021	-	-	-	-	2.00%	200,000
2022	-	-	-	-	2.00%	205,000
2023	-	-	-	-	2.00%	215,000
2024	-	-	-	-	-	-
		<u>\$ 200,000</u>		<u>\$ 231,319</u>		<u>\$ 1,885,000</u>

Year Ending June 30,	Revenue Debt						
	<u>Sewer Revenue Note</u>		<u>Electric Revenue, Series 2011</u>		<u>Electric Revenue, Series 2012</u>		<u>Total</u>
	Issued June 30, 2003		Issued December 1, 2011		Issued March 28, 2012		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2014	3.00%	\$ 152,000	0.90%	\$ 165,000	0.75%	\$ 160,000	
2015	3.00%	156,000	1.20%	170,000	1.00%	160,000	486,000
2016	3.00%	161,000	1.50%	170,000	1.25%	165,000	496,000
2017	3.00%	166,000	1.75%	175,000	1.50%	165,000	506,000
2018	3.00%	171,000	2.00%	180,000	1.75%	170,000	521,000
2019	3.00%	176,000	2.25%	185,000	2.00%	175,000	536,000
2020	3.00%	181,000	2.40%	190,000	2.20%	180,000	551,000
2021	3.00%	187,000	2.50%	195,000	2.40%	185,000	567,000
2022	3.00%	192,000	2.60%	205,000	2.60%	190,000	587,000
2023	3.00%	198,000	-	-	2.80%	195,000	393,000
2024	3.00%	204,000	-	-	3.00%	200,000	404,000
2025	-	-	-	-	3.20%	205,000	205,000
2026	-	-	-	-	3.40%	210,000	210,000
2027	-	-	-	-	3.50%	220,000	220,000
		<u>\$ 1,944,000</u>		<u>\$ 1,635,000</u>		<u>\$ 2,580,000</u>	<u>\$ 6,159,000</u>

<u>Corporate Purpose 2011B</u>		<u>Corporate Purpose 2011C</u>		<u>Refunding Bonds Series 2012</u>		<u>Corporate Purpose Bonds 2013</u>		
<u>Issued November 15, 2011</u>		<u>Issued November 15, 2011</u>		<u>Issued May 22, 2012</u>		<u>Issued March 19, 2013</u>		
<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Total</u>
0.75%	\$ 125,000	2.00%	\$ 240,000	2.00%	\$ 25,000	2.00%	\$ 75,000	\$ 790,000
1.00%	130,000	2.25%	240,000	2.25%	25,000	2.25%	75,000	771,000
1.25%	130,000	2.25%	225,000	2.25%	135,000	2.25%	180,000	872,000
1.50%	135,000	2.25%	230,000	2.25%	135,000	2.25%	180,000	888,000
1.80%	100,000	2.35%	245,000	2.35%	140,000	2.35%	110,000	809,000
2.10%	100,000	2.80%	245,000	2.80%	140,000	2.80%	85,000	790,000
2.30%	90,000	3.00%	105,000	3.00%	135,000	3.00%	90,000	646,319
2.50%	90,000	3.10%	110,000	3.10%	-	3.10%	90,000	490,000
2.85%	95,000	3.20%	110,000	3.20%	-	3.20%	95,000	505,000
2.85%	30,000		-		-		95,000	340,000
2.85%	30,000		-		-		-	30,000
	<u>\$ 1,055,000</u>		<u>\$ 1,750,000</u>		<u>\$ 735,000</u>		<u>\$ 1,075,000</u>	<u>\$ 6,931,319</u>

CITY OF TIPTON

Schedule of Receipts by Source and Disbursements by Function -
All Governmental Funds

For the Last Nine Years

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
RECEIPTS:									
Property tax	\$ 1,294,643	\$ 1,069,242	\$ 1,021,653	\$ 946,333	\$ 891,603	\$ 850,516	\$ 803,190	\$ 743,605	\$ 743,605
Tax increment financing collections	175,490	167,830	185,147	195,347	217,895	205,164	190,052	190,192	190,192
Other city tax	251,653	230,604	192,230	213,927	254,739	161,840	122,778	179,993	179,993
Licenses and permits	14,487	6,425	5,872	2,752	2,382	3,018	3,284	4,895	4,895
Use of money and property	24,922	25,080	27,311	33,043	55,653	106,135	95,100	70,247	70,247
Intergovernmental	618,616	661,290	1,031,392	356,288	623,166	543,011	485,671	752,268	752,268
Charges for service	311,439	300,125	298,786	321,711	271,547	276,239	247,844	208,929	208,929
Special assessments	80,094	85,111	82,429	118,011	72,766	61,562	14,012	26,228	26,228
Miscellaneous	181,010	274,125	238,415	393,094	386,325	669,881	339,310	2,632,575	2,632,575
Total	<u>\$ 2,952,354</u>	<u>\$ 2,819,832</u>	<u>\$ 3,083,235</u>	<u>\$ 3,083,235</u>	<u>\$ 2,776,076</u>	<u>\$ 2,877,366</u>	<u>\$ 2,301,241</u>	<u>\$ 4,808,932</u>	<u>\$ 4,808,932</u>
DISBURSEMENTS:									
Operating:									
Public safety	\$ 874,717	\$ 819,197	\$ 1,099,997	\$ 638,724	\$ 638,724	\$ 723,533	\$ 782,320	\$ 586,004	\$ 586,004
Public works	492,321	541,160	480,392	415,650	415,650	462,406	324,841	434,109	434,109
Culture and recreation	744,394	731,608	711,495	724,830	724,830	587,047	587,171	373,104	373,104
Community and economic development	230,328	205,899	226,975	206,325	206,325	73,788	-	51,291	51,291
General government	120,078	115,031	131,953	253,301	253,301	255,852	311,842	320,203	320,203
Debt service	988,004	865,585	1,224,387	600,297	600,297	592,008	416,710	266,375	266,375
Capital projects	<u>2,174,628</u>	<u>225,626</u>	<u>2,119,457</u>	<u>982,900</u>	<u>982,900</u>	<u>895,413</u>	<u>1,135,574</u>	<u>5,597,107</u>	<u>5,597,107</u>
Total	<u>\$ 5,624,470</u>	<u>\$ 3,504,106</u>	<u>\$ 5,994,656</u>	<u>\$ 3,822,027</u>	<u>\$ 3,822,027</u>	<u>\$ 3,590,047</u>	<u>\$ 3,558,458</u>	<u>\$ 7,628,193</u>	<u>\$ 7,628,193</u>

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

To the Honorable Mayor and
Members of the City Council
Tipton, Iowa

We have audited in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, 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 Tipton, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents, and have issued our report thereon dated March 19, 2014. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than generally accepted accounting principles in the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Tipton's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Tipton's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questions, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Tipton's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying schedule of findings and responses as items II-A-2013 and II-B-2013 to be material weaknesses in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tipton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part III of the accompanying schedule of findings and responses.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the findings were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Tipton's Responses to Findings

City of Tipton's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. City of Tipton's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the result of that testing and not provide an opinion on effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
March 19, 2014

CITY OF TIPTON

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

PART I - SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

- (a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

INTERNAL CONTROL DEFICIENCIES

II-A-2013: Audit Adjustments

Criteria: The City should have adequate procedures to provide for the accuracy and reliability of the accounting records.

Condition: During the course of the audit, misstatements that had a more than material effect on the City's financial statements were identified. Adjusting journal entries were made to correct these misstatements.

Context: Although adjustments during the course of an audit are not uncommon, the independent auditor cannot be considered part of the City's internal control system.

Effect: As a result of this condition, there is a higher risk that misstatements that are more than material to the financial statements could occur and not be detected.

Cause: The City has relied on the independent auditor to some degree to provide assurance that the financial statements are not materially misstated.

Recommendation: We recommend that the City establish internal procedures to adjust all account balances prior to the audit.

Management Response: Management will review financial statements and correct necessary accounts prior to the audit.

Conclusion:
Response accepted.

CITY OF TIPTON

Schedule of Findings and Responses

Year ended June 30, 2013

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)

INTERNAL CONTROL DEFICIENCIES (CONTINUED)

II-B-2013 RELIANCE ON INDEPENDENT AUDITORS

Criteria: The City cannot rely on independent auditors as a part of its internal control system, including, but not limited to, assistance with journal entries and preparing the financial statements.

Condition: The City has not implemented procedures, to the degree necessary, to perform a review and assume responsibility for the City's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors that are significant would be identified and corrected.

Context: While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The independent auditor cannot be considered part of the City's internal control system. The City has implemented procedures to review year end balances, financial statements and disclosures but has not utilized review aids, such as a disclosure checklist, and may not have monitored recent accounting developments to the extent necessary to provide a high level of assurance that the financial statement omissions or other errors would be identified and corrected prior to issuance.

Effect: As a result of these conditions, there is more than a remote risk that misstatements that are more than material to the financial statements could occur and not be detected.

Cause: The City has relied on the independent auditor to some degree to provide assurance the financial statements, including adjusted balances and disclosures, are not materially misstated.

Recommendation: We recommend sufficient financial statement and disclosure review procedures be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the City's activities and operations.

Management Response: The City does not have the resources to employ staff possessing the detailed understanding of applicable accounting principles to the extent required to utilize such a disclosure checklist. As a result, the City of Tipton has relied on the independent auditor to identify disclosures required in the financial statements.

Conclusion: Response accepted.

CITY OF TIPTON

Schedule of Findings and Responses

Year ended June 30, 2013

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (CONTINUED):

III-H-2013 Revenue Bonds and Notes (continued)

Recommendation – The City should review wastewater treatment rates and consult bond counsel to determine the disposition of the matter.

Response – The City has increased the wastewater treatment rates.

Conclusion – Response accepted.

III-I-2013 Financial Condition - The following funds had deficit balances at June 30, 2013:

Special Revenue:

Aquatic Campaign \$ (607,329)

Enterprise:

Garbage Collection (27,567)

Cemetery Enterprise (52,839)

Water Operating (255,290)

Airport Operating (68,704)

69 KV Substation Project (113,794)

Recommendation - The City should generate and implement a good strategic plan in order to finance these deficit balances in fiscal year 2014.

Response – The City has increased water and sewer rates during 2013-2014 fiscal year, with discussions of increasing the garbage rates. There have been discussions on a plan for the Aquatic Campaign if the City does not receive all pledges. The City has discussed different options for the Cemetery as it is hard to budget each year, the City is considering an increase in the rates. The City is evaluating the Airport's cost structure to improve profitability. The City plans to transfer money from the Additional Generation Fund or Electric Operating to cover the remaining costs of the Substation Project.

Conclusion - Response accepted.