

CITY OF TIPTON, IOWA

**INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014**

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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 2017
Dawn Siech	3 rd Ward Council Person	December 2015
Pamela Spear	At Large Council Person	December 2015
David Fry	At Large Council Person	December 2017
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
Floyd Taber	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
Members 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, 2014, 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 determining the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. 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, 2014, 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.C, 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 of Tipton, Iowa's basic financial statements. The supplementary information included in Schedules 1 through 13, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, 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 as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Tipton, Iowa's financial statements for the nine years ended June 30, 2013, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Those audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tipton, Iowa's basic financial statements as a whole. The supplementary information included in Schedule 13 for the nine years ending June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 for those nine years ending June 30, 2013. 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 nine years ending June 30, 2013 presented in Schedule 13 is fairly stated, in all material respects, in relation to the basic financial statements from which they have been derived.

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.

Other Reporting Required by Government Auditing Standards

In accordance with the *Government Auditing Standards*, we have also issued our report dated January 23, 2015 on our consideration of the City of Tipton, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tipton, Iowa's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
January 23, 2015

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, 2014. Readers are encouraged to consider this information in conjunction with the City's financial statements which follow.

2014 FINANCIAL HIGHLIGHTS

- The City's total cash basis net position increased by 5.81% at the close of fiscal year 2014, or \$386,928. Governmental activities cash basis net position increased by \$192,407.
- City governmental activities revenues increased by \$862,392, or 18%, when compared to fiscal year 2013. The significant change was due to an issuance of debt in the prior year.
- General government activities expenditures decreased by \$2,534,493, or 40.5%, during this same period. That decrease was due to a large number of capital projects in the prior year.
- Business type activities (the City's enterprise funds) revenues increased by \$901,328, or 12.1%, and direct operating expenses decreased by \$1,603,543 or 17.8% 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 2013. 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

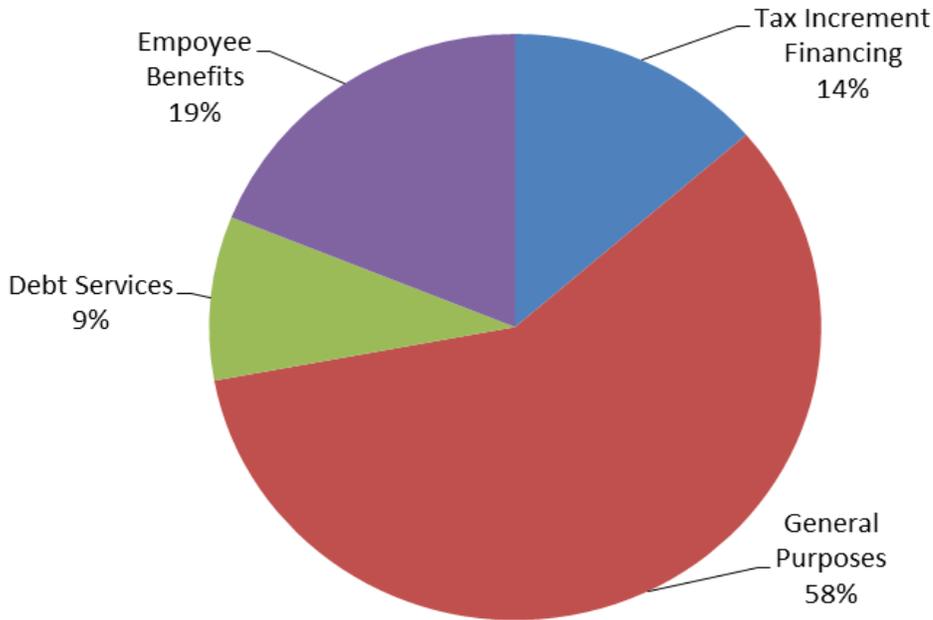
Net assets may serve, over time, as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago from \$1,443,280 to \$1,635,687. The analysis that follows focuses on the changes in cash basis net position of governmental activities:

STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS

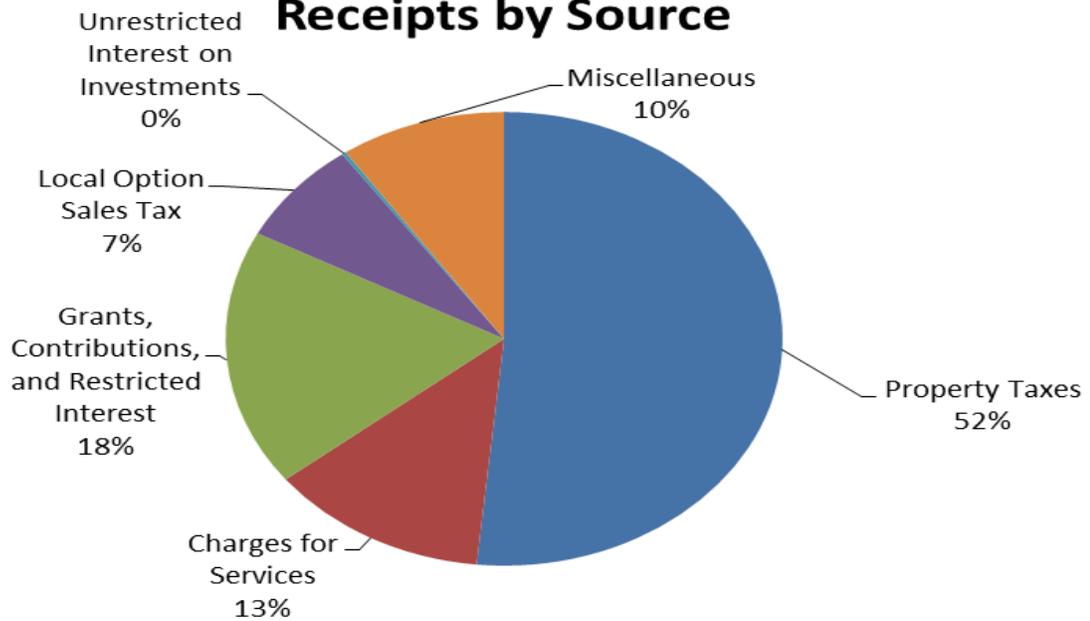
GOVERNMENTAL ACTIVITIES

	June 30, <u>2014</u>	June 30, <u>2013</u>
Receipts and transfers:		
Program receipts:		
Charges for services	\$ 382,293	\$ 325,926
Operating grants, contributions, and restricted interest	440,971	505,086
Capital grants, contributions, and restricted interest	107,743	271,132
General receipts:		
Property tax	1,543,450	1,470,133
Local option sales tax	222,462	251,653
Rent	15,284	271,975
Unrestricted investment earnings	7,143	12,304
Miscellaneous	288,243	118,776
Debt proceeds	25,502	1,054,766
Sale of assets	73,000	4,173
Interfund loans	87,152	(124,710)
Transfers, net	<u>723,601</u>	<u>618,022</u>
Total receipts and transfers	<u>3,916,844</u>	<u>4,779,236</u>
Disbursements:		
General government:		
Public safety	1,097,592	874,717
Public works	540,118	492,321
Culture and recreation	753,848	744,394
Community and economic development	221,460	230,328
General government	147,875	283,117
Debt service	928,199	988,004
Capital projects	<u>35,345</u>	<u>2,646,049</u>
Total general government disbursements	<u>3,724,437</u>	<u>6,258,930</u>
Change in Cash Basis Net Position	192,407	(1,479,694)
Cash Basis Net Position, Beginning of Year	<u>1,443,280</u>	<u>2,922,974</u>
Cash Basis Net Position, End of Year	<u>\$ 1,635,687</u>	<u>\$ 1,443,280</u>

Property Tax Levies



Receipts by Source

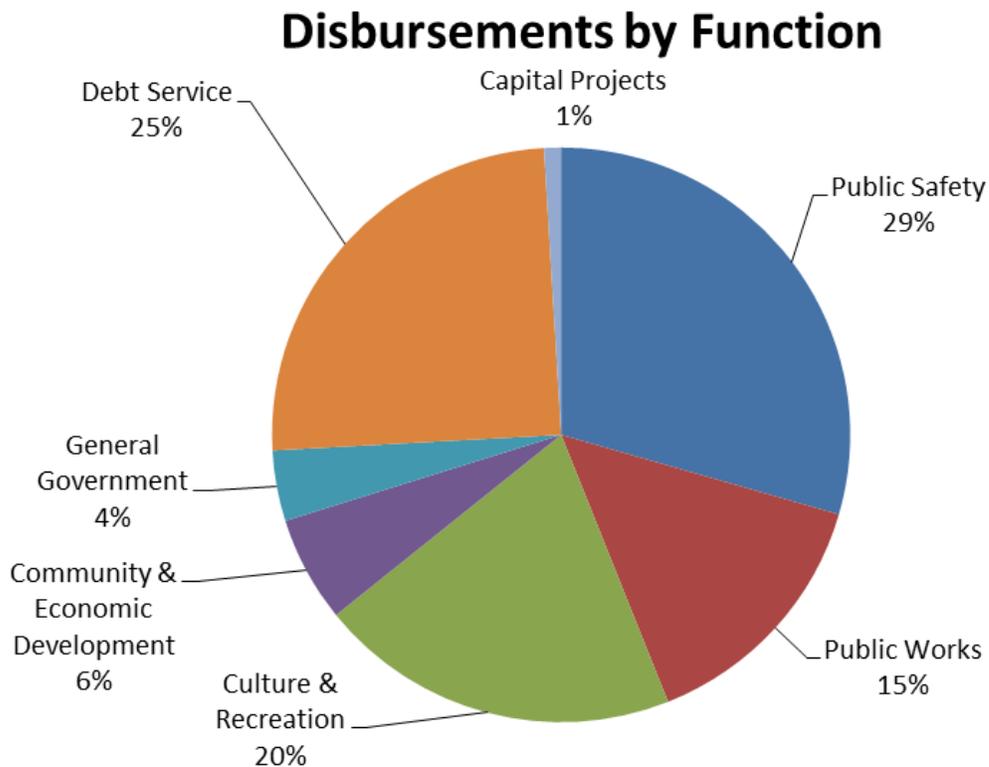


The City's total receipts for governmental activities decreased by \$862,392 from the previous year. The total cost of all governmental programs decreased by \$2,534,493 with no new

programs added during the year. There was a decrease in capital project expenditures and a decrease in debt proceeds.

The City increased the property tax rates for 2014 by 0.76%. 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 \$3,724,437, compared to \$6,258,930 last year. The amount financed by taxpayers was \$1,333,234. The remainder was financed by charges for services for those directly benefiting from the programs of \$382,293 or by other governments or organizations that subsidized certain programs with grants, contributions, and restricted interest of \$823,264.



STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS

BUSINESS TYPE ACTIVITIES

	June 30, <u>2014</u>	June 30, <u>2013</u>
Receipts:		
Program receipts:		
Charges for services	\$ 8,138,394	\$ 7,264,491
Operating grants, contributions, and restricted interest	66,825	49,519
General receipts:		
Rent	11,800	-
Unrestricted investment earnings	28,709	34,220
Miscellaneous	125,468	144,327
Debt proceeds	-	13,785
Sale of assets	58,500	-
Total receipts	<u>8,429,696</u>	<u>7,506,342</u>
Disbursements:		
Electric	3,932,662	5,209,054
Water	458,500	1,418,887
Gas	1,852,099	1,317,001
Wastewater	510,952	539,104
Communications	40	1,120
Airport	117,871	95,059
Garbage	509,766	403,031
Cemetery	42,532	44,709
Total disbursements	<u>7,424,422</u>	<u>9,027,965</u>
Change in cash basis net assets before transfers	1,005,274	(1,521,623)
Interfund loans	(87,152)	124,710
Transfers, net	<u>(723,601)</u>	<u>(618,022)</u>
Change in Cash Basis Net Position	194,521	(2,014,935)
Cash Basis Net Position, Beginning of Year	<u>5,212,649</u>	<u>7,227,584</u>
Cash Basis Net Position, End of Year	<u>\$ 5,407,170</u>	<u>\$ 5,212,649</u>

Total business type activities receipts for the fiscal year were \$8,429,696 compared to \$7,506,342 last year. This change was due primarily to an increase in water, sewer, and garbage utility prices during the year. Total disbursements and net transfers for the fiscal year were \$8,148,023 compared to \$9,645,987 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 \$27,226 from the prior year to a fund balance of \$162,146.
2. The Road Use Tax (RUT) Fund cash balance increased \$617 from the prior year to a fund balance of \$274,668.
3. Economic/Industrial Development Fund increased \$144,780 from the prior year to a fund balance of \$499,769.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

As the City completed this year, its enterprise funds reported a combined fund balance of \$5,407,170, an increase from last year's total of \$5,212,649. The following are the major reasons for the changes of fund balances of the enterprise funds from the prior year.

1. The Electric Operating Fund cash balance decreased \$95,505 to \$1,537,074 due to taking on the final construction expenses in the 69 KV Substation Project.
2. The Electric Bond Reserve Fund cash balance increased \$3,498 to \$1,418,380 due to interest on investments.
3. The Gas Operating Fund cash balance decreased \$78,446 to \$97,452 due to an increase in demand for gas due to a colder winter.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time which resulted in an increase in budgeted receipts of \$2,012,006 and budgeted disbursements of \$2,164,856 to provide for additional disbursements in certain City departments.

DEBT ADMINISTRATION

On June 30, 2014, the City had \$11,823,343 in bonds and other long-term debt, compared to \$13,090,319 at the beginning of the year.

Outstanding debt at June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
General Obligation Bonds:		
Street improvements	\$ 100,000	\$ 200,000
Fire truck acquisition	201,343	231,319
Corporate Purpose 2011A	1,690,000	1,885,000
Corporate Purpose 2011B	930,000	1,055,000
Corporate Purpose 2011C	1,510,000	1,750,000
Refunding Bond 2012A	710,000	735,000
Corporate Purpose 2013	<u>1,000,000</u>	<u>1,075,000</u>
Total	<u>6,141,343</u>	<u>6,931,319</u>
Revenue Bonds and Notes:		
Sewer revenue	1,792,000	1,944,000
Electric revenue 2011	1,470,000	1,635,000
Electric revenue 2012	<u>2,420,000</u>	<u>2,580,000</u>
Total	<u>5,682,000</u>	<u>6,159,000</u>
Total indebtedness	<u>\$ 11,823,343</u>	<u>\$ 13,090,319</u>

Debt decreased as a result of making principal and interest payments during the year and not issuing any new debt. 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 \$6,141,343 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 2015 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 steady from the previous year. 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. Energy prices are elevated and remain unstable as consumers continue to see large fluctuations at the fuel pump. Although current gas prices are low, there has been little indication that they will be able to maintain these levels throughout the year.

The City continues to operate its sewer plant on an expired permit and will likely be required to make some upgrades when the new permit is issued. Additionally, the City is looking to implement the storm water fee in an effort to reduce inflow and infiltration in to the sanitary sewer system.

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 \$1.27839/\$1,000 to \$1.25565/\$1,000 of assessed value because of the local option sales tax. Rollback is scheduled to increase in residential slightly for FY 2015 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 2015. 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 determine whether or not to privatize its garbage service. Garbage rates will need an immediate increase if the decision is made to keep the services within the City. The City has introduced and adopted a Storm Water fee for the City of Tipton which will be used as stated above. 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.

Expenses, 2014-2015

After a one year hiatus, the City does plan to bond for various capital projects in 2015. These will include streets, sewer, water, equipment, and aquatic center. The City will also be pursuing upgrades to City Hall in an effort to maintain an ADA compliant Council Chambers.

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 and 2015 calendar years.

A number of capital projects will be bid in 2015, including streets, sewer and park renovations. An engineering study on the effects of I & I on the sanitary sewer system is scheduled to begin in 2015.

Expenses anticipated, 2015 and thereafter

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

The City will maintain the number of its full time employees in 2015. 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. The City will continue to work with Verisight on the wage and benefit study for the City. The completion of the study will lead to the creation of a compensation plan for all employees. In 2012, employees were contributing \$75 to their healthcare premiums and that number will continue to increase to \$100 per month in 2013. There has been no increase sought for the 2014 and 2015 calendar years, although the City has reserved the right to re-open the contract should the increases in insurance be significant.

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, 2014

	Program Receipts		
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
FUNCTIONS/PROGRAMS:			
Governmental activities:			
Public safety	\$ 1,097,592	\$ 219,657	\$ 14,192
Public works	540,118	2,985	336,296
Culture and recreation	753,848	148,176	76,438
Community and economic development	221,460	-	-
General government	147,875	11,475	14,045
Debt service	928,199	-	-
Capital projects	35,345	-	-
	<u>3,724,437</u>	<u>382,293</u>	<u>440,971</u>
Business type activities:			
Electric	3,932,662	4,446,507	-
Water	458,500	681,347	-
Gas	1,852,099	1,906,601	-
Wastewater	510,952	612,976	-
Communications	40	23,555	-
Airport	117,871	19,600	65,304
Garbage	509,766	435,993	-
Cemetery	42,532	11,815	1,521
	<u>7,424,422</u>	<u>8,138,394</u>	<u>66,825</u>
Total	<u>\$ 11,148,859</u>	<u>\$ 8,520,687</u>	<u>\$ 507,796</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
- Proceeds from revolving loan
- Sale of assets
- Interfund loans
- Transfers

Total general receipts and transfers

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
Capital Grants, Contributions, and Restricted Interest	Governmental Activities	Business Type Activities	Total
\$ -	\$ (863,743)	\$ -	\$ (863,743)
107,743	(93,094)	-	(93,094)
-	(529,234)	-	(529,234)
-	(221,460)	-	(221,460)
-	(122,355)	-	(122,355)
-	(928,199)	-	(928,199)
-	(35,345)	-	(35,345)
<u>107,743</u>	<u>(2,793,430)</u>	<u>-</u>	<u>(2,793,430)</u>
-	-	513,845	513,845
-	-	222,847	222,847
-	-	54,502	54,502
-	-	102,024	102,024
-	-	23,515	23,515
-	-	(32,967)	(32,967)
-	-	(73,773)	(73,773)
-	-	(29,196)	(29,196)
<u>-</u>	<u>-</u>	<u>780,797</u>	<u>780,797</u>
<u>\$ 107,743</u>	<u>(2,793,430)</u>	<u>780,797</u>	<u>(2,012,633)</u>
	902,169	-	902,169
	291,599	-	291,599
	139,466	-	139,466
	210,216	-	210,216
	222,462	-	222,462
	15,284	11,800	27,084
	7,143	28,709	35,852
	288,243	125,468	413,711
	25,502	-	25,502
	73,000	58,500	131,500
	87,152	(87,152)	-
	<u>723,601</u>	<u>(723,601)</u>	<u>-</u>
	<u>2,985,837</u>	<u>(586,276)</u>	<u>2,399,561</u>

CITY OF TIPTON

Statement of Activities and Net Position - Cash Basis

As of and for the year ended June 30, 2014

		<u>Program Receipts</u>	
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
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			
Unrestricted			
TOTAL CASH BASIS NET POSITION			

Capital Grants, Contributions, and Restricted <u>Interest</u>	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
	\$ 192,407	\$ 194,521	\$ 386,928
	<u>1,443,280</u>	<u>5,212,649</u>	<u>6,655,929</u>
	<u>\$ 1,635,687</u>	<u>\$ 5,407,170</u>	<u>\$ 7,042,857</u>
	\$ 100,000	\$ -	\$ 100,000
	638,229	-	638,229
	36,592	2,020,867	2,057,459
	310,930	-	310,930
	84,660	154,696	239,356
	<u>465,276</u>	<u>3,231,607</u>	<u>3,696,883</u>
	<u>\$ 1,635,687</u>	<u>\$ 5,407,170</u>	<u>\$ 7,042,857</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, 2014

	<u>General</u>
RECEIPTS:	
Property tax	\$ 902,169
Tax increment financing	-
Other city tax	-
Licenses and permits	11,475
Use of money and property	18,060
Intergovernmental	114,042
Charges for service	369,393
Special assessments	-
Miscellaneous	98,904
	98,904
Total receipts	1,514,043
 DISBURSEMENTS:	
Operating:	
Public safety	1,085,046
Public works	520,778
Culture and recreation	753,848
Community and economic development	96,252
General government	174,204
Debt service	-
Capital projects	-
	-
Total disbursements	2,630,128
Excess (deficiency) of receipts over disbursements	(1,116,085)
 OTHER FINANCING SOURCES (USES):	
Proceeds from sale of capital assets	73,000
Proceeds on revolving loan program	-
Interfund loan	50,000
Interfund loan advances	(1,538)
Transfers in	1,001,388
Transfers out	(33,991)
	(33,991)
Net other financing sources (uses)	1,088,859

Exhibit B

Special Revenue			
Road Use Tax	Economic/ Industrial Development	Nonmajor	Total
\$ -	\$ -	\$ 431,065	\$ 1,333,234
-	-	210,216	210,216
-	-	222,462	222,462
-	-	-	11,475
-	888	2,179	21,127
321,629	-	52,962	488,633
-	-	1,425	370,818
-	-	10,059	10,059
-	145,234	94,127	338,265
<u>321,629</u>	<u>146,122</u>	<u>1,024,495</u>	<u>3,006,289</u>
-	-	12,546	1,097,592
13,711	-	5,629	540,118
-	-	-	753,848
-	-	125,208	221,460
-	-	5,286	179,490
-	26,844	901,355	928,199
-	-	35,345	35,345
<u>13,711</u>	<u>26,844</u>	<u>1,085,369</u>	<u>3,756,052</u>
<u>307,918</u>	<u>119,278</u>	<u>(60,874)</u>	<u>(749,763)</u>
-	-	-	73,000
-	25,502	-	25,502
-	-	-	50,000
-	-	-	(1,538)
-	-	780,831	1,782,219
(307,301)	-	(691,759)	(1,033,051)
<u>(307,301)</u>	<u>25,502</u>	<u>89,072</u>	<u>896,132</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, 2014

	<u>General</u>
NET CHANGE IN CASH BALANCES	\$ (27,226)
CASH BALANCES, BEGINNING OF YEAR	<u>189,372</u>
CASH BALANCES, END OF YEAR	<u>\$ 162,146</u>
CASH BASIS FUND BALANCES:	
Nonspendable	\$ -
Restricted for:	
Urban renewal	-
Debt service	-
Streets	-
Other purposes	-
Assigned for:	
Ambulance	107,695
Capital projects	-
Unemployment claims	79,111
Unassigned (deficit)	<u>(24,660)</u>
Total cash basis fund balances	<u>\$ 162,146</u>

Exhibit B

Special Revenue			
<u>Road Use Tax</u>	<u>Economic/ Industrial Development</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 617	\$ 144,780	\$ 28,198	\$ 146,369
<u>274,071</u>	<u>354,989</u>	<u>206,642</u>	<u>1,025,074</u>
<u>\$ 274,688</u>	<u>\$ 499,769</u>	<u>\$ 234,840</u>	<u>\$ 1,171,443</u>
\$ -	\$ -	\$ 100,000	100,000
-	499,769	138,460	638,229
-	-	36,592	36,592
274,688	-	36,242	310,930
-	-	84,660	84,660
-	-	-	107,695
-	-	445,515	445,515
-	-	-	79,111
<u>-</u>	<u>-</u>	<u>(606,629)</u>	<u>(631,289)</u>
<u>\$ 274,688</u>	<u>\$ 499,769</u>	<u>\$ 234,840</u>	<u>\$ 1,171,443</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 -
Cash Basis - Governmental Funds**

As of and for the year ended June 30, 2014

Total governmental funds cash balances (page 28) \$ 1,171,443

***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.

464,244

Cash basis net position of governmental activities (page 24)

\$ 1,635,687

Net change in cash balances (page 28)

\$ 146,369

***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.

46,038

**Change in cash basis net position of governmental activities
(page 24)**

\$ 192,407

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, 2014

	<u>Electric Operating</u>	<u>Electric Bond Reserve</u>	<u>Gas Operating</u>
OPERATING RECEIPTS:			
Licenses and permits	\$ 525	\$ -	\$ -
Use of money and property	12,289	3,498	11,675
Intergovernmental	-	-	-
Charges for services	4,445,982	-	1,906,601
Miscellaneous	<u>14,602</u>	<u>-</u>	<u>7,577</u>
Total operating receipts	<u>4,473,398</u>	<u>3,498</u>	<u>1,925,853</u>
OPERATING DISBURSEMENTS:			
Public works	1,565	-	-
Capital projects	-	-	-
Business type activities	<u>3,613,543</u>	<u>-</u>	<u>1,845,869</u>
Total operating disbursements	<u>3,615,108</u>	<u>-</u>	<u>1,845,869</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>858,290</u>	<u>3,498</u>	<u>79,984</u>
NONOPERATING RECEIPTS (DISBURSEMENTS):			
Interest on investments	-	-	-
Debt service	-	-	-
Capital project reimbursement	-	-	-
Capital projects	<u>(44)</u>	<u>-</u>	<u>-</u>
Net nonoperating receipts (disbursements)	<u>(44)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>858,246</u>	<u>3,498</u>	<u>79,984</u>
OTHER FINANCING SOURCES (USES):			
Sale of capital assets	58,500	-	-
Interfund loan	-	-	-
Interfund loan advance	(132,138)	-	(1,538)
Transfers in	30,884	-	-
Transfers out	<u>(910,997)</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>(953,751)</u>	<u>-</u>	<u>(1,538)</u>
NET CHANGE IN CASH BALANCES	(95,505)	3,498	78,446
CASH BALANCES, BEGINNING OF YEAR	<u>1,632,579</u>	<u>1,414,882</u>	<u>19,006</u>
CASH BALANCES, END OF YEAR	<u>\$ 1,537,074</u>	<u>\$ 1,418,380</u>	<u>\$ 97,452</u>

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

Enterprise

<u>Nonmajor</u>	<u>Totals</u>	<u>Internal Service</u>
\$ -	\$ 525	\$ -
1,516	28,978	263,596
66,825	66,825	-
1,785,286	8,137,869	110,394
<u>103,289</u>	<u>125,468</u>	<u>245,944</u>
<u>1,956,916</u>	<u>8,359,665</u>	<u>619,934</u>
-	1,565	-
-	-	-
<u>1,428,487</u>	<u>6,887,899</u>	<u>588,319</u>
<u>1,428,487</u>	<u>6,889,464</u>	<u>588,319</u>
<u>528,429</u>	<u>1,470,201</u>	<u>31,615</u>
11,531	11,531	1,300
(648,708)	(648,708)	-
113,794	113,794	-
<u>-</u>	<u>(44)</u>	<u>-</u>
<u>(523,383)</u>	<u>(523,427)</u>	<u>1,300</u>
<u>5,046</u>	<u>946,774</u>	<u>32,915</u>
-	58,500	-
50,000	50,000	88,690
(3,476)	(137,152)	(50,000)
729,630	760,514	5,923
<u>(573,118)</u>	<u>(1,484,115)</u>	<u>(31,490)</u>
<u>203,036</u>	<u>(752,253)</u>	<u>13,123</u>
208,082	194,521	46,038
<u>2,146,182</u>	<u>5,212,649</u>	<u>418,206</u>
<u>\$ 2,354,264</u>	<u>\$ 5,407,170</u>	<u>\$ 464,244</u>

(continued)

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, 2014

	<u>Electric Operating</u>	<u>Electric Bond Reserve</u>	<u>Gas Operating</u>
CASH BASIS FUND BALANCES:			
Restricted:			
Debt service	\$ -	\$ 1,418,380	\$ -
Other purposes	-	-	-
Unrestricted	<u>1,537,074</u>	<u>-</u>	<u>97,452</u>
Total cash basis fund balances	<u>\$ 1,537,074</u>	<u>\$ 1,418,380</u>	<u>\$ 97,452</u>

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

Enterprise

<u>Nonmajor</u>	<u>Totals</u>	<u>Internal Service</u>
\$ 602,487	\$ 2,020,867	\$ -
154,696	154,696	-
<u>1,597,081</u>	<u>3,231,607</u>	<u>464,244</u>
<u>\$ 2,354,264</u>	<u>\$ 5,407,170</u>	<u>\$ 464,244</u>

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

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

(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, 2014

(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.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

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.

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.

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, 2014

(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. During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the capital projects and community and economic development functions.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

(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, 2012, to compute the amounts which became liens on property on July 1, 2013. These taxes were due and payable in two installments on September 30, 2013 and March 31, 2014, 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, 2014 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, 2014, 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	\$ 5,238,900	\$ 5,139,774
Certificates of deposit	1,859,138	1,859,138
PSF health cash account	<u>43,945</u>	<u>43,945</u>
Total	<u>\$ 7,141,983</u>	<u>\$ 7,042,857</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, 2014

(3) Bonds and Notes Payable

Long-term debt activity for the year ended June 30, 2014 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	\$ 6,931,319	\$ -	\$ 789,976	\$ 6,141,343	\$ 771,000
Business-type activities					
Revenue Bonds	\$ 6,159,000	\$ -	\$ 477,000	\$ 5,682,000	\$ 486,000

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>
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	790,000	72,022	536,000	102,768	1,326,000	174,790
2020-2024	2,011,343	124,631	2,502,000	305,090	4,513,343	429,721
2025-2028	-	-	635,000	43,940	635,000	43,940
	<u>\$6,141,343</u>	<u>\$ 641,576</u>	<u>\$ 5,682,000</u>	<u>\$ 968,447</u>	<u>\$ 11,823,343</u>	<u>\$ 1,610,023</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, 2014 is \$100,000 with a maturity date of 2015. The interest rates is 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, 2014 is \$201,343. 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, 2014 is \$1,690,000. 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 \$930,000 as of June 30, 2014. The note has a range of interest rates from 1.00-2.85%.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

(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 \$1,510,000 as of June 30, 2014. The note will mature in 2022 and has an interest rate range of 2.25-3.20%

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 \$710,000 at June 30, 2014. The note has a range of interest rates from 2.25-3.00%.

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, 2014 is \$1,000,000 with a maturity date of 2023. The note has interest rates from 0.45-1.80%.

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 \$2,100,790. For the current year, principal and interest paid and total customer net revenues were \$198,170 and \$306,621, 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, 2014, 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 \$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 \$1,625,665. For the current year, principal and interest paid and total customer net revenues were \$196,665 and \$974,689, respectively.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

(3) Bonds and Notes Payable (continued)

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, 2014, 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 \$2,703,990. For the current year, principal and interest paid and total customer net revenues were \$220,013 and \$974,689, 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, 2014, the City was in compliance with the provisions above.

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

Assessed Value	<u>\$ 168,395,105</u>
Debt limit - 5% of assessed value	\$ 8,419,755
G.O. Debt outstanding	<u>6,141,343</u>
Debt margin	<u>\$ 2,278,412</u>

**CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfers In:	Transfers Out						
	General	Road Use	Electric	Nonmajor		Internal	Total
		Tax	Operating	Governmental	Enterprise	Service	
General	\$ 30,000	\$ 77,328	\$ 412,906	\$ 340,176	\$ 140,978	\$ -	\$ 1,001,388
Electric	-	-	30,884	-	-	-	30,884
Nonmajor Governmental	491	229,973	42,516	326,583	149,778	31,490	780,831
Nonmajor Enterprise	-	-	422,268	25,000	282,362	-	729,630
Internal Service Funds	3,500	-	2,423	-	-	-	5,923
Total	\$ 33,991	\$ 307,301	\$ 910,997	\$ 691,759	\$ 573,118	\$ 31,490	\$ 2,548,656

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.

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, 2014, 2013 and 2012 were \$158,424, \$155,683, and \$142,702, 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	
	Single	Family
Employee	\$ 500	\$ 1,000
City	1,500	3,000

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

(6) Health Insurance (continued)

The City has established an internal service fund to account for and pay its share of this partial self-funding. As of June 30, 2014, 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, 2014 is \$232,326. This liability has been computed based on rates of pay in effect at June 30, 2014.

(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. The balance due to the City at June 30, 2014 totaled \$582,813.

(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.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

(9) Long-term Receivables (continued)

The table below reflects transactions as of and for the year ended June 30, 2014:

Amount loaned out to area businesses	\$	14,681
Proceeds Distributed		26,844
Principal payments received		<u>11,683</u>
Ending balance on long-term receivables	\$	<u>29,842</u>
ARRA Grant line of credit balance, beginning of year	\$	79,320
Amount in use		<u>29,842</u>
Amount available to lend by the City	\$	<u>49,478</u>
Amount distributed to area businesses	\$	15,842
Amount distributed to area businesses during the year		26,844
Amount received from the federal government		25,502
Amount City forgiven by USDA, Rural Development		<u>250</u>
Amount owed to the City from the federal government	\$	<u>16,934</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.

(11) Construction Project Commitments

As of June 30, 2014, the City has various outstanding construction contracts totaling \$89,977.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

(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, 2014:

Nonmajor Special Revenue:	
Aquatic Campaign	\$ (606,629)
Nonmajor Enterprise:	
Garbage Collection	(53,356)
Cemetery Enterprise	(27,987)
Water Operating	(175,207)
Airport Operating	(40,905)

The City increased water, sewer, and garbage rates during the year, which did eliminate some of the deficit from prior year. 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.

(14) Excess of Expenditures Over Budget

The following expenditures exceeded budgeted amounts:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Debt Service	\$ 930,626	\$ 1,576,907	\$ 646,281

(15) Subsequent Events

Management evaluated subsequent events through January 23, 2015, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2014, but prior to January 23, 2015 that provided additional evidence about conditions that did not exist at June 30, 2014, but arose before the financial statements were available to be issued, have not been recognized for the year ended June 30, 2014.

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
Other Information**

Year ended June 30, 2014

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to be Budgeted	<u>Total</u>
RECEIPTS:				
Property tax	\$ 1,333,234	\$ -	\$ -	\$ 1,333,234
Tax increment financing	210,216	-	-	210,216
Other city tax	222,462	-	-	222,462
Licenses and permits	11,475	525	-	12,000
Use of money and property	21,127	305,405	264,896	61,636
Intergovernmental	488,633	66,825	-	555,458
Charges for services	370,818	8,248,263	110,394	8,508,687
Special assessments	10,059	-	-	10,059
Miscellaneous	338,265	371,412	245,944	463,733
	<u>3,006,289</u>	<u>8,992,430</u>	<u>621,234</u>	<u>11,377,485</u>
Total receipts				
DISBURSEMENTS:				
Public safety	1,097,592	-	-	1,097,592
Public works	540,118	-	-	540,118
Culture and recreation	753,848	-	-	753,848
Community and economic development	221,460	-	-	221,460
General government	179,490	588,319	588,319	179,490
Debt service	928,199	-	-	928,199
Capital projects	35,345	44	-	35,389
Business type activities	-	7,538,172	-	7,538,172
	<u>3,756,052</u>	<u>8,126,535</u>	<u>588,319</u>	<u>11,294,268</u>
Total disbursements				
Excess (deficiency) of receipts over disbursements	(749,763)	865,895	32,915	83,217
OTHER FINANCING SOURCES (USES), NET	<u>896,132</u>	<u>(739,130)</u>	<u>13,123</u>	<u>143,879</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	146,369	126,765	46,038	227,096
BALANCES BEGINNING OF YEAR	<u>1,025,074</u>	<u>5,630,855</u>	<u>418,206</u>	<u>6,237,723</u>
BALANCES END OF YEAR	<u>\$ 1,171,443</u>	<u>\$ 5,757,620</u>	<u>\$ 464,244</u>	<u>\$ 6,464,819</u>

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

Budgeted Amounts		Final to
Original	Final	Total
		Variance
\$ 1,309,491	\$ 1,309,491	\$ 23,743
210,199	210,199	17
216,596	253,596	(31,134)
18,850	19,350	(7,350)
480,594	1,016,080	(954,444)
558,793	678,430	(122,972)
8,049,461	9,145,857	(637,170)
29,700	39,759	(29,700)
<u>865,821</u>	<u>1,078,749</u>	<u>(615,016)</u>
<u>11,739,505</u>	<u>13,751,511</u>	<u>(2,374,026)</u>
1,041,796	1,123,458	25,866
547,089	657,185	117,067
802,301	825,372	71,524
113,427	382,085	160,625
336,818	303,742	124,252
840,988	930,626	2,427
-	42,223	6,834
<u>8,990,958</u>	<u>10,573,542</u>	<u>3,035,370</u>
<u>12,673,377</u>	<u>14,838,233</u>	<u>3,543,965</u>
(933,872)	(1,086,722)	1,169,939
<u>933,872</u>	<u>1,064,372</u>	<u>920,493</u>
-	(22,350)	249,446
<u>10,137,819</u>	<u>10,137,819</u>	<u>3,900,096</u>
<u>\$ 10,137,819</u>	<u>\$ 10,115,469</u>	<u>\$ 3,650,650</u>

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

CITY OF TIPTON

Notes to Other Information - Budgetary Reporting

June 30, 2014

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 nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, 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 \$2,012,006, and budgeted disbursements by \$2,164,856. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements exceeded budgeted amounts (prior to the City's budget being amended) in the capital projects and community and economic development functions.

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, 2014

	<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	\$ 291,599	\$ 139,466	\$ -	\$ -	\$ 431,065
Tax increment financing collections	210,216	-	-	-	210,216
Other city tax	222,462	-	-	-	222,462
Use of money and property	954	653	572	-	2,179
Intergovernmental	-	-	52,962	-	52,962
Charges for services	-	-	-	1,425	1,425
Special assessments	-	-	10,059	-	10,059
Miscellaneous	<u>73,110</u>	<u>12,546</u>	<u>8,471</u>	<u>-</u>	<u>94,127</u>
 Total receipts	 <u>798,341</u>	 <u>152,665</u>	 <u>72,064</u>	 <u>1,425</u>	 <u>1,024,495</u>
DISBURSEMENTS:					
Operating:					
Public safety	12,546	-	-	-	12,546
Public works	-	-	-	5,629	5,629
Community and economic development	125,208	-	-	-	125,208
General government	5,286	-	-	-	5,286
Debt service	-	901,355	-	-	901,355
Capital projects	<u>-</u>	<u>-</u>	<u>35,345</u>	<u>-</u>	<u>35,345</u>
 Total disbursements	 <u>143,040</u>	 <u>901,355</u>	 <u>35,345</u>	 <u>5,629</u>	 <u>1,085,369</u>
 Excess (deficiency) of receipts over disbursements	 <u>655,301</u>	 <u>(748,690)</u>	 <u>36,719</u>	 <u>(4,204)</u>	 <u>(60,874)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	766,411	14,420	-	780,831
Transfers out	<u>(691,759)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(691,759)</u>
 Net other financing sources (uses)	 <u>(691,759)</u>	 <u>766,411</u>	 <u>14,420</u>	 <u>-</u>	 <u>89,072</u>

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	\$ (36,458)	\$ 17,721	\$ 51,139	\$ (4,204)	\$ 28,198
CASH BALANCES, BEGINNING OF YEAR	<u>(312,504)</u>	<u>18,871</u>	<u>396,071</u>	<u>104,204</u>	<u>206,642</u>
CASH BALANCES, END OF YEAR	<u>\$ (348,962)</u>	<u>\$ 36,592</u>	<u>\$ 447,210</u>	<u>\$ 100,000</u>	<u>\$ 234,840</u>
CASH BASIS FUND BALANCES:					
Nonspendable	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
Restricted for:					
Urban renewal	138,460	-	-	-	138,460
Debt service	-	36,592	-	-	36,592
Streets	36,242	-	-	-	36,242
Other purposes	82,965	-	1,695	-	84,660
Assigned for capital projects	-	-	445,515	-	445,515
Unassigned	<u>(606,629)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(606,629)</u>
Total cash basis fund balances	<u>\$ (348,962)</u>	<u>\$ 36,592</u>	<u>\$ 447,210</u>	<u>\$ 100,000</u>	<u>\$ 234,840</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, 2014

	<u>Employee Benefits</u>	<u>Local Option Tax</u>	<u>TIF Capital Improvement</u>
RECEIPTS:			
Property tax	\$ 291,599	\$ -	\$ -
Tax Increment Financing	-	-	210,216
Other city tax	-	222,462	-
Use of money and property	60	266	567
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total receipts	291,659	222,728	210,783
DISBURSEMENTS:			
Operating:			
Public Safety	-	-	-
Community and economic development	-	-	125,208
General government	-	-	3,287
	<hr/>	<hr/>	<hr/>
Total disbursements	-	-	128,495
Excess (deficiency) of receipts over disbursements	<hr/>	<hr/>	<hr/>
	291,659	222,728	82,288
OTHER FINANCING USES			
Transfers out	<u>(290,176)</u>	<u>(208,145)</u>	<u>(130,895)</u>
Total other financing uses	<u>(290,176)</u>	<u>(208,145)</u>	<u>(130,895)</u>
NET CHANGE IN CASH BALANCES	1,483	14,583	(48,607)
CASH BALANCES, BEGINNING OF YEAR	<u>21,972</u>	<u>130,384</u>	<u>114,583</u>
CASH BALANCES, END OF YEAR	<u>\$ 23,455</u>	<u>\$ 144,967</u>	<u>\$ 65,976</u>
CASH BASIS FUND BALANCES:			
Restricted for:			
Streets	\$ -	\$ 36,242	\$ -
Urban renewal	-	72,484	65,976
Other purposes	23,455	36,241	-
Unassigned	<hr/>	<hr/>	<hr/>
	-	-	-
Total cash basis fund balances	<u>\$ 23,455</u>	<u>\$ 144,967</u>	<u>\$ 65,976</u>

Schedule 2

<u>Aquatic Campaign</u>	<u>Library Trust</u>	<u>PS Share Trust</u>	<u>Fire Trust</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 291,599
-	-	-	-	210,216
-	-	-	-	222,462
-	7	30	24	954
<u>700</u>	<u>2,584</u>	<u>3,637</u>	<u>66,189</u>	<u>73,110</u>
<u>700</u>	<u>2,591</u>	<u>3,667</u>	<u>66,213</u>	<u>798,341</u>
-	-	-	12,546	12,546
-	-	-	-	125,208
-	-	1,999	-	5,286
-	-	1,999	12,546	143,040
<u>700</u>	<u>2,591</u>	<u>1,668</u>	<u>53,667</u>	<u>655,301</u>
-	-	-	(62,543)	(691,759)
-	-	-	(62,543)	(691,759)
700	2,591	1,668	(8,876)	(36,458)
<u>(607,329)</u>	<u>2,792</u>	<u>16,218</u>	<u>8,876</u>	<u>(312,504)</u>
<u>\$ (606,629)</u>	<u>\$ 5,383</u>	<u>\$ 17,886</u>	<u>\$ -</u>	<u>\$ (348,962)</u>
\$ -	\$ -	\$ -	\$ -	\$ 36,242
-	-	-	-	138,460
-	5,383	17,886	-	82,965
<u>(606,629)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(606,629)</u>
<u>\$ (606,629)</u>	<u>\$ 5,383</u>	<u>\$ 17,886</u>	<u>\$ -</u>	<u>\$ (348,962)</u>

CITY OF TIPTON

Schedule 3

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances

Nonmajor Governmental Funds - Capital Projects

As of and for the year ended June 30, 2014

	Capital Projects							
	GO Street Improvement	Skate Park Project	Street- scapes Project	Public Works Building	GO Street Improvement 2011	Wetland Mitigation Project	Fire Station Project	Total Capital Project Funds
RECEIPTS:								
Use of money and property	\$ -	\$ 70	\$ 71	\$ 1	\$ -	\$ 25	\$ 405	\$ 572
Intergovernmental	-	-	-	-	-	-	52,962	52,962
Special assessments	-	-	10,059	-	-	-	-	10,059
Miscellaneous	-	-	-	-	-	6,001	2,470	8,471
Total receipts	-	70	10,130	1	-	6,026	55,837	72,064
DISBURSEMENTS:								
Capital projects	-	-	-	-	-	28,565	6,780	35,345
Excess (deficiency) of receipts over disbursements	-	70	10,130	1	-	(22,539)	49,057	36,719
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	14,420	-	14,420
Net other financing sources	-	-	-	-	-	14,420	-	14,420
NET CHANGE IN CASH BALANCES	-	70	10,130	1	-	(8,119)	49,057	51,139
CASH BALANCES, BEGINNING OF YEAR	1,695	37,656	31,770	614	111,708	36,062	176,566	396,071
CASH BALANCES, END OF YEAR	\$ 1,695	\$ 37,726	\$ 41,900	\$ 615	\$ 111,708	\$ 27,943	\$ 225,623	\$ 447,210
CASH BASIS FUND BALANCES:								
Restricted for:								
Other purposes	\$ 1,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,695
Assigned for capital projects	-	37,726	41,900	615	111,708	27,943	225,623	445,515
Total cash basis fund balances	\$ 1,695	\$ 37,726	\$ 41,900	\$ 615	\$ 111,708	\$ 27,943	\$ 225,623	\$ 447,210

CITY OF TIPTON

Schedule 4

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances

Combining Nonmajor Proprietary Funds

As of and for the year ended June 30, 2014

	<u>Electric</u>	<u>Water</u>	<u>Gas</u>	<u>Wastewater</u>	<u>Other</u>	<u>Total</u>
OPERATING RECEIPTS:						
Use of money and property	\$ -	\$ -	\$ -	\$ 1,516	\$ -	\$ 1,516
Intergovernmental	-	-	-	-	66,825	66,825
Charges for service	-	681,347	-	612,976	490,963	1,785,286
Miscellaneous	13,335	7,302	7,040	1,567	74,045	103,289
Total operating receipts	<u>13,335</u>	<u>688,649</u>	<u>7,040</u>	<u>616,059</u>	<u>631,833</u>	<u>1,956,916</u>
OPERATING DISBURSEMENTS:						
Business type activities:						
Electric	14,626	-	-	-	-	14,626
Water	-	424,640	-	-	-	424,640
Gas	-	-	6,230	-	-	6,230
Wastewater	-	-	-	312,782	-	312,782
Communications	-	-	-	-	40	40
Airport	-	-	-	-	117,871	117,871
Garbage	-	-	-	-	509,766	509,766
Cemetery	-	-	-	-	42,532	42,532
Total operating disbursements	<u>14,626</u>	<u>424,640</u>	<u>6,230</u>	<u>312,782</u>	<u>670,209</u>	<u>1,428,487</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(1,291)</u>	<u>264,009</u>	<u>810</u>	<u>303,277</u>	<u>(38,376)</u>	<u>528,429</u>
NONOPERATING RECEIPTS (DISBURSEMENTS):						
Interest on investments	4,105	427	902	440	5,657	11,531
Debt service	(416,678)	(33,860)	-	(198,170)	-	(648,708)
Capital project reimbursement	113,794	-	-	-	-	113,794
Net nonoperating receipts (disbursements)	<u>(298,779)</u>	<u>(33,433)</u>	<u>902</u>	<u>(197,730)</u>	<u>5,657</u>	<u>(523,383)</u>
Excess (deficiency) of receipts over disbursements	<u>(300,070)</u>	<u>230,576</u>	<u>1,712</u>	<u>105,547</u>	<u>(32,719)</u>	<u>5,046</u>
OTHER FINANCING SOURCES (USES):						
Interfund loan	-	-	-	-	50,000	50,000
Interfund loan advance	-	(938)	-	(863)	(1,675)	(3,476)
Transfers in	417,678	59,360	-	215,180	37,412	729,630
Transfers out	-	(208,632)	-	(342,365)	(22,121)	(573,118)
Net other financing sources (uses)	<u>417,678</u>	<u>(150,210)</u>	<u>-</u>	<u>(128,048)</u>	<u>63,616</u>	<u>203,036</u>

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	\$ 117,608	\$ 80,366	\$ 1,712	\$ (22,501)	\$ 30,897	\$ 208,082
CASH BALANCES, BEGINNING OF YEAR	<u>1,507,755</u>	<u>(23,813)</u>	<u>462,195</u>	<u>316,488</u>	<u>(116,443)</u>	<u>2,146,182</u>
CASH BALANCES, END OF YEAR	<u>\$ 1,625,363</u>	<u>\$ 56,553</u>	<u>\$ 463,907</u>	<u>\$ 293,987</u>	<u>\$ (85,546)</u>	<u>\$ 2,354,264</u>
CASH BASIS FUND BALANCES						
Restricted:						
Debt service	\$ 213,449	\$ 230,001	\$ -	\$ 159,037	\$ -	\$ 602,487
Other purposes	143,222	1,759	9,715	-	-	154,696
Unrestricted	<u>1,268,692</u>	<u>(175,207)</u>	<u>454,192</u>	<u>134,950</u>	<u>(85,546)</u>	<u>1,597,081</u>
Total cash basis fund balances	<u>\$ 1,625,363</u>	<u>\$ 56,553</u>	<u>\$ 463,907</u>	<u>\$ 293,987</u>	<u>\$ (85,546)</u>	<u>\$ 2,354,264</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, 2014

	2006 Electric Substation	Additional Generation	Electric Development
OPERATING RECEIPTS:			
Miscellaneous	\$ -	\$ -	\$ -
OPERATING DISBURSEMENTS:			
Business type activities:			
Electric	<u>500</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>(500)</u>	<u>-</u>	<u>-</u>
NONOPERATING RECEIPTS (DISBURSEMENTS):			
Interest on investments	1,016	236	16
Debt service	(220,013)	-	-
Capital projects reimbursement	-	-	-
Total nonoperating receipts (disbursements):	<u>(218,997)</u>	<u>236</u>	<u>16</u>
Excess (deficiency) of receipts over disbursements	<u>(219,497)</u>	<u>236</u>	<u>16</u>
OTHER FINANCING SOURCES			
Transfers in	220,513	-	-
Net other financing sources	<u>220,513</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH BALANCES	1,016	236	16
CASH BALANCES, BEGINNING OF YEAR	<u>480,252</u>	<u>128,496</u>	<u>8,532</u>
CASH BALANCES, END OF YEAR	<u>\$ 481,268</u>	<u>\$ 128,732</u>	<u>\$ 8,548</u>
CASH BASIS FUND BALANCES:			
Restricted for:			
Debt service	\$ -	\$ -	\$ -
Other purposes	-	128,732	-
Unrestricted	<u>481,268</u>	<u>-</u>	<u>8,548</u>
Total cash basis fund balances	<u>\$ 481,268</u>	<u>\$ 128,732</u>	<u>\$ 8,548</u>

Schedule 5

<u>Electric Revenue Bonds</u>	<u>Electric Renewal/ Replacement</u>	<u>Electric Reserve</u>	<u>Electric Meter Deposits</u>	<u>69 KV Substation Project</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 13,335	\$ -	\$ 13,335
<u>500</u>	<u>-</u>	<u>-</u>	<u>13,626</u>	<u>-</u>	<u>14,626</u>
<u>(500)</u>	<u>-</u>	<u>-</u>	<u>(291)</u>	<u>-</u>	<u>(1,291)</u>
528	683	1,545	81	-	4,105
(196,665)	-	-	-	-	(416,678)
-	-	-	-	113,794	113,794
<u>(196,137)</u>	<u>683</u>	<u>1,545</u>	<u>81</u>	<u>113,794</u>	<u>(298,779)</u>
<u>(196,637)</u>	<u>683</u>	<u>1,545</u>	<u>(210)</u>	<u>113,794</u>	<u>(300,070)</u>
197,165	-	-	-	-	417,678
<u>197,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,678</u>
528	683	1,545	(210)	113,794	117,608
<u>212,921</u>	<u>371,836</u>	<u>404,812</u>	<u>14,700</u>	<u>(113,794)</u>	<u>1,507,755</u>
<u>\$ 213,449</u>	<u>\$ 372,519</u>	<u>\$ 406,357</u>	<u>\$ 14,490</u>	<u>\$ -</u>	<u>\$ 1,625,363</u>
\$ 213,449	\$ -	\$ -	\$ -	\$ -	\$ 213,449
-	-	-	14,490	-	143,222
<u>-</u>	<u>372,519</u>	<u>406,357</u>	<u>-</u>	<u>-</u>	<u>1,268,692</u>
<u>\$ 213,449</u>	<u>\$ 372,519</u>	<u>\$ 406,357</u>	<u>\$ 14,490</u>	<u>\$ -</u>	<u>\$ 1,625,363</u>

CITY OF TIPTON

Schedule 6

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

As of and for the year ended June 30, 2014

	<u>Water Operating</u>	<u>Water Meter Deposits</u>	<u>Water Revenue Bonds Reserve</u>	<u>Totals</u>
OPERATING RECEIPTS:				
Charges for service	681,347	-	-	681,347
Miscellaneous	<u>3,442</u>	<u>3,860</u>	<u>-</u>	<u>7,302</u>
Total operating receipts	684,789	3,860	-	688,649
OPERATING DISBURSEMENTS:				
Business type activities:				
Water	<u>420,141</u>	<u>3,899</u>	<u>600</u>	<u>424,640</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>264,648</u>	<u>(39)</u>	<u>(600)</u>	<u>264,009</u>
NONOPERATING RECEIPTS (DISBURSEMENTS):				
Interest on investments	5	3	419	427
Debt service	<u>-</u>	<u>-</u>	<u>(33,860)</u>	<u>(33,860)</u>
Net nonoperating receipts (disbursements)	<u>5</u>	<u>3</u>	<u>(33,441)</u>	<u>(33,433)</u>
Excess (deficiency) of receipts over disbursements	<u>264,653</u>	<u>(36)</u>	<u>(34,041)</u>	<u>230,576</u>
OTHER FINANCING SOURCES (USES):				
Interfund loan advances	(938)	-	-	(938)
Transfers in	25,000	-	34,360	59,360
Transfers out	<u>(208,632)</u>	<u>-</u>	<u>-</u>	<u>(208,632)</u>
Net other financing sources (uses)	<u>(184,570)</u>	<u>-</u>	<u>34,360</u>	<u>(150,210)</u>
NET CHANGE IN CASH BALANCES	80,083	(36)	319	80,366
CASH BALANCES, BEGINNING OF YEAR	<u>(255,290)</u>	<u>1,795</u>	<u>229,682</u>	<u>(23,813)</u>
CASH BALANCES, END OF YEAR	<u>\$ (175,207)</u>	<u>\$ 1,759</u>	<u>\$ 230,001</u>	<u>\$ 56,553</u>
CASH BASIS FUND BALANCES:				
Restricted:				
Debt service	\$ -	\$ -	230,001	\$ 230,001
Other purposes	-	1,759	-	1,759
Unrestricted	<u>(175,207)</u>	<u>-</u>	<u>-</u>	<u>(175,207)</u>
Total cash basis fund balances	<u>\$ (175,207)</u>	<u>\$ 1,759</u>	<u>230,001</u>	<u>\$ 56,553</u>

CITY OF TIPTON

Schedule 7

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

As of and for the year ended June 30, 2014

	<u>Gas D.E.I.</u>	<u>Gas Meter Deposits</u>	<u>Gas Surplus</u>	<u>Totals</u>
OPERATING RECEIPTS:				
Miscellaneous	\$ -	\$ 7,040	\$ -	\$ 7,040
OPERATING DISBURSEMENTS:				
Business type activities:				
Gas	<u>-</u>	<u>6,230</u>	<u>-</u>	<u>6,230</u>
Excess of operating receipts over operating disbursements	-	810	-	810
NONOPERATING RECEIPTS:				
Interest on investments	<u>82</u>	<u>15</u>	<u>805</u>	<u>902</u>
Excess of receipts over disbursements	82	825	805	1,712
CASH BALANCES, BEGINNING OF YEAR	<u>15,551</u>	<u>8,890</u>	<u>437,754</u>	<u>462,195</u>
CASH BALANCES, END OF YEAR	<u>\$ 15,633</u>	<u>\$ 9,715</u>	<u>\$ 438,559</u>	<u>\$ 463,907</u>
CASH BASIS FUND BALANCES:				
Restricted for:				
Other purposes	\$ -	\$ 9,715	\$ -	\$ 9,715
Unrestricted	<u>15,633</u>	<u>-</u>	<u>438,559</u>	<u>454,192</u>
Total cash basis fund balances	<u>\$ 15,633</u>	<u>\$ 9,715</u>	<u>\$ 438,559</u>	<u>\$ 463,907</u>

CITY OF TIPTON

Schedule 8

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

As of and for the year ended June 30, 2014

	Wastewater Debt Service	Waste Water Treatment	Totals
OPERATING RECEIPTS:			
Use of money and property	\$ -	\$ 1,516	\$ 1,516
Charges for services	-	612,976	612,976
Miscellaneous	-	1,567	1,567
	<u>-</u>	<u>616,059</u>	<u>616,059</u>
Total operating receipts	-	616,059	616,059
OPERATING DISBURSEMENTS:			
Business type activities:			
Wastewater	<u>4,860</u>	<u>307,922</u>	<u>312,782</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(4,860)</u>	<u>308,137</u>	<u>303,277</u>
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Interest on investments	440	-	440
Debt service	<u>(198,170)</u>	<u>-</u>	<u>(198,170)</u>
Net nonoperating receipts (disbursements)	<u>(197,730)</u>	<u>-</u>	<u>(197,730)</u>
Excess (deficiency) of receipts over disbursements	<u>(202,590)</u>	<u>308,137</u>	<u>105,547</u>
OTHER FINANCING SOURCES (USES):			
Interfund loan advances	-	(863)	(863)
Transfers in	215,180	-	215,180
Transfers out	<u>-</u>	<u>(342,365)</u>	<u>(342,365)</u>
Net other financing sources (uses)	<u>215,180</u>	<u>(343,228)</u>	<u>(128,048)</u>
NET CHANGE IN CASH BALANCES	12,590	(35,091)	(22,501)
CASH BALANCES, BEGINNING OF YEAR	<u>146,447</u>	<u>170,041</u>	<u>316,488</u>
CASH BALANCES, END OF YEAR	<u>\$ 159,037</u>	<u>\$ 134,950</u>	<u>\$ 293,987</u>
CASH BASIS FUND BALANCES:			
Restricted for:			
Debt service	\$ 159,037	\$ -	\$ 159,037
Unrestricted	<u>-</u>	<u>134,950</u>	<u>134,950</u>
Total cash basis fund balances	<u>\$ 159,037</u>	<u>\$ 134,950</u>	<u>\$ 293,987</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, 2014

	Communications		
	<u>Local Access</u>	<u>Airport Operating</u>	<u>Garbage Collection</u>
OPERATING RECEIPTS:			
Intergovernmental	\$ -	\$ 65,304	\$ -
Charges for services	23,555	19,600	435,993
Miscellaneous	-	51,498	433
	<u>23,555</u>	<u>136,402</u>	<u>436,426</u>
Total operating receipts			
OPERATING DISBURSEMENTS:			
Business type activities:			
Communications	40	-	-
Airport	-	117,871	-
Garbage	-	-	509,766
Cemetery	-	-	-
	<u>40</u>	<u>117,871</u>	<u>509,766</u>
Total operating disbursements			
Excess (deficiency) of operating receipts over operating disbursements	23,515	18,531	(73,340)
NONOPERATING RECEIPTS:			
Interest on investments	<u>70</u>	<u>4,800</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>23,585</u>	<u>23,331</u>	<u>(73,340)</u>
OTHER FINANCING SOURCES (USES):			
Interfund loan	-	-	50,000
Interfund loan advances	-	-	-
Transfers in	-	4,590	-
Transfers out	<u>(19,550)</u>	<u>(122)</u>	<u>(2,449)</u>
Net other financing sources (uses)	<u>(19,550)</u>	<u>4,468</u>	<u>47,551</u>
NET CHANGE IN CASH BALANCES	4,035	27,799	(25,789)
CASH BALANCES, BEGINNING OF YEAR	<u>32,667</u>	<u>(68,704)</u>	<u>(27,567)</u>
CASH BALANCES, END OF YEAR	<u>\$ 36,702</u>	<u>\$ (40,905)</u>	<u>\$ (53,356)</u>
CASH BASIS FUND BALANCES:			
Unrestricted	<u>\$ 36,702</u>	<u>\$ (40,905)</u>	<u>\$ (53,356)</u>

Schedule 9

Cemetery Enterprise	Totals
\$ 1,521	\$ 66,825
11,815	490,963
<u>22,114</u>	<u>74,045</u>
<u>35,450</u>	<u>631,833</u>
-	40
-	117,871
-	509,766
<u>42,532</u>	<u>42,532</u>
<u>42,532</u>	<u>670,209</u>
(7,082)	(38,376)
<u>787</u>	<u>5,657</u>
<u>(6,295)</u>	<u>(32,719)</u>
-	50,000
(1,675)	(1,675)
32,822	37,412
<u>-</u>	<u>(22,121)</u>
<u>31,147</u>	<u>63,616</u>
24,852	30,897
<u>(52,839)</u>	<u>(116,443)</u>
<u>\$ (27,987)</u>	<u>\$ (85,546)</u>
<u>\$ (27,987)</u>	<u>\$ (85,546)</u>

CITY OF TIPTON

Schedule 10

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

As of and for the year ended June 30, 2014

	<u>Central Garage</u>	<u>PSF Health Insurance</u>	<u>City Reserve</u>	<u>Administrative Services</u>	<u>Payroll Account</u>	<u>Totals</u>
OPERATING RECEIPTS:						
Use of money and property	\$ 263,596	\$ -	\$ -	\$ -	\$ -	\$ 263,596
Charges for services	40,932	69,462	-	-	-	110,394
Miscellaneous	<u>2,553</u>	<u>-</u>	<u>-</u>	<u>243,355</u>	<u>36</u>	<u>245,944</u>
Total operating receipts	<u>307,081</u>	<u>69,462</u>	<u>-</u>	<u>243,355</u>	<u>36</u>	<u>619,934</u>
OPERATING DISBURSEMENTS:						
Business type activities	<u>232,060</u>	<u>85,055</u>	<u>4,860</u>	<u>266,344</u>	<u>-</u>	<u>588,319</u>
Total operating disbursements	<u>232,060</u>	<u>85,055</u>	<u>4,860</u>	<u>266,344</u>	<u>-</u>	<u>588,319</u>
Excess (deficiency) of operating receipts over operating disbursements	75,021	(15,593)	(4,860)	(22,989)	36	31,615
NONOPERATING RECEIPTS:						
Interest on investments	<u>443</u>	<u>37</u>	<u>820</u>	<u>-</u>	<u>-</u>	<u>1,300</u>
Excess (deficiency) of receipts over disburseme	<u>75,464</u>	<u>(15,556)</u>	<u>(4,040)</u>	<u>(22,989)</u>	<u>36</u>	<u>32,915</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	5,923	-	-	-	-	5,923
Transfers out	(31,490)	-	-	-	-	(31,490)
Interfund loan	-	-	8,690	80,000	-	88,690
Interfund loan advance	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Net other financing sources (uses)	<u>(25,567)</u>	<u>-</u>	<u>(41,310)</u>	<u>80,000</u>	<u>-</u>	<u>13,123</u>
NET CHANGE IN CASH BALANCES	49,897	(15,556)	(45,350)	57,011	36	46,038
CASH BALANCES, BEGINNING OF YEAR	<u>245,362</u>	<u>59,501</u>	<u>109,059</u>	<u>3,020</u>	<u>1,264</u>	<u>418,206</u>
CASH BALANCES, END OF YEAR	<u>\$ 295,259</u>	<u>\$ 43,945</u>	<u>\$ 63,709</u>	<u>\$ 60,031</u>	<u>\$ 1,300</u>	<u>\$ 464,244</u>
CASH BASIS FUND BALANCES:						
Unrestricted	<u>\$ 295,259</u>	<u>\$ 43,945</u>	<u>\$ 63,709</u>	<u>\$ 60,031</u>	<u>\$ 1,300</u>	<u>\$ 464,244</u>

CITY OF TIPTON

Schedule 11

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

As of and for the year ended June 30, 2014

	GO Street Improvement Debt Service 03	GO Street Improvement Debt Service	GO Fire Truck	GO CP Bond Series 2011A	GO CP Bond Series 2011B	GO CP Bond Series 2011C	GO 2013 Debt Service	Totals
OPERATING RECEIPTS								
Property taxes	\$ -	\$ 58,534	\$ -	\$ 80,932	\$ -	\$ -	\$ -	\$ 139,466
Use of money and property	26	97	-	189	104	237	-	653
Miscellaneous	-	-	12,546	-	-	-	-	-
Total receipts	26	58,631	12,546	81,121	104	237	-	140,119
OPERATING DISBURSEMENTS								
Debt service	-	108,650	33,818	242,040	144,025	283,635	89,187	901,355
Total operating disbursements	-	108,650	33,818	242,040	144,025	283,635	89,187	901,355
Excess (deficiency) of receipts over disbursements	26	(50,019)	(21,272)	(160,919)	(143,921)	(283,398)	(89,187)	(761,236)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	50,450	37,543	161,570	144,025	283,635	89,188	766,411
Net other financing sources	-	50,450	37,543	161,570	144,025	283,635	89,188	766,411
NET CHANGE IN CASH BALANCES	26	431	16,271	651	104	237	1	5,175
CASH BALANCES, BEGINNING OF YEAR	13,961	7,906	(34,403)	10,465	17	20,925	-	18,871
CASH BALANCES, END OF YEAR	\$ 13,987	\$ 8,337	\$ (18,132)	\$ 11,116	\$ 121	\$ 21,162	\$ 1	\$ 24,046
CASH BASIS FUND BALANCES:								
Restricted for:								
Other purposes	13,987	8,337	-	11,116	121	21,162	1	54,724
Unassigned	-	-	(18,132)	-	-	-	-	(18,132)
Total cash basis fund balances	\$ 13,987	\$ 8,337	\$ (18,132)	\$ 11,116	\$ 121	\$ 21,162	\$ 1	\$ 36,592

CITY OF TIPTON

Schedule of Indebtedness

Year Ended June 30, 2014

<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	4.15%	\$ 650,000	\$ 200,000
Fire truck acquisition note	July 15, 2010	3.25%	319,295	231,319
Corporate purpose 2011A	August 3, 2011	2.00-3.20%	2,615,000	1,885,000
Corporate purpose 2011B	November 15, 2011	1.00-2.85%	1,175,000	1,055,000
Corporate purpose 2011C	November 15, 2011	2.25-3.20%	1,985,000	1,750,000
Corporate purpose 2013	March 19, 2013	.45-1.8%	1,075,000	1,075,000
Refunding Bond 2012A	May 22, 2012	.80-2.35%	<u>755,000</u>	<u>735,000</u>
Total general obligation notes			<u>8,574,295</u>	<u>6,931,319</u>
Revenue notes:				
Electric revenue 2011	December 1, 2011	1.20-2.60%	1,795,000	1,635,000
Electric revenue 2012	March 28, 2012	1.00-3.50%	2,720,000	2,580,000
Sewer revenue	June 30, 2003	3.00%	<u>3,200,000</u>	<u>1,944,000</u>
Total revenue notes			<u>7,715,000</u>	<u>6,159,000</u>
Total indebtedness			<u>\$16,289,295</u>	<u>\$13,090,319</u>

Schedule 12

<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>
\$ -	\$ 100,000	\$ 100,000	\$ 8,150	\$ -
-	29,976	201,343	3,842	-
-	195,000	1,690,000	46,540	-
-	125,000	930,000	18,525	-
-	240,000	1,510,000	43,135	-
-	75,000	1,000,000	13,587	-
-	25,000	710,000	8,860	-
-	<u>789,976</u>	<u>6,141,343</u>	<u>142,639</u>	-
-	165,000	1,470,000	31,665	-
-	160,000	2,420,000	60,013	-
-	<u>152,000</u>	<u>1,792,000</u>	<u>46,170</u>	-
-	<u>477,000</u>	<u>5,682,000</u>	<u>137,848</u>	-
<u>\$ -</u>	<u>\$1,266,976</u>	<u>\$11,823,343</u>	<u>\$280,487</u>	<u>\$ -</u>

CITY OF TIPTON
Bond and Note Maturities
June 30, 2014

Year Ending <u>June 30,</u>	General Obligation Debt					
	<u>2008 Street Improvement</u>		<u>Fire Truck Acquisition Note</u>		<u>Corporate Purpose 2011A</u>	
	<u>Issued November 12, 2008</u>		<u>Issued June 1, 2010</u>		<u>Issued August 3, 2011</u>	
	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>
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	2.25%	180,000
2019	-	-	3.25%	35,000	2.50%	185,000
2020	-	-	3.25%	36,343	2.65%	190,000
2021	-	-	-	-	2.80%	200,000
2022	-	-	-	-	3.00%	205,000
2023	-	-	-	-	3.20%	215,000
2024	-	-	-	-	-	-
		<u>\$ 100,000</u>		<u>\$ 201,343</u>		<u>\$ 1,690,000</u>

Year Ending <u>June 30,</u>	Revenue Debt						
	<u>Sewer Revenue Note</u>		<u>Electric Revenue, Series 2011</u>		<u>Electric Revenue, Series 2012</u>		<u>Total</u>
	<u>Issued June 30, 2003</u>		<u>Issued December 1, 2011</u>		<u>Issued March 28, 2012</u>		
	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	
2015	3.00%	\$ 156,000	1.20%	\$ 170,000	1.00%	\$ 160,000	
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>\$ 1,792,000</u>		<u>\$ 1,470,000</u>		<u>\$ 2,420,000</u>	<u>\$ 5,682,000</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>
1.00%	\$ 130,000	2.25%	\$ 240,000	2.25%	\$ 25,000	0.45%	\$ 75,000	\$ 771,000
1.25%	130,000	2.25%	225,000	2.25%	135,000	0.60%	180,000	872,000
1.50%	135,000	2.25%	230,000	2.25%	135,000	0.75%	180,000	888,000
1.80%	100,000	2.35%	245,000	2.35%	140,000	0.90%	110,000	809,000
2.10%	100,000	2.80%	245,000	2.80%	140,000	0.90%	85,000	790,000
2.30%	90,000	3.00%	105,000	3.00%	135,000	1.25%	90,000	646,343
2.50%	90,000	3.10%	110,000	3.10%	-	1.25%	90,000	490,000
2.85%	95,000	3.20%	110,000	3.20%	-	1.25%	95,000	505,000
2.85%	30,000		-		-	1.80%	95,000	340,000
2.85%	30,000		-		-		-	30,000
	<u>\$ 930,000</u>		<u>\$ 1,510,000</u>		<u>\$ 710,000</u>		<u>\$ 1,000,000</u>	<u>\$ 6,141,343</u>

CITY OF TIPTON

Schedule 14

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

For the Last Ten Years

	<u>2014</u>	<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	\$ 1,333,234	\$ 1,294,643	\$ 1,184,336	\$ 1,069,242	\$ 1,021,653	\$ 946,333	\$ 891,603	\$ 850,516	\$ 803,190	\$ 743,605
Tax increment financing collections	210,216	175,490	175,887	167,830	185,147	195,347	217,895	205,164	190,052	190,192
Other city tax	222,462	251,653	198,459	230,604	192,230	213,927	254,739	161,840	122,778	179,993
Licenses and permits	11,475	14,487	11,395	6,425	5,872	2,752	2,382	3,018	3,284	4,895
Use of money and property	21,127	24,922	31,149	25,080	27,311	33,043	55,653	106,135	95,100	70,247
Intergovernmental	488,633	618,616	596,896	661,290	1,031,392	356,288	623,166	543,011	485,671	752,268
Charges for service	370,818	311,439	310,730	300,125	298,786	321,711	271,547	276,239	247,844	208,929
Special assessments	10,059	80,094	85,185	85,111	82,429	118,011	72,766	61,562	14,012	26,228
Miscellaneous	<u>338,265</u>	<u>181,010</u>	<u>360,959</u>	<u>274,125</u>	<u>238,415</u>	<u>393,094</u>	<u>386,325</u>	<u>669,881</u>	<u>339,310</u>	<u>2,632,575</u>
Total	<u>\$ 3,006,289</u>	<u>\$ 2,952,354</u>	<u>\$ 2,954,996</u>	<u>\$ 2,819,832</u>	<u>\$ 3,083,235</u>	<u>\$ 2,580,506</u>	<u>\$ 2,776,076</u>	<u>\$ 2,877,366</u>	<u>\$ 2,301,241</u>	<u>\$ 4,808,932</u>
DISBURSEMENTS:										
Operating:										
Public safety	\$ 1,097,592	\$ 874,717	\$ 840,049	\$ 819,197	\$ 1,099,997	\$ 678,745	\$ 638,724	\$ 723,533	\$ 782,320	\$ 586,004
Public works	540,118	492,321	574,943	541,160	480,392	435,441	415,650	462,406	324,841	434,109
Culture and recreation	753,848	744,394	747,120	731,608	711,495	813,703	724,830	587,047	587,171	373,104
Community and economic development	221,460	230,328	216,302	205,899	226,975	204,044	206,325	73,788	-	51,291
General government	179,490	120,078	129,246	115,031	131,953	215,058	253,301	255,852	311,842	320,203
Debt service	928,199	988,004	944,916	865,585	1,224,387	568,547	600,297	592,008	416,710	266,375
Capital projects	<u>35,345</u>	<u>2,174,628</u>	<u>1,617,699</u>	<u>225,626</u>	<u>2,119,457</u>	<u>1,169,501</u>	<u>982,900</u>	<u>895,413</u>	<u>1,135,574</u>	<u>5,597,107</u>
Total	<u>\$ 3,756,052</u>	<u>\$ 5,624,470</u>	<u>\$ 5,070,275</u>	<u>\$ 3,504,106</u>	<u>\$ 5,994,656</u>	<u>\$ 4,085,039</u>	<u>\$ 3,822,027</u>	<u>\$ 3,590,047</u>	<u>\$ 3,558,458</u>	<u>\$ 7,628,193</u>



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**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 of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2014, 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 January 23, 2015. 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 Responses, 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-2014 and II-B-2014 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, 2014, 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 Responses. 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
January 23, 2015

CITY OF TIPTON

Schedule of Findings and Responses

Year ended June 30, 2014

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-2014: 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, 2014

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

INTERNAL CONTROL DEFICIENCIES (CONTINUED)

II-B-2014 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, 2014

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

III-A-2014 Certified Budget - Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the general government function prior to the budget being amended. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

III-B-2014 Questionable Disbursements - We noted no disbursements that failed to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-C-2014 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-2014 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and
Business Connection

Dean Anderson, Council Member,
owner of Tipton Greenhouse \$ 284

Kurt Woode, Fire Chief,
owner of T&M Clothing \$19,491

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the Council Member do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year. The transactions with the Fire Chief also do not appear to represent a conflict of interest as transactions with volunteer fire fighters are not in violation per 362.5(3)(h) of the Code of Iowa.

III-E-2014 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should continue to be reviewed annually to ensure that the coverage is adequate for current operations.

III-F-2014 Council Minutes - We noted no transactions that we believe should have been approved in the Council minutes but were not.

III-G-2014 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

CITY OF TIPTON

Schedule of Findings and Responses

Year ended June 30, 2014

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

III-H-2014 Revenue Bonds and Notes – No instances of non-compliance with the revenue bonds and note resolutions were noted.

III-I-2014 Financial Condition - The following funds had deficit balances at June 30, 2014:

Nonmajor Special Revenue:	
Aquatic Campaign	\$ (606,629)
Nonmajor Enterprise:	
Garbage Collection	(53,356)
Cemetery Enterprise	(27,987)
Water Operating	(175,207)
Airport Operating	(40,905)

Recommendation - The City should generate and implement a good strategic plan in order to finance these deficit balances in fiscal year 2015.

Response – The City increased water, sewer, and garbage rates during the year, which did eliminate some of the deficit from prior year. 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.

Conclusion - Response accepted.

III-J-14 Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.