

**CITY OF TIPTON, IOWA**

**INDEPENDENT AUDITORS' REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2015**

**TABLE OF CONTENTS**

		<u>Page</u>
<b>OFFICIALS</b>		4
<b>INDEPENDENT AUDITORS' REPORT</b>		6-8
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>		9-20
 <b>BASIC FINANCIAL STATEMENTS:</b>		
	<u>Exhibit</u>	
Government-wide Financial Statement: Statement of Activities and Net Position - Cash Basis	A	22-25
Governmental Fund Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	26-29
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Statement of Activities and Net Position - Cash Basis - Governmental Activities	C	30
Proprietary Fund Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances	D	31-34
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Statement of Activities and Net Position - Cash Basis - Enterprise Activities	E	35
Notes to Financial Statements		36-51
 <b>OTHER INFORMATION:</b>		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget to Actual (Cash Basis) - All Governmental Funds and Proprietary Funds		53-54
Notes to Other Information - Budgetary Reporting		55
Schedule of the City's Proportionate Share of the Net Pension Liability		56
Schedule of City Contributions		57
 <b>SUPPLEMENTARY INFORMATION:</b>		
	<u>Schedule</u>	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Combining Nonmajor Governmental Funds	1	59-60
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds - Special Revenue	2	61-62

(continued)

	<u>Schedule</u>	<u>Page</u>
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds - Capital Projects	3	63
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Combining Nonmajor Proprietary Funds	4	64-65
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Combining Schedule - Electric Fund	5	66-67
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Combining Schedule - Water Fund	6	68
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Combining Schedule - Gas Fund	7	69
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Combining Schedule - Wastewater Fund	8	70
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Enterprise Funds - Other	9	71-72
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Internal Service Funds	10	73
Schedule of Cash Receipts, Disbursements and Changes in Balances - Nonmajor Debt Service Funds	11	74
Schedule of Indebtedness	12	75-76
Bond and Note Maturities	13	77-78
Schedule of Receipts by Source and Disbursements by Function - All Government Funds	14	79

<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	80-81
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<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	82-85
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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 <sup>st</sup> Ward Council Person	December 2015
Dean Anderson	2 <sup>nd</sup> Ward Council Person	December 2017
Dawn Siech	3 <sup>rd</sup> 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	December 2015
Tim Long	Interim City Manager	Temporary
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, 2015, 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, 2015, 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.

## **Emphasis of a Matter – Restatement**

As discussed in Note 14 to the financial statements, certain errors resulting in an overstatement of net position in governmental funds and an understatement of net position in business-type funds were discovered by management of the City during the current year in relation to the reporting of the internal service funds. Also, all Electric funds were reported on a combined basis as one Electric Fund and all Gas funds were reported on a combined basis as one Gas Fund for purposes of presentation in the 2015 financial statements. Accordingly, amounts reported for net position in the governmental activities, business-type activities, electric fund, gas fund, and aggregate remaining fund information (nonmajor enterprise funds) have been restated to correct the error. Our opinions are unmodified with respect to these matters.

## **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 14, 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, 2014, 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 14 for the nine years ending June 30, 2014 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, 2014. 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, 2014 presented in Schedule 14 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, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of City Contributions, 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 March 9, 2016 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*

**CliftonLarsonAllen LLP**

Cedar Rapids, Iowa  
March 9, 2016

## **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, 2015. Readers are encouraged to consider this information in conjunction with the City's financial statements which follow.

#### **2015 FINANCIAL HIGHLIGHTS**

- The City's total cash basis net position increased by 18.3% at the close of fiscal year 2015, or \$1,285,987. Governmental activities cash basis net position increased by \$668,251.
- City governmental activities revenues increased by \$626,006, or 16%, when compared to fiscal year 2014. The increase was due to bond proceeds received in the current year.
- General government activities expenditures increased by \$150,162, or 4%, during this same period. That increase was due to an increase in capital projects expenditures in the current year.
- Business type activities (the City's enterprise funds) revenues decreased by \$448,542, or 5.3%, and direct operating expenses decreased by \$531,275 or 7.2% when compared to the prior year, which is attributable to a lower demand for gas in FY2015.
- The City has \$11,566,343 in long term debt compared to \$11,823,343 at the close of fiscal year 2014. The change between years is the new General Obligation Debt of \$1,000,000 and scheduled debt service payments.

#### **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 and 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 Statements of Activities and Net Position are 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. 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**

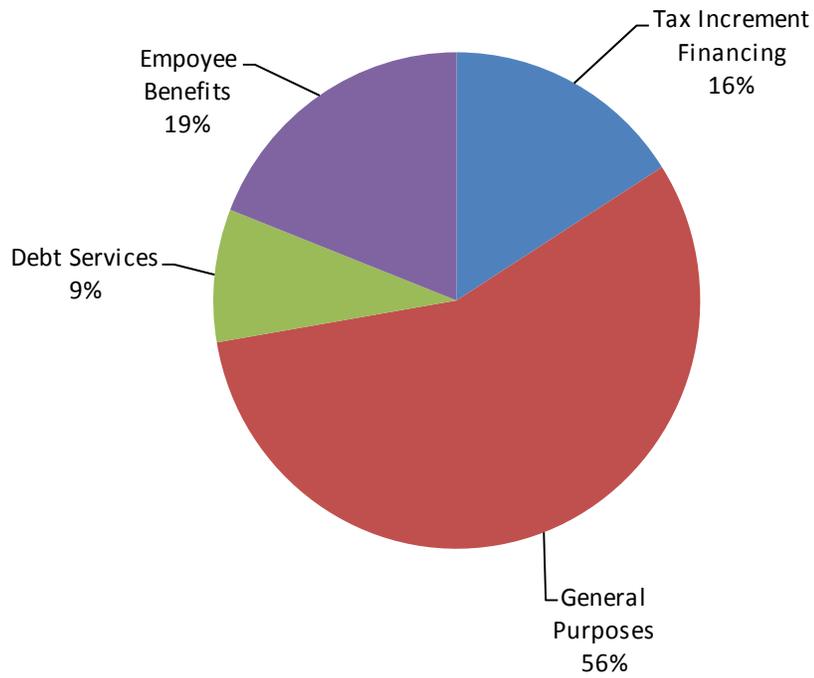
Net assets may serve, over time, as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago from \$1,441,217 to \$2,088,043. The analysis that follows focuses on the changes in cash basis net position of governmental activities:

**STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS**

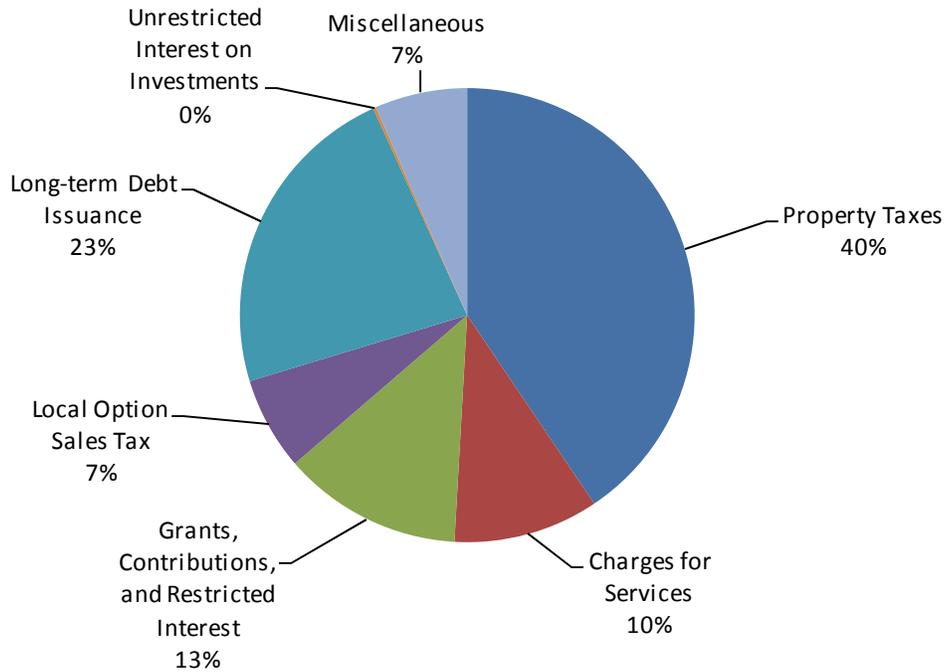
**GOVERNMENTAL ACTIVITIES**

	<b>June 30, <u>2015</u></b>	<b>June 30, <u>2014</u></b>
Receipts and transfers:		
Program receipts:		
Charges for services	\$ 391,678	\$ 382,293
Operating grants, contributions, and restricted interest	492,573	440,971
Capital grants, contributions, and restricted interest	10,238	107,743
General receipts:		
Property tax	1,595,260	1,543,450
Local option sales tax	261,084	222,462
Rent	14,288	15,284
Unrestricted investment earnings	7,205	7,143
Miscellaneous	259,199	288,243
Debt proceeds	900,568	25,502
Sale of assets	-	73,000
Interfund loans	28,115	87,152
Transfers, net	<u>586,561</u>	<u>723,601</u>
Total receipts and transfers	<u>4,546,769</u>	<u>3,916,844</u>
Disbursements:		
General government:		
Public safety	1,097,954	1,097,592
Public works	584,010	540,118
Culture and recreation	834,658	753,848
Community and economic development	174,275	221,460
General government	182,257	147,875
Debt service	875,983	928,199
Capital projects	<u>150,806</u>	<u>35,345</u>
Total general government disbursements	<u>3,899,943</u>	<u>3,724,437</u>
<b>Change in Cash Basis Net Position</b>	646,826	192,407
<b>Cash Basis Net Position, Beginning of Year, as Restated</b>	<u>1,441,217</u>	<u>1,443,280</u>
<b>Cash Basis Net Position, End of Year</b>	<u>\$ 2,088,043</u>	<u>\$ 1,635,687</u>

## Property Tax Levies



## Receipts by Source



The City's total receipts for governmental activities increased by \$629,925 from the previous year primarily as a result of bond proceeds received in 2015. The total cost of all governmental programs increased by \$175,506 with no new programs added during the year. There was an increase in capital project expenditures in the current year.

The City increased the property tax rates for 2015 by 0.908%. 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 \$3,899,943, compared to \$3,724,437 last year. The amount financed by taxpayers was \$1,856,344. The remainder was financed by charges for services for those directly benefiting from the programs of \$391,678 or by other governments or organizations that subsidized certain programs with grants, contributions, and restricted interest of \$502,811.

**STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS**

**BUSINESS TYPE ACTIVITIES**

	<b>June 30, <u>2015</u></b>	<b>June 30, <u>2014</u></b>
Receipts:		
Program receipts:		
Charges for services	\$ 7,745,448	\$ 8,138,394
Operating grants, contributions, and restricted interest	83,330	66,825
General receipts:		
Rent	8,300	11,800
Unrestricted investment earnings	18,120	28,709
Miscellaneous	126,442	125,468
Debt proceeds	140,000	-
Sale of assets	<u>-</u>	<u>58,500</u>
Total receipts	<u>8,121,640</u>	<u>8,429,696</u>
Disbursements:		
Electric	3,670,717	3,932,662
Water	431,412	458,500
Gas	1,642,922	1,852,099
Wastewater	567,090	510,952
Communications	-	40
Airport	109,029	117,871
Garbage	396,085	509,766
Cemetery	<u>50,548</u>	<u>42,532</u>
Total disbursements	<u>6,867,803</u>	<u>7,424,422</u>
Change in cash basis net assets before transfers	1,253,837	1,005,274
Interfund loans	(28,115)	(87,152)
Transfers, net	<u>(586,561)</u>	<u>(723,601)</u>
<b>Change in Cash Basis Net Position</b>	639,161	194,521
<b>Cash Basis Net Position, Beginning of Year, as Restated</b>	<u>5,601,640</u>	<u>5,212,649</u>
<b>Cash Basis Net Position, End of Year</b>	<u>\$ 6,240,801</u>	<u>\$ 5,407,170</u>

Total business type activities receipts for the fiscal year were \$8,121,640 compared to \$8,429,696 last year. This change was due primarily to a decrease in gas sold during the year. Total disbursements and net transfers for the fiscal year were \$7,503,418 compared to \$7,482,719 last year.

### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City completed this year, its governmental funds reported a combined fund balance of \$1,790,907, an increase from last year's total of \$1,171,443. There were a handful of funds that closed out to the funds below which was cause for the increase in these specific funds. 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 increased \$302,171 from the prior year to a fund balance of \$464,317.
2. The Road Use Tax (RUT) Fund cash balance increased \$170,805 from the prior year to a fund balance of \$445,493.
3. Economic/Industrial Development Fund increased \$48,131 from the prior year to a fund balance of \$547,900.

### **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

As the City completed this year, its enterprise funds reported a combined fund balance of \$6,024,906, an increase from last year's total of \$5,407,170. The following are the major reasons for the changes of fund balances of the enterprise funds from the prior year.

1. The Electric Fund cash balance increased \$289,157 to \$4,869,974 due to finishing the 69 KV Substation Project in the prior year and less Electric Operating expenses.
2. The Gas Fund cash balance decreased \$535 to \$560,824 due to a decrease in demand for gas.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time which resulted in an increase in budgeted receipts of \$1,223,748 and budgeted disbursements of \$2,205,550 to provide for additional disbursements in certain City departments.

### **DEBT ADMINISTRATION**

On June 30, 2015, the City had \$11,566,343 in bonds and other long-term debt, compared to \$11,823,343 at the beginning of the year.

## Outstanding debt at June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
General Obligation Bonds:		
Street improvements	\$ -	\$ 100,000
Fire truck acquisition	170,343	201,343
Corporate Purpose 2011A	1,520,000	1,690,000
Corporate Purpose 2011B	800,000	930,000
Corporate Purpose 2011C	1,270,000	1,510,000
Refunding Bond 2012A	685,000	710,000
Corporate Purpose 2013	925,000	1,000,000
Corporate Purpose 2015	<u>1,000,000</u>	<u>-</u>
Total	<u>6,370,343</u>	<u>6,141,343</u>
Revenue Bonds and Notes:		
Sewer revenue	1,636,000	1,792,000
Electric revenue 2011	1,300,000	1,470,000
Electric revenue 2012	<u>2,260,000</u>	<u>2,420,000</u>
Total	<u>5,196,000</u>	<u>5,682,000</u>
Total indebtedness	<u>\$ 11,566,343</u>	<u>\$ 11,823,343</u>

Debt decreased as a result of making more principal and interest payments during the year than the new debt that was issued. 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 \$6,370,343 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 over time, negatively affecting local government revenue sources. Most significant is the “assessment limitation order” of the state legislature, or “rollback” of property tax on commercial, and now multifamily residential rental property will have further negative effects on real estate tax receipts in the future, as the State’s “backstop program” to reimburse cities for the shortfall is diminished. There are no signs that such revenue sharing from the State will return to previous levels, and every indication that caps on local real estate will continue to diminish those receipts.

*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 which are both a pro rata share of the cost of administration and a “Payment in lieu of taxes” (PILOT) that would otherwise be collected from a for-profit utility that owned property in the community. The ongoing competitiveness and vitality of those utilities is important to the City’s well-being, therefore we are considering those payments closely over the coming year.

*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 will fluctuate from year to year. Further, the very low rate of interest available for approved securities and deposits limits the revenue from those investments. In an effort to eliminate trying to time investments to 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 authorized the review of all positions for market competitiveness during the past year. The outcome of the study was accepted for use in contract negotiations with the City’s bargaining unit, and a contract was successfully negotiated during the winter of 2015/16.

*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. The downward pressure of increased oil production and slowing consumption has provided reduced costs for the City, especially with regard to both fuel and energy costs. We are remaining cautious, however, and anticipate the possibility of sudden increases in the cost of energy, and have budgeted conservatively.

### ***Future factors and budget***

Tipton's elected and appointed officials considered the above factors when establishing the FY 2016 budget, tax rates, and fees that will be charged for various City activities. Overall employment levels for both the City and surrounding County have remained steady from the previous year. The median household income remains virtually unchanged. Cities continue to monitor bills presented to the Legislature regarding the future of rollback, backfill, and further effects it may have on the budget.

The City continues to operate its sewer plant on an expired permit and will likely be required to make system upgrades to meet the tighter effluent requirements. The City implemented a storm water fee to provide funding to reduce inflow and infiltration in to the sanitary sewer system, and anticipates beginning significant work to that end in FY 2018, in concert with street improvements. The City also engaged an engineering firm to analyze the City's storm water flows and impacts on both the storm water and sanitary sewer systems, in order to develop plans and projects to begin addressing the negative impacts on the community's neighborhoods.

### **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 \$1.25565/\$1,000 to \$1.23076/\$1,000 of assessed value because of the local option sales tax. 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 took effect in May 2015. The City completed large increases in both sewer and water rate during the 2014 fiscal year and does not expect additional increases for either fund until further assessment is made of available cash flow and needed improvements to meet the state's requirements and to address community problems. The City reviewed its refuse pick-up costs and service levels, and last year discussed privatizing the service. Garbage rates were increased substantially during the past year to maintain a positive cash flow for the service. We will revisit the refuse pick-up operations during the coming year again. The City has introduced and adopted a storm water fee for all properties, 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.

### **Expenses, 2015-2016**

The City did some relatively basic capital improvements work in 2016, including repairs to catch basins, street seal-coating and asphalt overlay work.

In a post-year end event the City's attorney reached a settlement agreement with the contractor and architect for the James Kennedy Aquatic Center. The City agreed to accept an amount of \$600,000 in return for releasing the parties from future responsibility for the facility's structural defects, which money will be used in the near future to make permanent repairs.

Management staff recommended no new debt issues for FY 2015-16.

### **Expenses anticipated, 2016 and thereafter**

Given changes in management at the end of calendar year 2015, present and interim administration is planning no significant changes for FY 2016-17; this is in order to assess the City's fund balances, cash flow, and to plan for significant future storm water, sewer and street repair work utilizing the storm water fee and other revenue sources.

As noted above, the repairs necessary at the James Kennedy Aquatic Center will be planned for and completed over a multi-year timeline, based on a prioritization of immediate need and funds available, including the \$600,000 settlement.

### **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,

Interim City Manager  
City of Tipton, Iowa

## **BASIC FINANCIAL STATEMENTS**

**CITY OF TIPTON**

**Statement of Activities and Net Position - Cash Basis**

**As of and for the year ended June 30, 2015**

	<b>Program Receipts</b>		
	<b>Disbursements</b>	<b>Charges for Services</b>	<b>Operating Grants, Contributions, and Restricted Interest</b>
<b>FUNCTIONS/PROGRAMS:</b>			
Governmental activities:			
Public safety	\$ 1,097,954	\$ 233,251	\$ 11,820
Public works	584,010	2,825	413,026
Culture and recreation	834,658	137,530	65,019
Community and economic development	174,275	-	-
General government	182,257	18,072	2,708
Debt service	875,983	-	-
Capital projects	150,806	-	-
	<u>3,899,943</u>	<u>391,678</u>	<u>492,573</u>
Business type activities:			
Electric	3,670,717	4,341,468	83,330
Water	431,412	651,637	-
Gas	1,642,922	1,598,887	-
Wastewater	567,090	596,328	-
Communications	-	22,592	-
Airport	109,029	22,270	-
Garbage	396,085	452,579	-
Stormwater	-	44,807	-
Cemetery	50,548	14,880	-
	<u>6,867,803</u>	<u>7,745,448</u>	<u>83,330</u>
Total business type activities			
	<u>6,867,803</u>	<u>7,745,448</u>	<u>83,330</u>
Total	<u>\$ 10,767,746</u>	<u>\$ 8,137,126</u>	<u>\$ 575,903</u>

**GENERAL RECEIPTS AND TRANSFERS:**

- Property and other city taxes levied for:
  - General purposes
  - Employee benefits
  - Debt service
- Tax increment financing
- Local option sales tax
- Rent
- Unrestricted interest on investments
- Miscellaneous
- Long-term debt issuance
- Proceeds from revolving loan
- Interfund loans
- Transfers

Total general receipts and transfers

<b>Net (Disbursements) Receipts and Changes in Cash Basis Net Position</b>			
<b>Capital Grants, Contributions, and Restricted Interest</b>	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
\$ -	\$ (852,883)	\$ -	\$ (852,883)
10,238	(157,921)	-	(157,921)
-	(632,109)	-	(632,109)
-	(174,275)	-	(174,275)
-	(161,477)	-	(161,477)
-	(875,983)	-	(875,983)
-	(150,806)	-	(150,806)
<u>10,238</u>	<u>(3,005,454)</u>	<u>-</u>	<u>(3,005,454)</u>
-	-	754,081	754,081
-	-	220,225	220,225
-	-	(44,035)	(44,035)
-	-	29,238	29,238
-	-	22,592	22,592
-	-	(86,759)	(86,759)
-	-	56,494	56,494
-	-	44,807	44,807
-	-	(35,668)	(35,668)
<u>-</u>	<u>-</u>	<u>960,975</u>	<u>960,975</u>
<u>\$ 10,238</u>	<u>(3,005,454)</u>	<u>960,975</u>	<u>(2,044,479)</u>
	898,419	-	898,419
	304,033	-	304,033
	137,955	-	137,955
	254,853	-	254,853
	261,084	-	261,084
	14,288	8,300	22,588
	7,205	18,120	25,325
	259,199	126,442	385,641
	861,820	140,000	1,001,820
	38,748	-	38,748
	28,115	(28,115)	-
	<u>586,561</u>	<u>(586,561)</u>	<u>-</u>
	<u>3,652,280</u>	<u>(321,814)</u>	<u>3,330,466</u>

CITY OF TIPTON

Statement of Activities and Net Position - Cash Basis

As of and for the year ended June 30, 2015

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

Capital Grants, Contributions, and Restricted <u>Interest</u>	<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Position</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
	\$ 646,826	\$ 639,161	\$ 1,285,987
	<u>1,441,217</u>	<u>5,601,640</u>	<u>7,042,857</u>
	<u>\$ 2,088,043</u>	<u>\$ 6,240,801</u>	<u>\$ 8,328,844</u>
	\$ 100,000	\$ -	\$ 100,000
	729,696	-	729,696
	68,570	2,121,708	2,190,278
	494,925	-	494,925
	262,349	27,220	289,569
	<u>432,503</u>	<u>4,091,873</u>	<u>4,524,376</u>
	<u>\$ 2,088,043</u>	<u>\$ 6,240,801</u>	<u>\$ 8,328,844</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, 2015**

	<u>General</u>
<b>RECEIPTS:</b>	
Property tax	\$ 898,419
Tax increment financing	-
Other city tax	-
Licenses and permits	18,072
Use of money and property	16,295
Intergovernmental	88,301
Charges for service	372,256
Special assessments	-
Miscellaneous	<u>190,484</u>
Total receipts	<u>1,583,827</u>
 <b>DISBURSEMENTS:</b>	
Operating:	
Public safety	1,097,954
Public works	584,010
Culture and recreation	834,658
Community and economic development	89,370
General government	218,984
Debt service	-
Capital projects	<u>-</u>
Total disbursements	<u>2,824,976</u>
Excess (deficiency) of receipts over disbursements	<u>(1,241,149)</u>
 <b>OTHER FINANCING SOURCES (USES):</b>	
Proceeds on revolving loan program	-
Long-term debt issued	309,000
Interfund loan	50,000
Interfund loan advances	(1,538)
Transfers in	1,188,379
Transfers out	<u>(2,521)</u>
Net other financing sources (uses)	<u>1,543,320</u>

Exhibit B

<b>Special Revenue</b>			
<b>Road Use Tax</b>	<b>Economic/ Industrial Development</b>	<b>Nonmajor</b>	<b>Total</b>
\$ -	\$ -	\$ 441,988	\$ 1,340,407
-	-	254,853	254,853
-	-	261,084	261,084
-	-	-	18,072
-	1,236	3,228	20,759
334,928	-	-	423,229
-	-	1,350	373,606
-	-	10,238	10,238
-	50,303	87,754	328,541
<u>334,928</u>	<u>51,539</u>	<u>1,060,495</u>	<u>3,030,789</u>
-	-	-	1,097,954
-	-	-	584,010
-	-	-	834,658
-	42,156	42,749	174,275
-	-	4,250	223,234
-	-	875,983	875,983
-	-	150,806	150,806
<u>-</u>	<u>42,156</u>	<u>1,073,788</u>	<u>3,940,920</u>
<u>334,928</u>	<u>9,383</u>	<u>(13,293)</u>	<u>(910,131)</u>
-	38,748	-	38,748
-	-	552,820	861,820
-	-	-	50,000
-	-	-	(1,538)
114,196	-	733,521	2,036,096
(278,319)	-	(1,174,691)	(1,455,531)
<u>(164,123)</u>	<u>38,748</u>	<u>111,650</u>	<u>1,529,595</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, 2015**

	<u>General</u>
<b>NET CHANGE IN CASH BALANCES</b>	\$ 302,171
<b>CASH BALANCES, BEGINNING OF YEAR</b>	<u>162,146</u>
<b>CASH BALANCES, END OF YEAR</b>	<u>\$ 464,317</u>
<b>CASH BASIS FUND BALANCES:</b>	
Nonspendable	\$ -
Restricted for:	
Urban renewal	-
Debt service	-
Streets	-
Other purposes	-
Assigned for:	
Ambulance	107,910
Capital projects	-
Unemployment claims	79,399
Unassigned (deficit)	<u>277,008</u>
Total cash basis fund balances	<u>\$ 464,317</u>

Exhibit B

<b>Special Revenue</b>			
<b><u>Road Use Tax</u></b>	<b><u>Economic/ Industrial Development</u></b>	<b><u>Nonmajor</u></b>	<b><u>Total</u></b>
\$ 170,805	\$ 48,131	\$ 98,357	\$ 619,464
<u>274,688</u>	<u>499,769</u>	<u>234,840</u>	<u>1,171,443</u>
<u>\$ 445,493</u>	<u>\$ 547,900</u>	<u>\$ 333,197</u>	<u>\$ 1,790,907</u>
\$ -	\$ -	\$ 100,000	\$ 100,000
-	547,900	181,796	729,696
-	-	68,570	68,570
445,493	-	49,432	494,925
-	-	262,349	262,349
-	-	-	107,910
-	-	296,352	296,352
-	-	-	79,399
-	-	(625,302)	(348,294)
<u>\$ 445,493</u>	<u>\$ 547,900</u>	<u>\$ 333,197</u>	<u>\$ 1,790,907</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, 2015**

**Total governmental funds cash balances (page 29)** \$ 1,790,907

***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. A portion of the cash balance is included in governmental activities in the Cash Basis Statement of Activities and Net Position.

297,136

**Cash basis net position of governmental activities (page 25)** \$ 2,088,043

**Net change in cash balances (page 29)** \$ 619,464

***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. A portion of the change in the cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities.

27,362

**Change in cash basis net position of governmental activities  
(page 25)** \$ 646,826

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, 2015**

	<b>Enterprise</b>	
	<b>Electric</b>	<b>Gas</b>
<b>OPERATING RECEIPTS:</b>		
Licenses and permits	\$ 1,150	\$ -
Use of money and property	11,923	1,702
Intergovernmental	83,330	-
Charges for services	4,340,318	1,598,887
Miscellaneous	27,433	32,821
Total operating receipts	4,464,154	1,633,410
<b>OPERATING DISBURSEMENTS:</b>		
Business type activities	3,262,081	1,648,263
Total operating disbursements	3,262,081	1,648,263
Excess (deficiency) of operating receipts over operating disbursements	1,202,073	(14,853)
<b>NONOPERATING RECEIPTS (DISBURSEMENTS):</b>		
Interest on investments	4,329	473
Debt service	(418,993)	-
Net nonoperating receipts (disbursements)	(414,664)	473
Excess (deficiency) of receipts over disbursements	787,409	(14,380)
<b>OTHER FINANCING SOURCES (USES):</b>		
Long-term bonds issued	-	-
Interfund loan	-	-
Interfund loan advance	(2,138)	(1,538)
Transfers in	95,660	35,383
Transfers out	(591,774)	(20,000)
Net other financing sources (uses)	(498,252)	13,845
<b>NET CHANGE IN CASH BALANCES</b>	289,157	(535)
<b>CASH BALANCES, BEGINNING OF YEAR, AS RESTATED</b>	4,580,817	561,359
<b>CASH BALANCES, END OF YEAR</b>	\$ 4,869,974	\$ 560,824

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

Exhibit D

<u>Enterprise</u>		<u>Internal Service</u>
<u>Nonmajor</u>	<u>Totals</u>	
\$ -	\$ 1,150	\$ -
974	14,599	-
-	83,330	-
1,805,093	7,744,298	424,070
<u>66,188</u>	<u>126,442</u>	<u>307,469</u>
<u>1,872,255</u>	<u>7,969,819</u>	<u>731,539</u>
<u>1,342,802</u>	<u>6,253,146</u>	<u>665,218</u>
<u>1,342,802</u>	<u>6,253,146</u>	<u>665,218</u>
<u>529,453</u>	<u>1,716,673</u>	<u>66,321</u>
6,533	11,335	1,222
<u>(221,008)</u>	<u>(640,001)</u>	<u>-</u>
<u>(214,475)</u>	<u>(628,666)</u>	<u>1,222</u>
<u>314,978</u>	<u>1,088,007</u>	<u>67,543</u>
140,000	140,000	-
-	-	9,678
(3,476)	(7,152)	(50,988)
308,710	439,753	53,819
<u>(431,098)</u>	<u>(1,042,872)</u>	<u>(31,265)</u>
<u>14,136</u>	<u>(470,271)</u>	<u>(18,756)</u>
329,114	617,736	48,787
<u>264,994</u>	<u>5,407,170</u>	<u>464,244</u>
<u>\$ 594,108</u>	<u>\$ 6,024,906</u>	<u>\$ 513,031</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, 2015

	<u>Enterprise</u>	
	<u>Electric</u>	<u>Gas</u>
<b>CASH BASIS FUND BALANCES:</b>		
Restricted:		
Debt service	\$ 1,731,709	\$ -
Other purposes	15,139	10,300
Unrestricted	<u>3,123,126</u>	<u>550,524</u>
Total cash basis fund balances	<u>\$ 4,869,974</u>	<u>\$ 560,824</u>

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

Exhibit D

<u>Enterprise</u>		<u>Internal Service</u>
<u>Nonmajor</u>	<u>Totals</u>	
\$ 389,999	\$ 2,121,708	\$ -
1,781	27,220	-
<u>202,328</u>	<u>3,875,978</u>	<u>513,031</u>
<u>\$ 594,108</u>	<u>\$ 6,024,906</u>	<u>\$ 513,031</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 – Proprietary Funds**

**As of and for the year ended June 30, 2015**

**Total enterprise funds cash balances (page 34)** \$ 6,024,906

***Amounts reported for business-type 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. A portion of the cash balance is included in business-type activities in the Cash Basis Statement of Activities and Net Position.

215,895

**Cash basis net position of business-type activities (page 25)** \$ 6,240,801

**Net change in cash balances (page 32)** \$ 617,736

***Amounts reported for business-type 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. A portion of the change in the cash balance of the Internal Service Fund is reported with business-type activities in the Cash Basis Statement of Activities.

21,425

**Change in cash basis net position of business-type activities (page 25)** \$ 639,161

**CITY OF TIPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

The City of Tipton, Iowa (the City) 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 Cash Basis 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, 2015**

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

B. Basis of Presentation (continued)

Government-wide Financial Statement - (continued)

The Cash Basis 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, including the City's Permanent Fund.

*Expendable restricted net position* results when constraints placed on the use of cash balance are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consist of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis 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, 2015**

(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 Fund accounts for the operation and maintenance of the City's electric system and accounts for the payments of the debt obligations related to the electric revenue bonds.

The Gas 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, 2015**

(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 funds 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, 2015, disbursements exceeded the amount budgeted in the capital projects function.

**CITY OF TIPTON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

(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, 2013, to compute the amounts which became liens on property on July 1, 2014. These taxes were due and payable in two installments on September 30, 2014 and March 31, 2015, 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, 2015 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 at June 30, 2015.

At June 30, 2015, the City's deposits consisted of cash, cash equivalents and bank certificates of deposit as follows:

	<b><u>Bank Value</u></b>	<b><u>Carrying Value</u></b>
Checking account	\$ 6,561,400	\$ 6,435,941
Certificates of deposit	1,864,072	1,864,072
PSF health cash account	<u>28,831</u>	<u>28,831</u>
 Total	 <u>\$ 8,454,303</u>	 <u>\$ 8,328,844</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, 2015**

**(3) Bonds and Notes Payable**

Long-term debt activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>General governmental activities</b>					
General obligation bonds	\$ 6,141,343	\$ 1,000,000	\$ 771,000	\$ 6,370,343	\$ 952,000
<b>Business-type activities</b>					
Revenue Bonds	\$ 5,682,000	\$ -	\$ 486,000	\$ 5,196,000	\$ 496,000

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>
2016	\$ 952,000	\$ 133,384	\$ 496,000	\$ 134,433	\$ 1,448,000	\$ 267,817
2017	973,000	117,715	506,000	124,990	1,479,000	242,705
2018	894,000	104,963	521,000	114,473	1,415,000	219,436
2019	875,000	87,022	536,000	102,768	1,411,000	189,790
2020	736,343	66,784	551,000	89,825	1,287,343	156,609
2021-2025	1,835,000	122,898	2,156,000	236,665	3,991,000	359,563
2026-2029	105,000	3,150	430,000	22,540	535,000	25,690
	<u>\$ 6,370,343</u>	<u>\$ 635,916</u>	<u>\$ 5,196,000</u>	<u>\$ 825,694</u>	<u>\$ 11,566,343</u>	<u>\$ 1,461,610</u>

General obligation notes issued on November 12, 2008 provided funds to pay for the cost of street construction and reconstruction. Principal and interest were paid in full in 2015.

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, 2015 is \$170,343. 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, 2015 is \$1,520,000. 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 \$800,000 as of June 30, 2015. The note has a range of interest rates from 1.25-2.85%.

**CITY OF TIPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**(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 \$1,270,000 as of June 30, 2015. 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 \$685,000 at June 30, 2015. The note has a range of interest rates from 2.25%-3.20%.

General obligation notes issued March 19, 2013 provided funds to purchase vehicles for the City such as a garbage truck, street sweeper, police vehicle, and bucket truck. The remaining outstanding balance on the note as of June 30, 2015 is \$925,000 with a maturity date of 2023. The note has interest rates from 0.60%-1.80%.

General obligation notes issued April 7, 2015 provided funds for the purchase of an ambulance and equipment for the police, fire, and emergency response departments, as well as street, sanitary sewer, storm sewer, water system, and park improvements. The remaining outstanding balance of the note is \$1,000,000 as of June 30, 2015. The note will mature in 2026 and has an interest rate range of 1.50%-3.00%.

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% of net revenues. The total principal and interest remaining to be paid on the notes is \$1,891,030. For the current year, principal and interest paid and total customer net revenues were \$187,360 and \$239,100, 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 1/12<sup>th</sup> of the next principal payment due and 1/6<sup>th</sup> 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, 2015, the City was in compliance with all the provisions above.

**CITY OF TIPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**(3) Bonds and Notes Payable (continued)**

The City has pledged future electric customer receipts, net of specified operating disbursements, to repay \$1,795,000 in electric revenue bonds issued in December 2011. Proceeds from the bonds provided financing for the construction of electric projects and current refunding of the Electric Revenue Notes issued in 2010. The bonds are payable solely from electric customer net revenues and are payable through 2022. The total principal and interest remaining to be paid on the notes is \$1,425,485. For the current year, principal and interest paid and total customer net revenues were \$200,180 and \$1,168,562, respectively.

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

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

At June 30, 2015, 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 \$2,485,178. For the current year, principal and interest paid and total customer net revenues were \$218,813 and \$1,168,562, 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 1/12<sup>th</sup> of the next principal payment due and 1/8<sup>th</sup> of the next interest payment due shall be set aside in a sinking fund on a month. After fiscal year 2012, an amount of 1/6<sup>th</sup> 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, 2015, the City was in compliance with the provisions above.

**CITY OF TIPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**(3) Bonds and Notes Payable (continued)**

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

Assessed Value	<u>\$ 169,719,754</u>
Debt limit - 5% of assessed value	\$ 8,485,988
G.O. Debt outstanding	<u>6,370,343</u>
Debt margin	<u>\$ 2,115,645</u>

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfers In:	Transfers Out							Total
	General	Road Use Tax	Electric	Gas	Nonmajor		Internal Service	
	General	Tax	Electric	Gas	Governmental	Enterprise	Internal Service	
General	\$ -	\$ 50,000	\$ 524,019	\$ 13,348	\$ 498,912	\$ 102,100	\$ -	\$ 1,188,379
Road Use Tax	-	-	-	-	114,196	-	-	114,196
Electric	-	-	-	-	95,660	-	-	95,660
Gas	-	-	-	-	35,383	-	-	35,383
Nonmajor Governmental	2,521	228,319	42,048	-	326,358	103,010	31,265	733,521
Nonmajor Enterprise	-	-	21,888	6,652	54,182	225,988	-	308,710
Nonmajor Internal Service Funds	-	-	3,819	-	50,000	-	-	53,819
Total	<u>\$ 2,521</u>	<u>\$ 278,319</u>	<u>\$ 591,774</u>	<u>\$ 20,000</u>	<u>\$ 1,174,691</u>	<u>\$ 431,098</u>	<u>\$ 31,265</u>	<u>\$ 2,529,668</u>

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**

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, IA 60306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**CITY OF TIPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**(5) Pension and Retirement Benefits** (continued)

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service)
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following an annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and the methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

**CITY OF TIPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

(5) **Pension and Retirement Benefits** (continued)

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%. Protection occupation members contributed 6.76% of pay and the City contributed 10.14% for a total rate of 16.9%.

The City's contributions to IPERS for the year ended June 30, 2015 were \$161,692.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$681,417. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was .019390% for Regular employees and .132379% for Protection Occupation employees, which was a decrease of .001117% for Regular employees and an increase of .002966 percent for Protection Occupation employees from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City collective pension expense, collective deferred outflows, and collective deferred inflows totaled \$68,198, \$43,162, and \$410,368, respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increases (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF TIPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

(5) **Pension and Retirement Benefits** (continued)

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	1%	(0.69)
<b>Total</b>	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 1,591,686	\$ 681,417	\$ (86,632)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website [www.ipers.org](http://www.ipers.org).

**CITY OF TIPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**(6) Health Insurance**

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

**Out of Pocket Limits**

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

The City has established an internal service fund to account for and pay its share of this partial self-funding. As of June 30, 2015, 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, 2015 is \$272,012. This liability has been computed based on rates of pay in effect at June 30, 2015.

**(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, 2015 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.

**CITY OF TIPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**(9) Long-term Receivables (continued)**

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

The table below reflects transactions as of and for the year ended June 30, 2015:

Amount loaned out to area businesses	\$	29,842
Proceeds Distributed		42,156
Principal payments received		<u>10,694</u>
Ending balance on long-term receivables	\$	<u>61,304</u>
ARRA Grant line of credit balance, beginning of year	\$	79,320
Amount in use		<u>61,304</u>
Amount available to lend by the City	\$	<u>18,016</u>
Amount distributed to area businesses	\$	16,934
Amount distributed to area businesses during the year		42,156
Amount received from the federal government		38,748
Amount City forgiven by USDA, Rural Development		<u>250</u>
Amount owed to the City from the federal government	\$	<u>20,092</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, 2015, the City has various outstanding construction contracts totaling \$32,269.

**CITY OF TIPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**(12) Commitments**

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.

During the current year, the City entered into a five-year agreement with Clayton Energy Corp for natural gas.

**(13) Deficit Fund Balances**

The following funds had deficit balances at June 30, 2015:

Nonmajor Special Revenue:	
Aquatic Campaign	\$ (603,279)
Nonmajor Enterprise:	
Garbage Collection	(7,602)
Airport Operating	(43,042)
Nonmajor Debt Service:	
GO Fire Truck	(22,023)

The City increased 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 is evaluating the Airport's cost structure to improve profitability.

**CITY OF TIPTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**(14) Restatement for Change in Correction of Error**

There was one restatement in the June 30, 2015 fiscal year for the governmental activities and business-type activities. The activity of the internal service funds should be allocated between the governmental and business-type activities according to use by each. Prior to 2015, the internal service funds were allocated completely to governmental funds.

Also, all Electric funds were reported on a combined basis as one Electric Fund and all Gas funds were reported on a combined basis as one Gas Fund for purposes of presentation in the 2015 financial statements.

The effect of the restatement on the respective cash basis net position of the business-type activities and governmental activities, and the cash balances in the Electric, Gas and nonmajor enterprise funds is as follows:

	As Previously Reported	Correction of An Error	As Restated
Business-Type Activities	\$ 5,407,170	\$ 194,470	\$ 5,601,640
Governmental Activities	\$ 1,635,687	\$ (194,470)	\$ 1,441,217
Electric Operating Fund	\$ 1,537,074	\$ (1,537,074)	\$ -
Electric Bond Reserve Fund	\$ 1,418,380	\$ (1,418,380)	\$ -
Electric Fund	\$ -	\$ 4,580,817	\$ 4,580,817
Gas Operating Fund	\$ 97,452	\$ (97,452)	\$ -
Gas Fund	\$ -	\$ 561,359	\$ 561,359
Nonmajor Enterprise Funds	\$ 2,354,264	\$ (2,089,270)	\$ 264,994

**(15) Subsequent Events**

Management evaluated subsequent events through March 9, 2016, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2015, but prior to March 9, 2016 that provided additional evidence about conditions that did not exist at June 30, 2015, but arose before the financial statements were available to be issued, have not been recognized for the year ended June 30, 2015.

## **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, 2015

	<b>Governmental Funds <u>Actual</u></b>	<b>Proprietary Funds <u>Actual</u></b>	<b>Less Funds not Required to be Budgeted</b>	<b><u>Total</u></b>
<b>RECEIPTS:</b>				
Property tax	\$ 1,340,407	\$ -	\$ -	\$ 1,340,407
Tax increment financing	254,853	-	-	254,853
Other city tax	261,084	-	-	261,084
Licenses and permits	18,072	1,150	-	19,222
Use of money and property	20,759	27,156	1,222	46,693
Intergovernmental	423,229	83,330	-	506,559
Charges for services	373,606	8,168,368	424,070	8,117,904
Special assessments	10,238	-	-	10,238
Miscellaneous	328,541	433,911	307,469	454,983
	<u>3,030,789</u>	<u>8,713,915</u>	<u>732,761</u>	<u>11,011,943</u>
Total receipts				
<b>DISBURSEMENTS:</b>				
Public safety	1,097,954	-	-	1,097,954
Public works	584,010	-	-	584,010
Culture and recreation	834,658	-	-	834,658
Community and economic development	174,275	-	-	174,275
General government	223,234	665,218	665,218	223,234
Debt service	875,983	-	-	875,983
Capital projects	150,806	-	-	150,806
Business type activities	-	6,893,147	-	6,893,147
	<u>3,940,920</u>	<u>7,558,365</u>	<u>665,218</u>	<u>10,834,067</u>
Total disbursements				
Excess (deficiency) of receipts over disbursements	(910,131)	1,155,550	67,543	177,876
<b>OTHER FINANCING SOURCES (USES), NET</b>				
	<u>1,529,595</u>	<u>(489,027)</u>	<u>(18,756)</u>	<u>1,059,324</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	619,464	666,523	48,787	1,237,200
<b>BALANCES BEGINNING OF YEAR</b>				
	<u>1,171,443</u>	<u>5,871,414</u>	<u>464,244</u>	<u>6,578,613</u>
<b>BALANCES END OF YEAR</b>				
	<u>\$ 1,790,907</u>	<u>\$ 6,537,937</u>	<u>\$ 513,031</u>	<u>\$ 7,815,813</u>

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

<b>Budgeted Amounts</b>		<b>Final to</b>
<b>Original</b>	<b>Final</b>	<b>Total</b>
		<b>Variance</b>
\$ 1,290,059	\$ 1,290,059	\$ 50,348
246,775	246,775	8,078
223,324	241,324	19,760
19,300	19,400	(178)
391,010	501,014	(454,321)
762,993	965,079	(458,520)
8,465,332	8,597,525	(479,621)
29,000	29,000	(18,762)
975,207	1,736,572	(1,281,589)
<u>12,403,000</u>	<u>13,626,748</u>	<u>(2,614,805)</u>
1,284,770	1,655,450	557,496
562,615	934,224	350,214
813,936	929,899	95,241
196,012	232,271	57,996
257,680	353,948	130,714
894,191	894,191	18,208
-	563,846	413,040
<u>8,433,796</u>	<u>9,084,721</u>	<u>2,191,574</u>
<u>12,443,000</u>	<u>14,648,550</u>	<u>3,814,483</u>
(40,000)	(1,021,802)	1,199,678
<u>40,000</u>	<u>1,021,802</u>	<u>(37,522)</u>
-	-	1,237,200
<u>6,655,930</u>	<u>6,655,930</u>	<u>77,317</u>
<u>\$ 6,655,930</u>	<u>\$ 6,655,930</u>	<u>\$ (1,159,883)</u>

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

## **CITY OF TIPTON**

### **Notes to Other Information - Budgetary Reporting**

**June 30, 2015**

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 \$1,223,748, and budgeted disbursements by \$2,205,550. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements did not exceeded budgeted amounts.

**CITY OF TIPTON, IOWA**

**Schedule of the City's Proportionate Share of the Net Pension Liability**

**June 30, 2015**

**Iowa Public Employees' Retirement System  
(In Thousands)**

	<u><b>2015</b></u>
City's proportion of the net pension liability:	
Regular	0.01939%
Protection Occupation	0.13241%
City's total proportionate share of the net pension liability	\$ 681
City's covered-employee payroll	\$ 1,747
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	38.98%
Plan fiduciary net position as a percentage of the total pension liability	84.82%

\* The amounts presented for each fiscal year were determined as of June 30.

**Note:** GASB 68 requires 10 years of information to be presented in this table. However, until a full 10 year trend is compiled, the City will present information for those years for which the information is available.

**CITY OF TIPTON, IOWA**

**Schedule of City Contributions**

**June 30, 2015**

**Iowa Public Employees' Retirement System  
(In Thousands)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Statutorily required contribution	\$ 161	\$ 158	\$ 156	\$ 142	\$ 113	\$ 104	\$ 99	\$ 88	\$ 82
Contributions in relation to the statutorily required contribution	<u>(161)</u>	<u>(158)</u>	<u>(156)</u>	<u>(142)</u>	<u>(113)</u>	<u>(104)</u>	<u>(99)</u>	<u>(88)</u>	<u>(82)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
City's covered-employee payroll (regular)	\$ 1,308	\$ 1,293	\$ 1,326	\$ 1,307	\$ 1,129	\$ 1,094	\$ 1,106	\$ 1,088	\$ 1,051
City's covered-employee payroll (protection occupation)	\$ 439	\$ 423	\$ 399	\$ 373	\$ 346	\$ 342	\$ 338	\$ 265	\$ 237
Contributions as a percentage of covered-employee payroll (regular)	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%
Contributions as a percentage of covered-employee payroll (protection occupation)	10.14%	10.14%	10.27%	9.97%	9.95%	9.20%	8.45%	8.47%	9.12%

**Note:** GASB 68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which the information is available.

**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, 2015**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Cemetery Trust</u>	<u>Total Nonmajor Governmental Funds</u>
<b>RECEIPTS:</b>					
Property tax	\$ 304,033	\$ 137,955	\$ -	\$ -	\$ 441,988
Tax increment financing collections	254,853	-	-	-	254,853
Other city tax	261,084	-	-	-	261,084
Use of money and property	1,018	875	1,335	-	3,228
Charges for services	-	-	-	1,350	1,350
Special assessments	-	10,238	-	-	10,238
Miscellaneous	<u>76,889</u>	<u>-</u>	<u>10,865</u>	<u>-</u>	<u>87,754</u>
Total receipts	<u>897,877</u>	<u>149,068</u>	<u>12,200</u>	<u>1,350</u>	<u>1,060,495</u>
<b>DISBURSEMENTS:</b>					
Operating:					
Community and economic development	42,749	-	-	-	42,749
General government	4,250	-	-	-	4,250
Debt service	-	872,634	3,349	-	875,983
Capital projects	<u>-</u>	<u>-</u>	<u>150,806</u>	<u>-</u>	<u>150,806</u>
Total disbursements	<u>46,999</u>	<u>872,634</u>	<u>154,155</u>	<u>-</u>	<u>1,073,788</u>
Excess (deficiency) of receipts over disbursements	<u>850,878</u>	<u>(723,566)</u>	<u>(141,955)</u>	<u>1,350</u>	<u>(13,293)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	-	-	552,820	-	552,820
Transfers in	-	733,521	-	-	733,521
Transfers out	<u>(767,555)</u>	<u>-</u>	<u>(405,936)</u>	<u>(1,200)</u>	<u>(1,174,691)</u>
Net other financing sources (uses)	<u>(767,555)</u>	<u>733,521</u>	<u>146,884</u>	<u>(1,200)</u>	<u>111,650</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>
<b>NET CHANGE IN CASH BALANCES</b>	\$ 83,323	\$ 9,955	\$ 4,929	\$ 150	\$ 98,357
<b>CASH BALANCES, BEGINNING OF YEAR</b>	<u>(348,962)</u>	<u>36,592</u>	<u>447,210</u>	<u>100,000</u>	<u>234,840</u>
<b>CASH BALANCES, END OF YEAR</b>	<u>\$ (265,639)</u>	<u>\$ 46,547</u>	<u>\$ 452,139</u>	<u>\$ 100,150</u>	<u>\$ 333,197</u>
<b>CASH BASIS FUND BALANCES:</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
Restricted for:					
Urban renewal	181,796	-	-	-	181,796
Debt service	-	68,570	-	-	68,570
Streets	49,432	-	-	-	49,432
Other purposes	106,412	-	155,787	150	262,349
Assigned for capital projects	-	-	296,352	-	296,352
Unassigned	<u>(603,279)</u>	<u>(22,023)</u>	<u>-</u>	<u>-</u>	<u>(625,302)</u>
Total cash basis fund balances	<u>\$ (265,639)</u>	<u>\$ 46,547</u>	<u>\$ 452,139</u>	<u>\$ 100,150</u>	<u>\$ 333,197</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, 2015**

	<b><u>Employee Benefits</u></b>	<b><u>Local Option Tax</u></b>	<b><u>TIF Capital Improvement</u></b>
<b>RECEIPTS:</b>			
Property tax	\$ 304,033	\$ -	\$ -
Tax Increment Financing	-	-	254,853
Other city tax	-	261,084	-
Use of money and property	93	423	421
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total receipts	304,126	261,507	255,274
<b>DISBURSEMENTS:</b>			
Operating:			
Community and economic development	-	-	42,749
General government	-	-	4,250
	<hr/>	<hr/>	<hr/>
Total disbursements	-	-	46,999
Excess (deficiency) of receipts over disbursements	304,126	261,507	208,275
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING USES</b>			
Transfers out	(304,947)	(208,745)	(191,320)
	<hr/>	<hr/>	<hr/>
Total other financing uses	(304,947)	(208,745)	(191,320)
<b>NET CHANGE IN CASH BALANCES</b>	(821)	52,762	16,955
<b>CASH BALANCES, BEGINNING OF YEAR</b>	23,455	144,967	65,976
	<hr/>	<hr/>	<hr/>
<b>CASH BALANCES, END OF YEAR</b>	\$ 22,634	\$ 197,729	\$ 82,931
	<hr/>	<hr/>	<hr/>
<b>CASH BASIS FUND BALANCES:</b>			
Restricted for:			
Streets	\$ -	\$ 49,432	\$ -
Urban renewal	-	98,865	82,931
Other purposes	22,634	49,432	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total cash basis fund balances	\$ 22,634	\$ 197,729	\$ 82,931
	<hr/>	<hr/>	<hr/>

Schedule 2

<u>Aquatic Campaign</u>	<u>Library Trust</u>	<u>PS Share Trust</u>	<u>Fire Trust</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 304,033
-	-	-	-	254,853
-	-	-	-	261,084
-	15	45	21	1,018
<u>3,350</u>	<u>2,060</u>	<u>3,844</u>	<u>67,635</u>	<u>76,889</u>
<u>3,350</u>	<u>2,075</u>	<u>3,889</u>	<u>67,656</u>	<u>897,877</u>
-	-	-	-	42,749
-	-	-	-	4,250
-	-	-	-	46,999
<u>3,350</u>	<u>2,075</u>	<u>3,889</u>	<u>67,656</u>	<u>850,878</u>
-	-	-	(62,543)	(767,555)
-	-	-	(62,543)	(767,555)
3,350	2,075	3,889	5,113	83,323
<u>(606,629)</u>	<u>5,383</u>	<u>17,886</u>	<u>-</u>	<u>(348,962)</u>
<u>\$ (603,279)</u>	<u>\$ 7,458</u>	<u>\$ 21,775</u>	<u>\$ 5,113</u>	<u>\$ (265,639)</u>
\$ -	\$ -	\$ -	\$ -	\$ 49,432
-	-	-	-	181,796
-	7,458	21,775	5,113	106,412
<u>(603,279)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(603,279)</u>
<u>\$ (603,279)</u>	<u>\$ 7,458</u>	<u>\$ 21,775</u>	<u>\$ 5,113</u>	<u>\$ (265,639)</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, 2015

	Capital Projects								
	<u>GO Street Improvement</u>	<u>Skate Park Project</u>	<u>Street-scapes Project</u>	<u>Public Works Building</u>	<u>GO Street Improvement 2011</u>	<u>Wetland Mitigation Project</u>	<u>Fire Station Project</u>	<u>JKF Aquatic Center</u>	<u>Total Capital Project Funds</u>
<b>RECEIPTS:</b>									
Use of money and property	\$ 108	\$ 84	\$ 94	\$ 1	\$ 248	\$ 58	\$ 494	\$ 248	\$ 1,335
Miscellaneous	<u>3,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,634</u>	<u>10,865</u>
Total receipts	<u>3,339</u>	<u>84</u>	<u>94</u>	<u>1</u>	<u>248</u>	<u>58</u>	<u>494</u>	<u>7,882</u>	<u>12,200</u>
<b>DISBURSEMENTS:</b>									
Debt service	1,029	-	-	-	-	-	-	2,320	3,349
Capital projects	<u>16,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,285</u>	<u>150,806</u>
Total disbursements	<u>17,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,605</u>	<u>154,155</u>
Excess (deficiency) of receipts over disbursements	<u>(14,211)</u>	<u>84</u>	<u>94</u>	<u>1</u>	<u>248</u>	<u>58</u>	<u>494</u>	<u>(128,723)</u>	<u>(141,955)</u>
<b>OTHER FINANCING SOURCES</b>									
Long-term debt issued	170,000	-	-	-	-	-	-	382,820	552,820
Transfers out	<u>(1,697)</u>	<u>(37,785)</u>	<u>-</u>	<u>(616)</u>	<u>(111,883)</u>	<u>(27,982)</u>	<u>(225,973)</u>	<u>-</u>	<u>(405,936)</u>
Net other financing sources	168,303	(37,785)	-	(616)	(111,883)	(27,982)	(225,973)	382,820	146,884
<b>NET CHANGE IN CASH BALANCES</b>	154,092	(37,701)	94	(615)	(111,635)	(27,924)	(225,479)	254,097	4,929
<b>CASH BALANCES, BEGINNING OF YEAR</b>	<u>1,695</u>	<u>37,726</u>	<u>41,900</u>	<u>615</u>	<u>111,708</u>	<u>27,943</u>	<u>225,623</u>	<u>-</u>	<u>447,210</u>
<b>CASH BALANCES, END OF YEAR</b>	<u>\$ 155,787</u>	<u>\$ 25</u>	<u>\$ 41,994</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 19</u>	<u>\$ 144</u>	<u>\$ 254,097</u>	<u>\$ 452,139</u>
<b>CASH BASIS FUND BALANCES:</b>									
Restricted for:									
Other purposes	\$ 155,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,787
Assigned for capital projects	<u>-</u>	<u>25</u>	<u>41,994</u>	<u>-</u>	<u>73</u>	<u>19</u>	<u>144</u>	<u>254,097</u>	<u>296,352</u>
Total cash basis fund balances	<u>\$ 155,787</u>	<u>\$ 25</u>	<u>\$ 41,994</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 19</u>	<u>\$ 144</u>	<u>\$ 254,097</u>	<u>\$ 452,139</u>

**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, 2015**

	<u>Water</u>	<u>Wastewater</u>	<u>Other</u>	<u>Total</u>
<b>OPERATING RECEIPTS:</b>				
Use of money and property	\$ -	\$ 974	\$ -	\$ 974
Charges for service	651,637	596,328	557,128	1,805,093
Miscellaneous	<u>8,230</u>	<u>19,336</u>	<u>38,622</u>	<u>66,188</u>
 Total operating receipts	 <u>659,867</u>	 <u>616,638</u>	 <u>595,750</u>	 <u>1,872,255</u>
<b>OPERATING DISBURSEMENTS:</b>				
Business type activities:				
Water	397,847	-	-	397,847
Wastewater	-	380,240	-	380,240
Airport	-	-	109,029	109,029
Garbage	-	-	404,786	404,786
Cemetery	<u>-</u>	<u>-</u>	<u>50,900</u>	<u>50,900</u>
 Total operating disbursements	 <u>397,847</u>	 <u>380,240</u>	 <u>564,715</u>	 <u>1,342,802</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>262,020</u>	 <u>236,398</u>	 <u>31,035</u>	 <u>529,453</u>
<b>NONOPERATING RECEIPTS (DISBURSEMENTS):</b>				
Interest on investments	578	519	5,436	6,533
Debt service	<u>(33,648)</u>	<u>(187,360)</u>	<u>-</u>	<u>(221,008)</u>
 Net nonoperating receipts (disbursements)	 <u>(33,070)</u>	 <u>(186,841)</u>	 <u>5,436</u>	 <u>(214,475)</u>
 Excess (deficiency) of receipts over disbursements	 <u>228,950</u>	 <u>49,557</u>	 <u>36,471</u>	 <u>314,978</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Long-term debt issued	40,000	-	100,000	140,000
Interfund loan advance	(938)	(863)	(1,675)	(3,476)
Transfers in	59,148	219,822	29,740	308,710
Transfers out	<u>(100,546)</u>	<u>(303,242)</u>	<u>(27,310)</u>	<u>(431,098)</u>
 Net other financing sources (uses)	 <u>(2,336)</u>	 <u>(84,283)</u>	 <u>100,755</u>	 <u>14,136</u>

Schedule 4

	<u>Water</u>	<u>Wastewater</u>	<u>Other</u>	<u>Total</u>
<b>NET CHANGE IN CASH BALANCES</b>	\$ 226,614	\$ (34,726)	\$ 137,226	\$ 329,114
<b>CASH BALANCES, BEGINNING OF YEAR, AS RESTATED</b>	<u>56,553</u>	<u>293,987</u>	<u>(85,546)</u>	<u>264,994</u>
<b>CASH BALANCES, END OF YEAR</b>	<u>\$ 283,167</u>	<u>\$ 259,261</u>	<u>\$ 51,680</u>	<u>\$ 594,108</u>
<b>CASH BASIS FUND BALANCES</b>				
Restricted:				
Debt service	\$ 230,443	\$ 159,556	\$ -	\$ 389,999
Other purposes	1,781	-	-	1,781
Unrestricted	<u>50,943</u>	<u>99,705</u>	<u>51,680</u>	<u>202,328</u>
Total cash basis fund balances	<u>\$ 283,167</u>	<u>\$ 259,261</u>	<u>\$ 51,680</u>	<u>\$ 594,108</u>

**CITY OF TIPTON**

**Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Combining Schedule- Electric Fund**

**As of and for the year ended June 30, 2015**

	<u>Electric Operating</u>	<u>Electric Bond Reserve</u>	<u>2006 Electric Substation</u>	<u>Additional Generation</u>
<b>OPERATING RECEIPTS:</b>				
Licenses and permits	\$ 1,150	\$ -	\$ -	\$ -
Use of money and property	8,353	3,570	-	-
Intergovernmental	83,330	-	-	-
Charges for services	4,340,318	-	-	-
Miscellaneous	12,308	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating receipts	4,445,459	3,570	-	-
<b>OPERATING DISBURSEMENTS:</b>				
Business type activities:				
Electric	3,246,465	-	500	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of operating receipts over (under) operating disbursements	1,198,994	3,570	(500)	-
<b>NONOPERATING RECEIPTS (DISBURSEMENTS):</b>				
Interest on investments	-	-	1,249	248
Debt service	-	-	(218,813)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total nonoperating receipts (disbursements):	-	-	(217,564)	248
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts over disbursements	1,198,994	3,570	(218,064)	248
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan advance	(2,138)	-	-	-
Transfers in	167,615	95,660	219,313	-
Transfers out	(1,050,486)	-	-	(128,896)
	<hr/>	<hr/>	<hr/>	<hr/>
Net other financing sources	(885,009)	95,660	219,313	(128,896)
<b>NET CHANGE IN CASH BALANCES</b>				
	313,985	99,230	1,249	(128,648)
<b>CASH BALANCES, BEGINNING OF YEAR</b>				
	1,537,074	1,418,380	481,268	128,732
<b>CASH BALANCES, END OF YEAR</b>				
	<u>\$ 1,851,059</u>	<u>\$ 1,517,610</u>	<u>\$ 482,517</u>	<u>\$ 84</u>
<b>CASH BASIS FUND BALANCES:</b>				
Restricted for:				
Debt service	\$ -	\$ 1,517,610	\$ -	\$ -
Other purposes	-	-	-	84
Unrestricted	1,851,059	-	482,517	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash basis fund balances	<u>\$ 1,851,059</u>	<u>\$ 1,517,610</u>	<u>\$ 482,517</u>	<u>\$ 84</u>

Schedule 5

<u>Electric Development</u>	<u>Electric Revenue Bonds</u>	<u>Electric Renewal/ Replacement</u>	<u>Electric Reserve</u>	<u>Electric Meter Deposits</u>	<u>Interfund Eliminations</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,150
-	-	-	-	-	-	11,923
-	-	-	-	-	-	83,330
-	-	-	-	-	-	4,340,318
-	-	-	-	15,125	-	27,433
-	-	-	-	15,125	-	4,464,154
-	500	-	-	14,616	-	3,262,081
-	(500)	-	-	509	-	1,202,073
19	650	834	1,273	56	-	4,329
-	(200,180)	-	-	-	-	(418,993)
19	(199,530)	834	1,273	56	-	(414,664)
19	(200,030)	834	1,273	565	-	787,409
-	-	-	-	-	-	(2,138)
-	200,680	-	-	-	(587,608)	95,660
-	-	-	-	-	587,608	(591,774)
-	200,680	-	-	-	-	(498,252)
19	650	834	1,273	565	-	289,157
8,548	213,449	372,519	406,357	14,490	-	4,580,817
<u>\$ 8,567</u>	<u>\$ 214,099</u>	<u>\$ 373,353</u>	<u>\$ 407,630</u>	<u>\$ 15,055</u>	<u>\$ -</u>	<u>\$ 4,869,974</u>
\$ -	\$ 214,099	\$ -	\$ -	\$ -	\$ -	\$ 1,731,709
-	-	-	-	15,055	-	15,139
8,567	-	373,353	407,630	-	-	3,123,126
<u>\$ 8,567</u>	<u>\$ 214,099</u>	<u>\$ 373,353</u>	<u>\$ 407,630</u>	<u>\$ 15,055</u>	<u>\$ -</u>	<u>\$ 4,869,974</u>

CITY OF TIPTON

Schedule 6

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Combining Schedule - Water Fund

As of and for the year ended June 30, 2015

	<u>Water Operating</u>	<u>Water Meter Deposits</u>	<u>Water Revenue Bonds Reserve</u>	<u>Total</u>
<b>OPERATING RECEIPTS:</b>				
Charges for service	\$ 651,637	\$ -	\$ -	\$ 651,637
Miscellaneous	3,580	4,650	-	8,230
	<u>655,217</u>	<u>4,650</u>	<u>-</u>	<u>659,867</u>
<b>OPERATING DISBURSEMENTS:</b>				
Business type activities:				
Water	392,615	4,632	600	397,847
	<u>392,615</u>	<u>4,632</u>	<u>600</u>	<u>397,847</u>
Excess (deficiency) of operating receipts over operating disbursements	262,602	18	(600)	262,020
	<u>262,602</u>	<u>18</u>	<u>(600)</u>	<u>262,020</u>
<b>NONOPERATING RECEIPTS (DISBURSEMENTS):</b>				
Interest on investments	32	4	542	578
Debt service	-	-	(33,648)	(33,648)
	<u>32</u>	<u>4</u>	<u>(33,648)</u>	<u>(33,070)</u>
Net nonoperating receipts (disbursements)	32	4	(33,106)	(33,070)
	<u>32</u>	<u>4</u>	<u>(33,106)</u>	<u>(33,070)</u>
Excess (deficiency) of receipts over disbursements	262,634	22	(33,706)	228,950
	<u>262,634</u>	<u>22</u>	<u>(33,706)</u>	<u>228,950</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan advances	(938)	-	-	(938)
Long-term debt issued	40,000	-	-	40,000
Transfers in	25,000	-	34,148	59,148
Transfers out	(100,546)	-	-	(100,546)
	<u>(36,484)</u>	<u>-</u>	<u>34,148</u>	<u>(2,336)</u>
Net other financing sources (uses)	(36,484)	-	34,148	(2,336)
	<u>(36,484)</u>	<u>-</u>	<u>34,148</u>	<u>(2,336)</u>
<b>NET CHANGE IN CASH BALANCES</b>	226,150	22	442	226,614
<b>CASH BALANCES, BEGINNING OF YEAR</b>	(175,207)	1,759	230,001	56,553
	<u>(175,207)</u>	<u>1,759</u>	<u>230,001</u>	<u>56,553</u>
<b>CASH BALANCES, END OF YEAR</b>	\$ 50,943	\$ 1,781	\$ 230,443	\$ 283,167
	<u>\$ 50,943</u>	<u>\$ 1,781</u>	<u>\$ 230,443</u>	<u>\$ 283,167</u>
<b>CASH BASIS FUND BALANCES:</b>				
Restricted:				
Debt service	\$ -	\$ -	\$ 230,443	\$ 230,443
Other purposes	-	1,781	-	1,781
Unrestricted	50,943	-	-	50,943
	<u>50,943</u>	<u>-</u>	<u>-</u>	<u>50,943</u>
Total cash basis fund balances	\$ 50,943	\$ 1,781	230,443	\$ 283,167
	<u>\$ 50,943</u>	<u>\$ 1,781</u>	<u>230,443</u>	<u>\$ 283,167</u>

CITY OF TIPTON

Schedule 7

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Combining Schedule - Gas Fund

As of and for the year ended June 30, 2015

	<u>Gas</u>	<u>Gas D.E.I.</u>	<u>Gas Meter Deposits</u>	<u>Gas Surplus</u>	<u>Total</u>
<b>OPERATING RECEIPTS:</b>					
Use of money and property	\$ 1,702	\$ -	\$ -	\$ -	\$ 1,702
Charges for services	1,598,887	-	-	-	1,598,887
Miscellaneous	24,141	-	8,680	-	32,821
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating receipts	1,624,730	-	8,680	-	1,633,410
<b>OPERATING DISBURSEMENTS:</b>					
Business type activities:					
Gas	1,640,144	-	8,119	-	1,648,263
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess of operating receipts over operating disbursements	(15,414)	-	561	-	(14,853)
<b>NONOPERATING RECEIPTS:</b>					
Interest on investments	-	56	24	393	473
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess of receipts over disbursements	(15,414)	56	585	393	(14,380)
<b>OTHER FINANCING SOURCES:</b>					
Interfund loan advance	(1,538)	-	-	-	(1,538)
Transfers in	-	-	-	35,383	35,383
Transfers out	(20,000)	-	-	-	(20,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net other financing sources	(21,538)	-	-	35,383	13,845
<b>NET CHANGE IN CASH BALANCES</b>	(36,952)	56	585	35,776	(535)
<b>CASH BALANCES, BEGINNING OF YEAR</b>	97,452	15,633	9,715	438,559	561,359
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>CASH BALANCES, END OF YEAR</b>	<u>\$ 60,500</u>	<u>\$ 15,689</u>	<u>\$ 10,300</u>	<u>\$ 474,335</u>	<u>\$ 560,824</u>
<b>CASH BASIS FUND BALANCES:</b>					
Restricted for:					
Other purposes	\$ -	\$ -	\$ 10,300	\$ -	\$ 10,300
Unrestricted	60,500	15,689	-	474,335	550,524
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash basis fund balances	<u>\$ 60,500</u>	<u>\$ 15,689</u>	<u>\$ 10,300</u>	<u>\$ 474,335</u>	<u>\$ 560,824</u>

**CITY OF TIPTON**

**Schedule 8**

**Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Combining Schedule - Wastewater Fund**

**As of and for the year ended June 30, 2015**

	<b>Wastewater Debt Service</b>	<b>Waste Water Treatment</b>	<b>Total</b>
<b>OPERATING RECEIPTS:</b>			
Use of money and property	\$ -	\$ 974	\$ 974
Charges for services	-	596,328	596,328
Miscellaneous	-	19,336	19,336
	<u>-</u>	<u>616,638</u>	<u>616,638</u>
Total operating receipts	-	616,638	616,638
<b>OPERATING DISBURSEMENTS:</b>			
Business type activities:			
Wastewater	4,480	375,760	380,240
	<u>4,480</u>	<u>375,760</u>	<u>380,240</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(4,480)</u>	<u>240,878</u>	<u>236,398</u>
<b>NONOPERATING RECEIPTS (DISBURSEMENTS)</b>			
Interest on investments	519	-	519
Debt service	(187,360)	-	(187,360)
	<u>(187,360)</u>	<u>-</u>	<u>(187,360)</u>
Net nonoperating receipts (disbursements)	<u>(186,841)</u>	<u>-</u>	<u>(186,841)</u>
Excess (deficiency) of receipts over disbursements	<u>(191,321)</u>	<u>240,878</u>	<u>49,557</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Interfund loan advances	-	(863)	(863)
Transfers in	191,840	27,982	219,822
Transfers out	-	(303,242)	(303,242)
	<u>191,840</u>	<u>(276,123)</u>	<u>(84,283)</u>
Net other financing sources (uses)	<u>191,840</u>	<u>(276,123)</u>	<u>(84,283)</u>
<b>NET CHANGE IN CASH BALANCES</b>	519	(35,245)	(34,726)
<b>CASH BALANCES, BEGINNING OF YEAR</b>	<u>159,037</u>	<u>134,950</u>	<u>293,987</u>
<b>CASH BALANCES, END OF YEAR</b>	<u>\$ 159,556</u>	<u>\$ 99,705</u>	<u>\$ 259,261</u>
<b>CASH BASIS FUND BALANCES:</b>			
Restricted for:			
Debt service	\$ 159,556	\$ -	\$ 159,556
Unrestricted	-	99,705	99,705
	<u>-</u>	<u>99,705</u>	<u>99,705</u>
Total cash basis fund balances	<u>\$ 159,556</u>	<u>\$ 99,705</u>	<u>\$ 259,261</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, 2015**

	<b>Communications</b>		
	<b><u>Local Access</u></b>	<b><u>Airport Operating</u></b>	<b><u>Garbage Collection</u></b>
<b>OPERATING RECEIPTS:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	22,592	22,270	452,579
Miscellaneous	-	31,957	68
	<u>22,592</u>	<u>54,227</u>	<u>452,647</u>
Total operating receipts			
	<u>22,592</u>	<u>54,227</u>	<u>452,647</u>
<b>OPERATING DISBURSEMENTS:</b>			
Business type activities:			
Communications	-	-	-
Airport	-	109,029	-
Garbage	-	-	404,786
Cemetery	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total operating disbursements			
	<u>-</u>	<u>109,029</u>	<u>404,786</u>
Excess (deficiency) of operating receipts over operating disbursements	22,592	(54,802)	47,861
<b>NONOPERATING RECEIPTS:</b>			
Interest on investments	87	4,800	-
	<u>87</u>	<u>4,800</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	22,679	(50,002)	47,861
	<u>22,679</u>	<u>(50,002)</u>	<u>47,861</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Long term debt proceeds	-	40,000	-
Interfund loan	-	-	-
Interfund loan advances	-	-	-
Transfers in	-	7,968	-
Transfers out	(25,100)	(103)	(2,107)
	<u>(25,100)</u>	<u>(103)</u>	<u>(2,107)</u>
Net other financing sources (uses)			
	<u>(25,100)</u>	<u>47,865</u>	<u>(2,107)</u>
<b>NET CHANGE IN CASH BALANCES</b>	(2,421)	(2,137)	45,754
<b>CASH BALANCES, BEGINNING OF YEAR</b>	36,702	(40,905)	(53,356)
	<u>36,702</u>	<u>(40,905)</u>	<u>(53,356)</u>
<b>CASH BALANCES, END OF YEAR</b>	<u>\$ 34,281</u>	<u>\$ (43,042)</u>	<u>\$ (7,602)</u>
<b>CASH BASIS FUND BALANCES:</b>			
Unrestricted	<u>\$ 34,281</u>	<u>\$ (43,042)</u>	<u>\$ (7,602)</u>

<u>Cemetery Enterprise</u>	<u>Stormwater</u>	<u>Totals</u>
\$ -	\$ -	\$ -
14,880	44,807	557,128
<u>6,597</u>	<u>-</u>	<u>38,622</u>
<u>21,477</u>	<u>44,807</u>	<u>595,750</u>
-	-	-
-	-	109,029
-	-	404,786
<u>50,900</u>	<u>-</u>	<u>50,900</u>
<u>50,900</u>	<u>-</u>	<u>564,715</u>
(29,423)	44,807	31,035
<u>519</u>	<u>30</u>	<u>5,436</u>
<u>(28,904)</u>	<u>44,837</u>	<u>36,471</u>
60,000	-	100,000
-	-	-
(1,675)	-	(1,675)
21,772	-	29,740
<u>-</u>	<u>-</u>	<u>(27,310)</u>
<u>80,097</u>	<u>-</u>	<u>100,755</u>
51,193	44,837	137,226
<u>(27,987)</u>	<u>-</u>	<u>(85,546)</u>
<u>\$ 23,206</u>	<u>\$ 44,837</u>	<u>\$ 51,680</u>
<u>\$ 23,206</u>	<u>\$ 44,837</u>	<u>\$ 51,680</u>

## CITY OF TIPTON

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

As of and for the year ended June 30, 2015

	<u>Central Garage</u>	<u>PSF Health Insurance</u>	<u>City Reserve</u>	<u>Administrative Services</u>	<u>Payroll Account</u>	<u>Totals</u>
<b>OPERATING RECEIPTS:</b>						
Charges for services	351,467	72,603	-	-	-	424,070
Miscellaneous	3,966	15,000	-	288,503	-	307,469
Total operating receipts	<u>355,433</u>	<u>87,603</u>	<u>-</u>	<u>288,503</u>	<u>-</u>	<u>731,539</u>
<b>OPERATING DISBURSEMENTS:</b>						
Business type activities	<u>289,901</u>	<u>102,788</u>	<u>-</u>	<u>272,529</u>	<u>-</u>	<u>665,218</u>
Total operating disbursements	<u>289,901</u>	<u>102,788</u>	<u>-</u>	<u>272,529</u>	<u>-</u>	<u>665,218</u>
Excess (deficiency) of operating receipts over operating disbursements	65,532	(15,185)	-	15,974	-	66,321
<b>NONOPERATING RECEIPTS:</b>						
Interest on investments	<u>656</u>	<u>71</u>	<u>495</u>	<u>-</u>	<u>-</u>	<u>1,222</u>
Excess (deficiency) of receipts over disbursements	<u>66,188</u>	<u>(15,114)</u>	<u>495</u>	<u>15,974</u>	<u>-</u>	<u>67,543</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3,819	-	50,000	-	-	53,819
Transfers out	(31,265)	-	-	-	-	(31,265)
Interfund loan	-	-	9,678	-	-	9,678
Interfund loan advance	-	-	(50,000)	(988)	-	(50,988)
Net other financing sources (uses)	<u>(27,446)</u>	<u>-</u>	<u>9,678</u>	<u>(988)</u>	<u>-</u>	<u>(18,756)</u>
<b>NET CHANGE IN CASH BALANCES</b>	38,742	(15,114)	10,173	14,986	-	48,787
<b>CASH BALANCES, BEGINNING OF YEAR</b>	<u>295,259</u>	<u>43,945</u>	<u>63,709</u>	<u>60,031</u>	<u>1,300</u>	<u>464,244</u>
<b>CASH BALANCES, END OF YEAR</b>	\$ 334,001	\$ 28,831	\$ 73,882	\$ 75,017	\$ 1,300	\$ 513,031
<b>CASH BASIS FUND BALANCES:</b>						
Unrestricted	<u>\$ 334,001</u>	<u>\$ 28,831</u>	<u>\$ 73,882</u>	<u>\$ 75,017</u>	<u>\$ 1,300</u>	<u>\$ 513,031</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, 2015

	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
<b>OPERATING RECEIPTS</b>								
Property taxes	\$ -	\$ 53,002	\$ -	\$ 84,953	\$ -	\$ -	\$ -	\$ 137,955
Use of money and property	31	121	2	210	130	306	75	875
Special assessments	-	-	-	-	-	10,238	-	10,238
Total receipts	31	53,123	2	85,163	130	10,544	75	149,068
<b>OPERATING DISBURSEMENTS</b>								
Debt service	-	104,650	41,436	213,140	148,088	278,835	86,485	872,634
Total operating disbursements	-	104,650	41,436	213,140	148,088	278,835	86,485	872,634
Excess (deficiency) of receipts over disbursements	31	(51,527)	(41,434)	(127,977)	(147,958)	(268,291)	(86,410)	(723,566)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	51,250	37,543	131,320	148,088	278,835	86,485	733,521
Net other financing sources	-	51,250	37,543	131,320	148,088	278,835	86,485	733,521
<b>NET CHANGE IN CASH BALANCES</b>	31	(277)	(3,891)	3,343	130	10,544	75	9,955
<b>CASH BALANCES, BEGINNING OF YEAR</b>	13,987	8,337	(18,132)	11,116	121	21,162	1	36,592
<b>CASH BALANCES, END OF YEAR</b>	\$ 14,018	\$ 8,060	\$ (22,023)	\$ 14,459	\$ 251	\$ 31,706	\$ 76	\$ 46,547
<b>CASH BASIS FUND BALANCES:</b>								
Restricted for:								
Other purposes	\$ 14,018	\$ 8,060	\$ -	\$ 14,459	\$ 251	\$ 31,706	\$ 76.00	\$ 68,570
Unassigned	-	-	(22,023)	-	-	-	-	(22,023)
Total cash basis fund balances	\$ 14,018	\$ 8,060	\$ (22,023)	\$ 14,459	\$ 251	\$ 31,706	\$ 76	\$ 46,547

**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	\$ 100,000
Fire truck acquisition note	July 15, 2010	3.25%	319,295	201,343
Corporate purpose 2011A	August 3, 2011	2.00-3.20%	2,615,000	1,690,000
Corporate purpose 2011B	November 15, 2011	1.00-2.85%	1,175,000	930,000
Corporate purpose 2011C	November 15, 2011	2.25-3.20%	1,985,000	1,510,000
Corporate purpose 2013	March 19, 2013	.45-1.8%	1,075,000	1,000,000
Corporate purpose 2015	April 7, 2015	1.5-3.0%	1,000,000	-
Refunding Bond 2012A	May 22, 2012	.80-2.35%	<u>755,000</u>	<u>710,000</u>
Total general obligation notes			<u>9,574,295</u>	<u>6,141,343</u>
Revenue notes:				
Electric revenue 2011	December 1, 2011	1.20-2.60%	1,795,000	1,470,000
Electric revenue 2012	March 28, 2012	1.00-3.50%	2,720,000	2,420,000
Sewer revenue	June 30, 2003	3.00%	<u>3,200,000</u>	<u>1,792,000</u>
Total revenue notes			<u>7,715,000</u>	<u>5,682,000</u>
Total indebtedness			<u>\$ 17,289,295</u>	<u>\$ 11,823,343</u>

Schedule 12

<b>Issued During Year</b>	<b>Redeemed During Year</b>	<b>Balance End of Year</b>	<b>Interest Paid</b>	<b>Interest Due and Unpaid</b>
\$ -	\$ 100,000	\$ -	\$ 4,150	\$ -
-	31,000	170,343	10,436	-
-	170,000	1,520,000	42,640	-
-	130,000	800,000	17,588	-
-	240,000	1,270,000	38,335	-
-	75,000	925,000	10,985	-
1,000,000	-	1,000,000	-	-
<u>-</u>	<u>25,000</u>	<u>685,000</u>	<u>8,648</u>	<u>-</u>
<u>1,000,000</u>	<u>771,000</u>	<u>6,370,343</u>	<u>132,782</u>	<u>-</u>
-	170,000	1,300,000	30,180	-
-	160,000	2,260,000	58,813	-
<u>-</u>	<u>156,000</u>	<u>1,636,000</u>	<u>31,360</u>	<u>-</u>
<u>-</u>	<u>486,000</u>	<u>5,196,000</u>	<u>120,353</u>	<u>-</u>
<u>\$ 1,000,000</u>	<u>\$ 1,257,000</u>	<u>\$ 11,566,343</u>	<u>\$ 253,135</u>	<u>\$ -</u>

**CITY OF TIPTON**  
**Bond and Note Maturities**  
**June 30, 2015**

Year Ending June 30,	<b>General Obligation Debt</b>					
	<b>Fire Truck Acquisition Note</b>		<b>Corporate Purpose 2011A</b>		<b>Corporate Purpose 2011B</b>	
	<b>Issued June 1, 2010 (Reissued July 15, 2010)</b>		<b>Issued August 3, 2011</b>		<b>Issued November 15, 2011</b>	
	<b>Interest Rates</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Amount</b>
2016	3.25%	\$ 32,000	2.00%	\$ 170,000	1.25%	\$ 130,000
2017	3.25%	33,000	2.00%	175,000	1.50%	135,000
2018	3.25%	34,000	2.25%	180,000	1.80%	100,000
2019	3.25%	35,000	2.50%	185,000	2.10%	100,000
2020	3.25%	36,343	2.65%	190,000	2.30%	90,000
2021	-	-	2.80%	200,000	2.50%	90,000
2022	-	-	3.00%	205,000	2.85%	95,000
2023	-	-	3.20%	215,000	2.85%	30,000
2024	-	-	-	-	2.85%	30,000
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
		<u>\$ 170,343</u>		<u>\$ 1,520,000</u>		<u>\$ 800,000</u>

Year Ending June 30,	<b>Revenue Debt</b>						
	<b>Sewer Revenue Note</b>		<b>Electric Revenue, Series 2011</b>		<b>Electric Revenue, Series 2012</b>		<b>Total</b>
	<b>Issued June 30, 2003</b>		<b>Issued December 1, 2011</b>		<b>Issued March 28, 2012</b>		
	<b>Interest Rates</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Amount</b>	
2016	3.00%	\$ 161,000	1.50%	\$ 170,000	1.25%	\$ 165,000	
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>\$ 1,636,000</u>		<u>\$ 1,300,000</u>		<u>\$ 2,260,000</u>	<u>\$ 5,196,000</u>

<u>Corporate Purpose 2011C</u>		<u>Refunding Bonds Series 2012 A</u>		<u>Corporate Purpose Bonds 2013</u>		<u>Corporate Purpose Bonds 2015</u>		
<u>Issued November 15, 2011</u>		<u>Issued May 22, 2012</u>		<u>Issued March 19, 2013</u>		<u>Issued April 7, 2015</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>
2.25%	\$ 225,000	2.25%	\$ 135,000	0.60%	\$ 180,000	1.00%	\$ 80,000	\$ 952,000
2.25%	230,000	2.25%	135,000	0.75%	180,000	1.50%	85,000	973,000
2.35%	245,000	2.35%	140,000	0.90%	110,000	2.00%	85,000	894,000
2.80%	245,000	2.80%	140,000	0.90%	85,000	2.00%	85,000	875,000
3.00%	105,000	3.00%	135,000	1.25%	90,000	2.25%	90,000	736,343
3.10%	110,000	3.10%	-	1.25%	90,000	2.25%	90,000	580,000
3.20%	110,000	3.20%	-	1.25%	95,000	2.50%	90,000	595,000
-	-	-	-	1.80%	95,000	2.50%	95,000	435,000
-	-	-	-	-	-	3.00%	95,000	125,000
-	-	-	-	-	-	3.00%	100,000	100,000
-	-	-	-	-	-	3.00%	105,000	105,000
	<u>\$ 1,270,000</u>		<u>\$ 685,000</u>		<u>\$ 925,000</u>		<u>\$ 1,000,000</u>	<u>\$ 6,370,343</u>

CITY OF TIPTON

Schedule 14

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

For the Last Ten Years

	<u>2015</u>	<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>
<b>RECEIPTS:</b>										
Property tax	\$ 1,340,407	\$ 1,333,234	\$ 1,294,643	\$ 1,184,336	\$ 1,069,242	\$ 1,021,653	\$ 946,333	\$ 891,603	\$ 850,516	\$ 803,190
Tax increment financing collections	254,853	210,216	175,490	175,887	167,830	185,147	195,347	217,895	205,164	190,052
Other city tax	261,084	222,462	251,653	198,459	230,604	192,230	213,927	254,739	161,840	122,778
Licenses and permits	18,072	11,475	14,487	11,395	6,425	5,872	2,752	2,382	3,018	3,284
Use of money and property	20,759	21,127	24,922	31,149	25,080	27,311	33,043	55,653	106,135	95,100
Intergovernmental	423,229	488,633	618,616	596,896	661,290	1,031,392	356,288	623,166	543,011	485,671
Charges for service	373,606	370,818	311,439	310,730	300,125	298,786	321,711	271,547	276,239	247,844
Special assessments	10,238	10,059	80,094	85,185	85,111	82,429	118,011	72,766	61,562	14,012
Miscellaneous	328,541	338,265	181,010	360,959	274,125	238,415	393,094	386,325	669,881	339,310
Total	<u>\$ 3,030,789</u>	<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>
<b>DISBURSEMENTS:</b>										
Operating:										
Public safety	\$ 1,097,954	\$ 1,097,592	\$ 874,717	\$ 840,049	\$ 819,197	\$ 1,099,997	\$ 678,745	\$ 638,724	\$ 723,533	\$ 782,320
Public works	584,010	540,118	492,321	574,943	541,160	480,392	435,441	415,650	462,406	324,841
Culture and recreation	834,658	753,848	744,394	747,120	731,608	711,495	813,703	724,830	587,047	587,171
Community and economic development	174,275	221,460	230,328	216,302	205,899	226,975	204,044	206,325	73,788	-
General government	223,234	179,490	120,078	129,246	115,031	131,953	215,058	253,301	255,852	311,842
Debt service	875,983	928,199	988,004	944,916	865,585	1,224,387	568,547	600,297	592,008	416,710
Capital projects	150,806	35,345	2,174,628	1,617,699	225,626	2,119,457	1,169,501	982,900	895,413	1,135,574
Total	<u>\$ 3,940,920</u>	<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>



**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, 2015, and the related notes to financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents, and have issued our report thereon dated March 9, 2016. 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 2015-001 and 2015-002 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, 2015, 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  
March 9, 2016

**CITY OF TIPTON**

**Schedule of Findings and Responses**

**Year ended June 30, 2015**

**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**

**2015-001: 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, 2015**

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

**INTERNAL CONTROL DEFICIENCIES (CONTINUED)**

**2015-002 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, 2015

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

III-H-2015 Revenue Bonds and Notes – No instances of non-compliance with the revenue bonds and note resolutions were noted.

III-I-2015 Financial Condition - The following funds had deficit balances at June 30, 2015:

Nonmajor Special Revenue:	
Aquatic Campaign	\$ (603,279)
Nonmajor Enterprise:	
Garbage Collection	(7,602)
Airport Operating	(43,042)
Nonmajor Debt Service:	
GO Fire Truck	(22,023)

Recommendation - The City should generate and implement a good strategic plan in order to finance these deficit balances in fiscal year 2016.

Response – The City increased 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 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.