CITY OF TIPTON, IOWA

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2017

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CITY OF TIPTON

Officials

Name	Title	Term Expires
Bryan Carney	Mayor	December 2019
Ross Leeper	1st Ward Council Person	December 2019
Dean Anderson	2nd Ward Council Person	December 2017
Tim McNeill	3rd Ward Council Person	December 2019
Pamela Spear	At Large Council Person	December 2019
Leanne Boots	At Large Council Person	December 2017
Brian Wagner	City Manager	Indefinite
Melissa Armstrong	Finance Director	Indefinite
Amy Lenz	City Clerk	Indefinite
Steve Nash	Director of Public Works	Indefinite
Virgil Penrod	Gas Superintendent	Indefinite
Floyd Taber	Electric Superintendent	Indefinite
Lisa Kepford	Chief of Police	Indefinite
Lynch Dallas PC	City Attorney	Indefinite
Marvin Miller	Zoning Administrator	Indefinite
Terry Goerdt	Building Inspector	Indefinite

CITY OF TIPTON

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of 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, 2017, 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. 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 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, 2017, 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.

Basis of Accounting

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

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tipton, Iowa's basic financial statements. The supplementary information included in Schedules 1 through 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, 2016, 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 ended June 30, 2016 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 ended June 30, 2016.

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 ended June 30, 2016 presented in Schedule 14 are 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 January 30, 2018 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 solely 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 effectiveness of the City's 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
January 30, 2018

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, 2017. Readers are encouraged to consider this information in conjunction with the City's financial statements which follow.

2017 FINANCIAL HIGHLIGHTS

- The City's total cash basis net position increased by 0.4% at the close of fiscal year 2017, or $37,920. Governmental activities cash basis net position increased by $403,389.
- City governmental activities revenues and transfers decreased by $646,244, or 14.2%, when compared to fiscal year 2016.
- General government activities expenditures decreased by $466,165, or 11.7%, during this same period. This decrease was due to decreases in public safety, public works, culture and recreation, and capital projects.
- Business type activities (the City's enterprise funds) revenues increased by $443,964, or 5.9%, and direct operating expenses increased by $624,491 or 9.1% when compared to the prior year, which was due mostly to the purchase of a generator in the electric funds.
- The City has $8,639,413 in long term debt compared to $10,118,413 at the close of fiscal year 2016. The change between years is due to the 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.

USING THIS ANNUAL REPORT (CONTINUED)

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, wastewater, garbage collection, stormwater, and airport. 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.

REPORTING THE CITY'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements (Continued)

- 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 position 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 $2,728,998 to $3,132,387. The analysis that follows focuses on the changes in cash basis net position of governmental activities:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS
GOVERNMENTAL ACTIVITIES

	Year Ended	
	June 30, 2017	June 30, 2016
Receipts and transfers:		
Program receipts:		
Charges for services	$ 460,029	$ 449,520
Operating grants, contributions, and restricted interest	538,196	489,052
Capital grants, contributions, and restricted interest	9,262	10,591
General receipts:		
Property tax	1,449,588	1,343,369
Tax increment financing	157,740	184,986
Local option sales tax	279,955	263,236
Commercial & industrial replacement tax	14,040	47,671
Rent	14,863	14,758
Unrestricted investment earnings	12,761	9,838
Miscellaneous	187,026	858,502
Sale of assets	-	10,761
Interfund loans	(838)	1,474
Transfers, net	796,520	881,628
Total receipts and transfers	3,919,142	4,565,386
Disbursements:		
General government:		
Public safety	1,014,130	1,138,500
Public works	432,714	498,895
Culture and recreation	781,367	846,433
Community and economic development	122,066	117,298
General government	175,125	135,711
Debt service	955,351	951,307
Capital projects	35,000	293,774
Total general government disbursements	3,515,753	3,981,918
Change in Cash Basis Net Position	403,389	583,468
Cash Basis Net Position, Beginning of Year	2,728,998	2,145,530
Cash Basis Net Position, End of Year	$ 3,132,387	$ 2,728,998

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's total receipts for governmental activities decreased by $646,244 from the previous year. The total cost of all governmental programs decreased by $466,165 with no new programs added during the year. This decrease was due to decreases in public safety, public works, culture and recreation, and capital projects.

The City increased the property tax rates for 2017 1%, from $13.21 to $13.36 per $1,000 of taxable assessment. The increase was due to a higher rate of levy for the Special Revenue levies for employee benefits ($3.10851 to $3.32671 for fiscal year 2017) and an increase in the Debt Service Levy from $1.23076 to $1.24589. The general government levy remained capped at $8.10 per $1,000 of assessed taxable valuation.

The cost of all governmental activities this year was $3,515,753, compared to $3,981,918 last year. The amount financed by taxpayers was $1,887,283. The remainder was financed by charges for services for those directly benefiting from the programs of $460,029 or by other governments or organizations that subsidized certain programs with grants, contributions, and restricted interest of $547,458.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS

BUSINESS-TYPE ACTIVITIES

	Year Ended	
	June 30, 2017	June 30, 2016
Receipts:		
Program receipts:		
Charges for services	$ 7,694,116	$ 7,352,614
Operating grants, contributions, and restricted interest	11,145	-
General receipts:		
Rent	9,335	9,680
Unrestricted investment earnings	22,205	18,997
Miscellaneous	208,736	119,532
Sale of assets	-	750
Total receipts	7,945,537	7,501,573
Disbursements:		
Electric	4,429,673	3,790,126
Water	495,998	620,826
Gas	1,425,946	1,380,251
Wastewater	494,871	512,164
Airport	70,187	69,705
Garbage	471,038	412,440
Stormwater	127,611	105,321
Total disbursements	7,515,324	6,890,833
Change in cash basis net position before transfers	430,213	610,740
Interfund loans	838	(1,474)
Transfers, net	(796,520)	(881,628)
Change in Cash Basis Net Position	(365,469)	(272,362)
Cash Basis Net Position, Beginning of Year	5,910,952	6,183,314
Cash Basis Net Position, End of Year	$ 5,545,483	$ 5,910,952

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Total business-type activities receipts for the fiscal year were $7,945,537 compared to $7,501,573 last year. This change was due mostly to the purchase of a generator in the electric funds. Total disbursements and net transfers for the fiscal year were $8,311,844 compared to $7,773,935 last year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City completed this year, its governmental funds reported a combined fund balance of $2,830,423, an increase from last year's total of $2,407,050. 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 $200,961 from the prior year to a fund balance of $650,228.

2. The Road Use Tax (RUT) Fund cash balance increased $113,925 from the prior year to a fund balance of $731,001 due to more funds received than funds transferred out of the fund.

3. Economic/Industrial Development Fund increased $34,279 from the prior year to a fund balance of $626,373.

4. JKF Aquatic Center Fund decreased $32,967 from the prior year to a fund balance of $626,724.

INDIVIDUAL MAJOR BUSINESS-TYPE FUND ANALYSIS

As the City completed this year, its enterprise funds reported a combined fund balance of $5,390,267, a decrease from last year's total of $5,726,171. 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 decreased $339,610 to $4,251,398 due the purchase of a generator.

2. The Gas Fund cash balance decreased $67,526 to $465,495 due to an increase in various expenses throughout the year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times which resulted in an increase in budgeted receipts of $307,480 and budgeted disbursements of $1,140,747 to provide for additional disbursements in certain City departments.

DEBT ADMINISTRATION

On June 30, 2017, the City had $8,639,413 in bonds and other long-term debt, compared to $10,118,413 at the beginning of the year.

Outstanding debt at June 30, 2017 and 2016:

	2017	2016
General Obligation Bonds:		
Fire truck acquisition	$ 105,413	$ 138,413
Corporate Purpose 2011A	1,175,000	1,350,000
Corporate Purpose 2011B	535,000	670,000
Corporate Purpose 2011C	815,000	1,045,000
Refunding Bond 2012A	415,000	550,000
Corporate Purpose 2013	565,000	745,000
Corporate Purpose 2015	835,000	920,000
Total	4,445,413	5,418,413
Sewer revenue	1,309,000	1,475,000
Electric revenue 2011	955,000	1,130,000
Electric revenue 2012	1,930,000	2,095,000
Total	4,194,000	4,700,000
Total indebtedness	$ 8,639,413	$ 10,118,413

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 $4,445,413 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

Given the changes in management at the end of the fiscal year 2017, present administration is planning no significant changes for fiscal year 2017-18. Instead, this year management will assess the City's fund balances, cash flow, and plan for significant future storm water, sewer, and street repair work utilizing the storm water fee, road use tax and other revenue sources in the 2018-19 budget.

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,

Brian Wagner
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, 2017

		Program Receipts	
	Disbursements	Charges for Services	Operating Grants, Contributions, and Restricted Interest
FUNCTIONS/PROGRAMS:			
Governmental activities:			
Public safety	$ 1,014,130	$ 256,465	$ 4,890
Public works	432,714	3,065	423,404
Culture and recreation	781,367	156,671	52,181
Community and economic development	122,066	-	97
General government	175,125	43,828	57,624
Debt service	955,351	-	-
Capital projects	35,000	-	-
Total governmental activities	3,515,753	460,029	538,196
Business type activities:			
Electric	4,429,673	4,448,893	11,111
Water	495,998	672,158	-
Gas	1,425,946	1,338,559	-
Wastewater	494,871	590,131	34
Airport	70,187	21,360	-
Garbage	471,038	520,123	-
Stormwater	127,611	102,892	-
Total business-type activities	7,515,324	7,694,116	11,145
Total	$ 11,031,077	$ 8,154,145	$ 549,341
GENERAL RECEIPTS AND TRANSFERS:			
Property and other city taxes levied for:			
General purposes			
Employee benefits			
Debt service			
Tax increment financing			
Local option sales tax			
Commercial & industrial replacement tax			
Rent			
Unrestricted interest on investments			
Miscellaneous			
Interfund loans			
Transfers			
Total general receipts and transfers			

Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position: Governmental Activities	Business Type Activities	Total
$ -	$ (752,775)	$ -	$ (752,775)
9,262	3,017	-	3,017
-	(572,515)	-	(572,515)
-	(121,969)	-	(121,969)
-	(73,673)	-	(73,673)
-	(955,351)	-	(955,351)
-	(35,000)	-	(35,000)
9,262	(2,508,266)	-	(2,508,266)
-	-	30,331	30,331
-	-	176,160	176,160
-	-	(87,387)	(87,387)
-	-	95,294	95,294
-	-	(48,827)	(48,827)
-	-	49,085	49,085
-	-	(24,719)	(24,719)
-	-	189,937	189,937
9,262	(2,508,266)	189,937	(2,318,329)
	947,580	-	947,580
	366,641	-	366,641
	135,367	-	135,367
	157,740	-	157,740
	279,955	-	279,955
	14,040	-	14,040
	14,863	9,335	24,198
	12,761	22,205	34,966
	187,026	208,736	395,762
	(838)	838	-
	796,520	(796,520)	-
	2,911,655	(555,406)	2,356,249

(continued)

CITY OF TIPTON

Statement of Activities and Net Position - Cash Basis

As of and for the year ended June 30, 2017

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

Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
	$ 403,389	$ (365,469)	$ 37,920
	2,728,998	5,910,952	8,639,950
	$ 3,132,387	$ 5,545,483	$ 8,677,870
	$ 100,000	$ -	$ 100,000
	843,050	-	843,050
	181,582	2,135,254	2,316,836
	813,124	-	813,124
	208,758	21,715	230,473
	985,873	3,388,514	4,374,387
	$ 3,132,387	$ 5,545,483	$ 8,677,870

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, 2017

	General
RECEIPTS:	
Property tax	$ 947,580
Tax increment financing	-
Other city tax	-
Licenses and permits	21,054
Use of money and property	19,331
Intergovernmental	76,701
Charges for services	438,065
Special assessments	-
Miscellaneous	110,733
Total receipts	1,613,464
DISBURSEMENTS:	
Operating:	
Public safety	1,014,130
Public works	432,293
Culture and recreation	781,367
Community and economic development	80,222
General government	154,118
Debt service	-
Capital projects	-
Total disbursements	2,462,130
Excess (deficiency) of receipts over disbursements	(848,666)
OTHER FINANCING SOURCES (USES):	
Interfund loan advances	(1,675)
Transfers in	1,105,531
Transfers out	(54,229)
Net other financing sources (uses)	1,049,627

Special Revenue		Capital Projects		
Road Use Tax	Economic/ Industrial Development	JFK Aquatic Center	Nonmajor	Total
$ -	$ -	$ -	$ 502,008	$ 1,449,588
-	-	-	157,740	157,740
-	-	-	279,955	279,955
-	-	-	-	21,054
-	1,957	2,033	3,416	26,737
399,867	-	-	14,040	490,608
-	-	-	910	438,975
-	-	-	9,262	9,262
-	34,986	-	102,934	248,653
399,867	36,943	2,033	1,070,265	3,122,572
-	-	-	-	1,014,130
421	-	-	-	432,714
-	-	-	-	781,367
-	2,664	-	39,180	122,066
-	-	-	15,725	169,843
-	-	-	955,351	955,351
-	-	35,000	-	35,000
421	2,664	35,000	1,010,256	3,510,471
399,446	34,279	(32,967)	60,009	(387,899)
-	-	-	-	(1,675)
-	-	-	836,302	1,941,833
(285,521)	-	-	(789,136)	(1,128,886)
(285,521)	-	-	47,166	811,272

(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, 2017

		General
NET CHANGE IN CASH BALANCES	$	200,961
CASH BALANCES, BEGINNING OF YEAR		449,267
CASH BALANCES, END OF YEAR	$	650,228
CASH BASIS FUND BALANCES:		
Nonspendable	$	-
Restricted for:		
Urban renewal		-
Debt service		-
Streets		-
Other purposes		57,979
Assigned for:		
Ambulance		109,026
Capital projects		-
Unemployment claims		73,584
Unassigned (deficit)		409,639
Total cash basis fund balances	$	650,228

Exhibit B

Special Revenue		Capital Projects		
Road Use Tax	Economic/ Industrial Development	JKF Aquatic Center	Nonmajor	Total
$ 113,925	$ 34,279	$ (32,967)	$ 107,175	$ 423,373
617,076	592,094	659,691	88,922	2,407,050
$ 731,001	$ 626,373	$ 626,724	$ 196,097	$ 2,830,423
$ -	$ -	$ -	$ 100,000	$ 100,000
-	626,373	-	216,677	843,050
-	-	-	181,582	181,582
731,001	-	-	82,123	813,124
-	-	-	150,779	208,758
-	-	-	-	109,026
-	-	626,724	42,237	668,961
-	-	-	-	73,584
-	-	-	(577,301)	(167,662)
$ 731,001	$ 626,373	$ 626,724	$ 196,097	$ 2,830,423

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

Exhibit C

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, 2017

Total governmental funds cash balances (page 31)	$ 2,830,423
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.	301,964
Cash basis net position of governmental activities (page 27)	$ 3,132,387

Net change in cash balances (page 31)	$ 423,373
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.	(19,984)
Change in cash basis net position of governmental activities (page 27)	$ 403,389

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, 2017

	Enterprise	
	Electric	**Gas**
OPERATING RECEIPTS:		
Licenses and permits	$ 200	$ -
Use of money and property	4,535	-
Intergovernmental	11,111	-
Charges for services	4,448,693	1,338,559
Miscellaneous	151,170	18,088
Total operating receipts	4,615,709	1,356,647
OPERATING DISBURSEMENTS:		
Business type activities	4,002,011	1,423,603
Excess (deficiency) of operating receipts over operating disbursements	613,698	(66,956)
NONOPERATING RECEIPTS (DISBURSEMENTS):		
Interest on investments	16,268	1,930
Debt service	(420,740)	-
Net nonoperating receipts (disbursements)	(404,472)	1,930
Excess (deficiency) of receipts over disbursements	209,226	(65,026)
OTHER FINANCING SOURCES (USES):		
Interfund loan	50,000	-
Interfund loan advance	-	-
Transfers in	-	-
Transfers out	(598,836)	(2,500)
Net other financing sources (uses)	(548,836)	(2,500)
NET CHANGE IN CASH BALANCES	(339,610)	(67,526)
CASH BALANCES, BEGINNING OF YEAR	4,591,008	533,021
CASH BALANCES, END OF YEAR	$ 4,251,398	$ 465,495

Enterprise		
Nonmajor	**Totals**	**Internal Service**
$ 100	$ 300	$ -
4,800	9,335	-
34	11,145	-
1,906,564	7,693,816	686,828
39,478	208,736	1,541
1,950,976	7,923,332	688,369
1,318,635	6,744,249	709,885
632,341	1,179,083	(21,516)
3,170	21,368	1,725
(334,101)	(754,841)	-
(330,931)	(733,473)	1,725
301,410	445,610	(19,791)
-	50,000	1,675
(50,000)	(50,000)	-
386,170	386,170	4,157
(566,348)	(1,167,684)	(35,590)
(230,178)	(781,514)	(29,758)
71,232	(335,904)	(49,549)
602,142	5,726,171	506,729
$ 673,374	$ 5,390,267	$ 457,180

(continued)

CITY OF TIPTON

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

As of and for the year ended June 30, 2017

	Enterprise	
	Electric	**Gas**
CASH BASIS FUND BALANCES:		
Restricted:		
Debt service	$ 1,742,380	$ -
Other purposes	11,862	8,133
Unrestricted	2,497,156	457,362
Total cash basis fund balances	$ 4,251,398	$ 465,495

Enterprise		
Nonmajor	Totals	Internal Service
$ 392,874	$ 2,135,254	$ -
1,720	21,715	-
278,780	3,233,298	457,180
$ 673,374	$ 5,390,267	$ 457,180

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

Exhibit E

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, 2017

Total enterprise funds cash balances (page 34)	$ 5,390,267
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.	155,216
Cash basis net position of business-type activities (page 27)	$ 5,545,483
Net change in cash balances (page 34)	$ (335,904)
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.	(29,565)
Change in cash basis net position of business-type activities (page 27)	$ (365,469)

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

(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, Iowa, 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.

B. Basis of Presentation

Government-Wide Financial Statement - The Cash Basis Statement of Activities and Net Position (previously referred to as net assets) 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.

(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 is 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 balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists 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 and enterprise funds are aggregated and reported as nonmajor governmental or nonmajor enterprise funds.

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.

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

B. Basis of Presentation (continued)

Fund Financial Statements - (continued)
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 JFK Aquatic Center is a capital project fund used to account for the proceeds and expenses relating to the building of the aquatic center.

The City reports the following major proprietary funds:

The Enterprise, 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 Enterprise, 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.

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.

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

C. Measurement Focus and Basis of Accounting (continued)

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 are amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted amounts are 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 are amounts the City Council intends to use for specific purposes.

Unassigned are all amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

F. Property Tax Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2015, to compute the amounts which became liens on property on July 1, 2016. These taxes were due and payable in two installments on September 30, 2016 and March 31, 2017, 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, 2017 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.

(2) **Cash and Pooled Investments** (continued)

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

At June 30, 2017, the City's deposits consisted of cash, cash equivalents and bank certificates of deposit as follows:

	Bank Value	Carrying Value
Checking account	$ 6,965,974	$ 6,751,441
Certificates of deposit	1,873,715	1,873,715
PSF health cash account	52,714	52,714
Total	$ 8,892,403	$ 8,677,870

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.

(3) **Bonds and Notes Payable**

Long-term debt activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General governmental activities					
General obligation bonds	$ 4,868,413	$ -	$ 838,000	$ 4,030,413	$ 754,000
Business-type activities					
General obligation bonds	$ 550,000	$ -	$ 135,000	$ 415,000	$ 140,000
Revenue bonds	4,700,000	-	506,000	4,194,000	521,000
Total business-type	$ 5,250,000	$ -	$ 641,000	$ 4,609,000	$ 661,000

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

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

	General Obligation Bonds and Notes		Revenue Bonds and Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 894,000	$ 109,338	$ 521,000	$ 114,473	$ 1,415,000	$ 223,811
2019	875,000	91,397	536,000	102,768	1,411,000	194,165
2020	736,413	69,496	551,000	89,825	1,287,413	159,321
2021	580,000	52,918	567,000	75,875	1,147,000	128,793
2022	595,000	38,013	587,000	60,950	1,182,000	98,963
2023-2027	765,000	40,828	1,432,000	122,379	2,197,000	163,207
	$ 4,445,413	$ 401,990	$ 4,194,000	$ 566,270	$ 8,639,413	$ 968,260

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, 2017 is $105,413. 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, 2017 is $1,175,000. The note matures in 2023 and has an interest rate range of 2.25%-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 $535,000 as of June 30, 2017. The note has a range of interest rates from 1.80-2.85%.

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 $815,000 as of June 30, 2017. The note will mature in 2022 and has an interest rate range of 2.35%-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 $415,000 at June 30, 2017. The note has a range of interest rates from 2.35%-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, 2017 is $565,000 with a maturity date of 2023. The note has interest rates from 0.90%-1.80%.

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

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 $835,000 as of June 30, 2017. The note will mature in 2026 and has an interest rate range of 2.00%-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 $1,470,700. For the current year, principal and interest paid and total customer net revenues were $191,813 and $299,730, respectively.

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

a) The City shall generate net revenues from sewer operations equal to at least 110% of the principal and interest due in the fiscal year.

b) An amount equal to 1/12th of the next principal payment due and 1/6th of the next interest payment due shall be set aside in a sewer sinking fund on a monthly basis.

c) A surplus fund is to be established into which there shall be set apart and paid all the net revenues remaining after first making the required payments into the sinking fund.

At June 30, 2017, the City was in compliance with all the provisions above.

The City has pledged future electric customer receipts, net of specified operating disbursements, to repay $1,795,000 in electric revenue bonds issued in December 2011. Proceeds from the bonds provided financing for the construction of electric projects and current refunding of the Electric Revenue Notes issued in 2010. The bonds are payable solely from electric customer net revenues and are payable through 2022. The total principal and interest remaining to be paid on the notes is $1,026,755. For the current year, principal and interest paid and total customer net revenues were $200,590 and $1,344,933, 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.

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

At June 30, 2017, 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 $2,262,815. For the current year, principal and interest paid and total customer net revenues were $220,150 and $1,344,933, respectively.

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

a) The City shall generate net revenues from electric revenues equal to at least 125% of the maximum annual debt service.

b) An amount equal to 1/12th of the next principal payment due and 1/8th of the next interest payment due shall be set aside in a sinking fund on a month. After fiscal year 2012, an amount of 1/6th of interest coming due should be set aside in a sinking fund.

c) A reserve fund must be maintained for principal and interest.

At June 30, 2017, the City was in compliance with the provisions above.

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

Assessed Value	$	176,492,562
Debt limit - 5% of assessed value	$	8,824,628
G.O. Debt outstanding		4,445,413
Debt margin	$	4,379,215

(4) Interfund Transfers and Loans/Advances

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

	Transfers Out							
					Nonmajor			
Transfers In:	General	Road Use Tax	Electric	Gas	Governmental	Enterprise	Internal Service	Total
General Fund	$ -	$ 55,000	$ 530,183	$ 2,500	$ 424,514	$ 93,333	$ -	$ 1,105,530
Nonmajor: Governmental	54,229	230,521	41,615	-	339,622	134,726	35,590	836,303
Nonmajor: Enterprise	-	-	22,881	-	25,000	338,289	-	386,170
Nonmajor: Internal Service Funds	-	-	4,157	-	-	-	-	4,157
Total	$ 54,229	$ 285,521	$ 598,836	$ 2,500	$ 789,136	$ 566,348	$ 35,590	$ 2,332,160

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.

There were also $80,081 of transfers within the same funds to different departments.

The detail of interfund loans and advances for the year ended June 30, 2017 is as follows:

	Interfund Advances			
	General	Water	Wastewater	Total
Interfund Loan:				
Electric	$ -	$ 25,000	$ 25,000	$ 50,000
City Reserve	1,675	-	-	1,675
Total	$ 1,675	$ 25,000	$ 25,000	$ 51,675

(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, PO Box 9117, Des Moines, IA 50306-9117 or at 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.

(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, any time 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year salary.

Protection occupation members may retire at normal age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average 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.

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

Contributions - Contribution rates are established by IPERS following an annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2017 were $163,524.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City's liability for its proportionate share of the net pension liability totaled $1,101,850. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the City's proportion was 0.017263% for Regular employees and 0.124081% for Protection Occupation employees, which was a decrease of 0.001706% for Regular employees and a decrease of 0.010365% for Protection Occupation employees from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City's pension expense, deferred outflows, and deferred inflows totaled $162,869, $419,627, and $202,274, respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of Inflation (Effective June 30, 2014)	3.00% per annum
Rates of Salary Increases (Effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (Effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation
Wage Growth (Effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation

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

The actuarial assumptions used in the June 30, 2016 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 IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28%	1.90%
Domestic Equity	24%	5.85%
International Equity	16%	6.32%
Private Equity/Debt	11%	10.31%
Real Estate	8%	3.87%
Credit Opportunities	5%	4.48%
U.S. TIPS	5%	1.36%
Other Real Assets	2%	6.42%
Cash	1%	(0.26%)
Total	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.

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

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	$ 1,989,635	$ 1,101,850	$ 352,814

IPERS' Fiduciary Net Position - Detailed information about IPERS fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website www.ipers.org.

(6) **Health Insurance**

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

Out of Pocket Limits

	Per Calendar Year	
	Single	Family
Employee	$ 500	$ 1,000
City	1,500	3,000

The City has established an internal service fund to account for and pay its share of this partial self-funding. As of June 30, 2017, 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, 2017 is $66,002. This liability has been computed based on rates of pay in effect at June 30, 2017.

(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, 2017 totaled $589,148.

(9) Long-Term Receivables

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

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

The table below reflects transactions as of and for the year ended June 30, 2017:

Amount loaned out to area businesses	$ 47,908
Proceeds distributed	-
Principal payments received	12,298
Ending balance on long-term receivables	$ 35,610
ARRA Grant line of credit available balance	$ 94,000
Amount in use	35,610
Amount available to lend by the City	$ 58,390
Amount distributed to area businesses	$ 19,842
Amount distributed to area businesses during the year	-
Amount received from the federal government	-
Amount City forgiven by USDA, Rural Development	-
Amount owed to the City from the federal government	$ 19,842

(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. The risks exceeding retention amounts discussed in Note 6 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) 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 closed in 1989 and Cedar County plans to complete the period of postclosure monitoring in 2019. The estimated cost of postclosure care is approximately $56,000. Actual postclosure care costs may be different due to inflation, changes in technology, or changes in regulations.

In the 2014-2015 fiscal year, the City entered into a five-year agreement with Clayton Energy Corp for natural gas.

During the 2016-2017 fiscal year, the City entered into a five-year agreement with Physio-Control, Inc. for maintenance on both its LifePak 15's (cardiac monitor/deliberator) and Lucas-2 (automated CPR) devices. The payment requirements for the remainder of the contract are as follows:

Fiscal Year	Payment
2018	$ 5,256
2019	5,256
2020	5,256
2021	3,066
	$ 18,834

(12) Deficit Fund Balances

The following funds had deficit balances at June 30, 2017:

Nonmajor Special Revenue:	
Aquatic Campaign	$ (576,279)
Nonmajor Enterprise:	
Airport Operating	(62,463)
Nonmajor Debt Service:	
GO Fire Truck	(547)
Debt Service	(475)
Nonmajor Internal Service:	
Administrative Services	(15,695)

During the year ended June 30, 2017, the new City Manager and new Finance Director began to review deficit balances for the Aquatic Campaign, Airport Operating, and Administrative Services. At this time they are gathering information for the reason behind the deficit and a plan for decreasing the deficit in the future. The deficit in the GO Fire Truck fund was caused by transfers into the fund being underbudgeted. The budget has been adjusted for excess funds to reduce the balance in fiscal year 2018. The Debt Service fund over-budgeted the transfer out based on commercial back taxes received in the previous year. This will also be adjusted in the budget for fiscal year 2018.

(13) Developer Agreements

The City has entered into development agreements with the following developers:

Developer Agreement	Purpose	Max Payout	2017 Rebates	2017 LMI Rebates*	Remaining Balance
Vermeer of Iowa	Development of an industrial facility	$ 93,000	$ 17,359	$ -	$ 6,335
Jerry O'Rourke	Commercial automobile dealership	200,000	-	-	200,000
John & Bonnie Dornfeld	Commercial spec building	125,000	-	-	125,000
David & Sally Kruse	Housing subdivision	150,000	5,069	2,611	136,904
Mike Cook	Residential condominiums	33,000	1,603	826	17,984
		$ 601,000	$ 24,031	$ 3,437	$ 486,223

* Low to Moderate Income Rebates

The agreements require two annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2017, the City rebated $24,031 of incremental property tax to the developers. At June 30, 2017, the remaining balance to be paid on all agreements is $486,223.

(14) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant of to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2017, the City abated $11,335 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

There were no tax abatements of other entities for the year ended June 30, 2017.

(15) Subsequent Events

Management evaluated subsequent events through January 30, 2018 the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to January 30, 2018 that provided additional evidence about conditions that did not exist at June 30, 2017, but arose before the financial statements were available to be issued, have not been recognized for the year ended June 30, 2017.

(16) New Accounting Pronouncement

The City adopted the tax abatement disclosure guidance set forth in *Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures*. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about the City's tax abatements and tax abatements of other entities which impact the City.

(17) **Prospective Accounting Change**

The Governmental Accounting Standards Board has issued *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information.

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, 2017

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
RECEIPTS:			
Property tax	$ 1,449,588	$ -	$ -
Tax increment financing	157,740	-	-
Other city tax	279,955	-	-
Licenses and permits	21,054	300	-
Use of money and property	26,737	32,428	1,725
Intergovernmental	490,608	11,145	-
Charges for services	438,975	8,380,644	686,828
Special assessments	9,262	-	-
Miscellaneous	248,653	210,277	1,541
Total receipts	3,122,572	8,634,794	690,094
DISBURSEMENTS:			
Public safety	1,014,130	-	-
Public works	432,714	-	-
Culture and recreation	781,367	-	-
Community and economic development	122,066	-	-
General government	169,843	709,885	709,885
Debt service	955,351	-	-
Capital projects	35,000	-	-
Business-type activities	-	7,499,090	-
Total disbursements	3,510,471	8,208,975	709,885
Excess (deficiency) of receipts over disbursements	(387,899)	425,819	(19,791)
OTHER FINANCING SOURCES (USES), NET	811,272	(811,272)	(29,758)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	423,373	(385,453)	(49,549)
BALANCES, BEGINNING OF YEAR	2,407,050	6,232,900	506,729
BALANCES, END OF YEAR	$ 2,830,423	$ 5,847,447	$ 457,180

Total	Budgeted Amounts Original	Budgeted Amounts Final	Final to Total Variance
$ 1,449,588	$ 1,409,653	$ 1,409,706	$ 39,882
157,740	162,676	162,676	(4,936)
279,955	238,030	254,219	25,736
21,354	27,895	27,895	(6,541)
57,440	347,428	487,585	(430,145)
501,753	730,272	749,525	(247,772)
8,132,791	8,797,484	8,798,394	(665,603)
9,262	23,000	23,000	(13,738)
457,389	1,732,168	1,863,086	(1,405,697)
11,067,272	13,468,606	13,776,086	(2,708,814)
1,014,130	1,037,625	1,109,437	95,307
432,714	656,999	673,116	240,402
781,367	854,865	861,433	80,066
122,066	178,631	181,981	59,915
169,843	241,796	259,292	89,449
955,351	1,148,760	1,148,760	193,409
35,000	787,855	1,587,855	1,552,855
7,499,090	8,958,430	9,183,834	1,684,744
11,009,561	13,864,961	15,005,708	3,996,147
57,711	(396,355)	(1,229,622)	1,287,333
29,758	396,355	396,355	366,597
87,469	-	(833,267)	920,736
8,133,221	8,328,844	8,328,844	(195,623)
$ 8,220,690	$ 8,328,844	$ 7,495,577	$ 725,113

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

CITY OF TIPTON

Notes to Other Information - Budgetary Reporting

June 30, 2017

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, two budget amendments increased budgeted revenues by $307,480, and budgeted disbursements by $1,140,747. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2017, disbursements did not exceed budgeted amounts.

CITY OF TIPTON, IOWA

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

Iowa Public Employees' Retirement System
For the Last Three Years*
(In Thousands)

Other Information

	2017	2016	2015
City's proportion of the net pension liability:			
Regular	0.01726%	0.01897%	0.01939%
Protection Occupation	0.12408%	0.13445%	0.13238%
City's total proportionate share of the net pension liability	$ 1,102	$ 884	$ 681
City's covered-employee payroll	$ 1,644	$ 1,747	$ 1,716
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	67.03%	50.60%	39.69%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

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

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditors' report.

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

Iowa Public Employees' Retirement System

For the Last Ten Years
(In Thousands)

Other Information

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily required contribution	$ 164	$ 151	$ 161	$ 158	$ 156	$ 142	$ 113	$ 104	$ 99	$ 88
Contributions in relation to the statutorily required contribution	(164)	(151)	(161)	(158)	(156)	(142)	(113)	(104)	(99)	(88)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll (regular)	$ 1,351	$ 1,228	$ 1,308	$ 1,293	$ 1,326	$ 1,307	$ 1,129	$ 1,094	$ 1,106	$ 1,088
City's covered-employee payroll (protection occupation)	$ 439	$ 416	$ 439	$ 423	$ 399	$ 373	$ 346	$ 342	$ 338	$ 265
Contributions as a percentage of covered-employee payroll (regular)	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%
Contributions as a percentage of covered-employee payroll (protection occupation)	9.84%	9.84%	10.14%	10.14%	10.27%	9.97%	9.95%	9.20%	8.45%	8.47%

CITY OF TIPTON, IOWA

Notes to Other Information - Pension Liability

Year Ended June 30, 2017

Changes in Benefit Terms

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

SUPPLEMENTARY INFORMATION

CITY OF TIPTON

Schedule 1

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances

Combining Nonmajor Governmental Funds

As of and for the year ended June 30, 2017

	Special Revenue	Debt Service	Capital Projects	Permanent Cemetery Trust	Total Nonmajor Governmental Funds
RECEIPTS:					
Property tax	$ 366,641	$ 135,367	$ -	$ -	$ 502,008
Tax increment financing	157,740	-	-	-	157,740
Other city tax	279,955	-	-	-	279,955
Use of money and property	1,685	1,594	137	-	3,416
Intergovernmental	10,215	3,825	-	-	14,040
Charges for services	-	-	-	910	910
Special assessments	-	9,262	-	-	9,262
Miscellaneous	102,934	-	-	-	102,934
Total receipts	919,170	150,048	137	910	1,070,265
DISBURSEMENTS:					
Operating:					
Community and economic development	39,180	-	-	-	39,180
General government	15,725	-	-	-	15,725
Debt service	-	955,351	-	-	955,351
Total disbursements	54,905	955,351	-	-	1,010,256
Excess (deficiency) of receipts over disbursements	864,265	(805,303)	137	910	60,009
OTHER FINANCING SOURCES (USES)					
Transfers in	-	836,302	-	-	836,302
Transfers out	(784,767)	(4,369)	-	-	(789,136)
Net other financing sources (uses)	(784,767)	831,933	-	-	47,166
NET CHANGE IN CASH BALANCES	79,498	26,630	137	910	107,175
CASH BALANCES, BEGINNING OF YEAR	(209,464)	153,930	43,856	100,600	88,922
CASH BALANCES, END OF YEAR	$ (129,966)	$ 180,560	$ 43,993	$ 101,510	$ 196,097
CASH BASIS FUND BALANCES:					
Nonspendable	$ -	$ -	$ -	$ 100,000	$ 100,000
Restricted for:					
Urban renewal	216,677	-	-	-	216,677
Debt service	-	181,582	-	-	181,582
Streets	82,123	-	-	-	82,123
Other purposes	147,513	-	1,756	1,510	150,779
Assigned for capital projects	-	-	42,237	-	42,237
Unassigned	(576,279)	(1,022)	-	-	(577,301)
Total cash basis fund balances	$ (129,966)	$ 180,560	$ 43,993	$ 101,510	$ 196,097

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, 2017

	Employee Benefits	Local Option Tax	TIF Capital Improvement
RECEIPTS:			
Property tax	$ 366,641	$ -	$ -
Tax increment financing	-	-	157,740
Other city tax	-	279,955	-
Use of money and property	169	1,015	345
Intergovernmental	10,215	-	-
Miscellaneous	-	-	-
Total receipts	377,025	280,970	158,085
DISBURSEMENTS:			
Operating:			
Community and economic development	-	-	39,180
General government	-	14,218	507
Total disbursements	-	14,218	39,687
Excess (deficiency) of receipts over disbursements	377,025	266,752	118,398
OTHER FINANCING SOURCES			
Transfers out	(365,145)	(207,088)	(130,920)
NET CHANGE IN CASH BALANCES	11,880	59,664	(12,522)
CASH BALANCES, BEGINNING OF YEAR	15,625	268,829	64,952
CASH BALANCES, END OF YEAR	$ 27,505	$ 328,493	$ 52,430
CASH BASIS FUND BALANCES:			
Restricted for:			
Streets	$ -	$ 82,123	$ -
Urban renewal	-	164,247	52,430
Other purposes	27,505	82,123	-
Unassigned	-	-	-
Total cash basis fund balances	$ 27,505	$ 328,493	$ 52,430

Schedule 2

Aquatic Campaign	Library Trust	PS Share Trust	Fire Trust	Totals
$ -	$ -	$ -	$ -	$ 366,641
-	-	-	-	157,740
-	-	-	-	279,955
-	25	79	52	1,685
-	-	-	-	10,215
27,001	203	3,035	72,695	102,934
27,001	228	3,114	72,747	919,170
-	-	-	-	39,180
-	-	1,000	-	15,725
-	-	1,000	-	54,905
27,001	228	2,114	72,747	864,265
-	-	-	(81,614)	(784,767)
27,001	228	2,114	(8,867)	79,498
(603,280)	8,139	23,680	12,591	(209,464)
$ (576,279)	$ 8,367	$ 25,794	$ 3,724	$ (129,966)
$ -	$ -	$ -	$ -	$ 82,123
-	-	-	-	216,677
-	8,367	25,794	3,724	147,513
(576,279)	-	-	-	(576,279)
$ (576,279)	$ 8,367	$ 25,794	$ 3,724	$ (129,966)

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, 2017

	Capital Projects		
	GO Street Improvement	**Street-scapes Project**	**Total Capital Project Funds**
RECEIPTS:			
Use of money and property	$ 5	$ 132	$ 137
DISBURSEMENTS:			
Total disbursements	-	-	-
Excess (deficiency) of receipts over disbursements	5	132	137
NET CHANGE IN CASH BALANCES	5	132	137
CASH BALANCES, BEGINNING OF YEAR	1,751	42,105	43,856
CASH BALANCES, END OF YEAR	$ 1,756	$ 42,237	$ 43,993
CASH BASIS FUND BALANCES:			
Restricted for:			
Other purposes	$ 1,756	$ -	$ 1,756
Assigned for capital projects	-	42,237	42,237
Total cash basis fund balances	$ 1,756	$ 42,237	$ 43,993

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, 2017

	Water	Wastewater	Other	Total
OPERATING RECEIPTS:				
Licenses and permits	$ 100	$ -	$ -	$ 100
Use of money and property	-	-	4,800	4,800
Charges for services	672,058	590,131	644,375	1,906,564
Intergovernmental	-	34	-	34
Miscellaneous	8,566	7,082	23,830	39,478
Total operating receipts	680,724	597,247	673,005	1,950,976
OPERATING DISBURSEMENTS:				
Business-type activities:				
Water	353,900	-	-	353,900
Wastewater	-	302,054	-	302,054
Airport	-	-	70,187	70,187
Garbage	-	-	464,883	464,883
Stormwater	-	-	127,611	127,611
Total operating disbursements	353,900	302,054	662,681	1,318,635
Excess (deficiency) of operating receipts over operating disbursements	326,824	295,193	10,324	632,341
NONOPERATING RECEIPTS (DISBURSEMENTS):				
Interest on investments	1,357	1,557	256	3,170
Debt service	(142,288)	(191,813)	-	(334,101)
Net nonoperating receipts (disbursements)	(140,931)	(190,256)	256	(330,931)
Excess (deficiency) of receipts over disbursements	185,893	104,937	10,580	301,410
OTHER FINANCING SOURCES (USES):				
Interfund loan	(25,000)	(25,000)	-	(50,000)
Transfers in	167,788	195,501	22,881	386,170
Transfers out	(239,573)	(263,228)	(63,547)	(566,348)
Net other financing sources (uses)	(96,785)	(92,727)	(40,666)	(230,178)
NET CHANGE IN CASH BALANCES	89,108	12,210	(30,086)	71,232
CASH BALANCES, BEGINNING OF YEAR	303,377	254,271	44,494	602,142
CASH BALANCES, END OF YEAR	$ 392,485	$ 266,481	$ 14,408	$ 673,374
CASH BASIS FUND BALANCES				
Restricted:				
Debt service	$ 232,048	$ 160,826	$ -	$ 392,874
Other purposes	1,720	-	-	1,720
Unrestricted	158,717	105,655	14,408	278,780
Total cash basis fund balances	$ 392,485	$ 266,481	$ 14,408	$ 673,374

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, 2017

	Electric Operating	Electric Bond Reserve	2006 Electric Substation	Additional Generation
OPERATING RECEIPTS:				
Licenses and permits	$ 200	$ -	$ -	$ -
Use of money and property	4,535	-	-	-
Intergovernmental	11,111	-	-	-
Charges for services	4,448,693	-	-	-
Miscellaneous	138,771	-	-	419
Total operating receipts	4,603,310	-	-	419
OPERATING DISBURSEMENTS:				
Business-type activities:				
Electric	3,253,842	-	500	735,515
Excess (deficiency) of operating receipts over operating disbursements	1,349,468	-	(500)	(735,096)
NONOPERATING RECEIPTS (DISBURSEMENTS):				
Interest on investments	5,927	5,204	1,725	-
Debt service	-	-	(220,150)	-
Total nonoperating receipts (disbursements):	5,927	5,204	(218,425)	-
Excess (deficiency) of receipts over disbursements	1,355,395	5,204	(218,925)	(735,096)
OTHER FINANCING SOURCES (USES)				
Interfund loan	50,000	-	-	-
Transfers in	-	-	220,650	-
Transfers out	(1,020,576)	-	-	-
Net other financing sources (uses)	(970,576)	-	220,650	-
NET CHANGE IN CASH BALANCES	384,819	5,204	1,725	(735,096)
CASH BALANCES, BEGINNING OF YEAR	1,567,467	1,521,483	483,938	-
CASH BALANCES, END OF YEAR	$ 1,952,286	$ 1,526,687	$ 485,663	$ (735,096)
CASH BASIS FUND BALANCES:				
Restricted for:				
Debt service	$ -	$ 1,526,687	$ -	$ -
Other purposes	-	-	-	-
Unrestricted	1,952,286	-	485,663	(735,096)
Total cash basis fund balances	$ 1,952,286	$ 1,526,687	$ 485,663	$ (735,096)

Electric Development	Electric Revenue Bonds	Electric Renewal/ Replacement	Electric Reserve	Electric Meter Deposits	Interfund Eliminations	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 200
-	-	-	-	-	-	4,535
-	-	-	-	-	-	11,111
-	-	-	-	-	-	4,448,693
-	-	-	-	11,980	-	151,170
-	-	-	-	11,980	-	4,615,709
-	499	-	-	11,655	-	4,002,011
-	(499)	-	-	325	-	613,698
27	884	1,170	1,285	46	-	16,268
-	(200,590)	-	-	-	-	(420,740)
27	(199,706)	1,170	1,285	46	-	(404,472)
27	(200,205)	1,170	1,285	371	-	209,226
-	-	-	-	-	-	50,000
-	201,090	-	-	-	(421,740)	-
-	-	-	-	-	421,740	(598,836)
-	201,090	-	-	-	-	(548,836)
27	885	1,170	1,285	371	-	(339,610)
8,590	214,808	374,454	408,777	11,491	-	4,591,008
$ 8,617	$ 215,693	$ 375,624	$ 410,062	$ 11,862	$ -	$ 4,251,398
$ -	$ 215,693	$ -	$ -	$ -	$ -	$ 1,742,380
-	-	-	-	11,862	-	11,862
8,617	-	375,624	410,062	-	-	2,497,156
$ 8,617	$ 215,693	$ 375,624	$ 410,062	$ 11,862	$ -	$ 4,251,398

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, 2017

	Water Operating	Water Meter Deposits	Water Revenue Bonds Reserve	Total
OPERATING RECEIPTS:				
Licenses and permits	$ 100	$ -	$ -	$ 100
Charges for services	672,058	-	-	672,058
Miscellaneous	3,836	4,730	-	8,566
Total operating receipts	675,994	4,730	-	680,724
OPERATING DISBURSEMENTS:				
Business-type activities:				
Water	348,755	4,646	499	353,900
Excess (deficiency) of operating receipts over operating disbursements	327,239	84	(499)	326,824
NONOPERATING RECEIPTS (DISBURSEMENTS):				
Interest on investments	470	5	882	1,357
Debt service	-	-	(142,288)	(142,288)
Net nonoperating receipts (disbursements)	470	5	(141,406)	(140,931)
Excess (deficiency) of receipts over disbursements	327,709	89	(141,905)	185,893
OTHER FINANCING SOURCES (USES):				
Interfund loan	(25,000)	-	-	(25,000)
Transfers in	25,000	-	142,788	167,788
Transfers out	(239,573)	-	-	(239,573)
Net other financing sources (uses)	(239,573)	-	142,788	(96,785)
NET CHANGE IN CASH BALANCES	88,136	89	883	89,108
CASH BALANCES, BEGINNING OF YEAR	70,581	1,631	231,165	303,377
CASH BALANCES, END OF YEAR	$ 158,717	$ 1,720	$ 232,048	$ 392,485
CASH BASIS FUND BALANCES:				
Restricted:				
Debt service	$ -	$ -	$ 232,048	$ 232,048
Other purposes	-	1,720	-	1,720
Unrestricted	158,717	-	-	158,717
Total cash basis fund balances	$ 158,717	$ 1,720	$ 232,048	$ 392,485

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, 2017

	Gas	Gas D.E.I.	Gas Meter Deposits	Gas Surplus	Total
OPERATING RECEIPTS:					
Charges for services	$ 1,338,559	$ -	$ -	$ -	$ 1,338,559
Miscellaneous	11,148	-	6,940	-	18,088
Total operating receipts	1,349,707	-	6,940	-	1,356,647
OPERATING DISBURSEMENTS:					
Business-type activities:					
Gas	1,417,359	-	6,244	-	1,423,603
Excess (deficiency) of operating receipts over operating disbursements	(67,652)	-	696	-	(66,956)
NONOPERATING RECEIPTS:					
Interest on investments	1,630	58	25	217	1,930
Excess (deficiency) of receipts over disbursements	(66,022)	58	721	217	(65,026)
OTHER FINANCING USES:					
Transfers out	(2,500)	-	-	-	(2,500)
NET CHANGE IN CASH BALANCES	(68,522)	58	721	217	(67,526)
CASH BALANCES, BEGINNING OF YEAR	35,362	15,744	7,412	474,503	533,021
CASH BALANCES, END OF YEAR	$ (33,160)	$ 15,802	$ 8,133	$ 474,720	$ 465,495
CASH BASIS FUND BALANCES:					
Restricted for:					
Other purposes	$ -	$ -	$ 8,133	$ -	$ 8,133
Unrestricted	(33,160)	15,802	-	474,720	457,362
Total cash basis fund balances	$ (33,160)	$ 15,802	$ 8,133	$ 474,720	$ 465,495

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, 2017

	Wastewater Debt Service	Waste Water Treatment	Total
OPERATING RECEIPTS:			
Charges for services	$ -	$ 590,131	$ 590,131
Intergovernmental	-	34	34
Miscellaneous	-	7,082	7,082
Total operating receipts	-	597,247	597,247
OPERATING DISBURSEMENTS:			
Business-type activities:			
Wastewater	3,687	298,367	302,054
Excess (deficiency) of operating receipts over operating disbursements	(3,687)	298,880	295,193
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Interest on investments	707	850	1,557
Debt service	(191,813)	-	(191,813)
Net nonoperating receipts (disbursements)	(191,106)	850	(190,256)
Excess (deficiency) of receipts over disbursements	(194,793)	299,730	104,937
OTHER FINANCING SOURCES (USES):			
Interfund loan	-	(25,000)	(25,000)
Transfers in	195,501	-	195,501
Transfers out	-	(263,228)	(263,228)
Net other financing sources (uses)	195,501	(288,228)	(92,727)
NET CHANGE IN CASH BALANCES	708	11,502	12,210
CASH BALANCES, BEGINNING OF YEAR	160,118	94,153	254,271
CASH BALANCES, END OF YEAR	$ 160,826	$ 105,655	$ 266,481
CASH BASIS FUND BALANCES:			
Restricted for:			
Debt service	$ 160,826	$ -	$ 160,826
Unrestricted	-	105,655	105,655
Total cash basis fund balances	$ 160,826	$ 105,655	$ 266,481

CITY OF TIPTON

Schedule 9

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

As of and for the year ended June 30, 2017

	Airport Operating	Garbage Collection	Stormwater	Totals
OPERATING RECEIPTS:				
Use of money and property	$ 4,800	$ -	$ -	$ 4,800
Charges for services	21,360	520,123	102,892	644,375
Miscellaneous	22,093	1,737	-	23,830
Total operating receipts	48,253	521,860	102,892	673,005
OPERATING DISBURSEMENTS:				
Business-type activities:				
Airport	70,187	-	-	70,187
Garbage	-	464,883	-	464,883
Stormwater	-	-	127,611	127,611
Total operating disbursements	70,187	464,883	127,611	662,681
Excess (deficiency) of operating receipts over operating disbursements	(21,934)	56,977	(24,719)	10,324
NONOPERATING RECEIPTS:				
Interest on investments	-	221	35	256
Excess (deficiency) of receipts over disbursements	(21,934)	57,198	(24,684)	10,580
OTHER FINANCING SOURCES (USES):				
Transfers in	22,881	-	-	22,881
Transfers out	(8,534)	(50,453)	(4,560)	(63,547)
Net other financing sources (uses)	14,347	(50,453)	(4,560)	(40,666)
NET CHANGE IN CASH BALANCES	(7,587)	6,745	(29,244)	(30,086)
CASH BALANCES, BEGINNING OF YEAR	(54,876)	59,727	39,643	44,494
CASH BALANCES, END OF YEAR	$ (62,463)	$ 66,472	$ 10,399	$ 14,408
CASH BASIS FUND BALANCES:				
Unrestricted	$ (62,463)	$ 66,472	$ 10,399	$ 14,408

CITY OF TIPTON

Schedule 10

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

As of and for the year ended June 30, 2017

	Central Garage	PSF Health Insurance	City Reserve	Administrative Services	Payroll Account	Totals
OPERATING RECEIPTS:						
Charges for services	$ 311,759	$ 80,635	$ -	$ 294,434	$ -	$ 686,828
Miscellaneous	1,541	-	-	-	-	1,541
Total operating receipts	313,300	80,635	-	294,434	-	688,369
OPERATING DISBURSEMENTS:						
Business-type activities	352,801	41,212	-	315,872	-	709,885
Excess (deficiency) of operating receipts over operating disbursements	(39,501)	39,423	-	(21,438)	-	(21,516)
NONOPERATING RECEIPTS:						
Interest on investments	1,180	92	452	1	-	1,725
Excess (deficiency) of receipts over disbursements	(38,321)	39,515	452	(21,437)	-	(19,791)
OTHER FINANCING SOURCES (USES)						
Transfers in	4,157	-	-	-	-	4,157
Transfers out	(35,590)	-	-	-	-	(35,590)
Interfund loan	-	-	1,675	-	-	1,675
Net other financing sources (uses)	(31,433)	-	1,675	-	-	(29,758)
NET CHANGE IN CASH BALANCES	(69,754)	39,515	2,127	(21,437)	-	(49,549)
CASH BALANCES, BEGINNING OF YEAR	402,484	13,199	84,004	5,742	1,300	506,729
CASH BALANCES, END OF YEAR	$ 332,730	$ 52,714	$ 86,131	$ (15,695)	$ 1,300	$ 457,180
CASH BASIS FUND BALANCES:						
Unrestricted	$ 332,730	$ 52,714	$ 86,131	$ (15,695)	$ 1,300	$ 457,180

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, 2017

	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	GO 2015 Debt Service	Debt Service	Totals
RECEIPTS										
Property taxes	$ -	$ -	$ -	$ 76,594	$ -	$ 471	$ -	$ 58,302	$ -	$ 135,367
Use of money and property	44	25	32	281	167	430	225	388	2	1,594
Intergovernmental	-	-	-	-	-	-	-	-	3,825	3,825
Special assessments	-	-	-	-	-	9,262	-	-	-	9,262
Total receipts	44	25	32	76,875	167	10,163	225	58,690	3,827	150,048
DISBURSEMENTS										
Debt service	-	-	37,557	211,341	150,163	258,372	190,068	107,850	-	955,351
Excess (deficiency) of receipts over disbursements	44	25	(37,525)	(134,466)	(149,996)	(248,209)	(189,843)	(49,160)	3,827	(805,303)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	56,614	130,920	150,163	258,374	194,430	45,801	-	836,302
Transfers out	-	-	-	-	-	-	-	-	(4,369)	(4,369)
Net other financing sources	-	-	56,614	130,920	150,163	258,374	194,430	45,801	(4,369)	831,933
NET CHANGE IN CASH BALANCES	44	25	19,089	(3,546)	167	10,165	4,587	(3,359)	(542)	26,630
CASH BALANCES, BEGINNING OF YEAR	14,055	8,082	(19,636)	14,894	366	41,987	231	93,884	67	153,930
CASH BALANCES, END OF YEAR	$ 14,099	$ 8,107	$ (547)	$ 11,348	$ 533	$ 52,152	$ 4,818	$ 90,525	$ (475)	$ 180,560
CASH BASIS FUND BALANCES:										
Restricted for:										
Debt Service	$ 14,099	$ 8,107	$ -	$ 11,348	$ 533	$ 52,152	$ 4,818	$ 90,525	$ -	$ 181,582
Unassigned	-	-	(547)	-	-	-	-	-	(475)	(1,022)
Total cash basis fund balances	$ 14,099	$ 8,107	$ (547)	$ 11,348	$ 533	$ 52,152	$ 4,818	$ 90,525	$ (475)	$ 180,560

CITY OF TIPTON

Schedule 12

Schedule of Indebtedness

Year Ended June 30, 2017

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General obligation notes:									
Fire truck acquisition note	July 15, 2010	3.25%	$ 319,295	$ 138,413	$ -	$ 33,000	$ 105,413	$ 4,557	$ -
Corporate Purpose 2011A	August 3, 2011	2.00-3.20%	2,615,000	1,350,000	-	175,000	1,175,000	35,840	-
Corporate Purpose 2011B	November 15, 2011	1.00-2.85%	1,175,000	670,000	-	135,000	535,000	14,663	-
Corporate Purpose 2011C	November 15, 2011	2.25-3.20%	1,985,000	1,045,000	-	230,000	815,000	27,873	-
Corporate Purpose 2013	March 19, 2013	.45-1.8%	1,075,000	745,000	-	180,000	565,000	9,568	-
Corporate Purpose 2015	April 7, 2015	1.5-3.0%	1,000,000	920,000	-	85,000	835,000	22,350	-
Refunding Bond 2012A	May 22, 2012	.80-2.35%	755,000	550,000	-	135,000	415,000	7,288	-
Total general obligation notes			8,924,295	5,418,413	-	973,000	4,445,413	122,139	-
Revenue notes:									
Electric revenue 2011	December 1, 2011	1.20-2.60%	1,795,000	1,130,000	-	175,000	955,000	25,590	-
Electric revenue 2012	March 28, 2012	1.00-3.50%	2,720,000	2,095,000	-	165,000	1,930,000	55,150	-
Sewer revenue	June 30, 2003	3.00%	3,200,000	1,475,000	-	166,000	1,309,000	25,813	-
Total revenue notes			7,715,000	4,700,000	-	506,000	4,194,000	106,553	-
Total indebtedness			$ 16,639,295	$ 10,118,413	$ -	$ 1,479,000	$ 8,639,413	$ 228,692	$ -

CITY OF TIPTON
Bond and Note Maturities
June 30, 2017

	General Obligation Debt					
	Fire Truck Acquisition Note Issued June 1, 2010 (Reissued July 15, 2010)		Corporate Purpose 2011A Issued August 3, 2011		Corporate Purpose 2011B Issued November 15, 2011	
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
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%	36,413	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		-		-		-
		$ 105,413		$ 1,175,000		$ 535,000

	Revenue Debt						
	Sewer Revenue Note Issued June 30, 2003		Electric Revenue, Series 2011 Issued December 1, 2011		Electric Revenue, Series 2012 Issued March 28, 2012		
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
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
		$ 1,309,000		$ 955,000		$ 1,930,000	$ 4,194,000

Schedule 13

Corporate Purpose 2011C		Refunding Bonds Series 2012 A		Corporate Purpose Bonds 2013		Corporate Purpose Bonds 2015		
Issued November 15, 2011		Issued May 22, 2012		Issued March 19, 2013		Issued April 7, 2015		
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
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	736,413
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
	$ 815,000		$ 415,000		$ 565,000		$ 835,000	$ 4,445,413

CITY OF TIPTON

Schedule 14

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

For the Last Ten Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
RECEIPTS:										
Property tax	$ 1,449,588	$ 1,343,369	$ 1,340,407	$ 1,333,234	$ 1,294,643	$ 1,184,336	$ 1,069,242	$ 1,021,653	$ 946,333	$ 891,603
Tax increment financing	157,740	184,986	254,853	210,216	175,490	175,887	167,830	185,147	195,347	217,895
Other city tax	279,955	263,236	261,084	222,462	251,653	198,459	230,604	192,230	213,927	254,739
Licenses and permits	21,054	17,235	18,072	11,475	14,487	11,395	6,425	5,872	2,752	2,382
Use of money and property	26,737	23,859	20,759	21,127	24,922	31,149	25,080	27,311	33,043	55,653
Intergovernmental	490,608	500,765	423,229	488,633	618,616	596,896	661,290	1,031,392	356,288	623,166
Charges for services	438,975	432,285	373,606	370,818	311,439	310,730	300,125	298,786	321,711	271,547
Special assessments	9,262	9,818	10,238	10,059	80,094	85,185	85,111	82,429	118,011	72,766
Miscellaneous	248,653	895,226	328,541	338,265	181,010	360,959	274,125	238,415	393,094	386,325
Total	$ 3,122,572	$ 3,670,779	$ 3,030,789	$ 3,006,289	$ 2,952,354	$ 2,954,996	$ 2,819,832	$ 3,083,235	$ 2,580,506	$ 2,776,076
DISBURSEMENTS:										
Operating:										
Public safety	$ 1,014,130	$ 1,138,500	$ 1,097,954	$ 1,097,592	$ 874,717	$ 840,049	$ 819,197	$ 1,099,997	$ 678,745	$ 638,724
Public works	432,714	498,895	584,010	540,118	492,321	574,943	541,160	480,392	435,441	415,650
Culture and recreation	781,367	847,347	834,658	753,848	744,394	747,120	731,608	711,495	813,703	724,830
Community and economic development	122,066	117,298	174,275	221,460	230,328	216,302	205,899	226,975	204,044	206,325
General government	169,843	168,361	223,234	179,490	120,078	129,246	115,031	131,953	215,058	253,301
Debt service	955,351	951,307	875,983	928,199	988,004	944,916	865,585	1,224,387	568,547	600,297
Capital projects	35,000	293,774	150,806	35,345	2,174,628	1,617,699	225,626	2,119,457	1,169,501	982,900
Total	$ 3,510,471	$ 4,015,482	$ 3,940,920	$ 3,756,052	$ 5,624,470	$ 5,070,275	$ 3,504,106	$ 5,994,656	$ 4,085,039	$ 3,822,027

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of the City Council
City of 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, 2017, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2018 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Tipton's internal control over financial reporting (internal control) to determine the audit procedures that are 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 City of Tipton's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Tipton's internal control.

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

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'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 2017-001 and 2017-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Responses as item 2017-003 to be a significant deficiency.

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, 2017, 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 control 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

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
January 30, 2018

CITY OF TIPTON

Schedule of Findings and Responses

Year Ended June 30, 2017

PART I - SUMMARY OF THE INDEPENDENT AUDITORS' 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 and a significant deficiency 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

2017-001: 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.

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

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.

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.

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

INTERNAL CONTROL DEFICIENCIES (CONTINUED)

2017-002 Preparation of Financial Statements

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.

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.

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.

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.

2017-003 Segregation of Duties

Criteria: The City has inappropriate segregation of duties relating to the Credit Card and Disbursement Policies and the internal controls over approval of disbursements. There was also not documentation for the review of the bank reconciliation.

Condition: Per the City's policies, the signature of the appropriate Department Head must be included on the request for payment (purchase order). At this time, for majority of purchase order approvals, the Department Head's name is typed in on the approval line, not signed. It was also noted that the access to this form is not limited to the Department Head. The bank reconciliation is reviewed each month by the Finance Director after it is prepared by another member of the staff. However, there was no documentation of this review.

Cause: The policies and procedures adopted were not appropriately followed to ensure segregation of duties.

INTERNAL CONTROL DEFICIENCIES (CONTINUED)

2017-003 Segregation of Duties (Continued)

Effect: As a result of these conditions, there is more than a remote risk that manipulation of funds, including an expenditure being processed without proper approval by a Department Head, could occur.

Recommendation: We recommend Department Heads physically sign the purchase order and the Finance Director, or other management, physically sign the reviewed bank reconciliation to ensure proper approvals are occurring and the controls are working effectively.

Management Response: Management understands the risk of not having a physical signature and will implement the new process as soon as possible to ensure proper controls are in place and policies are being followed.

Conclusion: Response accepted.

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

III-A-2017 Certified Budget: Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted.

III-B-2017 Questionable Disbursements: We noted no disbursements that failed to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-C-2017 Travel Expense: No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-2017 Business Transactions: Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	
Dean Anderson, Council Member, owner of Tipton Greenhouse	$ 257

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the Council Member do not appear to represent a conflict of interest since total transactions were less than $1,500 during the fiscal year.

III-E-2017 Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should continue to be reviewed annually to ensure that the coverage is adequate for current operations.

CITY OF TIPTON

Schedule of Findings and Responses

Year Ended June 30, 2017

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

III-F-2017 Council Minutes: We noted no transactions that we believe should have been approved in the Council minutes but were not.

III-G-2017 Deposits and Investments: We noted instances of unclaimed property which were not reported to the State Treasurer on a timely basis.

Recommendation: The City should accumulate all stale checks and report these items to the State Treasurer by November 1st of each year.

Response: Outstanding checks will be reviewed and all unclaimed property will be submitted to the State Treasurer.

Conclusion: Response accepted.

III-H-2017 Revenue Bonds and Notes: No instances of non-compliance with the revenue bonds and note resolutions were noted.

III-I-2017 Financial Condition: The following funds had deficit balances at June 30, 2017:

Nonmajor Special Revenue:	
Aquatic Campaign	$ (576,279)
Nonmajor Enterprise:	
Airport Operating	(62,463)
Nonmajor Debt Service:	
GO Fire Truck	(547)
Debt Service	(475)
Nonmajor Internal Service:	
Administrative Services	(15,695)

Recommendation: The City should generate and implement a good strategic plan in order to finance these deficit balances in fiscal year 2018.

Response: The new City Manager and new Finance Director began to review deficit balances for the Aquatic Campaign, Airport Operating, and Administrative Services. At this time they are gathering information for the reason behind the deficit and a plan for decreasing the deficit in the future. The deficit in the GO Fire Truck fund was caused by transfers into the fund being underbudgeted. The budget has been adjusted for excess funds to reduce the balance in fiscal year 2018. The Debt Service fund over-budgeted the transfer out based on commercial back taxes received in the previous year. This will also be adjusted in the budget for fiscal year 2018.
Conclusion: Response accepted.

III-J-2017 Annual Urban Renewal Report: The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.

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