

B37748

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
CITY OF TIPTON
TIPTON COUNTY, INDIANA
January 1, 2009 to December 31, 2009



FILED
11/09/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tamera Clark	01-01-08 to 12-31-11
Mayor	Daniel Delph	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Daniel Delph	01-01-08 to 12-31-11
President of the Common Council	Shay Dell Marty Bond	01-01-09 to 12-31-09 01-01-10 to 12-31-10
President of the Utility Service Board	Mark Raver	01-01-09 to 12-31-10
Utility Manager	David Reep	01-01-09 to 12-31-10
Superintendent of Electric Utility	Larry Anderson	01-01-09 to 12-31-10
Superintendent of Water Utility	Jeff Heard	01-01-09 to 12-31-10
Superintendent of Wastewater Utility	Troy Hooker	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF TIPTON, TIPTON COUNTY, INDIANA

We have examined the financial information presented herein of the City of Tipton (City), for the period of January 1, 2009 to December 31, 2009. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 27, 2010

CITY OF TIPTON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 1,792,040	\$ 4,857,350	\$ 4,714,932	\$ 1,934,458
Motor Vehicle Highway	54,701	187,931	73,427	169,205
Local Road and Street	32,771	17,044	11,895	37,920
Law Enforcement Continuing Education	9,674	3,264	495	12,443
Firearms Training	48	-	-	48
Motor Vehicle Inspection	240	-	-	240
Unsafe Building	19,310	2,345	-	21,655
Court Clerk Record Perpetuation	16,345	3,876	-	20,221
Police Safety Grant	351	-	-	351
Fairview Beautification	5	-	-	5
Street and Sewer Cuts	19,308	4,006	2,348	20,966
Sidewalk Construction	81,608	18,473	71,188	28,893
Arson Fire Training	1,096	4,740	4,274	1,562
Fire Prevention	970	25	-	995
Fire Specialized Equipment Fund	6,411	3,600	2,298	7,713
Police Check Safety	1,820	2,500	561	3,759
Christmas Project	-	1,000	1,000	-
Woods Memorial	254	-	-	254
Rainy Day	195,233	218,835	205,000	209,068
County Economic Development Income Tax	734,843	288,544	102,214	921,173
Riverboat	152,022	32,861	-	184,883
Building Inspection	26,517	6,825	3,450	29,892
Historic Building	504	1	-	505
Industrial Park	2,775	11	-	2,786
Building Maintenance	23,718	18,426	17,285	24,859
Tipton County Community Center	789	-	-	789
Summer Recreation	3,223	3,978	2,310	4,891
Economic Development Commission	12,776	-	-	12,776
Findling Trust	11,827	-	-	11,827
Cemetery/Mausoleum	2,395	-	-	2,395
Cemetery/Perpetual Care	63,021	2,170	-	65,191
Lebo Endowment	31,703	901	-	32,604
Golf Credit Card Reimbursement	1,562	178,133	179,643	52
Interest Clearing	1,076	27,242	28,241	77
Utility Clearing	194,307	12,514,222	12,628,612	79,917
City Court	28,343	326,543	252,406	102,480
Public Safety Building	731	-	-	731
Golf Capital Improvement	62,219	36,658	-	98,877
Cumulative Capital Improvement	117,482	16,101	-	133,583
Cumulative Capital Development	214,784	42,830	5,849	251,765
Park Beautification	512	-	-	512
Proprietary Funds:				
Electric Utility - Operating	1,393,041	10,236,036	10,183,777	1,445,300
Electric Utility - Depreciation	1,042,216	862,977	696,900	1,208,293
Electric Utility - Customer Deposit	154,955	281,958	262,465	174,448
Electric Utility - Sick Day	127,740	-	21,222	106,518
Electric Utility - Cash Reserve	5,624	125,016	125,000	5,640
Meter Deposit Funds	5,350	-	-	5,350
Water Utility - Operating	403,096	829,984	761,133	471,947
Water Utility - Depreciation	264,601	750	36,591	228,760
Water Utility - Customer Deposit	23,539	27,125	27,260	23,404
Water Utility - Sick Day	43,845	1,850	-	45,695
Stormwater - Operating	126,697	231,626	73,334	284,989
Wastewater Utility - Operating	214,298	1,191,112	1,152,054	253,356
Wastewater Utility - Depreciation	346,829	152,644	165,307	334,166
Wastewater Utility - Construction	100,106	261	78,391	21,976
Wastewater Utility - Sick Day	48,055	4,853	15,309	37,599
Wastewater Utility - Sinking	57,435	123,318	123,048	57,705
Fiduciary Funds:				
Police Officers' Pension	126,318	153,595	109,157	170,756
Firefighters' Pension	206,380	224,922	191,873	239,429
Payroll	13,852	4,239,833	4,242,200	11,485
Court Costs Due County	1,643	29,238	28,749	2,132
Law Enforcement Continuing Education User Fee	32,916	7,359	2,700	37,575
Totals	\$ 8,657,850	\$ 37,544,892	\$ 36,603,898	\$ 9,598,844

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

CITY OF TIPTON
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF TIPTON
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

A. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

CITY OF TIPTON
NOTES TO FINANCIAL INFORMATION
(Continued)

C. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

CITY OF TIPTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 17,810
Infrastructure	1,766,139
Buildings	2,030,780
Improvements other than buildings	162,974
Machinery and equipment	<u>3,346,047</u>
Total governmental activities, capital assets	<u>\$ 7,323,750</u>
Business-type activities:	
Land	\$ 1,026,338
Buildings	5,557,266
Improvements other than buildings	15,541,663
Machinery and equipment	<u>6,393,955</u>
Total business-type activities capital assets	<u>\$ 28,519,222</u>

CITY OF TIPTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Public Safety Building	\$ 410,000	\$ 95,500
Total governmental activities debt	<u>\$ 410,000</u>	<u>\$ 95,500</u>
Business-type activities:		
Wastewater Utility:		
2001 SRF Loan	\$ 1,227,000	\$ 122,583
Total business-type activities debt	<u>\$ 1,227,000</u>	<u>\$ 122,583</u>

CITY OF TIPTON
EXAMINATION RESULTS AND COMMENTS

CUSTOMER DEPOSIT REGISTER

The detailed subsidiary customer deposit registers, for the Water and Electric Utilities, do not reconcile with the control amounts recorded on the general ledger. The Water Utility's control amount is \$733.63 less than the subsidiary amount and the Electric Utility's control amount is \$1,537.44 more than the subsidiary amount.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONTRACTS NOT AVAILABLE FOR REVIEW

A local citizen has been farming some land owned by the City for several years, without a contract. There was no evidence of any cash rent received from this citizen in exchange for the use of the City property to raise the crops.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit. Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Proceeds generated by the sale or rental of property should be receipted into the fund which originally purchased the property unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF TIPTON
EXIT CONFERENCE

The contents of this report were discussed on August 4, 2010, with Tamera Clark, Clerk-Treasurer; Daniel Delph, Mayor; JoEllen Downs, Utility Bookkeeper; Mark Raver, President of the Utility Service Board; and David Reep, Utility Manager. The official response has been made a part of this report and may be found on page 12.

CITY OF TIPTON

113 Court Street • P.O. Box 288 • Tipton, Indiana 46072
765-675-7561 • Fax: 765-675-3052

August 10, 2010

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

RE: "OFFICIAL RESPONSE"

To Whom It May Concern:

I, Tamera Clark, City of Tipton Clerk-Treasurer, am responding to the City of Tipton Examination Results and Comments as written by the Indiana State Board of Accounts (SBOA). My response specifically addresses the SBOA comments concerning "Contracts Not Available For Review." The local citizen farming land owned by the City of Tipton without a contract began doing so several years ago. At the time the citizen began farming this land, I was not the Clerk-Treasurer for the city. As soon as I became aware that the City of Tipton owned this particular parcel of land and that a local citizen was farming the land, I reported the situation to the Mayor and the City Attorney. At this time, the City Attorney is proceeding to take appropriate legal action against the citizen in question.

Respectfully,



Tamera Clark, Clerk-Treasurer
City of Tipton