

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF TIPTON  
TIPTON COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
09/20/2012



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tamera Clark	01-01-08 to 12-31-15
Mayor	Daniel Delph Donald Havens	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Board of Public Works	Daniel Delph Donald Havens	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the City Council	Marty Bonds George Ogden	01-01-11 to 12-31-11 01-01-12 to 12-31-15
President of the Utility Service Board	Mark Raver	01-01-11 to 12-31-12
Utility Manager	David Reep	01-01-11 to 12-31-12
Superintendent of Water Utility	Jeff Heard	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Troy Hooker	01-01-11 to 12-31-12
Superintendent of Electric Utility	Larry Anderson	01-01-11 to 12-31-12
Staff Accountant-Utility Office	Jo Ellen Downs	01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the City of Tipton (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated September 6, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, City Council, Board of Public Works, Utility Service Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 6, 2012



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Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement of the City of Tipton (City), for the year ended December 31, 2011, and have issued our report thereon dated September 6, 2012. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is 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.

This report is intended solely for the information and use of the City's management, City Council, Board of Public Works, Utility Service Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 6, 2012

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF TIPTON  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
GENERAL FUND	\$ 1,827,069	\$ 4,822,257	\$ 5,018,790	\$ 1,630,536
MOTOR VEHICLE HIGHWAY	120,112	175,771	259,284	36,599
LOCAL ROAD AND STREET	23,187	16,804	29,987	10,004
AMBULANCE FUND	40,722	48,082	2,022	86,782
LOCAL LAW ENFORCEMENT CONTINUING EDUCATION	12,030	2,104	823	13,311
COURT CLERK'S RECORD PERPETUATION FUND	24,975	3,706	-	28,681
UNSAFE BUILDING FUND	23,448	2,910	9,775	16,583
PARK IMPROVEMENT FUND	-	27,500	27,500	-
USER FEE	38,158	9,314	3,079	44,393
RAINY DAY FUND	350,479	-	-	350,479
EDIT FUND	943,653	263,696	591,776	615,573
EXCESS LEVY FUND	8,830	-	8,830	-
CUMULATIVE CAPITAL DEVELOPMENT	282,818	34,184	-	317,002
INDUSTRIAL PARK FUND	2,795	6	-	2,801
FIRE SPECIALIZED EQUIPMENT FUND	8,618	725	2,044	7,299
CUMULATIVE CAPITAL IMPROVEMENTS	134,958	15,080	-	150,038
POLICE PENSION FUND	206,060	100,019	102,268	203,811
FIRE PENSION FUND	276,245	138,874	164,137	250,982
COURT COST DUE COUNTY	2,132	27,291	27,291	2,132
RIVERBOAT WAGERING REVENUE FUND	217,744	32,861	-	250,605
SALES TAX	1	8,645	8,618	28
CITY COURT CHECKING	111,724	285,631	366,528	30,827
FIRE ARMS TRAINING	48	-	-	48
SPECIAL VEHICLE INSPECTION	240	-	-	240
POLICE SAFETY GRANT (OPERATION PULL OVER	351	-	-	351
POLICE CHILD SAFETY PROJECT FUND	3,759	-	-	3,759
FAIRVIEW BEAUTIFICATION	5	-	-	5
STREET AND SEWER	23,335	4,816	1,000	27,151
SIDEWALK	36,662	12,035	-	48,697
FIRE TRUCK RESERVE FUND	41,303	83	-	41,386
FIRE TRAINING FUND	1,532	6,756	7,878	410
FIRE PREVENTION FUND	995	-	379	616
CHRISTMAS PROJECT FUND	-	425	425	-
PERPETUAL	67,441	2,050	-	69,491
FINDLING FUND	11,827	-	-	11,827
MAUSOLEUM FUND	2,395	-	-	2,395
WOODS MEMORIAL FUND	254	-	-	254
CLUBHOUSE/ADVERTISING FUND	46	2,000	-	2,046
GOLF CAPITAL IMPROVEMENT FUND	130,661	51,268	-	181,929
GOLF CC REIMBURSEMENT (GOLF CC)	52	66,406	66,309	149
REVOLVING LOAN FUND (INCENTIVES/FACADE)	-	123,375	116,875	6,500
BUILDING INSPECTION FUND	30,632	5,355	3,000	32,987

The notes to the financial statement are an integral part of this statement.

CITY OF TIPTON  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
REGULATORY BASIS  
For The Year Ended December 31, 2011  
(Continued)

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
PUBLIC SAFETY BUILDING FUND	731	-	-	731
GRANTS (FEDERAL & STATE)	-	167,767	167,767	-
PARK BEAUTIFICATION FUND	512	-	-	512
HISTORICAL BLDG. FUND	507	1	-	508
CITY BUILDING MAINT. FUND	31,368	7,565	9,198	29,735
TIPTON COMMUNITY CENTER (TCC)	789	-	-	789
SUMMER RECREATION	6,801	4,280	2,212	8,869
ECONOMIC DEVELOPMENT COMMISSION	12,775	-	-	12,775
LEBO	33,138	-	-	33,138
DEPOSITORY & INTEREST CLEARING	155	20,749	20,827	77
PAYROLL FUND	11,525	4,282,726	4,267,929	26,322
UTILITY CLEARING	134,505	12,950,126	13,084,631	-
ELECTRIC CASH OPERATING	1,417,061	10,400,099	10,263,282	1,553,878
ELECTRIC CONSUMER DEPOSIT	184,154	61,773	52,730	193,197
ELECTRIC DEPRECIATION FUND	1,372,978	444,410	460,303	1,357,085
ELECTRIC CASH RESERVE	5,652	125,011	125,000	5,663
SICK DAYS ACCUM. ELECTRIC	101,114	-	6,830	94,284
STORMWATER OPERATING FUND	510,315	226,439	72,075	664,679
SEWAGE OPERATING	281,183	1,234,799	1,209,899	306,083
SEWAGE DEPRECIATION	260,743	704	8,126	253,321
SEWAGE CONSTRUCTION	16,543	33	-	16,576
SEWAGE SINKING	57,937	123,255	123,060	58,132
SICK DAY LIABILITY - SEWAGE	41,616	7,068	-	48,684
WATER CASH OPERATING	620,639	1,093,542	934,249	779,932
WATER CONSUMER DEPOSIT	27,791	10,675	7,330	31,136
WATER DEPRECIATION	221,136	411	27,245	194,302
WATER UTILITY BOND & INTEREST (SINKING)	20	138,406	138,325	101
WATER DEBT SERVICE RESERVE	25,335	30,450	-	55,785
WATER CONSTRUCTION	1,228,313	261,718	1,047,894	442,137
SICK DAY LIABILITY - WATER	47,168	3,199	-	50,367
Totals	<u>\$ 11,659,800</u>	<u>\$ 37,885,235</u>	<u>\$ 38,847,530</u>	<u>\$ 10,697,505</u>

The notes to the financial statement are an integral part of this statement.

CITY OF TIPTON  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

CITY OF TIPTON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

CITY OF TIPTON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF TIPTON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

**Note 5. Risk Management**

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement any replacement items purchased.

**Note 6. Subsequent Event**

On April 25, 2012, the City issued \$1,986,000 Storm Water Revenue Bonds. The purpose of this issue is to fund the required separation of the combined sewer and storm water overflows. The bonds will be repaid from Storm Water revenues.

**Note 7. Pension Plans**

*A. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan 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*

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

CITY OF TIPTON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*B. 1937 Firefighters' Pension Plan*

*Plan Description*

The 1937 Firefighters' Pension Plan 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*

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

*On Behalf Payments*

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF TIPTON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

The City also contributes to an additional pension plan for City Employees unique to the City. The Utility Service Board contributes to an additional pension plan for Utility employees unique to the Utility. Information regarding these plans may be obtained from the City.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD AND STREET	AMBULANCE FUND	LOCAL LAW ENFORCEMENT CONTINUING EDUCATION	COURT CLERK'S RECORD PERPETUATION FUND	UNSAFE BUILDING FUND
Cash and investments - beginning	\$ 1,827,069	\$ 120,112	\$ 23,187	\$ 40,722	\$ 12,030	\$ 24,975	\$ 23,448
Receipts:							
Taxes	2,570,117	-	-	-	-	-	-
Licenses and permits	51,961	-	-	-	1,240	-	2,910
Intergovernmental	1,345,150	174,631	16,804	-	-	-	-
Charges for services	619,086	1,140	-	48,082	-	-	-
Fines and forfeits	49,218	-	-	-	356	3,706	-
Other receipts	186,725	-	-	-	508	-	-
Total receipts	<u>4,822,257</u>	<u>175,771</u>	<u>16,804</u>	<u>48,082</u>	<u>2,104</u>	<u>3,706</u>	<u>2,910</u>
Disbursements:							
Personal services	3,372,657	42,961	-	-	-	-	-
Supplies	312,119	178,564	29,987	1,075	-	-	-
Other services and charges	702,446	27,759	-	-	743	-	-
Debt service - principal and interest	95,500	-	-	-	-	-	-
Capital outlay	518,849	10,000	-	-	80	-	9,775
Other disbursements	17,219	-	-	947	-	-	-
Total disbursements	<u>5,018,790</u>	<u>259,284</u>	<u>29,987</u>	<u>2,022</u>	<u>823</u>	<u>-</u>	<u>9,775</u>
Excess (deficiency) of receipts over disbursements	<u>(196,533)</u>	<u>(83,513)</u>	<u>(13,183)</u>	<u>46,060</u>	<u>1,281</u>	<u>3,706</u>	<u>(6,865)</u>
Cash and investments - ending	<u>\$ 1,630,536</u>	<u>\$ 36,599</u>	<u>\$ 10,004</u>	<u>\$ 86,782</u>	<u>\$ 13,311</u>	<u>\$ 28,681</u>	<u>\$ 16,583</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	PARK IMPROVEMENT FUND	USER FEE	RAINY DAY FUND	EDIT FUND	EXCESS LEVY FUND	CUMULATIVE CAPITAL DEVELOPMENT
Cash and investments - beginning	\$ -	\$ 38,158	\$ 350,479	\$ 943,653	\$ 8,830	\$ 282,818
Receipts:						
Taxes	-	-	-	-	-	31,243
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	263,696	-	2,941
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	9,314	-	-	-	-
Other receipts	27,500	-	-	-	-	-
Total receipts	<u>27,500</u>	<u>9,314</u>	<u>-</u>	<u>263,696</u>	<u>-</u>	<u>34,184</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	47,297	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	27,500	-	-	544,479	-	-
Other disbursements	-	3,079	-	-	8,830	-
Total disbursements	<u>27,500</u>	<u>3,079</u>	<u>-</u>	<u>591,776</u>	<u>8,830</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>6,235</u>	<u>-</u>	<u>(328,080)</u>	<u>(8,830)</u>	<u>34,184</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 44,393</u>	<u>\$ 350,479</u>	<u>\$ 615,573</u>	<u>\$ -</u>	<u>\$ 317,002</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	INDUSTRIAL PARK FUND	FIRE SPECIALIZED EQUIPMENT FUND	CUMULATIVE CAPITAL IMPROVEMENTS	POLICE PENSION FUND	FIRE PENSION FUND	COURT COST DUE COUNTY
Cash and investments - beginning	\$ 2,795	\$ 8,618	\$ 134,958	\$ 206,060	\$ 276,245	\$ 2,132
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	15,080	-	-	-
Charges for services	-	-	-	98,509	138,874	-
Fines and forfeits	-	-	-	-	-	27,291
Other receipts	6	725	-	1,510	-	-
Total receipts	<u>6</u>	<u>725</u>	<u>15,080</u>	<u>100,019</u>	<u>138,874</u>	<u>27,291</u>
Disbursements:						
Personal services	-	-	-	102,168	164,037	-
Supplies	-	169	-	-	-	-
Other services and charges	-	-	-	100	100	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	1,875	-	-	-	-
Other disbursements	-	-	-	-	-	27,291
Total disbursements	<u>-</u>	<u>2,044</u>	<u>-</u>	<u>102,268</u>	<u>164,137</u>	<u>27,291</u>
Excess (deficiency) of receipts over disbursements	<u>6</u>	<u>(1,319)</u>	<u>15,080</u>	<u>(2,249)</u>	<u>(25,263)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,801</u>	<u>\$ 7,299</u>	<u>\$ 150,038</u>	<u>\$ 203,811</u>	<u>\$ 250,982</u>	<u>\$ 2,132</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	RIVERBOAT WAGERING REVENUE FUND	SALES TAX	CITY COURT CHECKING	FIRE ARMS TRAINING	SPECIAL VEHICLE INSPECTION	POLICE SAFETY GRANT (OPERATION PULL OVER)
Cash and investments - beginning	\$ 217,744	\$ 1	\$ 111,724	\$ 48	\$ 240	\$ 351
Receipts:						
Taxes	-	8,645	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	32,861	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	285,631	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>32,861</u>	<u>8,645</u>	<u>285,631</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	8,618	366,528	-	-	-
Total disbursements	<u>-</u>	<u>8,618</u>	<u>366,528</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>32,861</u>	<u>27</u>	<u>(80,897)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 250,605</u>	<u>\$ 28</u>	<u>\$ 30,827</u>	<u>\$ 48</u>	<u>\$ 240</u>	<u>\$ 351</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	POLICE CHILD SAFETY PROJECT FUND	FAIRVIEW BEAUTIFICATION	STREET AND SEWER	SIDEWALK	FIRE TRUCK RESERVE FUND	FIRE TRAINING FUND
Cash and investments - beginning	\$ 3,759	\$ 5	\$ 23,335	\$ 36,662	\$ 41,303	\$ 1,532
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	1,318	-	-	-
Intergovernmental	-	-	-	-	-	381
Charges for services	-	-	-	-	-	6,375
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	3,498	12,035	83	-
Total receipts	-	-	4,816	12,035	83	6,756
Disbursements:						
Personal services	-	-	-	-	-	7,878
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	1,000	-	-	-
Total disbursements	-	-	1,000	-	-	7,878
Excess (deficiency) of receipts over disbursements	-	-	3,816	12,035	83	(1,122)
Cash and investments - ending	\$ 3,759	\$ 5	\$ 27,151	\$ 48,697	\$ 41,386	\$ 410

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	FIRE PREVENTION FUND	CHRISTMAS PROJECT FUND	PERPETUAL	FINDLING FUND	MAUSOLEUM FUND	WOODS MEMORIAL FUND
Cash and investments - beginning	\$ 995	\$ -	\$ 67,441	\$ 11,827	\$ 2,395	\$ 254
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	2,050	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	425	-	-	-	-
Total receipts	-	425	2,050	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	379	425	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	379	425	-	-	-	-
Excess (deficiency) of receipts over disbursements	(379)	-	2,050	-	-	-
Cash and investments - ending	\$ 616	\$ -	\$ 69,491	\$ 11,827	\$ 2,395	\$ 254

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	CLUBHOUSE/ ADVERTISING FUND	GOLF CAPITAL IMPROVEMENT FUND	GOLF CC REIMBURSEMENT (GOLF CC)	REVOLVING LOAN FUND (INCENTIVES/FACADE)	BUILDING INSPECTION FUND	PUBLIC SAFETY BUILDING FUND
Cash and investments - beginning	\$ 46	\$ 130,661	\$ 52	\$ -	\$ 30,632	\$ 731
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	5,355	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	50,969	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	2,000	299	66,406	123,375	-	-
Total receipts	2,000	51,268	66,406	123,375	5,355	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	66,309	116,875	3,000	-
Total disbursements	-	-	66,309	116,875	3,000	-
Excess (deficiency) of receipts over disbursements	2,000	51,268	97	6,500	2,355	-
Cash and investments - ending	\$ 2,046	\$ 181,929	\$ 149	\$ 6,500	\$ 32,987	\$ 731

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	GRANTS (FEDERAL & STATE)	PARK BEAUTIFICATION FUND	HISTORICAL BLDG. FUND	CITY BUILDING MAINT. FUND	TIPTON COMMUNITY CENTER (TCC)	SUMMER RECREATION
Cash and investments - beginning	\$ -	\$ 512	\$ 507	\$ 31,368	\$ 789	\$ 6,801
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	167,767	-	-	-	-	-
Charges for services	-	-	-	-	-	4,280
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	1	7,565	-	-
Total receipts	<u>167,767</u>	<u>-</u>	<u>1</u>	<u>7,565</u>	<u>-</u>	<u>4,280</u>
Disbursements:						
Personal services	-	-	-	-	-	2,024
Supplies	-	-	-	-	-	80
Other services and charges	-	-	-	-	-	108
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	167,767	-	-	9,198	-	-
Total disbursements	<u>167,767</u>	<u>-</u>	<u>-</u>	<u>9,198</u>	<u>-</u>	<u>2,212</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1,633)</u>	<u>-</u>	<u>2,068</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 512</u>	<u>\$ 508</u>	<u>\$ 29,735</u>	<u>\$ 789</u>	<u>\$ 8,869</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	ECONOMIC DEVELOPMENT COMMISSION	LEBO	DEPOSITORY & INTEREST CLEARING	PAYROLL FUND	UTILITY CLEARING	ELECTRIC CASH OPERATING
Cash and investments - beginning	\$ 12,775	\$ 33,138	\$ 155	\$ 11,525	\$ 134,505	\$ 1,417,061
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	20,749	4,282,726	12,950,126	10,400,099
Total receipts	-	-	20,749	4,282,726	12,950,126	10,400,099
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	20,827	4,267,929	13,084,631	10,263,282
Total disbursements	-	-	20,827	4,267,929	13,084,631	10,263,282
Excess (deficiency) of receipts over disbursements	-	-	(78)	14,797	(134,505)	136,817
Cash and investments - ending	\$ 12,775	\$ 33,138	\$ 77	\$ 26,322	\$ -	\$ 1,553,878

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	ELECTRIC CONSUMER DEPOSIT	ELECTRIC DEPRECIATION FUND	ELECTRIC CASH RESERVE	SICK DAYS ACCUM. ELECTRIC	STORMWATER OPERATING FUND	SEWAGE OPERATING
Cash and investments - beginning	\$ 184,154	\$ 1,372,978	\$ 5,652	\$ 101,114	\$ 510,315	\$ 281,183
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	61,773	444,410	125,011	-	226,439	1,234,799
Total receipts	61,773	444,410	125,011	-	226,439	1,234,799
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	52,730	460,303	125,000	6,830	72,075	1,209,899
Total disbursements	52,730	460,303	125,000	6,830	72,075	1,209,899
Excess (deficiency) of receipts over disbursements	9,043	(15,893)	11	(6,830)	154,364	24,900
Cash and investments - ending	\$ 193,197	\$ 1,357,085	\$ 5,663	\$ 94,284	\$ 664,679	\$ 306,083

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	SEWAGE DEPRECIATION	SEWAGE CONSTRUCTION	SEWAGE SINKING	SICK DAY LIABILITY - SEWAGE	WATER CASH OPERATING	WATER CONSUMER DEPOSIT
Cash and investments - beginning	\$ 260,743	\$ 16,543	\$ 57,937	\$ 41,616	\$ 620,639	\$ 27,791
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	704	33	123,255	7,068	1,093,542	10,675
Total receipts	<u>704</u>	<u>33</u>	<u>123,255</u>	<u>7,068</u>	<u>1,093,542</u>	<u>10,675</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	8,126	-	123,060	-	934,249	7,330
Total disbursements	<u>8,126</u>	<u>-</u>	<u>123,060</u>	<u>-</u>	<u>934,249</u>	<u>7,330</u>
Excess (deficiency) of receipts over disbursements	<u>(7,422)</u>	<u>33</u>	<u>195</u>	<u>7,068</u>	<u>159,293</u>	<u>3,345</u>
Cash and investments - ending	<u>\$ 253,321</u>	<u>\$ 16,576</u>	<u>\$ 58,132</u>	<u>\$ 48,684</u>	<u>\$ 779,932</u>	<u>\$ 31,136</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	WATER DEPRECIATION	WATER UTILITY & BOND INTEREST (SINKING)	WATER DEBT SERVICE RESERVE	WATER CONSTRUCTION	SICK DAY LIABILITY - WATER	Totals
Cash and investments - beginning	\$ 221,136	\$ 20	\$ 25,335	\$ 1,228,313	\$ 47,168	\$ 11,659,800
Receipts:						
Taxes	-	-	-	-	-	2,610,005
Licenses and permits	-	-	-	-	-	62,784
Intergovernmental	-	-	-	-	-	2,019,311
Charges for services	-	-	-	-	-	969,365
Fines and forfeits	-	-	-	-	-	375,516
Other receipts	411	138,406	30,450	261,718	3,199	31,848,254
Total receipts	411	138,406	30,450	261,718	3,199	37,885,235
Disbursements:						
Personal services	-	-	-	-	-	3,691,725
Supplies	-	-	-	-	-	522,798
Other services and charges	-	-	-	-	-	778,553
Debt service - principal and interest	-	-	-	-	-	95,500
Capital outlay	-	-	-	-	-	1,112,558
Other disbursements	27,245	138,325	-	1,047,894	-	32,646,396
Total disbursements	27,245	138,325	-	1,047,894	-	38,847,530
Excess (deficiency) of receipts over disbursements	(26,834)	81	30,450	(786,176)	3,199	(962,295)
Cash and investments - ending	\$ 194,302	\$ 101	\$ 55,785	\$ 442,137	\$ 50,367	\$ 10,697,505

CITY OF TIPTON  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 122,273	\$ 44,157
Electric	1,220,027	647,319
Storm Water	15,001	19,104
Wastewater	19,021	93,404
Water	<u>3,736</u>	<u>77,140</u>
Totals	<u>\$ 1,380,058</u>	<u>\$ 881,124</u>

CITY OF TIPTON  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
American Capital Financial Services	Wheelloader	\$ 14,992	08-01-08	08-01-11
Crossroads Bank	48 Electric Golf Carts	47,711	08-01-11	08-01-14
Old National Bank	Payloader	23,859	05-01-10	06-01-13
Star Financial	Police Cars	13,213	08-01-09	08-01-11
TCF Equipment Finance	Garbage Truck	35,100	08-06-11	08-06-15
Trinity Bank	Cemetery Excavator	9,268	03-01-10	03-01-13
USDA Rural Development	Fire Truck loan	<u>39,771</u>	11-01-11	11-01-26
Total governmental activities		<u>183,914</u>		
Total of annual lease payments		<u>\$ 183,914</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Tipton Public Safety Building Corporation First Mortgage Refunding Bonds Series 2004	\$ 255,000	\$ 80,000
Revenue bonds	Economic Development Income Tax Revenue Bonds Series 2008 for Getrag in Tipton County	<u>1,010,000</u>	<u>45,000</u>
Total governmental activities		<u>1,265,000</u>	<u>1,390,000</u>
Wastewater:			
Notes and loans payable	State Revolving Fund (SRF) Sewage Works	<u>1,140,000</u>	<u>90,000</u>
Water:			
Revenue bonds	Waterworks Revenue Bonds Series 2010	<u>1,530,000</u>	<u>80,000</u>
Totals		<u>\$ 3,935,000</u>	<u>\$ 295,000</u>

CITY OF TIPTON  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 17,810
Infrastructure	2,168,921
Buildings	1,780,780
Improvements other than buildings	396,596
Machinery, equipment and vehicles	3,918,855
Total governmental activities	8,282,962
Electric:	
Land	64,758
Improvements other than buildings	8,431,646
Machinery, equipment and vehicles	4,467,999
Total Electric	12,964,403
Storm Water:	
Total Storm Water	-
Wastewater:	
Land	235,394
Improvements other than buildings	6,844,258
Machinery, equipment and vehicles	4,536,871
Total Wastewater	11,616,523
Water:	
Land	37,316
Buildings	62,942
Improvements other than buildings	4,688,269
Machinery, equipment and vehicles	448,286
Total Water	5,236,813
Total capital assets	\$ 38,100,701

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the City of Tipton's (City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, City Council, Board of Public Works, Utility Service Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 6, 2012

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF TIPTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs			
CDBG - State-Administered CDBG Cluster			
Community Development Block Grants/State's program and Non-Entitlement Grants In Hawaii	14.228	CF-11-119	\$ 167,769
Total for cluster			<u>167,769</u>
Total for federal grantor agency			<u>167,769</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607	FY 2010	<u>1,605</u>
Total for federal grantor agency			<u>1,605</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-through Indiana Department of Natural Resources			
Highway Planning and Construction Cluster			
Recreational Trails Program	20.219	RT-08-003	<u>103,053</u>
Total for cluster			<u>103,053</u>
Total for federal grantor agency			<u>103,053</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Congressionally Mandated Projects	66.202	XP-00E00732-1	<u>259,562</u>
Total for federal grantor agency			<u>259,562</u>
Total federal awards expended			<u>\$ 531,989</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF TIPTON  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Tipton and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF TIPTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.202	CDBG - State-Administered CDBG Cluster Congressionally Mandated Projects

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?	no
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**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

CITY OF TIPTON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF TIPTON  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2012, with Tamera Clark, Clerk-Treasurer; Donald Havens, Mayor; George Ogden, President of the City Council; Jo Ellen Downs, Staff Accountant-Utility Office; David Reep, Utility Manager; and Mark Raver, President of the Utility Service Board. Our audit disclosed no material items that warrant comment at this time.