

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, 2012 to December 31, 2012



FILED
04/29/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tamera Clark	01-01-12 to 12-31-15
Mayor	Donald Havens	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Donald Havens	01-01-12 to 12-31-15
President of the City Council	George Odgen	01-01-12 to 12-31-13
President of the Utility Service Board	Mark Raver	01-01-12 to 12-31-13
Utility Director	David Reep	01-01-12 to 12-31-13
Superintendent of Water Utility	Jeff Heard	01-01-12 to 12-31-13
Superintendent of Wastewater Utility	Troy Hooker	01-01-12 to 12-31-13
Superintendent of Electric Utility	Larry Anderson	01-01-12 to 12-31-13
Utility Office Staff Accountant	Jo Ellen Downs	01-01-12 to 12-31-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Tipton (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2012.

Opinion on Regulatory Basis of Accounting

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, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2013, 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* in considering the City's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.



Bruce Hartman
State Examiner

March 26, 2013



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INDEPENDENT AUDITOR'S 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, 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, the financial statement of the City of Tipton (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated March 26, 2013, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S 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*.

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 results of that testing, and not to provide an opinion on the 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.



Bruce Hartman
State Examiner

March 26, 2013

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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, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
GENERAL FUND	\$ 1,630,537	\$ 5,059,722	\$ 5,168,549	\$ 1,521,710
MVH	36,598	186,880	104,272	119,206
L R & S	10,003	17,340	6,028	21,315
AMBULANCE FUND	86,781	54,150	4,119	136,812
LOCAL LAW ENFORCEMENT CONT. EDUCATION	13,310	2,670	-	15,980
COURT CLERK'S RECORD PERPETUATION FUND	28,681	3,343	-	32,024
UNSAFE BULDING FUND	16,584	3,794	-	20,378
USER FEE	44,393	23,782	19,952	48,223
RAINEY DAY FUND	350,479	-	-	350,479
EDIT FUND	615,572	323,793	138,546	800,819
EXCESS LEVY FUND	-	46,368	-	46,368
CUMULATIVE CAPITAL DEVELOPEMENT	317,003	33,715	-	350,718
INDUSTRIAL PARK FUND	2,800	4	-	2,804
FIRE SPECIALIZED EQUIPMENT FUND	7,299	2,755	2,958	7,096
CUMULATIVE CAPITAL IMPROVMENTS	150,037	13,542	17,075	146,504
POLICE PENSION FUND	203,811	93,781	97,303	200,289
FIRE PENSION FUND	250,982	152,798	165,163	238,617
COURT COST DUE COUNTY	2,132	24,701	24,701	2,132
RIVERBOAT WAGERING REVENUE FUND	250,604	30,248	-	280,852
SALES TAX	28	10,133	10,078	83
CITY COURT CHECKING	30,827	269,832	276,154	24,505
CITY PETTY CASH	50	-	-	50
FIRE ARMS TRAINING	48	-	-	48
SPECIAL VEHICLE INSPECTION	240	-	-	240
POLICE SAFETY GRANT (OPERATION PULL OVER)	351	-	-	351
POLICE CHIL D SAFETY PROJECT FUND	3,759	-	-	3,759
FAIRVIEW BEAUTIFICATION	5	-	-	5
STREET AND SEWER	27,151	5,410	1,500	31,061
SANITATION CAPITAL IMPROVEMENT FUND	-	33,954	-	33,954
SIDEWALK	48,698	12,048	-	60,746
FIRE TRUCK RESERVE FUND	41,386	57	-	41,443
FIRE TRAINING FUND	410	-	-	410
FIRE PREVENTION FUND	616	5	43	578
CHRISTMAS PROJECT FUND	-	1,050	1,050	-
PERPETUAL	69,491	3,250	-	72,741
FINDLING FUND	11,827	-	-	11,827
MAUSOLEUM FUND	2,395	-	-	2,395
WOODS MEMORIAL FUND	254	-	-	254
CLUBHOUSE/ADVERTISING FUND	2,046	1,000	1,781	1,265
GOLF CAPITAL IMPROVEMENT FUND	181,928	60,977	96	242,809
GOLF CC REIMBURSEMENT (GOLF CC)	148	66,999	66,501	646
REVOLVING LOAN FUND (INCENTIVES/FACADE)	6,500	-	-	6,500
BUILDING INSPECTION FUND	32,987	8,665	3,650	38,002
PUBLIC SAFETY BUILDING FUND	731	-	-	731
GRANTS (FEDERAL & STATE)	-	62,072	62,072	-
PARK BEAUTIFICATION FUND	512	-	-	512
HISTORICAL BLDG. FUND	508	1	-	509
CITY BUILDING MAINT. FUND	29,735	40	2,986	26,789
TIPTON COMMUNITY CENTER (TCC)	789	-	-	789
SUMMER RECREATION	8,869	4,270	2,283	10,856
ECONOMIC DEVELOPEMENT COMMISSION	12,775	-	-	12,775
LEBO	33,138	-	-	33,138
DEPOSITORY & INTEREST CLEARING	77	13,859	13,859	77
PAYROLL FUND	26,322	4,345,208	4,359,291	12,239
UTILITY CLEARING	-	13,819,561	13,819,561	-
ELECTRIC CASH OPERATING	1,553,878	10,821,860	10,344,622	2,031,116
ELECTRIC CONSUMER DEPOSIT	193,197	75,239	48,625	219,811
ELECTRIC DEPRECIATION FUND	1,357,084	357,132	211,197	1,503,019
UTILITIES PETTY CASH	5,350	-	-	5,350
ELECTRIC CASH RESERVE	5,664	125,008	125,000	5,672
SICK DAYS ACCUM. ELECTRIC	94,284	4,033	-	98,317
STORMWATER OPERATING FUND	664,679	429,561	343,006	751,234
STORMWATER UTILITY BOND & INT.(SINKING)	-	69,142	54,129	15,013
STORMWATER DEBT SERVICE RESERVE	-	123,870	-	123,870
STORMWATER CONSTRUCTION	-	1,836,391	1,836,391	-
SEWAGE OPERATING	306,083	1,343,821	1,246,361	403,543
SEWAGE DEPRECIATION	253,321	469	8,126	245,664
SEWAGE CONSTRUCTION	16,576	23	-	16,599
SEWAGE SINKING	58,132	122,601	122,450	58,283
SICK DAY LIABILITY - SEWAGE	48,684	2,320	-	51,004
WATER CASH OPERATING	779,932	1,149,265	1,016,933	912,264
WATER CONSUMER DEPOSIT	31,136	10,030	7,700	33,466
WATER DEPRECIATION	194,302	265	8,126	186,441
WATER UTILITY BOND & INTEREST (SINKING)	102	141,799	141,725	176
WATER DEBT SERVICE RESERVE	55,785	30,475	-	86,260
WATER CONSTRUCTION	442,137	31,637	420,855	52,919
SICK DAY LIABILITY - WATER	50,366	1,650	-	52,016
TOTALS	\$ 10,702,899	\$ 41,468,368	\$ 40,304,817	\$ 11,866,450

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 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, 911 telephone services, 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.

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 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.

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

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Note 6. 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.

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.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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 additional pension plans unique to the City. Information regarding these plans may be obtained from the City.

CITY OF TIPTON
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Note 7. Restatements

For the year ended December 31, 2012, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of December 31, 2011	Prior Period Adjustment	Balance as of January 1, 2012
City Petty Cash	\$ -	\$ 50	\$ 50
Utilities Petty Cash	-	5,350	5,350

Note 8. Holding Corporation

The City has entered into a capital lease with Tipton Public Safety Building Corporation (the lessor). The lessor was organized as a not for profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year 2012 totaled \$95,000.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 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, 2012

	GENERAL FUND	MVH	LR&S	AMBULANCE FUND	LOCAL LAW ENFORCEMENT CONT. EDUCATION	COURT CLERK'S RECORD PERPETUATION FUND	UNSAFE BUILDING FUND	USER FEE	RAINEY DAY FUND
Cash and investments - beginning	\$ 1,630,537	\$ 36,598	\$ 10,003	\$ 86,781	\$ 13,310	\$ 28,681	\$ 16,584	\$ 44,393	\$ 350,479
Receipts:									
Taxes	2,570,166	-	-	-	-	-	-	-	-
Licenses and permits	55,423	-	-	-	2,215	-	3,794	-	-
Intergovernmental	1,532,467	185,740	17,340	-	-	-	-	-	-
Charges for services	724,877	1,140	-	54,150	-	-	-	-	-
Fines and forfeits	45,760	-	-	-	-	3,343	-	23,782	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	131,029	-	-	-	455	-	-	-	-
Total receipts	<u>5,059,722</u>	<u>186,880</u>	<u>17,340</u>	<u>54,150</u>	<u>2,670</u>	<u>3,343</u>	<u>3,794</u>	<u>23,782</u>	<u>-</u>
Disbursements:									
Personal services	3,560,300	50,210	-	-	-	-	-	-	-
Supplies	345,428	43,219	6,028	1,208	-	-	-	-	-
Other services and charges	684,928	5,843	-	-	-	-	-	-	-
Debt service - principal and interest	96,153	-	-	-	-	-	-	-	-
Capital outlay	434,979	5,000	-	1,595	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	46,761	-	-	1,316	-	-	-	19,952	-
Total disbursements	<u>5,168,549</u>	<u>104,272</u>	<u>6,028</u>	<u>4,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,952</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(108,827)</u>	<u>82,608</u>	<u>11,312</u>	<u>50,031</u>	<u>2,670</u>	<u>3,343</u>	<u>3,794</u>	<u>3,830</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,521,710</u>	<u>\$ 119,206</u>	<u>\$ 21,315</u>	<u>\$ 136,812</u>	<u>\$ 15,980</u>	<u>\$ 32,024</u>	<u>\$ 20,378</u>	<u>\$ 48,223</u>	<u>\$ 350,479</u>

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	EDIT FUND	EXCESS LEVY FUND	CUMULATIVE CAPITAL DEVELOPEMENT	INDUSTRIAL PARK FUND	FIRE SPECIALIZED EQUIPMENT FUND	CUMULATIVE CAPITAL IMPROVMENTS	POLICE PENSION FUND	FIRE PENSION FUND	COURT COST DUE COUNTY
Cash and investments - beginning	\$ 615,572	\$ -	\$ 317,003	\$ 2,800	\$ 7,299	\$ 150,037	\$ 203,811	\$ 250,982	\$ 2,132
Receipts:									
Taxes	-	46,368	30,255	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	323,793	-	3,460	-	-	13,542	-	-	-
Charges for services	-	-	-	-	-	-	93,781	152,798	-
Fines and forfeits	-	-	-	-	-	-	-	-	24,701
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	4	2,755	-	-	-	-
Total receipts	<u>323,793</u>	<u>46,368</u>	<u>33,715</u>	<u>4</u>	<u>2,755</u>	<u>13,542</u>	<u>93,781</u>	<u>152,798</u>	<u>24,701</u>
Disbursements:									
Personal services	-	-	-	-	-	-	97,203	165,063	-
Supplies	-	-	-	-	2,958	-	-	-	-
Other services and charges	41,518	-	-	-	-	-	100	100	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	97,028	-	-	-	-	17,075	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	24,701
Total disbursements	<u>138,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,958</u>	<u>17,075</u>	<u>97,303</u>	<u>165,163</u>	<u>24,701</u>
Excess (deficiency) of receipts over disbursements	<u>185,247</u>	<u>46,368</u>	<u>33,715</u>	<u>4</u>	<u>(203)</u>	<u>(3,533)</u>	<u>(3,522)</u>	<u>(12,365)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 800,819</u>	<u>\$ 46,368</u>	<u>\$ 350,718</u>	<u>\$ 2,804</u>	<u>\$ 7,096</u>	<u>\$ 146,504</u>	<u>\$ 200,289</u>	<u>\$ 238,617</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, 2012
 (Continued)

	RIVERBOAT WAGERING REVENUE FUND	SALES TAX	CITY COURT CHECKING	CITY PETTY CASH	FIRE ARMS TRAINING	SPECIAL VEHICLE INSPECTION	POLICE SAFETY GRANT (OPERATION PULL OVER)	POLICE CHILD SAFETY PROJECT FUND	FAIRVIEW BEAUTIFICATION
Cash and investments - beginning	\$ 250,604	\$ 28	\$ 30,827	\$ 50	\$ 48	\$ 240	\$ 351	\$ 3,759	\$ 5
Receipts:									
Taxes	-	10,133	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	30,248	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	269,832	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	30,248	10,133	269,832	-	-	-	-	-	-
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	10,078	276,154	-	-	-	-	-	-
Total disbursements	-	10,078	276,154	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	30,248	55	(6,322)	-	-	-	-	-	-
Cash and investments - ending	\$ 280,852	\$ 83	\$ 24,505	\$ 50	\$ 48	\$ 240	\$ 351	\$ 3,759	\$ 5

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	STREET AND SEWER	SANITATION CAPITAL IMPROVEMENT FUND	SIDEWALK	FIRE TRUCK RESERVE FUND	FIRE TRAINING FUND	FIRE PREVENTION FUND	CHRISTMAS PROJECT FUND	PERPETUAL	FINDLING FUND
Cash and investments - beginning	\$ 27,151	\$ -	\$ 48,698	\$ 41,386	\$ 410	\$ 616	\$ -	\$ 69,491	\$ 11,827
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	2,110	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	33,954	-	-	-	-	-	3,250	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	3,300	-	12,048	57	-	5	1,050	-	-
Total receipts	5,410	33,954	12,048	57	-	5	1,050	3,250	-
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	1,050	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	43	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	1,500	-	-	-	-	-	-	-	-
Total disbursements	1,500	-	-	-	-	43	1,050	-	-
Excess (deficiency) of receipts over disbursements	3,910	33,954	12,048	57	-	(38)	-	3,250	-
Cash and investments - ending	\$ 31,061	\$ 33,954	\$ 60,746	\$ 41,443	\$ 410	\$ 578	\$ -	\$ 72,741	\$ 11,827

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	MAUSOLEUM FUND	WOODS MEMORIAL FUND	CLUBHOUSE/ ADVERTISING FUND	GOLF CAPITAL IMPROVEMENT FUND	GOLF CC REIMBURSEMENT (GOLF CC)	REVOLVING LOAN FUND (INCENTIVES/ FAÇADE)	BUILDING INSPECTION FUND	PUBLIC SAFETY BUILDING FUND	GRANTS (FEDERAL & STATE)
Cash and investments - beginning	\$ 2,395	\$ 254	\$ 2,046	\$ 181,928	\$ 148	\$ 6,500	\$ 32,987	\$ 731	\$ -
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	8,665	-	-
Intergovernmental	-	-	-	-	-	-	-	-	62,072
Charges for services	-	-	-	60,678	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	-	-	1,000	299	66,999	-	-	-	-
Total receipts	-	-	1,000	60,977	66,999	-	8,665	-	62,072
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	1,520	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	226	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	35	96	66,501	-	3,650	-	62,072
Total disbursements	-	-	1,781	96	66,501	-	3,650	-	62,072
Excess (deficiency) of receipts over disbursements	-	-	(781)	60,881	498	-	5,015	-	-
Cash and investments - ending	\$ 2,395	\$ 254	\$ 1,265	\$ 242,809	\$ 646	\$ 6,500	\$ 38,002	\$ 731	\$ -

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	PARK BEAUTIFICATION FUND	HISTORICAL BLDG. FUND	CITY BUILDING MAINT. FUND	TIPTON COMMUNITY CENTER (TCC)	SUMMER RECREATION	ECONOMIC DEVELOPEMENT COMMISSION	LEBO	DEPOSITORY & INTEREST CLEARING	PAYROLL FUND
Cash and investments - beginning	\$ 512	\$ 508	\$ 29,735	\$ 789	\$ 8,869	\$ 12,775	\$ 33,138	\$ 77	\$ 26,322
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	4,270	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	-	1	40	-	-	-	-	13,859	4,345,208
Total receipts	-	1	40	-	4,270	-	-	13,859	4,345,208
Disbursements:									
Personal services	-	-	-	-	2,025	-	-	-	-
Supplies	-	-	-	-	119	-	-	-	-
Other services and charges	-	-	-	-	139	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	2,986	-	-	-	-	13,859	4,359,291
Total disbursements	-	-	2,986	-	2,283	-	-	13,859	4,359,291
Excess (deficiency) of receipts over disbursements	-	1	(2,946)	-	1,987	-	-	-	(14,083)
Cash and investments - ending	\$ 512	\$ 509	\$ 26,789	\$ 789	\$ 10,856	\$ 12,775	\$ 33,138	\$ 77	\$ 12,239

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	UTILITY CLEARING	ELECTRIC CASH OPERATING	ELECTRIC CONSUMER DEPOSIT	ELECTRIC DEPRECIATION FUND	UTILITIES PETTY CASH	ELECTRIC CASH RESERVE	SICK DAYS ACCUM. ELECTRIC	STORMWATER OPERATING FUND
Cash and investments - beginning	\$ -	\$ 1,553,878	\$ 193,197	\$ 1,357,084	\$ 5,350	\$ 5,664	\$ 94,284	\$ 664,679
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	13,819,561	10,821,860	75,239	357,132	-	125,008	4,033	429,561
Other receipts	-	-	-	-	-	-	-	-
Total receipts	13,819,561	10,821,860	75,239	357,132	-	125,008	4,033	429,561
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	13,819,561	10,344,622	48,625	211,197	-	125,000	-	343,006
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	13,819,561	10,344,622	48,625	211,197	-	125,000	-	343,006
Excess (deficiency) of receipts over disbursements	-	477,238	26,614	145,935	-	8	4,033	86,555
Cash and investments - ending	\$ -	\$ 2,031,116	\$ 219,811	\$ 1,503,019	\$ 5,350	\$ 5,672	\$ 98,317	\$ 751,234

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	STORM WATER UTILITY BOND & INTEREST (SINKING)	STORMWATER DEBT SERVICE RESERVE	STORMWATER CONSTRUCTION	SEWAGE OPERATING	SEWAGE DEPRECIATION	SEWAGE CONSTRUCTION	SEWAGE SINKING	SICK DAY LIABILITY- SEWAGE
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 306,083	\$ 253,321	\$ 16,576	\$ 58,132	\$ 48,684
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	69,142	123,870	1,836,391	1,343,821	469	23	122,601	2,320
Other receipts	-	-	-	-	-	-	-	-
Total receipts	69,142	123,870	1,836,391	1,343,821	469	23	122,601	2,320
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	54,129	-	1,836,391	1,246,361	8,126	-	122,450	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	54,129	-	1,836,391	1,246,361	8,126	-	122,450	-
Excess (deficiency) of receipts over disbursements	15,013	123,870	-	97,460	(7,657)	23	151	2,320
Cash and investments - ending	\$ 15,013	\$ 123,870	\$ -	\$ 403,543	\$ 245,664	\$ 16,599	\$ 58,283	\$ 51,004

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	WATER CASH OPERATING	WATER CONSUMER DEPOSIT	WATER DEPRECIATION	WATER UTILITY BOND & INTEREST (SINKING)	WATER DEBT SERVICE RESERVE	WATER CONSTRUCTION	SICK DAY LIABILITY- WATER	TOTALS
Cash and investments - beginning	\$ 779,932	\$ 31,136	\$ 194,302	\$ 102	\$ 55,785	\$ 442,137	\$ 50,366	\$ 10,702,899
Receipts:								
Taxes	-	-	-	-	-	-	-	2,656,922
Licenses and permits	-	-	-	-	-	-	-	72,207
Intergovernmental	-	-	-	-	-	-	-	2,168,662
Charges for services	-	-	-	-	-	-	-	1,128,898
Fines and forfeits	-	-	-	-	-	-	-	367,418
Utility fees	1,149,265	10,030	265	141,799	30,475	31,637	1,650	30,496,152
Other receipts	-	-	-	-	-	-	-	4,578,109
Total receipts	<u>1,149,265</u>	<u>10,030</u>	<u>265</u>	<u>141,799</u>	<u>30,475</u>	<u>31,637</u>	<u>1,650</u>	<u>41,468,368</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	3,874,801
Supplies	-	-	-	-	-	-	-	401,530
Other services and charges	-	-	-	-	-	-	-	732,628
Debt service - principal and interest	-	-	-	-	-	-	-	96,153
Capital outlay	-	-	-	-	-	-	-	555,946
Utility operating expenses	1,016,933	7,700	8,126	141,725	-	420,855	-	29,754,807
Other disbursements	-	-	-	-	-	-	-	4,888,952
Total disbursements	<u>1,016,933</u>	<u>7,700</u>	<u>8,126</u>	<u>141,725</u>	<u>-</u>	<u>420,855</u>	<u>-</u>	<u>40,304,817</u>
Excess (deficiency) of receipts over disbursements	<u>132,332</u>	<u>2,330</u>	<u>(7,861)</u>	<u>74</u>	<u>30,475</u>	<u>(389,218)</u>	<u>1,650</u>	<u>1,163,551</u>
Cash and investments - ending	<u>\$ 912,264</u>	<u>\$ 33,466</u>	<u>\$ 186,441</u>	<u>\$ 176</u>	<u>\$ 86,260</u>	<u>\$ 52,919</u>	<u>\$ 52,016</u>	<u>\$ 11,866,450</u>

CITY OF TIPTON
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 20,118	\$ 5,596
Electric	1,357,910	637,186
Storm Water	81	23,694
Wastewater	39,834	104,956
Water	<u>17,634</u>	<u>81,714</u>
Totals	<u>\$ 1,435,577</u>	<u>\$ 853,146</u>

CITY OF TIPTON
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Tipton Public Safety Building Corporation	Public Safety Building	\$ 96,500	12-31-04	12-31-14
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	22,592	08-01-12	08-01-14
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>274,801</u>		
Total of annual lease payments		<u>\$ 274,801</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Economic Development Income Tax Revenue Bonds Series 2008 for Getrag in Tipton County	<u>\$ 482,500</u>	<u>\$ 45,428</u>
Storm Water: Revenue bonds	Storm Water Revenue Bonds Series 2012 (CSO)	<u>1,530,044</u>	<u>123,460</u>
Wastewater: Notes and loans payable	State Revolving Fund (SRF) Sewage Works	<u>958,000</u>	<u>122,782</u>
Water: Revenue bonds	Waterworks Revenue Bonds Series 2010	<u>1,365,000</u>	<u>145,025</u>
Totals		<u>\$ 4,335,544</u>	<u>\$ 436,695</u>

CITY OF TIPTON
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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	\$ 19,000
Infrastructure	2,168,921
Buildings	1,782,380
Improvements other than buildings	432,480
Machinery, equipment and vehicles	4,751,778
Total governmental activities	9,154,559
Electric:	
Land	64,758
Improvements other than buildings	8,540,342
Machinery, equipment and vehicles	4,739,439
Total Electric	13,344,539
Storm Water:	
Construction in progress	1,762,027
Wastewater:	
Land	235,394
Improvements other than buildings	6,844,258
Machinery, equipment and vehicles	4,547,386
Total Wastewater	11,627,038
Water:	
Land	37,316
Buildings	62,942
Improvements other than buildings	6,130,372
Machinery, equipment and vehicles	480,307
Total Water	6,710,937
Total capital assets	\$ 42,599,100

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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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

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 its major federal program for the year ended December 31, 2012. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman
State Examiner

March 26, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

CITY OF TIPTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs			
Demolition Project		14.228	CF-11-119	\$ 12,572
Comprehensive Master Plan		14.228	PL-06-100	49,500
Total - CDBG Grant				<u>62,072</u>
Total - CDBG - State-Administered CDBG Cluster				<u>62,072</u>
Total - Department of Housing and Urban Development				<u>62,072</u>
<u>Department of Justice</u>				
Bullet Proof Vest Partnership Program	Direct grant			
BVP		16.607	FY2011	830
Total - Department of Justice				<u>830</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Recreational Trails Program	Indiana Department of Natural Resources	20.219	RT-08-003	20,147
Total - Highway Planning and Construction Cluster				<u>20,147</u>
<u>Environmental Protection Agency</u>				
Congressionally Mandated Projects	Direct grant			
Water Project		66.202	XP-00E00732-1	31,438
Capitalization Grants For Clean Water State Revolving Funds	Indiana Finance Authority			
CSO Project		66.458	WW12800602	697,278
Total - Environmental Protection Agency				<u>728,716</u>
Total federal awards expended				<u>\$ 811,765</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 (City) 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:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants For Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF TIPTON
EXIT CONFERENCE

The contents of this report were discussed on April 1, 2013, with Tamera Clark, Clerk-Treasurer; Donald Havens, Mayor; George Ogden, President of the City Council; Jo Ellen Downs, Utility Office Staff Accountant; David Reep, Utility Director; and Mark Raver, President of the Utility Service Board. Our audit disclosed no material items that warrant comment at this time.