

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

EXAMINATION REPORT

OF

CITY OF TIPTON

TIPTON COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**  
12/30/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tamera Clark	01-01-04 to 12-31-11
Mayor	George Ogden Daniel Delph	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Board of Public Works and Safety	George Ogden Daniel Delph	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Common Council	Michael Dollens Barbara Cardwell	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Utility Service Board	Mark Raver	01-01-07 to 12-31-08
Utility Manager	David Reep	01-01-07 to 12-31-08
Superintendent of Electric Utility	Larry Anderson	01-01-07 to 12-31-08
Superintendent of Water Utility	Thomas Spay Jeff Heard	01-01-07 to 02-15-08 02-16-08 to 12-31-08
Superintendent of Wastewater Utility	Troy Hooker	01-01-07 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Tipton (City), for the period of January 1, 2007 to December 31, 2007. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

November 19, 2008

CITY OF TIPTON  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
<b>Governmental Funds:</b>				
General	\$ 1,500,534	\$ 4,919,810	\$ 4,633,055	\$ 1,787,289
Motor Vehicle Highway	107,335	235,021	260,978	81,378
Local Road and Street	29,102	18,903	6,936	41,069
Law Enforcement Continuing Education	6,322	3,181	2,888	6,615
Firearms Training	48	-	-	48
Motor Vehicle Inspection	240	-	-	240
Unsafe Building	11,457	2,824	-	14,281
Court Clerk Record Perpetuation	10,218	3,045	-	13,263
Police Safety Grant	1,037	2,950	3,509	478
Fairview Beautification	5	-	-	5
Street and Sewer Cuts	9,642	4,654	839	13,457
Sidewalk Construction	34,417	29,188	-	63,605
Fire Training	1,093	-	-	1,093
Fire Prevention	2,132	230	1,427	935
Fire Specialized Equipment Fund	6,858	715	7,508	65
Police Check Safety	-	1,820	-	1,820
Christmas Project	-	830	830	-
Woods Memorial	254	-	-	254
Rainy Day	51,852	37,500	-	89,352
County Economic Development Income Tax	301,034	360,710	200,990	460,754
Riverboat	85,971	33,111	-	119,082
Building Inspection	19,727	5,390	3,145	21,972
Historic Building	500	-	-	500
Industrial Park	2,697	47	-	2,744
Building Maintenance	28,014	5,015	17,290	15,739
Tipton County Community Center	789	-	-	789
Summer Recreation	1,819	2,380	2,019	2,180
Economic Development Commission	12,776	-	-	12,776
Finding Trust	11,827	-	-	11,827
Cemetery/Mausoleum	11,295	-	8,900	2,395
Cemetery/Perpetual Care	62,727	2,800	6,696	58,831
Lebo Endowment	38,907	940	1,223	38,624
Golf Credit Card Reimbursement	637	66,402	67,015	24
Interest Clearing	2,175	96,755	96,716	2,214
Utility Clearing	22,965	11,091,376	11,060,566	53,775
Grants Federal/State	-	36,061	36,061	-
City Court	23,656	261,620	256,584	28,692
Public Safety Building	731	-	-	731
Gulf Capital Improvement	50,158	40,367	25,439	65,086
Cumulative Capital Improvement	130,961	18,444	4,000	145,405
Cumulative Capital Development	133,847	55,367	24,580	164,634
Park Beautification	437	-	-	437
<b>Proprietary Funds:</b>				
Electric Utility - Operating	1,075,524	10,076,107	10,226,957	924,674
Electric Utility - Imprest Cash	2,900	-	-	2,900
Electric Utility - Depreciation	733,026	374,447	69,858	1,037,615
Electric Utility - Customer Deposit	122,623	46,427	33,450	135,600
Electric Utility - Sick Day	107,824	4,994	-	112,818
Electric Utility - Cash Reserve	5,526	125,059	124,999	5,586
Water Utility - Operating	360,007	1,469,620	1,278,881	550,746
Water Utility - Depreciation	186,049	99,560	25,629	259,980
Water Utility - Customer Deposit	18,604	10,006	6,458	22,152
Water Utility - Sick Day	54,388	-	2,110	52,278
Wastewater Utility - Operating	294,786	1,302,351	1,297,431	299,706
Wastewater Utility - Depreciation	338,309	10,930	950	348,289
Wastewater Utility - Construction	123,155	161,541	126,591	158,105
Wastewater Utility - Sick Day	48,798	4,164	-	52,962
Wastewater Utility - Sinking	55,476	124,046	122,746	56,776
<b>Fiduciary Funds:</b>				
Police Officers' Pension	118,366	109,614	103,818	124,162
Firefighters' Pension	212,749	164,215	159,287	217,677
Payroll	12,332	4,155,005	4,139,513	27,824
Court Costs Due County	1,643	22,553	22,553	1,643
Law Enforcement Continuing Education User Fee	28,257	4,059	3,288	29,028
Health Insurance Clearing	-	53,439	53,439	-
<b>Totals</b>	<b>\$ 6,616,538</b>	<b>\$ 35,655,593</b>	<b>\$ 34,527,152</b>	<b>\$ 7,744,979</b>

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

CITY OF TIPTON  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

CITY OF TIPTON  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

CITY OF TIPTON  
NOTES TO FINANCIAL INFORMATION  
(Continued)

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

Note 7. Long-Term Debt

The City has entered into various debts such as a loan for Wastewater Treatment Facilities Improvements; a loan for Golf Course Improvements; and various capital leases for the construction of a Public Safety Building and various equipment items. The outstanding principal at December 31, 2007, was \$1,394,000, \$28,618, and \$570,338, respectively.

CITY OF TIPTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
2006 Police Cars	\$ 20,338	\$ 21,036
Public Safety Building	550,000	89,455
Golf Note	<u>28,618</u>	<u>24,748</u>
Total governmental activities debt	<u>\$ 598,956</u>	<u>\$ 135,239</u>
Business-type Activities:		
Wastewater Utility		
2001 SRF Loan	<u>\$ 1,394,000</u>	<u>\$ 122,426</u>
Total business-type activities debt:	<u>\$ 1,394,000</u>	<u>\$ 122,426</u>

CITY OF TIPTON  
EXIT CONFERENCE

The contents of this report were discussed on November 17, 2008, with Tamera Clark, Clerk-Treasurer; David Reep, Utility Manager; and Jo Ellen Downs, Utility Accountant. Our examination disclosed no material items that warrant comment at this time.