

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

ANNUAL FINANCIAL REPORT

2010

CITY OF TIPTON

TIPTON COUNTY, INDIANA



**FILED**  
08/19/2011



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tamera Clark	01-01-08 to 12-31-11
Mayor	Daniel Delph	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Daniel Delph	01-01-08 to 12-31-11
President of the Common Council	Marty Bonds	01-01-10 to 12-31-11
President of the Utility Service Board	Mark J. Raver	01-01-10 to 12-31-11
Superintendent of Utilities	David Reep	01-01-10 to 12-31-11
Superintendent of Water Utility	Jeff Heard	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	Troy Hooker	01-01-10 to 12-31-11
Superintendent of Electric Utility	Larry Anderson	01-01-10 to 12-31-11
Utility Staff Accountant	Jo Ellen Downs	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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, 2010. 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. The basis of accounting noted above is a different basis than that used in the prior year.

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, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 20, 2011, 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 ON FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(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 has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, 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 Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt 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.

The City's response to the Audit Result and Comment identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, the Common Council, and 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

July 20, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF 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, 2010, and have issued our report thereon dated July 20, 2011. 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

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 misstatement 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 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 are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, and 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

July 20, 2011

FINANCIAL STATEMENT

CITY OF TIPTON  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 1,934,458	\$ 4,547,952	\$ 4,655,341	\$ 1,827,069
Mvh	169,205	184,959	234,052	120,112
L R & S	37,921	15,776	30,510	23,187
Summer Recreation	4,892	4,287	2,378	6,801
Cemetery Operating Perpetual	65,191	2,250	-	67,441
Fire Arms Training	48	-	-	48
Ambulance Fund	-	41,309	587	40,722
Police Child Safety Project Fund	3,759	-	-	3,759
Economic Development Commission	12,775	-	-	12,775
Street And Sewer	20,966	3,498	1,129	23,335
Building Inspection Fund	29,892	3,715	2,975	30,632
Grants (Federal & State)	-	600,000	600,000	-
Local Law Enforcement Cont. Educati	12,443	2,732	3,145	12,030
Special Vehicle Inspection	240	-	-	240
Court Clerk's Record Perpetuation F	20,221	4,754	-	24,975
Unsafe Bulding Fund	21,655	1,793	-	23,448
Riverboat Wagering Revenue Fund	184,883	32,861	-	217,744
User Fee	37,575	8,505	7,922	38,158
Fire Training Fund	1,563	2,305	2,336	1,532
Park Beautification Fund	512	-	-	512
Fairview Beautification	5	-	-	5
Lebo	32,604	534	-	33,138
Fire Specialized Equipment Fund	7,713	905	-	8,618
Christmas Project Fund	-	350	350	-
Mausoleum Fund	2,395	-	-	2,395
Tipton Community Center (Tcc)	789	-	-	789
Historical Bldg. Fund	506	1	-	507
Fire Prevention Fund	995	-	-	995
Findling Fund	11,827	-	-	11,827
Rainey Day Fund	209,069	141,410	-	350,479
Excess Levy Fund	-	8,830	-	8,830
Police Safety Grant (Operation Pull	351	-	-	351
Court Cost Due County	2,132	34,408	34,408	2,132
Golf Course Woods Memorial Fund	254	-	-	254
Golf Capital Improvement Fund	98,877	33,884	2,100	130,661
Golf Cc Reimbursement (Golf Cc)	52	73,232	73,232	52
Clubhouse/Advertising Fund	-	2,999	2,953	46
Fire Truck Reserve Fund	-	41,303	-	41,303
Cumulative Capital Improvments	133,583	15,375	14,000	134,958
Cumulative Capital Development	251,765	38,139	7,086	282,818
Industrial Park Fund	2,785	10	-	2,795
Edit Fund	921,173	297,188	274,708	943,653
Public Safety Building Fund	731	-	-	731
City Building Maint. Fund	24,859	18,104	11,595	31,368
Sidewalk	28,892	7,872	102	36,662
Police Pension Fund	170,756	144,406	109,102	206,060
Fire Pension Fund	239,429	200,882	164,066	276,245
Payroll Fund	11,485	4,281,932	4,281,892	11,525
Utility Clearing	79,916	12,576,559	12,521,970	134,505
Depository & Interest Clearing	77	34,170	34,092	155
Sales Tax	-	9,308	9,307	1
City Court	102,480	366,201	356,957	111,724
Electric Cash Operating	1,445,302	9,943,209	9,971,450	1,417,061
Electric Depreciation Fund	1,208,294	358,457	193,773	1,372,978
Electric Consumer Deposit	174,448	57,030	47,324	184,154
Electric Cash Reserve	5,640	125,012	125,000	5,652
Sick Days Accum. Electric	106,518	-	5,404	101,114
Stormwater Operating Fund	284,989	237,720	12,394	510,315
Sewage Operating	253,356	1,191,117	1,163,290	281,183
Sewage Sinking	57,705	122,815	122,583	57,937
Sewage Depreciation	334,166	1,453	74,876	260,743
Sewage Construction	21,976	48	5,481	16,543
Sick Day Liability - Sewage	37,599	4,017	-	41,616
Meter Deposit-Petty Cash	5,350	-	-	5,350
Water Cash Operating	471,947	986,558	837,866	620,639
Water Utility Bond & Interest (Sink	-	49,434	49,414	20
Water Depreciation	228,759	503	8,126	221,136
Water Consumer Deposit	23,404	10,267	5,880	27,791
Water Construction	-	1,502,378	274,065	1,228,313
Sick Day Liability - Water	45,694	1,474	-	47,168
Water Debt Service Reserve	-	25,335	-	25,335
	<u>\$ 9,598,846</u>	<u>\$ 38,401,525</u>	<u>\$ 36,335,221</u>	<u>\$ 11,665,150</u>

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

CITY OF TIPTON, TIPTON COUNTY  
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(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

*B. Basis of Accounting*

The financial statements are 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 statements. The aggregate receipts may include, but are not limited to, 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.

CITY OF TIPTON, TIPTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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, 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 statements. The aggregate disbursements may include, but are not limited to, 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.

CITY OF TIPTON, TIPTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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, TIPTON COUNTY  
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 statements. 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 and replacement items purchased.

**Note 6. Pension Plan(s)**

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 Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

CITY OF TIPTON, TIPTON COUNTY  
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 Public Employees' Retirement Fund 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 Employees' Retirement Plan (PERF) 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.

PERF 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*

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

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Tipton's Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General Fund	Mvh	L R & S	Summer Recreation	Cemetery Operating Perpetual	Fire Arms Training
Cash and investments - beginning	\$ 1,934,458	\$ 169,205	\$ 37,921	\$ 4,892	\$ 65,191	\$ 48
Receipts:						
Taxes	2,238,982	-	-	-	-	-
Licenses and permits	7,717	-	-	-	-	-
Intergovernmental	1,290,198	183,820	15,776	-	-	-
Charges for services	790,713	1,139	-	3,637	2,250	-
Fines and forfeits	63,801	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	156,541	-	-	650	-	-
Total receipts	<u>4,547,952</u>	<u>184,959</u>	<u>15,776</u>	<u>4,287</u>	<u>2,250</u>	<u>-</u>
Disbursements:						
Personal services	3,311,233	36,431	-	2,258	-	-
Supplies	301,578	186,788	30,510	42	-	-
Other services and charges	751,349	10,833	-	78	-	-
Capital outlay	286,637	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	4,544	-	-	-	-	-
Total disbursements	<u>4,655,341</u>	<u>234,052</u>	<u>30,510</u>	<u>2,378</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(107,389)</u>	<u>(49,093)</u>	<u>(14,734)</u>	<u>1,909</u>	<u>2,250</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,827,069</u>	<u>\$ 120,112</u>	<u>\$ 23,187</u>	<u>\$ 6,801</u>	<u>\$ 67,441</u>	<u>\$ 48</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Ambulance Fund	Police Child Safety Project Fund	Economic Development Commission	Street And Sewer	Building Inspection Fund	Grants (Federal & State)
Cash and investments - beginning	\$ -	\$ 3,759	\$ 12,775	\$ 20,966	\$ 29,892	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	3,498	3,715	-
Intergovernmental	-	-	-	-	-	600,000
Charges for services	41,309	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>41,309</u>	<u>-</u>	<u>-</u>	<u>3,498</u>	<u>3,715</u>	<u>600,000</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	249	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	600,000
Utility operating expenses	-	-	-	-	-	-
Other disbursements	338	-	-	1,129	2,975	-
Total disbursements	<u>587</u>	<u>-</u>	<u>-</u>	<u>1,129</u>	<u>2,975</u>	<u>600,000</u>
Excess (deficiency) of receipts over disbursements	<u>40,722</u>	<u>-</u>	<u>-</u>	<u>2,369</u>	<u>740</u>	<u>-</u>
Cash and investments - ending	<u>\$ 40,722</u>	<u>\$ 3,759</u>	<u>\$ 12,775</u>	<u>\$ 23,335</u>	<u>\$ 30,632</u>	<u>\$ -</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Local Law Enforcement Cont. Education	Special Vehicle Inspection	Court Clerk's Record Perpetuation Fund	Unsafe Building Fund	Riverboat Wagering Revenue Fund	User Fee
Cash and investments - beginning	\$ 12,443	\$ 240	\$ 20,221	\$ 21,655	\$ 184,883	\$ 37,575
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	1,970	-	-	1,793	-	-
Intergovernmental	-	-	-	-	32,861	-
Charges for services	407	-	-	-	-	-
Fines and forfeits	355	-	4,754	-	-	8,505
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>2,732</u>	<u>-</u>	<u>4,754</u>	<u>1,793</u>	<u>32,861</u>	<u>8,505</u>
Disbursements:						
Personal services	745	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	2,400	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	7,922
Total disbursements	<u>3,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,922</u>
Excess (deficiency) of receipts over disbursements	<u>(413)</u>	<u>-</u>	<u>4,754</u>	<u>1,793</u>	<u>32,861</u>	<u>583</u>
Cash and investments - ending	<u>\$ 12,030</u>	<u>\$ 240</u>	<u>\$ 24,975</u>	<u>\$ 23,448</u>	<u>\$ 217,744</u>	<u>\$ 38,158</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Fire Training Fund	Park Beautification Fund	Fairview Beautification	Lebo	Fire Specialized Equipment Fund	Christmas Project Fund
Cash and investments - beginning	\$ 1,563	\$ 512	\$ 5	\$ 32,604	\$ 7,713	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	2,305	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	534	905	350
Total receipts	<u>2,305</u>	<u>-</u>	<u>-</u>	<u>534</u>	<u>905</u>	<u>350</u>
Disbursements:						
Personal services	2,336	-	-	-	-	-
Supplies	-	-	-	-	-	350
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>2,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350</u>
Excess (deficiency) of receipts over disbursements	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>534</u>	<u>905</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,532</u>	<u>\$ 512</u>	<u>\$ 5</u>	<u>\$ 33,138</u>	<u>\$ 8,618</u>	<u>\$ -</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Mausoleum Fund	Tipton Community Center (Tcc)	Historical Bldg. Fund	Fire Prevention Fund	Findling Fund	Rainey Day Fund
Cash and investments - beginning	\$ 2,395	\$ 789	\$ 506	\$ 995	\$ 11,827	\$ 209,069
Receipts:						
Taxes	-	-	-	-	-	141,410
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	1	-	-	-
Total receipts	-	-	1	-	-	141,410
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	1	-	-	141,410
Cash and investments - ending	\$ 2,395	\$ 789	\$ 507	\$ 995	\$ 11,827	\$ 350,479

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Excess Levy Fund	Police Safety Grant (Operation Pull	Court Cost Due County	Golf Course Woods Memorial Fund	Golf Capital Improvement Fund	Golf Cc Reimbursement (Golf Cc)
Cash and investments - beginning	\$ -	\$ 351	\$ 2,132	\$ 254	\$ 98,877	\$ 52
Receipts:						
Taxes	8,830	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	33,488	71,806
Fines and forfeits	-	-	34,408	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	396	1,426
Total receipts	<u>8,830</u>	<u>-</u>	<u>34,408</u>	<u>-</u>	<u>33,884</u>	<u>73,232</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,100	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	34,408	-	-	73,232
Total disbursements	<u>-</u>	<u>-</u>	<u>34,408</u>	<u>-</u>	<u>2,100</u>	<u>73,232</u>
Excess (deficiency) of receipts over disbursements	<u>8,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,784</u>	<u>-</u>
Cash and investments - ending	<u>\$ 8,830</u>	<u>\$ 351</u>	<u>\$ 2,132</u>	<u>\$ 254</u>	<u>\$ 130,661</u>	<u>\$ 52</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Clubhouse Advertising Fund	Fire Truck Reserve Fund	Cumulative Capital Improvements	Cumulative Capital Development	Industrial Park Fund	Edit Fund
Cash and investments - beginning	\$ -	\$ -	\$ 133,583	\$ 251,765	\$ 2,785	\$ 921,173
Receipts:						
Taxes	-	-	-	37,135	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	15,375	1,004	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	2,999	41,303	-	-	10	297,188
Total receipts	<u>2,999</u>	<u>41,303</u>	<u>15,375</u>	<u>38,139</u>	<u>10</u>	<u>297,188</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	2,151	-	-	-	-	-
Other services and charges	-	-	-	-	-	105,500
Capital outlay	802	-	14,000	7,086	-	169,208
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>2,953</u>	<u>-</u>	<u>14,000</u>	<u>7,086</u>	<u>-</u>	<u>274,708</u>
Excess (deficiency) of receipts over disbursements	<u>46</u>	<u>41,303</u>	<u>1,375</u>	<u>31,053</u>	<u>10</u>	<u>22,480</u>
Cash and investments - ending	<u>\$ 46</u>	<u>\$ 41,303</u>	<u>\$ 134,958</u>	<u>\$ 282,818</u>	<u>\$ 2,795</u>	<u>\$ 943,653</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Public Safety Building Fund	City Building Maint. Fund	Sidewalk	Police Pension Fund	Fire Pension Fund	Payroll Fund
Cash and investments - beginning	\$ 731	\$ 24,859	\$ 28,892	\$ 170,756	\$ 239,429	\$ 11,485
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	99,583	145,532	-
Charges for services	-	-	7,872	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	18,104	-	44,823	55,350	4,281,932
Total receipts	<u>-</u>	<u>18,104</u>	<u>7,872</u>	<u>144,406</u>	<u>200,882</u>	<u>4,281,932</u>
Disbursements:						
Personal services	-	-	-	10,779	17,971	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	98,323	146,095	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	11,595	102	-	-	4,281,892
Total disbursements	<u>-</u>	<u>11,595</u>	<u>102</u>	<u>109,102</u>	<u>164,066</u>	<u>4,281,892</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>6,509</u>	<u>7,770</u>	<u>35,304</u>	<u>36,816</u>	<u>40</u>
Cash and investments - ending	<u>\$ 731</u>	<u>\$ 31,368</u>	<u>\$ 36,662</u>	<u>\$ 206,060</u>	<u>\$ 276,245</u>	<u>\$ 11,525</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Utility Clearing	Depository & Interest Clearing	Sales Tax	City Court	Electric Cash Operating	Electric Depreciation Fund
Cash and investments - beginning	\$ 79,916	\$ 77	\$ -	\$ 102,480	\$ 1,445,302	\$ 1,208,294
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	9,923,993	-
Other receipts	12,576,559	34,170	9,308	366,201	19,216	358,457
Total receipts	<u>12,576,559</u>	<u>34,170</u>	<u>9,308</u>	<u>366,201</u>	<u>9,943,209</u>	<u>358,457</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	12,521,970	34,092	9,307	356,957	9,971,450	193,773
Total disbursements	<u>12,521,970</u>	<u>34,092</u>	<u>9,307</u>	<u>356,957</u>	<u>9,971,450</u>	<u>193,773</u>
Excess (deficiency) of receipts over disbursements	<u>54,589</u>	<u>78</u>	<u>1</u>	<u>9,244</u>	<u>(28,241)</u>	<u>164,684</u>
Cash and investments - ending	<u>\$ 134,505</u>	<u>\$ 155</u>	<u>\$ 1</u>	<u>\$ 111,724</u>	<u>\$ 1,417,061</u>	<u>\$ 1,372,978</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Electric Consumer Deposit	Electric Cash Reserve	Sick Days Accum. Electric	Stormwater Operating Fund	Sewage Operating	Sewage Sinking
Cash and investments - beginning	\$ 174,448	\$ 5,640	\$ 106,518	\$ 284,989	\$ 253,356	\$ 57,705
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	236,847	1,182,393	-
Other receipts	57,030	125,012	-	873	8,724	122,815
Total receipts	<u>57,030</u>	<u>125,012</u>	<u>-</u>	<u>237,720</u>	<u>1,191,117</u>	<u>122,815</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	5,404	-	-	-
Other disbursements	47,324	125,000	-	12,394	1,163,290	122,583
Total disbursements	<u>47,324</u>	<u>125,000</u>	<u>5,404</u>	<u>12,394</u>	<u>1,163,290</u>	<u>122,583</u>
Excess (deficiency) of receipts over disbursements	<u>9,706</u>	<u>12</u>	<u>(5,404)</u>	<u>225,326</u>	<u>27,827</u>	<u>232</u>
Cash and investments - ending	<u>\$ 184,154</u>	<u>\$ 5,652</u>	<u>\$ 101,114</u>	<u>\$ 510,315</u>	<u>\$ 281,183</u>	<u>\$ 57,937</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Sewage Depreciation	Sewage Construction	Sick Day Liability - Sewage	Meter Deposits Petty Cash	Water Cash Operating	Water Utility Bond & Interest (Sink
Cash and investments - beginning	\$ 334,166	\$ 21,976	\$ 37,599	\$ 5,350	\$ 471,947	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	954,874	-
Other receipts	1,453	48	4,017	-	31,684	49,434
Total receipts	<u>1,453</u>	<u>48</u>	<u>4,017</u>	<u>-</u>	<u>986,558</u>	<u>49,434</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	74,876	5,481	-	-	837,866	49,414
Total disbursements	<u>74,876</u>	<u>5,481</u>	<u>-</u>	<u>-</u>	<u>837,866</u>	<u>49,414</u>
Excess (deficiency) of receipts over disbursements	<u>(73,423)</u>	<u>(5,433)</u>	<u>4,017</u>	<u>-</u>	<u>148,692</u>	<u>20</u>
Cash and investments - ending	<u>\$ 260,743</u>	<u>\$ 16,543</u>	<u>\$ 41,616</u>	<u>\$ 5,350</u>	<u>\$ 620,639</u>	<u>\$ 20</u>

CITY OF TIPTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Water Depreciation	Water Consumer Deposit	Water Construction	Sick Day Liability - Water	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 228,759	\$ 23,404	\$ -	\$ 45,694	\$ -	\$ 9,598,846
Receipts:						
Taxes	-	-	-	-	-	2,426,357
Licenses and permits	-	-	-	-	-	18,693
Intergovernmental	-	-	-	-	-	2,384,149
Charges for services	-	-	-	-	-	954,926
Fines and forfeits	-	-	-	-	-	111,823
Utility fees	-	-	-	-	-	12,298,107
Other receipts	503	10,267	1,502,378	1,474	25,335	20,207,470
Total receipts	503	10,267	1,502,378	1,474	25,335	38,401,525
Disbursements:						
Personal services	-	-	-	-	-	3,381,753
Supplies	-	-	-	-	-	521,668
Other services and charges	-	-	-	-	-	1,112,178
Capital outlay	-	-	268,225	-	-	1,350,458
Utility operating expenses	-	-	-	-	-	5,404
Other disbursements	8,126	5,880	5,840	-	-	29,963,760
Total disbursements	8,126	5,880	274,065	-	-	36,335,221
Excess (deficiency) of receipts over disbursements	(7,623)	4,387	1,228,313	1,474	25,335	2,066,304
Cash and investments - ending	\$ 221,136	\$ 27,791	\$ 1,228,313	\$ 47,168	\$ 25,335	\$ 11,665,150

CITY OF TIPTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2010

	12/31/10 Balance
Primary Government	
Land	\$ 17,810.00
Buildings	2,030,781.00
Improvements	162,974.00
Equipment	4,110,153.00
Infrastructure	1,766,138.00
Total Primary Government	\$ 8,087,856.00
Business Type	
Electric Utility	
Land	\$ 64,758.00
Improvements	7,990,353.49
Equipment	4,159,657.73
Total Electric Utility	\$ 12,214,769.22
Water Utility	
Land	\$ 37,316.00
Buildings	62,941.86
Improvements	4,682,775.56
Equipment	447,826.91
Total Water Utility	\$ 5,230,860.33
Wastewater Utility	
Land	\$ 235,394.00
Improvements	6,844,258.14
Equipment	4,536,870.72
Total Wastewater Utility	\$ 11,616,522.86

CITY OF TIPTON  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
<b>Governmental Activities:</b>		
Capital leases:		
Public Safety Building	\$ 335,000	\$ 95,500
Excavator	26,175	9,268
Police Cars	12,687	13,212
Pay Loader	57,744	23,859
Wheel Loader	14,385	14,992
Notes and loans payable-RDF Loan	<u>450,000</u>	<u>41,184</u>
<b>Total governmental activities debt</b>	<b><u>\$ 895,991</u></b>	<b><u>\$ 198,015</u></b>
<b>Business-type Activities:</b>		
Water Utility		
Loans		
Extendahoe Loan	\$ 19,041	\$ 8,126
Revenue bonds:		
Waterworks Revenue Bonds, 2010	<u>1,530,000</u>	<u>58,325</u>
<b>Total Water Utility</b>	<b><u>1,549,041</u></b>	<b><u>66,451</u></b>
Wastewater Utility		
Loan		
Extendahoe Loan	19,041	8,126
Revenue bonds:		
SRF Loan	<u>1,140,000</u>	<u>123,060</u>
<b>Total Wastewater Utility</b>	<b><u>1,159,041</u></b>	<b><u>131,186</u></b>
<b>Total business-type activities debt:</b>	<b><u>\$ 2,708,082</u></b>	<b><u>\$ 197,637</u></b>

CITY OF TIPTON  
AUDIT RESULT AND COMMENT

***PENALTIES, INTEREST, AND OTHER CHARGES***

In November 2010, a penalty, totaling \$2,119.83, was assessed by the Indiana Department of Revenue (IDR) for an underpayment of the first quarter's 2008 Utility Receipts Tax estimate. At the end of 2008, the Utility had overpaid the total 2008 Utility Receipts Tax by \$1,843.88 and this amount was used to offset their 2009 Utility Receipts Tax liability; however, the IDR applied the 2008 overpayment of tax to the penalty which resulted in a remaining balance of \$275.95 that was assessed by IDR and paid in by the Utility in February 2011. Since the Utility had originally applied the 2008 overpayment to their 2009 Utility Receipts Tax due and the IDR subsequently applied this overpayment against the 2008 penalty, the result was an underpayment of the 2009 Utility Receipts Tax by the Utility. Penalties and interest, totaling \$195.51, were assessed by the IDR, for the 2009 year underpayment, and paid by the Utility in November 2010.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND 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 compliance of the City of Tipton (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. 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. 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 non-compliance 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 are applicable to its major federal program for the year ended December 31, 2010.

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 in order 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  
APPLICABLE TO EACH MAJOR PROGRAM AND 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.

The City's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the City's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the City's management, Common Council, 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

July 20, 2011

CITY OF TIPTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2010

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 AGRICULTURE</u>			
Direct Grant			
Community Facilities Loans and Grants	10.766	15-080-308505806	\$ 450,000
Total for federal grantor agency			<u>450,000</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs CDBG-State-Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CF-09-127	<u>150,000</u>
Total for cluster			<u>150,000</u>
Total for federal grantor agency			<u>150,000</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Recreational Trails Program	20.219	RT-08-003	<u>26,800</u>
Total for cluster			<u>26,800</u>
Total for federal grantor agency			<u>26,800</u>
Total federal awards expended			<u>\$ 626,800</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF TIPTON  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. 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.

**Note 2. Loans Outstanding**

The City had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2010. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010
Community Facilities Loans and Grants	10.766	\$ 450,000

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
10.766	Community Facilities Loans and Grants

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  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF TIPTON  
EXIT CONFERENCE

The contents of this report were discussed on August 9, 2010, with Tamera Clark, Clerk-Treasurer; Daniel Delph, Mayor; Mark J. Raver, President of Utility Service Board; Marty Bonds, President of the Common Council; and Jo Ellen Downs, Utility Staff Accountant. The Official Response has been made a part of this report and may be found on pages 39 and 40.

CITY OF TIPTON  
**CITY OF TIPTON**

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201 S. Main Street Tipton, Indiana 46072  
Mayor 765-675-7561 Clerk-Treasurer 765-675-4165  
Fax 765-675-3052

August 9, 2011

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

RE: Official Response

To Whom It May Concern:

I have been given a copy of the recent State Board of Accounts audit summary of the City of Tipton and Tipton Municipal Utilities. It references the fact that penalty and interest were assessed for 2008 Utility Receipt Tax.

In 2008, we experienced a major turnover when we lost our accounting manager. During this time, a URT payment was made, but was for the wrong amount. The Utilities discovered the underpayment error, and corrected it by making up the underpayment in the following quarter. By the end of 2008, the Utilities had correctly calculated and submitted all payments, showing an overpayment on their account when they filed Form URT-1, which was applied to their 2009 tax liability. We were never informed by the Department of Revenue that a penalty had been assessed for 2008 until two years later. By that time, the 2009 Form URT-1 had also been filed, using the information we believed to be correct.

The Department of Revenue retroactively took the 2008 overpayment credit and applied it to the 2008 underpayment penalty, leaving 2008 with a balance due, as well as a balance due for 2009 since there was no overpayment carried forward. We were not informed that the Department of Revenue had taken this action until the summer of 2010. Had we been notified in a more timely manner, the 2009 tax form would have been filed with the correct information, and we would not have been assessed further penalties and interest.

We are on top of things and have never been assessed a penalty before or since this incident.

Very Truly Yours,

*Tamera L. Clark*

Tamera L. Clark  
Clerk-Treasurer  
City of Tipton

RECEIVED  
JUN 1 2011  
CITY OF TIPTON