

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, 2016 to December 31, 2016



FILED
10/31/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-36
Schedule of Payables and Receivables	37
Schedule of Leases and Debt	38
Schedule of Capital Assets.....	39
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	42-43
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	46
Notes to Schedule of Expenditures of Federal Awards	47
Schedule of Findings and Questioned Costs	48
Other Reports.....	49

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tamera L. Clark	01-01-16 to 12-31-19
Mayor	Donald S. Havens	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Donald S. Havens	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	George Ogden	01-01-16 to 12-31-18
Superintendent of Water Utility	Jeff Heard	01-01-16 to 12-31-18
Superintendent of Wastewater Utility	Troy Hooker	01-01-16 to 12-31-18
Superintendent of Electric Utility	Larry Anderson Brad Cox	01-01-16 to 12-31-17 01-01-18 to 12-31-18
Superintendent of Storm Water Utility	Troy Hooker	01-01-16 to 12-31-18
Utility Office Manager	Rex Boyer	01-01-16 to 12-31-18



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, 2016, and the related notes to the financial statement as listed in the Table of Contents.

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. 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 from 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

As discussed in Note 1 to 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.

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, 2016.

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, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 records 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.


Other Information

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 25, 2018, 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 solely 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 effectiveness of the City's 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.


Paul D. Joyce, CPA
State Examiner

September 25, 2018



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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, 2016, and the related notes to the financial statement, and have issued our report thereon dated September 25, 2018, 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 City'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.


Paul D. Joyce, CPA
State Examiner

September 25, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
GENERAL FUND	\$ 1,147,163	\$ 5,275,550	\$ 5,256,759	\$ 1,165,954
MOTOR VEHICLE HIGHWAY	50,558	234,959	226,136	59,381
LOCAL ROAD & STREET	17,963	19,378	18,437	18,904
ECONOMIC DEVELOPMENT COMMISSION	12,775	-	-	12,775
LOCAL LAW ENF CONT ED	14,252	4,721	3,995	14,978
SPECIAL VEHICLE INSPECTION	240	-	-	240
COURT CLERKS RECORD PERPETUATION	42,240	6,086	-	48,326
UNSAFE BUILDING	25,885	1,771	165	27,491
RIVERBOAT WAGERING REVENUE FUND	154,909	30,246	33,042	152,113
USER FEE	68,350	19,953	35,167	53,136
RAINY DAY	443,024	118,012	106,448	454,588
EXCESS LEVY FUND	64	-	-	64
CUM CAP IMP - CIG TAX	92,645	13,014	48,733	56,926
CUM CAP DEVELOPMENT	192,205	33,314	110,339	115,180
EDIT	725,091	585,145	530,060	780,176
POLICE PENSION	189,717	69,089	73,400	185,406
FIRE PENSION	180,060	138,450	163,120	155,390
SALES TAX	96	10,022	10,118	-
CITY COURT CHECKING	17,795	225,938	222,645	21,088
SIDEWALK	27,048	6,805	13,420	20,433
STREET AND SEWER	29,793	2,638	-	32,431
SUMMER RECREATION	12,633	1,120	1,413	12,340
PARK BEAUTIFICATION FUND	512	-	-	512
FAIRVIEW BEAUTIFICATION	5	-	-	5
GOLF CC REIMBURSEMENT (GOLF CC)	581	61,313	61,483	411
GOLF CAPITAL IMPROVEMENT FUND	401,844	56,225	-	458,069
CLUBHOUSE/ADVERTISING FUND	1,823	-	-	1,823
AMBULANCE FUND	218,459	76,535	59,422	235,572
FIRE TRUCK RESERVE FUND	41,578	32	-	41,610
FIRE SPECIALIZED EQUIPMENT FUND	12,890	2,650	3,617	11,923
FIRE PREVENTION	1	-	-	1
FIRE ARMS TRAINING	48	-	-	48
POLICE SAFETY GRANT (OPERATION PULL OVER)	351	-	-	351
POLICE CHILD SAFETY PROJECT FUND	1,210	-	544	666
COURT COST DUE TO COUNTY	1,897	18,903	18,903	1,897
BUILDING INSPECTION FUND	47,187	5,892	2,750	50,329
PUBLIC SAFETY BUILDING FUND	731	-	-	731
HISTORICAL BLDG FUND	512	-	-	512
CITY BUILDING MAINT FUND	21,707	17	688	21,036
TIPTON COMMUNITY CENTER (TCC)	789	-	-	789
CONSTRUCTION LOAN FUND	193,948	-	119,665	74,283
LOIT SPECIAL DISTRIBUTION	-	354,037	128,895	225,142
PERPETUAL	77,241	2,000	-	79,241
FINDLING FUND	10,342	-	-	10,342
MAUSOLEUM FUND	2,395	-	-	2,395
WOODS MEMORIAL FUND	704	-	-	704
REVOLVING LOAN FUND (INCENTIVES/FACADE)	6,500	-	-	6,500
INDUSTRIAL PARK FUND	2,813	2	-	2,815
LOCAL ROAD AND BRIDGE MATCHING GRANT FUND	-	53,895	-	53,895
PETTY CASH - UTILITIES	6,000	-	-	6,000
SANITATION CAPITAL IMP FUND	139,123	34,867	139,123	34,867
LEBO	32,898	-	-	32,898
PETTY CASH - CITY	50	-	-	50
UTILITY CLEARING	-	18,477,484	18,477,484	-

CITY OF TIPTON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
DEPOSITORY & INTEREST CLEARING	874	12,108	12,122	860
PAYROLL - OLD	(3,004)	34	34	(3,004)
HEALTH INSURANCE CLEARING FUND	100	145,773	145,773	100
PAYROLL - NET WAGES	6,071	748,034	748,034	6,071
PAYROLL - FEDERAL WITHHOLDING	-	502,242	502,242	-
PAYROLL - FICA WITHHOLDING	-	384,449	384,449	-
PAYROLL - MEDICARE WITHHOLDING	-	122,025	122,025	-
PAYROLL - STATE WITHHOLDING	15,651	147,498	146,750	16,399
PAYROLL - COUNTY WITHHOLDING	6,818	77,553	75,465	8,906
PAYROLL - POLICE PERF	-	30,026	30,026	-
PAYROLL - FIRE PERF	-	32,929	32,929	-
PAYROLL - DIRECT DEPOSIT	-	2,432,771	2,432,771	-
PAYROLL - INSURANCE	-	222	222	-
PAYROLL - AFLAC PRE-TAX/POST-TAX	-	11,656	11,656	-
PAYROLL - HSA EMPLOYEE CONTRIBUTION	-	75,765	75,765	-
PAYROLL - VOLUNTARY LIFE INSURANCE	-	6,972	6,972	-
PAYROLL - DEFERRED COMP (HARTFORD)	-	27,141	27,141	-
PAYROLL - CHILD SUPPORT	-	14,919	14,919	-
PAYROLL - UTILITIES 457	-	61,963	61,963	-
PAYROLL - PENSION EMPLOYEE INSURANCE	-	2,985	2,985	-
PAYROLL - ENCOMPASS CREDIT UNION	-	21,700	21,700	-
ELECTRIC CASH OPERATING	2,873,523	14,058,606	14,104,905	2,827,224
ELECTRIC CONSUMER DEPOSIT	243,761	48,463	48,756	243,468
ELECTRIC DEPRECIATION	2,052,107	356,695	17,045	2,391,757
ELECTRIC CASH RESERVE	5,691	125,004	125,000	5,695
SICK DAYS ACCUM - ELECTRIC	96,589	14,752	-	111,341
STORMWATER OPERATING	965,721	583,057	480,162	1,068,616
BONY - STORMWATER UTL BOND & INT	66,451	316,429	292,230	90,650
BONY - STORMWATER DEBT SERVICE RESERVE	172,170	38,933	-	211,103
BONY - STORMWATER CONSTRUCTION	-	945,396	945,396	-
SEWAGE OPERATING	1,403,267	2,165,662	1,928,387	1,640,542
SEWAGE UTL DEPRECIATION	60,424	44	3,291	57,177
SEWAGE CONSTRUCTION	9,038	7	1,600	7,445
SICK DAY LIABILITY - SEWAGE	56,260	5,481	-	61,741
WP SEWAGE CASH OPERATING	-	495,939	433,188	62,751
WP SEWAGE AVAILABILITY FEE	92,912	260,330	-	353,242
BONY - SEWAGE CONSTRUCTION	4,793,218	2,673	3,972,915	822,976
BONY - SEWAGE BOND & INT	14,754	348,139	334,000	28,893
BONY - SEWAGE DEBT SERVICE RESERVE	168,765	64,978	-	233,743
WATER CASH OPERATING	588,726	1,208,880	1,213,336	584,270
WATER CONSUMER DEPOSIT	40,796	8,640	8,225	41,211
WATER DEPRECIATION	116,751	78	17,060	99,769
WATER CONSTRUCTION	53,094	28	44,978	8,144
SICK DAY LIABILITY - WATER	60,167	1,597	-	61,764
WATER UTL BOND & INTEREST (SINKING)	347	147,580	147,538	389
WATER DEBT SERVICE RESERVE	151,900	-	-	151,900
WP WATER CASH OPERATING	-	146,269	130,848	15,421
WP WATER AVAILABILITY FEE	26,233	20,986	-	47,219
Totals	<u>\$ 18,807,820</u>	<u>\$ 52,163,474</u>	<u>\$ 54,970,774</u>	<u>\$ 16,000,520</u>

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

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, storm water, trash, 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. Amounts received from businesses, occupations, or non-businesses 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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, the following: 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
One North Capitol, 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.

CITY OF TIPTON
NOTES TO FINANCIAL STATEMENT
(Continued)

D. Additional Pension Plan

The City also contributes to an additional pension plan unique to the City. Information regarding this plan may be obtained from the City.

Note 7. Cash Balance Deficits

The financial statement contained a fund (Payroll - Old) with a deficit in cash. The deficit in the Payroll - Old fund was an unidentified difference from the old payroll system. A correction was made to eliminate the negative fund balance in the Payroll - Old fund on April 19, 2017.

Note 8. Other Postemployment Benefits

The City provides to eligible retirees and their spouses the following benefits: health insurance (retiree and spouse) and life insurance for retirees. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

Note 9. Combined Funds

Funds related to payroll were reported combined in prior financial statements, but in the current financial statement the payroll funds were reported individually. This was a result of switching software systems.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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 City's Annual Financial Report 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 other 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, 2016

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	ECONOMIC DEVELOPMENT COMMISSION	LOCAL LAW ENF CONT ED	SPECIAL VEHICLE INSPECTION	COURT CLERKS RECORD PERPETUATION
Cash and investments - beginning	\$ 1,147,163	\$ 50,558	\$ 17,963	\$ 12,775	\$ 14,252	\$ 240	\$ 42,240
Receipts:							
Taxes	2,968,692	-	-	-	-	-	-
Licenses and permits	63,379	-	-	-	3,725	-	-
Intergovernmental receipts	1,374,390	232,223	19,378	-	-	-	-
Charges for services	353,579	2,736	-	-	816	-	-
Fines and forfeits	34,938	-	-	-	-	-	6,086
Utility fees	-	-	-	-	-	-	-
Other receipts	480,572	-	-	-	180	-	-
Total receipts	5,275,550	234,959	19,378	-	4,721	-	6,086
Disbursements:							
Personal services	3,769,021	-	-	-	1,500	-	-
Supplies	292,042	212,408	18,437	-	-	-	-
Other services and charges	824,956	8,924	-	-	-	-	-
Debt service - principal and interest	127,286	-	-	-	-	-	-
Capital outlay	171,595	4,804	-	-	2,495	-	-
Other disbursements	71,859	-	-	-	-	-	-
Total disbursements	5,256,759	226,136	18,437	-	3,995	-	-
Excess (deficiency) of receipts over disbursements	18,791	8,823	941	-	726	-	6,086
Cash and investments - ending	\$ 1,165,954	\$ 59,381	\$ 18,904	\$ 12,775	\$ 14,978	\$ 240	\$ 48,326

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	UNSAFE BUILDING	RIVERBOAT WAGERING REVENUE FUND	USER FEE	RAINY DAY	EXCESS LEVY FUND	CUM CAP IMP - CIG TAX
Cash and investments - beginning	\$ 25,885	\$ 154,909	\$ 68,350	\$ 443,024	\$ 64	\$ 92,645
Receipts:						
Taxes	-	-	-	118,012	-	-
Licenses and permits	1,771	-	-	-	-	-
Intergovernmental receipts	-	30,246	-	-	-	13,014
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	19,953	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	1,771	30,246	19,953	118,012	-	13,014
Disbursements:						
Personal services	-	-	-	33,442	-	-
Supplies	-	-	-	-	-	-
Other services and charges	165	-	-	67,251	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	33,042	-	5,755	-	48,733
Other disbursements	-	-	35,167	-	-	-
Total disbursements	165	33,042	35,167	106,448	-	48,733
Excess (deficiency) of receipts over disbursements	1,606	(2,796)	(15,214)	11,564	-	(35,719)
Cash and investments - ending	\$ 27,491	\$ 152,113	\$ 53,136	\$ 454,588	\$ 64	\$ 56,926

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CUM CAP DEVELOPMENT	EDIT	POLICE PENSION	FIRE PENSION	SALES TAX	CITY COURT CHECKING
Cash and investments - beginning	\$ 192,205	\$ 725,091	\$ 189,717	\$ 180,060	\$ 96	\$ 17,795
Receipts:						
Taxes	30,871	-	-	-	10,022	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	2,443	329,989	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	225,938
Utility fees	-	-	-	-	-	-
Other receipts	-	255,156	69,089	138,450	-	-
Total receipts	33,314	585,145	69,089	138,450	10,022	225,938
Disbursements:						
Personal services	-	-	73,400	163,020	-	-
Supplies	-	-	-	100	-	-
Other services and charges	-	187,648	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	110,339	342,412	-	-	-	-
Other disbursements	-	-	-	-	10,118	222,645
Total disbursements	110,339	530,060	73,400	163,120	10,118	222,645
Excess (deficiency) of receipts over disbursements	(77,025)	55,085	(4,311)	(24,670)	(96)	3,293
Cash and investments - ending	\$ 115,180	\$ 780,176	\$ 185,406	\$ 155,390	\$ -	\$ 21,088

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	SIDEWALK	STREET AND SEWER	SUMMER RECREATION	PARK BEAUTIFICATION FUND	FAIRVIEW BEAUTIFICATION	GOLF CC REIMBURSEMENT (GOLF CC)
Cash and investments - beginning	\$ 27,048	\$ 29,793	\$ 12,633	\$ 512	\$ 5	\$ 581
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	1,818	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	6,805	820	1,120	-	-	61,313
Total receipts	6,805	2,638	1,120	-	-	61,313
Disbursements:						
Personal services	-	-	1,265	-	-	-
Supplies	-	-	75	-	-	-
Other services and charges	-	-	73	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	13,420	-	-	-	-	61,483
Total disbursements	13,420	-	1,413	-	-	61,483
Excess (deficiency) of receipts over disbursements	(6,615)	2,638	(293)	-	-	(170)
Cash and investments - ending	\$ 20,433	\$ 32,431	\$ 12,340	\$ 512	\$ 5	\$ 411

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	GOLF CAPITAL IMPROVEMENT FUND	CLUBHOUSE/ADVERTISING FUND	AMBULANCE FUND	FIRE TRUCK RESERVE FUND	FIRE SPECIALIZED EQUIPMENT FUND	FIRE PREVENTION
Cash and investments - beginning	\$ 401,844	\$ 1,823	\$ 218,459	\$ 41,578	\$ 12,890	\$ 1
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	26,465	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	56,225	-	50,070	32	2,650	-
Total receipts	56,225	-	76,535	32	2,650	-
Disbursements:						
Personal services	-	-	10,990	-	-	-
Supplies	-	-	1,683	-	-	-
Other services and charges	-	-	41,500	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	2,621	-	3,617	-
Other disbursements	-	-	2,628	-	-	-
Total disbursements	-	-	59,422	-	3,617	-
Excess (deficiency) of receipts over disbursements	56,225	-	17,113	32	(967)	-
Cash and investments - ending	\$ 458,069	\$ 1,823	\$ 235,572	\$ 41,610	\$ 11,923	\$ 1

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	FIRE ARMS TRAINING	POLICE SAFETY GRANT (OPERATION PULL OVER)	POLICE CHILD SAFETY PROJECT FUND	COURT COST DUE TO COUNTY	BUILDING INSPECTION FUND	PUBLIC SAFETY BUILDING FUND
Cash and investments - beginning	\$ 48	\$ 351	\$ 1,210	\$ 1,897	\$ 47,187	\$ 731
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	5,892	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	18,903	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	18,903	5,892	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	544	18,903	2,750	-
Total disbursements	-	-	544	18,903	2,750	-
Excess (deficiency) of receipts over disbursements	-	-	(544)	-	3,142	-
Cash and investments - ending	\$ 48	\$ 351	\$ 666	\$ 1,897	\$ 50,329	\$ 731

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	HISTORICAL BLDG FUND	CITY BUILDING MAINT FUND	TIPTON COMMUNITY CENTER (TCC)	CONSTRUCTION LOAN FUND	LOIT SPECIAL DISTRIBUTION	PERPETUAL
Cash and investments - beginning	\$ 512	\$ 21,707	\$ 789	\$ 193,948	\$ -	\$ 77,241
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	2,000
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	17	-	-	354,037	-
Total receipts	-	17	-	-	354,037	2,000
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	75,000	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	119,665	53,895	-
Other disbursements	-	688	-	-	-	-
Total disbursements	-	688	-	119,665	128,895	-
Excess (deficiency) of receipts over disbursements	-	(671)	-	(119,665)	225,142	2,000
Cash and investments - ending	\$ 512	\$ 21,036	\$ 789	\$ 74,283	\$ 225,142	\$ 79,241

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	FINDLING FUND	MAUSOLEUM FUND	WOODS MEMORIAL FUND	REVOLVING LOAN FUND (INCENTIVES/FACADE)	INDUSTRIAL PARK FUND	LOCAL ROAD AND BRIDGE MATCHING GRANT FUND
Cash and investments - beginning	\$ 10,342	\$ 2,395	\$ 704	\$ 6,500	\$ 2,813	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	2	53,895
Total receipts	-	-	-	-	2	53,895
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	2	53,895
Cash and investments - ending	\$ 10,342	\$ 2,395	\$ 704	\$ 6,500	\$ 2,815	\$ 53,895

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PETTY CASH - UTILITIES	SANITATION CAPITAL IMP FUND	LEBO	PETTY CASH - CITY	UTILITY CLEARING	DEPOSITORY & INTEREST CLEARING
Cash and investments - beginning	\$ 6,000	\$ 139,123	\$ 32,898	\$ 50	\$ -	\$ 874
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	34,867	-	-	18,477,484	12,108
Total receipts	-	34,867	-	-	18,477,484	12,108
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	44,687	-	-	-	-
Other disbursements	-	94,436	-	-	18,477,484	12,122
Total disbursements	-	139,123	-	-	18,477,484	12,122
Excess (deficiency) of receipts over disbursements	-	(104,256)	-	-	-	(14)
Cash and investments - ending	\$ 6,000	\$ 34,867	\$ 32,898	\$ 50	\$ -	\$ 860

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL - OLD	HEALTH INSURANCE CLEARING FUND	PAYROLL - NET WAGES	PAYROLL - FEDERAL WITHHOLDING	PAYROLL - FICA WITHHOLDING	PAYROLL - MEDICARE WITHHOLDING
Cash and investments - beginning	\$ (3,004)	\$ 100	\$ 6,071	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	34	145,773	748,034	502,242	384,449	122,025
Total receipts	34	145,773	748,034	502,242	384,449	122,025
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	34	145,773	748,034	502,242	384,449	122,025
Total disbursements	34	145,773	748,034	502,242	384,449	122,025
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	\$ (3,004)	\$ 100	\$ 6,071	\$ -	\$ -	\$ -

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL - STATE WITHHOLDING	PAYROLL - COUNTY WITHHOLDING	PAYROLL - POLICE PERF	PAYROLL - FIRE PERF	PAYROLL - DIRECT DEPOSIT	PAYROLL - INSURANCE
Cash and investments - beginning	\$ 15,651	\$ 6,818	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	147,498	77,553	30,026	32,929	2,432,771	222
Total receipts	147,498	77,553	30,026	32,929	2,432,771	222
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	146,750	75,465	30,026	32,929	2,432,771	222
Total disbursements	146,750	75,465	30,026	32,929	2,432,771	222
Excess (deficiency) of receipts over disbursements	748	2,088	-	-	-	-
Cash and investments - ending	\$ 16,399	\$ 8,906	\$ -	\$ -	\$ -	\$ -

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL - AFLAC PRE-TAX/POST-TAX	PAYROLL - HSA EMPLOYEE CONTRIBUTION	PAYROLL - VOLUNTARY LIFE INSURANCE	PAYROLL - DEFERRED COMP (HARTFORD)	PAYROLL - CHILD SUPPORT	PAYROLL - UTILITIES 457
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	11,656	75,765	6,972	27,141	14,919	61,963
Total receipts	11,656	75,765	6,972	27,141	14,919	61,963
Disbursements:						
Personal services	-	-	-	-	-	61,963
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	11,656	75,765	6,972	27,141	14,919	-
Total disbursements	11,656	75,765	6,972	27,141	14,919	61,963
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL - PENSION EMPLOYEE INSURANCE	PAYROLL - ENCOMPASS CREDIT UNION	ELECTRIC CASH OPERATING	ELECTRIC CONSUMER DEPOSIT	ELECTRIC DEPRECIATION	ELECTRIC CASH RESERVE
Cash and investments - beginning	\$ -	\$ -	\$ 2,873,523	\$ 243,761	\$ 2,052,107	\$ 5,691
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	48,463	354,948	-
Other receipts	2,985	21,700	14,058,606	-	1,747	125,004
Total receipts	2,985	21,700	14,058,606	48,463	356,695	125,004
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	2,985	21,700	14,104,905	48,756	17,045	125,000
Total disbursements	2,985	21,700	14,104,905	48,756	17,045	125,000
Excess (deficiency) of receipts over disbursements	-	-	(46,299)	(293)	339,650	4
Cash and investments - ending	\$ -	\$ -	\$ 2,827,224	\$ 243,468	\$ 2,391,757	\$ 5,695

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	SICK DAYS ACCUM -	STORMWATER OPERATING	BONY - STORMWATER UTL BOND & INT	BONY - STORMWATER DEBT SERVICE RESERVE	BONY - STORMWATER CONSTRUCTION	SEWAGE OPERATING
	ELECTRIC					
Cash and investments - beginning	\$ 96,589	\$ 965,721	\$ 66,451	\$ 172,170	\$ -	\$ 1,403,267
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	14,752	583,057	316,429	38,933	945,396	2,165,662
Total receipts	14,752	583,057	316,429	38,933	945,396	2,165,662
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	480,162	292,230	-	945,396	1,928,387
Total disbursements	-	480,162	292,230	-	945,396	1,928,387
Excess (deficiency) of receipts over disbursements	14,752	102,895	24,199	38,933	-	237,275
Cash and investments - ending	\$ 111,341	\$ 1,068,616	\$ 90,650	\$ 211,103	\$ -	\$ 1,640,542

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	SEWAGE UTL DEPRECIATION	SEWAGE CONSTRUCTION	SICK DAY LIABILITY - SEWAGE	WP SEWAGE CASH OPERATING	WP SEWAGE AVAILABILITY FEE	BONY - SEWAGE CONSTRUCTION
Cash and investments - beginning	\$ 60,424	\$ 9,038	\$ 56,260	\$ -	\$ 92,912	\$ 4,793,218
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	75,000	-	-
Other receipts	44	7	5,481	420,939	260,330	2,673
Total receipts	44	7	5,481	495,939	260,330	2,673
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	3,291	1,600	-	433,188	-	3,972,915
Total disbursements	3,291	1,600	-	433,188	-	3,972,915
Excess (deficiency) of receipts over disbursements	(3,247)	(1,593)	5,481	62,751	260,330	(3,970,242)
Cash and investments - ending	\$ 57,177	\$ 7,445	\$ 61,741	\$ 62,751	\$ 353,242	\$ 822,976

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	BONY - SEWAGE BOND & INT	BONY - SEWAGE DEBT SERVICE RESERVE	WATER CASH OPERATING	WATER CONSUMER DEPOSIT	WATER DEPRECIATION	WATER CONSTRUCTION
Cash and investments - beginning	\$ 14,754	\$ 168,765	\$ 588,726	\$ 40,796	\$ 116,751	\$ 53,094
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	8,640	-	-
Other receipts	348,139	64,978	1,208,880	-	78	28
Total receipts	348,139	64,978	1,208,880	8,640	78	28
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	334,000	-	1,213,336	8,225	17,060	44,978
Total disbursements	334,000	-	1,213,336	8,225	17,060	44,978
Excess (deficiency) of receipts over disbursements	14,139	64,978	(4,456)	415	(16,982)	(44,950)
Cash and investments - ending	\$ 28,893	\$ 233,743	\$ 584,270	\$ 41,211	\$ 99,769	\$ 8,144

CITY OF TIPTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	SICK DAY LIABILITY -	WATER UTL BOND & INTEREST (SINKING)	WATER DEBT SERVICE RESERVE	WP WATER CASH OPERATING	WP WATER AVAILABILITY FEE	Totals
Cash and investments - beginning	\$ 60,167	\$ 347	\$ 151,900	\$ -	\$ 26,233	\$ 18,807,820
Receipts:						
Taxes	-	-	-	-	-	3,127,597
Licenses and permits	-	-	-	-	-	76,585
Intergovernmental receipts	-	-	-	-	-	2,001,683
Charges for services	-	-	-	-	-	385,596
Fines and forfeits	-	-	-	-	-	305,818
Utility fees	-	-	-	65,000	-	552,051
Other receipts	1,597	147,580	-	81,269	20,986	45,714,144
Total receipts	1,597	147,580	-	146,269	20,986	52,163,474
Disbursements:						
Personal services	-	-	-	-	-	4,114,601
Supplies	-	-	-	-	-	599,745
Other services and charges	-	-	-	-	-	1,130,517
Debt service - principal and interest	-	-	-	-	-	127,286
Capital outlay	-	-	-	-	-	943,660
Other disbursements	-	147,538	-	130,848	-	48,054,965
Total disbursements	-	147,538	-	130,848	-	54,970,774
Excess (deficiency) of receipts over disbursements	1,597	42	-	15,421	20,986	(2,807,300)
Cash and investments - ending	\$ 61,764	\$ 389	\$ 151,900	\$ 15,421	\$ 47,219	\$ 16,000,520

CITY OF TIPTON
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Electric	\$ 1,783,534	\$ 824,118
Storm Water	29	54,019
Wastewater	43,252	152,500
Water	29,858	85,922
Governmental activities	<u>41,234</u>	<u>16,774</u>
Totals	<u>\$ 1,897,907</u>	<u>\$ 1,133,333</u>

CITY OF TIPTON
SCHEDULE OF LEASES AND DEBT
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Encompass Credit Union	Police Cars	\$ 35,255	8/1/2015	8/1/2017
First Farmers Bank	Wheel Loader	20,990	5/8/2014	8/1/2018
USDA Rural Development	Fire Truck loan	<u>39,771</u>	11/1/2011	11/1/2026
Total governmental activities		<u>96,016</u>		
Total of annual lease payments		<u>\$ 96,016</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 (Getrag)	\$ 770,000	\$ 92,722
Notes and loans payable	Garbage Truck w/32 yard Labrie Automizer	235,887	37,316
Notes and loans payable	2015 Administrative Facilities Note	850,000	118,732
Notes and loans payable	Airpacks/Compressor for Fire Dept.	<u>94,159</u>	<u>25,271</u>
Total governmental activities		<u>1,950,046</u>	<u>274,041</u>
Storm Water:			
Revenue bonds	Storm Water District Revenue Bonds Series 2014	2,899,000	192,310
Revenue bonds	Storm Water Revenue Bonds Series 2012 (CSO)	<u>1,594,000</u>	<u>123,420</u>
Total Storm Water		<u>4,493,000</u>	<u>315,730</u>
Wastewater:			
Revenue bonds	Sewage Works Refunding Revenue Bonds Series 2014	4,563,000	209,000
Revenue bonds	Sewage Works Revenue Bonds Series 2015	<u>1,465,000</u>	<u>124,000</u>
Total Wastewater		<u>6,028,000</u>	<u>333,000</u>
Water:			
Revenue bonds	Waterworks Revenue Bonds Series 2010	985,000	149,038
Notes and loans payable	Backhoe & Skid Steer	<u>100,000</u>	<u>21,717</u>
Total Water		<u>1,085,000</u>	<u>170,755</u>
Totals		<u>\$ 13,556,046</u>	<u>\$ 1,093,526</u>

CITY OF TIPTON
SCHEDULE OF CAPITAL ASSETS
December 31, 2016

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	2,174,021
Buildings	3,654,587
Improvements other than buildings	1,091,714
Machinery, equipment, and vehicles	<u>4,549,148</u>
Total governmental activities	<u>11,488,470</u>
Electric:	
Land	64,758
Improvements other than buildings	8,899,035
Machinery, equipment, and vehicles	5,175,110
Construction in progress	<u>24,134</u>
Total Electric	<u>14,163,037</u>
Storm Water:	
Improvements other than buildings	2,068,117
Construction in progress	<u>2,060,216</u>
Total Storm Water	<u>4,128,333</u>
Wastewater:	
Land	235,394
Improvements other than buildings	10,855,279
Machinery, equipment, and vehicles	4,625,699
Construction in progress	<u>7,089,500</u>
Total Wastewater	<u>22,805,872</u>
Water:	
Land	37,316
Buildings	62,942
Improvements other than buildings	13,375,387
Machinery, equipment, and vehicles	<u>699,489</u>
Total Water	<u>14,175,134</u>
Total capital assets	<u>\$ 66,760,846</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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 *OMB Compliance Supplement* that could have a direct and material effect on the of its major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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 the major federal program for the year ended December 31, 2016.

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 the 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 types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

September 25, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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, 2016

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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Environmental Protection Agency</u>					
Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458			
Upgrade to Sewage Plant			WW16038004	\$ -	\$ 2,637,356
Total - Clean Water State Revolving Fund Cluster				-	2,637,356
Total - Environmental Protection Agency				-	2,637,356
<u>Department of Homeland Security</u>					
Hazard Mitigation Grant	Indiana Department of Homeland Security	97.039			
DHS Flood Grant			DR-4058.08	-	116,861
DHS Flood Grant Phase 2			DR-4173	-	133,782
Total - Hazard Mitigation Grant				-	250,643
Total - Department of Homeland Security				-	250,643
Total federal awards expended				\$ -	\$ 2,887,999

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 (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

Name of Federal Program or Cluster	Opinion Issued
Clean Water State Revolving Fund Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.