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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF KOKOMO
HOWARD COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
08/01/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	James J. Brannon	01-01-08 to 12-31-15
Mayor	Gregory Goodnight	01-01-08 to 12-31-15
President of the Board of Public Works and Safety	James J. Brannon	01-01-08 to 12-31-15
President of the Common Council	John M. Kennedy	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Christopher Cooper	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF KOKOMO, HOWARD COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Kokomo (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

In accordance with Government Auditing Standards, we have also issued a report dated June 13, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Debt, and Schedule of Capital Assets 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 it.

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

June 13, 2012



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302 WEST WASHINGTON STREET
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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE CITY OF KOKOMO, HOWARD COUNTY, INDIANA

We have audited the financial statement of the City of Kokomo (City), for the year ended December 31, 2011, and have issued our report thereon dated June 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

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

June 13, 2012

FINANCIAL STATEMENT

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

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

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 3,836,222	\$ 41,711,944	\$ 34,464,435	\$ 11,083,731
Motor Vehicle Highway	1,332,236	3,457,234	2,957,165	1,832,305
Local Road And Street	548,378	471,269	370,581	649,066
Aviation	231,360	642,828	529,725	344,463
Economic Development Operating	1,729,064	1,687,596	1,813,078	1,603,582
Building Demolition	21,630	1,014	-	22,644
Plan Commission	108,621	374,232	284,858	197,995
Community Development	29,890	810,359	798,079	42,170
Law Enforcement Continuing Ed	107,147	39,294	30,000	116,441
Parks And Recreation	564,530	3,811,145	2,931,900	1,443,775
Rainy Day	755,342	4,327	592,000	167,669
Levy Excess	93,090	-	3,176	89,914
Cumulative Capital Improvement	610,413	132,426	114,826	628,013
2010 Edit Revenue Bond	985,084	811	985,895	-
Health Insurance	2,365,297	9,039,185	10,025,418	1,379,064
Police Pension	1,886,416	2,565,058	2,740,560	1,710,914
Fire Pension	2,657,768	3,824,249	4,275,061	2,206,956
NORTH ST-County reimb for services	-	200,000	200,000	-
SPRITE	-	35,000	24,777	10,223
MARKLAND AND PARK	-	82,264	41,102	41,162
WASHINGTON & LAFOUNTAIN	-	166,869	160,810	6,059
PAL Building Fund	-	6,940	-	6,940
Bus Shelter	-	11,680	-	11,680
U E A	-	18,000	18,000	-
VOCA-Local grant	-	7,500	7,500	-
BYRNE Grant-PO-911	-	25,895	29,169	(3,274)
PO-211 4/1/2010-3/31/2011	-	7,525	12,746	(5,221)
PO-212 4/1/2011-3/31/2013	-	-	4,718	(4,718)
PO-211A Bomb Suits & Helmets	-	35,337	35,337	-
AI-19 Road Construction	-	82,100	30,000	52,100
FEMA-21 Thermal Imaging Camera	-	54,000	53,601	399
FTA-11 2010 IN-90-X611	-	639,797	639,797	-
FTA11A 2011 IN-90-X032	-	20,709	20,709	-
Redevelopment Commission	12,214	3,581	5,493	10,302
Cemetery Operating	86,635	509,401	389,954	206,082
Se-1	34,404	78,120	37,679	74,845
Se-1 Area 5 And State Pmtf	2,315	51,154	51,032	2,437
Rehab Appersonway/Jackson Park	955	-	-	955
Rotary Fuel	45,226	280,484	294,032	31,678
Cdr	31,610	180	2,840	28,950
Dad-1	3,483	-	-	3,483
Emd-1	9,075	13,185	11,983	10,277
Fid-1	838	837	763	912
Pod-1	1,243	903	648	1,498
Pod-2	4,405	-	-	4,405
Sed-1	23,705	3,380	16,647	10,438
Sed-2	15,220	7,546	123	22,643
Cad-1	6,514	500	5,047	1,967
Hmd-1	8,981	2,496	516	10,961
Pad-1	42,645	21,642	12,667	51,620
Kod-1	3,306	1,750	-	5,056
Pad-3	71	-	-	71

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

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

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Pad-2	333	737	734	336
Pod-3	7,442	19,361	17,107	9,696
Ai-08 To Ai-15	7,613	-	-	7,613
Ai-16	4,545	239,652	245,797	(1,600)
Fema-15	770	-	-	770
Po-28B Po-29B	(3,500)	3,500	-	-
Po-38	531	-	531	-
Po-4 Po-7	(3,362)	24,295	24,452	(3,519)
Po-6	(731)	8,823	8,573	(481)
Po-5	-	20,705	20,705	-
Tr-1	49,265	-	-	49,265
Ma-1 Ma-3	3,129	-	384	2,745
Continuing Throughfare	55,909	-	-	55,909
Special Revenue - Kgov	2,229	-	599	1,630
Po-89 Gr#09-Sb-B9-2231	-	36,758	36,758	-
Po-39	2,061	-	1,530	531
Po-25 Po-28 Po-28D Po-29A PO-14 F	(8,108)	5,385	3,440	(6,163)
Po-99	3,001	-	-	3,001
Howard Co Local Coor Council	6,335	-	-	6,335
Fta-Arra Stimulus Fund	-	89,000	37,064	51,936
Fta-Transit Center	18,827	61,502	45,169	35,160
Cops Hiring Recovery Program	(83,383)	357,988	283,744	(9,139)
Neighborhood Stabilization Program	130,432	90,076	33,918	186,590
Special Revenue-Barrett Law Surplus	195,165	21,434	1,210	215,389
Special Revenue-Barrett Law Revlvg	18,209	107	-	18,316
Certified Technology Park	-	178,331	178,331	-
Usda Small Bus Rlf Program	42,119	70,738	105,000	7,857
Ai-17	(4,085)	13,280	9,121	74
Ai-18	22,030	184,674	183,536	23,168
Fema-8 Fema-7	528	-	-	528
Safer	(199,783)	767,210	630,237	(62,810)
Fema-9	(430)	377,903	379,793	(2,320)
Fta-10 In-90-X596	(67)	215,485	215,418	-
Dixon	70,043	381,764	433,365	18,442
Po-910	(13,165)	25,895	2,839	9,891
Po-210	(44)	238	194	-
Fed Grants #10-Energy Grant	5	-	-	5
Special Revenue - Other	141,242	5,575	-	146,817
Payroll	1,322,689	110,419	-	1,433,108
Cemetery Trust	3,612	21	86	3,547
Ked-1 Kokomo Eco Dev	23,222	-	-	23,222
Eda Revolving Loan Fund	480,223	320,650	277,609	523,264
Lcc-4	1,186	-	-	1,186
Upi Trust Fund	198	-	-	198
Wastewater Utility-Operating	9,217,331	13,330,326	12,418,069	10,129,588
Wastewater Utility-Deprec/Improve	2,223,442	7,776	-	2,231,218
Sewer Improvements	1,000,000	-	-	1,000,000
Wastewater Utility-Debt Reserve	1,614,150	-	-	1,614,150
Wastewater Utility-Ext & Betterment	1,766,968	44,900	544,528	1,267,340
Totals	<u>\$ 36,313,459</u>	<u>\$ 87,956,254</u>	<u>\$ 81,164,288</u>	<u>\$ 43,105,425</u>

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

CITY OF KOKOMO
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, wastewater, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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

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

Penalties which include fees received for late payments.

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

E. Disbursements

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

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

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

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

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

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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

B. 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.

C. 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.

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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

	General	Motor Vehicle Highway	Local Road And Street	Aviation	Economic Development Operating	Building Demolition	Plan Commission
Cash and investments - beginning	\$ 3,836,222	\$ 1,332,236	\$ 548,378	\$ 231,360	\$ 1,729,064	\$ 21,630	\$ 108,621
Receipts:							
Taxes	32,923,524	1,549,854	-	418,261	-	-	189,423
Licenses and permits	45,760	-	-	-	-	-	45,283
Intergovernmental	7,479,778	1,861,955	404,212	18,762	1,687,596	-	8,734
Charges for services	767,362	27,277	67,057	152,263	-	1,014	130,126
Fines and forfeits	98,307	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	397,213	18,148	-	53,542	-	-	666
Total receipts	<u>41,711,944</u>	<u>3,457,234</u>	<u>471,269</u>	<u>642,828</u>	<u>1,687,596</u>	<u>1,014</u>	<u>374,232</u>
Disbursements:							
Personal services	25,928,439	613,348	-	325,424	-	-	266,347
Supplies	1,324,941	1,112,806	-	43,180	-	-	3,681
Other services and charges	5,177,512	853,469	370,581	153,512	851,559	-	11,896
Debt service - principal and interest	-	-	-	-	908,182	-	-
Capital outlay	2,033,543	377,542	-	7,609	53,337	-	2,934
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>34,464,435</u>	<u>2,957,165</u>	<u>370,581</u>	<u>529,725</u>	<u>1,813,078</u>	<u>-</u>	<u>284,858</u>
Excess (deficiency) of receipts over disbursements	<u>7,247,509</u>	<u>500,069</u>	<u>100,688</u>	<u>113,103</u>	<u>(125,482)</u>	<u>1,014</u>	<u>89,374</u>
Cash and investments - ending	<u>\$ 11,083,731</u>	<u>\$ 1,832,305</u>	<u>\$ 649,066</u>	<u>\$ 344,463</u>	<u>\$ 1,603,582</u>	<u>\$ 22,644</u>	<u>\$ 197,995</u>

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

	Community Development	Law Enforcement Continuing Ed	Parks And Recreation	Rainy Day	Levy Excess	Cumulative Capital Improvement	2010 Edit Revenue Bond
Cash and investments - beginning	\$ 29,890	\$ 107,147	\$ 564,530	\$ 755,342	\$ 93,090	\$ 610,413	\$ 985,084
Receipts:							
Taxes	-	-	3,250,169	-	-	-	-
Licenses and permits	-	14,800	-	-	-	-	-
Intergovernmental	793,905	-	147,182	-	-	132,426	-
Charges for services	-	16,210	375,123	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	16,454	8,284	38,671	4,327	-	-	811
Total receipts	<u>810,359</u>	<u>39,294</u>	<u>3,811,145</u>	<u>4,327</u>	<u>-</u>	<u>132,426</u>	<u>811</u>
Disbursements:							
Personal services	165,563	-	1,695,990	-	-	-	-
Supplies	2,510	30,000	297,514	-	-	-	-
Other services and charges	630,006	-	613,918	-	3,176	21,129	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	324,478	592,000	-	93,697	985,895
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>798,079</u>	<u>30,000</u>	<u>2,931,900</u>	<u>592,000</u>	<u>3,176</u>	<u>114,826</u>	<u>985,895</u>
Excess (deficiency) of receipts over disbursements	<u>12,280</u>	<u>9,294</u>	<u>879,245</u>	<u>(587,673)</u>	<u>(3,176)</u>	<u>17,600</u>	<u>(985,084)</u>
Cash and investments - ending	<u>\$ 42,170</u>	<u>\$ 116,441</u>	<u>\$ 1,443,775</u>	<u>\$ 167,669</u>	<u>\$ 89,914</u>	<u>\$ 628,013</u>	<u>\$ -</u>

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

	Health Insurance	Police Pension	Fire Pension	NORTH ST-County reimb for services	SPRITE	MARKLAND AND PARK	WASHINGTON & LAFOUNTAIN
Cash and investments - beginning	\$ 2,365,297	\$ 1,886,416	\$ 2,657,768	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	83,102	89,629	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	2,478,995	3,730,750	-	35,000	82,264	166,869
Charges for services	10,450	-	-	200,000	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	9,028,735	2,961	3,870	-	-	-	-
Total receipts	<u>9,039,185</u>	<u>2,565,058</u>	<u>3,824,249</u>	<u>200,000</u>	<u>35,000</u>	<u>82,264</u>	<u>166,869</u>
Disbursements:							
Personal services	4,530	196,592	413,629	-	-	-	-
Supplies	77,622	-	-	-	-	-	-
Other services and charges	9,943,266	2,543,968	3,861,432	-	-	41,102	160,810
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	200,000	24,777	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>10,025,418</u>	<u>2,740,560</u>	<u>4,275,061</u>	<u>200,000</u>	<u>24,777</u>	<u>41,102</u>	<u>160,810</u>
Excess (deficiency) of receipts over disbursements	<u>(986,233)</u>	<u>(175,502)</u>	<u>(450,812)</u>	<u>-</u>	<u>10,223</u>	<u>41,162</u>	<u>6,059</u>
Cash and investments - ending	<u>\$ 1,379,064</u>	<u>\$ 1,710,914</u>	<u>\$ 2,206,956</u>	<u>\$ -</u>	<u>\$ 10,223</u>	<u>\$ 41,162</u>	<u>\$ 6,059</u>

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

	PAL Building Fund	Bus Shelter	U E A	VOCA-Local grant	BYRNE Grant-PO-911	PO-211 4/1/2010-3/31/2011	PO-212 4/1/2011-3/31/2013
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	25,895	7,525	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	6,940	11,680	18,000	7,500	-	-	-
Total receipts	6,940	11,680	18,000	7,500	25,895	7,525	-
Disbursements:							
Personal services	-	-	-	-	26,330	1,903	243
Supplies	-	-	-	-	-	2,052	304
Other services and charges	-	-	-	-	2,839	497	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	18,000	-	-	8,294	4,171
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	7,500	-	-	-
Total disbursements	-	-	18,000	7,500	29,169	12,746	4,718
Excess (deficiency) of receipts over disbursements	6,940	11,680	-	-	(3,274)	(5,221)	(4,718)
Cash and investments - ending	\$ 6,940	\$ 11,680	\$ -	\$ -	\$ (3,274)	\$ (5,221)	\$ (4,718)

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

	PO-211A Bomb Suits & Helmets	AI-19 Road Construction	FEMA-21 Thermal Imaging Camera	FTA-11 2010 IN-90-X611	FTA11A 2011 IN-90-X032	Redevelopment Commission	Cemetery Operating
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,214	\$ 86,635
Receipts:							
Taxes	-	-	-	-	-	-	413,396
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	35,337	82,100	54,000	639,797	20,709	-	18,546
Charges for services	-	-	-	-	-	-	71,602
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	3,581	5,857
Total receipts	<u>35,337</u>	<u>82,100</u>	<u>54,000</u>	<u>639,797</u>	<u>20,709</u>	<u>3,581</u>	<u>509,401</u>
Disbursements:							
Personal services	-	-	-	12,328	-	-	312,183
Supplies	-	-	-	-	-	-	22,129
Other services and charges	-	30,000	-	627,469	-	5,493	28,899
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	35,337	-	53,601	-	20,709	-	26,743
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>35,337</u>	<u>30,000</u>	<u>53,601</u>	<u>639,797</u>	<u>20,709</u>	<u>5,493</u>	<u>389,954</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>52,100</u>	<u>399</u>	<u>-</u>	<u>-</u>	<u>(1,912)</u>	<u>119,447</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 52,100</u>	<u>\$ 399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,302</u>	<u>\$ 206,082</u>

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

	Se-1	Se-1 Area 5 And State Pmtf	Rehab Appersonway/Jackson Park	Rotary Fuel	Cdr	Dad-1	Emd-1
Cash and investments - beginning	\$ 34,404	\$ 2,315	\$ 955	\$ 45,226	\$ 31,610	\$ 3,483	\$ 9,075
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	31,582	6,990	-	-	-	-	-
Charges for services	-	35,000	-	280,484	-	-	-
Fines and forfeits	-	-	-	-	180	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	46,538	9,164	-	-	-	-	13,185
Total receipts	<u>78,120</u>	<u>51,154</u>	<u>-</u>	<u>280,484</u>	<u>180</u>	<u>-</u>	<u>13,185</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	32,957	-	237,342	1,860	-	10,917
Other services and charges	9,811	18,075	-	4,647	-	-	1,066
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	27,868	-	-	-	980	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	52,043	-	-	-
Total disbursements	<u>37,679</u>	<u>51,032</u>	<u>-</u>	<u>294,032</u>	<u>2,840</u>	<u>-</u>	<u>11,983</u>
Excess (deficiency) of receipts over disbursements	<u>40,441</u>	<u>122</u>	<u>-</u>	<u>(13,548)</u>	<u>(2,660)</u>	<u>-</u>	<u>1,202</u>
Cash and investments - ending	<u>\$ 74,845</u>	<u>\$ 2,437</u>	<u>\$ 955</u>	<u>\$ 31,678</u>	<u>\$ 28,950</u>	<u>\$ 3,483</u>	<u>\$ 10,277</u>

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

	Fid-1	Pod-1	Pod-2	Sed-1	Sed-2	Cad-1	Hmd-1
Cash and investments - beginning	\$ 838	\$ 1,243	\$ 4,405	\$ 23,705	\$ 15,220	\$ 6,514	\$ 8,981
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	7,546	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	837	903	-	3,380	-	500	2,496
Total receipts	<u>837</u>	<u>903</u>	<u>-</u>	<u>3,380</u>	<u>7,546</u>	<u>500</u>	<u>2,496</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	648	-	-	123	-	516
Other services and charges	763	-	-	16,647	-	5,047	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>763</u>	<u>648</u>	<u>-</u>	<u>16,647</u>	<u>123</u>	<u>5,047</u>	<u>516</u>
Excess (deficiency) of receipts over disbursements	<u>74</u>	<u>255</u>	<u>-</u>	<u>(13,267)</u>	<u>7,423</u>	<u>(4,547)</u>	<u>1,980</u>
Cash and investments - ending	<u>\$ 912</u>	<u>\$ 1,498</u>	<u>\$ 4,405</u>	<u>\$ 10,438</u>	<u>\$ 22,643</u>	<u>\$ 1,967</u>	<u>\$ 10,961</u>

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

	Pad-1	Kod-1	Pad-3	Pad-2	Pod-3	Ai-08 To Ai-15	Ai-16
Cash and investments - beginning	\$ 42,645	\$ 3,306	\$ 71	\$ 333	\$ 7,442	\$ 7,613	\$ 4,545
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	239,652
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	21,642	1,750	-	737	19,361	-	-
Total receipts	<u>21,642</u>	<u>1,750</u>	<u>-</u>	<u>737</u>	<u>19,361</u>	<u>-</u>	<u>239,652</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	12,667	-	-	734	17,107	-	-
Other services and charges	-	-	-	-	-	-	245,797
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>12,667</u>	<u>-</u>	<u>-</u>	<u>734</u>	<u>17,107</u>	<u>-</u>	<u>245,797</u>
Excess (deficiency) of receipts over disbursements	<u>8,975</u>	<u>1,750</u>	<u>-</u>	<u>3</u>	<u>2,254</u>	<u>-</u>	<u>(6,145)</u>
Cash and investments - ending	<u>\$ 51,620</u>	<u>\$ 5,056</u>	<u>\$ 71</u>	<u>\$ 336</u>	<u>\$ 9,696</u>	<u>\$ 7,613</u>	<u>\$ (1,600)</u>

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

	Fema-15	Po-28B Po-29B	Po-38	Po-4 Po-7	Po-6	Po-5	Tr-1
Cash and investments - beginning	\$ 770	\$ (3,500)	\$ 531	\$ (3,362)	\$ (731)	\$ -	\$ 49,265
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	3,500	-	-	-	20,705	-
Charges for services	-	-	-	24,295	8,823	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	3,500	-	24,295	8,823	20,705	-
Disbursements:							
Personal services	-	-	-	24,452	8,573	-	-
Supplies	-	-	-	-	-	2,225	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	531	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	18,480	-
Total disbursements	-	-	531	24,452	8,573	20,705	-
Excess (deficiency) of receipts over disbursements	-	3,500	(531)	(157)	250	-	-
Cash and investments - ending	\$ 770	\$ -	\$ -	\$ (3,519)	\$ (481)	\$ -	\$ 49,265

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

	Ma-1 Ma-3	Continuing Throughfare	Special Revenue - Kgov	Po-89 Gr#09-Sb-B9-2231	Po-39	Po-25 Po-28 Po-28D Po-29A PO-14 PO-26	Po-99
Cash and investments - beginning	\$ 3,129	\$ 55,909	\$ 2,229	\$ -	\$ 2,061	\$ (8,108)	\$ 3,001
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	36,758	-	5,385	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	36,758	-	5,385	-
Disbursements:							
Personal services	-	-	-	-	-	3,440	-
Supplies	-	-	599	-	-	-	-
Other services and charges	384	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	36,758	1,530	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	384	-	599	36,758	1,530	3,440	-
Excess (deficiency) of receipts over disbursements	(384)	-	(599)	-	(1,530)	1,945	-
Cash and investments - ending	\$ 2,745	\$ 55,909	\$ 1,630	\$ -	\$ 531	\$ (6,163)	\$ 3,001

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

	Howard Co Local Coor Council	Fta-Arra Stimulus Fund	Fta-Transit Center	Cops Hiring Recovery Program	Neighborhood Stabilization Program	Special Revenue-Barrett Law Surplus	Special Revenue-Barrett Law Revlvg
Cash and investments - beginning	\$ 6,335	\$ -	\$ 18,827	\$ (83,383)	\$ 130,432	\$ 195,165	\$ 18,209
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	89,000	-	357,988	-	-	-
Charges for services	-	-	61,502	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	90,076	21,434	107
Total receipts	-	89,000	61,502	357,988	90,076	21,434	107
Disbursements:							
Personal services	-	24,218	-	279,441	-	-	-
Supplies	-	11,251	1,578	-	437	-	-
Other services and charges	-	1,595	41,510	4,303	17,027	1,210	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	2,081	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	16,454	-	-
Total disbursements	-	37,064	45,169	283,744	33,918	1,210	-
Excess (deficiency) of receipts over disbursements	-	51,936	16,333	74,244	56,158	20,224	107
Cash and investments - ending	\$ 6,335	\$ 51,936	\$ 35,160	\$ (9,139)	\$ 186,590	\$ 215,389	\$ 18,316

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

	Certified Technology Park	Usda Small Bus Rif Program	Ai-17	Ai-18	Fema-8 Fema-7	Safer	Fema-9
Cash and investments - beginning	\$ -	\$ 42,119	\$ (4,085)	\$ 22,030	\$ 528	\$ (199,783)	\$ (430)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	178,331	42,000	13,280	184,674	-	767,210	377,903
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	28,738	-	-	-	-	-
Total receipts	<u>178,331</u>	<u>70,738</u>	<u>13,280</u>	<u>184,674</u>	<u>-</u>	<u>767,210</u>	<u>377,903</u>
Disbursements:							
Personal services	-	-	-	-	-	630,237	-
Supplies	-	-	-	-	-	-	-
Other services and charges	178,331	105,000	9,121	183,536	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	379,793
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>178,331</u>	<u>105,000</u>	<u>9,121</u>	<u>183,536</u>	<u>-</u>	<u>630,237</u>	<u>379,793</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(34,262)</u>	<u>4,159</u>	<u>1,138</u>	<u>-</u>	<u>136,973</u>	<u>(1,890)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 7,857</u>	<u>\$ 74</u>	<u>\$ 23,168</u>	<u>\$ 528</u>	<u>\$ (62,810)</u>	<u>\$ (2,320)</u>

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

	Fta-10 In-90-X596	Dixon	Po-910	Po-210	Fed Grants #10-Energy Grant	Special Revenue - Other
Cash and investments - beginning	\$ (67)	\$ 70,043	\$ (13,165)	\$ (44)	\$ 5	\$ 141,242
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	215,485	348,680	25,895	238	-	-
Charges for services	-	33,084	-	-	-	5,575
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	215,485	381,764	25,895	238	-	5,575
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	194	-	-
Other services and charges	132,784	433,365	2,839	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	40,695	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	41,939	-	-	-	-	-
Total disbursements	215,418	433,365	2,839	194	-	-
Excess (deficiency) of receipts over disbursements	67	(51,601)	23,056	44	-	5,575
Cash and investments - ending	\$ -	\$ 18,442	\$ 9,891	\$ -	\$ 5	\$ 146,817

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

	Payroll	Cemetery Trust	Ked-1 Kokomo Eco Dev	Eda Revolving Loan Fund	Lcc-4	Upi Trust Fund
Cash and investments - beginning	\$ 1,322,689	\$ 3,612	\$ 23,222	\$ 480,223	\$ 1,186	\$ 198
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	110,419	21	-	320,650	-	-
Total receipts	110,419	21	-	320,650	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	86	-	277,609	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	86	-	277,609	-	-
Excess (deficiency) of receipts over disbursements	110,419	(65)	-	43,041	-	-
Cash and investments - ending	\$ 1,433,108	\$ 3,547	\$ 23,222	\$ 523,264	\$ 1,186	\$ 198

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

	Wastewater Utility-Operating	Wastewater Utility-Deprec/Improve	Sewer Improvements	Wastewater Utility-Debt Reserve	Wastewater Utility-Ext & Betterment	Totals
Cash and investments - beginning	\$ 9,217,331	\$ 2,223,442	\$ 1,000,000	\$ 1,614,150	\$ 1,766,968	\$ 36,313,459
Receipts:						
Taxes	-	-	-	-	-	38,917,358
Licenses and permits	-	-	-	-	-	105,843
Intergovernmental	-	-	-	-	-	22,857,593
Charges for services	-	-	-	-	-	2,274,793
Fines and forfeits	-	-	-	-	-	98,487
Utility fees	13,063,829	-	-	-	44,900	13,108,729
Penalties	238,660	-	-	-	-	238,660
Other receipts	27,837	7,776	-	-	-	10,354,791
Total receipts	13,330,326	7,776	-	-	44,900	87,956,254
Disbursements:						
Personal services	-	-	-	-	-	30,933,210
Supplies	-	-	-	-	-	3,247,894
Other services and charges	-	-	-	-	-	27,623,086
Debt service - principal and interest	3,219,273	-	-	-	-	4,127,455
Capital outlay	663,655	-	-	-	544,528	6,561,086
Utility operating expenses	8,182,247	-	-	-	-	8,182,247
Other disbursements	352,894	-	-	-	-	489,310
Total disbursements	12,418,069	-	-	-	544,528	81,164,288
Excess (deficiency) of receipts over disbursements	912,257	7,776	-	-	(499,628)	6,791,966
Cash and investments - ending	\$ 10,129,588	\$ 2,231,218	\$ 1,000,000	\$ 1,614,150	\$ 1,267,340	\$ 43,105,425

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

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 258,752	\$ -
Wastewater	89,521	1,491,914
Totals	\$ 348,273	\$ 1,491,914

CITY OF KOKOMO
SCHEDULE OF DEBT
December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Wastewater:			
Revenue bonds	WWU 2000 REVENUES BONDS SERIES A	\$ 10,045,000	\$ 1,313,176
Revenue bonds	WWU 2001 REVENUES BONDS SERIES B	5,595,000	617,151
Revenue bonds	WWU 2005 REVENUES BONDS SERIES A	10,340,000	938,232
Revenue bonds	WWU 2008 REVENUES BONDS SERIES A	<u>4,665,000</u>	<u>354,210</u>
Total Wastewater		<u>30,645,000</u>	<u>3,222,769</u>
Totals		<u>\$ 30,645,000</u>	<u>\$ 3,222,769</u>

CITY OF KOKOMO
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 20,853,896
Infrastructure	88,779,195
Buildings	18,816,539
Improvements other than buildings	3,950,753
Machinery, equipment and vehicles	<u>19,775,678</u>
Total governmental activities	<u>152,176,061</u>
Wastewater:	
Land	140,849
Infrastructure	90,084,418
Buildings	19,108,998
Improvements other than buildings	903,766
Machinery, equipment and vehicles	<u>20,421,255</u>
Total Wastewater	<u>130,659,286</u>
Total capital assets	<u>\$ 282,835,347</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CITY OF KOKOMO, HOWARD COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Kokomo (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, 2011. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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.

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

June 13, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct grant			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218		
		B09-MC-18-0014	\$ 69,890
		B10-MC-18-0014	526,927
		B11-MC-18-0014	184,808
		B08-MN-18-0014	<u>33,919</u>
Total for cluster			<u>815,544</u>
Pass-Through Indiana Housing and Community Development Authority			
CDBG - State-Administered CDBG Cluster			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
	14.228		
		HD-011-0004	10,456
		HD-011-0005	<u>80,488</u>
Total for cluster			<u>90,944</u>
Total for federal grantor agency			<u>906,488</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute			
JAG Program Cluster			
ARRA - Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units Of Local Government			
	16.804	2009-SB-B9-2231	<u>36,758</u>
Edward Byrne Memorial Justice Assistance Grant Program			
	16.738		
		2008-DJ-BX-0191	531
		2009-DJ-BX-1163	<u>1,530</u>
Total for program			<u>2,061</u>
Total for cluster			<u>38,819</u>
ARRA - Missing Children's Assistance			
	16.543	09-SN-B9-K0514	4,910
Missing Children's Assistance	16.543	08-MC-CX-K006	<u>7,718</u>
Total for program			<u>12,628</u>
Edward Byrne Memorial Formula Grant Program			
	16.579		
		09-DJ-024	25,895
		10-DJ-026	<u>25,895</u>
Total for program			<u>51,790</u>
Bulletproof Vest Partnership Program			
	16.607		
		FY2008	8,425
		FY2009	10,529
		FY2010	<u>3,975</u>
Total for program			<u>22,929</u>
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2009RKWX0342	<u>283,744</u>
Total for federal grantor agency			<u>409,910</u>

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

CITY OF KOKOMO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2011
 (Continued)

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 TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster ARRA - Highway Planning and Construction Highway Planning and Construction	20.205	0600560 STP-K 900130 1006003	348,680 144,729 41,102
Total for cluster			<u>534,511</u>
Direct grant Federal Transit Cluster ARRA - Federal Transit - Formula Grants Federal Transit - Formula Grants	20.507 20.507	IN-96-X015-00 IN-90X596-00 IN-90-X611-00 IN-95-X032-00	37,065 215,417 639,797 20,709
Total for cluster			<u>912,988</u>
Pass-Through Indiana Department of Transportation Highway Safety Cluster State and Community Highway Safety Alcohol Impaired Driving Countermeasures Incentive Grants I	20.600 20.601	FY2011 PT-11-04-04-10	8,573 24,452
Total for cluster			<u>33,025</u>
Direct grant Airport Improvement Program	20.106	3-18-0044-16 3-18-0044-17 3-18-0044-18 3-18-0044-19	233,507 8,665 174,449 28,500
Total for program			<u>445,121</u>
Total for federal grantor agency			<u>1,925,645</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of Energy Development State Energy Program	81.041	11-EEWT-004SEP/DE	52,730
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Assistance to Firefighters Grant	97.044	EMW-2009-FR-00359 EMW-2010-FO-04775	303,831 48,600
Total for program			<u>352,431</u>
Homeland Security Cluster State Homeland Security Program (SHSP)	97.073	2010-SS-TO-0038	35,337
Total for cluster			<u>35,337</u>
Staffing For Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2009-FH-00292	630,237
Total for federal grantor agency			<u>1,018,005</u>
Total federal awards expended			<u>\$ 4,312,778</u>

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

CITY OF KOKOMO
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 Kokomo (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. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2011:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2011</u>
Federal Transit - Formula Grants	20.507	<u>\$ 843,349</u>

CITY OF KOKOMO
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?	no
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	no
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
	Highway Planning and Construction Cluster
20.106	Airport Improvement Program
97.044	Assistance to Firefighters Grant
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF KOKOMO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF KOKOMO
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2012, with James J. Brannon, Controller; Gregory Goodnight, Mayor; Thu Caven, Deputy Controller; John M. Kennedy, President of the Common Council; and Randy Morris, Director of Operations. Our audit disclosed no material items that warrant comment at this time.