

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, 2012 to December 31, 2012



FILED
08/21/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	James J. Brannon Randall J. Morris	01-01-12 to 08-19-12 08-20-12 to 12-31-15
Mayor	Gregory Goodnight	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	James J. Brannon	01-01-12 to 12-31-13
President of the Common Council	John M. Kennedy	01-01-12 to 12-31-13
Superintendent of Wastewater Utility	Christopher Cooper	01-01-12 to 12-31-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 8, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



Bruce Hartman
State Examiner

July 8, 2013



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

TO: THE OFFICIALS OF THE CITY OF KOKOMO, HOWARD 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 Kokomo (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated July 8, 2013, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material weaknesses.

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*.

City of Kokomo's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman
State Examiner

July 8, 2013

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FINANCIAL STATEMENT

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

CITY OF KOKOMO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 11,083,731	\$ 40,539,048	\$ 35,719,997	\$ 15,902,782
Motor Vehicle Highway	1,832,305	3,214,441	2,794,916	2,251,830
Local Road And Street	649,066	415,842	520,000	544,908
Aviation	344,463	549,490	530,987	362,966
Economic Development Operating	1,603,582	1,918,880	935,971	2,586,491
Building Demolition	22,644	3,597	-	26,241
Plan Commission	197,995	389,015	340,140	246,870
Community Development	42,170	720,236	773,670	(11,264)
Law Enforcement Continuing Ed	116,441	57,298	11,070	162,669
Parks And Recreation	1,443,775	3,644,993	3,077,295	2,011,473
Rainy Day	167,669	5,039	172,010	698
Levy Excess	89,914	-	-	89,914
Cumulative Capital Improvement	628,013	120,593	477,512	271,094
Health Insurance	1,379,064	9,399,985	10,329,275	449,774
Police Pension	1,710,914	2,511,757	2,941,017	1,281,654
Fire Pension	2,206,956	4,069,647	4,463,003	1,813,600
SPRITE	10,223	-	10,212	11
MARKLAND AND PARK	41,162	58,283	79,900	19,545
WASHINGTON & LAFOUNTAIN	6,059	73,731	79,790	-
PAL Building Fund	6,940	-	6,940	-
Bus Shelter	11,680	12,503	24,183	-
BYRNE Grant-PO-911	(3,274)	25,894	22,620	-
PO-211 4/1/2010-3/31/2011	(5,221)	5,221	-	-
PO-212 4/1/2011-3/31/2013	(4,718)	17,075	12,569	(212)
AI-19 Road Construction	52,100	1,437,821	1,485,099	4,822
FEMA-21 Thermal Imaging Camera	399	-	-	399
FTA-11 2010 IN-90-X611	-	310,202	307,198	3,004
FTA11A 2011 IN-90-X032	-	233,211	233,211	-
Mayors Rdtable	-	2,500	2,500	-
FTA-12 2012 IN-90-X624	-	503,743	503,743	-
LOC-10 LOC-12 Local match for FTA grant	-	112,500	37,500	75,000
AI-20 Rnnway 5-23 phase 5	-	454,260	420,289	33,971
Neighborhood Stab Prog-3	-	260,899	263,970	(3,071)
VOCA	-	26,744	26,414	330
PO-311 2011 BG	-	25,370	9,929	15,441
PO-312 2012 BG	-	18,387	-	18,387
DNR-12 URBAN TREE CANOPY	-	2,000	3,397	(1,397)
PO112A Laptop	-	-	5,000	(5,000)
PO-912 PO-99	3,001	9,206	12,207	-
PO-213 ICAC 7/1/12-6/30/13	-	-	2,632	(2,632)
PO-112 2012 Local Bomb Squad	-	6,195	9,995	(3,800)
Redevelopment Commission	10,302	50,937	2,997	58,242
Cemetery Operating	206,082	501,168	416,350	290,900
Se-1	74,845	75,486	68,578	81,753
Se-1 Area 5 And State Pmtf	2,437	56,430	39,293	19,574
Rehab Appersonway/Jackson Park	955	-	-	955
Rotary Fuel	31,678	297,161	291,200	37,639
Cdr	28,950	360	-	29,310
Dad-1	3,483	-	-	3,483
Emd-1	10,277	13,280	19,733	3,824
Fid-1	912	3,050	2,463	1,499
Pod-1	1,498	11,887	6,142	7,243
Pod-2	4,405	110	740	3,775
Sed-1	10,438	4,296	399	14,335
Sed-2	22,643	10,583	770	32,456

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, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Cad-1	1,967	325	216	2,076
Hmd-1	10,961	3,315	2,702	11,574
Pad-1	51,620	18,122	31,505	38,237
Kod-1	5,056	6,500	-	11,556
Pad-3	71	2,075	-	2,146
Pad-2	336	592	592	336
Pod-3	9,696	520	9,701	515
Ai-08 To Ai-15	7,613	-	-	7,613
Ai-16	(1,600)	142,361	140,369	392
Fema-15	770	-	-	770
Po-4 Po-7	(3,519)	25,379	27,153	(5,293)
Po-6	(481)	8,963	9,341	(859)
Po-5	-	2,780	-	2,780
Tr-1	49,265	-	-	49,265
Ma-1 Ma-3	2,745	-	464	2,281
Continuing Throughfare	55,909	3,190	-	59,099
Special Revenue - Kgov	1,630	-	250	1,380
Po-89 Gr#09-Sb-B9-2231	-	1,216	1,216	-
Po-39	531	-	531	-
Po-25 Po-28 Po-28D Po-29A PO-14 PO-26	(6,163)	7,524	-	1,361
Howard Co Local Coor Council	6,335	-	-	6,335
Fta-Arra Stimulus Fund	51,936	-	51,936	-
Fta-Transit Center	35,160	68,538	30,182	73,516
Cops Hiring Recovery Program	(9,139)	354,659	353,075	(7,555)
Neighborhood Stabilization Program	186,590	250,828	428,253	9,165
Special Revenue-Barrett Law Surplus	215,389	26,725	105	242,009
Special Revenue-Barrett Law Revlvg	18,316	78	-	18,394
Certified Technology Park	-	198,954	198,954	-
Usda Small Bus Rlf Program	7,857	31,462	35,000	4,319
Ai-17	74	228	-	302
Ai-18	23,168	38,421	39,917	21,672
Fema-8 Fema-7	528	-	528	-
Safer	(62,810)	468,714	405,904	-
Fema-9	(2,320)	-	-	(2,320)
Fta-10 In-90-X596	-	24,326	24,326	-
Dixon	18,442	123,921	135,681	6,682
Po-910	9,891	-	9,891	-
Fed Grants #10-Energy Grant	5	-	-	5
Special Revenue - Other	146,817	5,675	-	152,492
Payroll	1,433,108	17	919,308	513,817
Cemetery Trust	3,547	15	120	3,442
Ked-1 Kokomo Eco Dev	23,222	-	-	23,222
Eda Revolving Loan Fund	523,264	167,027	174,190	516,101
Lcc-4	1,186	-	-	1,186
Upi Trust Fund	198	-	-	198
Wastewater Utility-Operating	10,129,588	13,241,293	12,607,904	10,762,977
Wastewater Utility-Deprec/Improve	2,231,218	4,526	-	2,235,744
Sewer Improvements	1,000,000	-	-	1,000,000
Wastewater Utility-Debt Reserve	1,614,150	-	-	1,614,150
Wastewater Utility-Ext & Betterment	1,267,340	57,000	442,490	881,850
Totals	<u>\$ 43,105,425</u>	<u>\$ 87,465,623</u>	<u>\$ 83,576,630</u>	<u>\$ 46,994,418</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, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

CITY OF 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.

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

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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

CITY OF 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.

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:

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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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, 2012

	General	Motor Vehicle Highway	Local Road And Street	Aviation	Economic Development Operating	Building Demolition	Plan Commission	Community Development
Cash and investments - beginning	\$ 11,083,731	\$ 1,832,305	\$ 649,066	\$ 344,463	\$ 1,603,582	\$ 22,644	\$ 197,995	\$ 42,170
Receipts:								
Taxes	30,886,191	1,905,061	-	389,813	-	-	157,992	-
Licenses and permits	146,286	-	-	-	-	-	86,440	-
Intergovernmental	8,198,564	1,290,003	415,842	19,037	1,910,022	-	7,708	-
Charges for services	993,406	4,358	-	110,271	-	3,597	136,275	682,511
Fines and forfeits	112,925	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	201,676	15,019	-	30,369	8,858	-	600	37,725
Total receipts	<u>40,539,048</u>	<u>3,214,441</u>	<u>415,842</u>	<u>549,490</u>	<u>1,918,880</u>	<u>3,597</u>	<u>389,015</u>	<u>720,236</u>
Disbursements:								
Personal services	26,056,730	641,118	-	290,943	-	-	319,147	168,994
Supplies	1,434,509	1,096,976	4,580	37,135	-	-	5,119	3,280
Other services and charges	5,770,211	806,917	515,420	190,964	935,971	-	13,125	601,396
Capital outlay	2,458,547	249,905	-	11,945	-	-	2,749	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>35,719,997</u>	<u>2,794,916</u>	<u>520,000</u>	<u>530,987</u>	<u>935,971</u>	<u>-</u>	<u>340,140</u>	<u>773,670</u>
Excess (deficiency) of receipts over disbursements	<u>4,819,051</u>	<u>419,525</u>	<u>(104,158)</u>	<u>18,503</u>	<u>982,909</u>	<u>3,597</u>	<u>48,875</u>	<u>(53,434)</u>
Cash and investments - ending	<u>\$ 15,902,782</u>	<u>\$ 2,251,830</u>	<u>\$ 544,908</u>	<u>\$ 362,966</u>	<u>\$ 2,586,491</u>	<u>\$ 26,241</u>	<u>\$ 246,870</u>	<u>\$ (11,264)</u>

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

	Law Enforcement Continuing Ed	Parks And Recreation	Rainy Day	Levy Excess	Cumulative Capital Improvement	Health Insurance	Police Pension
Cash and investments - beginning	\$ 116,441	\$ 1,443,775	\$ 167,669	\$ 89,914	\$ 628,013	\$ 1,379,064	\$ 1,710,914
Receipts:							
Taxes	-	3,058,589	-	-	-	-	46,260
Licenses and permits	33,570	-	-	-	-	-	-
Intergovernmental	-	149,372	-	-	120,593	-	2,464,469
Charges for services	15,532	401,788	-	-	-	9,382,594	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	8,196	35,244	5,039	-	-	17,391	1,028
Total receipts	<u>57,298</u>	<u>3,644,993</u>	<u>5,039</u>	<u>-</u>	<u>120,593</u>	<u>9,399,985</u>	<u>2,511,757</u>
Disbursements:							
Personal services	-	1,834,729	-	-	-	1,979	510,628
Supplies	11,070	344,215	10	-	-	185,946	-
Other services and charges	-	648,887	-	-	-	10,141,350	2,430,389
Capital outlay	-	249,464	172,000	-	477,512	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>11,070</u>	<u>3,077,295</u>	<u>172,010</u>	<u>-</u>	<u>477,512</u>	<u>10,329,275</u>	<u>2,941,017</u>
Excess (deficiency) of receipts over disbursements	<u>46,228</u>	<u>567,698</u>	<u>(166,971)</u>	<u>-</u>	<u>(356,919)</u>	<u>(929,290)</u>	<u>(429,260)</u>
Cash and investments - ending	<u>\$ 162,669</u>	<u>\$ 2,011,473</u>	<u>\$ 698</u>	<u>\$ 89,914</u>	<u>\$ 271,094</u>	<u>\$ 449,774</u>	<u>\$ 1,281,654</u>

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

	Fire Pension	SPRITE	MARKLAND AND PARK	WASHINGTON & LAFOUNTAIN	PAL Building Fund	Bus Shelter	BYRNE Grant-PO-911
Cash and investments - beginning	\$ 2,206,956	\$ 10,223	\$ 41,162	\$ 6,059	\$ 6,940	\$ 11,680	\$ (3,274)
Receipts:							
Taxes	49,034	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,019,114	-	-	-	-	-	-
Charges for services	-	-	58,283	73,731	-	-	25,894
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,499	-	-	-	-	12,503	-
Total receipts	<u>4,069,647</u>	<u>-</u>	<u>58,283</u>	<u>73,731</u>	<u>-</u>	<u>12,503</u>	<u>25,894</u>
Disbursements:							
Personal services	687,753	-	-	-	-	-	-
Supplies	53	-	-	-	-	-	-
Other services and charges	3,775,197	-	79,900	79,790	6,940	-	22,620
Capital outlay	-	10,212	-	-	-	24,183	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>4,463,003</u>	<u>10,212</u>	<u>79,900</u>	<u>79,790</u>	<u>6,940</u>	<u>24,183</u>	<u>22,620</u>
Excess (deficiency) of receipts over disbursements	<u>(393,356)</u>	<u>(10,212)</u>	<u>(21,617)</u>	<u>(6,059)</u>	<u>(6,940)</u>	<u>(11,680)</u>	<u>3,274</u>
Cash and investments - ending	<u>\$ 1,813,600</u>	<u>\$ 11</u>	<u>\$ 19,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	PO-211 4/1/2010-3/31/2011	PO-212 4/1/2011-3/31/2013	AI-19 Road Construction	FEMA-21 Thermal Imaging Camera	FTA-11 2010 IN-90-X611	FTA11A 2011 IN-90-X032	Mayors Rdtable
Cash and investments - beginning	\$ (5,221)	\$ (4,718)	\$ 52,100	\$ 399	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	5,222	16,168	1,424,351	-	310,202	233,211	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	(1)	907	13,470	-	-	-	2,500
Total receipts	5,221	17,075	1,437,821	-	310,202	233,211	2,500
Disbursements:							
Personal services	-	2,062	-	-	-	-	-
Supplies	-	5,136	-	-	-	-	-
Other services and charges	-	1,834	1,485,099	-	307,198	-	2,500
Capital outlay	-	3,537	-	-	-	233,211	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	12,569	1,485,099	-	307,198	233,211	2,500
Excess (deficiency) of receipts over disbursements	5,221	4,506	(47,278)	-	3,004	-	-
Cash and investments - ending	\$ -	\$ (212)	\$ 4,822	\$ 399	\$ 3,004	\$ -	\$ -

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

	FTA-12 2012 IN-90-X624	LOC-10 LOC-12 Local match for FTA grant	AI-20 Rnnway 5-23 phase 5	Neighborhood Stab Prog-3	VOCA	PO-311 2011 BG	PO-312 2012 BG
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	503,743	-	378,260	260,899	26,744	25,370	18,387
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	112,500	76,000	-	-	-	-
Total receipts	503,743	112,500	454,260	260,899	26,744	25,370	18,387
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	397	-	-	-
Other services and charges	407,743	-	420,289	241,044	25,784	-	-
Capital outlay	96,000	37,500	-	-	630	9,929	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	22,529	-	-	-
Total disbursements	503,743	37,500	420,289	263,970	26,414	9,929	-
Excess (deficiency) of receipts over disbursements	-	75,000	33,971	(3,071)	330	15,441	18,387
Cash and investments - ending	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 33,971</u>	<u>\$ (3,071)</u>	<u>\$ 330</u>	<u>\$ 15,441</u>	<u>\$ 18,387</u>

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

	DNR-12 URBAN TREE CANOPY	PO112A Laptop	PO-912 PO-99	PO-213 ICAC 7/1/12-6/30/13	PO-112 2012 Local Bomb Squad	Redevelopment Commission	Cemetery Operating
Cash and investments - beginning	\$ -	\$ -	\$ 3,001	\$ -	\$ -	\$ 10,302	\$ 206,082
Receipts:							
Taxes	-	-	-	-	-	-	399,149
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	19,504
Charges for services	-	-	-	-	6,195	-	82,515
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,000	-	9,206	-	-	50,937	-
Total receipts	2,000	-	9,206	-	6,195	50,937	501,168
Disbursements:							
Personal services	-	-	12,207	-	-	-	338,309
Supplies	3,397	-	-	271	-	-	22,251
Other services and charges	-	-	-	161	-	2,997	42,580
Capital outlay	-	5,000	-	2,200	9,995	-	13,210
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	3,397	5,000	12,207	2,632	9,995	2,997	416,350
Excess (deficiency) of receipts over disbursements	(1,397)	(5,000)	(3,001)	(2,632)	(3,800)	47,940	84,818
Cash and investments - ending	\$ (1,397)	\$ (5,000)	\$ -	\$ (2,632)	\$ (3,800)	\$ 58,242	\$ 290,900

CITY OF KOKOMO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (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	\$ 74,845	\$ 2,437	\$ 955	\$ 31,678	\$ 28,950	\$ 3,483	\$ 10,277
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	75,486	53,223	-	297,161	-	-	-
Fines and forfeits	-	-	-	-	360	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	3,207	-	-	-	-	13,280
Total receipts	<u>75,486</u>	<u>56,430</u>	<u>-</u>	<u>297,161</u>	<u>360</u>	<u>-</u>	<u>13,280</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	36,713	-	257,289	-	-	18,822
Other services and charges	21,222	2,580	-	3,541	-	-	911
Capital outlay	47,356	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	30,370	-	-	-
Total disbursements	<u>68,578</u>	<u>39,293</u>	<u>-</u>	<u>291,200</u>	<u>-</u>	<u>-</u>	<u>19,733</u>
Excess (deficiency) of receipts over disbursements	<u>6,908</u>	<u>17,137</u>	<u>-</u>	<u>5,961</u>	<u>360</u>	<u>-</u>	<u>(6,453)</u>
Cash and investments - ending	<u>\$ 81,753</u>	<u>\$ 19,574</u>	<u>\$ 955</u>	<u>\$ 37,639</u>	<u>\$ 29,310</u>	<u>\$ 3,483</u>	<u>\$ 3,824</u>

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

	<u>Fid-1</u>	<u>Pod-1</u>	<u>Pod-2</u>	<u>Sed-1</u>	<u>Sed-2</u>	<u>Cad-1</u>	<u>Hmd-1</u>
Cash and investments - beginning	\$ 912	\$ 1,498	\$ 4,405	\$ 10,438	\$ 22,643	\$ 1,967	\$ 10,961
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,050	11,887	110	4,296	10,583	325	3,315
Total receipts	<u>3,050</u>	<u>11,887</u>	<u>110</u>	<u>4,296</u>	<u>10,583</u>	<u>325</u>	<u>3,315</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	3,442	740	-	770	-	2,702
Other services and charges	2,463	2,700	-	399	-	216	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>2,463</u>	<u>6,142</u>	<u>740</u>	<u>399</u>	<u>770</u>	<u>216</u>	<u>2,702</u>
Excess (deficiency) of receipts over disbursements	<u>587</u>	<u>5,745</u>	<u>(630)</u>	<u>3,897</u>	<u>9,813</u>	<u>109</u>	<u>613</u>
Cash and investments - ending	<u>\$ 1,499</u>	<u>\$ 7,243</u>	<u>\$ 3,775</u>	<u>\$ 14,335</u>	<u>\$ 32,456</u>	<u>\$ 2,076</u>	<u>\$ 11,574</u>

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

	Pad-1	Kod-1	Pad-3	Pad-2	Pod-3	Ai-08 To Ai-15	Ai-16
Cash and investments - beginning	\$ 51,620	\$ 5,056	\$ 71	\$ 336	\$ 9,696	\$ 7,613	\$ (1,600)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	142,361
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	18,122	6,500	2,075	592	520	-	-
Total receipts	<u>18,122</u>	<u>6,500</u>	<u>2,075</u>	<u>592</u>	<u>520</u>	<u>-</u>	<u>142,361</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	9,940	-	-	592	9,701	-	-
Other services and charges	21,565	-	-	-	-	-	140,369
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>31,505</u>	<u>-</u>	<u>-</u>	<u>592</u>	<u>9,701</u>	<u>-</u>	<u>140,369</u>
Excess (deficiency) of receipts over disbursements	<u>(13,383)</u>	<u>6,500</u>	<u>2,075</u>	<u>-</u>	<u>(9,181)</u>	<u>-</u>	<u>1,992</u>
Cash and investments - ending	<u>\$ 38,237</u>	<u>\$ 11,556</u>	<u>\$ 2,146</u>	<u>\$ 336</u>	<u>\$ 515</u>	<u>\$ 7,613</u>	<u>\$ 392</u>

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

	Fema-15	Po-4 Po-7	Po-6	Po-5	Tr-1	Ma-1 Ma-3	Continuing Throughfare
Cash and investments - beginning	\$ 770	\$ (3,519)	\$ (481)	\$ -	\$ 49,265	\$ 2,745	\$ 55,909
Receipts:							
Taxes	-	-	-	-	-	-	3,190
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	25,379	8,963	2,780	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	25,379	8,963	2,780	-	-	3,190
Disbursements:							
Personal services	-	27,153	9,341	-	-	-	-
Supplies	-	-	-	-	-	464	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	27,153	9,341	-	-	464	-
Excess (deficiency) of receipts over disbursements	-	(1,774)	(378)	2,780	-	(464)	3,190
Cash and investments - ending	<u>\$ 770</u>	<u>\$ (5,293)</u>	<u>\$ (859)</u>	<u>\$ 2,780</u>	<u>\$ 49,265</u>	<u>\$ 2,281</u>	<u>\$ 59,099</u>

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

	Special Revenue - Kgov	Po-89 Gr#09-Sb-B9-2231	Po-39	Po-25 Po-28 Po-28D Po-29A PO-14 PO-26	Howard Co Local Coor Council	Fta-Arra Stimulus Fund	Fta-Transit Center
Cash and investments - beginning	\$ 1,630	\$ -	\$ 531	\$ (6,163)	\$ 6,335	\$ 51,936	\$ 35,160
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	7,524	-	-	-
Charges for services	-	1,216	-	-	-	-	68,538
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	1,216	-	7,524	-	-	68,538
Disbursements:							
Personal services	-	-	-	-	-	38,489	-
Supplies	250	-	-	-	-	11,807	1,530
Other services and charges	-	-	-	-	-	1,640	26,654
Capital outlay	-	1,216	531	-	-	-	1,998
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	250	1,216	531	-	-	51,936	30,182
Excess (deficiency) of receipts over disbursements	(250)	-	(531)	7,524	-	(51,936)	38,356
Cash and investments - ending	\$ 1,380	\$ -	\$ -	\$ 1,361	\$ 6,335	\$ -	\$ 73,516

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

	Cops Hiring Recovery Program	Neighborhood Stabilization Program	Special Revenue-Barrett Law Surplus	Special Revenue-Barrett Law Revlvg	Certified Technology Park	Usda Small Bus Rlf Program	Ai-17
Cash and investments - beginning	\$ (9,139)	\$ 186,590	\$ 215,389	\$ 18,316	\$ -	\$ 7,857	\$ 74
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	354,659	250,828	-	-	198,954	31,248	228
Fines and forfeits	-	-	128	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	26,597	78	-	214	-
Total receipts	<u>354,659</u>	<u>250,828</u>	<u>26,725</u>	<u>78</u>	<u>198,954</u>	<u>31,462</u>	<u>228</u>
Disbursements:							
Personal services	353,075	-	-	-	-	-	-
Supplies	-	220	-	-	-	-	-
Other services and charges	-	412,836	105	-	198,954	35,000	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	15,197	-	-	-	-	-
Total disbursements	<u>353,075</u>	<u>428,253</u>	<u>105</u>	<u>-</u>	<u>198,954</u>	<u>35,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,584</u>	<u>(177,425)</u>	<u>26,620</u>	<u>78</u>	<u>-</u>	<u>(3,538)</u>	<u>228</u>
Cash and investments - ending	<u>\$ (7,555)</u>	<u>\$ 9,165</u>	<u>\$ 242,009</u>	<u>\$ 18,394</u>	<u>\$ -</u>	<u>\$ 4,319</u>	<u>\$ 302</u>

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

	Ai-18	Fema-8 Fema-7	Safer	Fema-9	Fta-10 In-90-X596	Dixon	Po-910
Cash and investments - beginning	\$ 23,168	\$ 528	\$ (62,810)	\$ (2,320)	\$ -	\$ 18,442	\$ 9,891
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	38,421	-	468,714	-	24,326	123,921	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>38,421</u>	<u>-</u>	<u>468,714</u>	<u>-</u>	<u>24,326</u>	<u>123,921</u>	<u>-</u>
Disbursements:							
Personal services	-	-	405,904	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	39,917	-	-	-	-	135,681	9,891
Capital outlay	-	-	-	-	24,326	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	528	-	-	-	-	-
Total disbursements	<u>39,917</u>	<u>528</u>	<u>405,904</u>	<u>-</u>	<u>24,326</u>	<u>135,681</u>	<u>9,891</u>
Excess (deficiency) of receipts over disbursements	<u>(1,496)</u>	<u>(528)</u>	<u>62,810</u>	<u>-</u>	<u>-</u>	<u>(11,760)</u>	<u>(9,891)</u>
Cash and investments - ending	<u>\$ 21,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,320)</u>	<u>\$ -</u>	<u>\$ 6,682</u>	<u>\$ -</u>

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

	Fed Grants #10-Energy Grant	Special Revenue -	Payroll	Cemetery Trust	Ked-1 Kokomo Eco Dev	Eda Revolving Loan Fund	Lcc-4
Cash and investments - beginning	\$ 5	\$ 146,817	\$ 1,433,108	\$ 3,547	\$ 23,222	\$ 523,264	\$ 1,186
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	5,675	-	-	-	165,692	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	17	15	-	1,335	-
Total receipts	-	5,675	17	15	-	167,027	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	120	-	174,190	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	919,308	-	-	-	-
Total disbursements	-	-	919,308	120	-	174,190	-
Excess (deficiency) of receipts over disbursements	-	5,675	(919,291)	(105)	-	(7,163)	-
Cash and investments - ending	<u>\$ 5</u>	<u>\$ 152,492</u>	<u>\$ 513,817</u>	<u>\$ 3,442</u>	<u>\$ 23,222</u>	<u>\$ 516,101</u>	<u>\$ 1,186</u>

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

	Upi Trust Fund	Wastewater Utility-Operating	Wastewater Utility-Deprec/Improve	Sewer Improvements	Wastewater Utility-Debt Reserve	Wastewater Utility-Ext & Betterment	Totals
Cash and investments - beginning	\$ 198	\$ 10,129,588	\$ 2,231,218	\$ 1,000,000	\$ 1,614,150	\$ 1,267,340	\$ 43,105,425
Receipts:							
Taxes	-	-	-	-	-	-	36,895,279
Licenses and permits	-	-	-	-	-	-	266,296
Intergovernmental	-	-	-	-	-	-	18,621,752
Charges for services	-	-	-	-	-	-	17,517,280
Fines and forfeits	-	-	-	-	-	-	113,413
Utility fees	-	12,916,341	-	-	-	57,000	12,973,341
Penalties	-	243,767	-	-	-	-	243,767
Other receipts	-	81,185	4,526	-	-	-	834,495
Total receipts	-	13,241,293	4,526	-	-	57,000	87,465,623
Disbursements:							
Personal services	-	-	-	-	-	-	31,698,561
Supplies	-	-	-	-	-	-	3,509,327
Other services and charges	-	-	-	-	-	-	30,187,260
Capital outlay	-	699,160	-	-	-	-	4,842,316
Utility operating expenses	-	8,685,976	-	-	-	442,490	9,128,466
Other disbursements	-	3,222,768	-	-	-	-	4,210,700
Total disbursements	-	12,607,904	-	-	-	442,490	83,576,630
Excess (deficiency) of receipts over disbursements	-	633,389	4,526	-	-	(385,490)	3,888,993
Cash and investments - ending	\$ 198	\$ 10,762,977	\$ 2,235,744	\$ 1,000,000	\$ 1,614,150	\$ 881,850	\$ 46,994,418

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

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 423,272	\$ 71,666
Wastewater	<u>99,080</u>	<u>1,423,000</u>
Totals	<u>\$ 522,352</u>	<u>\$ 1,494,666</u>

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

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Wastewater:			
Revenue bonds	WWU 2005 REVENUES BONDS SERIES A	\$ 9,845,000	\$ 938,073
Revenue bonds	WWU 2008 REVENUES BONDS SERIES A	4,500,000	358,786
Revenue bonds	WWU 2012 Refunding Bond	<u>14,690,000</u>	<u>1,829,651</u>
Total Wastewater		<u>29,035,000</u>	<u>3,126,510</u>
Totals		<u>\$ 29,035,000</u>	<u>\$ 3,126,510</u>

CITY OF KOKOMO
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2012

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

	Ending Balance
Governmental activities:	
Land	\$ 21,013,396
Infrastructure	88,895,025
Buildings	19,768,472
Improvements other than buildings	3,961,543
Machinery, equipment, and vehicles	20,673,633
Total governmental activities	154,312,069
Wastewater:	
Land	140,849
Infrastructure	91,622,794
Buildings	19,108,998
Improvements other than buildings	903,766
Machinery, equipment, and vehicles	20,131,277
Total Wastewater	131,907,684
Total capital assets	\$ 286,219,753

CITY OF KOKOMO
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City did not have controls in place to account for or track all federal grants for reporting on the Schedule of Expenditures of Federal Awards.

Federal Circular A-133, Subpart C, section 300 outlines the responsibilities placed on the recipient of federal awards. The unit is required to do the following:

- a. Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the federal agency, and name of the pass-through entity.
- b. Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- c. Comply with laws, regulations and the provisions of contracts or grant agreements related to each of its Federal programs.
- d. Prepare appropriate financial statements, including the schedule of expenditures of federal awards in accordance with section .310.
- e. Ensure that the audits required by this part are properly performed and submitted when due.
- f. Follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with section .315(b) and .315(c), respectively.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Kokomo's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

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

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Bruce Hartman
State Examiner

July 8, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grant	DIRECT GRANT			
NSP		14.218	B08-MN-18-0008	\$ 250,828
HUD CDBG-2010		14.218	B10-MC-18-0014	86,054
HUD CDBG-2011		14.218	B11-MC-18-0014	198,280
NSP-3		14.218	B-11-MN-18-0008	260,899
HUD CDBG-2012		14.218	B-12-MC-18-0014	<u>398,177</u>
Total - Department of Housing and Urban Development				<u>1,194,238</u>
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	INDIANA CRIMINAL JUSTICE INSTITUTE			
Block Grant 2011 PO-311		16.738	2011 GRANT	9,929
Block Grant-PO-39		16.738	BG-2009-DJ-BX-1163	<u>531</u>
Total for program				<u>10,460</u>
ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government ARRA-PO-89 Local Solicitation	INDIANA CRIMINAL JUSTICE INSTITUTE	16.804	2009-SB-B9-2231	<u>1,216</u>
Total - JAG Program Cluster				<u>11,676</u>
Missing Children's Assistance	INDIANA CRIMINAL JUSTICE INSTITUTE			
ICAC PO-211		16.543	2008-MC-CX-K006	5,222
ICAC PO-212		16.543	2011-MC-CX-K005	<u>16,168</u>
Total for program				<u>21,390</u>
Crime Victim Assistance VOCA 2011 Grant	INDIANA CRIMINAL JUSTICE INSTITUTE	16.575	2011 Grant	<u>18,250</u>
Edward Byrne Memorial Formula Grant Program BYRNE FORMULA GRANT-PO-911	INDIANA CRIMINAL JUSTICE INSTITUTE	16.579	10-DJ-026	<u>25,895</u>
Bulletproof Vest Partnership Program Bulletproof vest 50/50 partnership PO-5	INDIANA CRIMINAL JUSTICE INSTITUTE	16.607	FY2008 FY2009 FY2010	<u>2,780</u>
ARRA-Public Safety Partnership and Community Policing Grants Cops Hiring Recovery Program	INDIANA CRIMINAL JUSTICE INSTITUTE	16.710	2009RKWX0342	<u>354,659</u>
Total - Department of Justice				<u>434,650</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, 2012
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Transportation</u>				
Federal Transit Cluster				
ARRA-Federal Transit - Formula Grants	DIRECT GRANT			
ARRA-2010 Grant		20.507	IN-96-X015-00	51,935
Federal Transit - Formula Grants				
2009 Grant		20.507	IN-90-X596-00	24,326
2010 Grant		20.507	IN-90-X611-00	310,202
2011 Grant		20.507	IN-90-X032-00	233,211
2012 Grant		20.507	IN-90-X624-00	<u>503,743</u>
Total - Federal Transit Cluster				<u>1,123,417</u>
Highway Planning and Construction Cluster				
ARRA - Highway Planning and Construction	INDIANA DEPT OF TRANSPORTATION			
ARRA - Dixon		20.205	DES NO 0600560 STP-K	107,289
Highway Planning and Construction				
Washington Lafountain		20.205	DES NO 0900130	54,202
Markland and Park		20.205	DES NO 1006003	<u>58,283</u>
Total - Highway Planning and Construction Cluster				<u>219,774</u>
Highway Safety Cluster				
State and Community Highway Safety	INDIANA DEPT OF TRANSPORTATION	20.600	FY2011	8,963
Alcohol Impaired Driving Countermeasures Incentive Grants I		20.601	PT-11-04-04-10	<u>25,379</u>
Total - Highway Safety Cluster				<u>34,342</u>
Airport Improvement Program				
AI-16 Extend Runway 5 Improve Runway 23	DIRECT GRANT			
AI-18 Land Acquisition Stream Mitigation		20.106	3-18-0044-16	138,711
AI-19 Road Construction Phase 4		20.106	3-18-0044-18	37,922
AI-20 Extend Runway 5-23 Phase 5		20.106	3-18-0044-19	1,405,483
		20.106	3-18-0044-19	<u>378,260</u>
Total - Airport Improvements				<u>1,960,376</u>
Total - Department of Transportation				<u>3,337,909</u>
<u>Department of Homeland Security</u>				
State Homeland Security Program (SHSP)	INDIANA DEPT OF HOMELAND SECURITY			
PO-112 2012 Local Bomb Squad		97.073	EMW-2011-SS-00058	<u>6,195</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	INDIANA DEPT OF HOMELAND SECURITY			
SAFER		97.083	EMW-2009-FH-00292	<u>468,714</u>
Total - Department of Homeland Security				<u>474,909</u>
Total federal awards expended				<u>\$ 5,441,706</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, 2012:

Program Title	Federal CFDA Number	2012
Crime Victim Assistance	16.575	\$ 18,250
Byrne Formula Grant	16.579	25,895

CITY OF KOKOMO
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 weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	CDBG – Entitlement Grants Cluster
16.710	ARRA-Public Safety Partnership and Community Policing Grants
	Federal Transit Cluster
20.106	Airport Improvement Program
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?	no
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CITY OF KOKOMO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2012-1 - CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



CITY of KOKOMO

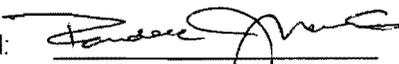
June 10, 2013

Corrective Action Plan

FINDING 2012-1 CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Audit finding: The city did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). Without the a proper system of internal control in place that operates effectively, materials misstatements of the SEFA could remain undecteted

Corrective Action Plan: The city has been made of aware of this new requirement and strives to comply with the federal requirements by providing better documentation of our overall review and oversight responsibility of SEFA reporting.

Signed: 
Title: Controller
Date: 6/10/13

CITY OF KOKOMO
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2013, with Randall J. Morris, Controller; Gregory Goodnight, Mayor; Thu Caven, Deputy Controller; and John M. Kennedy, President of the Common Council. The officials concurred with our audit finding.