

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

FINANCIAL STATEMENTS EXAMINATION REPORT  
OF

KOKOMO - HOWARD COUNTY GOVERNMENTAL  
COORDINATING COUNCIL  
HOWARD COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
12/01/2014



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	14-15
Schedule of Leases and Debt .....	16
Schedule of Capital Assets.....	17
Examination Results and Comments:	
Bank Account Reconciliations .....	18
Annual Financial Report .....	18
Exit Conference.....	19

#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Larry Ives Tammy Corn	01-01-10 to 12-31-13 01-01-14 to 12-31-14
Treasurer	Glen Boise Greg Sheline	01-01-10 to 10-07-10 01-07-10 to 12-31-14
Chairman of the Policy Board	Greg Goodnight	01-01-10 to 12-31-14



**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](http://www.in.gov/sboa)

**INDEPENDENT ACCOUNTANT'S REPORT**

TO: THE OFFICIALS OF THE KOKOMO - HOWARD COUNTY GOVERNMENTAL  
COORDINATING COUNCIL, HOWARD COUNTY, INDIANA

We have examined the accompanying financial statements of the Kokomo - Howard County Governmental Coordinating Council (Council), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on the financial statements based on our examination.

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

As discussed in Note 1, the Council prepares its financial statements 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Council for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Council for the period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Council's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, 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 statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

October 1, 2014

(This page intentionally left blank.)

## FINANCIAL STATEMENTS

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

KOKOMO - HOWARD COUNTY GOVERNMENTAL COORDINATING COUNCIL  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 115,478	\$ 1,221,344	\$ 1,299,933	\$ 36,889
First City Rider	-	40,324	-	40,324
Totals	<u>\$ 115,478</u>	<u>\$ 1,261,668</u>	<u>\$ 1,299,933</u>	<u>\$ 77,213</u>

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



KOKOMO - HOWARD COUNTY GOVERNMENTAL COORDINATING COUNCIL  
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 Fund	\$ 36,889	\$ 344,366	\$ 284,030	\$ 97,225
First City Rider	<u>40,324</u>	<u>778,500</u>	<u>748,398</u>	<u>70,426</u>
Totals	<u>\$ 77,213</u>	<u>\$ 1,122,866</u>	<u>\$ 1,032,428</u>	<u>\$ 167,651</u>

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

KOKOMO - HOWARD COUNTY GOVERNMENT COORDINATING COUNCIL  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Council was established under the laws of the State of Indiana. The Council operates under an appointed governing board.

The accompanying financial statements present the financial information for the Council.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. 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 Council.

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, local road and street distribution received from the state, financial institution tax received

KOKOMO - HOWARD COUNTY GOVERNMENT COORDINATING COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 statements. 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 Council. It includes all expenditures for the reduction of the principal and interest of the Council'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.

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

KOKOMO - HOWARD COUNTY GOVERNMENT COORDINATING COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
(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 Council 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 Council. 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 Council. 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 Council 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 Council 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 Council 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.

**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.

KOKOMO - HOWARD COUNTY GOVERNMENT COORDINATING COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

State statutes authorize the Council 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 Council 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 Council to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing 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 Council 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  
One North Capitol, 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.

(This page intentionally left blank.)

#### SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the Council's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

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

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

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

KOKOMO - HOWARD COUNTY GOVERNMENTAL COORDINATING COUNCIL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2010

	General Fund	First City Rider	Totals
Cash and investments - beginning	\$ 115,478	\$ -	\$ 115,478
Receipts:			
Intergovernmental	1,159,670	-	1,159,670
Other receipts	<u>61,674</u>	<u>40,324</u>	<u>101,998</u>
Total receipts	<u>1,221,344</u>	<u>40,324</u>	<u>1,261,668</u>
Disbursements:			
Personal services	383,060	-	383,060
Other services and charges	835,579	-	835,579
Capital outlay	10,970	-	10,970
Other disbursements	<u>70,324</u>	<u>-</u>	<u>70,324</u>
Total disbursements	<u>1,299,933</u>	<u>-</u>	<u>1,299,933</u>
Excess (deficiency) of receipts over disbursements	<u>(78,589)</u>	<u>40,324</u>	<u>(38,265)</u>
Cash and investments - ending	<u>\$ 36,889</u>	<u>\$ 40,324</u>	<u>\$ 77,213</u>



KOKOMO - HOWARD COUNTY GOVERNMENTAL COORDINATING COUNCIL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2011

	General Fund	First City Rider	Totals
Cash and investments - beginning	\$ 36,889	\$ 40,324	\$ 77,213
Receipts:			
Intergovernmental	344,366	778,500	1,122,866
Total receipts	344,366	778,500	1,122,866
Disbursements:			
Personal services	193,066	192,732	385,798
Supplies	8,319	31,543	39,862
Other services and charges	18,532	513,705	532,237
Capital outlay	64,113	10,418	74,531
Other disbursements	-	-	-
Total disbursements	284,030	748,398	1,032,428
Excess (deficiency) of receipts over disbursements	60,336	30,102	90,438
Cash and investments - ending	\$ 97,225	\$ 70,426	\$ 167,651

KOKOMO - HOWARD COUNTY GOVERNMENTAL COORDINATING COUNCIL  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities: City of Kokomo	Office rental	<u>\$ 11,071</u>	1/1/2011	12/31/2011
First City Rider Program: City of Kokomo	Office rental	<u>11,071</u>	1/1/2011	12/31/2011
Total of annual lease payments		<u><u>\$ 22,142</u></u>		

KOKOMO - HOWARD COUNTY GOVERNMENTAL COORDINATING COUNCIL  
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.

	Ending Balance
First City Rider Program:	
Improvements other than buildings	\$ 13,460
Machinery, equipment, and vehicles	21,118
Construction in progress	<u>39,953</u>
Total First City Rider Program	<u>74,531</u>
Total capital assets	<u><u>\$ 74,531</u></u>

KOKOMO - HOWARD COUNTY GOVERNMENTAL COORDINATING COUNCIL  
EXAMINATION RESULTS AND COMMENTS

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation contained errors. The outstanding check lists presented for examination contained errors.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statement provided by the respective depositories."

***ANNUAL FINANCIAL REPORT***

The Annual Financial Reports for 2010 and 2011 did not properly reflect the financial activity of the unit. Additionally, the 2010 Annual Financial Report was filed on June 27, 2011, approximately four months after the due date.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

KOKOMO - HOWARD COUNTY GOVERNMENTAL COORDINATING COUNCIL  
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2014, with Greg Sheline, Treasurer; Tammy Corn, Director; and Leigha Buscher, Office Manager.