

**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, 2014 to December 31, 2014



**FILED**  
12/07/2016



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Milton Beach Randall J. Morris	01-01-14 to 12-31-15 01-01-16 to 12-31-16
Mayor	Gregory Goodnight	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Randy McKay	01-01-14 to 12-31-16
President of the Common Council	John M. Kennedy Robert Hayes, Sr.	01-01-14 to 12-31-14 01-01-15 to 12-31-16
Department of Development Director	Steve Whikehart Jennifer L. Jordan	01-01-14 to 02-28-14 03-01-14 to 12-31-16
Utility Office Manager	Kimberly McKinney	01-01-14 to 12-31-16



# 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, 2014, and the related notes to the financial statement as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free 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, 2014.

***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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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.

***Other Information***

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated October 27, 2016, 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.

*Paul D. Joyce*

Paul D. Joyce, CPA  
State Examiner

October 27, 2016



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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, 2014, and the related notes to the financial statement, and have issued our report thereon dated October 27, 2016, 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 items 2014-001 and 2014-002 to be material weaknesses.

### **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

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)

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

**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.



Paul D. Joyce, CPA  
State Examiner

October 27, 2016

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#### FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

**CITY OF KOKOMO**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -**  
**REGULATORY BASIS**  
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14		Receipts	Disbursements	Cash and Investments 12-31-14	
General	\$ 19,945,634	\$ 40,687,803	\$ 47,750,436	\$ 12,883,001		
Motor Vehicle Highway	2,384,429	5,752,950	4,376,792	3,760,587		
Local Road and Street	580,214	454,031	399,260	634,985		
Aviation	427,437	805,614	693,539	539,512		
Economic Development Operating	2,390,905	2,392,923	3,117,954	1,665,874		
Building Demolition	50,074	10,203	26,550	33,727		
Plan Commission	358,777	520,953	382,895	496,835		
Community Development	12,982	1,095,431	1,108,413	-		
Law Enforcement Continuing Education	203,365	58,025	43,013	218,377		
Parks and Recreation	2,388,100	3,498,336	3,027,217	2,859,219		
Rainy Day	2,942	1,739	-	4,681		
Levy Excess	89,914	71	-	89,985		
Cumulative Capital Improvement	190,665	120,269	-	310,934		
Health Insurance	40,391	10,158,123	10,134,344	64,170		
Police Pension	591,897	3,139,484	3,082,766	648,615		
Fire Pension	1,058,543	3,682,153	4,120,339	620,357		
Markland and Park	63,666	387,304	450,970	-		
Washington and Lafountain	-	83,719	83,719	-		
PO-212 ICAC 4/1/11-3/31/13	620	-	-	620		
AI-19 Road Construction	21,083	-	-	21,083		
FEMA-21 Thermal Imaging Camera	400	-	-	400		
AI-20 Runway 5-23 Phase-5	15,885	74,629	80,680	9,834		
Neighborhood Stabilization Prog-3	780	238,878	190,610	49,048		
Law Enforcement Block Grant 2011	15,441	-	15,441	-		
Criminal Justice Byrne Grant	10,849	-	-	10,849		
PO-213 ICAC 7/1/12-6/30/13	(501)	4,793	4,292	-		
AI-21 Extend Runway 5-23 Phase-6	92,966	1,110,980	1,085,589	118,357		
LOCAL- Local match for FTA grant	153,795	144,000	153,795	144,000		
LOC13- Local Match for FTA13	24,994	-	-	24,994		
FTA13- 2013 Grant IN-90-X641	-	492,969	492,969	-		
LOC12A- Local Match for FTA12A	835	-	-	835		
DWISE-2012 DollarWise Summer Youth	4,000	-	-	4,000		
CFD1-2012 Comm Foundation Grant	6,000	-	6,000	-		
VOCA13- 2013 Grant	(30)	27,771	27,741	-		
Brownfield Grant	110	283,591	283,691	10		
POD-5 Citizen Police Academy	70	-	60	10		
Redevelopment Commission - NonTIF	298,195	15,969	225,096	89,068		
PO-14 Local Bomb Squad	1,361	-	-	1,361		
PAD4 - Summer Concert Donation	-	18,890	7,753	11,137		
POD-6 Prosecutor Annual Distribution	-	10,800	6,150	4,650		
POD-7 K-9 Vehicles	-	160,000	-	160,000		
VOCA14-2014 Grant	-	7,500	7,500	-		
NICKEL- Preliminary Engineering/ Eng Inspection	-	190,106	187,632	2,474		
NIKLCO - Nickel Plate Trail	-	290,030	290,030	-		
Law Enforcement 2013 Block Grant	-	16,585	16,585	-		
Law Enforcement 2014 Block Grant	-	18,648	18,502	146		
Police PAL Donation	-	1,950	1,950	-		
PO414-Traffic Grant for Misc Equip	-	4,995	4,995	-		
PO914-DEA Overtime Reimbursement 2014	-	17,202	17,202	-		
PO915-DEA Overtime Reimbursement 2015	-	4,254	4,254	-		
PO214 ICAC Grant 7/1/2013- 6/30/2014	-	11,878	12,071	(193)		
SHSP14- Decontamination Equipment	-	6,329	6,329	-		
SHSP15- Fire Miscellaneous Equipment	-	4,000	4,000	-		
WALMART Local Grant	-	1,000	-	1,000		
AI22 Extend Runway and Taxiway Phase-7	-	509,771	76,908	432,863		

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, 2014**  
**(Continued)**

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
FTA14-2014 Grant IN-90-X649	-	454,006	454,006	-
LOC14A-Local match for Flex FTA-5310-2014	-	121,000	-	121,000
Child Advocacy Grant	-	17,761	17,881	(120)
Redevelopment Commission	80,636	297,828	6,295	372,169
Cemetery Operating	451,086	471,568	376,667	545,987
SE-1 10% of State-PMTF	93,651	60,795	4,000	150,446
SE-1 Area-5	31,572	66,371	60,841	37,102
Rehab Appersonway /Jackson Park	955	-	355	600
Rotary Fuel	54,166	335,971	317,129	73,008
Court Drug Restitution	30,847	1,902	22,820	9,929
Early Learning Center Donations	3,483	-	-	3,483
Fire Donations	1,099	11,685	2,718	10,066
Police Donations	9,112	5,535	3,446	11,201
Police DARE Donations	2,782	1,020	1,733	2,069
Senior Citizens Donations	13,750	3,312	-	17,062
Senior Center Activities Donations	38,886	9,255	522	47,619
Miscellaneous Donations	3,010	1,975	3,980	1,005
Haynes Museum Donations	16,835	4,209	287	20,757
Park and Dog Walk-1	46,973	8,198	5,672	49,499
Aquatic Center Donations	23,811	2,500	160	26,151
Park and Dog Walk-3	3,146	-	-	3,146
Park - Highland Donations	1,017	2,741	754	3,004
Police - K9 Donations	2,015	500	89	2,426
FEMA-15	770	-	-	770
Traffic Safety Grant OPO DUI	(2,615)	25,224	22,609	-
Driving Under the Influence	-	9,155	9,155	-
Local Bomb Squad	-	1,361	-	1,361
Handicapped Transportation	49,265	-	-	49,265
Mayor's Handicapped and Mental Health Council	1,953	-	378	1,575
Continuing Throughfare	59,099	-	-	59,099
Special Revenue - KGOV	658	-	150	508
Howard County Local Coordinating Council	6,335	-	-	6,335
FTA Transit Center	96,825	59,597	36,725	119,697
Cops Hiring Recovery Program	(48,127)	57,561	9,434	-
Neighborhood Stabilization Program	11,103	45,517	45,559	11,061
Special Revenue-Barrett Law Surplus	259,544	18,978	130,002	148,520
Special Revenue-Barrett Law Revolving	18,441	130,091	45,139	103,393
Certified Technology Park	-	209,059	209,059	-
USDA Small Business RLF Program	35,186	22,477	-	57,663
Dixon	8,178	-	-	8,178
Federal Grants #10 Energy Grant	5	-	-	5
Special Revenue - Other	158,292	3,300	-	161,592
Payroll	565,487	12,666,279	12,551,366	680,400
Cemetery Trust	3,329	4	43	3,290
KED-1 Kokomo Economic Development	23,222	-	-	23,222
EDA Revolving Loan Fund	627,324	101,463	278,310	450,477
LCC-4	1,186	-	-	1,186
UPI Trust Fund	198	-	-	198
Wastewater Utility- Operating	9,660,772	12,911,236	12,797,816	9,774,192
Wastewater Utility Depreciation/ Improvement	2,238,787	3,028	-	2,241,815
Sewer Improvements	1,000,000	-	274,375	725,625
Wastewater Utility- Debt Reserve	1,614,150	-	-	1,614,150
Wastewater Utility- Extension and Betterment	500,140	135,450	167,201	468,389
<b>Totals</b>	<b>\$ 49,225,127</b>	<b>\$ 104,794,561</b>	<b>\$ 109,882,708</b>	<b>\$ 44,136,980</b>

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

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT

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

***A. Reporting Entity***

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, storm water, trash, aviation, and urban redevelopment and housing.

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

***B. Basis of Accounting***

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

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

***C. Cash and Investments***

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

***D. Receipts***

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

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

Licenses and permits, 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 the following: peddler licenses, dog tax licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services, 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, all 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 including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

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

Personal services, which 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, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

*F. Interfund Transfers*

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

**A. 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 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.

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

***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.

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

*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  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of funds being set up as reimbursable grants. The reimbursement for expenditures made by the City were not received by December 31, 2014.

**Note 8. Holding Corporation**

The City has entered into a lease with Kokomo Community Development Corporation (the lessor) for the financing of a new Sports Stadium. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related-party of the City. Lease payments made during the year 2014 totaled \$340,000.

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#### OTHER INFORMATION - UNAUDITED

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

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

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**

	General	Motor Vehicle Highway	Local Road and Street	Aviation	Economic Development Operating	Building Demolition	Plan Commission
Cash and investments - beginning	\$ 19,945,634	\$ 2,384,429	\$ 580,214	\$ 427,437	\$ 2,390,905	\$ 50,074	\$ 358,777
Receipts:							
Taxes	30,695,759	2,264,588	-	456,236	-	-	261,299
Licenses and permits	99,782	-	-	-	-	-	78,572
Intergovernmental receipts	7,799,287	2,416,602	454,031	21,082	1,921,659	-	12,074
Charges for services	1,055,490	1,069,826	-	272,353	-	10,203	168,293
Fines and forfeits	19,475	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,018,010	1,934	-	55,943	471,264	-	715
Total receipts	40,687,803	5,752,950	454,031	805,614	2,392,923	10,203	520,953
Disbursements:							
Personal services	27,754,067	832,311	-	327,772	-	-	353,164
Supplies	1,619,503	1,365,576	-	42,222	-	-	4,097
Other services and charges	7,032,588	1,735,052	399,260	171,339	2,333,610	26,550	19,698
Debt service - principal and interest	6,090,000	-	-	-	-	-	-
Capital outlay	5,254,278	443,853	-	152,206	784,344	-	5,936
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	47,750,436	4,376,792	399,260	693,539	3,117,954	26,550	382,895
Excess (deficiency) of receipts over disbursements	(7,062,633)	1,376,158	54,771	112,075	(725,031)	(16,347)	138,058
Cash and investments - ending	\$ 12,883,001	\$ 3,760,587	\$ 634,985	\$ 539,512	\$ 1,665,874	\$ 33,727	\$ 496,835

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	Community Development	Law Enforcement Continuing Education	Parks and Recreation	Rainy Day	Levy Excess	Cumulative Capital Improvement
Cash and investments - beginning	\$ 12,982	\$ 203,365	\$ 2,388,100	\$ 2,942	\$ 89,914	\$ 190,665
<b>Receipts:</b>						
Taxes	-	-	2,961,385	-	-	-
Licenses and permits	-	28,475	-	-	-	-
Intergovernmental receipts	1,083,329	-	136,838	-	-	120,269
Charges for services	-	21,042	304,357	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	12,102	8,508	95,756	1,739	71	-
<b>Total receipts</b>	<b>1,095,431</b>	<b>58,025</b>	<b>3,498,336</b>	<b>1,739</b>	<b>71</b>	<b>120,269</b>
<b>Disbursements:</b>						
Personal services	61,498	19,901	1,722,965	-	-	-
Supplies	676	23,112	351,153	-	-	-
Other services and charges	1,046,239	-	786,259	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	166,840	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,108,413</b>	<b>43,013</b>	<b>3,027,217</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(12,982)</b>	<b>15,012</b>	<b>471,119</b>	<b>1,739</b>	<b>71</b>	<b>120,269</b>
Cash and investments - ending	<u><u>\$ -</u></u>	<u><u>\$ 218,377</u></u>	<u><u>\$ 2,859,219</u></u>	<u><u>\$ 4,681</u></u>	<u><u>\$ 89,985</u></u>	<u><u>\$ 310,934</u></u>

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	Health Insurance	Police Pension	Fire Pension	Markland and Park	Washington and Lafountain	PO-212 ICAC 4/11-3/31/13
Cash and investments - beginning	\$ 40,391	\$ 591,897	\$ 1,058,543	\$ 63,666	\$ -	\$ 620
<b>Receipts:</b>						
Taxes	-	304,848	87,100	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	2,834,618	3,595,025	317,857	35,321	-
Charges for services	9,000	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	10,149,123	18	28	69,447	48,398	-
<b>Total receipts</b>	<b>10,158,123</b>	<b>3,139,484</b>	<b>3,682,153</b>	<b>387,304</b>	<b>83,719</b>	<b>-</b>
<b>Disbursements:</b>						
Personal services	1,514	459,417	581,300	-	-	-
Supplies	1,008,933	-	-	-	-	-
Other services and charges	9,122,802	2,623,349	3,539,039	131,861	44,474	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,095	-	-	319,109	39,245	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total disbursements</b>	<b>10,134,344</b>	<b>3,082,766</b>	<b>4,120,339</b>	<b>450,970</b>	<b>83,719</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>23,779</b>	<b>56,718</b>	<b>(438,186)</b>	<b>(63,666)</b>	<b>-</b>	<b>-</b>
Cash and investments - ending	<b>\$ 64,170</b>	<b>\$ 648,615</b>	<b>\$ 620,357</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 620</b>

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	AI-19 Road Construction	FEMA-21 Thermal Imaging Camera	AI-20 Runway 5-23 Phase-5	Neighborhood Stabilization Prog-3	Law Enforcement Block Grant 2011	Criminal Justice Byrne Grant
Cash and investments - beginning	\$ 21,083	\$ 400	\$ 15,885	\$ 780	\$ 15,441	\$ 10,849
<b>Receipts:</b>						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	74,629	28,756	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	210,122	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>74,629</b>	<b>238,878</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	52	-	-
Other services and charges	-	-	80,680	181,874	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	15,441	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	8,684	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>80,680</b>	<b>190,610</b>	<b>15,441</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>-</b>	<b>(6,051)</b>	<b>48,268</b>	<b>(15,441)</b>	<b>-</b>
Cash and investments - ending	\$ 21,083	\$ 400	\$ 9,834	\$ 49,048	\$ -	\$ 10,849

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	PO-213 ICAC 7/1/12-6/30/13	AI-21 Extend Runway 5-23 Phase-6	LOCAL- Local match for FTA grant	LOC13- Local Match for FTA13	FTA13- 2013 Grant IN-90-X641	LOC12A- Local Match for FTA12A
Cash and investments - beginning	\$ (501)	\$ 92,966	\$ 153,795	\$ 24,994	\$ -	\$ 835
<b>Receipts:</b>						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	4,793	1,110,980	-	-	492,969	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	144,000	-	-	-
<b>Total receipts</b>	<b>4,793</b>	<b>1,110,980</b>	<b>144,000</b>	<b>-</b>	<b>492,969</b>	<b>-</b>
<b>Disbursements:</b>						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	3,492	1,085,589	153,795	-	492,969	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	800	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total disbursements</b>	<b>4,292</b>	<b>1,085,589</b>	<b>153,795</b>	<b>-</b>	<b>492,969</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	501	25,391	(9,795)	-	-	-
Cash and investments - ending	<b>\$ -</b>	<b>\$ 118,357</b>	<b>\$ 144,000</b>	<b>\$ 24,994</b>	<b>\$ -</b>	<b>\$ 835</b>

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	DWISE-2012 DollarWise Summer Youth	CFD1-2012 Comm Foundation Grant	VOCA13- 2013 Grant	Brownfield Grant	POD-5 Citizen Police Academy	Redevelopment Commission - NonTIF
Cash and investments - beginning	\$ 4,000	\$ 6,000	\$ (30)	\$ 110	\$ 70	\$ 298,195
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	27,381	283,584	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	390	7	-	15,969
Total receipts	-	-	27,771	283,591	-	15,969
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	60	-
Other services and charges	-	6,000	27,741	283,691	-	1,977
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	223,119
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	6,000	27,741	283,691	60	225,096
Excess (deficiency) of receipts over disbursements	-	(6,000)	30	(100)	(60)	(209,127)
Cash and investments - ending	\$ 4,000	\$ -	\$ -	\$ 10	\$ 10	\$ 89,068

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	PO-14 Local Bomb Squad	PAD4 - Summer Concert Donation	POD-6 Prosecutor Annual Distribution	POD-7 K-9 Vehicles	VOCA14-2014 Grant	NICKEL- Preliminary Engineering/ Eng Inspection
Cash and investments - beginning	\$ 1,361	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	150,106
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	18,890	10,800	160,000	7,500	40,000
Total receipts	-	18,890	10,800	160,000	7,500	190,106
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	7,753	6,150	-	7,500	187,632
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	7,753	6,150	-	7,500	187,632
Excess (deficiency) of receipts over disbursements	-	11,137	4,650	160,000	-	2,474
Cash and investments - ending	\$ 1,361	\$ 11,137	\$ 4,650	\$ 160,000	\$ -	\$ 2,474

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	NIKLCO - Nickel Plate Trail	Law Enforcement 2013 Block Grant	Law Enforcement 2014 Block Grant	Police PAL Donation	PO414-Traffic Grant for Misc Equip	PO914-DEA Overtime Reimbursement 2014
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	16,585	18,648	-	4,995	17,202
Charges for services	290,000	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	30	-	-	1,950	-	-
Total receipts	290,030	16,585	18,648	1,950	4,995	17,202
Disbursements:						
Personal services	-	-	-	-	-	17,202
Supplies	-	-	-	-	-	-
Other services and charges	290,030	-	-	1,950	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	16,585	18,502	-	4,995	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	290,030	16,585	18,502	1,950	4,995	17,202
Excess (deficiency) of receipts over disbursements	\$ -	\$ -	\$ 146	\$ -	\$ -	\$ -
Cash and investments - ending	\$ -	\$ 146	\$ -	\$ -	\$ -	\$ -

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	PO915-DEA Overtime Reimbursement 2015	PO214 ICAC Grant 7/1/2013- 6/30/2014	SHSP14- Decontamination Equipment	SHSP15- Fire Miscellaneous Equipment	WALMART Local Grant	AI22 Extend Runway and Taxiway Phase-7
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	4,254	11,878	6,329	4,000	-	450,083
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	1,000	59,688
Total receipts	4,254	11,878	6,329	4,000	1,000	509,771
Disbursements:						
Personal services	4,254	-	-	-	-	-
Supplies	-	2,137	-	-	-	-
Other services and charges	-	6,797	-	-	-	76,908
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	3,137	6,329	4,000	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	4,254	12,071	6,329	4,000	-	76,908
Excess (deficiency) of receipts over disbursements	\$ -	\$ (193)	\$ -	\$ -	\$ 1,000	\$ 432,863
Cash and investments - ending	\$ -	\$ (193)	\$ -	\$ -	\$ 1,000	\$ 432,863

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	FTA14-2014 Grant IN-90-X649	LOC14A-Local match for Flex FTA-5310-2014	Child Advocacy Grant	Redevelopment Commission	Cemetery Operating	SE-1 10% of State-PMTF
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 80,636	\$ 451,086	\$ 93,651
<b>Receipts:</b>						
Taxes	-	-	-	-	348,398	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	454,006	-	17,761	-	16,099	60,795
Charges for services	-	-	-	297,828	107,071	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	121,000	-	-	-	-
<b>Total receipts</b>	<b>454,006</b>	<b>121,000</b>	<b>17,761</b>	<b>297,828</b>	<b>471,568</b>	<b>60,795</b>
<b>Disbursements:</b>						
Personal services	-	-	-	-	310,632	-
Supplies	-	-	11,239	-	28,243	-
Other services and charges	454,006	-	2,095	6,295	22,941	4,000
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	4,547	-	14,851	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total disbursements</b>	<b>454,006</b>	<b>-</b>	<b>17,881</b>	<b>6,295</b>	<b>376,667</b>	<b>4,000</b>
Excess (deficiency) of receipts over disbursements	-	121,000	(120)	291,533	94,901	56,795
Cash and investments - ending	\$ -	\$ 121,000	\$ (120)	\$ 372,169	\$ 545,987	\$ 150,446

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	SE-1 Area-5	Rehab Appersonway /Jackson Park	Rotary Fuel	Court Drug Restitution	Early Learning Center Donations	Fire Donations
Cash and investments - beginning	\$ 31,572	\$ 955	\$ 54,166	\$ 30,847	\$ 3,483	\$ 1,099
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	60,918	-	335,971	-	-	-
Fines and forfeits	-	-	-	1,902	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	5,453	-	-	-	-	11,685
Total receipts	66,371	-	335,971	1,902	-	11,685
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	37,269	355	263,391	1,955	-	2,718
Other services and charges	23,572	-	3,245	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	20,865	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	50,493	-	-	-
Total disbursements	60,841	355	317,129	22,820	-	2,718
Excess (deficiency) of receipts over disbursements	5,530	(355)	18,842	(20,918)	-	8,967
Cash and investments - ending	<u>\$ 37,102</u>	<u>\$ 600</u>	<u>\$ 73,008</u>	<u>\$ 9,929</u>	<u>\$ 3,483</u>	<u>\$ 10,066</u>

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	Police Donations	Police DARE Donations	Senior Citizens Donations	Senior Center Activities Donations	Miscellaneous Donations	Haynes Museum Donations
Cash and investments - beginning	\$ 9,112	\$ 2,782	\$ 13,750	\$ 38,886	\$ 3,010	\$ 16,835
<b>Receipts:</b>						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	5,535	1,020	3,312	9,255	1,975	4,209
Total receipts	5,535	1,020	3,312	9,255	1,975	4,209
<b>Disbursements:</b>						
Personal services	-	-	-	-	-	-
Supplies	1,766	1,733	-	522	347	287
Other services and charges	1,680	-	-	-	3,633	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	3,446	1,733	-	522	3,980	287
Excess (deficiency) of receipts over disbursements	2,089	(713)	3,312	8,733	(2,005)	3,922
Cash and investments - ending	\$ 11,201	\$ 2,069	\$ 17,062	\$ 47,619	\$ 1,005	\$ 20,757

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	Park and Dog Walk-1	Aquatic Center Donations	Park and Dog Walk-3	Park Highland Donations	Police K9 Donations	FEMA-15
Cash and investments - beginning	\$ 46,973	\$ 23,811	\$ 3,146	\$ 1,017	\$ 2,015	\$ 770
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	8,198	2,500	-	2,741	500	-
Total receipts	8,198	2,500	-	2,741	500	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	5,161	-	-	754	89	-
Other services and charges	511	160	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	5,672	160	-	754	89	-
Excess (deficiency) of receipts over disbursements	2,526	2,340	-	1,987	411	-
Cash and investments - ending	\$ 49,499	\$ 26,151	\$ 3,146	\$ 3,004	\$ 2,426	\$ 770

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	Traffic Safety Grant OPO DUI	Driving Under the Influence	Local Bomb Squad	Handicapped Transportation	Mayor's Handicapped and Mental Health Council	Continuing Throughfare
Cash and investments - beginning	\$ (2,615)	\$ -	\$ -	\$ 49,265	\$ 1,953	\$ 59,099
<b>Receipts:</b>						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	25,224	9,155	1,361	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total receipts</b>	<b>25,224</b>	<b>9,155</b>	<b>1,361</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
Personal services	22,609	9,155	-	-	-	-
Supplies	-	-	-	-	378	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total disbursements</b>	<b>22,609</b>	<b>9,155</b>	<b>-</b>	<b>-</b>	<b>378</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	2,615	-	1,361	-	(378)	-
Cash and investments - ending	\$ -	\$ -	\$ 1,361	\$ 49,265	\$ 1,575	\$ 59,099

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	Special Revenue - KGOV	Howard County Local Coordinating Council	FTA Transit Center	Cops Hiring Recovery Program	Neighborhood Stabilization Program	Special Revenue-Barrett Law Surplus
Cash and investments - beginning	\$ 658	\$ 6,335	\$ 96,825	\$ (48,127)	\$ 11,103	\$ 259,544
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	57,561	43,220	-
Charges for services	-	-	59,597	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	2,297	18,978
Total receipts	-	-	59,597	57,561	45,517	18,978
Disbursements:						
Personal services	-	-	-	9,434	-	-
Supplies	150	-	3,602	-	42	-
Other services and charges	-	-	30,749	-	44,304	2
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	2,374	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	1,213	130,000
Total disbursements	150	-	36,725	9,434	45,559	130,002
Excess (deficiency) of receipts over disbursements	(150)	-	22,872	48,127	(42)	(111,024)
Cash and investments - ending	\$ 508	\$ 6,335	\$ 119,697	\$ -	\$ 11,061	\$ 148,520

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

	Special Revenue-Barrett Law Revolving	Certified Technology Park	USDA Small Business RLF Program	Dixon	Federal Grants #10 Energy Grant	Special Revenue - Other
Cash and investments - beginning	\$ 18,441	\$ -	\$ 35,186	\$ 8,178	\$ 5	\$ 158,292
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	3,300
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	130,091	209,059	22,477	-	-	-
Total receipts	130,091	209,059	22,477	-	-	3,300
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	45,139	209,059	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	45,139	209,059	-	-	-	-
Excess (deficiency) of receipts over disbursements	84,952	-	22,477	-	-	3,300
Cash and investments - ending	\$ 103,393	\$ -	\$ 57,663	\$ 8,178	\$ 5	\$ 161,592

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	Payroll	Cemetery Trust	KED-1 Kokomo Economic Development	EDA Revolving Loan Fund	LCC-4	UPI Trust Fund
Cash and investments - beginning	\$ 565,487	\$ 3,329	\$ 23,222	\$ 627,324	\$ 1,186	\$ 198
<b>Receipts:</b>						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	12,666,279	4	-	101,463	-	-
<b>Total receipts</b>	<b>12,666,279</b>	<b>4</b>	<b>-</b>	<b>101,463</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	43	-	278,310	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	12,551,366	-	-	-	-	-
<b>Total disbursements</b>	<b>12,551,366</b>	<b>43</b>	<b>-</b>	<b>278,310</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>114,913</b>	<b>(39)</b>	<b>-</b>	<b>(176,847)</b>	<b>-</b>	<b>-</b>
Cash and investments - ending	\$ 680,400	\$ 3,290	\$ 23,222	\$ 450,477	\$ 1,186	\$ 198

**CITY OF KOKOMO**  
**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CASH AND INVESTMENT BALANCES - REGULATORY BASIS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	Wastewater Utility- Operating	Wastewater Utility Depreciation/ Improvement	Sewer Improvements	Wastewater Utility- Debt Reserve	Wastewater Utility- Extension and Betterment	Totals
Cash and investments - beginning	\$ 9,660,772	\$ 2,238,787	\$ 1,000,000	\$ 1,614,150	\$ 500,140	\$ 49,225,127
<b>Receipts:</b>						
Taxes	-	-	-	-	-	37,379,613
Licenses and permits	-	-	-	-	-	206,829
Intergovernmental receipts	-	-	-	-	-	24,140,346
Charges for services	-	-	-	-	-	4,065,249
Fines and forfeits	-	-	-	-	-	21,377
Utility fees	12,025,213	-	-	-	135,450	12,160,663
Penalties	386,870	-	-	-	-	386,870
Other receipts	499,153	3,028	-	-	-	26,433,614
<b>Total receipts</b>	<b>12,911,236</b>	<b>3,028</b>	<b>-</b>	<b>-</b>	<b>135,450</b>	<b>104,794,561</b>
<b>Disbursements:</b>						
Personal services	4,141,766	-	-	-	-	36,628,961
Supplies	-	-	-	-	-	4,777,522
Other services and charges	162,890	-	-	-	-	33,207,282
Debt service - principal and interest	2,880,252	-	-	-	-	8,970,252
Capital outlay	1,145,725	-	-	-	-	8,648,176
Utility operating expenses	4,265,704	-	274,375	-	167,201	4,707,280
Other disbursements	201,479	-	-	-	-	12,943,235
<b>Total disbursements</b>	<b>12,797,816</b>	<b>-</b>	<b>274,375</b>	<b>-</b>	<b>167,201</b>	<b>109,882,708</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>113,420</b>	<b>3,028</b>	<b>(274,375)</b>	<b>-</b>	<b>(31,751)</b>	<b>(5,088,147)</b>
Cash and investments - ending	\$ 9,774,192	\$ 2,241,815	\$ 725,625	\$ 1,614,150	\$ 468,389	\$ 44,136,980

CITY OF KOKOMO  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater Governmental activities	\$ 295,836 229,414	\$ 1,303,433 275,349
Totals	<u>\$ 525,250</u>	<u>\$ 1,578,782</u>

CITY OF KOKOMO  
SCHEDULE OF LEASES AND DEBT  
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
<b>Governmental activities:</b>				
Kokomo Community Development Corporation	2014C Bonds (Sports Stadium & Flood Mitigation)	<u>\$ 926,000</u>	1/15/2015	7/15/2029 See Note 8.
Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	
Wastewater:				
Revenue bonds	WWU 2014 Refunding (retired WWU 2005 Revenue Bond)	\$ 9,560,000	\$ 919,750	
Revenue bonds	WWU 2008 Revenue Bonds Series A	4,145,000	361,338	
Revenue bonds	WWU 2012 Refunding Bond (Retired SRF I and SRFII Bond)	<u>11,405,000</u>	<u>1,829,664</u>	
<b>Totals</b>		<u><b>\$ 25,110,000</b></u>	<u><b>\$ 3,110,752</b></u>	

CITY OF KOKOMO  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2014

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	\$ 21,108,646
Infrastructure	88,961,944
Buildings	21,678,246
Improvements other than buildings	4,080,530
Machinery, equipment, and vehicles	<u>23,982,522</u>
Total governmental activities	<u>159,811,888</u>
Wastewater:	
Land	140,849
Infrastructure	92,322,519
Buildings	19,108,998
Improvements other than buildings	903,766
Machinery, equipment, and vehicles	20,222,935
Construction in progress	<u>441,426</u>
Total Wastewater	<u>133,140,493</u>
Total capital assets	<u>\$ 292,952,381</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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, 2014. 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, 2014.

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on 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.

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

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-004 to be material weaknesses.

The City's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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.

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

October 27, 2016

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

**CITY OF KOKOMO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2014

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	Pass-Through To Subrecipient	Total Federal Awards Expended
<b>Department of Commerce</b>					
Economic Development Cluster					
Economic Adjustment Assistance					
EDA Revolving Loan	Direct Grant	11.307	FY 2014	\$ _____ -	\$ 1,120,874
Total - Economic Development Cluster				_____ -	1,120,874
Total - Department of Commerce				_____ -	1,120,874
<b>Department of Housing and Urban Development</b>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	Direct Grant				
NSP		14.218	B08-MN-18-0008	-	45,517
HUD CDBG-2011		14.218	B11-MC-18-0014	-	38,075
NSP-3		14.218	B-11-MN-18-0008	-	238,878
HUD CDBG-2012		14.218	B-12-MC-18-0014	-	207,209
HUD CDBG-2013		14.218	B13-MC-18-0014	-	605,866
HUD CDBG 2014		14.218	B14-MC-18-0014	5,559	234,384
Total - CDBG - Entitlement Grants Cluster				5,559	1,369,929
Total - Department of Housing and Urban Development				5,559	1,369,929
<b>Department of Justice</b>					
JAG Program Cluster					
Edward Byrne Memorial Justice Assistance Grant Program	Direct Grant				
Block Grant 2011 PO-311		16.738	2011-DJ-BX-3193	-	15,441
Block Grant 2013 PO-313		16.738	2013 DJ-BX-0726	-	16,585
Block Grant 2014 PO-314		16.738	2014 DJ-BX-0497	_____ -	18,502
Total - Edward Byrne Memorial Justice Assistance Grant Program				_____ -	50,528
Total - JAG Program Cluster				_____ -	50,528
Bulletproof Vest Partnership Program					
Bulletproof vest 50/50 partnership PO-5	Direct Grant	16.607	FY2012	_____ -	1,361
ARRA-Public Safety Partnership and Community Policing Grants					
Cops Hiring Recovery Program	Direct Grant	16.710	2009RKWX0342	_____ -	57,561
Missing Children's Assistance					
ICAC PO-213	Indiana Criminal Justice Institute	16.543	2011-MC-CX-K005	-	4,793
ICAC PO-214		16.543	2011-MC-CX-K005	_____ -	11,878
Total - Missing Children's Assistance				_____ -	16,671
Crime Victim Assistance					
VOCA 2013 Grant	Indiana Criminal Justice Institute	16.575	2013Grant	_____ -	27,381
Total - Department of Justice				_____ -	153,502
<b>Department of Transportation</b>					
Federal Transit Cluster					
Federal Transit Formula Grants	Direct Grant				
Federal Transit Formula Grant-2013		20.507	IN-90-X641-00	-	492,969
Federal Transit Formula Grant 2014		20.507	IN-90-X649-00	_____ -	454,006
Total - Federal Transit Cluster				_____ -	946,975

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, 2014  
(Continued)

<u>Federal Grantor Agency</u> <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity (or Other) Identifying Number</u>	<u>Pass-Through To Subrecipient</u>	<u>Total Federal Awards Expended</u>
<b><u>Department of Transportation (continued)</u></b>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation				
Nickel Plate Trail- Prelim Eng and					
Inspection Eng		20.205	DES #1172473	-	150,106
Washington Lafountain		20.205	DES NO 0900130	-	35,321
Markland and Park		20.205	DES NO 1006003	-	382,823
Total - Highway Planning and Construction Cluster				-	568,250
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute				
PO414 OPO/DUI Task Force Equipment					
Grant-5 Radars		20.600	EDS #D3-14-8716	-	4,995
Operation Pull Over Enforcement Grant		20.600	EDS# D3-14-8198	-	25,224
Total - State and Community Highway Safety				-	30,219
Alcohol Impaired Driving Countermeasures					
Incentive Grants I	Howard County				
DUI-Task Force		20.601	FY2014	-	9,155
Total - Highway Safety Cluster				-	39,374
Airport Improvement Program	Direct Grant				
AI-20 Extend Runwy 5-23 Phase 5		20.106	3-18-0044-20	-	72,612
AI-21 Extend Runwy 5-23 Phase 6		20.106	3-18-0044-21	-	1,082,384
AI22 Extend Runway & Taxiway Phase 7		20.106	3-18-0044-22	-	450,083
Total - Airport Improvement Program				-	1,605,079
Total - Department of Transportation				-	3,159,678
<b><u>Environmental Protection Agency</u></b>					
Brownfield Assessment and Cleanup					
Cooperative Agreements	Direct Grant				
Brownfield Indiana Assessment Coalition		66.818	BF-00E01157	-	283,584
Total - Environmental Protection Agency				-	283,584
<b><u>Department of Health and Human Services</u></b>					
Aging Cluster					
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	Area Five on Aging & Community Services				
Title III part B Area 5		93.044	2013/2014	-	60,918
Total - Aging Cluster				-	60,918
Total - Department of Health and Human Services				-	60,918
<b><u>Department of Homeland Security</u></b>					
State Homeland Security Program (SHSP)	Indiana Dept of Homeland Security				
SHSP14		97.073	C44P-4-464B	-	6,329
Total - Department of Homeland Security				-	6,329
Total federal awards expended				\$ 5,559	\$ 6,154,814

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 (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**Note 3. Calculation of Economic Development Cluster Expenditures on the SEFA**

The reported expenditures were calculated as follows in accordance with guidance by the grantor:

Revolving Loan Fund (RLF):

Outstanding loans as of December 31, 2014	\$ 1,044,765
Cash and Investments as of December 31, 2014	450,477
Administrative expenses paid out of RLF	
income during 2014	4
Unpaid principal on loans written off during 2014	<u>-</u>
Subtotal	1,495,246

Calculation of Federal Participation Rate (FPR):

Original grant	500,000
Original match (In-Kind)	<u>167,000</u>
Subtotal	667,000

FPR - Original grant awarded

divided by total including original match

74.9625%

Expenditures reported on the SEFA

\$ 1,120,874

**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? Significant deficiencies identified?	yes none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs: Material weaknesses identified? Significant deficiencies identified?	yes 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?	yes

Identification of Major Programs:

<u>Name of Federal Program or Cluster</u>
Economic Development Cluster
CDBG - Entitlement Grants Cluster
Federal Transit Cluster
Highway Planning and Construction Cluster

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

Auditee qualified as low-risk auditee? no

***Section II - Financial Statement Findings***

***FINDING 2014-001 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

*Condition*

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).

Although there were controls in place over the preparation and submission of the SEFA, the controls were not effective.

CITY OF KOKOMO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

During the audit of the SEFA, we noted that Program Income of \$214,623 from the Community Development Block Grants/Entitlement Grants program was not included on the SEFA.

An audit adjustment was proposed, accepted by the City, and made to the SEFA.

*Criteria*

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 receiving, 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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.  
. . ."

*Cause*

Management had established a system of internal control to ensure proper reporting of the SEFA, although this system is not always effective in detecting all errors.

CITY OF KOKOMO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

Without a system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2014-002 - WASTEWATER REVENUES**

*Condition*

There were the following deficiencies in the internal control system of the City related to collection of wastewater revenues.

Lack of Segregation of Duties: The City had not separated incompatible activities related to the collection of wastewater revenues. The Utility Office Manager was responsible for receiving payments through the mail or at the office counter, balancing cash drawers, making up deposits, posting receipts, making adjustments, approving adjustments for penalty reversals, posting credits or adjustments to accounts receivable, and mailing billing statements.

Lack of Monitoring of Customer Account Adjustments: The City's management or governance over the Utility Office Manager position did not routinely review adjustments made to customer accounts.

Documentation of Controls: A lack of documentation of controls also prevented a complete audit trail to verify proper segregation of duties among all utility office staff.

*Criteria*

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 receiving, 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)

*Cause*

Management of the City had not established a proper system of internal control.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the City at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

CITY OF KOKOMO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2014-003 - SPECIAL TESTS AND PROVISIONS - INCREASES  
TO RLF CAPITAL BASE AND CAPITAL UTILIZATION***

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): FY 2014

Pass-Through Entity: Direct Grant

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and Special Tests and Provisions Increases to RLF Capital Base and Capital Utilization compliance requirement. There were no controls in place to ensure that capital utilization was being properly calculated.

*Context*

The City was allowed to sequester 25 percent of the Revolving Loan Fund capital base. The City had sequestered an additional \$80,343 and \$30,044 at March 31, 2014, and September 30, 2014, respectively.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (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. . . ."

13 CFR 307.16(c) states in part:

- (1) During the Revolving Phase, RLF Recipients must manage their repayment and lending schedules to provide that at all times at least 75 percent of the RLF Capital is loaned or committed. The following exceptions apply: . . .
  - (ii) EDA may require an RLF Recipient with an RLF Capital base in excess of \$4 million to adopt a plan that maintains a proportionately higher percentage of its funds loaned.
- (2) When the percentage of loaned RLF Capital falls below the capital utilization standard, the dollar amount of the RLF funds equivalent to the difference between the actual percentage of RLF Capital loaned and the capital utilization standard is referred to as 'excess funds.'

**CITY OF KOKOMO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
(Continued)

(i) *Sequestration of excess funds.* If the RLF Recipient fails to satisfy the capital utilization standard for two (2) consecutive Reporting Periods, EDA may require the RLF Recipient to deposit excess funds in an interest-bearing account. The portion of interest earned on the account holding excess funds attributable to the Federal Share (as defined in § 314.5 of this chapter) of the RLF Grant shall be remitted to the U.S. Treasury. The RLF Recipient must obtain EDA's written authorization to withdraw any sequestered funds."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the City.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

We recommended that the City comply with the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement listed above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2014-004 - REPORTING**

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): FY 2014

Pass-Through Entity: Direct Grant

*Condition*

An effective internal control system, which would have included segregation of duties, was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. There were no control procedures in place to ensure the accuracy of the semiannual reports prior to being submitted to the Economic Development Administration.

*Context*

Internal control issues were systemic, occurring throughout the audit period.

CITY OF KOKOMO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (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. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed the city at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



CITY of KOKOMO

Fiscal Year:

1/1/2013-12/31/2013

Contact Person Responsible for Corrective Action:

Randall J. Morris, Controller

Contact Phone Number:

(765) 456-7450

## Summary Schedule of Prior Audit Findings

***FINDING 2013-002***

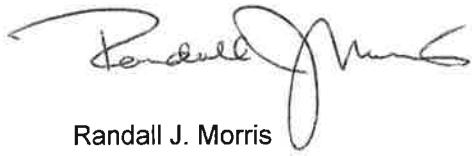
***FINDING 2013-003***

***FINDING 2013-004***

The City of Kokomo has implemented an internal control to provide oversight, review and approval of quarterly Federal Financial Reports.

The City also received a letter from the US Department of Housing & Urban Development dated 11/25/2014 acknowledging that the implemented process and tracking forms are sufficient in addressing the internal deficiency and the audit finding over the completion of the quarterly Financial Reports.

The City of Kokomo received a letter from the Federal Transit Administration dated 2/3/2016 accepting the City's corrective action and has considered these actions to be adequate.



Randall J. Morris  
City Controller, City of Kokomo



# CITY of KOKOMO

## CORRECTIVE ACTION PLAN

### ***FINDING 2014-001***

Contact Person Responsible for Corrective Action:

Randall J. Morris, Controller

Contact Phone Number:

(765) 456-7450

Description of Corrective Action Plan: The city has been made aware of this requirement and will comply with the federal requirements by including program income in all future SEFA reports.

Anticipated Completion Date: October 15, 2016

### ***FINDING 2014-002***

Contact Person Responsible for Corrective Action:

Randall J. Morris, Controller

Contact Phone Number:

(765) 456-7450

Description of Corrective Action Plan: The city has been made aware of this internal control weakness and will make sure that an employee will not handle a transaction from start to finish. Employees are also instructed to initial the deposit ticket to provide documentation of segregation of duties among all utility office staff.

Anticipated Completion Date: October 15, 2016

### ***FINDING 2014-003***

Contact Person Responsible for Corrective Action:

Randall J. Morris, Controller

Contact Phone Number:

(765) 456-7450

Description of Corrective Action Plan: The city has been made aware of this internal control weakness and will have control in place to ensure that capital utilization is being properly calculated.

Anticipated Completion Date: October 15, 2016

**FINDING 2014-004**

Contact Person Responsible for Corrective Action:  
Contact Phone Number:

Randall J. Morris, Controller  
(765) 456-7450

The City of Kokomo has implemented an internal control to provide better documentation of management review and oversight responsibilities over the activities of the grant.

Anticipated Completion Date: October 15, 2016.



Randall J. Morris  
City Controller, City of Kokomo

#### OTHER REPORTS

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