

**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, 2015 to December 31, 2015



**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	01-01-15 to 12-31-16
President of the Common Council	Robert Hayes, Sr.	01-01-15 to 12-31-16
Department of Development Director	Jennifer L. Jordan	01-01-15 to 12-31-16
Department of Aviation Director	Patrick O'Neill	01-01-15 to 12-31-16
Utility Office Manager	Kimberly McKinney	01-01-15 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, 2015, 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 (Indiana Code 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, 2015.

***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, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated 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, 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, 2015, 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.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be material weaknesses.



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

**Compliance and Other Matters**


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

**City of Kokomo's Response to Findings**

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

**Purpose of This Report**

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

  
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, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ 12,883,000	\$ 42,444,867	\$ 41,747,317	\$ 13,580,550
Motor Vehicle Highway	3,760,587	4,340,911	4,241,123	3,860,375
Local Road and Street	634,985	471,626	581,617	524,994
Aviation	539,512	753,481	556,064	736,929
Economic Development Operating	1,665,873	2,034,776	3,498,111	202,538
Building Demolition	33,727	9,743	-	43,470
Plan Commission	496,835	400,186	409,894	487,127
Community Development	-	442,069	442,069	-
Law Enforcement Continuing Education	218,376	74,760	33,697	259,439
Parks and Recreation	2,859,218	2,510,589	3,486,131	1,883,676
Rainy Day	4,681	438	-	5,119
Levy Excess	89,985	-	-	89,985
Cumulative Capital Improvement	310,934	114,204	-	425,138
Health Insurance	64,170	9,741,626	9,658,780	147,016
Police Pension	648,616	3,006,932	3,080,932	574,616
Fire Pension	620,356	4,124,628	3,810,945	934,039
Markland and Park	-	50,879	48,909	1,970
Washington and Lafountain	-	57,571	57,571	-
PO-212 ICAC 4/1/11-3/31/13	620	-	-	620
AI-19 Road Construction	21,083	-	4,933	16,150
FEMA-21 Thermal Imaging Camera	400	-	-	400
AI-20 Runway 5-23 Phase-5	9,833	-	-	9,833
Neighborhood Stabilization Prog-3	49,049	-	-	49,049
Criminal Justice Byrne Grant	10,849	-	-	10,849
PO-213 ICAC 7/1/12-6/30/13	-	4,437	4,437	-
AI-21 Extend Runway 5-23 Phase-6	118,357	38,262	123,863	32,756
LOCAL- Local Match for FTA Grant	144,000	-	108,970	35,030
LOC13- Local Match for FTA13	24,994	-	-	24,994
FTA13- 2013 Grant IN-90-X641	-	28,213	28,213	-
LOC15- Local Match for FTA15	835	108,970	-	109,805
DWISE-2012 DollarWise Summer Youth	4,000	-	-	4,000
Brownfield Grant	10	114,679	114,678	11
POD-5 Citizen Police Academy	10	-	-	10
Redevelopment Commission - NonTIF	89,068	4,000	5,388	87,680
PO-14 Local Bomb Squad	1,361	-	-	1,361
PAD4 - Summer Concert Donation	11,137	-	3,000	8,137
POD-6 Prosecutor Annual Distribution	4,650	-	800	3,850
POD-7 K-9 Vehicles	160,000	-	160,000	-
VOCA14-2014 Grant	-	27,285	27,285	-
NICKEL- Preliminary Engineering/ Eng Inspection	2,474	121,947	124,421	-
NIKLO - Nickel Plate Trail	-	10,000	-	10,000
Law Enforcement 2014 Block Grant	146	-	146	-
PO914-DEA Overtime Reimbursement 2014	-	1,516	1,516	-
PO915-DEA Overtime Reimbursement 2015	-	12,966	12,966	-
PO214 ICAC Grant 7/1/2013- 6/30/2014	(194)	5,123	4,929	-
SHSP14- Decontamination Equipment	-	2,346	2,346	-
WALMART Local Grant	1,000	-	-	1,000
AI22 Extend Runway and Taxiway Phase-7	432,862	1,615,862	2,048,724	-
FTA14-2014 Grant IN-90-X649	-	580,636	580,636	-
LOC14A-Local match for Flex FTA-5310-2014	121,000	-	65,580	55,420
Child Advocacy Grant	(120)	22,001	21,881	-
FTA14A FLEX FTA-5310-2014	-	262,321	262,321	-
OCRA-Howard Convention Visitor Bureau	-	50,000	50,000	-
MLK-Dr MLK Memorial Comm	-	67,807	67,800	7
TIF1-Redev Comm Downtown TIF	-	14,819	-	14,819
TIF-Redev Comm West Side Expansion	-	326,222	-	326,222
Economic Development Commission	-	1,360,041	761,057	598,984
Payment in Lieu of Sidewalk	-	10,000	-	10,000

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, 2015  
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
AI23 Analyze Runway 14-32 5-23	-	99,765	99,765	-
Blight Elimination Program	-	73,000	72,934	66
Brownfield Revolving Loan	-	20,216	20,216	-
Police Equitable Sharing	-	26,687	8,162	18,525
Redevelopment Commission	372,169	255,995	144,136	484,028
Cemetery Operating	545,988	315,581	368,687	492,882
Se-1 10% of State-PMTF	150,446	46,472	4,114	192,804
Se-1 Area-5	37,102	24,876	41,178	20,800
Rehab Appersonway /Jackson Park	600	-	-	600
Rotary Fuel	73,007	268,363	282,715	58,655
Court Drug Restitution	9,929	2,812	-	12,741
Early Learning Center Donations	3,483	-	-	3,483
Fire Donations	10,066	2,060	4,636	7,490
Police Donations	11,202	8,607	6,912	12,897
Police DARE Donations	2,069	15	744	1,340
Senior Citizens Donations	17,062	2,932	-	19,994
Senior Center Activities Donation	47,620	9,996	20	57,596
Miscellaneous Donations	1,006	1,300	993	1,313
Haynes Museum Donation	20,758	9,887	4,990	25,655
Park and Dog Walk-1	49,499	12,149	4,279	57,369
Aquatic Center Donations	26,151	1,750	160	27,741
Park and Dog Walk-3	3,146	-	-	3,146
Park - Highland Donations	3,004	762	812	2,954
Police - K9 Donations	2,427	500	-	2,927
FEMA-15	770	-	-	770
Traffic Safety Grant OPO DUI	-	28,311	28,311	-
Driving Under the Influence	-	12,471	12,471	-
Local Bomb Squad	1,361	12,218	11,937	1,642
Handicapped Transportation	49,265	-	-	49,265
Mayor's Handicapped and Mental Health Council	1,575	-	-	1,575
Continuing Throughfare	59,099	-	-	59,099
Special Revenue - KGOV	508	-	-	508
Howard County Local Coordinating Council	6,335	-	-	6,335
FTA Transit Center	119,697	69,156	37,430	151,423
Neighborhood Stabilization Program	11,061	121,215	132,276	-
Special Revenue-Barrett Law Surplus	148,519	41,672	175,434	14,575
Special Revenue-Barrett Law Revolving	103,392	175,119	91,563	186,948
Certified Technology Park	-	293,737	293,737	-
USDA Small Business RLF Program	57,663	17,906	-	75,569
Dixon	8,178	-	-	8,178
Federal Grants #10 Energy Grant	5	-	-	5
Special Revenue - Other	161,592	4,900	-	166,492
Payroll	680,400	12,710,903	12,630,487	760,816
Cemetery Trust	3,290	4	123	3,171
KED-1 Kokomo Economic Development	23,222	-	-	23,222
EDA Revolving Loan Fund	450,477	121,816	246	572,047
LCC-4	1,186	-	-	1,186
UPI Trust Fund	198	-	-	198
Wastewater Utility- Barrett Law Surplus	-	38,508	310	38,198
Wastewater Utility- Operating	9,774,194	12,762,698	11,709,177	10,827,715
Wastewater Utility- Bond And Interest	-	282,251	-	282,251
Wastewater Utility- Depreciation/ Improvement	2,241,816	2,035	-	2,243,851
Sewer Improvements	725,625	-	-	725,625
Wastewater Utility- Debt Reserve	1,614,150	-	282,251	1,331,899
Wastewater Utility- Extension and Betterment	468,389	130,454	545,000	53,843
Totals	\$ 44,136,980	\$ 103,377,838	\$ 103,255,256	\$ 44,259,562

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, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to, the following: federal grants, state grants, cigarette

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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, 911 telephone services, riverboat lease rental fees, 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.

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.

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.



CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. *Deposits and Investments***

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

State statutes authorize the City to invest in securities including, but not limited to, 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.

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

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

*On Behalf Payments*

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Plan Description*

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

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

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

Indiana Public Retirement System  
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. 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 2015 totaled \$926,000.

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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, 2015

	General	Motor Vehicle Highway	Local Road and Street	Aviation	Economic Development Operating	Building Demolition
Cash and investments - beginning	\$ 12,883,000	\$ 3,760,587	\$ 634,985	\$ 539,512	\$ 1,665,873	\$ 33,727
Receipts:						
Taxes	32,090,652	1,886,401	-	470,607	-	-
Licenses and permits	87,148	-	-	-	-	-
Intergovernmental receipts	8,497,452	2,392,252	465,841	22,963	1,980,651	-
Charges for services	408,899	28,304	5,785	199,810	-	-
Fines and forfeits	292,318	-	-	-	-	9,743
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	1,068,398	33,954	-	60,101	54,125	-
Total receipts	<u>42,444,867</u>	<u>4,340,911</u>	<u>471,626</u>	<u>753,481</u>	<u>2,034,776</u>	<u>9,743</u>
Disbursements:						
Personal services	27,634,591	887,815	-	297,737	-	-
Supplies	1,384,671	1,309,191	-	47,355	-	-
Other services and charges	9,735,231	1,797,727	581,617	139,966	1,729,394	-
Debt service - principal and interest	-	-	-	-	926,000	-
Capital outlay	1,817,783	246,390	-	71,006	657,717	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,175,041	-	-	-	185,000	-
Total disbursements	<u>41,747,317</u>	<u>4,241,123</u>	<u>581,617</u>	<u>556,064</u>	<u>3,498,111</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>697,550</u>	<u>99,788</u>	<u>(109,991)</u>	<u>197,417</u>	<u>(1,463,335)</u>	<u>9,743</u>
Cash and investments - ending	<u>\$ 13,580,550</u>	<u>\$ 3,860,375</u>	<u>\$ 524,994</u>	<u>\$ 736,929</u>	<u>\$ 202,538</u>	<u>\$ 43,470</u>

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Plan Commission	Community Development	Law Enforcement Continuing Education	Parks and Recreation	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 496,835	\$ -	\$ 218,376	\$ 2,859,218	\$ 4,681	\$ 89,985
Receipts:						
Taxes	127,084	-	-	2,059,155	-	-
Licenses and permits	97,952	-	41,070	-	-	-
Intergovernmental receipts	6,201	442,069	-	100,473	-	-
Charges for services	168,349	-	25,103	317,992	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	600	-	8,587	32,969	438	-
Total receipts	400,186	442,069	74,760	2,510,589	438	-
Disbursements:						
Personal services	354,237	-	623	1,874,938	-	-
Supplies	4,818	-	33,074	345,574	-	-
Other services and charges	50,839	442,069	-	870,961	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	394,658	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	409,894	442,069	33,697	3,486,131	-	-
Excess (deficiency) of receipts over disbursements	(9,708)	-	41,063	(975,542)	438	-
Cash and investments - ending	\$ 487,127	\$ -	\$ 259,439	\$ 1,883,676	\$ 5,119	\$ 89,985

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Cumulative Capital Improvement	Health Insurance	Police Pension	Fire Pension	Markland and Park	Washington and Lafountain
Cash and investments - beginning	\$ 310,934	\$ 64,170	\$ 648,616	\$ 620,356	\$ -	\$ -
Receipts:						
Taxes	-	-	385,223	599,677	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	114,204	-	2,621,709	3,524,951	-	-
Charges for services	-	9,000	-	-	36,941	69,014
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	9,732,626	-	-	13,938	(11,443)
Total receipts	<u>114,204</u>	<u>9,741,626</u>	<u>3,006,932</u>	<u>4,124,628</u>	<u>50,879</u>	<u>57,571</u>
Disbursements:						
Personal services	-	971	484,970	9,738	-	-
Supplies	-	1,111,471	-	-	-	-
Other services and charges	-	8,543,316	2,595,962	3,801,207	48,909	57,571
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	3,022	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>9,658,780</u>	<u>3,080,932</u>	<u>3,810,945</u>	<u>48,909</u>	<u>57,571</u>
Excess (deficiency) of receipts over disbursements	<u>114,204</u>	<u>82,846</u>	<u>(74,000)</u>	<u>313,683</u>	<u>1,970</u>	<u>-</u>
Cash and investments - ending	<u>\$ 425,138</u>	<u>\$ 147,016</u>	<u>\$ 574,616</u>	<u>\$ 934,039</u>	<u>\$ 1,970</u>	<u>\$ -</u>



CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	PO-212 ICAC 4/1/11-3/31/13	AI-19 Road Construction	FEMA-21 Thermal Imaging Camera	AI-20 Runway 5-23 Phase-5	Neighborhood Stabilization Prog-3	Criminal Justice Byrne Grant
Cash and investments - beginning	\$ 620	\$ 21,083	\$ 400	\$ 9,833	\$ 49,049	\$ 10,849
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	4,933	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	4,933	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(4,933)	-	-	-	-
Cash and investments - ending	\$ 620	\$ 16,150	\$ 400	\$ 9,833	\$ 49,049	\$ 10,849

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(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	LOC15- Local Match for FTA15
Cash and investments - beginning	\$ -	\$ 118,357	\$ 144,000	\$ 24,994	\$ -	\$ 835
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	4,022	38,262	-	-	-	-
Charges for services	415	-	-	-	28,213	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	108,970
Total receipts	4,437	38,262	-	-	28,213	108,970
Disbursements:						
Personal services	178	-	-	-	-	-
Supplies	281	-	-	-	-	-
Other services and charges	3,528	123,863	-	-	28,213	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	450	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	108,970	-	-	-
Total disbursements	4,437	123,863	108,970	-	28,213	-
Excess (deficiency) of receipts over disbursements	-	(85,601)	(108,970)	-	-	108,970
Cash and investments - ending	\$ -	\$ 32,756	\$ 35,030	\$ 24,994	\$ -	\$ 109,805

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	DWISE-2012 DollarWise Summer Youth	Brownfield Grant	POD-5 Citizen Police Academy	Redevelopment Commission - NonTIF	PO-14 Local Bomb Squad	PAD4 - Summer Concert Donation
Cash and investments - beginning	\$ 4,000	\$ 10	\$ 10	\$ 89,068	\$ 1,361	\$ 11,137
Receipts:						
Taxes	-	114,678	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	1	-	4,000	-	-
Total receipts	-	114,679	-	4,000	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	114,678	-	5,388	-	3,000
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	114,678	-	5,388	-	3,000
Excess (deficiency) of receipts over disbursements	-	1	-	(1,388)	-	(3,000)
Cash and investments - ending	\$ 4,000	\$ 11	\$ 10	\$ 87,680	\$ 1,361	\$ 8,137

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	POD-6 Prosecutor Annual Distribution	POD-7 K-9 Vehicles	VOCA14-2014 Grant	NICKEL- Preliminary Engineering/ Eng Inspection	NIKLCO - Nickel Plate Trail	Law Enforcement 2014 Block Grant
Cash and investments - beginning	\$ 4,650	\$ 160,000	\$ -	\$ 2,474	\$ -	\$ 146
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	26,925	94,846	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	360	27,101	10,000	-
Total receipts	-	-	27,285	121,947	10,000	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	800	-	27,285	124,421	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	160,000	-	-	-	146
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	800	160,000	27,285	124,421	-	146
Excess (deficiency) of receipts over disbursements	(800)	(160,000)	-	(2,474)	10,000	(146)
Cash and investments - ending	\$ 3,850	\$ -	\$ -	\$ -	\$ 10,000	\$ -

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	PO914-DEA Overtime Reimbursement 2014	PO915-DEA Overtime Reimbursement 2015	PO214 ICAC Grant 7/1/2013- 6/30/2014	SHSP14- Decontamination Equipment	WALMART Local Grant	AI22 Extend Runway and Taxiway Phase-7
Cash and investments - beginning	\$ -	\$ -	\$ (194)	\$ -	\$ 1,000	\$ 432,862
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	3,428	-	-	1,612,748
Charges for services	1,516	12,966	1,695	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	2,346	-	3,114
Total receipts	<u>1,516</u>	<u>12,966</u>	<u>5,123</u>	<u>2,346</u>	<u>-</u>	<u>1,615,862</u>
Disbursements:						
Personal services	1,516	12,966	-	-	-	-
Supplies	-	-	601	-	-	-
Other services and charges	-	-	1,480	-	-	2,048,724
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	2,848	2,346	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>1,516</u>	<u>12,966</u>	<u>4,929</u>	<u>2,346</u>	<u>-</u>	<u>2,048,724</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>194</u>	<u>-</u>	<u>-</u>	<u>(432,862)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	FTA14-2014 Grant IN-90-X649	LOC14A-Local match for Flex FTA-5310-2014	Child Advocacy Grant	FTA14A FLEX FTA-5310-2014	OCRA-Howard Convention Visitor Bureau	MLK-Dr MLK Memorial Comm
Cash and investments - beginning	\$ -	\$ 121,000	\$ (120)	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	580,636	-	22,001	-	-	67,800
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	262,321	50,000	7
Total receipts	580,636	-	22,001	262,321	50,000	67,807
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	13,265	-	-	-
Other services and charges	580,636	-	259	-	50,000	67,800
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	65,580	8,357	262,321	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	580,636	65,580	21,881	262,321	50,000	67,800
Excess (deficiency) of receipts over disbursements	-	(65,580)	120	-	-	7
Cash and investments - ending	\$ -	\$ 55,420	\$ -	\$ -	\$ -	\$ 7

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	TIF1-Redev Comm Downtown TIF	TIF-Redev Comm West Side Expansion	Economic Development Commission	Payment in Lieu of Sidewalk	AI23 Analyze Runway 14-32 5-23	Blight Elimination Program
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	14,819	326,222	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	99,765	-
Charges for services	-	-	-	10,000	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	1,360,041	-	-	73,000
Total receipts	14,819	326,222	1,360,041	10,000	99,765	73,000
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	321
Other services and charges	-	-	761,057	-	99,765	72,613
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	761,057	-	99,765	72,934
Excess (deficiency) of receipts over disbursements	14,819	326,222	598,984	10,000	-	66
Cash and investments - ending	\$ 14,819	\$ 326,222	\$ 598,984	\$ 10,000	\$ -	\$ 66

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Brownfield Revolving Loan	Police Equitable Sharing	Redevelopment Commission	Cemetery Operating	Se-1 10% of State-PMTF	Se-1 Area-5
Cash and investments - beginning	\$ -	\$ -	\$ 372,169	\$ 545,988	\$ 150,446	\$ 37,102
Receipts:						
Taxes	-	-	254,995	170,769	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	20,216	26,687	-	8,332	-	-
Charges for services	-	-	1,000	136,480	46,472	24,876
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	20,216	26,687	255,995	315,581	46,472	24,876
Disbursements:						
Personal services	-	-	-	324,123	-	-
Supplies	-	558	-	20,734	164	29,203
Other services and charges	20,216	16	742	23,830	-	11,975
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	7,588	143,394	-	3,950	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	20,216	8,162	144,136	368,687	4,114	41,178
Excess (deficiency) of receipts over disbursements	-	18,525	111,859	(53,106)	42,358	(16,302)
Cash and investments - ending	\$ -	\$ 18,525	\$ 484,028	\$ 492,882	\$ 192,804	\$ 20,800



CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Rehab Appersonway /Jackson Park	Rotary Fuel	Court Drug Restitution	Early Learning Center Donations	Fire Donations	Police Donations
Cash and investments - beginning	\$ 600	\$ 73,007	\$ 9,929	\$ 3,483	\$ 10,066	\$ 11,202
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	268,363	-	-	-	-
Fines and forfeits	-	-	2,812	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	2,060	8,607
Total receipts	-	268,363	2,812	-	2,060	8,607
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	220,674	-	-	-	1,609
Other services and charges	-	4,154	-	-	4,636	5,303
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	57,887	-	-	-	-
Total disbursements	-	282,715	-	-	4,636	6,912
Excess (deficiency) of receipts over disbursements	-	(14,352)	2,812	-	(2,576)	1,695
Cash and investments - ending	\$ 600	\$ 58,655	\$ 12,741	\$ 3,483	\$ 7,490	\$ 12,897

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Police DARE Donations	Senior Citizens Donations	Senior Center Activities Donation	Miscellaneous Donations	Haynes Museum Donation	Park and Dog Walk-1
Cash and investments - beginning	\$ 2,069	\$ 17,062	\$ 47,620	\$ 1,006	\$ 20,758	\$ 49,499
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	9,996	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	15	2,932	-	1,300	9,887	12,149
Total receipts	15	2,932	9,996	1,300	9,887	12,149
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	744	-	20	993	4,990	4,279
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	744	-	20	993	4,990	4,279
Excess (deficiency) of receipts over disbursements	(729)	2,932	9,976	307	4,897	7,870
Cash and investments - ending	\$ 1,340	\$ 19,994	\$ 57,596	\$ 1,313	\$ 25,655	\$ 57,369

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Aquatic Center Donations	Park and Dog Walk-3	Park - Highland Donations	Police - K9 Donations	FEMA-15	Traffic Safety Grant OPO DUI
Cash and investments - beginning	\$ 26,151	\$ 3,146	\$ 3,004	\$ 2,427	\$ 770	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	28,311
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	1,750	-	762	500	-	-
Total receipts	1,750	-	762	500	-	28,311
Disbursements:						
Personal services	-	-	-	-	-	28,311
Supplies	160	-	812	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	160	-	812	-	-	28,311
Excess (deficiency) of receipts over disbursements	1,590	-	(50)	500	-	-
Cash and investments - ending	\$ 27,741	\$ 3,146	\$ 2,954	\$ 2,927	\$ 770	\$ -

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Driving Under the Influence	Local Bomb Squad	Handicapped Transportation	Mayor's Handicapped and Mental Health Council	Continuing Throughfare	Special Revenue - KGOV
Cash and investments - beginning	\$ -	\$ 1,361	\$ 49,265	\$ 1,575	\$ 59,099	\$ 508
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	12,471	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	12,218	-	-	-	-
Total receipts	12,471	12,218	-	-	-	-
Disbursements:						
Personal services	12,471	11,937	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	12,471	11,937	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	281	-	-	-	-
Cash and investments - ending	\$ -	\$ 1,642	\$ 49,265	\$ 1,575	\$ 59,099	\$ 508

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Howard County Local Coordinating Council	FTA Transit Center	Neighborhood Stabilization Program	Special Revenue-Barrett Law Surplus	Special Revenue-Barrett Law Revolving	Certified Technology Park
Cash and investments - beginning	\$ 6,335	\$ 119,697	\$ 11,061	\$ 148,519	\$ 103,392	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	121,215	-	-	293,737
Charges for services	-	69,156	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	41,672	175,119	-
Total receipts	-	69,156	121,215	41,672	175,119	293,737
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	4,255	-	-	-	-
Other services and charges	-	32,576	132,276	434	91,563	293,737
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	599	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	175,000	-	-
Total disbursements	-	37,430	132,276	175,434	91,563	293,737
Excess (deficiency) of receipts over disbursements	-	31,726	(11,061)	(133,762)	83,556	-
Cash and investments - ending	\$ 6,335	\$ 151,423	\$ -	\$ 14,757	\$ 186,948	\$ -

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	USDA Small Business RLF Program	Dixon	Federal Grants #10 Energy Grant	Special Revenue - Other	Payroll	Cemetery Trust
Cash and investments - beginning	\$ 57,663	\$ 8,178	\$ 5	\$ 161,592	\$ 680,400	\$ 3,290
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	4,900	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	17,906	-	-	-	12,710,903	4
Total receipts	17,906	-	-	4,900	12,710,903	4
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	40
Other services and charges	-	-	-	-	-	83
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	12,630,487	-
Total disbursements	-	-	-	-	12,630,487	123
Excess (deficiency) of receipts over disbursements	17,906	-	-	4,900	80,416	(119)
Cash and investments - ending	\$ 75,569	\$ 8,178	\$ 5	\$ 166,492	\$ 760,816	\$ 3,171

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	KED-1 Kokomo Economic Development	EDA Revolving Loan Fund	LCC-4	UPI Trust Fund	Wastewater Utility- Barrett Law Surplus	Wastewater Utility- Operating
Cash and investments - beginning	\$ 23,222	\$ 450,477	\$ 1,186	\$ 198	\$ -	\$ 9,774,194
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	38,500	12,276,192
Penalties	-	-	-	-	-	413,677
Other receipts	-	121,816	-	-	8	72,829
Total receipts	-	121,816	-	-	38,508	12,762,698
Disbursements:						
Personal services	-	-	-	-	-	4,139,650
Supplies	-	-	-	-	-	-
Other services and charges	-	246	-	-	-	179,959
Debt service - principal and interest	-	-	-	-	-	3,110,634
Capital outlay	-	-	-	-	-	673,139
Utility operating expenses	-	-	-	-	310	3,605,795
Other disbursements	-	-	-	-	-	-
Total disbursements	-	246	-	-	310	11,709,177
Excess (deficiency) of receipts over disbursements	-	121,570	-	-	38,198	1,053,521
Cash and investments - ending	\$ 23,222	\$ 572,047	\$ 1,186	\$ 198	\$ 38,198	\$ 10,827,715

CITY OF KOKOMO  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Wastewater Utility- Bond And Interest	Wastewater Utility- Depreciation/ Improvement	Sewer Improvements	Wastewater Utility- Debt Reserve	Wastewater Utility- Extension and Betterment	Totals
Cash and investments - beginning	\$ -	\$ 2,241,816	\$ 725,625	\$ 1,614,150	\$ 468,389	\$ 44,136,980
Receipts:						
Taxes	-	-	-	-	-	38,500,282
Licenses and permits	-	-	-	-	-	226,170
Intergovernmental receipts	-	-	-	-	-	22,397,178
Charges for services	-	-	-	-	-	2,718,235
Fines and forfeits	-	-	-	-	-	304,873
Utility fees	-	-	-	-	130,454	12,445,146
Penalties	-	-	-	-	-	413,677
Other receipts	282,251	2,035	-	-	-	26,372,277
Total receipts	282,251	2,035	-	-	130,454	103,377,838
Disbursements:						
Personal services	-	-	-	-	-	36,076,772
Supplies	-	-	-	-	-	4,539,857
Other services and charges	-	-	-	-	-	35,314,958
Debt service - principal and interest	-	-	-	-	-	4,036,634
Capital outlay	-	-	-	-	-	4,521,294
Utility operating expenses	-	-	-	-	545,000	4,151,105
Other disbursements	-	-	-	282,251	-	14,614,636
Total disbursements	-	-	-	282,251	545,000	103,255,256
Excess (deficiency) of receipts over disbursements	282,251	2,035	-	(282,251)	(414,546)	122,582
Cash and investments - ending	\$ 282,251	\$ 2,243,851	\$ 725,625	\$ 1,331,899	\$ 53,843	\$ 44,259,562



CITY OF KOKOMO  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2015

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 104,320	\$ 1,299,548
Governmental activities	<u>321,506</u>	<u>275,349</u>
Totals	<u>\$ 425,826</u>	<u>\$ 1,574,897</u>

CITY OF KOKOMO  
SCHEDULE OF LEASES AND DEBT  
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date	
Governmental activities:					
Kokomo Community Development Corporation	2014C Bonds (Sports Stadium & Flood Mitigation)	\$ 942,000	1/15/2015	7/15/2029	See Note 7.
Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year		
Governmental activities:					
Revenue bonds	EDIT 2015 Rev Bond-YMCA	\$ 3,615,000	\$ 276,250	See Note 7.	
Total governmental activities		3,615,000	276,250		
Wastewater:					
Revenue bonds	WWU 2008 Revenue Bond Series A	3,955,000	364,358		
Revenue bonds	WWU 2012 Refunding Bond (Retired SRF I and SRFII Bond)	9,765,000	1,826,244		
Revenue bonds	WWU 2014 Refunding Bond (retired WWU 2005 Revenue Bond)	8,875,000	912,563		
Total Wastewater		22,595,000	3,103,165		
Totals		\$ 26,210,000	\$ 3,379,415		

CITY OF KOKOMO  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2015

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	22,028,665
Improvements other than buildings	4,110,485
Machinery, equipment, and vehicles	<u>24,951,852</u>
Total governmental activities	<u>161,161,592</u>
Wastewater:	
Land	142,228
Infrastructure	93,076,536
Buildings	19,284,536
Improvements other than buildings	903,766
Machinery, equipment, and vehicles	20,495,569
Construction in progress	<u>274,375</u>
Total Wastewater	<u>134,177,010</u>
Total capital assets	<u><u>\$ 295,338,602</u></u>

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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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for 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, 2015.

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 the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002. Our opinion on each major federal program is not modified with respect to these matters.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002 and 2015-003 that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

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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, 2015

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
<u>Department of Commerce</u>					
Economic Development Cluster					
Economic Adjustment Assistance	Direct Grant				
EDA Revolving Loan		11.307	FY2015	\$ -	\$ 1,134,540
Total - Economic Development Cluster				-	1,134,540
Total - Department of Commerce				-	1,134,540
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/Entitlement Grants	Direct Grant				
NSP-H		14.218	B08-MN-18-0008	-	121,215
HUD CDBG 2014		14.218	B14-MC-18-0014	42,835	402,247
HUD-CDBG 2015		14.218	B15-MC-18-0015	20,092	39,822
Total - Department of Housing and Urban Development				62,927	563,284
<u>Department of Justice</u>					
Bulletproof Vest Partnership Program	Direct Grant				
Bulletproof vest 50/50 partnership PO-5		16.607	FY2014	-	12,218
Edward Byrne Memorial Justice Assistance Grant Program	Direct Grant				
Block Grant 2014 PO-314		16.738	2014 DJ-BX-0497	-	146
Missing Children's Assistance	Indiana Criminal Justice Institute				
ICAC PO-214		16.543	2011-MC-CX-K005	-	3,428
ICAC PO-215		16.543	2014-MC-FX-K018	-	4,022
Total - Missing Children's Assistance				-	7,450
Crime Victim Assistance	Indiana Criminal Justice Institute				
VOCA 2014 Grant		16.575	2014-VA-GX-0062	-	26,925
Total - Department of Justice				-	46,739
<u>Department of Transportation</u>					
Federal Transit Cluster					
Federal Transit_Formula Grants	Direct Grant				
Federal Transit Formula Grant 2014		20.507	IN-90-X649-00	-	580,636
Federal Transit Formula Grant 2015		20.507	IN-90-X677-00	-	28,213
Federal Transit Flex Grant 2014 SECTION 5310	Indiana Department of Transportation	20.507	EDS 15320067	-	262,321
Total - Federal Transit Cluster				-	871,170
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	-	94,846
Washington LaFountain		20.205	DES #0900130	-	97,979
Markland and Park		20.205	DES #1006003	-	37,205
Total - Highway Planning and Construction Cluster				-	230,030

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, 2015  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Transportation (continued)</u>					
Highway Safety Cluster					
State and Community Highway Safety Operation Pull Over Enforcement Grant	Indiana Criminal Justice Institute	20.600	Grant ID 3016	-	23,500
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI-Task Force	Howard County	20.601	FY2015	-	11,346
Total - Highway Safety Cluster				-	34,846
Airport Improvement Program	Direct Grant				
AI-21 Extend Runway 5-23 Phase 6		20.106	3-18-0044-21	-	6,122
AI22 Extend Runway & Taxiway Phase 7		20.106	3-18-0044-22	-	1,569,268
AI-23 Runway Pavement Analysis 5-23 and 14-32		20.106	3-18-0044-23	-	89,613
Total - Airport Improvement Program				-	1,665,003
Total - Department of Transportation				-	2,801,049
<u>Environmental Protection Agency</u>					
Brownfield Assessment and Cleanup Cooperative Agreements	Direct Grant				
Brownfield Indiana Assessment Coalition		66.818	BF-00E01157	-	114,678
Brownfield Revolving Loan		66.818	BF-00E01364	-	20,216
Total - Environmental Protection Agency				-	134,894
<u>Department of Health and Human Services</u>					
Aging Cluster					
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers Title III part B Area 5	Area Five on Aging & Community Services	93.044	2014/2015	-	17,818
Total - Aging Cluster				-	17,818
Total - Department of Health and Human Services				-	17,818
<u>Department of Homeland Security</u>					
State Homeland Security Program (SHSP) SHSP16	Indiana Department of Homeland Security	97.073	EMW-2014-SS-00138	-	2,346
Total - Department of Homeland Security				-	2,346
Total federal awards expended				\$ 62,927	\$ 4,700,670

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, 2015. 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, 2015	\$ 941,184	
Cash and Investments as of December 31, 2015	572,048	
Administrative expenses paid out of RLF income during 2015	245	
Unpaid principal on loans written off during 2015	-	
	<hr/>	
Subtotal		1,513,477
Calculation of Federal Participation Rate (FPR):		
Original grant	500,000	
Original match (In-Kind)	167,000	
	<hr/>	
Subtotal	667,000	
	<hr/>	
FPR - Original grant awarded divided by total including original match		74.9625%
		<hr/>
Expenditures reported on the SEFA	\$ 1,134,540	
	<hr/>	

CITY OF KOKOMO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
14.218	Economic Development Cluster Community Development Block Grants/Entitlement Grants	Unmodified
20.106	Airport Improvement Program	Unmodified

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

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

**FINDING 2015-001 - 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 able to receive payments through mail or at the office counter; balance cash drawers; make up deposits; post receipts; had access to the system to make adjustments; approved adjustments for penalty reversals; posted credits or adjustments to accounts receivable and mailed billing statements.

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

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

*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.

*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 2015-002 - 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 2015

Pass-Through Entity: Direct Grant

This is a repeat finding from the immediate prior year in Report B47273.

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

*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 \$116,008 and \$70,366 at March 31, 2015, and September 30, 2015, 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. . . ."

2 CFR section 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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, except that 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. . . .

(i) *Sequestration of excess funds.* If the RLF Recipient fails to satisfy the capital utilization standard for two 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."

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

*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 requirement listed above.

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

*Views of Responsible Officials*

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

***FINDING 2015-003 - SPECIAL TESTS AND PROVISIONS - WAGE RATE DETERMINATION***

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Numbers and Years (or Other Identifying Numbers): 3-18-0044-21, 3-18-044-22,  
and 3-18-0044-23

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 the Special Tests and Provisions - Wage Rate Determination compliance requirement.

The City relied on a consultant to ensure compliance with the Wage Rate Determination requirements. There were no controls in place to ensure that the City was verifying that the Consultant was receiving weekly payrolls from the contractors working on the airport project.

*Context*

The City did not monitor the consultant to confirm if the four contractors used during the project were providing weekly payrolls.



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. . . ."

2 CFR section 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*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 requirements 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.

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#### AUDITEE-PREPARED DOCUMENTS

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



Fiscal Year:

1/1/2014-12/31/2014

Contact Person Responsible for Corrective Action:

Randall J. Morris, Controller

Contact Phone Number:

(765) 456-7450

## Summary Schedule of Prior Audit Findings

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

The City of Kokomo has implemented an internal control to provide a double checking of financial figures entered in all areas of the SEFA schedules.

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

The City of Kokomo has implemented an internal control to provide oversight and review of the customer accounts adjustments.

While it is difficult to have a segregation of duties in a small office, steps have been taken to prevent one person from having both access to assets and responsibility for maintaining the accountability of those assets.

The controls are implemented in October 2016 after the completion of the 2014 and 2015 field work audit

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

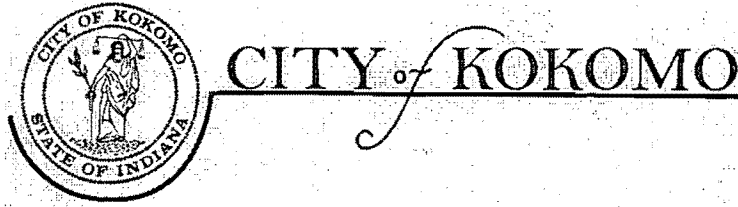
The City of Kokomo has implemented an internal control to provide oversight, review and approval of the semi-annual calculations of capital utilization.

The control is implemented in October 2016 after the completion of the 2014 and 2015 field work audit.

### ***FINDING 2014-004***

The City of Kokomo has implemented an internal control to provide oversight, review and approval of the semi-annual report prior to being submitted to the Economic Development Administration.

Randall J. Morris  
City Controller, City of Kokomo



## CORRECTIVE ACTION PLAN

### **FINDING 2015-001**

Contact Person Responsible for Corrective Action:  
Contact Phone Number:

Randall J. Morris, Controller  
(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 2015-002**

Contact Person Responsible for Corrective Action:  
Contact Phone Number:

Randall J. Morris, Controller  
(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 2015-003**

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 where the consultant has to report to the airport board at its monthly meeting that the consultant was receiving the weekly payrolls from the contractors and that the payrolls are in compliance with the wage rate requirements.

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/>.