

**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, 2017 to December 31, 2017



**FILED**  
11/03/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Randall J. Morris	01-01-17 to 12-31-18
Mayor	Gregory Goodnight	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Randy McKay	01-01-17 to 12-31-18
President of the Common Council	Robert Hayes, Sr.	01-01-17 to 12-31-18



**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, 2017, 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 from 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 to 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, 2017.

***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, 2017, 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 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 September 27, 2018, 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 solely 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 effectiveness of the City's 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

September 27, 2018



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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, 2017, and the related notes to the financial statement, and have issued our report thereon dated September 27, 2018, 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 City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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*.

**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

September 27, 2018

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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, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
General	\$ 16,947,666	\$ 44,009,347	\$ 38,652,769	\$ 22,304,244
Motor Vehicle Highway	3,400,058	4,037,090	4,303,454	3,133,694
Local Road and Street	378,568	852,706	476,585	754,689
Aviation	683,257	488,077	462,986	708,348
Economic Development Operating	1,318,855	2,411,950	526,835	3,203,970
Building Demolition	50,895	19,010	-	69,905
Plan Commission	622,560	469,842	408,867	683,535
Community Development	-	904,520	904,520	-
Law Enforcement Continuing Education	339,481	63,077	43,314	359,244
Parks and Recreation	2,092,903	4,280,158	3,363,339	3,009,722
Rainy Day	5,539	320	-	5,859
Levy Excess	89,985	-	-	89,985
Cumulative Capital Improvement	573,122	141,202	103,988	610,336
Health Insurance	101,504	10,728,053	10,686,129	143,428
Police Pension	1,084,982	3,386,563	2,915,535	1,556,010
Fire Pension	1,546,151	3,839,893	3,681,349	1,704,695
Markland & Park	(53,604)	83,634	24,725	5,305
Lincoln Preliminary Engineering	42,507	137,734	171,458	8,783
PO-212 4/1/2011- 3/31/2013	620	-	-	620
AI-19 Road Construction	12,746	-	-	12,746
FEMA-21 Thermal Imaging Camera	400	-	-	400
AI-20 Runway 5-23 phase-5	9,833	-	-	9,833
Neighborhood Stabilization Program-3	49,049	3,016	-	52,065
PO-912 PO-99	10,849	-	-	10,849
PO215 ICAC 7/1/14- 6/30/15	-	13,509	14,934	(1,425)
AI-21 Extend Runway 5-23 Phase-6	1,552	141,660	-	143,212
LOCAL Local match for FTA grant	125,544	-	12,500	113,044
LOC16LOC13 Local Match for FTA16FTA13	5,099	54,549	1,133	58,515
FTA15- 2015 Grant IN-90-X677	-	8,378	-	8,378
LOC15-Local Match for FTA15FTA12A	-	36,118	-	36,118
DWISE-2012 DollarWise Summer Youth	4,000	-	-	4,000
Brownfield Grant	13	201,051	201,049	15
POD-5 Citizen Police Academy	10	-	-	10
Redevelopment Commission- NonTIF	87,680	-	-	87,680
PO-14 Local Bomb Squad	1,361	-	-	1,361
PAD4 - Summer Concert Donation	8,137	-	-	8,137
POD-6 Prosecutor Annual Distribution	4,272	29,000	28,657	4,615
VOCA14- 2014 Grant	-	10,000	-	10,000
NICKEL- Preliminary Engineering/ Eng Inspection	(26,686)	17,665	1,642	(10,663)
PO316 DJ-BX-0447 2016 BG	14,000	3,181	17,181	-
PO916-DEA Overtime Reimbursement 2015-2016	-	564	564	-
PO917-DEA Overtime Reimbursement 2016-2017	-	12,700	12,700	-
WALMART- Local Grant	4	-	-	4
AI22 Extend Runway & Taxiway Phase 7	-	6,532	-	6,532
LOC14A-Local match for Flex FTA-5310-2014	21,023	-	-	21,023
Child Advocacy Grant HOPE project	-	36,701	44,030	(7,329)
FTA14A FLEX FTA-5310-2014	-	-	-	-
FOSTER Howard Convention Visitor Bureau	-	118,308	99,230	19,078
MLK- Dr MLK Memorial Comm	8	-	8	-
TIF1- Redevelopment Comm Downtown TIF	14,819	31,277	-	46,096
TIF2-Redevelopment Comm West-Side Expansion	422,131	622,350	94,537	949,944
Economic Development Commission	97,220	144,741	150,169	91,792
Payment in Lieu of Sidewalk	10,000	-	-	10,000
AI23 Analyze Runway 14-32 5-23	1,538	-	-	1,538
Blight Elimination Program	16,515	170,118	186,589	44
Brownfield Revolving Loan	-	9,268	9,268	-
Police Equitable Sharing	36,850	3,189	-	40,039
AI24 Taxiway C & D Rehabilitation	10,615	145,845	142,796	13,664
PO416 Motorcycle High Visibility Enforcement	-	7,987	7,987	-
PO216 ICAC 7/1/2015- 6/30/2016	(78)	6,137	5,898	161
HLPARK Rebuild Highland Park	60,085	26,954	65,803	21,236
PAD5 Park & Rec foundation	92	-	-	92
TIF3- North Main Street	29,695	24,203	-	53,898
TIF4- South East Side	539,470	2,407,398	-	2,946,868
LOIT Special Distribution	428,532	-	-	428,532

CITY OF KOKOMO  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
Community Crossing Grant	74,550	1,200,000	1,224,550	50,000
MVH- Rainy Day Restricted	1,000,000	-	550,000	450,000
VOCA15 2015-2016 Grant	-	47,050	47,050	-
MRKD22 Markland & SR22	38,873	191,020	201,942	27,951
FTA16 2016 IN-2016-034-00	-	597,041	597,041	-
Traveler Settlement - Dixon Site	1,522,396	-	131,170	1,391,226
MRK-RW Markland & SR22 Right of Way	-	42,804	34,925	7,879
NKP-CE Nickel-Plate Trail Construction Engineering	-	36,570	94,806	(58,236)
LOC17-Local match for 2017 FTA 5307	-	7,200	-	7,200
AI25 Install Airfield Underdrain	-	212,510	236,123	(23,613)
Redevelopment Commission	14,904	216,166	80,476	150,594
Cemetery Operating	385,080	366,660	429,332	322,408
Se-1	270,746	62,172	-	332,918
Se-1 Area 5	9,816	66,236	68,677	7,375
Rehab Appersonway/ Jackson Park	600	-	-	600
Rotary Fuel	72,985	276,033	299,751	49,267
Court Drug Restitution	10,685	510	-	11,195
Dad-1 Early Learning Center	3,483	-	-	3,483
Fid-1 Fire Donations	5,120	500	2,330	3,290
Fid-2 Fire- Arson Dog	-	5,751	1,133	4,618
Pod-1 Police Donations	14,298	2,124	7,697	8,725
Pod-2 Police DARE program	1,340	-	763	577
Sed-1 Senior Center	19,831	1,485	-	21,316
Sed-2 Senior Center Activities	67,464	9,251	-	76,715
Cad-1 Miscellaneous	1,600	2,100	1,485	2,215
Hmd-1 Haynes Museum	28,349	2,623	-	30,972
Pad-1 Park	72,500	13,874	3,790	82,584
Kod-1 Kokomo Beach	29,331	2,500	-	31,831
Pad-3 Dog Park	3,146	-	-	3,146
Pad-2 Park Miscellaneous (Vending)	2,831	852	1,252	2,431
Pod-3 Police K9	326	-	-	326
FEMA-15	770	-	-	770
PO-4 PO-7 Operation Pull-Over	-	20,652	21,685	(1,033)
PO-6 DUI grant	-	12,129	12,645	(516)
PO-5 Bullet-Proof Vest Grant	(78)	1,720	1,642	-
Tr-1 Handicapped Transportation	49,265	-	20,000	29,265
Mayor's Handicapped & Mental Health Council	1,426	-	-	1,426
Continuing Throughfare	59,099	-	-	59,099
Special Revenue - Kgov	358	-	150	208
Howard County Local Coordinating Council	6,335	-	-	6,335
FTA- Transit Center	180,250	42,572	31,820	191,002
Special Revenue-Barrett Law Surplus	50,037	17,271	50	67,258
Special Revenue-Barrett Law Revolving	73,712	96	-	73,808
Certified Technology Park	-	231,115	231,115	-
USDA Small Business RLF Program	86,529	24,319	12,928	97,920
Dixon	8,178	-	-	8,178
Energy Grant	5	-	-	5
Special Revenue - Other	170,992	3,000	-	173,992
Payroll	744,818	11,533,148	11,565,480	712,486
Cemetery Trust	3,094	4	40	3,058
Ked-1 Kokomo Economic Development	23,222	-	-	23,222
EDA Revolving Loan Fund	624,004	75,281	495	698,790
Community Drug Foundation	1,186	-	-	1,186
UPI Trust Fund	198	-	-	198
Wastewater Utility- Barrett Law Surplus	44,240	44	-	44,284
Wastewater Utility- Operating	1,500,236	14,723,568	12,223,865	3,999,939
Wastewater Utility- Bond And Interest	1,231,585	23,620,977	23,282,561	1,570,001
Wastewater Utility- Depreciation/ Improvement	8,884,015	41,048	3,482,132	5,442,931
Sewer Improvements	-	20,435,835	209,639	20,226,196
Wastewater Utility- Debt Reserve	942,375	-	28,080	914,295
Wastewater Utility- Extension & Betterment	-	182,450	572	181,878
Totals	<u>\$ 49,557,532</u>	<u>\$ 154,473,836</u>	<u>\$ 122,961,720</u>	<u>\$ 81,069,648</u>

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

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

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

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

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the 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.* Amounts received from 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.* 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, animal 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.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental 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.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

*Fines and forfeits.* Amounts received 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.* Amounts received from charges for current services.

*Penalties.* Amounts received from late payment fees.

*Other receipts.* 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.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but 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.* Amounts disbursed for 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.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the City were not received by December 31, 2017.

**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 2017 totaled \$938,000.

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#### OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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, 2017

	General	Motor Vehicle Highway	Local Road and Street	Aviation	Economic Development Operating	Building Demolition
Cash and investments - beginning	\$ 16,947,666	\$ 3,400,058	\$ 378,568	\$ 683,257	\$ 1,318,855	\$ 50,895
Receipts:						
Taxes	39,056,589	1,134,594	-	209,106	2,333,228	-
Licenses and permits	234,132	-	-	-	-	-
Intergovernmental receipts	3,629,233	2,806,156	852,706	10,997	-	-
Charges for services	498,128	3,558	-	211,577	-	-
Fines and forfeits	200,963	-	-	-	-	19,010
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	390,302	92,782	-	56,397	78,722	-
Total receipts	44,009,347	4,037,090	852,706	488,077	2,411,950	19,010
Disbursements:						
Personal services	27,159,816	757,420	-	274,374	-	-
Supplies	1,489,707	929,480	-	44,819	-	-
Other services and charges	8,247,183	2,411,183	476,585	127,540	148,760	-
Debt service - principal and interest	-	-	-	-	146,560	-
Capital outlay	1,736,063	205,371	-	16,253	231,515	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	20,000	-	-	-	-	-
Total disbursements	38,652,769	4,303,454	476,585	462,986	526,835	-
Excess (deficiency) of receipts over disbursements	5,356,578	(266,364)	376,121	25,091	1,885,115	19,010
Cash and investments - ending	\$ 22,304,244	\$ 3,133,694	\$ 754,689	\$ 708,348	\$ 3,203,970	\$ 69,905

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Plan Commission	Community Development	Law Enforcement Continuing Education	Parks and Recreation	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 622,560	\$ -	\$ 339,481	\$ 2,092,903	\$ 5,539	\$ 89,985
Receipts:						
Taxes	205,234	-	-	3,601,272	-	-
Licenses and permits	100,521	-	32,410	-	-	-
Intergovernmental receipts	10,794	904,520	-	189,399	-	-
Charges for services	152,280	-	23,966	328,865	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	1,013	-	6,701	160,622	320	-
Total receipts	469,842	904,520	63,077	4,280,158	320	-
Disbursements:						
Personal services	319,190	-	-	1,653,123	-	-
Supplies	6,169	-	43,314	408,604	-	-
Other services and charges	82,450	904,520	-	863,804	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,058	-	-	437,808	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	408,867	904,520	43,314	3,363,339	-	-
Excess (deficiency) of receipts over disbursements	60,975	-	19,763	916,819	320	-
Cash and investments - ending	\$ 683,535	\$ -	\$ 359,244	\$ 3,009,722	\$ 5,859	\$ 89,985

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Cumulative Capital Improvement	Health Insurance	Police Pension	Fire Pension	Markland & Park	Lincoln Preliminary Engineering
Cash and investments - beginning	\$ 573,122	\$ 101,504	\$ 1,084,982	\$ 1,546,151	\$ (53,604)	\$ 42,507
Receipts:						
Taxes	-	-	1,047,467	329,149	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	141,202	-	2,339,096	3,510,744	83,634	137,684
Charges for services	-	9,000	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	10,719,053	-	-	-	50
Total receipts	141,202	10,728,053	3,386,563	3,839,893	83,634	137,734
Disbursements:						
Personal services	-	1,878	583,730	9,738	-	-
Supplies	1,391	1,072,288	-	-	-	-
Other services and charges	102,597	9,605,320	2,331,805	3,671,611	24,725	171,458
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	6,643	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	103,988	10,686,129	2,915,535	3,681,349	24,725	171,458
Excess (deficiency) of receipts over disbursements	37,214	41,924	471,028	158,544	58,909	(33,724)
Cash and investments - ending	\$ 610,336	\$ 143,428	\$ 1,556,010	\$ 1,704,695	\$ 5,305	\$ 8,783

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	PO-212 4/1/2011- 3/31/2013	AI-19 Road Construction	FEMA-21 Thermal Imaging Camera	AI-20 Runway 5-23 phase-5	Neighborhood Stabilization Program-3	PO-912 PO-99
Cash and investments - beginning	\$ 620	\$ 12,746	\$ 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	-	-	-	-	3,016	-
Total receipts	-	-	-	-	3,016	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	3,016	-
Cash and investments - ending	\$ 620	\$ 12,746	\$ 400	\$ 9,833	\$ 52,065	\$ 10,849

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	PO215 ICAC 7/1/14- 6/30/15	AI-21 Extend Runway 5-23 Phase-6	LOCAL Local match for FTA grant	LOC16 Local Match for FTA16	LOC13 Local Match for FTA13	FTA15- 2015 Grant IN-90-X677	LOC15-Local Match for FTA15	FTA12A
Cash and investments - beginning	\$ -	\$ 1,552	\$ 125,544	\$ 5,099	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	13,509	141,660	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	54,549	8,378	-	36,118
Total receipts	13,509	141,660	-	-	54,549	8,378	-	36,118
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	1,086	-	-	-	-	-	-	-
Other services and charges	11,958	-	12,500	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	1,890	-	-	-	1,133	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	14,934	-	12,500	-	1,133	-	-	-
Excess (deficiency) of receipts over disbursements	(1,425)	141,660	(12,500)	-	53,416	8,378	-	36,118
Cash and investments - ending	\$ (1,425)	\$ 143,212	\$ 113,044	\$ -	\$ 58,515	\$ 8,378	\$ -	\$ 36,118

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	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	\$ 13	\$ 10	\$ 87,680	\$ 1,361	\$ 8,137
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	201,049	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	2	-	-	-	-
Total receipts	-	201,051	-	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	201,049	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	201,049	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	2	-	-	-	-
Cash and investments - ending	\$ 4,000	\$ 15	\$ 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, 2017

	POD-6 Prosecutor Annual Distribution	VOCA14- 2014 Grant	NICKEL- Preliminary Engineering/ Eng Inspection	PO316 DJ-BX-0447 2016 BG	PO916-DEA Overtime Reimbursement 2015-2016	PO917-DEA Overtime Reimbursement 2016-2017
Cash and investments - beginning	\$ 4,272	\$ -	\$ (26,686)	\$ 14,000	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	16,140	3,181	-	-
Charges for services	-	-	-	-	564	12,700
Fines and forfeits	29,000	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	10,000	1,525	-	-	-
Total receipts	29,000	10,000	17,665	3,181	564	12,700
Disbursements:						
Personal services	-	-	-	-	564	12,700
Supplies	-	-	-	-	-	-
Other services and charges	28,657	-	1,642	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	17,181	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	28,657	-	1,642	17,181	564	12,700
Excess (deficiency) of receipts over disbursements	343	10,000	16,023	(14,000)	-	-
Cash and investments - ending	\$ 4,615	\$ 10,000	\$ (10,663)	\$ -	\$ -	\$ -

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	WALMART- Local Grant	AI22 Extend Runway & Taxiway Phase 7	LOC14A-Local match for Flex FTA-5310-2014	Child Advocacy Grant HOPE project	FTA14A FLEX FTA-5310-2014	FOSTER Howard Convention Visitor Bureau
Cash and investments - beginning	\$ 4	\$ -	\$ 21,023	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	6,532	-	-	-	64,028
Charges for services	-	-	-	36,701	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	54,280
Total receipts	-	6,532	-	36,701	-	118,308
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	739	-	-
Other services and charges	-	-	-	6,124	-	99,230
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	37,167	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	44,030	-	99,230
Excess (deficiency) of receipts over disbursements	-	6,532	-	(7,329)	-	19,078
Cash and investments - ending	\$ 4	\$ 6,532	\$ 21,023	\$ (7,329)	\$ -	\$ 19,078

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	MLK- Dr MLK Memorial Comm	TIF1- Redevelopment Comm Downtown TIF	TIF2-Redevelopment Comm West-Side Expansion	Economic Development Commission	Payment in Lieu of Sidewalk	AI23 Analyze Runway 14-32 5-23
Cash and investments - beginning	\$ 8	\$ 14,819	\$ 422,131	\$ 97,220	\$ 10,000	\$ 1,538
Receipts:						
Taxes	-	31,277	615,850	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	6,500	144,741	-	-
Total receipts	-	31,277	622,350	144,741	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	8	-	2,000	150,169	-	-
Debt service - principal and interest	-	-	92,537	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	8	-	94,537	150,169	-	-
Excess (deficiency) of receipts over disbursements	(8)	31,277	527,813	(5,428)	-	-
Cash and investments - ending	\$ -	\$ 46,096	\$ 949,944	\$ 91,792	\$ 10,000	\$ 1,538

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Blight Elimination Program	Brownfield Revolving Loan	Police Equitable Sharing	AI24 Taxiway C & D Rehabilitation	PO416 Motorcycle High Visibility Enforcement	PO216 ICAC 7/1/2015- 6/30/2016
Cash and investments - beginning	\$ 16,515	\$ -	\$ 36,850	\$ 10,615	\$ -	\$ (78)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	151,967	9,268	-	145,845	7,987	6,137
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	18,151	-	3,189	-	-	-
Total receipts	170,118	9,268	3,189	145,845	7,987	6,137
Disbursements:						
Personal services	-	-	-	-	7,987	-
Supplies	217	-	-	-	-	30
Other services and charges	186,372	9,268	-	142,796	-	5,118
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	750
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	186,589	9,268	-	142,796	7,987	5,898
Excess (deficiency) of receipts over disbursements	(16,471)	-	3,189	3,049	-	239
Cash and investments - ending	\$ 44	\$ -	\$ 40,039	\$ 13,664	\$ -	\$ 161

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	HLPARK Rebuild Highland Park	PAD5 Park & Rec foundation	TIF3- North Main Street	TIF4- South East Side	LOIT Special Distribution	Community Crossing Grant
Cash and investments - beginning	\$ 60,085	\$ 92	\$ 29,695	\$ 539,470	\$ 428,532	\$ 74,550
Receipts:						
Taxes	-	-	24,203	2,407,398	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	650,000
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	26,954	-	-	-	-	550,000
Total receipts	26,954	-	24,203	2,407,398	-	1,200,000
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	20,334	-	-	-	-	-
Other services and charges	45,469	-	-	-	-	1,224,550
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	65,803	-	-	-	-	1,224,550
Excess (deficiency) of receipts over disbursements	(38,849)	-	24,203	2,407,398	-	(24,550)
Cash and investments - ending	\$ 21,236	\$ 92	\$ 53,898	\$ 2,946,868	\$ 428,532	\$ 50,000

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	MVH- Rainy Day Restricted	VOCA15 2015-2016 Grant	MRKD22 Markland & SR22	FTA16 2016 IN-2016-034-00	Traveler Settlement - Dixon Site	MRK-RW Markland & SR22 Right of Way
Cash and investments - beginning	\$ 1,000,000	\$ -	\$ 38,873	\$ -	\$ 1,522,396	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	42,050	191,020	597,041	-	14,604
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	5,000	-	-	-	28,200
Total receipts	-	47,050	191,020	597,041	-	42,804
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	550,000	47,050	201,942	590,032	131,170	1,125
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	7,009	-	33,800
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	550,000	47,050	201,942	597,041	131,170	34,925
Excess (deficiency) of receipts over disbursements	(550,000)	-	(10,922)	-	(131,170)	7,879
Cash and investments - ending	\$ 450,000	\$ -	\$ 27,951	\$ -	\$ 1,391,226	\$ 7,879

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	NKP-CE Nickel-Plate Trail Construction Engineering	LOC17-Local match for 2017 FTA 5307	AI25 Install Airfield Underdrain	Redevelopment Commission	Cemetery Operating	Se-1
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 14,904	\$ 385,080	\$ 270,746
Receipts:						
Taxes	-	-	-	-	257,510	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	36,570	-	212,510	-	13,543	62,172
Charges for services	-	-	-	-	95,607	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	7,200	-	216,166	-	-
Total receipts	36,570	7,200	212,510	216,166	366,660	62,172
Disbursements:						
Personal services	-	-	-	-	373,214	-
Supplies	-	-	-	-	20,744	-
Other services and charges	94,806	-	20,726	80,476	32,168	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	215,397	-	3,206	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	94,806	-	236,123	80,476	429,332	-
Excess (deficiency) of receipts over disbursements	(58,236)	7,200	(23,613)	135,690	(62,672)	62,172
Cash and investments - ending	\$ (58,236)	\$ 7,200	\$ (23,613)	\$ 150,594	\$ 322,408	\$ 332,918

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Se-1 Area 5	Rehab Appersonway/ Jackson Park	Rotary Fuel	Court Drug Restitution	Dad-1 Early Learning Center	Fid-1 Fire Donations
Cash and investments - beginning	\$ 9,816	\$ 600	\$ 72,985	\$ 10,685	\$ 3,483	\$ 5,120
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	21,154	-	276,033	-	-	-
Fines and forfeits	-	-	-	510	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	45,082	-	-	-	-	500
Total receipts	66,236	-	276,033	510	-	500
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	43,981	-	243,000	-	-	-
Other services and charges	24,696	-	4,407	-	-	2,330
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	52,344	-	-	-
Total disbursements	68,677	-	299,751	-	-	2,330
Excess (deficiency) of receipts over disbursements	(2,441)	-	(23,718)	510	-	(1,830)
Cash and investments - ending	\$ 7,375	\$ 600	\$ 49,267	\$ 11,195	\$ 3,483	\$ 3,290

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Fid-2 Fire- Arson Dog	Pod-1 Police Donations	Pod-2 Police DARE program	Sed-1 Senior Center	Sed-2 Senior Center Activities	Cad-1 Miscellaneous
Cash and investments - beginning	\$ -	\$ 14,298	\$ 1,340	\$ 19,831	\$ 67,464	\$ 1,600
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	5,751	2,124	-	1,485	9,251	2,100
Total receipts	5,751	2,124	-	1,485	9,251	2,100
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	1,133	2,764	763	-	-	1,250
Other services and charges	-	4,933	-	-	-	235
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	1,133	7,697	763	-	-	1,485
Excess (deficiency) of receipts over disbursements	4,618	(5,573)	(763)	1,485	9,251	615
Cash and investments - ending	\$ 4,618	\$ 8,725	\$ 577	\$ 21,316	\$ 76,715	\$ 2,215

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Hmd-1 Haynes Museum	Pad-1 Park	Kod-1 Kokomo Beach	Pad-3 Dog Park	Pad-2 Park Miscellaneous (Vending)	Pod-3 Police K9
Cash and investments - beginning	\$ 28,349	\$ 72,500	\$ 29,331	\$ 3,146	\$ 2,831	\$ 326
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	2,623	13,874	2,500	-	852	-
Total receipts	2,623	13,874	2,500	-	852	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	3,790	-	-	1,252	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	3,790	-	-	1,252	-
Excess (deficiency) of receipts over disbursements	2,623	10,084	2,500	-	(400)	-
Cash and investments - ending	\$ 30,972	\$ 82,584	\$ 31,831	\$ 3,146	\$ 2,431	\$ 326

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	FEMA-15	PO-4 PO-7 Operation Pull-Over	PO-6 DUI grant	PO-5 Bullet-Proof Vest Grant	Tr-1 Handicapped Transportation	Mayor's Handicapped & Mental Health Council
Cash and investments - beginning	\$ 770	\$ -	\$ -	\$ (78)	\$ 49,265	\$ 1,426
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	20,652	-	1,720	-	-
Charges for services	-	-	12,129	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	20,652	12,129	1,720	-	-
Disbursements:						
Personal services	-	21,685	12,645	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	1,642	20,000	-
Total disbursements	-	21,685	12,645	1,642	20,000	-
Excess (deficiency) of receipts over disbursements	-	(1,033)	(516)	78	(20,000)	-
Cash and investments - ending	\$ 770	\$ (1,033)	\$ (516)	\$ -	\$ 29,265	\$ 1,426

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Continuing Throughfare	Special Revenue - Kgov	Howard County Local Coordinating Council	FTA- Transit Center	Special Revenue-Barrett Law Surplus
Cash and investments - beginning	\$ 59,099	\$ 358	\$ 6,335	\$ 180,250	\$ 50,037
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	42,572	17,193
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	-	-	-	78
Total receipts	-	-	-	42,572	17,271
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	150	-	4,174	-
Other services and charges	-	-	-	27,646	50
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	-	150	-	31,820	50
Excess (deficiency) of receipts over disbursements	-	(150)	-	10,752	17,221
Cash and investments - ending	\$ 59,099	\$ 208	\$ 6,335	\$ 191,002	\$ 67,258

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Special Revenue-Barrett Law Revolving	Certified Technology Park	USDA Small Business RLF Program	Dixon	Energy Grant
Cash and investments - beginning	\$ 73,712	\$ -	\$ 86,529	\$ 8,178	\$ 5
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	96	231,115	24,319	-	-
Total receipts	<u>96</u>	<u>231,115</u>	<u>24,319</u>	<u>-</u>	<u>-</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	231,115	12,928	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>-</u>	<u>231,115</u>	<u>12,928</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>96</u>	<u>-</u>	<u>11,391</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 73,808</u>	<u>\$ -</u>	<u>\$ 97,920</u>	<u>\$ 8,178</u>	<u>\$ 5</u>

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Special Revenue - Other	Payroll	Cemetery Trust	Ked-1 Kokomo Economic Development	EDA Revolving Loan Fund
Cash and investments - beginning	\$ 170,992	\$ 744,818	\$ 3,094	\$ 23,222	\$ 624,004
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	3,000	-	-	-	73,138
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	11,533,148	4	-	2,143
Total receipts	3,000	11,533,148	4	-	75,281
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	40	-	-
Other services and charges	-	-	-	-	495
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	11,565,480	-	-	-
Total disbursements	-	11,565,480	40	-	495
Excess (deficiency) of receipts over disbursements	3,000	(32,332)	(36)	-	74,786
Cash and investments - ending	\$ 173,992	\$ 712,486	\$ 3,058	\$ 23,222	\$ 698,790

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Community Drug Foundation	UPI Trust Fund	Wastewater Utility- Barrett Law Surplus	Wastewater Utility- Operating	Wastewater Utility- Bond And Interest
Cash and investments - beginning	\$ 1,186	\$ 198	\$ 44,240	\$ 1,500,236	\$ 1,231,585
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	13,237,583	-
Penalties	-	-	-	228,520	-
Other receipts	-	-	44	1,257,465	23,620,977
Total receipts	-	-	44	14,723,568	23,620,977
Disbursements:					
Personal services	-	-	-	4,032,529	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	184,491	-
Debt service - principal and interest	-	-	-	1,477,741	1,527,459
Capital outlay	-	-	-	93,106	-
Utility operating expenses	-	-	-	3,338,539	-
Other disbursements	-	-	-	3,097,459	21,755,102
Total disbursements	-	-	-	12,223,865	23,282,561
Excess (deficiency) of receipts over disbursements	-	-	44	2,499,703	338,416
Cash and investments - ending	\$ 1,186	\$ 198	\$ 44,284	\$ 3,999,939	\$ 1,570,001

CITY OF KOKOMO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Wastewater Utility- Depreciation/ Improvement	Sewer Improvements	Wastewater Utility- Debt Reserve	Wastewater Utility- Extension & Betterment	Totals
Cash and investments - beginning	\$ 8,884,015	\$ -	\$ 942,375	\$ -	\$ 49,557,532
Receipts:					
Taxes	-	-	-	-	51,252,877
Licenses and permits	-	-	-	-	367,063
Intergovernmental receipts	-	-	-	-	17,225,350
Charges for services	-	-	-	-	1,818,165
Fines and forfeits	-	-	-	-	249,483
Utility fees	-	-	-	182,450	13,420,033
Penalties	-	-	-	-	228,520
Other receipts	41,048	20,435,835	-	-	69,912,345
Total receipts	41,048	20,435,835	-	182,450	154,473,836
Disbursements:					
Personal services	-	-	-	-	35,220,593
Supplies	-	-	-	-	4,341,219
Other services and charges	-	-	-	-	33,539,272
Debt service - principal and interest	-	-	-	-	3,244,297
Capital outlay	2,588,165	208,139	-	-	5,841,654
Utility operating expenses	893,967	-	28,080	572	4,261,158
Other disbursements	-	1,500	-	-	36,513,527
Total disbursements	3,482,132	209,639	28,080	572	122,961,720
Excess (deficiency) of receipts over disbursements	(3,441,084)	20,226,196	(28,080)	181,878	31,512,116
Cash and investments - ending	\$ 5,442,931	\$ 20,226,196	\$ 914,295	\$ 181,878	\$ 81,069,648

CITY OF KOKOMO  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater	\$ 352,374	\$ 1,302,458
Governmental activities	<u>366,776</u>	<u>334,423</u>
Totals	<u>\$ 719,150</u>	<u>\$ 1,636,881</u>

CITY OF KOKOMO  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Kokomo Community Development Corporation	EDIT 2014C Sport Stadium & Flood Mitigation	\$ 947,000	01/15/15	07/15/29
Total of annual lease payments		<u>\$ 947,000</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
Revenue bonds	EDIT 2015 Rev Bond-YMCA		\$ 2,560,000	\$ 212,000
Revenue bonds	EDIT 2016 Rev Bond Series B - Apartment		4,700,000	366,250
Revenue bonds	TIF 2016 Rev Bond Series A - Apartment		<u>3,400,000</u>	<u>117,300</u>
Total governmental activities			<u>10,660,000</u>	<u>695,550</u>
Wastewater:				
Revenue bonds	WWU 2012 Refunding Bond (Retired SRF I and SRFII bond)		6,405,000	1,828,069
Revenue bonds	WWU 2014 Refunding (retired WWU 2005 Revenue Bond)		7,460,000	921,875
Revenue bonds	WWU 2016 Refunding Bond (retired WWU 2008 Rev Bond)		3,485,000	320,944
Revenue bonds	WWU 2017 Revenue Bond		<u>20,610,000</u>	<u>679,128</u>
Total Wastewater			<u>37,960,000</u>	<u>3,750,016</u>
Totals			<u>\$ 48,620,000</u>	<u>\$ 4,445,566</u>

CITY OF KOKOMO  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 21,108,646
Infrastructure	93,133,935
Buildings	22,028,665
Improvements other than buildings	4,110,485
Machinery, equipment, and vehicles	<u>27,746,989</u>
Total governmental activities	<u>168,128,720</u>
Wastewater:	
Land	142,228
Infrastructure	95,184,873
Buildings	19,284,536
Improvements other than buildings	903,766
Machinery, equipment, and vehicles	20,702,942
Construction in progress	<u>1,151,994</u>
Total Wastewater	<u>137,370,339</u>
Total capital assets	<u>\$ 305,499,059</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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, 2017. 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, 2017.

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


**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with 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 a 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

  
Paul D. Joyce, CPA  
State Examiner

September 27, 2018

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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, 2017

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	Passed 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	FY2017	\$ -	\$ 966,512
Total - Department of Commerce				-	966,512
<b>Department of Housing and Urban Development</b>					
CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	Direct Grant	14.218			
HUD CDBG 2014			B14-MC-18-0014	-	270,993
HUD CDBG 2016			B16-MC-18-0014	43,576	619,553
HUD-CDBG 2017			B17-MC-18-0014	12,699	13,974
Total - Department of Housing and Urban Development				56,275	904,520
<b>Department of Justice</b>					
Missing Children's Assistance PO-216 ICAC PO-217 ICAC	Indiana Criminal Justice Institute	16.543			
			2014-MC-FX-K018 2015	-	6,137
			2014-MC-FX-K018 2016	-	13,509
Total - Missing Children's Assistance				-	19,646
Crime Victim Assistance VOCA 2016-2018 Grant	Indiana Criminal Justice Institute	16.575	EDS# D3-17-11464	-	42,050
Bulletproof Vest Partnership Program Bulletproof vest 50/50 partnership PO-5	Direct Grant	16.607	FY2016	-	1,720
Edward Byrne Memorial Justice Assistance Grant Program PO316 Block Grant 2016	Direct Grant	16.738	2016 DJ-BX-0447	-	17,181
Total - Department of Justice				-	80,597
<b>Department of Transportation</b>					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205			
Dixon from Sycamore to Judson Phase 4 MARKLAND & PARK Markland & Park Construction Engineer Nickel Plate Trail- Prelim Eng and Inspection Eng Nickel Plate Tr Construction Eng Lincoln Preliminary Engineering MARKLAND & SR 22 Markland & SR 22 Right of Way			DES 0600560 & A60056	-	3,558
			DES 1006003	-	83,634
			DES 1006003	-	64,028
			DES 1172473	-	16,140
			DES 1172473	-	36,570
			DES 1401818	-	137,684
			DES 1401820	-	191,020
			DES 1401820	-	14,604
Total - Highway Planning and Construction Cluster				-	547,238
Federal Transit Cluster Federal Transit - Formula Grants Federal Transit Formula Grant 2016	Direct Grant	20.507	IN-2016-034-00	-	597,041
Total - Federal Transit Cluster				-	597,041
Highway Safety Cluster State and Community Highway Safety Operation Pull Over Enforcement Grant	Indiana Criminal Justice Institute	20.600	EDS #D3-17-11090	-	20,652
Alcohol Impaired Driving Countermeasures Incentive Grants I PO417 High Visibility Enforcement Motorcycle PO-6 DUI-Task Force	Indiana Criminal Justice Institute Howard County	20.601	EDS #D3-17-11719 FY2017	-	7,987 12,129
Total - Alcohol Impaired Driving Countermeasures Incentive Grants I				-	20,116
Total - Highway Safety Cluster				-	40,768
Airport Improvement Program AI24 Taxiway C & D Rehab AI25 Install Airfield Underdrain	Direct Grant	20.106			
			3-18-0044-24	-	130,582
			3-18-0044-25	-	212,510
Total - Airport Improvements				-	343,092
Total - Department of Transportation				-	1,528,139
<b>Environmental Protection Agency</b>					
Brownfields Assessment and Cleanup Cooperative Agreements Brownfield Grant - Petro Brownfield Revolving Loan Brownfield Grant - Haz Mat	Direct Grant	66.818			
			BF-00E01157	-	25,829
			BF-00E01364	-	9,268
			BF-00E01545	-	175,219
Total - Environmental Protection Agency				-	210,316
<b>Department of Health and Human Services</b>					
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, Inc.	93.044	2016/2017	-	21,154
Total - Department of Health and Human Services				-	21,154
Total federal awards expended				\$ 56,275	\$ 3,711,238

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, 2016. The information in the SEFA is presented in accordance with the 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). 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 the Uniform Guidance, 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. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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, 2017	\$ 590,042	
Cash and Investments as of December 31, 2017	698,790	
Administrative expenses paid out of RLF income during 2017	495	
Unpaid principal on loans written off during 2017	<u>-</u>	
Subtotal		1,289,327
Calculation of Federal Participation Rate (FPR):		
Original grant	500,000	
Original match (In-Kind)	<u>167,000</u>	
Subtotal		<u>667,000</u>
FPR - Original grant awarded divided by total including original match		<u>74.9625%</u>
Expenditures reported on the SEFA		<u><u>\$ 966,512</u></u>

CITY OF KOKOMO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

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
20.106	CDBG - Entitlement Grants Cluster Highway Planning and Construction Cluster Airport Improvement Program	Unmodified Unmodified 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**

No matters are reportable.

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

No matters are reportable.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



## Summary Schedule of Prior Audit Findings

### ***FINDING 2016-001***

Fiscal Year:

1/1/2016-12/31/2016

Contact Person Responsible for Corrective Action:

Randall J. Morris, Controller

Contact Phone Number:

(765) 456-7450

### **Status of Audit Finding:**

The City of Kokomo has implemented an internal control where the office manager or deputy controller is copied on all the receipt notifications to ensure that payment to contractors are made within 3 business days of receipt of federal payments.

Randall J. Morris  
City Controller, City of Kokomo  
September 12, 2018

#### 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/>.