

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF KOKOMO

HOWARD COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**

12/27/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Weston Reed	01-01-20 to 12-31-21
Mayor	Tyler Moore	01-01-20 to 12-31-21
President of the Board of Public Works	Weston Reed	01-01-20 to 12-31-21
President of the Common Council	Lynn Rudolph Matthew Greco	01-01-20 to 12-31-20 01-01-21 to 12-31-21



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the City of Kokomo (City), for the period from January 1, 2020 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

December 2, 2021

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CITY CONTROLLER  
CITY OF KOKOMO

CITY CONTROLLER  
CITY OF KOKOMO  
AUDIT RESULTS AND COMMENTS

**CAPITAL ASSETS**

*Condition and Context*

The City had adopted a capital asset policy prior to the audit period and completed a physical inventory during the audit period; however, the completed physical inventory was not performed accurately. The City kept a detailed listing of capital assets; however, the detailed listing of capital assets included items that should have been disposed of during the prior and current audit periods. The City's capital assets detailed listing was determined to be overstated due to not being properly maintained.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The City certified on the Indiana Gateway for Government Units financial reporting system that the City had provided training on internal control standards; however, the City Controller indicated that not all employees, whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the political subdivision, had received training over internal control standards that were developed or approved by the Indiana State Board of Accounts.

CITY CONTROLLER  
CITY OF KOKOMO  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Context*

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

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

***BANK RECONCILEMENTS***

*Condition and Context*

Bank account reconcilements were not completed for the months of February, March, and April 2020. Additionally, the City did not reconcile all funds resulting in inaccurate bank account reconcilements for the months of July through December 2020, due to excluding the LIT 2020 Bond proceeds - Championship Park fund.

*Criteria*

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

CITY CONTROLLER  
CITY OF KOKOMO  
EXIT CONFERENCE

The contents of this report were discussed on December 2, 2021, with Weston Reed, City Controller; Tyler Moore, Mayor; Lynn M. Rudolph, Common Council member; Greg Davis, Common Council member; Thomas Miklik, Common Council member; Ray Collins, Common Council member; and Thu Caven, Deputy City Controller.

COMMON COUNCIL  
CITY OF KOKOMO

COMMON COUNCIL  
CITY OF KOKOMO  
AUDIT RESULT AND COMMENT

**TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

City employees whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the political subdivision, had not received training over internal control standards that were developed or approved by the Indiana State Board of Accounts. Personnel, as defined in Indiana Code 5-11-1-27(c), shall receive training concerning the internal control standards as adopted by the political subdivision.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

COMMON COUNCIL  
CITY OF KOKOMO  
EXIT CONFERENCE

The contents of this report were discussed on December 2, 2021, with Weston Reed, City Controller; Tyler Moore, Mayor; Lynn M. Rudolph, Common Council member; Greg Davis, Common Council member; Thomas Miklik, Common Council member; Ray Collins, Common Council member; and Thu Caven, Deputy City Controller.