

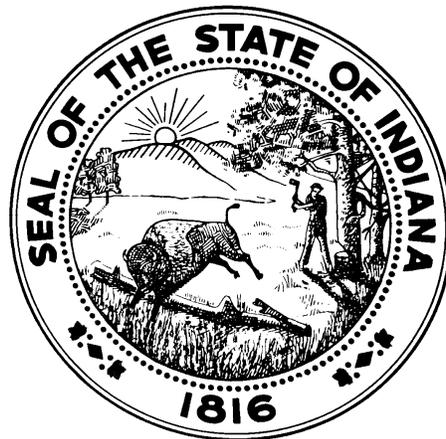
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2007

CITY OF KOKOMO

HOWARD COUNTY, INDIANA



FILED
09/30/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Management's Discussion and Analysis.....	7-14
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	15
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	16
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	17
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	18
Notes to Financial Statements	19-30
Required Supplementary Information:	
Schedules of Funding Progress	31
Schedules of Contributions From the Employer and Other Contributing Entities	32
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	33-42
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Pension Trust Funds	43
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	44
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	45
Schedule of Capital Assets.....	46
Schedule of Long-Term Debt	47
Other Reports.....	48
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	50-51
Schedule of Expenditures of Federal Awards	52
Notes to Schedule of Expenditures of Federal Awards.....	53
Schedule of Findings and Questioned Costs	54
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	55
Exit Conference.....	56

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Phillip Williams	01-01-07 to 10-26-07
	Thu Caven	10-27-07 to 12-31-07
	James J. Brannon	01-01-08 to 12-31-08
Mayor	Matthew McKillip	01-01-04 to 12-31-07
	Gregory Goodnight	01-01-08 to 12-31-11
President of the Board of Public Works	Phillip Williams	01-01-07 to 10-26-07
	Vacant	10-27-07 to 12-31-07
	James J. Brannon	01-01-08 to 12-31-08
President of the Common Council	Michael Karickhoff	01-01-07 to 12-31-07
	John M. Kennedy	01-01-08 to 12-31-08
Superintendent of Wastewater Utility	Greg Taylor	01-01-07 to 12-31-07
	Christopher Cooper	01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kokomo (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2007, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 26, 2008



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kokomo (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 26, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are 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.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 26, 2008

City of Kokomo, Indiana
Management's Discussion and Analysis
December 31, 2007

This discussion and analysis highlights the City of Kokomo's financial activities for the year ended December 31, 2007. We hope you will find this discussion helpful in assessing the City's financial condition. Please read it in conjunction with the City's financial statements and accompanying notes, which follow this discussion and analysis.

Financial Highlights

In 2007 the City of Kokomo changed its reporting basis from modify accrual to cash and therefore will not be able to present comparative financial results.

The net cash assets of the City of Kokomo at December 31, 2007 were \$29,843,702. Of this amount, \$6,643,371 is unrestricted and may be used to meet the City's ongoing obligations to its citizens, creditors and utility customers.

Basic Financial Statements

The Governmental Accounting Standards Board (GASB) requires the City to present its financial statements in accordance with GASB Statement No. 34.

The basic financial statements of the City of Kokomo consist of three components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

The government-wide financial statement is the Statement of Activities and Net Assets – Cash and Investment Basis. The government-wide statement reports on two major categories of services:

- Governmental activities, which encompass most of the City's basic services that are provided to its citizens.
- Business-type activities, which include the wastewater utilities.

Governmental activities include most of the City's basic services that are provided to its citizens, such as the general government, public safety (police and fire), highway and streets, sanitation, park, cemetery, aviation . Governmental activities are presented on the *cash* basis of accounting; in other words, receipts and expenditures are recorded in the financial statements when cash is actually received or disbursed.

Business-type activities consist of the City's wastewater and stormwater utilities. These activities are primarily funded through user charges and fees for services. The financial statements which are included in this report also report the business-type activities on a *cash* basis.

Fund financial statements are broadly categorized as governmental, proprietary, internal service and fiduciary. Separate financial statements are presented for each of these fund categories, with the internal service fund reported on the proprietary statement.

- Governmental funds include the General Fund, Motor Vehicle Highway fund, Economic Development Fund, Other Special Revenues Fund and Cumulative Capital Improvement Fund. These funds report what most people consider the basic government services. The Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds reports the three major funds separately, with all other funds combined into one total. This statement provides a detailed short-term view of the City's general government operations and the basic services it provides. This information will help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- Proprietary (enterprise) funds include the business-type activities, namely the wastewater and stormwater utilities. The enterprise fund statements have been prepared using the cash basis of accounting.
- Internal service fund consists of the activities of the Self-Insurance Fund. The cost of the City's group health/life insurance plan is paid from this fund.
- Fiduciary funds include the Police and Fire Pension Trusts, the Economic Development Revolving Loan Fund, the Barrett Law fund, and the Cemetery Endowment. All of the City's fiduciary activities are reported in a separate Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These funds are excluded from the City's other financial statements because the City cannot use these assets to finance its operations.

Notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are a required part of the basic financial statements.

Condensed Financial Data

Statement of Activities and Cash Net Assets

The table below provides a summary of the governmental activities' changes in cash net assets for the year ended December 31, 2007 and business-type activities changes in cash net assets for the year ended December 31, 2007. During calendar year 2007, the net assets of the governmental activities decreased by \$2,422,694 and the net assets of the business-type activities decreased by \$2,159,531.

City of Kokomo, Indiana Changes in Cash Net Assets

	2007		Total
	Governmental Activities	Business-Type Activities	
Receipts			
Program receipts:			
Charges for services	\$ 5,697,015	\$ 16,188,007	\$ 21,885,022
Operating grants & contributions	14,553,331		14,553,331
Capital grants & contributions	116,571		116,571
General receipts			-
Property taxes	27,854,021		27,854,021
Other local sources	-		-
Unrestricted investment earnings	483,602	811,571	1,295,173
Other	1,161,170	-	1,161,170
Total Receipts	<u>49,865,710</u>	<u>16,999,578</u>	<u>66,865,288</u>
Disbursements			
Government Activities			
General Government	21,171,391		21,171,391
Public Safety	20,090,126		20,090,126
Highway & Streets	6,804,623		6,804,623
Culture & Recreation	2,410,564		2,410,564
Debt Service	1,811,700		1,811,700
Business-type Activities			-
Wastewater Utilities	-	19,159,109	19,159,109
Total Disbursements	<u>52,288,404</u>	<u>19,159,109</u>	<u>71,447,513</u>
Change in cash net assets	(2,422,694)	(2,159,531)	(4,582,225)
Beginning cash net assets	<u>15,986,892</u>	<u>18,439,035</u>	<u>34,425,927</u>
Ending cash net assets	<u>\$ 13,564,198</u>	<u>\$ 16,279,504</u>	<u>\$ 29,843,702</u>

Schedule of Program Expenses and Revenues for Governmental Activities

The table below provides a summary of the program expenses and revenues for governmental activities. Overall, program revenues were not sufficient to cover program expenses. Therefore, general revenues, mainly taxes, supported the net program expenses of these governmental activities.

City of Kokomo, Indiana
 Program Expenses and Revenues
 For calendar year ended December 31, 2007

	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Revenues (Expenses)</u>
Primary Government			
General Government	\$ 21,171,391	\$ 15,854,069	\$ (5,317,322)
Public Safety	20,090,126	1,034,941	(19,055,185)
Highway & Streets	6,804,623	2,950,037	(3,854,586)
Culture & Recreation	2,410,564	527,870	(1,882,694)
Debt Service	1,811,700	-	(1,811,700)
Total	<u>\$ 52,288,404</u>	<u>\$ 37,444,973</u>	<u>\$ (31,921,487)</u>

Schedule of Program Expenses and Revenues for Business-Type Activities

The table below provides a summary of the program expenses and revenues for business-type activities. The Kokomo wastewater utility establishes user fees sufficient to generate revenues to cover program expenses. \$4,096,063 of the \$18,119,757 total disbursements for calendar year 2007 were for equipment and capital improvements and were financed largely through the issuance of the revenue bond.

City of Kokomo, Indiana
 Program Expenses and Revenues
 For calendar year ended December 31, 2007

	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Revenues (Expenses)</u>
Business-type Activities			
Wastewater	<u>\$ 19,159,109</u>	<u>\$ 16,188,007</u>	<u>\$ (2,971,102)</u>

Fund Analysis

Governmental Funds

Governmental funds receive money through taxes, licenses and permits, intergovernmental revenues, charges for services provided, fees for fines and forfeits and other revenues (such as interest on investment). These funds are in turn used to provide services for the general government, public safety, highway and streets, sanitation, culture and recreation, redevelopment, and repayment of debt. As of December 31, 2007 Kokomo's governmental funds reported cash and investment fund balances of \$10,593,965, a decrease of \$2,827,177 from the beginning of 2007.

General Fund:

Cash and Investments decreased by \$2,754,080. \$649K of the shortfall was due to the late distribution of 2007 property taxes payment.

Motor Vehicle Highway Fund:

Cash and Investments decreased by \$432,149.

Economic Development Income Tax Fund:

Cash and Investments decreased by \$523,220. \$408K of the shortfall was due to the shifting of the bond payment and capital lease payment from January of the ensuing year to late December of the current year.

Other Government Funds:

Cash and Investments increased by \$882,272.

Business-Type Funds

In total, the wastewater utility's cash, cash equivalents and investments decreased by \$2,159,531 during 2007.

- The operating and maintenance fund increased by \$1,608,568. Operating revenue increased, while both operating expenses and non-operating expenses declined.
- The Replacement/Depreciation cash increased by \$99,607 in 2007. The increase was due to interest earnings which were credited back to this fund.
- The bond and interest cash decreased by \$4,199,756. The decrease was largely due to the conversion of cash to construction-in-process.
- The sewer extension and betterment cash increased by \$332,050 during 2007. The increase was due to revenues generated from sewer tap connection fees.

General Fund Budgetary Highlights

Each year, City of Kokomo prepares an annual budget for all tax-supported ("Controlled") funds. This budget, from time to time, requires adjustment to reflect unexpected changes or to reflect decisions made by the City. During 2007, a total additional appropriation of \$1,262,923 were granted by the Department of Local Government Finance and were added to the 2007 budget.

In total, spending in the General fund was \$804,489 under budget for 2007.

A few large items were ordered towards the end of 2007, therefore, \$143,561 of the unspent 2007 budget was carried over, or encumbered, into 2008.

Capital Asset and Long-Term Debt Activity

Capital Asset Activity:

As of December 31, 2007, the City had \$121,946,442 invested in capital assets net of accumulated depreciation, including land, buildings, park facilities, streets, rights-of-way, equipment, stormwater, and sewer collection lines.

City of Kokomo, Indiana
 Capital Assets for Governmental Activities and Business-Type Activities
 For calendar year ended December 31, 2007

	<u>2007</u> <u>Governmental Activities</u>	<u>2007</u> <u>Business-Type Activities</u>	<u>Total</u>
Receipts			
Program receipts:			
Charges for services	\$ 5,697,015	\$ 16,188,007	\$ 21,885,022
Operating grants & contributions	14,553,331		14,553,331
Capital grants & contributions	116,571		116,571
General receipts			-
Property taxes	27,854,021		27,854,021
Other local sources			-
Unrestricted investment earnings	483,602	811,571	1,295,173
Other	1,161,170	-	1,161,170
Total Receipts	<u>49,865,710</u>	<u>16,999,578</u>	<u>66,865,288</u>
Disbursements			
Government Activities			
General Government	21,171,391		21,171,391
Public Safety	20,090,126		20,090,126
Highway & Streets	6,804,623		6,804,623
Culture & Recreation	2,410,564		2,410,564
Debt Service	1,811,700		1,811,700
Business-type Activities			
Wastewater Utilities	-	19,159,109	19,159,109
Total Disbursements	<u>52,288,404</u>	<u>19,159,109</u>	<u>71,447,513</u>
Change in cash net assets	(2,422,694)	(2,159,531)	(4,582,225)
Beginning cash net assets	15,986,892	18,439,035	34,425,927
Ending cash net assets	<u>\$ 13,564,198</u>	<u>\$ 16,279,504</u>	<u>\$ 29,843,702</u>

This year's major capital asset additions for the governmental activities included:

- Purchasing land and building for \$167,646.
- Purchasing major equipment at the MVH-Street Department, including two dump trucks, two John Deere diesel engines for leaf collector, a street sweeper, a pay loader, a roller, two 4 ton hot patcher, and a hydraulic hammer totaling \$536,065.
- Purchasing various equipment at the Traffic Department, including three traffic signal control and one aerial tower truck, totaling \$119,493.
- Purchasing various equipment at the Fire Department, including a F-450 ambulance, a C-4500 ambulance, a trench rescue trailer and equipments, a ½ ton 4X4 Chevrolet and replacing the lower roof at fire station 1, totaling \$295,094.

- Purchasing eleven new police cars, including related equipment for these cars, one fingerprint system along with the scene scope, one used armored SWAT truck, equipped 20 police cars with digital video mirror, totaling \$533,472.
- Installing siding at the Park office, pouring a concrete slab for the Gazebo at Highland Park, replacing two scoreboards at the Northwest Park, replacing the roof at the Art Association, and replacing two drinking fountains, totaling \$60,014.
- Purchasing two new buses for the senior center and installing one bay car wash totaling \$120,688.
- Purchasing one new truck for the Central Garage for \$18,549.

The business-type activities recorded an increase of \$3,483,247 in Capital Assets not being depreciated. This increase included \$3,471,252 for Construction-In-Process improvements for our collection infrastructure. This expenditure allowed the Utilities to be in compliance with the Clean Water Act mandate which required the reduction of the raw sewage flowing untreated into local streams.

Some of the major capital additions during 2007 include the following:

- \$145,290 for a C4500 TV truck.
- \$79,173 for a loader
- \$40,690 for three new utility vehicles.

See Supplementary Information – Schedule of Capital Assets in the attached financial statements for additional information.

Long-term Debt Activity:

As of December 31, 2007, the City's outstanding debt (principal only) consisted of the following:

	<u>2007</u>	<u>2006</u>
• Park District	\$ 3,075,000	\$ 3,665,000
• Wastewater Utility	\$ 35,170,000	\$37,785,000

During 2007, the governmental activities made principal payments of \$590,000 and interest payments of \$144,912

During the year, the business-type activities made principal payments of \$2,615,000 and interest payments of \$1,489,296.

See Supplementary Information – Schedule of Long-Term Debt in the attached financial statements for additional information.

Other Currently Known Facts

- The City is in the process of annexing 2660 acres that are outside of, but contiguous to the East side of the City; and annexing 4580 acres that are outside of, but contiguous to the West side of the City. The two annexation combined would increase the city's total assessed value by 16%.
- With the passing of House Enrollment Act 1001 in July 2008, the City will no longer be responsible for providing retirement, disability and death benefits to plan members and beneficiaries of the 1925 Police Officers' pension plan and 1937 Firefighters' Pension Plan. The city however, still responsible for the remaining pension obligations such as health insurance and administrative costs.
- The Utilities has awarded the Wet Weather Excess Flow project to Shook Construction of Indiana in 2008. The project will allow the wastewater plant to treat up to 80 millions gallons of sewage per day, double the existing current capacity.
- The Utilities has also issued a \$5.1M revenue bond in July 2008 to finance for this project.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Utilities' finances and to show accountability for the money the Utilities receive. If you have questions about this report or need additional financial information, please contact the City's Controller Office at 100 S Union Street, Kokomo, Indiana.

CITY OF KOKOMO
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 21,171,391	\$ 4,413,821	\$ 11,323,677	\$ 116,571	\$ (5,317,322)	\$ -	\$ (5,317,322)
Public safety	20,090,126	793,707	241,234	-	(19,055,185)	-	(19,055,185)
Highways and streets	6,804,623	130,473	2,819,564	-	(3,854,586)	-	(3,854,586)
Culture and recreation	2,410,564	359,014	168,856	-	(1,882,694)	-	(1,882,694)
Debt service	1,811,700	-	-	-	(1,811,700)	-	(1,811,700)
Total governmental activities	<u>52,288,404</u>	<u>5,697,015</u>	<u>14,553,331</u>	<u>116,571</u>	<u>(31,921,487)</u>	<u>-</u>	<u>(31,921,487)</u>
Business-type activities:							
Wastewater	19,159,109	16,188,007	-	-	-	(2,971,102)	(2,971,102)
Total primary government	<u>\$ 71,447,513</u>	<u>\$ 21,885,022</u>	<u>\$ 14,553,331</u>	<u>\$ 116,571</u>	<u>(31,921,487)</u>	<u>(2,971,102)</u>	<u>(34,892,589)</u>
General receipts:							
Property taxes					27,854,021	-	27,854,021
Unrestricted investment earnings					483,602	811,571	1,295,173
Other					1,161,170	-	1,161,170
Total general receipts					<u>29,498,793</u>	<u>811,571</u>	<u>30,310,364</u>
Change in net assets					(2,422,694)	(2,159,531)	(4,582,225)
Net assets - beginning					<u>15,986,892</u>	<u>18,439,035</u>	<u>34,425,927</u>
Net assets - ending					<u>\$ 13,564,198</u>	<u>\$ 16,279,504</u>	<u>\$ 29,843,702</u>
Assets							
Cash and investments					\$ 13,564,198	\$ 4,774,325	\$ 18,338,523
Restricted assets:							
Cash and investments					-	11,505,179	11,505,179
Total assets					<u>\$ 13,564,198</u>	<u>\$ 16,279,504</u>	<u>\$ 29,843,702</u>
Net Assets							
Restricted for:							
Culture and recreation					\$ 840,016	\$ -	\$ 840,016
Debt service					-	11,505,179	11,505,179
Other purposes					10,855,136	-	10,855,136
Unrestricted					1,869,046	4,774,325	6,643,371
Total net assets					<u>\$ 13,564,198</u>	<u>\$ 16,279,504</u>	<u>\$ 29,843,702</u>

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

CITY OF KOKOMO
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	Motor Vehicle Highway	Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 24,280,449	\$ -	\$ -	\$ 3,573,572	\$ 27,854,021
Special assessments	-	-	-	39,137	39,137
Licenses and permits	47,099	-	-	95,838	142,937
Intergovernmental	8,124,700	2,357,769	1,147,090	3,040,343	14,669,902
Charges for services	1,605,219	29,627	-	1,187,976	2,822,822
Fines and forfeits	89,691	-	-	23,096	112,787
Other	1,175,897	-	-	196,224	1,372,121
Total receipts	35,323,055	2,387,396	1,147,090	8,156,186	47,013,727
Disbursements:					
General government	9,786,852	-	173,564	3,270,541	13,230,957
Public safety	22,569,810	-	-	276,354	22,846,164
Highways and streets	3,745,510	2,000,741	-	791,852	6,538,103
Culture and recreation	-	-	-	2,665,969	2,665,969
Debt service:					
Principal	365,103	81,159	1,061,415	-	1,507,677
Interest	51,788	13,543	238,692	-	304,023
Capital outlay:					
General government	360,849	-	196,639	169,391	726,879
Public safety	899,119	-	-	11,111	910,230
Highways and streets	298,104	724,102	-	-	1,022,206
Culture and recreation	-	-	-	88,696	88,696
Total disbursements	38,077,135	2,819,545	1,670,310	7,273,914	49,840,904
Excess (deficiency) of receipts over disbursements	(2,754,080)	(432,149)	(523,220)	882,272	(2,827,177)
Cash and investment fund balance - beginning	4,623,126	3,668,012	1,878,516	3,251,488	13,421,142
Cash and investment fund balance - ending	<u>\$ 1,869,046</u>	<u>\$ 3,235,863</u>	<u>\$ 1,355,296</u>	<u>\$ 4,133,760</u>	10,593,965
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:					
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					<u>2,970,233</u>
Net assets of governmental activities					<u>\$ 13,564,198</u>
Cash and Investment Assets - December 31					
Cash and investments	<u>\$ 1,869,046</u>	<u>\$ 3,235,863</u>	<u>\$ 1,355,296</u>	<u>\$ 4,133,760</u>	<u>\$ 10,593,965</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ 840,016	\$ 840,016
Other purposes	-	3,235,863	1,355,296	3,293,744	7,884,903
Unrestricted	1,869,046	-	-	-	1,869,046
Total cash and investment fund balance - December 31	<u>\$ 1,869,046</u>	<u>\$ 3,235,863</u>	<u>\$ 1,355,296</u>	<u>\$ 4,133,760</u>	<u>\$ 10,593,965</u>

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

CITY OF KOKOMO
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2007

	Wastewater Utility	Internal Service Funds
Operating receipts:		
Charges for services	\$ -	\$ 8,496,644
Measured revenue:		
Residential and commercial	15,392,315	-
Storm water fees	396,594	-
Tap fees	332,050	-
Insurance proceeds	58,306	-
Other	-	1,537,632
	<u>16,179,265</u>	<u>10,034,276</u>
Total operating receipts		
Operating disbursements:		
Equipment and capital improvements	4,096,063	-
Collection system - maintenance	2,560,484	-
Collection system - plant operations	4,095,111	-
Laboratory services	314,967	-
Customer accounts	914,332	-
Administration and general	866,119	-
Sanitary engineering	658,040	-
Pretreatment	410,612	-
Insurance claims and premiums	-	9,902,443
Storm water	685,934	-
Insurance disbursements	96,286	-
Payment in lieu of taxes	352,894	-
Miscellaneous disbursements	3,971	-
	<u>15,054,813</u>	<u>9,902,443</u>
Total operating disbursements		
Excess of operating receipts over operating disbursements	<u>1,124,452</u>	<u>131,833</u>
Nonoperating receipts (disbursements):		
Interest and investment receipts	811,571	100,987
Miscellaneous receipts	8,742	171,664
Debt service of principal	(2,615,000)	-
Interest and investment disbursement	(1,489,296)	-
	<u>(3,283,983)</u>	<u>272,651</u>
Total nonoperating receipts (disbursements)		
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(2,159,531)	404,484
Cash and investment fund balance - beginning	<u>18,439,035</u>	<u>2,565,749</u>
Cash and investment fund balance - ending	<u>\$ 16,279,504</u>	<u>\$ 2,970,233</u>
<u>Cash and Investment Assets - December 31</u>		
Cash and investments	\$ 4,774,325	\$ 2,970,233
Restricted assets:		
Cash and investments	<u>11,505,179</u>	-
Total cash and investment assets - December 31	<u>\$ 16,279,504</u>	<u>\$ 2,970,233</u>
<u>Cash and Investment Fund Balance - December 31</u>		
Restricted for:		
Debt service	\$ 11,505,179	\$ -
Other purposes	-	2,970,233
Unrestricted	<u>4,774,325</u>	-
Total cash and investment fund balance - December 31	<u>\$ 16,279,504</u>	<u>\$ 2,970,233</u>

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

CITY OF KOKOMO
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 9,038,945	\$ -	\$ -
Plan members	4,661	-	-
Other	-	43,816	-
	<u>9,043,606</u>	<u>43,816</u>	<u>-</u>
Total contributions			
Investment earnings:			
Interest	11,401	32,532	-
Agency fund additions	-	-	129,333
	<u>9,055,007</u>	<u>76,348</u>	<u>129,333</u>
Total additions			
Deductions:			
Benefits	7,637,961	-	-
Refunds of contributions	-	-	-
Administrative and general	34,445	19,581	-
Agency fund deductions	-	-	552,992
	<u>7,672,406</u>	<u>19,581</u>	<u>552,992</u>
Total deductions			
Excess (deficiency) of total additions over total deductions	<u>1,382,601</u>	<u>56,767</u>	<u>(423,659)</u>
Cash and investment fund balance - beginning	<u>543,774</u>	<u>1,388,516</u>	<u>1,996,662</u>
Cash and investment fund balance - ending	<u>\$ 1,926,375</u>	<u>\$ 1,445,283</u>	<u>\$ 1,573,003</u>

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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS

I. 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 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, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government: City of Kokomo

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund is a special revenue type fund used to account for state motor vehicle highway distributions.

The economic development income tax fund is a capital projects type fund used for economic development projects.

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City reports the following major proprietary funds:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the City reports the following fund types:

The internal service fund accounts for medical service benefits provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the police and fire pension, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the City.

Agency funds account for assets held by the City as an agent for other governmental agencies.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the wastewater utility and city. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At December 31, 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007
HUD Block Grant	\$ 12,233
Operation Pullover	5,591
Bullet Proof Vests	1,532
Internet Crime Against Children	2,997
Alcohol Traffic	239
Howard County LLC	5
Airport Land and Rehab Runway	1,896
Extend Term Apron	518

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The City does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

The City does not have a formal policy in regards to foreign currency risk.

IV. Other Information

A. Risk Management

The City is 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$50,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Subsequent Events

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

On July 15, 2008, the City issued revenue bonds for the Wastewater Utility in the amount of \$5,105,000 for the Wet Weather Treatment Excess Flow project.

C. Other Postemployment Benefits

In addition to the pension benefits described below, the primary government provides postemployment health, dental and vision benefits, as authorized by Indiana Code 5-10-8, to all police, firefighters, AFSCME members, and noncontractual employees (all other full-time nonelected employees) who retired from the City. Currently, 99 retirees meet these eligibility requirements. The primary government provides 95%, 88%, and 85%, respectively, of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis.

D. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the City Council on September 26, 2005.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which 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 and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which 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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 888,017	\$ 3,064,300	\$ 3,889,500
Interest on net pension obligation	(12,328)	707,900	1,134,500
Adjustment to annual required contribution	14,049	(879,800)	(1,410,000)
Annual pension cost	889,738	2,892,400	3,614,000
Contributions made	729,679	3,524,681	5,514,264
Increase (decrease) in net pension obligation	160,059	(632,281)	(1,900,264)
Net pension obligation, beginning of year	(170,047)	11,797,907	18,907,653
Net pension obligation, end of year	\$ (9,988)	\$ 11,165,626	\$ 17,007,389

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	6.50%	21%	21%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-07	01-01-07	01-01-07
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 609,979	104%	\$ (391,725)
	06-30-06	874,895	75%	(170,047)
	06-30-07	889,738	82%	(9,988)
1925 Police Officers' Pension Plan	12-31-05	2,660,600	104%	11,417,064
	12-31-06	2,740,700	86%	11,797,907
	12-31-07	2,892,400	122%	11,165,626
1937 Firefighters' Pension Plan	12-31-05	3,510,700	111%	18,616,590
	12-31-06	3,652,700	92%	18,907,653
	12-31-07	3,614,000	153%	17,007,389

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2007, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	98	136
Current active employees	0	2

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$2,107,374, \$2,003,155, and \$1,904,535, respectively, equal to the required contributions for each year.

CITY OF KOKOMO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 13,208,002	\$ 17,188,130	\$ (3,980,128)	77%	\$ 11,917,028	(33%)
07-01-06	13,785,278	16,982,065	(3,196,787)	81%	11,929,877	(27%)
07-01-07	15,272,899	18,452,387	(3,179,488)	83%	12,523,968	(25%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 4,032,578	\$ 42,432,300	\$ (38,399,722)	10%	\$ 359,300	(10,687%)
01-01-03	3,218,920	40,186,700	(36,967,780)	8%	492,700	(7,503%)
01-01-04	1,804,258	40,515,600	(38,711,342)	4%	253,400	(15,277%)
01-01-05	740,369	39,003,200	(38,262,831)	2%	217,100	(17,625%)
01-01-06	565,672	39,911,100	(39,345,428)	1%	173,700	(22,651%)
01-01-07	214,324	41,614,200	(41,399,876)	1%	183,700	(22,537%)

1937 Firefighter' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 4,326,643	\$ 58,305,800	\$ (53,979,157)	7%	\$ 838,400	(6,438%)
01-01-03	4,012,592	53,611,600	(49,599,008)	7%	1,031,100	(4,810%)
01-01-04	2,058,079	54,613,700	(52,555,621)	4%	724,500	(7,254%)
01-01-05	1,126,307	50,867,700	(49,741,393)	2%	529,600	(9,392%)
01-01-06	1,075,988	52,810,400	(51,734,412)	2%	485,500	(10,656%)
01-01-07	329,450	52,573,800	(52,244,350)	1%	280,200	(18,645%)

CITY OF KOKOMO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan					
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed		
			City	State	
1925 Police Officers' Pension Plan	12-31-03	\$ 4,258,500	33%	0%	
	12-31-04	4,230,700	41%	0%	
	12-31-05	2,660,600	104%	0%	
	12-31-06	2,740,700	86%	0%	
	12-31-07	2,892,400	122%	0%	
1937 Firefighters' Pension Plan	12-31-03	\$ 5,747,500	32%	0%	
	12-31-04	5,602,800	49%	0%	
	12-31-05	3,510,700	111%	0%	
	12-31-06	3,652,700	92%	0%	
	12-31-07	3,614,000	153%	0%	

CITY OF KOKOMO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Local Road and Street	Parks and Recreation	Cemetery	Aviation	Planning Commission	Housing Urban Development Block Grant	Local Law Enforcement Continuing Education
Receipts:							
Taxes	\$ -	\$ 2,551,068	\$ 319,208	\$ 500,871	\$ 202,425	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	79,343	-	16,495
Intergovernmental	461,795	168,856	21,128	33,153	13,398	757,907	-
Charges for services	100,847	359,014	88,744	127,371	127,603	-	12,080
Fines and forfeits	-	-	-	-	-	-	-
Other	120	101,917	-	631	1,625	2,953	7,129
Total receipts	<u>562,762</u>	<u>3,180,855</u>	<u>429,080</u>	<u>662,026</u>	<u>424,394</u>	<u>760,860</u>	<u>35,704</u>
Disbursements:							
General government	-	-	323,437	542,593	345,999	801,041	-
Public safety	-	-	-	-	-	-	65,664
Highways and streets	791,852	-	-	-	-	-	-
Culture and recreation	-	2,665,444	-	-	-	-	-
Capital outlay:							
General government	-	-	26,390	-	900	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	88,696	-	-	-	-	-
Total disbursements	<u>791,852</u>	<u>2,754,140</u>	<u>349,827</u>	<u>542,593</u>	<u>346,899</u>	<u>801,041</u>	<u>65,664</u>
Excess (deficiency) of receipts over disbursements	<u>(229,090)</u>	<u>426,715</u>	<u>79,253</u>	<u>119,433</u>	<u>77,495</u>	<u>(40,181)</u>	<u>(29,960)</u>
Cash and investment fund balance - beginning	<u>833,730</u>	<u>413,301</u>	<u>95,470</u>	<u>97,158</u>	<u>145,366</u>	<u>27,948</u>	<u>52,101</u>
Cash and investment fund balance - ending	<u>\$ 604,640</u>	<u>\$ 840,016</u>	<u>\$ 174,723</u>	<u>\$ 216,591</u>	<u>\$ 222,861</u>	<u>\$ (12,233)</u>	<u>\$ 22,141</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 604,640</u>	<u>\$ 840,016</u>	<u>\$ 174,723</u>	<u>\$ 216,591</u>	<u>\$ 222,861</u>	<u>\$ (12,233)</u>	<u>\$ 22,141</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ 840,016	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	604,640	-	174,723	216,591	222,861	(12,233)	22,141
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 604,640</u>	<u>\$ 840,016</u>	<u>\$ 174,723</u>	<u>\$ 216,591</u>	<u>\$ 222,861</u>	<u>\$ (12,233)</u>	<u>\$ 22,141</u>

CITY OF KOKOMO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Rotary Fuel	Barrett Law	Donation Fire Department	Donation Arson Dog	Donation Parks	Donations Aquatic Center	Donations Dog Park
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	39,137	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	344,317	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	2,461	8,373	1,214	1,379	5,386	6,105	-
Total receipts	346,778	47,510	1,214	1,379	5,386	6,105	-
Disbursements:							
General government	289,082	100,000	-	-	-	-	-
Public safety	-	-	3,650	1,788	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	525	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	289,082	100,000	3,650	1,788	525	-	-
Excess (deficiency) of receipts over disbursements	57,696	(52,490)	(2,436)	(409)	4,861	6,105	-
Cash and investment fund balance - beginning	30,199	171,907	3,660	2,981	17,132	18,312	1,629
Cash and investment fund balance - ending	<u>\$ 87,895</u>	<u>\$ 119,417</u>	<u>\$ 1,224</u>	<u>\$ 2,572</u>	<u>\$ 21,993</u>	<u>\$ 24,417</u>	<u>\$ 1,629</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 87,895</u>	<u>\$ 119,417</u>	<u>\$ 1,224</u>	<u>\$ 2,572</u>	<u>\$ 21,993</u>	<u>\$ 24,417</u>	<u>\$ 1,629</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	87,895	119,417	1,224	2,572	21,993	24,417	1,629
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 87,895</u>	<u>\$ 119,417</u>	<u>\$ 1,224</u>	<u>\$ 2,572</u>	<u>\$ 21,993</u>	<u>\$ 24,417</u>	<u>\$ 1,629</u>

CITY OF KOKOMO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Donations Day Care	Donations Senior Citizens	Donations Senior Citizens Activities	Donations Police	Donations DARE	Donations Emergency Management	Donations Court Drug Restitution
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	23,096
Other	8,437	3,047	9,691	6,000	100	10,879	-
Total receipts	<u>8,437</u>	<u>3,047</u>	<u>9,691</u>	<u>6,000</u>	<u>100</u>	<u>10,879</u>	<u>23,096</u>
Disbursements:							
General government	10,035	6,058	11,115	-	-	-	-
Public safety	-	-	-	4,810	-	5,148	20,655
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	<u>10,035</u>	<u>6,058</u>	<u>11,115</u>	<u>4,810</u>	<u>-</u>	<u>5,148</u>	<u>20,655</u>
Excess (deficiency) of receipts over disbursements	<u>(1,598)</u>	<u>(3,011)</u>	<u>(1,424)</u>	<u>1,190</u>	<u>100</u>	<u>5,731</u>	<u>2,441</u>
Cash and investment fund balance - beginning	<u>5,737</u>	<u>28,800</u>	<u>9,281</u>	<u>589</u>	<u>1,262</u>	<u>4,789</u>	<u>16,974</u>
Cash and investment fund balance - ending	<u>\$ 4,139</u>	<u>\$ 25,789</u>	<u>\$ 7,857</u>	<u>\$ 1,779</u>	<u>\$ 1,362</u>	<u>\$ 10,520</u>	<u>\$ 19,415</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 4,139</u>	<u>\$ 25,789</u>	<u>\$ 7,857</u>	<u>\$ 1,779</u>	<u>\$ 1,362</u>	<u>\$ 10,520</u>	<u>\$ 19,415</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	4,139	25,789	7,857	1,779	1,362	10,520	19,415
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 4,139</u>	<u>\$ 25,789</u>	<u>\$ 7,857</u>	<u>\$ 1,779</u>	<u>\$ 1,362</u>	<u>\$ 10,520</u>	<u>\$ 19,415</u>

CITY OF KOKOMO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Donations Miscellaneous	Donations Haynes Museum	Donations Vending Machine	Mayor's Handicap Council	Block Grant 2006	Block Grant 2007	Senior Center
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	41,640	342,172
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	1,100	3,206	594	-	184	174	-
Total receipts	1,100	3,206	594	-	184	41,814	342,172
Disbursements:							
General government	1,100	9,455	948	457	5,957	5,827	33,118
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	16,305	21,888	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	1,100	9,455	948	457	22,262	27,715	33,118
Excess (deficiency) of receipts over disbursements	-	(6,249)	(354)	(457)	(22,078)	14,099	309,054
Cash and investment fund balance - beginning	252	7,811	419	4,400	22,080	-	684,498
Cash and investment fund balance - ending	<u>\$ 252</u>	<u>\$ 1,562</u>	<u>\$ 65</u>	<u>\$ 3,943</u>	<u>\$ 2</u>	<u>\$ 14,099</u>	<u>\$ 993,552</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 252</u>	<u>\$ 1,562</u>	<u>\$ 65</u>	<u>\$ 3,943</u>	<u>\$ 2</u>	<u>\$ 14,099</u>	<u>\$ 993,552</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	252	1,562	65	3,943	2	14,099	993,552
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 252</u>	<u>\$ 1,562</u>	<u>\$ 65</u>	<u>\$ 3,943</u>	<u>\$ 2</u>	<u>\$ 14,099</u>	<u>\$ 993,552</u>

CITY OF KOKOMO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Operation Pullover	Driving Under Influence Task Force	Bryne Grant	Bryne Grant 2006	Bryne Grant 2007	Bullet Proof Vests
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	28,939	11,010	-	57,950	51,789	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	28,939	11,010	-	57,950	51,789	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	29,906	10,952	27,592	47,793	48,868	4,108
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	29,906	10,952	27,592	47,793	48,868	4,108
Excess (deficiency) of receipts over disbursements	(967)	58	(27,592)	10,157	2,921	(4,108)
Cash and investment fund balance - beginning	(4,624)	-	27,592	(10,157)	-	2,576
Cash and investment fund balance - ending	<u>\$ (5,591)</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,921</u>	<u>\$ (1,532)</u>
Cash and Investment Assets - December 31						
Cash and investments	<u>\$ (5,591)</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,921</u>	<u>\$ (1,532)</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	(5,591)	58	-	-	2,921	(1,532)
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ (5,591)</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,921</u>	<u>\$ (1,532)</u>

CITY OF KOKOMO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Local Bomb Squad	Internet Crime Against Children	Alcohol Traffic	In Car VideoCam	FEMA Safety Education	FEMA Trench Rescue
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	5,956	-	11,111	16,189	16,650
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>5,956</u>	<u>-</u>	<u>11,111</u>	<u>16,189</u>	<u>16,650</u>
Disbursements:						
General government	-	-	-	-	262	-
Public safety	-	5,420	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	13,030
Public safety	-	-	-	11,111	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>5,420</u>	<u>-</u>	<u>11,111</u>	<u>262</u>	<u>13,030</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>536</u>	<u>-</u>	<u>-</u>	<u>15,927</u>	<u>3,620</u>
Cash and investment fund balance - beginning	<u>1,361</u>	<u>(3,533)</u>	<u>(239)</u>	<u>-</u>	<u>(15,927)</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 1,361</u>	<u>\$ (2,997)</u>	<u>\$ (239)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,620</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	<u>\$ 1,361</u>	<u>\$ (2,997)</u>	<u>\$ (239)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,620</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	1,361	(2,997)	(239)	-	-	3,620
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 1,361</u>	<u>\$ (2,997)</u>	<u>\$ (239)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,620</u>

CITY OF KOKOMO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Flood Hazard Mitigation	Transportation	First City Rider Grant	Howard County LLC	Kokomo Economic Development	Tobacco Reduction
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	722,162	-	-	-
Charges for services	-	-	-	28,000	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	5,024	-	4,140
Total receipts	-	-	722,162	33,024	-	4,140
Disbursements:						
General government	-	-	722,162	33,029	-	27,455
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	1,730	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	1,730	-	722,162	33,029	-	27,455
Excess (deficiency) of receipts over disbursements	(1,730)	-	-	(5)	-	(23,315)
Cash and investment fund balance - beginning	2,500	49,265	-	-	23,222	23,315
Cash and investment fund balance - ending	\$ 770	\$ 49,265	\$ -	\$ (5)	\$ 23,222	\$ -
Cash and Investment Assets - December 31						
Cash and investments	\$ 770	\$ 49,265	\$ -	\$ (5)	\$ 23,222	\$ -
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	770	49,265	-	(5)	23,222	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 770	\$ 49,265	\$ -	\$ (5)	\$ 23,222	\$ -

CITY OF KOKOMO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Gambling Reduction	Community Drug Foundation	Mayor's Community	Parking Lot Project A Lot G	Brownfield Site	Constitutional Bicentennial
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	1,255	-	-	-
Total receipts	-	-	1,255	-	-	-
Disbursements:						
General government	-	-	1,411	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	-	1,411	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	(156)	-	-	-
Cash and investment fund balance - beginning	5,427	1,186	1,000	20,535	4,261	1,119
Cash and investment fund balance - ending	\$ 5,427	\$ 1,186	\$ 844	\$ 20,535	\$ 4,261	\$ 1,119
Cash and Investment Assets - December 31						
Cash and investments	\$ 5,427	\$ 1,186	\$ 844	\$ 20,535	\$ 4,261	\$ 1,119
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	5,427	1,186	844	20,535	4,261	1,119
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 5,427	\$ 1,186	\$ 844	\$ 20,535	\$ 4,261	\$ 1,119

CITY OF KOKOMO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Police Victim Assistance	Parking Meter	Building Demolition	Show Mobile	Cumulative Capital Improvement	Runway Extension
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	161,967	78,540
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	3,100	-	-	-	-
Total receipts	-	3,100	-	-	161,967	78,540
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	89,148
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	89,148
Excess (deficiency) of receipts over disbursements	-	3,100	-	-	161,967	(10,608)
Cash and investment fund balance - beginning	11,482	60,444	6,781	27,001	307,287	11,736
Cash and investment fund balance - ending	\$ 11,482	\$ 63,544	\$ 6,781	\$ 27,001	\$ 469,254	\$ 1,128
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 11,482	\$ 63,544	\$ 6,781	\$ 27,001	\$ 469,254	\$ 1,128
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	11,482	63,544	6,781	27,001	469,254	1,128
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 11,482	\$ 63,544	\$ 6,781	\$ 27,001	\$ 469,254	\$ 1,128

CITY OF KOKOMO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Acquire Land	Land and Rehab Runway	Overlay Runway	Extend Term Apron	Acquired Land	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,573,572
Special assessments	-	-	-	-	-	39,137
Licenses and permits	-	-	-	-	-	95,838
Intergovernmental	34,801	3,230	-	-	-	3,040,343
Charges for services	-	-	-	-	-	1,187,976
Fines and forfeits	-	-	-	-	-	23,096
Other	-	-	-	-	-	196,224
Total receipts	34,801	3,230	-	-	-	8,156,186
Disbursements:						
General government	-	-	-	-	-	3,270,541
Public safety	-	-	-	-	-	276,354
Highways and streets	-	-	-	-	-	791,852
Culture and recreation	-	-	-	-	-	2,665,969
Capital outlay:						
General government	-	-	-	-	-	169,391
Public safety	-	-	-	-	-	11,111
Culture and recreation	-	-	-	-	-	88,696
Total disbursements	-	-	-	-	-	7,273,914
Excess (deficiency) of receipts over disbursements	34,801	3,230	-	-	-	882,272
Cash and investment fund balance - beginning	-	(5,126)	4,933	(518)	803	3,251,488
Cash and investment fund balance - ending	<u>\$ 34,801</u>	<u>\$ (1,896)</u>	<u>\$ 4,933</u>	<u>\$ (518)</u>	<u>\$ 803</u>	<u>\$ 4,133,760</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	<u>\$ 34,801</u>	<u>\$ (1,896)</u>	<u>\$ 4,933</u>	<u>\$ (518)</u>	<u>\$ 803</u>	<u>\$ 4,133,760</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 840,016
Other purposes	34,801	(1,896)	4,933	(518)	803	3,293,744
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 34,801</u>	<u>\$ (1,896)</u>	<u>\$ 4,933</u>	<u>\$ (518)</u>	<u>\$ 803</u>	<u>\$ 4,133,760</u>

CITY OF KOKOMO
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2007

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 3,524,681	\$ 5,514,264	\$ 9,038,945
Plan members	<u>-</u>	<u>4,661</u>	<u>4,661</u>
Total contributions	<u>3,524,681</u>	<u>5,518,925</u>	<u>9,043,606</u>
Investment receipts:			
Interest	<u>2,964</u>	<u>8,437</u>	<u>11,401</u>
Total additions	<u>3,527,645</u>	<u>5,527,362</u>	<u>9,055,007</u>
Deductions:			
Benefits	3,131,091	4,506,870	7,637,961
Refunds of contributions	-	-	-
Administrative and general	<u>15,374</u>	<u>19,071</u>	<u>34,445</u>
Total deductions	<u>3,146,465</u>	<u>4,525,941</u>	<u>7,672,406</u>
Excess of total additions over total deductions	<u>381,180</u>	<u>1,001,421</u>	<u>1,382,601</u>
Cash and investment fund balance - beginning	<u>214,324</u>	<u>329,450</u>	<u>543,774</u>
Cash and investment fund balance - ending	<u>\$ 595,504</u>	<u>\$ 1,330,871</u>	<u>\$ 1,926,375</u>

CITY OF KOKOMO
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2007

	Zook Trust	EDA Revolving Loan	Totals
Additions:			
Contributions:			
Other	\$ -	\$ 43,816	\$ 43,816
Total contributions	-	43,816	43,816
Investment earnings:			
Interest	191	32,341	32,532
Total additions	191	76,157	76,348
Deductions:			
Administrative and general	127	19,454	19,581
Total deductions	127	19,454	19,581
Excess of total additions over total deductions	64	56,703	56,767
Cash and investment fund balance - beginning	3,639	1,384,877	1,388,516
Cash and investment fund balance - ending	\$ 3,703	\$ 1,441,580	\$ 1,445,283

CITY OF KOKOMO
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007

	<u>Payroll</u>	<u>Barrett Law Revolving</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 19,882	\$ 109,451	\$ 129,333
Deductions:			
Agency fund deductions	<u>546,766</u>	<u>6,226</u>	<u>552,992</u>
Excess (deficiency) of total additions over total deductions	(526,884)	103,225	(423,659)
Cash and investment fund balance - beginning	<u>1,966,491</u>	<u>30,171</u>	<u>1,996,662</u>
Cash and investment fund balance - ending	<u>\$ 1,439,607</u>	<u>\$ 133,396</u>	<u>\$ 1,573,003</u>

CITY OF KOKOMO
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrailing (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 19,442,971
Construction in progress	<u>233,686</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 19,676,657</u>
Capital assets, being depreciated:	
Infrastructures	88,658,857
Buildings	15,870,140
Improvements other than buildings	3,363,552
Machinery and equipment	<u>15,791,022</u>
Total capital assets, being depreciated	123,683,571
Accumulated Depreciation	<u>84,925,673</u>
Total governmental activities, capital assets net of accumulation depreciation	<u>\$ 38,757,898</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	122,849
Construction in progress	<u>7,170,109</u>
Total business-type activities, capital assets not being depreciated	<u>\$ 7,292,958</u>
Capital assets, being depreciated:	
Infrastructures	79,685,013
Buildings	18,806,233
Improvements other than buildings	754,025
Machinery and equipment	<u>10,901,899</u>
Total Wastewater Utility capital assets	<u>110,147,170</u>
Accumulation Depreciation	<u>53,928,241</u>
Total business-type activities capital assets, net of accumulated depreciation	<u>\$ 56,218,929</u>

CITY OF KOKOMO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The City of Kokomo has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
3 EVO T25 Packers	\$ 493,330	\$ 151,794
2 EVO T25 Packers & Totes	800,046	213,346
Fire Truck	405,938	108,250
Fire Ambulance	158,055	42,148
Miller Machine	307,780	94,702
Bonds payable:		
General obligation bonds:		
Park District Bonds	2,455,000	741,013
	-	-
Total governmental activities debt	<u>\$ 4,620,150</u>	<u>\$ 1,351,252</u>
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
99 Bonds	\$ 2,500,000	\$ 2,584,250
SRFI-Series A	11,895,000	426,587
SRFI-Series B	6,765,000	606,226
05 Bonds	11,270,000	485,332
Total Wastewater Utility	<u>32,430,000</u>	<u>4,102,395</u>
Total business-type activities debt:	<u>\$ 32,430,000</u>	<u>\$ 4,102,395</u>

CITY OF KOKOMO
OTHER REPORTS

The annual report presented herein was prepared in addition to other official reports prepared for the individual City offices listed below:

City of Kokomo - Supplemental
City of Kokomo Wastewater Utility

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Kokomo (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 26, 2008

CITY OF KOKOMO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Education Child and Adult Care Food Program Day Care Center	10.558	FY 2007	\$ 39,470
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant Community Development Block Grants/Entitlement Grants	14.218	B-05-MC-18-0014 B-06-MC-18-0014 B-07-MC-18-0014	232,241 124,241 <u>401,397</u>
Total for federal grantor agency			<u>757,879</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Missing Children's Assistance Internet Crimes Against Children	16.543	2003-MC-CX-K002	<u>5,420</u>
Edward Bryne Memorial Formula Grant Program	16.579	2004-DB-055 2005-DJ-079 2005-DJ-086 2004-DB-BX-0018	27,592 47,793 48,868 <u>10,000</u>
Total for program			<u>134,253</u>
Edward Bryne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0826 2007-DJ-BX-0700	22,672 <u>27,714</u>
Total for program			<u>50,386</u>
Total for federal grantor agency			<u>190,059</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant Federal Transit Formula Grant	20.507	IN-90X-494-00 IN-90X-536-13	534,711 <u>187,451</u>
Total for program			<u>722,162</u>
Pass-Through Indiana Department of Transportation Airport Improvement Program	20.106	3-18-0044-13	<u>89,148</u>
Federal Transit Formula Grant	20.507	FY 2007	<u>288,645</u>
State and Community Highway Safety Operation Pull-over CG-DUI Task Force	20.600	PT-07-04-0112 FY 2007	29,906 <u>11,089</u>
Total for Program			<u>40,995</u>
Total for federal grantor agency			<u>1,140,950</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Family and Social Services Administration Special Programs for the Aging, Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	FY 2007	<u>20,976</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Assistance to Firefighters Grant	97.044	EMW-05-FP-01178 EMW-2006-FG-142	262 <u>13,030</u>
Total for federal grantor agency			<u>13,292</u>
Total federal awards expended			<u>\$ 2,162,626</u>

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

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Kokomo (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2007:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2007</u>
Byrne Formula Grant	16.579	<u>\$ 85,234</u>

CITY OF KOKOMO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
--	----

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grant
20.507	Federal Transit Formula Grant

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

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.

CITY OF KOKOMO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF KOKOMO
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2008, with James J. Brannon, Controller; Randall Morris, Director of Operations; and Thu Caven, Deputy City Controller.