

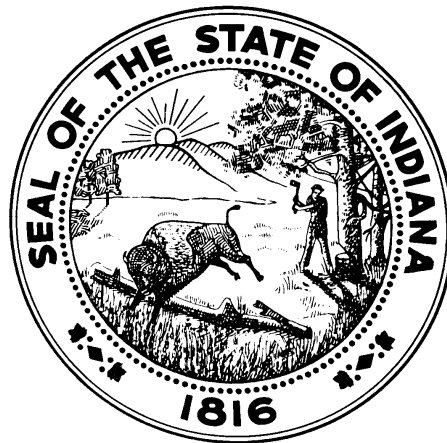
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2008

CITY OF KOKOMO

HOWARD COUNTY, INDIANA



**FILED**  
08/05/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	James J. Brannon	01-01-08 to 12-31-09
Mayor	Gregory Goodnight	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	James J. Brannon	01-01-08 to 12-31-09
President of the Common Council	John M. Kennedy	01-01-08 to 12-31-09
Superintendent of Wastewater Utility	Christopher Cooper	01-01-08 to 12-31-09



**STATE OF INDIANA**  
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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, 2008, 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.

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, 2008, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 9, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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.

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedule 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 obtained an actuarial study of its health care benefit plan for retirees. Therefore, the City has not presented certain disclosures required by accounting principles generally accepted in the United States, and has not presented the Schedule of Funding Progress that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

July 9, 2009



**STATE OF INDIANA**  
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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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kokomo (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 9, 2009. 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.

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)

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.

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, the City Council, 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

July 9, 2009

**City of Kokomo, Indiana**  
**Management's Discussion and Analysis**  
**December 31, 2008**

This discussion and analysis highlights the City of Kokomo's financial activities for the year ended December 31, 2008. 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**

The net cash assets of the City of Kokomo at December 31, 2008 were \$36,114,916. Of this amount, \$11,981,238 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, 2008 and business-type activities changes in cash net assets for the year ended December 31, 2008. During calendar year 2008, the net assets of the governmental activities increased by \$4,294,954 and the net assets of the business-type activities increased by \$1,976,257.

#### City of Kokomo, Indiana Changes in Cash Net Assets

	<u>2008</u> <u>Governmental Activities</u>	<u>2008</u> <u>Business-Type Activities</u>	<u>Total</u>
<b>Receipts</b>			
Program receipts:			
Charges for services	\$ 2,985,342	\$ 14,969,618	\$ 17,954,960
Operating grants & contributions	16,810,753		16,810,753
Capital grants & contributions	768,522		768,522
General receipts			-
Property taxes	30,604,503		30,604,503
Other local sources	2,798,399		2,798,399
Net proceeds from borrowing	2,269,376	4,893,485	7,162,861
Unrestricted investment earnings	217,909	414,109	632,018
Other	-	-	-
<b>Total Receipts</b>	<u>56,454,804</u>	<u>20,277,212</u>	<u>76,732,016</u>
<b>Disbursements</b>			
Government Activities			
General Government	15,538,505		15,538,505
Public Safety	21,948,285		21,948,285
Highway & Streets	4,195,587		4,195,587
Sanitation	4,059,866		4,059,866
Health & Welfare	951,790		951,790
Economic Development	2,032,168		2,032,168
Culture & Recreation	2,685,036		2,685,036
Debt Service	748,613		748,613
Business-type Activities			
Wastewater Utilities	-	18,300,955	18,300,955
<b>Total Disbursements</b>	<u>52,159,850</u>	<u>18,300,955</u>	<u>70,460,805</u>
Change in cash net assets	4,294,954	1,976,257	6,271,211
Beginning cash net assets	<u>13,564,201</u>	<u>16,279,504</u>	<u>29,843,705</u>
Ending cash net assets	<u>\$ 17,859,155</u>	<u>\$ 18,255,761</u>	<u>\$ 36,114,916</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, 2008

	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Revenues</u> <u>(Expenses)</u>
Primary Government			
General Government	\$ 15,538,505	\$ 16,071,320	\$ 532,815
Public Safety	21,948,285	555,667	(21,392,618)
Highway & Streets	4,195,587	1,763,327	(2,432,260)
Sanitation	4,059,866	352,894	(3,706,972)
Health & Welfare	951,790	406,048	(545,742)
Economic Development	2,032,168	948,558	(1,083,610)
Culture & Recreation	2,685,036	466,803	(2,218,233)
Debt Service	748,613	-	(748,613)
Total	<u>\$ 52,159,850</u>	<u>\$ 37,444,973</u>	<u>\$ (31,595,233)</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. Of the \$18,300,955 total disbursements for calendar year 2008, \$5,977,009 were for equipment and capital improvements and were financed largely through the issuance of the revenue bond, and \$3,707,179 were for the principal and interest payment of long term debt.

City of Kokomo, Indiana  
 Program Expenses and Revenues  
 For calendar year ended December 31, 2008

	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Revenues</u> <u>(Expenses)</u>
Business-type Activities			
Wastewater	<u>\$ 18,300,955</u>	<u>\$ 20,277,212</u>	<u>\$ 1,976,257</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, 2008 Kokomo's governmental funds reported cash and investment fund balances of \$14,190,341, an increase of \$3,596,373 from the beginning of 2008..

#### **General Fund:**

Cash and Investments increased by \$3,949,111. \$2,069,847 of the cash balances were loan from the State Of Indiana-Rainy Day fund for the shortfall in property tax revenues by Delphi Automotive System, LLC as a result of the Chapter 11 Bankruptcy proceeding filed in October 2005.

#### **Economic Development Income Tax Fund:**

Cash and Investments increased by \$886,918. This was primarily due to the roll off of Chrysler bond payment.

#### **Other Government Funds:**

Cash and Investments decreased by \$1,239,656.

### **Business-Type Funds**

In total, the wastewater utility's cash, cash equivalents and investments increased by \$1,976,257 during 2008.

- The operating and maintenance cash increased by \$1,388,756 primarily due to decline in operating expenses.
- The Replacement/Depreciation cash increased by \$67,087 in 2008. The increase was due to interest earnings which were credited back to this fund.
- The bond and interest cash increased by \$371,324. The increase was largely due to the issue of 2008 revenue bond net of payments made for the Construction-In-Progress.
- The sewer extension and betterment cash increased by \$149,090 during 2008. 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 2008, a total additional appropriation of \$1,871,320 were granted by the Department of Local Government Finance and were added to the 2008 budget.

In total, spending in the General fund was \$2,769,665 under budget for 2008. A few large items were ordered towards the end of 2008, therefore, \$578,708 of the unspent 2008 budget was carried over, or encumbered, into 2009.

## Capital Asset and Long-Term Debt Activity

### *Capital Asset Activity:*

As of December 31, 2008, the City had \$125,685,109 invested in capital assets net of accumulated depreciation, including land, buildings, park facilities, streets, rights-of-way, equipments, stormwater collection lines, and sewer collection lines.

City of Kokomo, Indiana  
Capital Assets for Governmental Activities and Business-Type Activities  
For calendar year ended December 31, 2008

	<u>2008</u>	<u>2008</u>	<u>2008</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Capital Assets, not being depreciated			
Land	\$ 19,716,570	\$ 122,849	\$ 19,839,419
Construction-In-Progress	1,084,067	5,356,231	6,440,298
Total capital assets, not being depreciated	<u>20,800,637</u>	<u>5,479,080</u>	<u>\$ 26,279,717</u>
Capital Assets, being depreciated			
Improvements Other Than Buildings	3,659,913	754,025	4,413,938
Buildings	16,689,933	18,806,233	35,496,166
Infrastructure-Street & Roadways	88,686,006		88,686,006
Infrastructure-Collection & Stormwater		85,740,793	85,740,793
Machinery & Equipment	<u>16,169,006</u>	<u>13,542,478</u>	<u>29,711,484</u>
Totals	125,204,858	118,843,529	244,048,387
Less accumulated depreciation	<u>(88,006,673)</u>	<u>(56,636,322)</u>	<u>(144,642,995)</u>
Total capital assets, being depreciated net	<u>37,198,185</u>	<u>62,207,207</u>	<u>99,405,392</u>
Total Capital Assets Net	<u>\$ 57,998,822</u>	<u>\$ 67,686,287</u>	<u>\$ 125,685,109</u>

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

- Fire Station #5 Land and Building \$1,216,814. Other equipments for Fire department including one Ford F-250 truck, one Chevy Impala and one emergency generator for fire station 5 totaling \$85,047.
- Purchasing equipments at the MVH-Street Department, including one used 1985 Tach truck, one used skidd grinder totaling \$23,250.
- Purchasing equipment at the Traffic department including four traffic signal controls and one 2008 cargo van, totaling \$48,968.
- Purchasing an explosive mitigation equipment one Vanguard robot with scanner totaling \$99,281 for the Police department.
- Purchasing a used 2000 GMC rear loader for the Refuse department for \$25,000.
- Purchasing three F-250 trucks for the Park department totaling \$56,790.
- Purchasing two new buses for the senior center totaling \$111,240.
- Replacing roof at the Early Learning Center and the Senior Center totaling \$56,868. Purchasing a storage building for Central Garage for \$25,508.

The Business-type activities recorded a decrease of \$1,813,878 in Capital Assets not being depreciated. This was due to completed projects placed in service and reclassified as depreciable capital assets. These projects 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 2008 include the following:

- \$5,778,494 for Highland Park Lift Station.
- \$2,137,878 for various Combined Sewer Overflow and /or Sanitary Sewer Relief projects.
- \$325,000 for 6 Return Waste Pumps and 5 TFIPS Variable Frequency Dr.
- \$139,750 for a sweeper.
- \$135,703 for a Jet Rodder.
- \$43,831 for a utility truck.

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

*Long-term Debt Activity:*

As of December 31, 2008, the City's outstanding debt (principal only) consisted of the following:

	<u>2008</u>	<u>2007</u>
• Park District	\$ 2,130,000	\$ 2,770,000
• Wastewater Utility	\$ 37,535,000	\$35,170,000

During 2008, the governmental activities made principal payments of \$640,000 and interest payments of \$108,612.

During the year, the business-type activities made principal payments of \$2,740,000 and interest payments of \$967,179.

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%.
- On April 30<sup>th</sup>, 2009 Chrysler, a major taxpayer for the City, filed petition in the United States Bankruptcy court for the Southern District of New York seeking relief under Chapter 11 reorganization. Chrysler also filed a motion under Section 363 of the Bankruptcy Code requesting the swift approval by the Court of the agreement with Fiat and the sale of Chrysler's principal assets to the new company. Chrysler emerged out of bankruptcy on June 12<sup>th</sup>, 2009.

### **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, 2008

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	\$ 15,538,505	\$ 1,467,092	\$ 13,835,706	\$ 768,522	\$ 532,815	\$ -	\$ 532,815
Public safety	21,948,285	303,908	251,759	-	(21,392,618)	-	(21,392,618)
Highways and streets	4,195,587	44,788	1,718,539	-	(2,432,260)	-	(2,432,260)
Sanitation	4,059,866	352,894	-	-	(3,706,972)	-	(3,706,972)
Health and welfare	951,790	406,048	-	-	(545,742)	-	(545,742)
Economic development	2,032,168	-	948,558	-	(1,083,610)	-	(1,083,610)
Culture and recreation	2,685,036	410,612	56,191	-	(2,218,233)	-	(2,218,233)
Principal and interest on indebtedness	748,613	-	-	-	(748,613)	-	(748,613)
Total governmental activities	<u>52,159,850</u>	<u>2,985,342</u>	<u>16,810,753</u>	<u>768,522</u>	<u>(31,595,233)</u>	<u>-</u>	<u>(31,595,233)</u>
Business-type activities:							
Wastewater	<u>18,300,955</u>	<u>14,969,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,331,337)</u>	<u>(3,331,337)</u>
Total primary government	<u>\$ 70,460,805</u>	<u>\$ 17,954,960</u>	<u>\$ 16,810,753</u>	<u>\$ 768,522</u>	<u>(31,595,233)</u>	<u>(3,331,337)</u>	<u>(34,926,570)</u>
General receipts:							
Property taxes					30,604,503	-	30,604,503
Other local sources					2,798,399	-	2,798,399
Net proceeds from borrowings					2,269,376	4,893,485	7,162,861
Investment earnings					217,909	414,109	632,018
Total general receipts					<u>35,890,187</u>	<u>5,307,594</u>	<u>41,197,781</u>
Change in net assets					4,294,954	1,976,257	6,271,211
Net assets - beginning					<u>13,564,201</u>	<u>16,279,504</u>	<u>29,843,705</u>
Net assets - ending					<u>\$ 17,859,155</u>	<u>\$ 18,255,761</u>	<u>\$ 36,114,916</u>
<b>Assets</b>							
Cash and investments					\$ 5,818,157	\$ 6,163,081	\$ 11,981,238
Restricted assets:							
Cash and investments					<u>12,040,998</u>	<u>12,092,680</u>	<u>24,133,678</u>
Total assets					<u>\$ 17,859,155</u>	<u>\$ 18,255,761</u>	<u>\$ 36,114,916</u>
<b>Net Assets</b>							
Restricted for:							
Public safety					\$ 76,288	\$ -	\$ 76,288
Highways and streets					2,515,328	-	2,515,328
Economic development					2,284,962	-	2,284,962
Culture and recreation					1,439,907	-	1,439,907
Debt services					-	4,887,195	4,887,195
Other purposes					5,724,513	7,205,485	12,929,998
Unrestricted					<u>5,818,157</u>	<u>6,163,081</u>	<u>11,981,238</u>
Total net assets					<u>\$ 17,859,155</u>	<u>\$ 18,255,761</u>	<u>\$ 36,114,916</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, 2008

	General	Economic Development Operating	Other Governmental Funds	Totals
<b>Receipts:</b>				
Taxes	\$ 27,132,602	\$ -	\$ 3,471,901	\$ 30,604,503
Special assessments	-	-	41,899	41,899
Licenses and permits	46,929	-	76,762	123,691
Intergovernmental	8,593,217	2,315,987	6,540,381	17,449,585
Charges for services	1,358,201	-	1,274,013	2,632,214
Fines and forfeits	162,835	-	24,703	187,538
Other	285,670	138	144,687	430,495
<b>Total receipts</b>	<b>37,579,454</b>	<b>2,316,125</b>	<b>11,574,346</b>	<b>51,469,925</b>
<b>Disbursements:</b>				
General government	3,680,963	-	4,310,106	7,991,069
Public safety	25,599,648	-	4,603	25,604,251
Highways and streets	1,160,698	-	3,740,950	4,901,648
Sanitation	3,775,670	-	-	3,775,670
Health and welfare	946,846	-	-	946,846
Economic development	432,541	523,283	919,033	1,874,857
Culture and recreation	250,137	-	2,520,541	2,770,678
Debt service:				
Principal	-	640,000	-	640,000
Interest	-	108,613	-	108,613
Capital outlay:				
General government	137,781	-	246,441	384,222
Public safety	400,228	-	-	400,228
Highways and streets	24,198	-	191,606	215,804
Sanitation	284,196	-	-	284,196
Health and welfare	4,944	-	-	4,944
Economic development	-	157,311	-	157,311
Culture and recreation	34,085	-	193,199	227,284
<b>Total disbursements</b>	<b>36,731,935</b>	<b>1,429,207</b>	<b>12,126,479</b>	<b>50,287,621</b>
Excess (deficiency) of receipts over disbursements	847,519	886,918	(552,133)	1,182,304
<b>Other financing sources (uses):</b>				
Net proceeds from borrowings	2,069,847	-	199,529	2,269,376
Transfers in	902,736	-	154,867	1,057,603
Transfers out	-	-	(1,057,603)	(1,057,603)
Other receipts	129,009	-	15,684	144,693
<b>Total other financing sources (uses)</b>	<b>3,101,592</b>	<b>-</b>	<b>(687,523)</b>	<b>2,414,069</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,949,111	886,918	(1,239,656)	3,596,373
Cash and investment fund balance - beginning	1,869,046	1,355,296	7,369,626	10,593,968
Cash and investment fund balance - ending	\$ 5,818,157	\$ 2,242,214	\$ 6,129,970	14,190,341
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.				
				3,668,814
Net assets of governmental activities				<u>\$ 17,859,155</u>
<b>Cash and Investment Assets - Ending</b>				
Cash and investments	\$ 5,818,157	\$ -	\$ -	\$ 5,818,157
Restricted assets:				
Cash and investments	-	2,242,214	6,129,970	8,372,184
<b>Total cash and investment assets - Ending</b>	<b>\$ 5,818,157</b>	<b>\$ 2,242,214</b>	<b>\$ 6,129,970</b>	<b>\$ 14,190,341</b>
<b>Cash and Investment Fund Balance - Ending</b>				
Restricted for:				
Public safety	\$ -	\$ -	\$ 76,288	\$ 76,288
Highways and streets	-	-	2,515,328	2,515,328
Economic development	-	2,242,214	42,748	2,284,962
Culture and recreation	-	-	1,439,907	1,439,907
Other purposes	-	-	2,055,699	2,055,699
Unrestricted	5,818,157	-	-	5,818,157
<b>Total cash and investment fund balance - ending</b>	<b>\$ 5,818,157</b>	<b>\$ 2,242,214</b>	<b>\$ 6,129,970</b>	<b>\$ 14,190,341</b>

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, 2008

	Wastewater Utility	Internal Service Fund
Operating receipts:		
Fees	\$ 14,483,069	\$ -
Penalties	255,581	-
Miscellaneous	<u>230,968</u>	<u>10,365,421</u>
Total operating receipts	<u>14,969,618</u>	<u>10,365,421</u>
Operating disbursements:		
Administrative and general	836,670	-
Collection system - maintenance	2,105,068	-
Collection system - plant operations	3,119,649	-
Laboratory services	292,171	-
Insurance claims and expense	-	9,666,840
Customer accounts	664,225	-
Sanitary engineering	757,646	-
Pretreatment	291,110	-
Storm water	186,334	-
Payment in lieu of taxes	352,894	-
Equipment and capital improvements	5,977,009	-
Miscellaneous	<u>11,000</u>	<u>-</u>
Total operating disbursements	<u>14,593,776</u>	<u>9,666,840</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>375,842</u>	<u>698,581</u>
Nonoperating receipts (disbursements):		
Investment income	414,109	-
Net proceeds from borrowings	4,893,485	-
Debt service of principal	(2,740,000)	-
Interest disbursements	<u>(967,179)</u>	<u>-</u>
Total nonoperating receipts	<u>1,600,415</u>	<u>-</u>
Excess of receipts over disbursements and nonoperating receipts	1,976,257	698,581
Cash and investment fund balance - beginning	<u>16,279,504</u>	<u>2,970,233</u>
Cash and investment fund balance - ending	<u>\$ 18,255,761</u>	<u>\$ 3,668,814</u>
<u>Cash and Investment Assets - December 31</u>		
Cash and investments	\$ 6,163,081	\$ -
Restricted assets:		
Cash and investments	<u>12,092,680</u>	<u>3,668,814</u>
Total cash and investment assets - December 31	<u>\$ 18,255,761</u>	<u>\$ 3,668,814</u>
<u>Cash and Investment Fund Balance - December 31</u>		
Restricted for:		
Debt service	\$ 4,887,195	\$ -
Other purposes	7,205,485	3,668,814
Unrestricted	<u>6,163,081</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 18,255,761</u>	<u>\$ 3,668,814</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, 2008

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 9,019,123	\$ -	
Plan members	887	-	
Other	<u>-</u>	<u>60,923</u>	
Total contributions	9,020,010	60,923	
Investment earnings:			
Interest	<u>21,236</u>	<u>84</u>	
Total additions	<u>9,041,246</u>	<u>61,007</u>	
Deductions:			
Benefits	7,579,086	-	
Administrative and general	<u>19,476</u>	<u>15,707</u>	
Total deductions	<u>7,598,562</u>	<u>15,707</u>	
Excess of total additions over total deductions	1,442,684	45,300	
Cash and investment fund balance - beginning	<u>1,926,375</u>	<u>1,445,283</u>	
Cash and investment fund balance - ending	<u>\$ 3,369,059</u>	<u>\$ 1,490,583</u>	<u>\$ 1,277,171</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 Town Council 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 economic development operating fund is used for economic development projects.

The City reports the following major proprietary fund:

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

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 pensions, which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the city cemetery and qualified local employers.

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.

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.

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

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."

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.

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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:

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.

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

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.

III. Detailed Notes on All Funds

A. 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. At December 31, 2008, the City had deposit balances in the amount of \$42,251,731. The balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, were as follows:

Transfer From	Transfer To	2008
Other governmental funds	General Fund	\$ 902,736
	Other governmental funds	<u>154,867</u>
Total		<u>\$ 1,057,603</u>

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 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 Firefighter 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.

C. Other Postemployment Benefits

In addition to the pension benefits described below, the primary government provides post-employment health, dental and vision benefits, as authorized by Indiana Code 5-10-8, to all police, firefighters, AFSCME members, and non contractual employees (all other full-time non elected employees) who retired from the City. Currently, 107 retirees meet these eligibility requirements. The primary government provides 94%, 86%, 86%, and 86%, 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.

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 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.

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 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

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 943,326	\$ 3,017,300	\$ 3,735,900
Interest on net pension obligation	(724)	669,900	1,020,400
Adjustment to annual required contribution	<u>825</u>	<u>(845,200)</u>	<u>(1,287,500)</u>
Annual pension cost	943,427	2,842,000	3,468,800
Contributions made	<u>859,944</u>	<u>3,555,957</u>	<u>5,464,053</u>
Increase (decrease) in net pension obligation	83,483	(713,957)	(1,995,253)
Net pension obligation, beginning of year	<u>(9,988)</u>	<u>11,165,626</u>	<u>17,007,389</u>
Net pension obligation, end of year	<u>\$ 73,495</u>	<u>\$ 10,451,669</u>	<u>\$ 15,012,136</u>

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	7.25%	21%	21%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-08	01-01-08	01-01-08
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed 30 years	Level percentage of projected payroll, closed 30 years	Level percentage of projected payroll, closed 30 years
Amortization period			
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

<u>Actuarial Assumptions</u>	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	06-30-06	\$ 874,895	75%	\$ (170,047)
	06-30-07	889,738	82%	(9,988)
	06-30-08	943,427	91%	73,495
1925 Police Officers' Pension Plan	12-31-06	2,740,700	86%	11,797,907
	12-31-07	2,892,400	122%	11,165,626
	12-31-08	2,842,000	125%	10,451,669
1937 Firefighters' Pension Plan	12-31-06	3,652,700	92%	18,907,653
	12-31-07	3,614,000	153%	17,007,389
	12-31-08	3,468,800	158%	15,012,136

CITY OF KOKOMO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2008, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	108	149
Terminated employees entitled to but not yet receiving benefits	0	0
Current active employees	0	1

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.

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, 2008, 2007, and 2006, were \$2,196,472, \$2,107,374, and \$2,003,155, 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)
07-01-06	\$ 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%)
07-01-08	15,930,682	19,249,646	(3,318,964)	83%	12,613,460	(26%)

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)
01-01-03	\$ 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%)
01-01-08	595,504	40,651,200	(40,055,696)	1%	94,500	(42,387%)

1937 Firefighters' 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)
01-01-03	\$ 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%)
01-01-08	1,330,871	50,464,400	(49,133,529)	3%	96,100	(51,128%)

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

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-03	\$ 4,537,200	*	*
	12-31-04	4,685,300	*	*
	12-31-05	2,806,700	*	*
	12-31-06	2,895,800	*	*
	12-31-07	3,064,300	68%	47%
	12-31-08	3,017,300	64%	52%
1937 Firefighters' Pension Plan	12-31-03	\$ 6,300,100	*	*
	12-31-04	6,417,400	*	*
	12-31-05	3,751,400	*	*
	12-31-06	3,905,600	*	*
	12-31-07	3,889,500	86%	56%
	12-31-08	3,735,900	81%	63%

\*Information not available.

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, 2008

	Motor Vehicle Highway	Local Road and Street	Cemetery Operating	Aviation	Building Demolition	Plan Commission
Receipts:						
Taxes	\$ -	\$ -	\$ 267,709	\$ 429,679	\$ -	\$ 159,831
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	53,312
Intergovernmental	1,970,594	431,108	16,305	26,188	-	9,718
Charges for services	142,251	-	89,166	136,485	1,916	146,642
Fines and forfeits	-	-	90	141	-	57
Other	2,866	-	-	-	-	905
<b>Total receipts</b>	<b>2,115,711</b>	<b>431,108</b>	<b>373,270</b>	<b>592,493</b>	<b>1,916</b>	<b>370,465</b>
Disbursements:						
General government	-	-	380,135	462,944	-	333,787
Public safety	-	-	-	-	-	-
Highways and streets	3,427,203	313,747	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	7,734	2,927	-	1,919
Highways and streets	191,606	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,618,809</b>	<b>313,747</b>	<b>387,869</b>	<b>465,871</b>	<b>-</b>	<b>335,706</b>
Excess (deficiency) of receipts over disbursements	(1,503,098)	117,361	(14,599)	126,622	1,916	34,759
Other financing sources (uses):						
Net proceeds from borrowings	-	-	11,546	14,382	-	7,090
Transfers in	-	-	-	85,719	-	-
Transfers out	-	-	-	(69,148)	-	-
Other receipts	4,653	-	3,004	601	-	-
<b>Total other financing sources (uses)</b>	<b>4,653</b>	<b>-</b>	<b>14,550</b>	<b>31,554</b>	<b>-</b>	<b>7,090</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,498,445)	117,361	(49)	158,176	1,916	41,849
Cash and investment fund balance - beginning	3,235,863	604,640	174,723	216,591	6,781	222,861
Cash and investment fund balance - ending	<u>\$ 1,737,418</u>	<u>\$ 722,001</u>	<u>\$ 174,674</u>	<u>\$ 374,767</u>	<u>\$ 8,697</u>	<u>\$ 264,710</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Restricted assets:						
Cash and investments	<u>\$ 1,737,418</u>	<u>\$ 722,001</u>	<u>\$ 174,674</u>	<u>\$ 374,767</u>	<u>\$ 8,697</u>	<u>\$ 264,710</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 8,697	\$ -
Highways and streets	1,737,418	722,001	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other purposes	-	-	174,674	374,767	-	264,710
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 1,737,418</u></b>	<b><u>\$ 722,001</u></b>	<b><u>\$ 174,674</u></b>	<b><u>\$ 374,767</u></b>	<b><u>\$ 8,697</u></b>	<b><u>\$ 264,710</u></b>

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, 2008  
 (Continued)

	Housing Urban Development Block Grant	Local Law Enforcement Continuing Education	Parks And Recreation	Rotary Fuel	Donations Court Drug Restitution	Donations Day Care
Receipts:						
Taxes	\$ -	\$ -	\$ 2,614,682	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	23,450	-	-	-	-
Intergovernmental	948,558	-	160,088	-	-	-
Charges for services	-	7,445	406,912	331,347	-	-
Fines and forfeits	-	-	750	-	23,665	-
Other	-	7,749	15,405	-	-	358
<b>Total receipts</b>	<b>948,558</b>	<b>38,644</b>	<b>3,197,837</b>	<b>331,347</b>	<b>23,665</b>	<b>358</b>
Disbursements:						
General government	-	-	-	309,962	5,876	1,237
Public safety	-	4,603	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	919,033	-	-	-	-	-
Culture and recreation	-	-	2,520,541	-	-	-
Capital outlay:						
General government	-	-	-	-	17,591	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	193,199	-	-	-
<b>Total disbursements</b>	<b>919,033</b>	<b>4,603</b>	<b>2,713,740</b>	<b>309,962</b>	<b>23,467</b>	<b>1,237</b>
Excess (deficiency) of receipts over disbursements	29,525	34,041	484,097	21,385	198	(879)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	110,602	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(85,719)	-	-
Other receipts	2,234	-	5,192	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,234</b>	<b>-</b>	<b>115,794</b>	<b>(85,719)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	31,759	34,041	599,891	(64,334)	198	(879)
Cash and investment fund balance - beginning	(12,233)	22,141	840,016	87,895	19,416	4,139
Cash and investment fund balance - ending	<u>\$ 19,526</u>	<u>\$ 56,182</u>	<u>\$ 1,439,907</u>	<u>\$ 23,561</u>	<u>\$ 19,614</u>	<u>\$ 3,260</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Restricted assets:						
Cash and investments	<u>\$ 19,526</u>	<u>\$ 56,182</u>	<u>\$ 1,439,907</u>	<u>\$ 23,561</u>	<u>\$ 19,614</u>	<u>\$ 3,260</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Public safety	\$ -	\$ 56,182	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	19,526	-	-	-	-	-
Culture and recreation	-	-	1,439,907	-	-	-
Other purposes	-	-	-	23,561	19,614	3,260
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 19,526</u></b>	<b><u>\$ 56,182</u></b>	<b><u>\$ 1,439,907</u></b>	<b><u>\$ 23,561</u></b>	<b><u>\$ 19,614</u></b>	<b><u>\$ 3,260</u></b>

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, 2008  
 (Continued)

	Donations Emergency Management	Donations Fire Department	Donation Arson Dog	Donations Police	Donations DARE	Donations Senior Citizens
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	12,106	3,020	1,550	-	-	3,876
<b>Total receipts</b>	<b>12,106</b>	<b>3,020</b>	<b>1,550</b>	<b>-</b>	<b>-</b>	<b>3,876</b>
Disbursements:						
General government	13,345	738	3,188	1,100	-	4,252
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>13,345</b>	<b>738</b>	<b>3,188</b>	<b>1,100</b>	<b>-</b>	<b>4,252</b>
Excess (deficiency) of receipts over disbursements	(1,239)	2,282	(1,638)	(1,100)	-	(376)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,239)	2,282	(1,638)	(1,100)	-	(376)
Cash and investment fund balance - beginning	10,520	1,224	2,572	1,779	1,362	25,789
Cash and investment fund balance - ending	<u>\$ 9,281</u>	<u>\$ 3,506</u>	<u>\$ 934</u>	<u>\$ 679</u>	<u>\$ 1,362</u>	<u>\$ 25,413</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Restricted assets:						
Cash and investments	<u>\$ 9,281</u>	<u>\$ 3,506</u>	<u>\$ 934</u>	<u>\$ 679</u>	<u>\$ 1,362</u>	<u>\$ 25,413</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other purposes	9,281	3,506	934	679	1,362	25,413
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 9,281</u></b>	<b><u>\$ 3,506</u></b>	<b><u>\$ 934</u></b>	<b><u>\$ 679</u></b>	<b><u>\$ 1,362</u></b>	<b><u>\$ 25,413</u></b>

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, 2008  
 (Continued)

	Donations Senior Citizens Activities	Donations Miscellaneous	Donations Haynes Museum	Donations Park	Donations Aquatic Center	Donations Park Dog
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	8,132	100	3,255	15,937	4,690	1,560
Total receipts	<u>8,132</u>	<u>100</u>	<u>3,255</u>	<u>15,937</u>	<u>4,690</u>	<u>1,560</u>
Disbursements:						
General government	7,839	-	-	12,496	-	3,098
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	<u>7,839</u>	<u>-</u>	<u>-</u>	<u>12,496</u>	<u>-</u>	<u>3,098</u>
Excess (deficiency) of receipts over disbursements	<u>293</u>	<u>100</u>	<u>3,255</u>	<u>3,441</u>	<u>4,690</u>	<u>(1,538)</u>
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	293	100	3,255	3,441	4,690	(1,538)
Cash and investment fund balance - beginning	<u>7,857</u>	<u>252</u>	<u>1,562</u>	<u>21,993</u>	<u>24,417</u>	<u>1,629</u>
Cash and investment fund balance - ending	<u>\$ 8,150</u>	<u>\$ 352</u>	<u>\$ 4,817</u>	<u>\$ 25,434</u>	<u>\$ 29,107</u>	<u>\$ 91</u>
<u>Cash and Investment Assets - Ending</u>						
Restricted assets:						
Cash and investments	<u>\$ 8,150</u>	<u>\$ 352</u>	<u>\$ 4,817</u>	<u>\$ 25,434</u>	<u>\$ 29,107</u>	<u>\$ 91</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other purposes	8,150	352	4,817	25,434	29,107	91
Total cash and investment fund balance - ending	<u>\$ 8,150</u>	<u>\$ 352</u>	<u>\$ 4,817</u>	<u>\$ 25,434</u>	<u>\$ 29,107</u>	<u>\$ 91</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, 2008  
 (Continued)

	Donations Vending Machine	Donations K-9	Overlay Runway	Extend Terminal Runway	Acquired Land	Land and Rehabilitation of Runway
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	1,018	6,581	-	-	-	-
<b>Total receipts</b>	<b>1,018</b>	<b>6,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
General government	537	6,530	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>537</b>	<b>6,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	481	51	-	-	-	-
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	481	51	-	-	-	-
Cash and investment fund balance - beginning	66	-	4,933	(518)	803	(1,896)
<b>Cash and investment fund balance - ending</b>	<b>\$ 547</b>	<b>\$ 51</b>	<b>\$ 4,933</b>	<b>\$ (518)</b>	<b>\$ 803</b>	<b>\$ (1,896)</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Restricted assets:						
Cash and investments	\$ 547	\$ 51	\$ 4,933	\$ (518)	\$ 803	\$ (1,896)
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other purposes	547	51	4,933	(518)	803	(1,896)
<b>Total cash and investment fund balance - ending</b>	<b>\$ 547</b>	<b>\$ 51</b>	<b>\$ 4,933</b>	<b>\$ (518)</b>	<b>\$ 803</b>	<b>\$ (1,896)</b>

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, 2008  
 (Continued)

	Acquire Land	Apron Reconstruction	Land Acquisition	FEMA Flood Hazard Mitigation	FEMA Trench Rescue	Senior Center
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	626	61,798	657,865	-	1,850	126,470
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>626</b>	<b>61,798</b>	<b>657,865</b>	<b>-</b>	<b>1,850</b>	<b>126,470</b>
<b>Disbursements:</b>						
General government	34,272	63,383	673,511	-	-	71,543
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	5,470	24,692
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>34,272</b>	<b>63,383</b>	<b>673,511</b>	<b>-</b>	<b>5,470</b>	<b>96,235</b>
Excess (deficiency) of receipts over disbursements	(33,646)	(1,585)	(15,646)	-	(3,620)	30,235
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	35,100	1,975	32,073	-	-	-
Transfers out	-	-	-	-	-	(900,000)
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>35,100</b>	<b>1,975</b>	<b>32,073</b>	<b>-</b>	<b>-</b>	<b>(900,000)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,454	390	16,427	-	(3,620)	(869,765)
Cash and investment fund balance - beginning	34,801	-	-	770	3,620	993,552
Cash and investment fund balance - ending	<u>\$ 36,255</u>	<u>\$ 390</u>	<u>\$ 16,427</u>	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ 123,787</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Restricted assets:</b>						
Cash and investments	<u>\$ 36,255</u>	<u>\$ 390</u>	<u>\$ 16,427</u>	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ 123,787</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other purposes	36,255	390	16,427	770	-	123,787
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 36,255</u></b>	<b><u>\$ 390</u></b>	<b><u>\$ 16,427</u></b>	<b><u>\$ 770</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 123,787</u></b>

CITY OF KOKOMO  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Walk of Excellence	Local Bomb Squad	Alcohol Traffic	Drug Incinerator	Internet Crime Against Children	Radios/ Breathing Tests
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	56,191	-	-	-	22,568	10,000
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	3,900	-	-
<b>Total receipts</b>	<b>56,191</b>	<b>-</b>	<b>-</b>	<b>3,900</b>	<b>22,568</b>	<b>10,000</b>
<b>Disbursements:</b>						
General government	55,867	-	-	-	6,386	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	3,900	17,434	10,000
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>55,867</b>	<b>-</b>	<b>-</b>	<b>3,900</b>	<b>23,820</b>	<b>10,000</b>
Excess (deficiency) of receipts over disbursements	324	-	-	-	(1,252)	-
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	324	-	-	-	(1,252)	-
Cash and investment fund balance - beginning	-	1,361	(239)	-	(2,997)	-
<b>Cash and investment fund balance - ending</b>	<b>\$ 324</b>	<b>\$ 1,361</b>	<b>\$ (239)</b>	<b>\$ -</b>	<b>\$ (4,249)</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Restricted assets:</b>						
Cash and investments	\$ 324	\$ 1,361	\$ (239)	\$ -	\$ (4,249)	\$ -
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other purposes	324	1,361	(239)	-	(4,249)	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 324</b>	<b>\$ 1,361</b>	<b>\$ (239)</b>	<b>\$ -</b>	<b>\$ (4,249)</b>	<b>\$ -</b>

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, 2008  
 (Continued)

	Mitigation Equipment	Block Grant 2007	Block Grant 2008	Operation Pullover	Driving Under Influence Task Force	Bullet Proof Vests
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	97,781	-	10,613	33,234	12,636	6,288
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	118	11	-	-	-
<b>Total receipts</b>	<b>97,781</b>	<b>118</b>	<b>10,624</b>	<b>33,234</b>	<b>12,636</b>	<b>6,288</b>
<b>Disbursements:</b>						
General government	-	4,546	2,005	21,883	13,566	2,020
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	97,781	9,671	5,440	11,013	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>97,781</b>	<b>14,217</b>	<b>7,445</b>	<b>32,896</b>	<b>13,566</b>	<b>2,020</b>
Excess (deficiency) of receipts over disbursements	-	(14,099)	3,179	338	(930)	4,268
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(2,736)
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,736)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(14,099)	3,179	338	(930)	1,532
Cash and investment fund balance - beginning	-	14,099	-	(5,591)	58	(1,532)
Cash and investment fund balance - ending	\$ -	\$ -	\$ 3,179	\$ (5,253)	\$ (872)	\$ -
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Restricted assets:</b>						
Cash and investments	\$ -	\$ -	\$ 3,179	\$ (5,253)	\$ (872)	\$ -
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other purposes	-	-	3,179	(5,253)	(872)	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,179</b>	<b>\$ (5,253)</b>	<b>\$ (872)</b>	<b>\$ -</b>

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, 2008  
 (Continued)

	Bryne Grant 2007	Bryne Grant 2008	Transportation	Block Grant 2006	Motorcycle Radar	Mayor's Handicap Council
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	51,789	-	-	5,000	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	200
<b>Total receipts</b>	<b>-</b>	<b>51,789</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>200</b>
<b>Disbursements:</b>						
General government	2,848	51,862	-	2	-	609
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	5,000	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,848</b>	<b>51,862</b>	<b>-</b>	<b>2</b>	<b>5,000</b>	<b>609</b>
Excess (deficiency) of receipts over disbursements	(2,848)	(73)	-	(2)	-	(409)
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,848)	(73)	-	(2)	-	(409)
Cash and investment fund balance - beginning	2,921	-	49,265	2	-	3,944
Cash and investment fund balance - ending	<u>\$ 73</u>	<u>\$ (73)</u>	<u>\$ 49,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,535</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Restricted assets:</b>						
Cash and investments	<u>\$ 73</u>	<u>\$ (73)</u>	<u>\$ 49,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,535</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Public safety	\$ -	\$ (73)	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other purposes	73	-	49,265	-	-	3,535
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 73</u></b>	<b><u>\$ (73)</u></b>	<b><u>\$ 49,265</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,535</u></b>

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, 2008  
 (Continued)

	Kaboom Playground	Runway Extension	Continuing Throughfare	K-Gov	Kokomo Economic Development	Gambling Reduction
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	48,233	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	20,000	-	-	31,250	-	-
<b>Total receipts</b>	<b>20,000</b>	<b>48,233</b>	<b>-</b>	<b>31,250</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
General government	20,000	49,470	-	706	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	25,869	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>20,000</b>	<b>49,470</b>	<b>-</b>	<b>26,575</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	(1,237)	-	4,675	-	-
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	55,909	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>55,909</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,237)	55,909	4,675	-	-
Cash and investment fund balance - beginning	-	1,128	-	-	23,222	5,427
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ (109)</u>	<u>\$ 55,909</u>	<u>\$ 4,675</u>	<u>\$ 23,222</u>	<u>\$ 5,427</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Restricted assets:</b>						
Cash and investments	<u>\$ -</u>	<u>\$ (109)</u>	<u>\$ 55,909</u>	<u>\$ 4,675</u>	<u>\$ 23,222</u>	<u>\$ 5,427</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	55,909	-	-	-
Economic development	-	-	-	-	23,222	-
Culture and recreation	-	-	-	-	-	-
Other purposes	-	(109)	-	4,675	-	5,427
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ (109)</u>	<u>\$ 55,909</u>	<u>\$ 4,675</u>	<u>\$ 23,222</u>	<u>\$ 5,427</u>

CITY OF KOKOMO  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Mayor's Community	Community Drug Foundation	Barrett Law Surplus	Transit Formula Grant - 7	Transit Formula Grant - 8	Transit Formula Grant - 3
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	41,899	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	269,289	474,729	64,687
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	100	-	-	-	-	-
<b>Total receipts</b>	<b>100</b>	<b>-</b>	<b>41,899</b>	<b>269,289</b>	<b>474,729</b>	<b>64,687</b>
<b>Disbursements:</b>						
General government	-	-	55,500	269,289	474,729	64,687
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>55,500</b>	<b>269,289</b>	<b>474,729</b>	<b>64,687</b>
Excess (deficiency) of receipts over disbursements	100	-	(13,601)	-	-	-
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	100	-	(13,601)	-	-	-
Cash and investment fund balance - beginning	844	1,186	119,417	-	-	-
Cash and investment fund balance - ending	<u>944</u>	<u>1,186</u>	<u>105,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Restricted assets:</b>						
Cash and investments	<u>944</u>	<u>1,186</u>	<u>105,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other purposes	944	1,186	105,816	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b><u>944</u></b>	<b><u>1,186</u></b>	<b><u>105,816</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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, 2008  
 (Continued)

	Howard County Lcc	Certified Technology Park	Technology Development Fund	Show Mobile	Parking Lot Project A Lot G	Brownfield Site
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	96,214	720,000	-	-	-
Charges for services	8,149	-	-	3,700	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>8,149</b>	<b>96,214</b>	<b>720,000</b>	<b>3,700</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
General government	8,144	96,214	720,000	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>8,144</b>	<b>96,214</b>	<b>720,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	5	-	-	3,700	-	-
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5	-	-	3,700	-	-
Cash and investment fund balance - beginning	(5)	-	-	27,001	20,535	4,261
<b>Cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,701</b>	<b>\$ 20,535</b>	<b>\$ 4,261</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Restricted assets:						
Cash and investments	\$ -	\$ -	\$ -	\$ 30,701	\$ 20,535	\$ 4,261
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other purposes	-	-	-	30,701	20,535	4,261
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,701</b>	<b>\$ 20,535</b>	<b>\$ 4,261</b>

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, 2008  
 (Continued)

	Constitutional Bicentennial	Police Victim Assistance	Parking Meter	Cumulative Capital Improvement	Totals
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,471,901
Special assessments	-	-	-	-	41,899
Licenses and permits	-	-	-	-	76,762
Intergovernmental	-	-	-	149,961	6,540,381
Charges for services	-	-	-	-	1,274,013
Fines and forfeits	-	-	-	-	24,703
Other	-	-	-	-	144,687
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,961</u>	<u>11,574,346</u>
<b>Disbursements:</b>					
General government	-	-	-	-	4,310,106
Public safety	-	-	-	-	4,603
Highways and streets	-	-	-	-	3,740,950
Economic development	-	-	-	-	919,033
Culture and recreation	-	-	-	-	2,520,541
Capital outlay:					
General government	-	-	-	-	246,441
Highways and streets	-	-	-	-	191,606
Culture and recreation	-	-	-	-	193,199
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,126,479</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,961</u>	<u>(552,133)</u>
<b>Other financing sources (uses):</b>					
Net proceeds from borrowings	-	-	-	-	199,529
Transfers in	-	-	-	-	154,867
Transfers out	-	-	-	-	(1,057,603)
Other receipts	-	-	-	-	15,684
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(687,523)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,961</u>	<u>(1,239,656)</u>
Cash and investment fund balance - beginning	<u>1,119</u>	<u>11,482</u>	<u>63,544</u>	<u>469,254</u>	<u>7,369,626</u>
Cash and investment fund balance - ending	<u>\$ 1,119</u>	<u>\$ 11,482</u>	<u>\$ 63,544</u>	<u>\$ 619,215</u>	<u>\$ 6,129,970</u>
<u>Cash and Investment Assets - Ending</u>					
<b>Restricted assets:</b>					
Cash and investments	<u>\$ 1,119</u>	<u>\$ 11,482</u>	<u>\$ 63,544</u>	<u>\$ 619,215</u>	<u>\$ 6,129,970</u>
<u>Cash and Investment Fund Balance - Ending</u>					
<b>Restricted for:</b>					
Public safety	\$ -	\$ 11,482	\$ -	\$ -	\$ 76,288
Highways and streets	-	-	-	-	2,515,328
Economic development	-	-	-	-	42,748
Culture and recreation	-	-	-	-	1,439,907
Other purposes	<u>1,119</u>	<u>-</u>	<u>63,544</u>	<u>619,215</u>	<u>2,055,699</u>
Total cash and investment fund balance - ending	<u>\$ 1,119</u>	<u>\$ 11,482</u>	<u>\$ 63,544</u>	<u>\$ 619,215</u>	<u>\$ 6,129,970</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, 2008

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 3,555,957	\$ 5,463,166	\$ 9,019,123
Plan members	<u>-</u>	<u>887</u>	<u>887</u>
Total contributions	3,555,957	5,464,053	9,020,010
Investment receipts:			
Interest	<u>8,472</u>	<u>12,764</u>	<u>21,236</u>
Total additions	<u>3,564,429</u>	<u>5,476,817</u>	<u>9,041,246</u>
Deductions:			
Benefits	2,989,883	4,589,203	7,579,086
Administrative and general	<u>9,738</u>	<u>9,738</u>	<u>19,476</u>
Total deductions	<u>2,999,621</u>	<u>4,598,941</u>	<u>7,598,562</u>
Excess of total additions over total deductions	564,808	877,876	1,442,684
Cash and investment fund balance - beginning	<u>595,505</u>	<u>1,330,870</u>	<u>1,926,375</u>
Cash and investment fund balance - ending	<u>\$ 1,160,313</u>	<u>\$ 2,208,746</u>	<u>\$ 3,369,059</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, 2008

	Zook Trust	EDA Revolving Loan	Totals
Additions:			
Contributions:			
Other	\$ -	\$ 60,923	\$ 60,923
Investment earnings:			
Interest	<u>84</u>	<u>-</u>	<u>84</u>
Total additions	<u>84</u>	<u>60,923</u>	<u>61,007</u>
Deductions:			
Administrative and general	<u>86</u>	<u>15,621</u>	<u>15,707</u>
Excess (deficiency) of total additions over total deductions	(2)	45,302	45,300
Cash and investment fund balance - beginning	<u>3,703</u>	<u>1,441,580</u>	<u>1,445,283</u>
Cash and investment fund balance - ending	<u>\$ 3,701</u>	<u>\$ 1,486,882</u>	<u>\$ 1,490,583</u>

CITY OF KOKOMO  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For The Year Ended December 31, 2008

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 the acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (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	\$ 19,716,570
Construction in progress	<u>1,084,067</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 20,800,637</u>
Capital assets, being depreciated:	
Buildings	\$ 16,689,933
Infrastructure	88,686,006
Improvements other than buildings	3,659,913
Machinery and equipment	<u>16,169,006</u>
Total capital assets, being depreciated	125,204,858
Accumulated Depreciation	<u>88,006,673</u>
Total governmental activities, capital assets net of accumulation depreciation	<u>\$ 37,198,185</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 122,849
Construction in progress	<u>5,356,231</u>
Total business-type activities, capital assets not being depreciated	<u>\$ 5,479,080</u>
Capital assets, being depreciated:	
Buildings	\$ 18,806,233
Infrastructure	85,740,793
Improvements other than buildings	754,025
Machinery and equipment	<u>13,542,478</u>
Total Wastewater Utility capital assets	<u>118,843,529</u>
Accumulation depreciation	<u>56,636,322</u>
Total business-type activities capital assets, net of accumulated depreciation	<u>\$ 62,207,207</u>

CITY OF KOKOMO  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The City 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	\$ 291,210	\$ 113,845
Pierce Fire Truck	279,523	108,250
2 EVO T25 Packers and Totes	551,107	213,426
Milling Machine	202,793	94,702
Fire Ambulance	108,057	31,611
State rainy day fund loan	2,433,053	-
Bonds payable:		
General obligation bonds:		
Park District Bonds	2,130,000	374,656
<b>Total governmental activities debt</b>	<b>\$ 5,995,743</b>	<b>\$ 936,490</b>
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1999 Bonds	\$ 2,500,000	\$ 2,594,125
2005 Bonds	11,270,000	485,333
2008 Bonds	5,105,000	332,865
SRFI-Series A	11,895,000	426,238
SRFI-Series A	6,765,000	598,538
<b>Total business-type activities debt</b>	<b>\$ 37,535,000</b>	<b>\$ 4,437,099</b>

CITY OF KOKOMO  
OTHER REPORTS

The annual report presented herein was prepared in addition to another official report prepared for the individual City office listed below:

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](http://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, 2008. 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, 2008.

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, the City Council, 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

July 9, 2009

CITY OF KOKOMO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Year Ended December 31, 2008

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 2008	\$ 33,593
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant Community Development Block Grants/Entitlement Grants	14.218	B-06-MC-18-0014 B-07-MC-18-0014 B-08-MC-18-0014	259,407 232,554 <u>437,072</u>
Total for federal grantor agency			<u>929,033</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>23,820</u>
Edward Bryne Memorial Formula Grant Program	16.579	2005-DJ-086 2007-DJ-028 03-DB-080 04-DB-117	2,848 51,862 10,000 <u>5,000</u>
Total for program			<u>69,710</u>
Bulletproof Vest Partnership Program	16.607	2007 C	<u>4,756</u>
Edward Bryne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0826 2007-DJ-BX-0700 2008-DJ-BX-0191	2 14,216 <u>7,445</u>
Total for program			<u>21,663</u>
Total for federal grantor agency			<u>119,949</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant Airport Improvement Program	20.106	3-18-0044-13 3-18-0044-15 3-18-0044-16	46,996 60,213 <u>657,865</u>
Total for program			<u>765,074</u>
Direct Grant Federal Transit Formula Grant	20.507	IN-90X-526-00 IN-90X-553-00 IN-90X-335-00	166,455 629,762 <u>64,687</u>
Total for program			<u>860,904</u>
Pass-Through Indiana Department of Transportation Federal Transit Formula Grant	20.507	FY 2007 FY2008	75,494 <u>292,053</u>
Total for program			<u>367,547</u>
State and Community Highway Safety Operation Pull-over CG-DUI Task Force	20.600	PT-08-04-01-11 FY 2008	32,896 <u>13,566</u>
Total for Program			<u>46,462</u>
Total for federal grantor agency			<u>2,039,987</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 2008	<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-2006-FG-14229	<u>3,620</u>
Law Enforcement Terrorism Prevention Program	97.074	FY 2008	<u>97,781</u>
Total for federal grantor agency			<u>101,401</u>
Total federal awards expended			<u>\$ 3,244,939</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, 2008:

Program Title	Federal CFDA Number	2008
Edward Byrne Memorial Formula Grant Program	16.579	\$ <u>69,710</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
20.106	Airport Improvement Program
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? yes

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 July 9, 2009, with Gregory Goodnight, Mayor; James J. Brannon, Controller; Thu Caven, Deputy Controller; and Randall J. Morris, Director of Operations. Our audit disclosed no material items that warrant comment at this time.