

B37096

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

ANNUAL FINANCIAL REPORT

2009

CITY OF KOKOMO

HOWARD COUNTY, INDIANA



FILED
06/08/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	James J. Brannon	01-01-08 to 12-31-11
Mayor	Gregory Goodnight	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	James J. Brannon	01-01-09 to 12-31-10
President of the Common Council	John M. Kennedy	01-01-09 to 12-31-10
Superintendent of Wastewater Utility	Christopher Cooper	01-01-08 to 12-31-10



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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, 2009, 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, 2009, 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 April 28, 2010, 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.

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,

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

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, and 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

April 28, 2010



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kokomo (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 28, 2010. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the City's management, 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

April 28, 2010

City of Kokomo, Indiana
Management's Discussion and Analysis
December 31, 2009

This discussion and analysis highlights the City of Kokomo's financial activities for the year ended December 31, 2009. 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, 2009 were \$29,660,064. Of this amount, \$12,863,275 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, plan commission. 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, Economic Development Fund Other Special Revenues Fund such as Motor Vehicle Highway Fund, Local Road & Street, Park, Aviation 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 Payroll 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, 2009 and business-type activities changes in cash net assets for the year ended December 31, 2009. During calendar year 2009, the net assets of the governmental activities decreased by \$1,894,827 and the net assets of the business-type activities decreased by \$4,547,069.

City of Kokomo, Indiana Changes in Cash Net Assets

	<u>2009</u> <u>Governmental Activities</u>	<u>2009</u> <u>Business-Type Activities</u>	<u>Total</u>
<u>Receipts</u>			
Program receipts:			
Charges for services	\$ 2,420,715	\$ 13,799,940	\$ 16,220,655
Operating grants & contributions	3,427,232		3,427,232
Capital grants & contributions	2,026,470		2,026,470
General receipts			-
Property taxes	25,758,794		25,758,794
Intergovernmental	11,918,176		11,918,176
Other Local Sources	384,682		384,682
Other Grants & Contributions not restricted to specific programs	143,104		143,104
Unrestricted investment earnings	62,630	368,221	430,851
Total Receipts	<u>46,141,803</u>	<u>14,168,161</u>	<u>60,309,964</u>
<u>Disbursements</u>			
Government Activities			
General Government	-		-
Public Safety	17,157,992		17,157,992
Highway & Streets	15,928,145		15,928,145
Sanitation	8,573,497		8,573,497
Health & Welfare	-		-
Economic Development	405,388		405,388
Culture & Recreation	2,360,349		2,360,349
Debt Service	2,858,546		2,858,546
Business-type Activities			
Wastewater Utilities	752,713		752,713
	-	18,715,230	-
Total Disbursements	<u>48,036,630</u>	<u>18,715,230</u>	<u>66,751,860</u>
Change in cash net assets	(1,894,827)	(4,547,069)	(6,441,896)
Beginning cash net assets	<u>17,846,397</u>	<u>18,255,563</u>	<u>36,101,960</u>
Ending cash net assets	<u>\$ 15,951,570</u>	<u>\$ 13,708,494</u>	<u>\$ 29,660,064</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, 2009

	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Revenues</u> <u>(Expenses)</u>
Primary Government			
General Government	\$ 17,157,992	\$ 1,850,914	\$ (15,307,078)
Public Safety	15,928,145	1,303,234	(14,624,911)
Highway & Streets	8,573,497	2,774,114	(5,799,383)
Sanitation	-	352,894	352,894
Health & Welfare	405,388	90,980	(314,408)
Economic Development	2,360,349	1,216,515	(1,143,834)
Culture & Recreation	2,858,546	285,766	(2,572,780)
Debt Service	752,713	-	(752,713)
Total	<u>\$ 48,036,630</u>	<u>\$ 7,874,417</u>	<u>\$ (40,162,213)</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 \$18,715,230 total disbursements for calendar year 2009, \$8,258,377 were for operating expenses, \$5,976,750 were for equipment and capital improvements and were financed largely through the issuance of the revenue bond, and \$4,480,103 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, 2009

	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Revenues</u> <u>(Expenses)</u>
Business-type Activities			
Wastewater	<u>\$ 18,715,230</u>	<u>\$ 13,799,940</u>	<u>\$ (4,915,290)</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, 2009 Kokomo's governmental funds reported cash and investment fund balances of \$13,330,795, a decrease of \$846,782 from the beginning of 2009.

General Fund:

Cash and Investments increased by \$89,492.

Economic Development Income Tax Fund:

Cash and Investments increased by \$271,566. This increase was due to normal fluctuations in cash receipts and cash disbursements.

Other Government Funds:

Cash and Investments decreased by \$1,207,840.

Business-Type Funds

In total, the wastewater utility's cash, cash equivalents and investments decreased by \$4,547,069 during 2009.

- The operating and maintenance cash increased by \$792,546 primarily due to decline in operating expenses.
- The Bond and Interest cash decreased by \$1,081,666. This was primarily due to the payoff of the 1999 Revenue bond.
- The Replacement/Depreciation cash increased by \$23,455 in 2009. The increase was due to interest earnings which were credited back to this fund.
- The 2005 Revenue Bond and 2008 Revenue bond cash decreased by \$4,416,952. The decrease was due to the payments for the Wet Weather Treatment Excess Flow-Construction in Process projects
- The sewer extension and betterment cash increased by \$135,550 during 2009. 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.

In total, spending in the General fund was \$4,417,990 under budget for 2009. A few large items were ordered towards the end of 2009, therefore, \$144,550 of the unspent 2009 budget was carried over, or encumbered, into 2010.

Capital Asset and Long-Term Debt Activity

Capital Asset Activity:

As of December 31, 2009, the City had \$127,067,855 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, 2009

	<u>2009</u> <u>Governmental Activities</u>	<u>2009</u> <u>Business-Type Activities</u>	<u>2009</u> <u>Total</u>
Capital Assets, not being depreciated			
Land	\$ 20,093,310	\$ 122,849	\$ 20,216,159
Construction-In-Progress	1,314,081	9,122,254	10,436,335
Total capital assets, not being depreciated	<u>21,407,391</u>	<u>9,245,103</u>	<u>\$ 30,652,494</u>
Capital Assets, being depreciated			
Improvements Other Than Buildings	3,772,012	754,025	4,526,037
Buildings	17,190,275	18,806,233	35,996,508
Infrastructure-Street & Roadways	88,722,971		88,722,971
Infrastructure-Collection & Stormwater	-	87,027,429	87,027,429
Machinery & Equipment	<u>17,750,583</u>	<u>13,154,029</u>	<u>30,904,612</u>
Totals	127,435,841	119,741,716	247,177,557
Less accumulated depreciation	<u>(91,945,739)</u>	<u>(58,816,457)</u>	<u>(150,762,196)</u>
Total capital assets, being depreciated net	<u>35,490,102</u>	<u>60,925,259</u>	<u>96,415,361</u>
Total Capital Assets Net	<u>\$ 56,897,493</u>	<u>\$ 70,170,362</u>	<u>\$ 127,067,855</u>

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

- Purchasing equipments at the MVH-Street Department, including one used 2003 bucket truck, one new skid steer, two new leaf collectors, two new heavy duty dump trucks totaling \$294,615.
- Purchasing four traffic signal controls at the Traffic department, totaling \$30,179.

- Purchasing new police cars, including related equipment for these cars, two used motorcycle, totaling \$534,667 for the Police department.
- Purchasing new voice message system, three new storage computer server totaling \$55,530 for the Information System department.
- Purchasing three new Packers for the Refuse department totaling \$585,765
- Purchasing two new mowers, one new pavilion, installing new fence at the Waterworks Park, totaling \$364,606 for the Park department.
- Purchasing one new bus and two used Caravan for the senior center totaling \$115,699.
- Purchasing land for the Aviation runway extension projects for \$365,300

The Business-type activities recorded an increase of \$3,766,024 in Capital Assets not being depreciated. This was primarily due to construction-in-process for the Wet Weather Treatment Excess Flow project. This project is scheduled to be completed in the early 2010 and will reduce the amount of the raw sewage flowing untreated into local streams.

Some of the major capital additions during 2009 include the following:

- \$282,675 for Indian Height Lift Station.
- \$1,050,930 for various Combined Sewer Overflow and /or Sanitary Sewer Relief projects.
- \$35,298 for a biodiesel processor.
- \$238,000 for a combo sewer cleaner
- \$39,500 for an excavator.
- \$40,630 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, 2009, the City’s outstanding debt (principal only) consisted of the following:

	<u>2009</u>	<u>2008</u>
• Park District	\$ 1,800,000	\$ 2,455,000
• Wastewater Utility	\$ 34,530,000	\$37,535,000

During 2009, the governmental activities made principal payments of \$655,000 and interest payments of \$95,812.

During the year, the business-type activities made principal payments of \$3,005,000 and interest payments of \$1,432,097

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 30th, 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 12th, 2009. In February 2010, Chrysler Old Carco paid 50% of the 2009 personal property taxes owed and 14% of the amount owed for 2010. The balance of the property taxes owed will be paid by Chrysler LLC over a six year period.

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, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 17,157,992	\$ 1,256,426	\$ 594,488	\$ -	\$ (15,307,078)	\$ -	\$ (15,307,078)
Public safety	15,928,145	381,506	525,413	396,315	(14,624,911)	-	(14,624,911)
Highways and streets	8,573,497	53,143	2,307,331	413,640	(5,799,383)	-	(5,799,383)
Sanitation	-	352,894	-	-	352,894	-	352,894
Health and welfare	405,388	90,980	-	-	(314,408)	-	(314,408)
Economic development	2,360,349	-	-	1,216,515	(1,143,834)	-	(1,143,834)
Culture and recreation	2,858,546	285,766	-	-	(2,572,780)	-	(2,572,780)
Principal and interest on indebtedness	752,713	-	-	-	(752,713)	-	(752,713)
Total governmental activities	48,036,630	2,420,715	3,427,232	2,026,470	(40,162,213)	-	(40,162,213)
Business-type activities:							
Wastewater Utility	18,715,230	13,799,940	-	-	-	(4,915,290)	(4,915,290)
Total business-type activities	18,715,230	13,799,940	-	-	-	(4,915,290)	(4,915,290)
Total primary government	\$ 66,751,860	\$ 16,220,655	\$ 3,427,232	\$ 2,026,470	(40,162,213)	(4,915,290)	(45,077,503)
General receipts:							
Property taxes					25,758,794	-	25,758,794
Intergovernmental					11,918,176	-	11,918,176
Other local sources					384,682	-	384,682
Grants and contributions not restricted to specific programs					143,104	-	143,104
Investment earnings					62,630	368,221	430,851
Total general receipts, special items, and transfers					38,267,386	368,221	38,635,607
Change in net assets					(1,894,827)	(4,547,069)	(6,441,896)
Net assets - beginning before reclassification					17,859,155	18,255,761	36,114,916
Reclassifications - See Note III., C.					(12,758)	(198)	(12,956)
Net assets - beginning after reclassification					17,846,397	18,255,563	36,101,960
Net assets - ending					\$ 15,951,570	\$ 13,708,494	\$ 29,660,064
Assets							
Cash and investments					\$ 5,907,649	\$ 6,955,626	\$ 12,863,275
Restricted assets:							
Cash and investments					10,043,921	6,752,868	16,796,789
Total assets					\$ 15,951,570	\$ 13,708,494	\$ 29,660,064
Net Assets							
Restricted for:							
General government					\$ 1,144,970	\$ -	\$ 1,144,970
Public safety					383,058	-	383,058
Highways and streets					1,739,335	-	1,739,335
Economic development					2,527,711	-	2,527,711
Culture and recreation					825,579	-	825,579
Debt service					-	1,614,150	1,614,150
Capital outlay					802,493	2,214,833	3,017,326
Other purposes					2,620,775	2,923,885	5,544,660
Unrestricted					5,907,649	6,955,626	12,863,275
Total net assets					\$ 15,951,570	\$ 13,708,494	\$ 29,660,064

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, 2009

	General	Economic Development Operating	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 23,975,343	\$ -	\$ 1,783,451	\$ 25,758,794
Special assessments	-	-	58,959	58,959
Licenses and permits	57,760	-	55,778	113,538
Intergovernmental	9,148,074	2,157,789	6,133,028	17,438,891
Charges for services	1,156,283	1,150	989,335	2,146,768
Fines and forfeits	69,096	-	32,357	101,453
Other	182,285	-	171,679	353,964
	<u>34,588,841</u>	<u>2,158,939</u>	<u>9,224,587</u>	<u>45,972,367</u>
Total receipts				
Disbursements:				
General government	5,673,313	-	3,341,515	9,014,828
Public safety	21,404,047	-	10,229	21,414,276
Highways and streets	4,568,568	-	2,736,405	7,304,973
Health and welfare	400,434	-	-	400,434
Economic development	343,223	977,347	882,466	2,203,036
Culture and recreation	242,134	-	2,487,343	2,729,477
Debt service:				
Principal	-	670,000	-	670,000
Interest	-	82,713	-	82,713
Capital outlay:				
General government	278,303	-	421,773	700,076
Public safety	821,971	-	-	821,971
Highways and streets	825,703	-	442,821	1,268,524
Health and welfare	4,954	-	-	4,954
Economic development	-	157,311	-	157,311
Culture and recreation	12,491	-	116,578	129,069
	<u>34,575,141</u>	<u>1,887,371</u>	<u>10,439,130</u>	<u>46,901,642</u>
Total disbursements				
Excess (deficiency) of receipts over disbursements	<u>13,700</u>	<u>271,568</u>	<u>(1,214,543)</u>	<u>(929,275)</u>
Other financing sources (uses):				
Transfers in	7,250	-	12,746	19,996
Transfers out	(5,965)	-	(14,031)	(19,996)
Other receipts	74,507	-	7,988	82,495
	<u>75,792</u>	<u>-</u>	<u>6,703</u>	<u>82,495</u>
Total other financing sources (uses)				
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>89,492</u>	<u>271,568</u>	<u>(1,207,840)</u>	<u>(846,780)</u>
Cash and investment fund balance - beginning before restatements and reclassifications	5,818,157	2,242,214	6,129,970	14,190,341
Restatements and Reclassifications - See Note III., C.	-	-	(12,766)	(12,766)
Cash and investment fund balance - beginning after restatements and reclassifications	<u>5,818,157</u>	<u>2,242,214</u>	<u>6,117,204</u>	<u>14,177,575</u>
Cash and investment fund balance - ending	<u>\$ 5,907,649</u>	<u>\$ 2,513,782</u>	<u>\$ 4,909,364</u>	<u>13,330,795</u>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:				
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.				<u>2,620,775</u>
Net assets of governmental activities				<u>\$ 15,951,570</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, 2009
(Continued)

	<u>General</u>	<u>Economic Development Operating</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	\$ 5,907,649	\$ -	\$ -	\$ 5,907,649
Restricted assets:				
Cash and investments	<u>-</u>	<u>2,513,782</u>	<u>4,909,364</u>	<u>7,423,146</u>
Total cash and investment assets - ending	<u>\$ 5,907,649</u>	<u>\$ 2,513,782</u>	<u>\$ 4,909,364</u>	<u>\$ 13,330,795</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Restricted for:				
General government	\$ -	\$ -	\$ 1,144,970	\$ 1,144,970
Public safety	-	-	383,058	383,058
Highways and streets	-	-	1,739,335	1,739,335
Economic development	-	2,513,782	13,929	2,527,711
Culture and recreation	-	-	825,579	825,579
Capital outlay	-	-	802,493	802,493
Unrestricted	<u>5,907,649</u>	<u>-</u>	<u>-</u>	<u>5,907,649</u>
Total cash and investment fund balance - ending	<u>\$ 5,907,649</u>	<u>\$ 2,513,782</u>	<u>\$ 4,909,364</u>	<u>\$ 13,330,795</u>

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

CITY OF KOKOMO
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2009

	Wastewater Utility	Internal Service Funds
Operating receipts:		
Fees	\$ 13,014,546	\$ -
Charges for services	-	7,679,194
Miscellaneous	785,394	86,947
Total operating receipts	<u>13,799,940</u>	<u>7,766,141</u>
Operating disbursements:		
Salaries and wages	3,385,193	-
Employee pensions and benefits	1,291,258	-
Sludge removal	475,809	-
Chemicals	39,544	-
Material and supplies	599,250	-
Contractual services	1,077,189	-
Transportation	103,743	-
Administrative and general	217,341	-
Insurance claims and expense	-	8,814,180
Equipment and capital improvements	5,976,750	-
Miscellaneous	1,069,050	-
Total operating disbursements	<u>14,235,127</u>	<u>8,814,180</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(435,187)</u>	<u>(1,048,039)</u>
Nonoperating receipts (disbursements):		
Investment income	368,221	-
Debt service of principal	(3,005,000)	-
Interest disbursements	(1,475,103)	-
Total nonoperating receipts (disbursements)	<u>(4,111,882)</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>(4,547,069)</u>	<u>(1,048,039)</u>
Transfers in	1,513,422	-
Transfers out	(1,513,422)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	<u>(4,547,069)</u>	<u>(1,048,039)</u>
Cash and investment fund balance - beginning before restatements and reclassifications	18,255,761	3,668,814
Restatements and Reclassifications - See Note III., C.	(198)	-
Cash and investment fund balance - beginning after restatements and reclassifications	<u>18,255,563</u>	<u>3,668,814</u>
Cash and investment fund balance - ending	<u>\$ 13,708,494</u>	<u>\$ 2,620,775</u>
<u>Cash and Investment Assets - December 31</u>		
Cash and investments	\$ 6,955,626	\$ -
Restricted assets:		
Cash and investments	6,752,868	2,620,775
Total cash and investment assets - December 31	<u>\$ 13,708,494</u>	<u>\$ 2,620,775</u>
<u>Cash and Investment Fund Balance - December 31</u>		
Restricted for:		
Debt service	\$ 1,614,150	\$ -
Capital outlay	2,214,833	-
Other purposes	2,923,885	2,620,775
Unrestricted	6,955,626	-
Total cash and investment fund balance - December 31	<u>\$ 13,708,494</u>	<u>\$ 2,620,775</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, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 1,625,453	\$ -	
Plan members	7,072,302	-	
Total contributions	8,697,755	-	
Investment earnings:			
Interest	12,078	-	
Total additions	8,709,833	-	
Deductions:			
Benefits	7,239,081	-	
Administrative and general	16,285	-	
Total deductions	7,255,366	-	
Excess of total additions over total deductions	1,454,467	-	
Cash and investment fund balance - beginning before restatements and reclassifications			
Restatements and Reclassifications	3,369,059	1,490,583	
	-	(1,490,583)	
Cash and investment fund balance - beginning after restatements and reclassifications			
	3,369,059	-	
Cash and investment fund balance - ending	\$ 4,823,526	\$ -	\$ 2,141,310

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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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 enterprise funds:

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.

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 City and its enterprise funds. 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.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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 may 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.

4. 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.

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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 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 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, if any, is 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 loans and 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. Prior to November 1, 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. IC 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, 2009, the City had deposit balances in the amount of \$36,624,897.

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

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>
General Fund	Other governmental funds	\$ 5,965
Other governmental funds	General Fund	7,250
	Other governmental funds	<u>6,781</u>
Total		<u>\$ 19,996</u>

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Restatements and Reclassifications

For the year ended December 31, 2009, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported December 31, 2008	Fund Reclassification	Balance as Restated January 1, 2009
Statement of Activities and Net Assets:			
Governmental activities	\$ 17,859,155	\$ (12,766)	\$ 17,846,389
Business-type activities	18,255,761	(198)	18,255,563
Governmental funds:			
Other governmental	6,129,970	(12,766)	6,117,204
Proprietary funds:			
Wastewater Utility	18,255,761	(198)	18,255,563
Fiduciary funds:			
Private-Purpose Trust	1,490,583	(1,490,583)	-
Agency	1,277,171	1,503,547	2,780,718

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; 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; medical benefits to employees, retirees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

The City has chosen to establish a risk financing fund for risks associated with Health Insurance. The risk financing fund is accounted for in the Health Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The City purchases commercial insurance for claims in excess of coverage provided by the fund. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based primarily upon the percentage of each fund's current year payroll as it relates to total payroll, and are reported as quasi-external interfund transactions.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

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's Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighter's 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 payments 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 postemployment health, dental, and vision benefits, as authorized by Indiana Code 5-10-8, to all police, firefighters, AFSCME members, and noncontractual employees (all full-time nonelected employees) who retire 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.

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:

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$876,358.

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On-behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$2,797,122 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

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

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

CITY OF KOKOMO
NOTES TO FINANCIAL STATEMENTS
(Continued)

On-behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$4,441,959 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

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

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 during the period were \$1,939,010.

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)	Excess of Assets Over (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 Officer's Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (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 Firefighter's Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (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	53,573,800	(53,244,350)	1%	280,200	(19,002%)
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	N/A	N/A
	12-31-04	4,685,300	N/A	N/A
	12-31-05	2,806,700	N/A	N/A
	12-31-06	2,895,800	N/A	N/A
	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	N/A	N/A
	12-31-04	6,417,400	N/A	N/A
	12-31-05	3,751,400	N/A	N/A
	12-31-06	3,905,600	N/A	N/A
	12-31-07	3,889,500	86%	56%
	12-31-08	3,735,900	81%	63%

N/A = 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, 2009

	Motor Vehicle Highway	Local Roand and Street	Cemetery Operating	Aviation	Building Demolition	Plan Commission	Community Development
Receipts:							
Taxes	\$ -	\$ -	\$ 158,942	\$ 154,813	\$ -	\$ 33,027	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	32,058	-
Intergovernmental	1,863,225	413,640	10,652	10,374	-	2,213	876,869
Charges for services	46,542	25,640	89,299	140,395	189	130,160	-
Fines and forfeits	-	-	-	-	-	-	-
Other	52,347	-	-	-	-	964	-
Total receipts	1,962,114	439,280	258,893	305,582	189	198,422	876,869
Disbursements:							
General government	-	-	342,133	461,797	-	300,686	-
Public safety	-	-	-	-	-	-	-
Highways and streets	2,060,408	675,997	-	-	-	-	-
Economic development	-	-	-	-	-	-	882,466
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	13,614	-	-	-	-
Highways and streets	442,821	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	2,503,229	675,997	355,747	461,797	-	300,686	882,466
Excess (deficiency) of receipts over disbursements	(541,115)	(236,717)	(96,854)	(156,215)	189	(102,264)	(5,597)
Other financing sources (uses):							
Transfers in	-	-	-	-	12,746	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	1,839	-	28	-	-	-	-
Total other financing sources (uses)	1,839	-	28	-	12,746	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(539,276)	(236,717)	(96,826)	(156,215)	12,935	(102,264)	(5,597)
Cash and investment fund balance - beginning before restatements and reclassifications							
Restatements and reclassifications	1,737,418	722,001	174,674	374,767	1,916	264,710	19,526
	-	-	-	-	-	-	-
Cash and investment fund balance - beginning after restatements and reclassifications	1,737,418	722,001	174,674	374,767	1,916	264,710	19,526
Cash and investment fund balance - ending	\$ 1,198,142	\$ 485,284	\$ 77,848	\$ 218,552	\$ 14,851	\$ 162,446	\$ 13,929
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	\$ 1,198,142	\$ 485,284	\$ 77,848	\$ 218,552	\$ 14,851	\$ 162,446	\$ 13,929
Total cash and investment assets - ending	\$ 1,198,142	\$ 485,284	\$ 77,848	\$ 218,552	\$ 14,851	\$ 162,446	\$ 13,929
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ 77,848	\$ 218,552	\$ -	\$ 162,446	\$ -
Public safety	-	-	-	-	14,851	-	-
Highways and streets	1,198,142	485,284	-	-	-	-	-
Economic development	-	-	-	-	-	-	13,929
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 1,198,142	\$ 485,284	\$ 77,848	\$ 218,552	\$ 14,851	\$ 162,446	\$ 13,929

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, 2009
 (Continued)

	Law Enforcement Continuing Ed	Parks and Recreation	Aviation # 2 Roatary Fuel	Donation # 1 - Court Drug Restitution CDR	Donation # 2 - Early Learning Center DAD-1	Donation # 3 - Emergency Management EMD-	Donation # 3 - Fire FID-1
Receipts:							
Taxes	\$ -	\$ 1,436,669	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	23,720	-	-	-	-	-	-
Intergovernmental	-	96,279	-	-	-	-	-
Charges for services	6,210	365,578	185,322	-	-	-	-
Fines and forfeits	-	-	-	32,357	-	-	-
Other	10,752	19,235	-	-	223	13,098	612
Total receipts	40,682	1,917,761	185,322	32,357	223	13,098	612
Disbursements:							
General government	-	-	130,110	135	-	11,597	2,060
Public safety	10,229	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	2,487,343	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	116,578	-	-	-	-	-
Total disbursements	10,229	2,603,921	130,110	135	-	11,597	2,060
Excess (deficiency) of receipts over disbursements	30,453	(686,160)	55,212	32,222	223	1,501	(1,448)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	5,797	-	-	-	-	-
Total other financing sources (uses)	-	5,797	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,453	(680,363)	55,212	32,222	223	1,501	(1,448)
Cash and investment fund balance - beginning before restatements and reclassifications	56,182	1,439,907	23,561	19,614	3,260	9,281	3,506
Restatements and reclassifications	-	-	-	-	-	-	-
Cash and investment fund balance - beginning after restatements and reclassifications	56,182	1,439,907	23,561	19,614	3,260	9,281	3,506
Cash and investment fund balance - ending	\$ 86,635	\$ 759,544	\$ 78,773	\$ 51,836	\$ 3,483	\$ 10,782	\$ 2,058
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	\$ 86,635	\$ 759,544	\$ 78,773	\$ 51,836	\$ 3,483	\$ 10,782	\$ 2,058
Total cash and investment assets - ending	\$ 86,635	\$ 759,544	\$ 78,773	\$ 51,836	\$ 3,483	\$ 10,782	\$ 2,058
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ 78,773	\$ 51,836	\$ 3,483	\$ -	\$ -
Public safety	86,635	-	-	-	-	10,782	2,058
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	759,544	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 86,635	\$ 759,544	\$ 78,773	\$ 51,836	\$ 3,483	\$ 10,782	\$ 2,058

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, 2009
 (Continued)

	Donation # 4B - Arson Dog FID-2	Donation # 5 - Police POD-1	Donation # 5B - DARE POD-2	Donation # 6 - Senior Citizens Center SED-1	Donation # 6B - Senior Citizens Activities SED-2	Donation # 7 - Miscellaneous General CAD-1	Donation # 8 - Hanes Museum HMD-1
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	550	120	3,855	3,741	9,814	6,150	3,128
Total receipts	550	120	3,855	3,741	9,814	6,150	3,128
Disbursements:							
General government	1,090	679	812	5,918	5,849	4,988	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	1,090	679	812	5,918	5,849	4,988	-
Excess (deficiency) of receipts over disbursements	(540)	(559)	3,043	(2,177)	3,965	1,162	3,128
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(540)	(559)	3,043	(2,177)	3,965	1,162	3,128
Cash and investment fund balance - beginning before restatements and reclassifications	934	679	1,362	25,413	8,150	352	4,817
Restatements and reclassifications	-	-	-	-	-	-	-
Cash and investment fund balance - beginning after restatements and reclassifications	934	679	1,362	25,413	8,150	352	4,817
Cash and investment fund balance - ending	\$ 394	\$ 120	\$ 4,405	\$ 23,236	\$ 12,115	\$ 1,514	\$ 7,945
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	\$ 394	\$ 120	\$ 4,405	\$ 23,236	\$ 12,115	\$ 1,514	\$ 7,945
Total cash and investment assets - ending	\$ 394	\$ 120	\$ 4,405	\$ 23,236	\$ 12,115	\$ 1,514	\$ 7,945
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ 23,236	\$ 12,115	\$ 1,514	\$ 7,945
Public safety	394	120	4,405	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 394	\$ 120	\$ 4,405	\$ 23,236	\$ 12,115	\$ 1,514	\$ 7,945

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, 2009
 (Continued)

	Donation # 9 - Park PAD-1	Donation # 9B - Aquatic Center KOD-1	Donation # 9C - Dog Park PAD-3	Donation # 10 - Park - Vending Machine PAD-2	Donation # 5C - K9 POD-3	Fed Grants #1 Airport Improvement Misc AI-18 to AI-12	Fed Grant #1B - Acquired Land Rwy 5 AI-14
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	380,356
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	28,413	4,500	-	725	1,285	-	-
Total receipts	28,413	4,500	-	725	1,285	-	380,356
Disbursements:							
General government	20,387	1,150	-	1,245	626	-	10,782
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	365,300
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	20,387	1,150	-	1,245	626	-	376,082
Excess (deficiency) of receipts over disbursements	8,026	3,350	-	(520)	659	-	4,274
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,026	3,350	-	(520)	659	-	4,274
Cash and investment fund balance - beginning before restatements and reclassifications	25,434	29,107	91	547	51	3,322	36,255
Restatements and reclassifications	-	-	-	-	-	-	-
Cash and investment fund balance - beginning after restatements and reclassifications	25,434	29,107	91	547	51	3,322	36,255
Cash and investment fund balance - ending	\$ 33,460	\$ 32,457	\$ 91	\$ 27	\$ 710	\$ 3,322	\$ 40,529
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	\$ 33,460	\$ 32,457	\$ 91	\$ 27	\$ 710	\$ 3,322	\$ 40,529
Total cash and investment assets - ending	\$ 33,460	\$ 32,457	\$ 91	\$ 27	\$ 710	\$ 3,322	\$ 40,529
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	710	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	33,460	32,457	91	27	-	-	-
Capital outlay	-	-	-	-	-	3,322	40,529
Total cash and investment fund balance - ending	\$ 33,460	\$ 32,457	\$ 91	\$ 27	\$ 710	\$ 3,322	\$ 40,529

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, 2009
 (Continued)

	Fed Grant #1C Apron Reconstruction AI-15	Fed Grant #1D Land Acquisition AR-16	Fed Grant #2 Flood Haz Mitigation FEMA-15	Fed Grant #4A Senior Center SE-1	Fed Grant #4B Walk of Excellence WOEP-2	Fed Grant #5A Others PO-14; PO-26; PO-LCC	Fed Grant #5D Explosive Mitigation Equipment PO-28B
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	166,935	-	60,000	26,222	-	9,980
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	166,935	-	60,000	26,222	-	9,980
Disbursements:							
General government	-	177,687	-	109,026	26,546	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	9,980
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	177,687	-	109,026	26,546	-	9,980
Excess (deficiency) of receipts over disbursements	-	(10,752)	-	(49,026)	(324)	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(10,752)	-	(49,026)	(324)	-	-
Cash and investment fund balance - beginning before restatements and reclassifications	390	16,427	770	122,071	324	1,122	-
Restatements and reclassifications	-	-	-	-	-	-	-
Cash and investment fund balance - beginning after restatements and reclassifications	390	16,427	770	122,071	324	1,122	-
Cash and investment fund balance - ending	\$ 390	\$ 5,675	\$ 770	\$ 73,045	\$ -	\$ 1,122	\$ -
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	\$ 390	\$ 5,675	\$ 770	\$ 73,045	\$ -	\$ 1,122	\$ -
Total cash and investment assets - ending	\$ 390	\$ 5,675	\$ 770	\$ 73,045	\$ -	\$ 1,122	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ 770	\$ 73,045	\$ -	\$ 1,122	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	390	5,675	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 390	\$ 5,675	\$ 770	\$ 73,045	\$ -	\$ 1,122	\$ -

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, 2009
 (Continued)

	Fed Grant #6 Block Grant 2007 PO-37	Fed Grant #6B Block Grant 2008 PO-38	Fed Grant #7A Operation Pull Over PO-1; PO-7	Fed Grant # 7B DUI Grant PO-6	Fed Grant #7C Bullet Proof Vest PO-5	Fed Grant #8B Byrne Grant 2008 PO-98	Fed Grant #9 Transportation TR-1
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	24,752	11,600	422	17,263	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	24,752	11,600	422	17,263	-
Disbursements:							
General government	-	-	24,946	11,860	422	10,013	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	-	24,946	11,860	422	10,013	-
Excess (deficiency) of receipts over disbursements	-	-	(194)	(260)	-	7,250	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(7,250)	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(7,250)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(194)	(260)	-	-	-
Cash and investment fund balance - beginning before restatements and reclassifications	-	3,179	(5,253)	(872)	-	-	49,265
Restatements and reclassifications	-	-	-	-	-	-	-
Cash and investment fund balance - beginning after restatements and reclassifications	-	3,179	(5,253)	(872)	-	-	49,265
Cash and investment fund balance - ending	\$ -	\$ 3,179	\$ (5,447)	\$ (1,132)	\$ -	\$ -	\$ 49,265
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	\$ -	\$ 3,179	\$ (5,447)	\$ (1,132)	\$ -	\$ -	\$ 49,265
Total cash and investment assets - ending	\$ -	\$ 3,179	\$ (5,447)	\$ (1,132)	\$ -	\$ -	\$ 49,265
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ 3,179	\$ -	\$ -	\$ -	\$ -	\$ 49,265
Public safety	-	-	(5,447)	(1,132)	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ -	\$ 3,179	\$ (5,447)	\$ (1,132)	\$ -	\$ -	\$ 49,265

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, 2009
 (Continued)

	Local Grants - Mayor's Council MA-1; MA-3	Fed Grant #1A Runway Est Planning AI-13	Continuing Throughfare	Special Revenue - KGOV	Fed Grant #5E Local Solicitation PO-89	Fed Grant #3A Hazmat Decontamination Trailer FEMA-7; FEMA-6	Fed Grant #6C Block Grant 2009 PO-39
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	49,132	10,250	50,476
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	300	-	-	-
Total receipts	-	-	-	300	49,132	10,250	50,476
Disbursements:							
General government	196	-	-	515	49,132	10,250	7,550
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	1,177	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	196	-	-	1,692	49,132	10,250	7,550
Excess (deficiency) of receipts over disbursements	(196)	-	-	(1,392)	-	-	42,926
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(196)	-	-	(1,392)	-	-	42,926
Cash and investment fund balance - beginning before restatements and reclassifications	3,535	(109)	55,909	4,675	-	-	-
Restatements and reclassifications	-	-	-	-	-	-	-
Cash and investment fund balance - beginning after restatements and reclassifications	3,535	(109)	55,909	4,675	-	-	-
Cash and investment fund balance - ending	\$ 3,339	\$ (109)	\$ 55,909	\$ 3,283	\$ -	\$ -	\$ 42,926
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	\$ 3,339	\$ (109)	\$ 55,909	\$ 3,283	\$ -	\$ -	\$ 42,926
Total cash and investment assets - ending	\$ 3,339	\$ (109)	\$ 55,909	\$ 3,283	\$ -	\$ -	\$ 42,926
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ 3,339	\$ -	\$ -	\$ 3,283	\$ -	\$ -	\$ 42,926
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	55,909	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	(109)	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 3,339	\$ (109)	\$ 55,909	\$ 3,283	\$ -	\$ -	\$ 42,926

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, 2009
 (Continued)

	Fed Grant #5B Internet Crimes Against PO-25; PO-28 PO-28D; PO-29A	Fed Grant #4A-1 Senior Center SE-1 Area 5 Agency	Fed Grant #8C Byrne Grant 2009 PO-99	Local Grant To Buy Intoximeters PO-LCC	Howard County Local Coordinating Council	Federal Transit Authority FTA-8	Federal Transit Authority FTA-9
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	25,643	20,976	25,895	4,360	-	419,221	629,778
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	6,371	-	-
Total receipts	25,643	20,976	25,895	4,360	6,371	419,221	629,778
Disbursements:							
General government	1,477	21,431	48,788	-	36	419,221	629,778
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	27,342	-	-	4,360	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	28,819	21,431	48,788	4,360	36	419,221	629,778
Excess (deficiency) of receipts over disbursements	(3,176)	(455)	(22,893)	-	6,335	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	324	-	-	-	-	-
Total other financing sources (uses)	-	324	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,176)	(131)	(22,893)	-	6,335	-	-
Cash and investment fund balance - beginning before restatements and reclassifications	(4,249)	1,716	-	-	-	-	-
Restatements and reclassifications	-	-	-	-	-	-	-
Cash and investment fund balance - beginning after restatements and reclassifications	(4,249)	1,716	-	-	-	-	-
Cash and investment fund balance - ending	<u>\$ (7,425)</u>	<u>\$ 1,585</u>	<u>\$ (22,893)</u>	<u>\$ -</u>	<u>\$ 6,335</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	<u>\$ (7,425)</u>	<u>\$ 1,585</u>	<u>\$ (22,893)</u>	<u>\$ -</u>	<u>\$ 6,335</u>	<u>\$ -</u>	<u>\$ -</u>
Total cash and investment assets - ending	<u>\$ (7,425)</u>	<u>\$ 1,585</u>	<u>\$ (22,893)</u>	<u>\$ -</u>	<u>\$ 6,335</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ 1,585	\$ -	\$ -	\$ 6,335	\$ -	\$ -
Public safety	(7,425)	-	(22,893)	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ (7,425)</u>	<u>\$ 1,585</u>	<u>\$ (22,893)</u>	<u>\$ -</u>	<u>\$ 6,335</u>	<u>\$ -</u>	<u>\$ -</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, 2009
 (Continued)

	COPS Hiring Recovery Program	Neighborhood Revitalization Program	CDBG Recovery	Special Revenue - Barrett Law Surplus	Special Revenue - Barrett Law Revolving	Certified Technology Park	USDA Small Business Revolving Fund Program
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	58,806	153	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	300,000	95,269	244,376	-	-	142,821	2,651
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	759	87	-	-
Total receipts	300,000	95,269	244,376	59,565	240	142,821	2,651
Disbursements:							
General government	-	95,183	244,376	137	153	142,821	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	95,183	244,376	137	153	142,821	-
Excess (deficiency) of receipts over disbursements	300,000	86	-	59,428	87	-	2,651
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	300,000	86	-	59,428	87	-	2,651
Cash and investment fund balance - beginning before restatements and reclassifications	-	-	-	105,816	-	-	-
Restatements and reclassifications	-	-	-	-	18,013	-	-
Cash and investment fund balance - beginning after restatements and reclassifications	-	-	-	105,816	18,013	-	-
Cash and investment fund balance - ending	\$ 300,000	\$ 86	\$ -	\$ 165,244	\$ 18,100	\$ -	\$ 2,651
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	\$ 300,000	\$ 86	\$ -	\$ 165,244	\$ 18,100	\$ -	\$ 2,651
Total cash and investment assets - ending	\$ 300,000	\$ 86	\$ -	\$ 165,244	\$ 18,100	\$ -	\$ 2,651
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ 86	\$ -	\$ 165,244	\$ 18,100	\$ -	\$ 2,651
Public safety	300,000	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 300,000	\$ 86	\$ -	\$ 165,244	\$ 18,100	\$ -	\$ 2,651

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, 2009
 (Continued)

	Kokomo Economic Development	Gambling Reduction	Mayor's Community	Community Drug Foundation	Special Revenue - Other	Cumulative Capital Improvement	Totals
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,783,451
Special assessments	-	-	-	-	-	-	58,959
Licenses and permits	-	-	-	-	-	-	55,778
Intergovernmental	-	-	-	-	-	141,398	6,133,028
Charges for services	-	-	-	-	-	-	989,335
Fines and forfeits	-	-	-	-	-	-	32,357
Other	-	-	-	-	4,650	-	171,679
Total receipts	-	-	-	-	4,650	141,398	9,224,587
Disbursements:							
General government	-	-	-	-	-	7,927	3,341,515
Public safety	-	-	-	-	-	-	10,229
Highways and streets	-	-	-	-	-	-	2,736,405
Economic development	-	-	-	-	-	-	882,466
Culture and recreation	-	-	-	-	-	-	2,487,343
Capital outlay:							
General government	-	-	-	-	-	-	421,773
Highways and streets	-	-	-	-	-	-	442,821
Culture and recreation	-	-	-	-	-	-	116,578
Total disbursements	-	-	-	-	-	7,927	10,439,130
Excess (deficiency) of receipts over disbursements	-	-	-	-	4,650	133,471	(1,214,543)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	12,746
Transfers out	-	-	-	-	(6,781)	-	(14,031)
Other receipts	-	-	-	-	-	-	7,988
Total other financing sources (uses)	-	-	-	-	(6,781)	-	6,703
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(2,131)	133,471	(1,207,840)
Cash and investment fund balance - beginning before restatements and reclassifications	23,222	5,427	944	1,186	138,423	619,215	6,129,970
Restatements and reclassifications	(23,222)	(5,427)	(944)	(1,186)	-	-	(12,766)
Cash and investment fund balance - beginning after restatements and reclassifications	-	-	-	-	138,423	619,215	6,117,204
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ 136,292	\$ 752,686	\$ 4,909,364
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 136,292	\$ 752,686	\$ 4,909,364
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ -	\$ 136,292	\$ 752,686	\$ 4,909,364
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ 136,292	\$ -	\$ 1,144,970
Public safety	-	-	-	-	-	-	383,058
Highways and streets	-	-	-	-	-	-	1,739,335
Economic development	-	-	-	-	-	-	13,929
Culture and recreation	-	-	-	-	-	-	825,579
Capital outlay	-	-	-	-	-	752,686	802,493
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ 136,292	\$ 752,686	\$ 4,909,364

CITY OF KOKOMO
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2009

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 777,485	\$ 847,968	\$ 1,625,453
State	<u>2,837,040</u>	<u>4,235,262</u>	<u>7,072,302</u>
Total contributions	<u>3,614,525</u>	<u>5,083,230</u>	<u>8,697,755</u>
Investment receipts:			
Interest	<u>4,831</u>	<u>7,247</u>	<u>12,078</u>
Total additions	<u>3,619,356</u>	<u>5,090,477</u>	<u>8,709,833</u>
Deductions:			
Benefits	2,797,122	4,441,959	7,239,081
Administrative and general	<u>6,492</u>	<u>9,793</u>	<u>16,285</u>
Total deductions	<u>2,803,614</u>	<u>4,451,752</u>	<u>7,255,366</u>
Excess of total additions over total deductions	815,742	638,725	1,454,467
Cash and investment fund balance - beginning	<u>1,160,313</u>	<u>2,208,746</u>	<u>3,369,059</u>
Cash and investment fund balance - ending	<u>\$ 1,976,055</u>	<u>\$ 2,847,471</u>	<u>\$ 4,823,526</u>

CITY OF KOKOMO
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009

	Payroll	Cemetery Trust / (Zook Trust)	Other KED-1 Kokomo Economic Development	EDA Revolving Loan Fund	HCLCC Gambling Reduction LCC-2
Additions:					
Agency fund additions	\$ -	\$ 18	\$ -	\$ 44,329	\$ -
Deductions:					
Agency fund deductions	86,971	86	-	590,327	5,427
Deficiency of total additions over total deductions	(86,971)	(68)	-	(545,998)	(5,427)
Cash and investment fund balance - beginning before restatements and reclassifications	1,259,158	-	-	-	-
Restatements and reclassifications	-	3,701	23,222	1,486,882	5,427
Cash and investment fund balance - beginning after restatements and reclassifications	1,259,158	3,701	23,222	1,486,882	5,427
Cash and investment fund balance - ending	<u>\$ 1,172,187</u>	<u>\$ 3,633</u>	<u>\$ 23,222</u>	<u>\$ 940,884</u>	<u>\$ -</u>

CITY OF KOKOMO
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Mayor's Community Council LCC-5	Community Drug Foundation LCC-4	Special Revenue - Barrett Law Revolving	UPI Trust	Totals
Additions:					
Agency fund additions	\$ -	\$ -	\$ -	\$ -	\$ 44,347
Deductions:					
Agency fund deductions	944	-	-	-	683,755
Deficiency of total additions over total deductions	(944)	-	-	-	(639,408)
Cash and investment fund balance - beginning before restatements and reclassifications	-	-	18,013	-	1,277,171
Restatements and reclassifications	944	1,186	(18,013)	198	1,503,547
Cash and investment fund balance - beginning after restatements and reclassifications	944	1,186	-	198	2,780,718
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,186</u>	<u>\$ -</u>	<u>\$ 198</u>	<u>\$ 2,141,310</u>

CITY OF KOKOMO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through 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	\$ 20,093,310
Construction in progress	<u>1,314,081</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 21,407,391</u>
Capital assets, being depreciated:	
Buildings	\$ 17,190,275
Infrastructure	88,722,971
Improvements other than buildings	3,772,012
Machinery and equipment	<u>17,750,583</u>
Total capital assets, being depreciated	127,435,841
Accumulated Depreciation	<u>91,945,739</u>
Total governmental activities, capital assets net of accumulated depreciation	<u>\$ 35,490,102</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 122,849
Construction in progress	<u>9,122,254</u>
Total business-type activities, capital assets not being depreciated	<u>\$ 9,245,103</u>
Capital assets, being depreciated:	
Buildings	\$ 18,806,233
Infrastructure	87,027,429
Improvements other than buildings	754,025
Machinery and equipment	<u>13,154,029</u>
Total Wastewater Utility capital assets	<u>119,741,716</u>
Accumulation depreciation	<u>58,816,457</u>
Total business-type activities capital assets, net of accumulated depreciation	<u>\$ 60,925,259</u>

CITY OF KOKOMO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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:		
Fire Truck	\$ 189,438	\$ 108,250
Packers	189,742	151,794
Packers and Totes	373,355	213,346
Milling Machine	118,377	94,702
Fire Ambulance	84,296	42,148
Bonds payable:		
General obligation bonds:		
Park bonds	<u>1,800,000</u>	<u>759,100</u>
Total governmental activities debt	<u>\$ 2,755,208</u>	<u>\$ 1,369,340</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
2005 Revenue Bonds - CSD Elim Projects	\$ 11,270,000	\$ 935,832
2008 Revenue Bonds - CSD Elim Projects	4,975,000	348,327
SRF I Revolving Loan	11,885,000	1,313,101
SRF II Revolving Loan	<u>6,400,000</u>	<u>615,588</u>
Total Wastewater Utility	<u>34,530,000</u>	<u>3,212,848</u>
Total business-type activities debt	<u>\$ 34,530,000</u>	<u>\$ 3,212,848</u>

CITY OF KOKOMO
AUDIT RESULT AND COMMENT

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$126.89 were paid to the Indiana Department of Revenue on March 5, 2009, for the period ending December 31, 2008.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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, 2009. 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.

Except as discussed in the following paragraph, 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, 2009.

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)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

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

April 28, 2010

CITY OF KOKOMO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity 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 2009	\$ <u>16,757</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct			
CDBG - Entitlement Grant Cluster Community Development Block Grants/Entitlement Grants	14.218		
		B-07-MC-18-0014	140,000
		B-08-MC-18-0014	692,691
		B-08-MN-18-0008	95,183
		B-09-MC-18-0014	<u>49,776</u>
Total for program			<u>977,650</u>
ARRA - Community Development Block Grants - ARRA - Entitlement Grants (CDBG-R)(Recovery Act Funded)	14.253	B-09-MY-18-0014	<u>244,376</u>
Total for cluster			<u>1,222,026</u>
Total for federal grantor agency			<u>1,222,026</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	7,857
		08-MC-CX-K006	9,998
		09-SN-B9-K0514	<u>10,963</u>
Total for program			<u>28,818</u>
Edward Byrne Memorial Formula Grant Program	16.579		
		2005-DJ-026	48,788
		2007-DJ-028	<u>17,263</u>
Total for program			<u>66,051</u>
Bulletproof Vest Partnership Program	16.607	2007C	<u>422</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BG-2009-DJ-BX-1163	<u>7,550</u>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	09-SB-B9-2231	<u>49,132</u>
Total for federal grantor agency			<u>151,973</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct			
Airport Improvement Program	20.106		
		3-18-0044-14	376,081
		3-18-0044-16	<u>80,069</u>
Total for program			<u>456,150</u>
Federal Transit-Formula Grant	20.507		
		IN-90X-553-00	419,221
		IN-90X-576-00	<u>629,778</u>
Total for program			<u>1,048,999</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF KOKOMO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009
(Continued)

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction	20.205	STP-9934	<u>26,546</u>
Pass-Through the Greater LaFayette Public Transportation Corporation Federal Transit-Formula Grant	20.507		<u>109,026</u>
Pass-Through Indiana Department of Transportation State and Community Highway Safety Operation Pull Over CG - DUI Task Force	20.600	PT-09-04-01-13 FY2009	24,946 <u>11,860</u>
Total for program			<u>36,806</u>
Total for federal grantor agency			<u>1,677,527</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		<u>20,976</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Emergency Management Performance Grants	97.042	C44P-9-643A	<u>41,115</u>
Homeland Security Grant Program	97.067		<u>9,980</u>
Law Enforcement Terrorism Prevention Program (LETPP)	97.074		<u>10,251</u>
Total for federal grantor agency			<u>61,346</u>
Total federal awards expended			<u>\$ 3,150,605</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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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, 2009:

Program Title	Federal CFDA Number	2009
Edward Byrne Memorial Formula Grant Program ARRA - Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.579	\$ 66,051
	16.804	49,132

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
	CDBG – Entitlement Grant Cluster

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 May 12, 2010, with Gregory Goodnight, Mayor; James J. Brannon, Controller; Thu Caven, Deputy Controller; Randall Morris, Director of Operations; and Jennifer Jordan, Office Manager.