

**CITY OF
MULVANE, KANSAS**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL
YEAR ENDED
DECEMBER 31, 2007**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

of the

CITY OF MULVANE, KANSAS

FOR THE YEAR ENDED DECEMBER 31, 2007

James P. Ford – Mayor
Doug Hatfield – Council Member
Joe Johnson – Council Member
Jenean Keck – Council Member
Terry Richardson – Council Member
Shawn Townson – Council Member

PREPARED BY
CITY ADMINISTRATOR
KENT L. HIXSON

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INTRODUCTORY SECTION



June 25, 2008

To the Citizens of the City of Mulvane, Kansas

The Comprehensive Annual Financial Report of the City of Mulvane, Kansas for the year ended December 31, 2007 is respectfully submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The City staff believes the data as presented is accurate in all respects and that the information is profiled in a manner designed to fairly set forth the financial position and results of operations of the City and the component units measured by the financial activity of its various funds. All disclosures necessary to empower the reader to gain an understanding of the City's financial activities have been included.

Financial Information

City staff is responsible for managing, establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The control system must ensure that adequate accounting data is compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurances recognizes that (1) the cost of a control system should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgment by management.

All internal control evaluations occur within this framework. City staff believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurances of proper recording of financial transactions.

Expenditures are authorized by a budget approved by the City Council as required by State statute. City staff and Council continually review and approve all deviations from budget authorizations.

The Kansas cash basis and budget laws require (1) cash is on hand before expenditure is authorized, (2) that all expenditures be budgeted, and (3) that the budget not exceed anticipated revenues including, carry forward balances.

The Reporting Entity and Its Services

The City provides a full range of municipal services to our citizens and the surrounding community. These include police, library and recreation services. The City has nineteen well equipped parks including a sports complex and stocked fishing lake. Fire protection and ambulance services cover the City and rural areas surrounding Mulvane. The City provides planning and zoning services and regulates building through permits and inspections not only within the City limits, but also within a three-mile radius of Mulvane through what is termed as extra territorial jurisdiction.

Enterprise operations of the City include electric, water and wastewater services. The financial reporting entity consists of the primary government and its component units, the Mulvane Public Building Commission, Mulvane Public Library and Mulvane Housing Authority.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Mulvane as legally defined) as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Mulvane Public Building Commission is reported as a special revenue fund of the primary government.

Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Mulvane Public Library and the Mulvane Housing Authority are reported as discretely presented component units.

Generally accepted accounting principles require that management provide a narrative introduction overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Mulvane's MD&A can be found immediately following the report of the independent auditors.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Mulvane, Kansas for its Comprehensive Annual Financial Report for the year ended December 31, 2006.

A governmental unit must publish a comprehensive financial report that is well organized. The contents of that financial report should conform to Certificate program standards to be considered for the GFOA award. These reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. City staff believes our current report continues to conform to Certificate Program requirements and we are submitting it to GFOA to determine its eligibility for an award. The City of Mulvane established a program to meet these required standards in 1995. The City of Mulvane has been awarded the Certificate of Achievement for the past twelve years.

Long-Term Financial Planning

In addition to the annual budget process, the various City Departments prepare a six-year capital improvement plan to address new or replacement capital assets and the methods anticipated for financing the plan. Costs for certain projects identified in the plan are not available however; the identified items in the City's 2008-2013 Capital Improvement Program total approximately \$4,000,000. Financing is determined based on individual items identified and involves the issuance of long-term debt in the form of general obligation bonds, revenue bonds, capital leases or from future operating budget appropriations.

Economic Outlook

The Wichita area economy is still doing well, but there is every reason to believe that fuel prices will quickly adversely affect the aircraft industry. That vital sector of the local economy will start to see a downturn. The State of Kansas is projecting a decrease in revenues as the State follows the rest of the nation into a recession. Combined with spiraling inflation, the economic outlook for the area economy is one that causes much anxiety about the future.

Construction Activity

The total number of residential building permits decreased dramatically from 41 in 2006 to nine (9) in 2007. The City is in step with the rest of the nation in seeing a collapse in the housing market. In essence the City has stopped growing. The average value of a single family dwelling unit was \$193,000 up from \$154,000 in 2006. A total of 44

building permits were issued in 2007 with a construction valuation totaling \$2.4 million, an 80% decrease from 2006.

Financial Picture

The assessed valuation of Mulvane will not increase in 2007 as much as it has over the past decade. The Ad Valorem tax levy revenue in 2007 was \$1,584,413 compared to 2006 was \$1,256,587. The mill levy increased slightly from 48.41. to 56.2

Relevant Financial Policies

Cash Management

The City of Mulvane employs a cash management policy adopted by the Council in 1995. The policy, which provides for the basis of the investment of public funds, is conservative, with the goal to protect principal while avoiding undue risk for return. Cash temporarily idle throughout the year was invested in the City's Money Market Account and certificate of deposits. A Now Account is utilized for a checking account that allows the City to capitalize on the use of all idle funds. The 2007 average interest rate for the City's Now Account, Money Market Account, and CD's has increased to 4.05%. In 2006, the average interest rate was 3.03%. The previous year of 2005, it was 2.11%. Total interest earned from the Now Account and Money Market Account in 2007 was \$16,078 up from \$13,796 in 2006.

The City's 2007 total average cash balance was \$9,092,095 compared to \$9,834,439 in 2006. The 2007 total average invested cash balance was \$8,768,785 down from \$9,541,797 in 2006. The City's total interest earnings for 2007 were \$464,479 compared to \$408,570 for 2006.

Risk Management

It is a priority of the City to maintain a safe working environment for our employees and protect the citizens. The Health and Safety Committee consists of the City Administrator and all the department heads. This committee meets every two weeks to review accidents or injuries to employees and any property damage (public or private). The committee discusses training materials and methods that can be used to help employees reduce the potential for accidents, injuries or prevent property damage. In addition, on an annual basis, the Fire Department does an inspection of all City buildings and property to identify and remedy potential problems. The City participates in the Kansas Municipal Utilities Safety Training Program.

This program provides for a qualified safety trainer to come to Mulvane once each month to instruct City employees in a class on a wide variety of safety and risk related topics. While some City staff are required to attend (dependent upon the topic) all City staff are invited to attend.

In the even numbered years, the loss control agent for the City's property, casualty and Workers Comp carrier conducts an extensive risk and safety audit of all City property and operations.

The result of these intensive safety and risk management efforts was very few incidents of injury or property damage. The City's Workers Compensation Experience Modification Factor for 2007 was .87 up slightly from .85 in 2006. By insurance industry standards, an Experience Modification Factor below 1.00 is good.

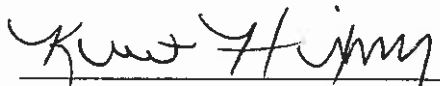
Independent Audit

State statutes require an annual audit of the books of accounts, financial records and transactions of all administrative departments of the City by an independent certified public accountant appointed by the City Council. To meet this requirement, George, Bowerman & Noel, P.A. was retained and their opinion is included in the Financial Section of this report.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Budget/Accounting Clerk, Cathy Walker and City Treasurer, Sharon Phipps. Employees in several City departments also contributed information to this report that makes it truly a cooperative, team effort. Gary George and his staff were very helpful and supportive in assisting in the compilation of this document.

Respectfully submitted,


Kent Hixson – City Administrator

CITY OF MULVANE, KANSAS
LIST OF PRINCIPAL OFFICIALS
December 31, 2007

Title	Name
Mayor	James P. Ford
Council Member	Doug Hatfield
Council Member	Joe Johnson
Council Member	Jenean Keck
Council Member	Terry Richardson
Council Member	Shawn Townson
City Administrator	Kent Hixson
City Clerk	Patty Gerwick
City Treasurer	Sharon Phipps
Utilities Distribution Director	Brad Modlin
Utilities Generation Director	Galen Cummins
Public Safety Director	David Williams
Street Superintendent	Kevin Baker
Park Superintendent	Jerry Love
City Attorney	Duane Brown
Municipal Judge	William Kehr
City Prosecutor	Nika Cummins

MAYOR: James P. Ford
COUNCIL MEMBERS:
Shawn Townsend
Doug Hatfield
Joe Johnson
Jenean Keck
Terry Richardson



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mulvane
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

George, Bowerman & Noel, P.A.

Certified Public Accountants
Management Consultants
Tax Advisors

Paul R. Bowerman
Gary L. George

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Council
Mulvane, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mulvane, Kansas (City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Debt Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mulvane's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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 information in the introductory section and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on such information.

George, Bowerman & Noel, P.A.

Wichita, Kansas
June 25, 2008

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2007

As management of the City of Mulvane, Kansas, (City) we offer readers of the City's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the City's basic financial statements, which immediately follow this section, and the Comprehensive Annual Financial Report transmittal letter in the preceding Introductory Section.

FINANCIAL HIGHLIGHTS

- The total assets of the City for its governmental and business-type activities exceeded its liabilities at the close of the most recent fiscal year by \$36,067,530 (net assets). Of this amount, \$23,779,256 is capital assets, net of related debt, \$6,519,129 is for restricted uses, and \$5,769,145 is for unrestricted uses to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fiscal policies.
- The City's total net assets increased by \$325,107 during the current fiscal year. The net assets of the City's business-type activities increased by \$262,217 and the governmental activities assets increased by \$62,890.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,285,615, a decrease of \$1,508,102 in comparison to the prior year. Over 95% of this total amount (\$3,127,531) is unreserved and available for use within the City's designation and policies.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,615,274 or 69% of the total General Fund expenditures incurred in the current fiscal year.
- The City's total debt decreased by \$843,698 during the current fiscal year. The City issued only \$245,960 in general obligation bonds for the development of Cedar Brook Phase 3. This along with principal payments of \$1,102,496 was the key factor in this decrease.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in the future fiscal periods (e.g., earned but not used compensated absences).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety (police, fire and emergency medical services), streets, recreation, parks, planning and zoning, community development and general administrative support. The business-type activities of the City include electric, water and wastewater services.

Component units are included in the basic financial statements and consist of legally separate entities for which the City is financially accountable and that have either the same governing board as the City or a governing board appointed by the City Council. The blended component unit includes the Mulvane Public Building Commission of the City of Mulvane. The discretely presented component units are the Mulvane Public Library and the Mulvane Housing Authority.

The government-wide financial statements can be found on pages 19 and 20 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating an entity's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 20 individual governmental funds for financial reporting purposes. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Debt Service and Capital Projects funds, which are considered major funds. Data for the remaining 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

The City adopts an annual appropriated budget for its General Fund, 11 of its 17 special revenue funds, and its Debt Service Fund. A budgetary comparison statement has been provided for the General Fund in the basic financial statements and for the special revenue and debt service funds in the supplementary information.

The basic governmental fund financial statements can be found on pages 21 through 26 of this report.

Proprietary Funds – Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer operations, which are considered to be major funds of the City. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its machinery and equipment repair and maintenance operations. This operation primarily benefits business-type activities and are included with business-type activities in the government-wide financial statements.

The proprietary funds financial statements can be found on pages 27 through 31 of this report.

Fiduciary Funds – Fiduciary funds, which consist only of agency funds, are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not included in the government-wide financial statements because the resources are not available to support the City's operations.

The fiduciary funds financial statement can be found at page 32 of this report.

Notes to the Financial Statements – The notes 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 the financial statements can be found on pages 33 through 55 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the City, assets exceeded liabilities by \$36,067,530 as of December 31, 2007.

The largest portion of the City's net assets (66%) reflects its investments in capital assets, net of accumulated depreciation, (e.g., land, buildings and improvements, machinery and equipment, infrastructure and construction work in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF MULVANE'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 9,136,138	\$10,884,687	\$ 5,992,163	\$ 6,034,157	\$15,128,301	\$ 16,918,844
Capital assets	<u>29,158,613</u>	<u>27,886,909</u>	<u>18,039,300</u>	<u>18,170,087</u>	<u>47,197,913</u>	<u>46,056,996</u>
Total assets	<u>38,294,751</u>	<u>38,771,596</u>	<u>24,031,463</u>	<u>24,204,244</u>	<u>62,326,214</u>	<u>62,975,840</u>
Long-term liabilities	10,438,761	10,796,671	13,313,440	13,799,228	23,752,201	24,595,899
Other liabilities	<u>1,974,649</u>	<u>2,156,474</u>	<u>531,834</u>	<u>481,044</u>	<u>2,506,483</u>	<u>2,637,518</u>
Total liabilities	<u>12,413,410</u>	<u>12,953,145</u>	<u>13,845,274</u>	<u>14,280,272</u>	<u>26,258,684</u>	<u>27,233,417</u>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net assets:						
Invested in capital assets,						
Net of related debt	\$18,844,700	\$17,062,117	\$ 4,934,556	\$ 4,468,193	\$23,779,256	\$ 21,530,310
Restricted for debt						
Service	4,128,356	4,239,542	2,390,773	3,084,039	6,519,129	7,323,581
Unrestricted	<u>2,908,285</u>	<u>4,516,792</u>	<u>2,860,860</u>	<u>2,371,740</u>	<u>5,769,145</u>	<u>6,888,532</u>
Total net assets	<u>\$25,881,341</u>	<u>\$25,818,451</u>	<u>\$10,186,189</u>	<u>\$ 9,923,972</u>	<u>\$36,067,530</u>	<u>\$ 35,742,423</u>

An additional portion of the City's net assets (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$5,769,145 may be used to meet the City's ongoing obligations to citizens and creditors.

Analysis of the City's operations – The following table provides a summary of the City's operations for the years ended December 31, 2007 and 2006. The City's net assets increased by \$325,107, for a growth in net assets of approximately 1%.

CITY OF MULVANE'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues:						
Charges for services	\$ 432,766	\$ 443,899	\$ 5,998,808	\$ 6,046,567	\$ 6,490,466	\$ 6,490,466
Operating grants and contributions	1,108,237	833,775	-	-	833,775	833,775
Capital grants and contributions	70,406	75,043	-	9,452	70,406	84,495
General revenues:						
Property taxes	1,964,970	1,550,850	-	-	1,550,850	1,550,850
Sales taxes	679,351	639,973	-	-	639,973	639,973
Franchise taxes	365,885	390,475	-	-	390,475	390,475
Investment earnings	<u>240,599</u>	<u>178,040</u>	<u>223,818</u>	<u>237,836</u>	<u>415,876</u>	<u>415,876</u>
Total revenues	<u>4,862,214</u>	<u>4,112,055</u>	<u>6,222,626</u>	<u>6,293,855</u>	<u>11,084,840</u>	<u>10,405,910</u>
Expenses:						
General government	299,958	259,065	-	-	299,958	259,065
Public safety	1,830,363	1,653,301	-	-	1,830,363	1,653,301
Highways and streets	1,287,818	1,262,543	-	-	1,287,818	1,262,543
Culture and recreation	807,939	486,649	-	-	807,939	486,649
Economic development	7,657	5,077	-	-	7,657	5,077
Environmental protection	734	3,653	-	-	734	3,653
Electric system	-	-	4,142,178	4,087,728	4,142,178	4,087,728
Water system	-	-	841,616	868,180	841,616	868,180
Sewer system	-	-	1,033,413	859,697	1,033,413	859,697
Interest on long-term indebtedness	<u>508,057</u>	<u>458,743</u>	<u>-</u>	<u>-</u>	<u>508,057</u>	<u>458,743</u>
Total expenses	<u>4,742,526</u>	<u>4,129,031</u>	<u>6,017,207</u>	<u>5,815,605</u>	<u>10,759,733</u>	<u>9,944,636</u>
Increases (decreases) in net assets before transfers	119,688	(16,976)	205,419	478,250	325,107	461,274
Transfers in (out)	<u>(56,798)</u>	<u>(253,890)</u>	<u>56,798</u>	<u>253,890</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	62,890	(270,866)	262,217	732,140	325,107	461,274
Net assets, beginning of year	<u>25,818,451</u>	<u>26,089,317</u>	<u>9,923,972</u>	<u>9,191,832</u>	<u>35,742,423</u>	<u>35,281,149</u>
Net assets, end of year	<u>\$25,881,341</u>	<u>\$25,818,451</u>	<u>\$10,186,189</u>	<u>\$ 9,923,972</u>	<u>\$36,067,530</u>	<u>\$ 35,742,423</u>

Governmental Activities – Governmental activities increased the City's net assets by \$62,890 for the current fiscal year. Total governmental activity revenues increased by \$750,159 with property taxes attributing to approximately 55% of the net revenue increase. Approximately one-half of the increase was for debt service purposes and the remaining increase was to fund general governmental operations. The operating grants and contributions revenue category accounts for about 37% of the net revenue increase with increased grant activity being received for public safety and highway and street activities.

Total governmental activity expenses increased by \$613,495 in 2007 with most of the increase being attributed to culture and recreation activities. The net increase in this functional area comprised approximately 52% of the total governmental expense increase and includes the public library, senior citizens, swimming pool, Sports Complex and park maintenance activities. All activities reflected increases for 2007 with the most significant increase being attributed to the operating expenses incurred for the new swimming pool opened during 2007. Public safety operating expenses increased to include about 29% of the total expense increase and can be attributed to the increasing costs for salaries, benefits and fuel. In addition, debt service contributed about 8% to the overall increase in governmental activity expenses.

Business-type Activities – Business-type activities increased the City's net assets by \$262,217 for the current fiscal year. The revenues for 2007 were down slightly due to reduced water consumption attributed to the extremely wet early summer months for 2007 and a flat electric consumption for 2007.

Expenses for the business-type activities increased by \$201,602 with sewer treatment costs accounting for \$173,716 of this increase.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds – The focus of the City's funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,285,615. Approximately 95% of this total amount (\$3,127,531) constitutes unreserved fund balance. The remainder of the fund balance (\$158,084) is reserved to indicate that it is not available for new spending because it has already been committed to pay for encumbrances.

General Fund

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the unreserved (designated and undesignated) fund balance of the General Fund was \$1,484,786, while total fund balance was \$1,615,274, which was \$212,759 more than the prior year's General Fund total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 63% of total General Fund expenditures for the current year.

The City's management may also designate unreserved fund balance to particular functions, projects or activities. Fund balance may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the \$1,484,786 General Fund unreserved fund balance, 56% is designated. Those designations include \$598,591 earmarked for carryover to the 2008 budget and \$240,016 for future self-insurance requirements.

Debt Service Fund

The Debt Service Fund of the City services most all of the City's general obligation bonded debt. The fund balance of the Debt Service Fund at the end of the current year was \$160,646, which was a reduction of \$47,783 from 2006. Resources for this fund are generated from property taxes, special assessment taxes and interest earnings and increased by \$130,096 for 2007 however, debt service requirements increased by \$112,077 for 2007.

Capital Projects Fund

The Capital Projects Fund reflects a decrease in fund balance for 2007 of \$1,820,201, as all capital projects were completed at December 31, 2007. Significant completed projects include the new swimming pool, 111th Street Improvements, 111th Street Hike/Bike Path Project and Cedar Brook Phase 3 Addition infrastructure improvements.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The total net assets of the enterprise funds increased by \$265,730. The growth in net assets by fund included \$5,178, \$44,839 and \$215,713 for the Electric System, Water System and Sewer System funds, respectively. Sewer rate increases in recent years to fund the debt service of the new wastewater treatment plant facility continues to have a positive impact on that fund.

The internal service fund had a total deficit in net assets at year-end of \$2,953. Total net assets decreased by \$5,576 over 2006 as interfund charges for services have not been sufficient to cover the operating expenses.

Electric System Fund

Total net assets of the Electric System Fund increased by \$5,178. Customer consumption for 2007 was almost flat and operating revenues and expenses are generally reflective of that situation as operating revenues increased \$1,542 and operating expenses increased \$76,597.

Water System Fund

Total net assets of the Water System Fund increased by \$44,839. Operating revenues decreased by \$58,229 during 2007 as consumption decreased due to the extremely wet late spring and early summer months. Operating expenses decreased \$27,277 for 2007.

Sewer System Fund

The total net assets of the Sewer System Fund increased by \$215,713. The operating income increase of \$491,506 for 2007 was \$142,062 less than for 2006. Operating expenses increased by \$150,990 during 2007 with personnel costs attributing to \$31,125 of the increase and plant operating costs, including utilities, attributing to the remainder of the increase for 2007.

General Fund Budgetary Highlights – The General Fund total actual revenues were 112% of the total amount anticipated in the 2007 budget and exceeded the total anticipated revenues by \$309,152. The significant composition of this excess can be attributed to intergovernmental shared revenues and grant revenues, franchise fees and other permits and fees received by the General Fund.

General Fund budgetary expenditures totaled \$2,674,852, which represented only 88% of the budgeted expenditures for 2007. Accordingly, the General Fund incurred a favorable variance from its budgeted expenditures of \$367,382. The Administration Department incurred a favorable budgetary variance of \$335,323 mainly due to contingency reserves not being utilized. The most

significant negative variance from the budgeted expenditures was for the Street Department, which exceeded its appropriated budget by \$117,865 due to the purchase of equipment not anticipated in the original budget for 2007.

CAPITAL ASSETS

The City's investment in capital assets as of December 31, 2007 amounts to \$47,197,913 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, utility plant in service, machinery and equipment, and construction work in progress. The total increase in the City's investment in capital assets for the current fiscal year was 2% (a 5% increase for governmental activities and a 1% decrease for business-type activities). Major capital asset events during the current fiscal year included the following:

- Land adjacent to City Hall at a cost of \$102,896.
- Final costs for completion of the swimming pool of \$1,992,531.
- Final costs relative to 111th Street improvements and the related Hike/Bike Path in the amount of \$63,233.
- Office equipment for administration department of \$16,363.
- Street Department skid loader at a cost of \$55,590.
- Street Department pickup at a cost of \$21,990.
- Police vehicle and equipment additions totaling \$43,524.
- A new ambulance and other EMS and fire equipment totaling \$240,543.
- Four new mowers and other maintenance equipment for the Parks Department totaling \$75,732.

Capital Assets at Year-End Net of Accumulated Depreciation

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 256,617	\$ 153,721	\$ 758,117	\$ 758,117	\$ 1,014,734	\$ 911,838
Buildings	1,751,376	1,808,936	—	—	1,751,376	1,808,936
Utility plant	—	—	10,154,794	10,282,200	10,154,794	10,282,200
Improvements other than buildings	3,127,268	243,390	6,760,662	6,776,411	9,887,930	7,019,801
Infrastructure	22,714,550	22,405,985	—	—	22,714,550	22,405,985
Machinery and equipment	1,308,802	1,191,734	365,007	350,986	1,673,809	1,542,720
Construction work in progress	—	2,083,143	—	—	—	2,083,143
Total	<u>\$29,158,613</u>	<u>\$27,886,909</u>	<u>\$18,038,580</u>	<u>\$18,167,714</u>	<u>\$47,197,193</u>	<u>\$ 46,054,623</u>

Additional information on the City's capital assets can be found in Note 3 on pages 43 through 45 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City's total long-term debt obligations outstanding are \$23,752,201. This amount was comprised of \$8,915,216 of general obligation bonds secured by future tax revenues from governmental activities with \$1,989,744 of such bonds being committed from resources generated by business-type revenues, \$11,115,000 of revenue bonds which are secured by business-type revenue sources, \$123,697 of notes payable secured by the future revenue sources from governmental activities, and \$1,275,000 of revenue bonds secured by future revenue sources from governmental activities via lease revenues from the City to the Mulvane Public Building Commission. The remaining long-term debt obligations totaling \$333,544 of the City

pertains to accrued compensated absences and will be liquidated from future resources of governmental activities and business-type activities.

The City's long-term debt decreased by \$843,698, or less than 1% during the current fiscal year. This decrease is due to the issuance of only \$245,960 in general obligation bonds to provide funds for improvements to the Cedar Park Phase 3 Addition. Scheduled debt retirements of \$1,102,496 were made during 2007.

Additional information on the City's long-term debt can be found in Note 4 on pages 45 through 51 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget is developed to provide efficient, effective and economical uses of the City's resources. The budget is the most important annual policy statement the elected officials can make. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The elected officials and appointed staff considered many factors when setting the fiscal year 2008 budget which impacts the property tax rate and fees that will be charged for business-type activities. Those factors include the following:

- Increases in employee benefits, largely due to a premium increase in health insurance and employer paid retirement contribution rate increases (KPERS).
- Increases in debt service requirements for both general obligation bonds and revenue bonds.
- Property tax revenues are budgeted to increase in 2008 by only \$24,637 due to the increase in assessed values of 8% resulting in a mill levy decrease of 2.947 mills.

The General Fund's largest single revenue source is property taxes. The property tax rate for FY 2007 was \$.05628 per \$1,000 of assessed valuation. Of this tax rate, 48% or \$.02718 was utilized for General Fund activities. 21% or \$.01176 was used for debt service and 21% or \$.01183 was used for employee benefits. The General Fund's portion of property tax revenue for FY 2008 is estimated to be \$.02255. Sedgwick County has a 1% sales tax and the City's portion of the sales tax revenue for FY 2007 was \$679,351. This is an increase of 6.2% from the FY 2006 sales tax revenue of \$639,973.

With unemployment being relatively high and sales tax revenues being relatively flat, the City Council undertook a very cautious approach to revenue estimating and expenditure appropriation in the 2008 annual budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Mulvane Treasurer, 211 North Second Street, Mulvane, Kansas 67110, call (316) 777-1143 or visit the City's web site at www.mulvanekansas.com.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MULVANE, KANSAS

STATEMENT OF NET ASSETS

December 31, 2007

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority
<u>ASSETS</u>					
Cash and investments	\$ 3,390,496	\$ 1,495,813	\$ 4,886,309	\$ 60,378	\$ 9,466
Receivables:					
Property taxes	1,615,843	-	1,615,843	-	-
Special assessment taxes	3,967,710	-	3,967,710	-	-
Sales taxes	58,575	-	58,575	-	-
Franchise fees	91,182	-	91,182	-	-
Trade accounts, net	90,508	881,129	971,637	-	-
Internal balances	(158,917)	158,917	-	-	-
Prepaid items	76,875	57,248	134,123	-	-
Restricted assets	3,866	3,023,683	3,027,549	-	-
Unamortized debt issuance costs	-	375,373	375,373	-	-
Capital assets:					
Land	256,617	758,117	1,014,734	-	16,000
Buildings	2,362,453	13,518,191	15,880,644	-	577,073
Improvements other than buildings	3,295,890	10,231,178	13,527,068	-	-
Infrastructure	33,998,197	-	33,998,197	-	-
Machinery and equipment	3,617,386	1,387,668	5,005,054	-	73,115
Less accumulated depreciation	(14,371,930)	(7,855,854)	(22,227,784)	-	(364,570)
Total assets	<u>38,294,751</u>	<u>24,031,463</u>	<u>62,326,214</u>	<u>60,378</u>	<u>311,084</u>
<u>LIABILITIES</u>					
Accounts payable	119,666	394,360	514,026	-	-
Accrued payroll payable	47,862	30,632	78,494	-	-
Accrued interest payable	167,618	106,842	274,460	-	-
Matured bonds and coupons payable	1,316	-	1,316	-	-
Unearned revenue	1,638,187	-	1,638,187	-	-
Noncurrent liabilities:					
Due within one year	749,757	698,216	1,447,973	-	16,115
Due in more than one year	<u>9,689,004</u>	<u>12,615,224</u>	<u>22,304,228</u>	<u>-</u>	<u>254,733</u>
Total liabilities	<u>12,413,410</u>	<u>13,845,274</u>	<u>26,258,684</u>	<u>-</u>	<u>270,848</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	18,844,700	4,934,556	23,779,256	-	30,770
Restricted for:					
Debt service	4,128,356	2,390,773	6,519,129	-	-
Unrestricted	<u>2,908,285</u>	<u>2,860,860</u>	<u>5,769,145</u>	<u>60,378</u>	<u>9,466</u>
	<u>\$ 25,881,341</u>	<u>\$ 10,186,189</u>	<u>\$ 36,067,530</u>	<u>\$ 60,378</u>	<u>\$ 40,236</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS
STATEMENT OF ACTIVITIES
Year ended December 31, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority
Governmental Activities:									
General government	\$ 299,958	\$ 106,040	\$ 125,889	\$ -	\$ (68,029)	\$ -	\$ -	\$ -	\$ -
Public safety	1,830,363	239,674	250,761	-	(1,339,928)	-	-	-	-
Highways and streets	1,287,818	34,004	262,882	70,406	(920,526)	-	-	-	-
Culture and recreation	807,939	53,048	21,081	-	(733,810)	-	-	-	-
Economic development	7,657	-	-	-	(7,657)	-	-	-	-
Environmental protection	734	-	-	-	(734)	-	-	-	-
Interest on long-term debt	508,057	-	447,624	-	(60,433)	-	-	-	-
Total Governmental Activities	\$ 4,742,526	\$ 432,766	\$ 1,108,237	\$ 70,406	\$ (3,131,117)	-	-	-	-
Business-Type Activities:									
Electric Utility	\$ 4,142,178	\$ 3,989,314	\$ -	\$ -	-	(152,864)	-	-	-
Water Utility	841,616	837,418	-	-	-	(4,198)	-	-	-
Sewer Utility	1,033,413	1,172,076	-	-	-	138,663	-	-	-
Total Business-Type Activities	\$ 6,017,207	\$ 5,998,808	\$ -	\$ -	-	(18,399)	-	-	-
Component Units:									
Mulvane Public Library	\$ 147,029	\$ 12,963	\$ 17,467	\$ -	-	-	(116,599)	-	-
Mulvane Housing Authority	73,269	58,551	13,184	-	-	-	-	(1,534)	-
Total Component Units	\$ 220,298	\$ 71,514	\$ 30,651	\$ -	-	-	(116,599)	-	(1,534)
General Revenues and Transfers:									
General Revenues:									
Property taxes levied for:									
General purposes									
Debt service									
Sales taxes									
Franchise taxes									
Payment from City of Mulvane									
Investment earnings									
Transfers									
Total general revenues and transfers									
Change in net assets									
Net assets at beginning of year									
Net assets at end of year									

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

CITY OF MULVANE, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and short-term investments	\$1,778,660	\$ 160,646	\$ –	\$ 1,451,190	\$ 3,390,496
Cash with fiscal agent	–	1,316	–	–	1,316
Cash held for appearance bonds	2,550	–	–	–	2,550
Property taxes receivable	703,917	376,334	–	535,592	1,615,843
Special assessment taxes receivable	–	3,967,710	–	–	3,967,710
Accounts receivable, net	81,060	–	–	9,448	90,508
Franchise fees receivable	91,182	–	–	–	91,182
Sales tax receivable	<u>58,575</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>58,575</u>
Total assets	<u>\$2,715,944</u>	<u>\$ 4,506,006</u>	<u>\$ –</u>	<u>\$ 1,996,230</u>	<u>\$ 9,218,180</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Salaries and wages payable	\$ 42,588	\$ –	\$ –	\$ 5,274	\$ 47,862
Accounts payable	112,640	–	–	4,476	117,116
Due to other funds	157,824	–	–	–	157,824
Matured bonds and coupons payable	–	1,316	–	–	1,316
Municipal Court appearance bonds payable	2,550	–	–	–	2,550
Deferred revenue	<u>785,068</u>	<u>4,344,044</u>	<u>–</u>	<u>476,785</u>	<u>5,605,897</u>
Total liabilities	<u>1,100,670</u>	<u>4,345,360</u>	<u>–</u>	<u>486,535</u>	<u>5,932,565</u>
Fund balances:					
Reserved for encumbrances	130,488	–	–	27,596	158,084
Unreserved:					
Designated for subsequent years' expenditures for:					
General fund	598,591	–	–	–	598,591
Debt service fund	–	72,614	–	–	72,614
Special revenue funds	–	–	–	725,364	725,364
Designed for debt service	–	88,032	–	–	88,032
Designated for self-insurance	240,016	–	–	–	240,016
Undesignated for:					
General fund	646,179	–	–	–	646,179
Special revenue funds	<u>–</u>	<u>–</u>	<u>–</u>	<u>756,735</u>	<u>756,735</u>
Total fund balances	<u>1,615,274</u>	<u>160,646</u>	<u>–</u>	<u>1,509,695</u>	<u>3,285,615</u>
Total liabilities and fund balances	<u>\$2,715,944</u>	<u>\$ 4,506,006</u>	<u>\$ –</u>	<u>\$ 1,996,230</u>	<u>\$ 9,218,180</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

December 31, 2007

Total Governmental Fund Balances \$ 3,285,615

Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported
in the funds (capital assets net of accumulated
depreciation):

Cost	\$ 43,530,543	
Accumulated depreciation	<u>(14,371,930)</u>	
		29,158,613

Other assets not available to pay for current period
expenditures and therefore are not reported in
the governmental funds:

Special assessments receivable	3,967,710
Prepaid expenses	76,875

Internal Service Funds are used by management
to charge the costs of machinery and equipment repairs
to individuals funds. Certain assets and liabilities of the
internal service fund are included in governmental
activities in the Statement of Net Assets

(1,093)

Long-term liabilities are not due and payable in the
current period and therefore are not reported
in the funds:

Accrued interest payable on general obligation bonds	167,618	
Compensated absences payable	124,848	
Note payable to Mulvane Firemen's Relief Association	123,697	
General obligation bonds payable	8,915,216	
Mulvane Public Building Commission revenue bonds payable	<u>1,275,000</u>	
		<u>(10,606,379)</u>

Net Assets of Governmental Activities \$ 25,881,341

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

Year ended December 31, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 1,622,655	\$ 364,678	\$ -	\$ 678,225	\$ 2,665,558
Special assessment taxes	-	511,027	-	-	511,027
Intergovernmental	261,406	-	-	329,009	590,415
Licenses and permits	410,595	-	-	5,000	415,595
Charges for services	126,495	-	-	79,444	205,939
Fines and forfeitures	113,179	-	-	-	113,179
Use of money and property	83,866	14,980	75,737	70,422	245,005
Miscellaneous	<u>175,657</u>	<u>-</u>	<u>-</u>	<u>3,242</u>	<u>178,899</u>
Total revenues	<u>2,793,853</u>	<u>890,685</u>	<u>75,737</u>	<u>1,165,342</u>	<u>4,925,617</u>
Expenditures:					
Current:					
General government	356,581	-	-	49,291	405,872
Public safety	1,436,150	-	-	418,447	1,854,597
Highways and streets	188,030	-	-	264,066	452,096
Culture and recreation	333,381	-	-	460,352	793,733
Environmental protection	734	-	-	-	734
Economic development	7,432	-	-	225	7,657
Capital improvements	-	-	2,075,717	-	2,075,717
Debt Service	<u>18,981</u>	<u>938,468</u>	<u>5,219</u>	<u>143,511</u>	<u>1,106,179</u>
Total expenditures	<u>2,341,289</u>	<u>938,468</u>	<u>2,080,936</u>	<u>1,335,892</u>	<u>6,696,585</u>
Revenues over (under) expenditures	<u>452,564</u>	<u>(47,783)</u>	<u>(2,005,199)</u>	<u>(170,550)</u>	<u>(1,770,968)</u>
Other financing sources (uses):					
Issuance of general obligation bonds	-	-	245,960	-	245,960
Transfers in	71,500	-	81,783	425,457	578,740
Transfers out	<u>(311,305)</u>	<u>-</u>	<u>(142,745)</u>	<u>(107,784)</u>	<u>(561,834)</u>
Total other financing sources (uses)	<u>(239,805)</u>	<u>-</u>	<u>184,998</u>	<u>317,673</u>	<u>262,866</u>
Net change in fund balance	212,759	(47,783)	(1,820,201)	147,123	(1,508,102)
Fund balances, beginning of year	<u>1,402,515</u>	<u>208,429</u>	<u>1,820,201</u>	<u>1,362,572</u>	<u>4,793,717</u>
Fund balances, end of year	<u>\$1,615,274</u>	<u>\$ 160,646</u>	<u>\$ -</u>	<u>\$1,509,695</u>	<u>\$ 3,285,615</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES**

Year Ended December 31, 2007

Net Change in Fund Balances – Total Governmental Funds \$ (1,508,102)

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. In the current period, these
amounts are:

Capital outlays	\$ 2,594,340
Depreciation	<u>(1,253,726)</u>

Excess of capital outlays over depreciation	1,340,614
---	-----------

In the statement of activities, the loss on the disposition of capital assets is reported as a functional expense whereas in the governmental funds statement a loss on disposition of capital assets is not reported	(68,910)
--	----------

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due	(2,043)
--	---------

In the statement of activities, the issuance of long-term debt is reported as a liability, whereas in the governmental fund, the issuance of long-term debt is an other financing source for: General obligation bonds	(245,960)
---	-----------

Repayment of debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets:

General obligation bond payment	514,961
Mulvane Public Building Commission revenue bond payment	60,000
Mulvane Firemen's Relief Association loan payment	<u>16,303</u>

Total payments on long-term liabilities	591,264
---	---------

Internal service funds are used by management to charge the cost of machinery and equipment repairs to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities	(2,063)
---	---------

Special assessments are not considered available to liquidate liabilities of the current period. However, they are recognized as revenue in the statement of activities as soon as the related improvement is completed and the special assessments are levied	(63,403)
---	----------

Some expenses reported in the statement of activities do
not require the use of current financial resources and
therefore are not reported as expenditures in the funds:

Prepaid items	8,887
Compensated absences payable	<u>12,606</u>

Total	<u>21,493</u>
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Change in Net Assets of Governmental Activities	\$ <u>62,890</u>
---	------------------

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS
(continued on next page)**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$1,499,566	\$1,499,566	\$1,587,896	\$ 88,330
Intergovernmental	56,804	56,804	261,406	204,602
Licenses, fees and permits	254,500	254,500	396,563	142,063
Charges for services	250,000	250,000	126,495	(123,505)
Fines and forfeitures	139,500	139,500	113,179	(26,321)
Use of money and property	37,000	37,000	72,279	35,279
Miscellaneous	22,510	22,510	175,657	153,147
Transfers in	<u>332,162</u>	<u>332,162</u>	<u>167,719</u>	<u>(164,443)</u>
 Total revenues and other sources	 <u>2,592,042</u>	 <u>2,592,042</u>	 <u>2,901,194</u>	 <u>309,152</u>
 Expenditures, encumbrances and other uses:				
General government:				
Administration department	617,542	617,542	282,219	335,323
Inspection department	<u>61,820</u>	<u>61,820</u>	<u>58,014</u>	<u>3,806</u>
 Total general government	 <u>679,362</u>	 <u>679,362</u>	 <u>340,233</u>	 <u>339,129</u>
 Public safety:				
Police department	828,963	828,963	782,682	46,281
Fire department	165,095	165,095	162,302	2,793
EMS department	334,756	334,756	329,231	5,525
Municipal Court	83,650	83,650	73,325	10,325
Fire District No. 12	<u>17,000</u>	<u>17,000</u>	<u>16,804</u>	<u>196</u>
 Total public safety	 <u>1,429,464</u>	 <u>1,429,464</u>	 <u>1,364,344</u>	 <u>65,120</u>
 Highways and streets:				
Street department	<u>196,955</u>	<u>196,955</u>	<u>314,820</u>	<u>(117,865)</u>

CITY OF MULVANE, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

(continued from previous page)

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Culture and recreation:				
Parks department	\$ 195,463	\$ 195,463	\$ 183,961	\$ 11,502
Sports Complex	<u>144,130</u>	<u>144,130</u>	<u>133,042</u>	<u>11,088</u>
Total culture and recreation	<u>339,593</u>	<u>339,593</u>	<u>317,003</u>	<u>22,590</u>
Economic development:				
Planning department	<u>10,500</u>	<u>10,500</u>	<u>7,432</u>	<u>3,068</u>
Environmental protection:				
Bindweed department	<u>3,000</u>	<u>3,000</u>	<u>734</u>	<u>2,266</u>
Other:				
Debt service	151,786	151,786	151,786	–
Operating transfers out	<u>231,574</u>	<u>231,574</u>	<u>178,500</u>	<u>53,074</u>
Total other	<u>383,360</u>	<u>383,360</u>	<u>330,286</u>	<u>53,074</u>
Total expenditures, encumbrances and other uses	<u>3,042,234</u>	<u>3,042,234</u>	<u>2,674,852</u>	<u>367,382</u>
Revenues and other sources over (under) expenditures, encumbrances and other uses	(450,192)	(450,192)	226,342	676,534
Fund balance, beginning of year	<u>450,192</u>	<u>450,192</u>	<u>1,026,496</u>	<u>576,304</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$1,252,838</u>	<u>\$1,252,838</u>

The accompanying notes are an integral
part of the financial statements.

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CITY OF MULVANE, KANSAS
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
December 31, 2007

	<u>Business-Type Activities – Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund (Shop Maintenance Fund)</u>
	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Total Enterprise Funds</u>	
<u>ASSETS</u>					
Current assets:					
Cash and investments	\$ 665,680	\$ 153,110	\$ 676,307	\$ 1,495,097	\$ 716
Trade accounts receivable	567,203	120,860	193,066	881,129	-
Prepaid expenses	39,432	7,610	8,406	55,448	1,800
Due from other funds	157,824	-	-	157,824	-
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	181,209	-	268,922	450,131	-
Customer deposits	<u>137,203</u>	<u>45,576</u>	<u>-</u>	<u>182,779</u>	<u>-</u>
Total current assets	<u>1,748,551</u>	<u>327,156</u>	<u>1,146,701</u>	<u>3,222,408</u>	<u>2,516</u>
Noncurrent assets:					
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	428,575	-	108,884	537,459	-
Revenue bond reserve	515,743	-	348,846	864,589	-
Revenue bond surplus reserve	580,070	-	83,098	663,168	-
Replacement reserve	<u>325,557</u>	<u>-</u>	<u>-</u>	<u>325,557</u>	<u>-</u>
Total restricted assets	<u>1,849,945</u>	<u>-</u>	<u>540,828</u>	<u>2,390,773</u>	<u>-</u>
Property, plant and equipment:					
Land	419,856	-	338,261	758,117	-
Utility plant	5,282,986	779,500	7,455,705	13,518,191	-
Improvements other than buildings	4,884,833	2,546,959	2,799,386	10,231,178	-
Machinery and equipment	<u>911,282</u>	<u>170,147</u>	<u>291,479</u>	<u>1,372,908</u>	<u>14,760</u>
	11,498,957	3,496,606	10,884,831	25,880,394	14,760
Less accumulated depreciation	<u>(4,563,077)</u>	<u>(1,531,341)</u>	<u>(1,747,396)</u>	<u>(7,841,814)</u>	<u>(14,040)</u>
Property, plant and equipment, net	<u>6,935,880</u>	<u>1,965,265</u>	<u>9,137,435</u>	<u>18,038,580</u>	<u>720</u>
Other assets:					
Unamortized bond issue costs	123,876	12,348	184,921	321,145	-
Unamortized deferred cost on refunding	<u>54,228</u>	<u>-</u>	<u>-</u>	<u>54,228</u>	<u>-</u>
Total other assets	<u>178,104</u>	<u>12,348</u>	<u>184,921</u>	<u>375,373</u>	<u>-</u>
Total noncurrent assets	<u>8,963,929</u>	<u>1,977,613</u>	<u>9,863,184</u>	<u>20,804,726</u>	<u>720</u>
Total assets	<u>10,712,480</u>	<u>2,304,769</u>	<u>11,009,885</u>	<u>24,027,134</u>	<u>3,236</u>

**Governmental
Activities
Internal
Service Fund
(Shop Maintenance Fund)**

	<u>Business-Type Activities – Enterprise Funds</u>				
	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Total Enterprise Funds</u>	
<u>LIABILITIES</u>					
Current liabilities:					
Salaries and wages payable	\$ 16,249	\$ 5,747	\$ 8,047	\$ 30,043	\$ 589
Accounts payable	176,710	29,960	4,784	211,454	127
Compensated absences payable	101,663	29,727	35,177	166,567	4,486
Current portion of revenue bonds payable	—	—	—	—	—
Current portion of general obligation bonds payable	32,534	57,008	67,621	157,163	—
Accrued interest payable	5,529	9,689	11,493	26,711	—
Current liabilities payable from restricted assets:					
Accrued revenue bond interest payable	31,257	—	48,874	80,131	—
Current portion of:					
Revenue bonds payable	149,952	—	220,048	370,000	—
Customer deposits payable	<u>137,203</u>	<u>45,576</u>	<u>—</u>	<u>182,779</u>	<u>—</u>
Total current liabilities	<u>651,097</u>	<u>177,707</u>	<u>396,044</u>	<u>1,224,848</u>	<u>5,202</u>
Noncurrent liabilities:					
Long-term portion of compensated absences payable	22,372	6,542	7,742	36,656	987
Long-term portion of general obligation bonds payable	379,359	664,739	788,483	1,832,581	—
Long-term portion of revenue bonds payable	<u>4,294,634</u>	<u>—</u>	<u>6,450,366</u>	<u>10,745,000</u>	<u>—</u>
Total noncurrent liabilities	<u>4,696,365</u>	<u>671,281</u>	<u>7,246,591</u>	<u>12,614,237</u>	<u>987</u>
Total liabilities	<u>5,347,462</u>	<u>848,988</u>	<u>7,642,635</u>	<u>13,839,085</u>	<u>6,189</u>
<u>NET ASSETS</u>					
Net assets:					
Invested in capital assets, net of related debt	2,079,401	1,243,518	1,610,917	4,933,836	720
Restricted	1,849,945	—	540,828	2,390,773	—
Unrestricted	<u>1,435,672</u>	<u>212,263</u>	<u>1,215,505</u>	<u>2,863,440</u>	<u>(3,673)</u>
Total net assets	<u>\$ 5,365,018</u>	<u>\$ 1,455,781</u>	<u>\$ 3,367,250</u>	<u>\$ 10,188,049</u>	<u>\$ (2,953)</u>
Total net assets				\$ 10,188,049	
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities				(1,860)	
Net assets of business-type activities				<u>\$ 10,186,189</u>	

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS –
PROPRIETARY FUNDS

Year ended December 31, 2007

	<u>Business-Type Activities – Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund (Shop Maintenance Fund)</u>
	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Total Enterprise Funds</u>	
Operating revenues:					
Charges for services	\$ 3,967,264	\$ 829,957	\$1,172,076	\$ 5,969,297	\$ 53,863
Miscellaneous	21,603	201	–	21,804	–
Rents and royalties	447	7,260	–	7,707	–
Total operating revenues	<u>3,989,314</u>	<u>837,418</u>	<u>1,172,076</u>	<u>5,998,808</u>	<u>53,863</u>
Operating expenses:					
Production	2,824,239	–	–	2,824,239	–
Treatment	–	734,771	307,508	1,042,279	–
Distribution and maintenance	640,968	–	–	640,968	72,997
Collection	–	–	161,078	161,078	–
Depreciation	435,486	73,815	211,984	721,285	1,653
Total operating expenses	<u>3,900,693</u>	<u>808,586</u>	<u>680,570</u>	<u>5,389,849</u>	<u>74,650</u>
Operating income (loss)	<u>88,621</u>	<u>28,832</u>	<u>491,506</u>	<u>608,959</u>	<u>(20,787)</u>
Nonoperating revenues (expense):					
Contributions from municipality	–	37,482	36,222	73,704	–
Interest income	143,649	10,177	69,992	223,818	–
Interest expense	(208,524)	(29,981)	(334,863)	(573,368)	–
Amortization of bond costs	(16,077)	(2,045)	(17,144)	(35,266)	–
Total nonoperating revenue (expense)	<u>(80,952)</u>	<u>15,633</u>	<u>(245,793)</u>	<u>(311,112)</u>	<u>–</u>
Income (loss) before contributions and transfers	7,669	44,465	245,713	297,847	(20,787)
Transfers from other funds	12,720	9,374	–	22,094	15,211
Transfers to other funds	(15,211)	(9,000)	(30,000)	(54,211)	–
Change in net assets	5,178	44,839	215,713	265,730	(5,576)
Net assets, beginning of year	<u>5,359,840</u>	<u>1,410,942</u>	<u>3,151,537</u>	<u>9,922,319</u>	<u>2,623</u>
Net assets, end of year	<u>\$ 5,365,018</u>	<u>\$ 1,455,781</u>	<u>\$3,367,250</u>	<u>\$ 10,188,049</u>	<u>\$ (2,953)</u>
Increase in net assets per fund statements				\$ 265,730	
Some amount reported for business-type activities in the statement of activities are different because the net revenue (expense) of the internal service fund is reported with business-type activities				(3,513)	
Change in net assets of business-type activities				<u>\$ 262,217</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF MULVANE, KANSAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
(continued on next page)
Year ended December 31, 2007

	<u>Business-Type Activities – Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund (Shop Maintenance Fund)</u>
	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Total Enterprise Funds</u>	
Cash flows from operating activities:					
Cash received from customers	\$ 3,888,736	\$ 828,285	\$ 1,180,475	\$ 5,897,496	\$ 53,863
Cash payments for materials and services	(2,646,557)	(389,757)	(155,419)	(3,191,733)	(43,195)
Cash payments to employees for services	(759,809)	(347,805)	(292,918)	(1,400,532)	(26,110)
Other cash receipts	<u>22,050</u>	<u>7,593</u>	<u>—</u>	<u>29,643</u>	<u>—</u>
Net cash provided by (used for) operating activities	<u>504,420</u>	<u>98,316</u>	<u>732,138</u>	<u>1,334,874</u>	<u>(15,442)</u>
Cash flows from capital and related financing activities:					
Principal paid on revenue bonds	(145,266)	—	(214,734)	(360,000)	—
Principal paid on general obligation bonds	(31,306)	(54,857)	(65,069)	(151,232)	—
Interest paid on debt	(209,560)	(30,438)	(336,617)	(576,615)	—
Acquisition and construction of capital assets	<u>(178,045)</u>	<u>(51,761)</u>	<u>(288,640)</u>	<u>(518,446)</u>	<u>—</u>
Net cash provided (used) by capital and related financing activities	<u>(564,177)</u>	<u>(137,056)</u>	<u>(905,060)</u>	<u>(1,606,293)</u>	<u>—</u>
Cash flows from noncapital financing activities:					
Repayments of loans to other funds	53,961	—	—	53,961	—
Loans to other funds	(122,219)	—	—	(122,219)	—
Transfers from other funds	12,720	9,374	—	22,094	15,211
Transfers to other funds	<u>(15,211)</u>	<u>(9,000)</u>	<u>(30,000)</u>	<u>(54,211)</u>	<u>—</u>
Net cash provided (used) by noncapital financing activities	<u>(70,749)</u>	<u>374</u>	<u>(30,000)</u>	<u>(100,375)</u>	<u>15,211</u>
Cash flows from investing activities:					
Interest received	<u>143,649</u>	<u>10,177</u>	<u>69,992</u>	<u>223,818</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	13,143	(28,189)	(132,930)	(147,976)	(231)
Cash and cash equivalents, beginning of year	<u>2,820,894</u>	<u>226,875</u>	<u>1,618,987</u>	<u>4,666,756</u>	<u>947</u>
Cash and cash equivalents, end of year	<u>\$ 2,834,037</u>	<u>\$ 198,686</u>	<u>\$ 1,486,057</u>	<u>\$ 4,518,780</u>	<u>\$ 716</u>
 Cash and cash equivalents	\$ 665,680	\$ 153,110	\$ 676,307	\$ 1,495,097	\$ 716
Restricted cash and cash equivalents included in restricted cash and investments	<u>2,168,357</u>	<u>45,576</u>	<u>809,750</u>	<u>3,023,683</u>	<u>—</u>
Cash and cash equivalents, end of year	<u>\$ 2,834,037</u>	<u>\$ 198,686</u>	<u>\$ 1,486,057</u>	<u>\$ 4,518,780</u>	<u>\$ 716</u>

CITY OF MULVANE, KANSAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
(continued from previous page)
Year ended December 31, 2007

	<u>Business-Type Activities – Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund (Shop Mainte- nance Fund)</u>
	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 88,621	\$ 28,832	\$ 491,506	\$ 608,959	\$ (20,787)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	435,486	73,815	211,984	721,285	1,653
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	(76,355)	(1,672)	8,399	(69,628)	–
Decrease (increase) in prepaid expenses	(3,456)	(752)	2,896	(1,312)	(218)
Increase (decrease) in salaries and wages payable	2,935	(725)	2,935	5,145	119
Increase (decrease) in accounts payable	43,018	6,890	1,255	51,163	(350)
Increase (decrease) in compensated absences payable	16,344	(8,204)	13,163	21,303	4,141
Increase in customer deposits payable	<u>(2,173)</u>	<u>132</u>	<u>–</u>	<u>(2,041)</u>	<u>–</u>
Net cash provided by (used for) operating activities	<u>\$ 504,420</u>	<u>\$ 98,316</u>	<u>\$ 732,138</u>	<u>\$ 1,334,874</u>	<u>\$ (15,442)</u>

Noncash capital and related financing activities:

During 2007, the Water and Sewer Utility Funds received assets contributed from the municipality and developers in the amount of \$37,482 and \$36,222, respectively.

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS
STATEMENT OF FIDUCIARY NET ASSETS –
AGENCY FUNDS

December 31, 2007

	<u>Agency Funds</u>
Assets:	
Cash including investments	\$ –
Liabilities:	
Accounts payable	<u> –</u>
Net assets	<u><u>\$ –</u></u>

The accompanying notes are an
integral part of the financial statements.

CITY OF MULVANE, KANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Reporting entity

The City operates under a Mayor-Council form of government consisting of a Mayor and five council persons and provides services to its citizens in the areas of highways and streets, electric, water and sewer utilities, public improvement, public safety, planning and zoning and general administrative services.

As required by generally accepted accounting principles, these financial statements present the City of Mulvane, Kansas (primary government) and its component units, entities for which the City is considered to be financially accountable. The component units discussed in the following paragraphs are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely presented component unit

The component unit columns in the financial statements include the financial data of the City's component units, the Mulvane Public Library and the Mulvane Housing Authority. They are reported in a separate column to emphasize that they are legally separate from the City, however, the governing body of the component unit is appointed by the City Council. The Mulvane Public Library is accounted for using the same principles as the governmental fund types of the City and the Mulvane Housing Authority is accounted for using the same principles as the business-type funds of the City.

The Mulvane Public Library operates the public library in the City. The Library Board may not purchase or lease a site or erect a building for use of the library without the approval of the City Council. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs. The Library Board does not issue separate audited financial statements.

The Mulvane Housing Authority manages Quad County Manor, a 23 unit housing facility that was financed by a forty-year United States Department of Agriculture, Rural Development loan. Occupants of the facility pay rent as a percentage of their annual income. The Mulvane Housing Authority hires a management agent to perform administrative functions including the selection of tenants, collection of rents, payment of expenses and perform or contract for maintenance of the property. The Mulvane Housing Authority does not issue separate financial statements.

Blended component unit

The Mulvane Public Building Commission is governed by a five-member board appointed by the City Council with one member consisting of a City Council member. Although it is legally separate from the City, the Mulvane Public Building Commission is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. The financial activities of the Mulvane Public Building Commission are reflected in the Mulvane Public Building Commission special revenue fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental activities provided they do not conflict with or contradict GASB pronouncements.

The City's basic financial statements include both government-wide, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net assets and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable. The statement of net assets presents the financial condition of the City and its component unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the City.

Fund financial statements

During the year, the City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and report only assets and liabilities. Accordingly, agency funds do not measure results of operations however, they use the accrual basis of accounting to recognize assets and payables.

The City reports the following major governmental funds:

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The debt service fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt general obligation debt of governmental funds.

Capital Project Fund – The capital project fund is used to account for the resources accumulated and payments made for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

The City reports the following major proprietary funds:

Electric System Fund – The electric system fund is used to account for the operation of the municipal electric utility including the production and distribution of electricity.

Water System Fund – The water system fund is used to account for the operation of the municipal water utility including water supply, treatment and distribution.

Sewer System Fund – The sewer system fund is used to account for the operation of the municipal sewer utility including the collection and treatment of wastewater.

The City also reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specified purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Internal Service Fund – The internal service fund is used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. This fund accounts for the City's repair and maintenance of vehicles and equipment.

Agency Funds – The agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The only agency fund maintained by the City is a payroll clearing fund to account for moneys held on behalf of City employees payroll for related payroll taxes, retirement contributions, insurance and other authorized withholdings by City employees.

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 for franchise fees and other charges between the City's enterprise funds and various other functions of government and the costs of the City's self-insurance program reported in the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures, charges for services and other revenue are generally not susceptible to accrual and are recorded when received in cash.

Cash and short-term investments

Cash and short-term investments include amounts in demand deposit, money market accounts and certificates of deposit. Investments are carried at fair value. Deposits are reported at their cost, which approximates fair value. For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased to be cash equivalents. Interest income is credited to the investing fund based on their average monthly balances.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Property taxes and other receivables

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as unearned revenue on the balance sheets of the appropriate funds.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized State-shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and state grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures, charges for services and other revenues are generally not susceptible to accrual and are recorded when received in cash.

Special assessments receivable

As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City and are retired from the City's debt service fund. Further, State statutes permit levying additional general ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate construction project. Special assessments received after the issuance of bonds are recorded as revenue in the debt service fund. Special assessment taxes are levied over a ten or fifteen-year period and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund and accrued as revenues in the statement of net assets. Since they are not considered available spendable resources for the funds statement, the special assessment receivable are reported as unearned revenue in the funds statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition for utility funds

Revenue is recorded as billed to customers on a cycle basis. Residential and commercial customers are billed monthly. The uncollected portion of billed services through December 31 is reflected as accounts receivable and estimates of unbilled service at December 31 are reflected as unbilled receivables in the financial statements.

Inventories and prepaid expenditures

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased. The inventory of consumable supplies is not considered significant to the City's financial statements.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the governmental fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$500. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). The historical cost, or estimates of historical cost, for the City's infrastructure assets include only those assets acquired subsequent to January 1, 1980. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Property, plant and equipment of the primary government and its component unit is depreciated using the straight line method over the following estimated useful lives:

Utility plant in service	28 – 50 years
Improvements other than buildings	28 – 50 years
Infrastructure (streets)	20 years
Machinery and equipment	5 to 20 years

Compensated absences

The City's policies regarding vacation permits full-time employees with one year of service to earn 1 week of vacation pay, two to nine years of service earn 2 weeks of vacation pay, ten to fourteen years of service earn 3 weeks of vacation pay, fifteen to nineteen years of service earn 4 weeks of vacation pay, twenty to twenty-nine years of service earn 5 weeks of vacation pay and thirty or more years of service earn 6 weeks of vacation pay per year. One week of vacation pay may be carried over into the next year. Accumulated vacation pay is limited to

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

one week. At termination, an employee shall be compensated for all accumulated vacation pay. All permanent full-time employees earn one-half day of sick leave for every full two-week pay period of continuous employment with 120 days as the maximum amount of sick leave that can be accumulated. Any unused sick leave over the maximum is paid to the employee on the last check of the year at a rate of 50% of the normal rate of pay for the employee. Upon retirement, an employee in good standing shall be paid for any accumulated sick leave up to the maximum at the rate of 50% of the normal rate of pay for the employee. The liabilities are based on current salary costs and the vested portion of accumulated benefits. The liability for accrued compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee termination or retirement.

Accrued liabilities and long-term debt

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Bond costs are being amortized by the interest method over the life of the related revenue bonds in the enterprise funds.

Long-term liabilities for revenue bond obligations and certain general obligation bonds payable are recorded as liabilities in the enterprise funds. Principal payments are deducted from the liability as made.

Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System which is a cost sharing multi-employer statewide defined benefit pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City. This credit is collateralized with security deposits from new and slow paying customers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. In accordance with Governmental Accounting Board Statement No. 10, the City currently reports all its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include payments to cover deductibles and other liabilities related to the City's risk of loss and include an estimate of claims that have been incurred but not reported. At December 31, 2007, the amount of these liabilities was \$-0-. Changes in the reported liability since December 31, 2005 is as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year End</u>
2006	\$ -	\$ 6,559	\$ 6,146	\$ 413
2007	413	19,107	19,520	-

At December 31, 2007, General Fund cash and short-term investments of \$240,016 were held for purposes of funding the City's future claims liabilities. As a result, \$240,016 of the General Fund balance is designated for payment of future claims liabilities.

Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the governing body or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

Reservations and designations of fund equity

The fund balances of the governmental funds include the following reservations, which represent amounts that are not appropriable or are legally segregated for a specific purpose:

Reserved for encumbrances – used to segregate a portion of fund balance for commitments related to unperformed (executory) contracts for goods or services not yet performed by vendors.

The fund balances of the governmental funds include the following designations, which represent management plans that are subject to change:

Designated for subsequent year's budget – used to segregate a portion of fund balance for current resources that were included in the subsequent year's budget to be used to finance operations of the ensuing year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Designated for self-insurance – used to segregate a portion of fund balance representing a reserve for future payment of claims liabilities under the City's risk financing activities.

Designated for debt service – used to segregate a portion of fund balance for debt service resources for the payment of general long-term debt principal and interest amounts of future years.

The net assets of the proprietary funds include the following reservations, which represent amounts that are legally segregated for a specific purpose:

Reserved for revenue bond requirements - used to segregate a portion of net assets restricted for future debt service and other reserve requirements provided for in the authorizing revenue bond ordinances and/or resolutions.

Budgetary principles

The City is required by state statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute), debt service fund, enterprise funds and internal service fund. The Master Park Grant, EMS Education Grant, Capital Improvement Reserve, Municipal Equipment Replacement and Special Highway Improvement special revenue fund types are exempted from a legally adopted budget. In addition, the Mulvane Public Building Commission is not required to prepare annual budgets. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments during the calendar year 2007.

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Management has the authority to revise line items within a department however, changes to total appropriations at the department level must be approved by the City Council.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year. In addition, revenues for sales

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

taxes and franchise fees are not recognized as revenues until their date of receipt. Also, interfund receivables and payable transactions are recognized as revenues and expenditures in the respective funds for budgetary purposes.

Controls over spending in funds which are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories which may be used by governmental entities in Kansas. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2007, is as follows:

Mulvane State Bank	31%
Commerce Bank	69%

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy follows applicable State Statutes and requires deposits to be 100% secured by collateral (pledged securities) valued at market, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. State Statutes define the allowable pledged securities.

2. DEPOSITS AND INVESTMENTS (continued)

At year-end, the carrying amount of the City's deposits was \$7,912,142, with the bank balances of such accounts being \$8,088,218. Of the bank balances, \$205,525 was covered by federal depository insurance and the remaining balance of \$7,882,693 was covered by collateral held by the City's custodial banks in joint custody in the name of the City and its banks. The fair value of those pledged securities held by the City's custodial investment agencies was \$12,213,420 at December 31, 2007.

The remaining carrying amount of the City's cash and investments at December 31, 2007 consisted of cash on hand and cash held by the City's fiscal agent in the amounts of \$400 and \$1,316, respectively.

The Mulvane Public Library's cash and investments at December 31, 2007 consisted of demand deposit and money market checking accounts. At year-end, the carrying amount of the Library's deposits was \$60,378 with the bank balances of such accounts being \$68,640. The bank balances were entirely secured by FDIC insurance at December 31, 2007.

The Mulvane Housing Authority's cash and investments at December 31, 2007 consisted of savings and money market checking accounts. At year-end, the carrying amount of the Authority's deposits was \$9,466 with the bank balances of such accounts being \$9,469. The bank balances were entirely secured by FDIC insurance at December 31, 2007.

3. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 153,721	\$ 102,896	\$ —	\$ 256,617
Construction work in progress	<u>2,083,143</u>	<u>—</u>	<u>2,083,143</u>	<u>—</u>
	<u>2,236,864</u>	<u>102,896</u>	<u>2,083,143</u>	<u>256,617</u>
Capital assets being depreciated:				
Buildings	2,362,453	—	—	2,362,453
Improvements other than buildings	335,908	2,959,982	—	3,295,890
Infrastructure	32,861,875	1,136,322	—	33,998,197
Machinery and equipment	<u>3,358,174</u>	<u>478,283</u>	<u>219,071</u>	<u>3,617,386</u>

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Total capital assets being depreciated	\$ 38,918,410	\$ 4,574,587	\$ 219,071	\$ 43,273,926
Less accumulated depreciation for:				
Buildings	553,517	57,560	—	611,077
Improvements other than buildings	92,518	76,104	—	168,622
Infrastructure	10,455,890	827,757	—	11,283,647
Machinery and equipment	<u>2,166,440</u>	<u>292,305</u>	<u>150,161</u>	<u>2,308,584</u>
Total accumulated depreciation	<u>13,268,365</u>	<u>1,253,726</u>	<u>150,161</u>	<u>14,371,930</u>
Total capital assets being depreciated, net	<u>25,650,045</u>	<u>3,320,861</u>	<u>68,910</u>	<u>28,901,996</u>
Governmental activities capital assets, net	<u>\$ 27,886,909</u>	<u>\$ 3,423,757</u>	<u>\$ 2,152,053</u>	<u>\$ 29,158,613</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated				
Land	\$ 758,117	\$ —	\$ —	\$ 758,117
Capital assets being depreciated:				
Utility plant	13,295,038	223,153	—	13,518,191
Improvements other than buildings	9,970,618	260,560	—	10,231,178
Machinery and equipment	<u>1,264,470</u>	<u>108,438</u>	<u>—</u>	<u>1,372,908</u>
Total capital assets being depreciated	<u>24,530,126</u>	<u>592,151</u>	<u>—</u>	<u>25,122,277</u>
Less accumulated depreciation for:				
Utility plant	3,012,838	350,559	—	3,363,397

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Improvements other than buildings	\$ 3,194,207	\$ 276,309	\$ -	\$ 3,470,516
Machinery and equipment	<u>913,484</u>	<u>94,417</u>	<u>-</u>	<u>1,007,901</u>
Total accumu- lated depreciation	<u>7,120,529</u>	<u>721,285</u>	<u>-</u>	<u>7,841,814</u>
Total capital assets being depreciated, net	<u>17,409,597</u>	<u>(129,134)</u>	<u>-</u>	<u>17,280,463</u>
Business-type activities capital assets, net	<u>\$ 18,167,714</u>	<u>\$ (129,134)</u>	<u>\$ -</u>	<u>\$ 18,038,580</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 27,493
Public safety	259,848
Highways and streets (including depreciation of infrastructure assets)	886,135
Culture and recreation	78,597
Capital assets held by the City's internal service fund is charged to the various functions based on their usage	<u>1,653</u>
Total depreciation expense – governmental activities	<u>\$ 1,253,726</u>
Business-type activities:	
Electric System	\$ 435,486
Water System	73,815
Sewer System	<u>211,984</u>
Total depreciation expense – business-type activities	<u>\$ 721,285</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions of the City for the year ended December 31, 2007:

4. LONG-TERM DEBT (continued)

	Outstanding January 1, 2007	Additions	Deletions	Outstanding December 31, 2007	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 9,184,217	\$ 245,960	\$ 514,961	\$ 8,915,216	\$ 565,797
Mulvane Public Building Commission Revenue bonds	1,335,000	-	60,000	1,275,000	65,000
Note payable to Mulvane Firemen's Relief Association	140,000	-	16,303	123,697	16,631
Compensated absences	<u>137,454</u>	<u>103,196</u>	<u>115,802</u>	<u>124,848</u>	<u>102,329</u>
Total long-term liabilities – Governmental activities	<u>\$10,796,671</u>	<u>\$ 349,156</u>	<u>\$ 707,066</u>	<u>\$10,438,761</u>	<u>\$ 749,757</u>
<u>Business-type activities</u>					
Revenue bonds	\$11,475,000	\$ -	\$ 360,000	\$11,115,000	\$ 370,000
General obligation bonds	2,140,976	-	151,232	1,989,744	157,163
Compensated absences	<u>183,252</u>	<u>172,503</u>	<u>147,059</u>	<u>208,696</u>	<u>171,053</u>
Total long-term liabilities – Business-Type activities	<u>\$13,799,228</u>	<u>\$ 172,503</u>	<u>\$ 658,291</u>	<u>\$13,313,440</u>	<u>\$ 698,216</u>

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2027. At December 31, 2007 the bonds consist of the following:

	Interest <u>rates</u>	Bonds <u>outstanding</u>
General Obligation Bonds, Series 1998-1, issued February 1, 1998	4.20 – 6.20	\$ 845,000
General Obligation Bonds, Series 1998-2, issued April 1, 1998	4.25 – 7.20	265,000
General Obligation Bonds, Series 1998-3, issued December 1, 1998	4.40 – 5.75	90,000
General Obligation Bonds, Series A, 2000, issued April 1, 2000	5.30 – 6.75	430,000
General Obligation Improvement Bonds, Series A, 2001, issued April 1, 2001	4.20 – 6.00	500,000
General Obligation Internal Improvement Bonds, Series A 2002	3.30 – 5.25	675,000
General Obligation Refunding and Improvement Bonds, Series A 2003	3.80 – 5.125	3,355,000
General Obligation Internal Improvement Bonds, Series B 2003	2.00 – 5.00	38,000
General Obligation Internal Improvement Bonds, Series A, 2004	2.75 – 5.40	735,000

4. LONG-TERM DEBT (continued)

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Internal Improvement Bonds, Series B, 2004	3.40 – 5.00	\$ 865,000
General Obligation Internal Improvement Bonds, Series A, 2006	4.25 – 4.50	61,000
General Obligation Internal Improvement Bonds, Series B, 2006	4.45 – 5.50	2,800,000
General Obligation Bonds, Series A, 2007	3.90 – 4.35	<u>245,960</u>
Total general obligation bonds outstanding		10,904,960
Less debt service from enterprise funds		<u>(1,989,744)</u>
Total general obligation bonds payable from debt service fund		<u>\$ 8,915,216</u>

Remaining debt service requirements for general obligation bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds to be retired from the debt service fund are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 565,797	\$ 403,748	\$ 969,545
2009	581,906	375,360	957,266
2010	619,941	351,058	970,999
2011	656,045	324,483	980,528
2012	673,837	296,238	970,075
2013	725,872	265,940	991,812
2014	524,010	233,435	757,445
2015	561,045	209,819	770,864
2016	529,079	183,742	712,821
2017	479,079	159,235	638,314
2018	434,149	136,879	571,028
2019	418,456	117,474	535,930
2020	275,000	98,400	373,400
2021	211,000	85,888	296,888
2022	225,000	76,330	301,330
2023	230,000	66,133	296,133
2024	255,000	55,668	310,668
2025	285,000	43,938	328,938
2026	315,000	30,756	345,756
2027	<u>350,000</u>	<u>16,188</u>	<u>366,188</u>
	<u>\$ 8,915,216</u>	<u>\$ 3,530,712</u>	<u>\$ 12,445,928</u>

Note payable

The City's outstanding note payable consists of a \$123,697 note payable to the Mulvane Firemen's Relief Association with a stated interest rate of 2%. The note requires quarterly payments in the amount of \$4,745, including interest, and is secured by a fire truck. The debt payments are made from the City's General Fund. Annual debt service requirements to maturity for the note payable are as follows:

4. LONG-TERM DEBT (continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 16,631	\$ 2,349	\$ 18,980
2009	16,966	2,014	18,980
2010	17,308	1,672	18,980
2011	17,657	1,323	18,980
2012	18,013	967	18,980
2013	18,376	604	18,980
2014	<u>18,746</u>	<u>234</u>	<u>18,980</u>
	<u>\$123,697</u>	<u>\$ 9,163</u>	<u>\$ 132,860</u>

General obligation bonds payable from enterprise funds

Remaining debt service requirements for general obligation bonds to be paid from the Electric, Water and Sewer System Funds are as follows:

<u>Year</u>	<u>Electric Utility</u>			<u>Water Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 32,534	\$ 16,588	\$ 49,122	\$ 57,008	\$ 29,067	\$ 86,075
2009	33,762	15,612	49,374	59,160	27,356	86,516
2010	34,376	14,515	48,891	60,235	25,434	85,669
2011	36,217	13,311	49,528	63,462	23,326	86,788
2012	32,534	11,953	44,487	57,008	20,946	77,954
2013	33,147	10,652	43,799	58,084	18,665	76,749
2014	35,603	9,293	44,896	62,387	16,284	78,671
2015	36,217	7,798	44,015	63,462	13,664	77,126
2016	36,831	6,240	43,071	64,538	10,935	75,473
2017	36,831	4,620	41,451	64,538	8,095	72,633
2018	38,059	2,962	41,021	66,689	5,190	71,879
2019	<u>25,782</u>	<u>1,212</u>	<u>26,994</u>	<u>45,176</u>	<u>2,123</u>	<u>47,299</u>
	<u>\$ 411,893</u>	<u>\$ 114,756</u>	<u>\$ 526,649</u>	<u>\$ 721,747</u>	<u>\$201,085</u>	<u>\$ 922,832</u>

<u>Year</u>	<u>Sewer Utility</u>			<u>Total Utilities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 67,621	\$ 34,477	\$ 102,098	\$ 157,163	\$ 80,132	\$ 237,295
2009	70,172	32,449	102,621	163,094	75,417	238,511
2010	71,448	30,168	101,616	166,059	70,117	236,176
2011	75,276	27,668	102,944	174,955	64,305	239,260
2012	67,621	24,845	92,466	157,163	57,744	214,907
2013	68,897	22,140	91,037	160,128	51,457	211,585
2014	74,000	19,315	93,315	171,990	44,892	216,882
2015	75,276	16,207	91,483	174,955	37,669	212,624
2016	76,551	12,971	89,522	177,920	30,146	208,066
2017	76,552	9,602	86,154	177,921	22,317	200,238
2018	79,104	6,157	85,261	183,852	14,309	198,161
2019	<u>53,586</u>	<u>2,519</u>	<u>56,105</u>	<u>124,544</u>	<u>5,854</u>	<u>130,398</u>
	<u>\$ 856,104</u>	<u>\$ 238,518</u>	<u>\$ 1,094,622</u>	<u>\$ 1,989,744</u>	<u>\$ 554,359</u>	<u>\$ 2,544,103</u>

4. LONG-TERM DEBT (continued)

Revenue bonds

Outstanding revenue bonds, secured by revenues derived from the operations of the Electric, Water and Sewer Utility funds, consist of \$9,485,000 of outstanding Series 2005, 3.00% – 4.60%, Electric, Waterworks and Sewer Utility System Refunding and Improvement Revenue Bonds and \$1,630,000 of outstanding Series 2006, 4.00% – 5.25%, Electric, Waterworks and Sewer Utility System Revenue Bonds.. The proceeds of the Series 2005 issue were utilized to refund \$4,295,000 of outstanding Electric, Waterworks and Sewer Utility Revenue Bonds, Series 2003 and provide financing for sewage treatment facility improvements. The Series 2006 bonds are to provide financing for sewage treatment facility improvements. Annual debt service requirements for the outstanding revenue bonds to be paid from the Electric and Sewer System Funds are as follows:

<u>Year</u>	<u>Electric Utility</u>			<u>Sewer Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 149,952	\$ 187,541	\$ 337,493	\$ 220,048	\$ 293,242	\$ 513,290
2009	154,638	182,592	337,230	230,362	285,580	515,942
2010	161,667	177,335	339,002	238,333	277,308	515,641
2011	166,353	171,676	338,029	248,647	268,526	517,173
2012	173,382	165,688	339,070	256,618	259,095	515,713
2013	178,068	159,272	337,340	266,932	249,120	516,052
2014	187,440	152,506	339,946	277,560	238,457	516,017
2015	192,126	145,196	337,322	287,874	227,144	515,018
2016	201,498	137,511	339,009	298,502	215,139	513,641
2017	208,527	129,249	337,776	311,473	202,446	513,919
2018	215,556	120,491	336,047	324,444	188,764	513,208
2019	224,928	111,007	335,935	340,072	174,008	514,080
2020	238,986	101,110	340,096	361,014	158,535	519,549
2021	248,358	90,594	338,952	371,642	142,111	513,753
2022	260,073	79,667	339,740	389,927	124,993	514,920
2023	271,788	68,223	340,011	408,212	107,029	515,241
2024	281,160	55,721	336,881	423,840	87,601	511,441
2025	297,561	42,788	340,349	452,439	67,422	519,861
2026	309,276	29,100	338,376	470,724	45,862	516,586
2027	323,249	14,873	338,122	491,751	23,429	515,180
	<u>\$ 4,444,586</u>	<u>\$ 2,322,140</u>	<u>\$ 6,766,726</u>	<u>\$ 6,670,414</u>	<u>\$ 3,635,811</u>	<u>\$10,306,225</u>

<u>Year</u>	<u>Totals</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 370,000	\$ 480,783	\$ 850,783
2009	385,000	468,172	853,172
2010	400,000	454,643	854,643
2011	415,000	440,202	855,202
2012	430,000	424,783	854,783
2013	445,000	408,392	853,392
2014	465,000	390,963	855,963
2015	480,000	372,340	852,340
2016	500,000	352,650	852,650
2017	520,000	331,695	851,695

4. LONG-TERM DEBT (continued)

<u>Year</u>	<u>Totals</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 540,000	\$ 309,255	\$ 849,255
2019	565,000	285,015	850,015
2020	600,000	259,645	859,645
2021	620,000	232,705	852,705
2022	650,000	204,660	854,660
2023	680,000	175,252	855,252
2024	705,000	143,322	848,322
2025	750,000	110,210	860,210
2026	780,000	74,962	854,962
2027	815,000	38,302	853,302
	<u>\$ 11,115,000</u>	<u>\$ 5,957,951</u>	<u>\$ 17,072,951</u>

The Revenue bond resolution provides for deposits to: (a) principal and interest account each month to provide for the payment of principal and interest on the bonds as they become due and payable, (b) bond reserve account to accumulate to a maximum stated amount to be used solely and exclusively for payments of principal and interest of such bonds for which funds might not otherwise be available or may be used to call the bonds for redemption and payment prior to their maturity, with a maximum accumulation of \$727,370, and (c) surplus account to accumulate moneys not required in (a) or (b) above and not required for the operation and maintenance of the plant and system for a period of sixty days to be used to pay the cost of operation, maintenance and repair, improving, extending or enlarging the system or to redeem prior to maturity outstanding bonds of the system. The revenue bond ordinance provides for user rates to be established at a level which will generate net operating income at an amount not to be less than 125% of the debt service requirements to be paid by the City in such fiscal year. The net operating income provision applies to the Electric System, Water System and Sewer System funds collectively. At December 31, 2007, the City was in compliance with the reserve requirements of the revenue bond resolution.

Mulvane Public Building Commission revenue bonds

The Mulvane Public Building Commission revenue bonds are serial bonds to be retired through calendar year 2021. At December 31, 2007 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
Mulvane Public Building Commission Revenue Bonds, Series 2001 (Fire/ EMS Facility)	4.00 – 5.70	\$ 1,275,000

Remaining debt service requirements for the Mulvane Public Building Commission revenue bonds will be paid by the Mulvane Public Building Commission from the lease payments received from the City of Mulvane, which are provided with future property tax revenues to be levied in the General Fund and other resources available to the City. Annual debt service requirements to maturity for the revenue bonds are as follows:

4. LONG-TERM DEBT (continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 65,000	\$ 69,865	\$ 134,865
2009	65,000	66,615	131,615
2010	70,000	63,333	133,333
2011	75,000	59,762	134,762
2012	80,000	55,900	135,900
2013	80,000	51,740	131,740
2014	85,000	47,340	132,340
2015	90,000	42,665	132,665
2016	95,000	37,715	132,715
2017	100,000	32,490	132,490
2018	110,000	26,790	136,790
2019	115,000	20,520	135,520
2020	120,000	13,965	133,965
2021	<u>125,000</u>	<u>7,125</u>	<u>132,125</u>
	<u>\$ 1,275,000</u>	<u>\$ 595,825</u>	<u>\$ 1,870,825</u>

Conduit debt

The City has issued limited obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligations bear the name of the City, they are payable solely from resources provided by leases or loans with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith or credit of the City of Mulvane, and accordingly, are not included as liabilities in the accompanying financial statements. The following is a summary of conduit debt transactions for the year ended December 31, 2007:

	<u>Outstanding January 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding December 31, 2007</u>
Villa Maria, Inc. Health Care Facility Refunding Revenue Bonds, Bonds, Series 2004	\$ 4,030,000	\$ —	\$ 185,000	\$ 3,845,000

Compensated absences

The governmental funds portion of outstanding compensated absence liabilities is principally liquidated from resources of the General Fund.

5. CAPITAL PROJECT FUND AUTHORIZATIONS

A December 31, 2007, individual project authorizations compared with project expenditures from inception which are reported within the Capital Projects Fund are as follows:

5. CAPITAL PROJECT FUND AUTHORIZATIONS (continued)

	<u>Project authorizations</u>	<u>Expenditures project inception to December 31, 2007</u>
111 th Street Bike/Pedestrian Path Improvements	\$ 253,720	\$ 194,067
111 th Street Improvements	728,838	728,838
Cedar Brook Addition Phase 3 Improvements	317,520	229,630
Sewer Treatment Plant Improvements	7,800,000	6,464,409
Electric Generation Plant Improvements	4,800,000	4,795,342

The Electric Generation Plant Improvement and Sewer Treatment Plant Improvement projects are reported in the Electric System Fund and Sewer Utility Fund, respectively.

6. PENSION PLAN

Plan description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803.

Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for the period from January 1, 2007 to December 31, 2007 was 5.31%. The City's contributions to KPERS for the years ending December 31, 2007, 2006 and 2005 were \$122,217, \$100,519 and \$87,082, respectively, equal to the statutory required contributions for each year.

7. BUDGETARY DATA

As described in Note 1, the actual data presented in the budgetary comparison statements differ from data presented in accordance with generally accepted accounting principles (GAAP) for the governmental fund types. The following reconciliation's are presented to provide a correlation between the different bases of reporting:

7. BUDGETARY DATA (continued)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Nonmajor Governmental Funds</u>
GAAP Fund Balance at December 31, 2007	\$ 1,615,274	\$ 160,646	\$ 1,509,695
Adjustments:			
Reserved for self-insurance	(240,016)	—	—
Reserved for encumbrances (budgeted funds)	(130,488)	—	(18,348)
Accrued sales tax revenues	(58,575)	—	—
Accrued franchise fee revenues	(91,181)	—	(3,906)
Due to other funds	157,824	—	—
Fund balances of funds not subject to the Kansas budget law	<u>—</u>	<u>—</u>	<u>(578,692)</u>
Budgetary Fund Balance at December 31, 2007	<u>\$ 1,252,838</u>	<u>\$ 160,646</u>	<u>\$ 908,749</u>

8. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables (due to/due from other funds) at December 31, 2007 were as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General	\$ —	\$ 157,824
Electric System	<u>157,824</u>	<u>—</u>
	<u>\$ 157,824</u>	<u>\$ 157,824</u>

The outstanding balances between funds are the result of equipment financing loans that will be repaid to the Electric System Fund in subsequent years.

9. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund for 2007 is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General	\$ 71,500	\$ 311,305
Capital Projects	81,783	142,745
Electric System	12,720	15,211
Water System	9,374	9,000
Sewer System	<u>—</u>	<u>30,000</u>
	<u>175,377</u>	<u>508,261</u>

9. INTERFUND TRANSFERS (continued)

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Nonmajor Funds:		
Senior Citizen	\$ 10,000	\$ -
Special Highway	-	26,000
Transportation Impact Fee	-	72,952
Storm Sewer Impact	-	8,832
Swimming Pool	66,500	-
Capital Improvement Reserve	114,152	-
Municipal Equipment Replacement	102,000	-
Mulvane Public Building Commission	132,805	-
Shop Maintenance	<u>15,211</u>	<u>-</u>
	<u>440,668</u>	<u>107,784</u>
	<u>\$ 616,045</u>	<u>\$ 616,045</u>

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. Transfers from the General Fund (\$102,000) to the Municipal Equipment Replacement Fund are routinely made to fund future equipment replacement for the various departments within the General Fund. The General Fund also routinely makes transfers to the Senior Citizen Fund (\$10,000) and Swimming Pool Fund (\$66,500) to support operations and also to the Mulvane Public Building Commission (\$132,805) representing EMS facility rentals. The Water System (\$9,000) and Sewer System Funds (\$30,000) routinely transfer to the General Fund to support administrative operations and the Electric System Fund transfers to the Shop Maintenance Fund on a routine basis to alleviate operating deficits.

Non-routine transfers from the Special Highway, Transportation Impact Fee and Storm Sewer Funds in the amounts of \$26,000, \$72,952 and \$8,832, respectively, reflect transfers to the Capital Projects Fund to assist in financing certain improvement projects. The transfers from the Capital Projects Fund to the Electric System, Water System and Capital Improvement Reserve Funds in the amounts of \$12,720, \$9,374 and \$114,152, respectively, represent reimbursement of project costs incurred by those funds in a prior year.

10. ADVANCE REFUNDING

On November 15, 2005, the City entered into an advance refunding transaction whereby it issued \$10,000,000 of Electric, Waterworks and Sewer Utility System Refunding and Improvement Revenue Bonds, Series 2005, with interest rates from 3% to 4.6%, to advance refund \$4,295,000 of Electric, Waterworks and Sewer Utility System Revenue Bonds, Series 2003, with interest rates from 2% to 5.25% and provide financing for sewer treatment plant facility improvements. Proceeds from the Series 2005 revenue bonds in the amount of \$4,363,500 and City funds on hand of \$101 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2003 revenue bonds. The City's escrow agent called the Series 2003 revenue bonds maturing on October 1, 2008 to October 1, 2027 for redemption and payment on October 1, 2007. As a result, the Series 2003 revenue bonds are considered to be defeased and the liability for those bonds has been removed from the Electric System Fund statement of net assets.

10. ADVANCE REFUNDING (continued)

The City advance refunded the Series 2003 revenue bonds to remove and modify restrictions contained in the refunded bond agreement, to reduce its total debt service payments over the next 22 years by \$162,747, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$158,074.

11. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the City is required to allow retirees to participate in its group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy, if any, has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured and there is no cost to the City under this program.

12. COMMITMENTS AND CONTINGENCIES

In 2007, the State of Kansas enacted legislation authorizing casino gaming in Kansas and established four gaming zones. One gaming zone was established for south central Kansas encompassing Sedgwick and Sumner Counties allowing for the construction of one single facility. In August 2007, voters of Sedgwick County chose not to allow a casino to be built in the County leaving only certain sites in Sumner County. The Kansas Lottery Commission has approved contracts with three prospective casino developers in Sumner County. One site is located near the City of Mulvane and the City Council has annexed property at the proposed site and approved to provide utilities to the proposed facility should it prevail. Two other proposed sites are near the City of Wellington in Sumner County. The Sumner County Board of County Commissioners has filed suit against the City of Mulvane regarding its annexation actions. The decision as to which location will be selected in Sumner County rests with a special casino review board of the Kansas Lottery Commission. The board is expected to make a decision by September 26, 2008.

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

Employee Benefit – to account for the City's portion of social security, retirement, workmen's compensation and unemployment insurance contributions applicable to governmental funds' payrolls. Financing is provided by taxes.

Library – to account for the City's tax levy funding of the operation of the municipal library. Financing is provided by a specific tax levy.

Industrial Development – to account for the promotion of industrial development. Financing is provided through a specific tax levy.

Senior Citizen – to account for the operations of the Senior Center activities. Financing is provided from appropriations from the City's general fund.

Special Highway – to account for street maintenance operations. Financing is provided through motor fuel taxes distributed from the State of Kansas Special City and County Highway Fund.

Nine One One – to account for telephone tax revenue and other financing sources used to purchase and maintain emergency communications equipment and systems.

Special Park and Recreation – to account for park and recreation services for City residents. Financing is provided through a statewide alcohol liquor tax.

Master Park Grant – to account for grant proceeds related to park and recreation facilities.

EMS Education Grant – to account for grant proceeds related to training of emergency services employees.

Transportation Impact Fee – to account for the assessments on new home construction for use in construction or improvement of the City's streets.

Storm Sewer Fee – to account for the assessments on all sewer utility customers for use in construction or improvement of the City's storm sewer drainage system.

Park Impact Fee – to account for the assessments on new home construction for use in construction or improvement of the City's parks.

Swimming Pool – to account for the operations of the municipal swimming pool.

Capital Improvement Reserve – to account for public facility improvements performed in conjunction with the City's multi-year capital improvement plan. Financing is provided from tax levy and other resources available to the City for such purposes.

Municipal Equipment Replacement – to accumulate resources to be used for new or replacement equipment. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Special Highway Improvement – to account for street improvement and maintenance operations. Financing is provided by transfers from the special highway fund at the discretion of the City Council, with certain limitations as provided in applicable state statutes.

Mulvane Public Building Commission – the Mulvane Public Building Commission is a component unit of the City and is used to account for the acquisition and subsequent debt service of public buildings utilized by the City.

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
(continued on next page)

December 31, 2007

	Employee Benefit	Library	Industrial Develop- ment	Senior Citizen	Special Highway	Nine One One	Special Park and Recreation	Trans- portation Impact Fee	Storm Sewer
<u>ASSETS</u>									
Cash and short-term investments	\$ 244,028	\$ 5,967	\$ 206,240	\$ 1,507	\$ 44,525	\$ 23,576	\$ 24,989	\$194,740	\$ 129,735
Accounts receivable	414	-	-	-	-	3,906	-	-	5,128
Taxes receivable	333,154	112,477	11,021	-	-	-	-	-	-
Total assets	<u>\$ 577,596</u>	<u>\$ 118,444</u>	<u>\$ 217,261</u>	<u>\$ 1,507</u>	<u>\$ 44,525</u>	<u>\$ 27,482</u>	<u>\$ 24,989</u>	<u>\$194,740</u>	<u>\$ 134,863</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ 600	\$ -	\$ 596	\$ -	\$ -	\$ -
Accrued payroll and taxes	5,058	-	-	216	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Deferred revenue	333,154	112,477	11,021	-	-	-	-	-	-
Total liabilities	<u>338,212</u>	<u>112,477</u>	<u>11,021</u>	<u>816</u>	<u>-</u>	<u>596</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:									
Reserved for encumbrances	-	-	-	-	18,349	-	-	-	-
Unreserved:									
Designated for subsequent years' expenditures	154,185	3,837	191,309	-	23,872	22,228	6,460	194,740	86,492
Undesignated	85,199	2,130	14,931	691	2,304	4,658	18,529	-	48,371
Total fund balances	<u>239,384</u>	<u>5,967</u>	<u>206,240</u>	<u>691</u>	<u>44,525</u>	<u>26,886</u>	<u>24,989</u>	<u>194,740</u>	<u>134,863</u>
Total liabilities and fund balances	<u>\$ 577,596</u>	<u>\$ 118,444</u>	<u>\$ 217,261</u>	<u>\$ 1,507</u>	<u>\$ 44,525</u>	<u>\$ 27,482</u>	<u>\$ 24,989</u>	<u>\$194,740</u>	<u>\$ 134,863</u>

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
(continued from previous page)

December 31, 2007

	Park Impact Fee	Swimming Pool	Master Park Grant	EMS Education Grant	Capital Improvement Reserve	Municipal Equipment Replacement	Special Highway Improvement	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
Cash and short-term investments	\$ 44,082	\$ 11,916	\$ 33	\$ -	\$ 292,062	\$ 226,597	\$ 1,193	\$ -	\$1,451,190
Accounts receivable	-	-	-	-	-	-	-	-	9,448
Taxes receivable	-	-	-	-	78,940	-	-	-	535,592
Total assets	\$ 44,082	\$ 11,916	\$ 33	\$ -	\$ 371,002	\$ 226,597	\$ 1,193	\$ -	\$1,996,230
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ 3,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,476
Accrued payroll and taxes	-	-	-	-	-	-	-	-	5,274
Due to other funds	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	20,133	-	-	-	476,785
Total liabilities	-	3,280	-	-	20,133	-	-	-	486,535
Fund balances:									
Reserved for encumbrances	-	-	-	-	-	9,247	-	-	27,596
Unreserved:									
Designated for subsequent years' expenditures	42,241	-	-	-	-	-	-	-	725,364
Undesignated	1,841	8,636	33	-	350,869	217,350	1,193	-	756,735
Total fund balances	44,082	8,636	33	-	350,869	226,597	1,193	-	1,509,695
Total liabilities and fund balances	\$ 44,082	\$ 11,916	\$ 33	\$ -	\$ 371,002	\$ 226,597	\$ 1,193	\$ -	\$1,996,230

CITY OF MULVANE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
(continued on next page)

Year ended December 31, 2007

	Employee Benefit	Library	Industrial Develop- ment	Senior Citizen	Special Highway	Nine One One	Special Park and Recreation	Trans- portation Impact Fee	Storm Sewer
Revenues:									
Taxes	\$ 419,407	\$ 127,510	\$ 16,755	\$ -	\$ -	\$ 21,237	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	8,075	235,654	-	9,764	70,406	-
Licenses, fees and permits	-	-	-	-	-	-	-	3,500	-
Charges for services	-	-	-	-	-	-	-	-	30,504
Use of money and property	12,654	94	8,933	16	3,194	862	642	7,887	5,534
Miscellaneous	-	-	-	3,242	-	-	-	-	-
Total revenues	<u>432,061</u>	<u>127,604</u>	<u>25,688</u>	<u>11,333</u>	<u>238,848</u>	<u>22,099</u>	<u>10,406</u>	<u>81,793</u>	<u>36,038</u>
Expenditures:									
Current:									
General government	42,974	-	-	-	-	-	-	-	-
Public safety	282,687	-	-	-	-	8,152	-	-	-
Highway and streets	67,159	-	-	-	171,049	-	-	-	-
Culture and recreation	59,477	128,276	-	22,862	-	-	-	-	-
Economic development	-	-	225	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	8,901	-	-	-
Interest and fiscal charges	-	-	-	-	-	1,805	-	-	-
Total expenditures	<u>452,297</u>	<u>128,276</u>	<u>225</u>	<u>22,862</u>	<u>171,049</u>	<u>18,858</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(20,236)</u>	<u>(672)</u>	<u>25,463</u>	<u>(11,529)</u>	<u>67,799</u>	<u>3,241</u>	<u>10,406</u>	<u>81,793</u>	<u>36,038</u>
Other financing sources (uses):									
Operating transfers in	-	-	-	10,000	-	-	-	(72,952)	-
Operating transfers out	-	-	-	-	(26,000)	-	-	-	(8,832)
Total other financing sources (uses)	-	-	-	10,000	(26,000)	-	-	(72,952)	(8,832)
Net change in fund balance	(20,236)	(672)	25,463	(1,529)	41,799	3,241	10,406	8,841	27,206
Fund balances, beginning of year	<u>259,620</u>	<u>6,639</u>	<u>180,777</u>	<u>2,220</u>	<u>2,726</u>	<u>23,645</u>	<u>14,583</u>	<u>185,899</u>	<u>107,657</u>
Fund balances (deficit), end of year	<u>\$ 239,384</u>	<u>\$ 5,967</u>	<u>\$ 206,240</u>	<u>\$ 691</u>	<u>\$ 44,525</u>	<u>\$ 26,886</u>	<u>\$ 24,989</u>	<u>\$ 194,740</u>	<u>\$ 134,863</u>

CITY OF MULVANE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
(continued from previous page)

Year ended December 31, 2007

	Park Impact Fee	Swimming Pool	Master Park Grant	EMS Education Grant	Capital Improve- ment Reserve	Municipal Equipment Replacement	Special Highway Improvement	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 93,316	\$ -	\$ -	\$ -	\$ 678,225
Intergovernmental revenues	-	-	-	5,110	-	-	-	-	329,009
Licenses, fees and permits	1,500	-	-	-	-	-	-	-	5,000
Charges for services	-	48,940	-	-	-	-	-	-	79,444
Use of money and property	1,841	-	-	-	18,734	9,698	333	-	70,422
Miscellaneous	-	-	-	-	-	-	-	-	3,242
Total revenues	<u>3,341</u>	<u>48,940</u>	<u>-</u>	<u>5,110</u>	<u>112,050</u>	<u>9,698</u>	<u>333</u>	<u>-</u>	<u>1,165,342</u>
Expenditures:									
Current:									
General government	-	-	-	-	-	6,317	-	-	49,291
Public safety	-	-	-	5,110	-	122,498	-	-	418,447
Highway and streets	-	-	-	-	3,868	21,990	-	-	264,066
Culture and recreation	-	106,804	-	-	114,152	28,781	-	-	460,352
Economic development	-	-	-	-	-	-	-	-	225
Debt service:									
Principal	-	-	-	-	-	-	-	60,000	68,901
Interest and fiscal charges	-	-	-	-	-	-	-	72,805	74,610
Total expenditures	<u>-</u>	<u>106,804</u>	<u>-</u>	<u>5,110</u>	<u>118,020</u>	<u>179,586</u>	<u>-</u>	<u>132,805</u>	<u>1,335,892</u>
Revenues over (under) expenditures	<u>3,341</u>	<u>(57,864)</u>	<u>-</u>	<u>-</u>	<u>(5,970)</u>	<u>(169,888)</u>	<u>333</u>	<u>(132,805)</u>	<u>(170,550)</u>
Other financing sources (uses):									
Operating transfers in	-	66,500	-	-	114,152	102,000	-	132,805	425,457
Operating transfers out	-	-	-	-	-	-	-	-	(107,784)
Total other financing sources (uses)	<u>-</u>	<u>66,500</u>	<u>-</u>	<u>-</u>	<u>114,152</u>	<u>102,000</u>	<u>-</u>	<u>132,805</u>	<u>317,673</u>
Net change in fund balance	<u>3,341</u>	<u>8,636</u>	<u>-</u>	<u>-</u>	<u>108,182</u>	<u>(67,888)</u>	<u>333</u>	<u>-</u>	<u>147,123</u>
Fund balances, beginning of year	<u>40,741</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>242,687</u>	<u>294,485</u>	<u>860</u>	<u>-</u>	<u>1,362,572</u>
Fund balances, end of year	<u>\$ 44,082</u>	<u>\$ 8,636</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 350,869</u>	<u>\$ 226,597</u>	<u>\$ 1,193</u>	<u>\$ -</u>	<u>\$ 1,509,695</u>

CITY OF MULVANE, KANSAS

EMPLOYEE BENEFITS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 407,250	\$ 407,250	\$ 419,407	\$ 12,157
Use of money and property	<u>10,700</u>	<u>10,700</u>	<u>12,654</u>	<u>1,954</u>
Total revenues	<u>417,950</u>	<u>417,950</u>	<u>432,061</u>	<u>14,111</u>
Expenditures:				
Administration department	104,740	104,740	42,974	61,766
Street department	74,856	74,856	67,159	7,697
Police department	227,716	227,716	222,333	5,383
Emergency services department	52,177	52,177	60,354	(8,177)
Park department	<u>71,960</u>	<u>71,960</u>	<u>59,477</u>	<u>12,483</u>
Total expenditures	<u>531,449</u>	<u>531,449</u>	<u>452,297</u>	<u>79,152</u>
Expenditures over revenues	(113,499)	(113,499)	(20,236)	93,263
Fund balance, beginning of year	<u>113,499</u>	<u>113,499</u>	<u>259,620</u>	<u>146,121</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 239,384</u>	<u>\$ 239,384</u>

CITY OF MULVANE, KANSAS

LIBRARY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 124,117	\$ 124,117	\$ 127,510	\$ 3,393
Use of money and property	<u>40</u>	<u>40</u>	<u>94</u>	<u>54</u>
Total revenues	<u>124,157</u>	<u>124,157</u>	<u>127,604</u>	<u>3,447</u>
Expenditures:				
Appropriations to				
Library Board	128,276	128,276	128,276	-
Other	<u>1,126</u>	<u>1,126</u>	<u>-</u>	<u>1,126</u>
Total expenditures	<u>129,402</u>	<u>129,402</u>	<u>128,276</u>	<u>1,126</u>
Expenditures over revenues	(5,245)	(5,245)	(672)	4,573
Fund balance, beginning of year	<u>5,245</u>	<u>5,245</u>	<u>6,639</u>	<u>1,394</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,967</u>	<u>\$ 5,967</u>

CITY OF MULVANE, KANSAS

INDUSTRIAL DEVELOPMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 15,898	\$ 15,898	\$ 16,755	\$ 857
Use of money and property	<u>3,560</u>	<u>3,560</u>	<u>8,933</u>	<u>5,373</u>
Total revenues	<u>19,458</u>	<u>19,458</u>	<u>25,688</u>	<u>6,230</u>
Expenditures:				
Contractual services	186,803	186,803	–	186,803
Capital outlay	<u>–</u>	<u>–</u>	<u>225</u>	<u>(225)</u>
Total expenditures	<u>186,803</u>	<u>186,803</u>	<u>225</u>	<u>186,578</u>
Revenues over (under) expenditures	(167,345)	(167,345)	25,463	192,808
Fund balance, beginning of year	<u>167,345</u>	<u>167,345</u>	<u>180,777</u>	<u>13,432</u>
Fund balance, end of year	<u><u>\$ –</u></u>	<u><u>\$ –</u></u>	<u><u>\$ 206,240</u></u>	<u><u>\$ 206,240</u></u>

CITY OF MULVANE, KANSAS

SENIOR CITIZENS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 8,075	\$ 75
Use of money and property	20	20	16	(4)
Miscellaneous	5,400	5,400	3,242	(2,158)
Transfers in	<u>27,000</u>	<u>27,000</u>	<u>10,000</u>	<u>(17,000)</u>
 Total revenues and other sources	 40,420	 40,420	 21,333	 (19,087)
 Expenditures:				
Operating expenditures	<u>48,412</u>	<u>48,412</u>	<u>22,862</u>	<u>25,550</u>
 Expenditures over revenues and other sources	 (7,992)	 (7,992)	 (1,529)	 6,463
Fund balance, beginning of year	<u>7,992</u>	<u>7,992</u>	<u>2,220</u>	<u>(5,772)</u>
 Fund balance, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 691</u></u>	<u><u>\$ 691</u></u>

CITY OF MULVANE, KANSAS

SPECIAL HIGHWAY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 231,860	\$ 231,860	\$ 235,654	\$ 3,794
Use of money and property	<u>1,325</u>	<u>1,325</u>	<u>3,194</u>	<u>1,869</u>
Total revenues	<u>233,185</u>	<u>233,185</u>	<u>238,848</u>	<u>5,663</u>
Expenditures:				
Street operations	78,099	78,099	189,397	(111,298)
Debt service	46,000	46,000	46,000	-
Transfers out	<u>111,760</u>	<u>111,760</u>	<u>-</u>	<u>111,760</u>
Total expenditures	<u>235,859</u>	<u>235,859</u>	<u>235,397</u>	<u>462</u>
Revenues over (under) expenditures	(2,674)	(2,674)	3,451	6,125
Fund balance, beginning of year	<u>2,674</u>	<u>2,674</u>	<u>22,726</u>	<u>20,052</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,177</u></u>	<u><u>\$ 26,177</u></u>

CITY OF MULVANE, KANSAS

NINE ONE ONE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 16,550	\$ 16,550	\$ 17,331	\$ 781
Use of money and property	<u>165</u>	<u>165</u>	<u>862</u>	<u>697</u>
Total revenues	<u>16,715</u>	<u>16,715</u>	<u>18,193</u>	<u>1,478</u>
Expenditures:				
Operating expenditures	11,287	11,287	8,152	3,135
Debt service	<u>10,700</u>	<u>10,700</u>	<u>10,706</u>	<u>(6)</u>
Total expenditures	<u>21,987</u>	<u>21,987</u>	<u>18,858</u>	<u>3,129</u>
Revenues over (under) expenditures	(5,272)	(5,272)	(665)	4,607
Fund balance, beginning of year	<u>5,272</u>	<u>5,272</u>	<u>23,645</u>	<u>18,373</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 22,980</u>	<u>\$ 22,980</u>

CITY OF MULVANE, KANSAS
SPECIAL PARK AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Liquor tax	\$ 8,803	\$ 8,803	\$ 9,764	\$ 961
Use of money and property	<u>25</u>	<u>25</u>	<u>642</u>	<u>617</u>
Total revenues	8,828	8,828	10,406	1,578
Expenditures:				
Capital outlay	<u>17,156</u>	<u>17,156</u>	<u>—</u>	<u>17,156</u>
Revenues over (under)				
expenditures	(8,328)	(8,328)	10,406	18,734
Fund balance,				
beginning of year	<u>8,328</u>	<u>8,328</u>	<u>14,583</u>	<u>6,255</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 24,989</u>	<u>\$ 24,989</u>

CITY OF MULVANE, KANSAS

TRANSPORTATION IMPACT FEE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 30,000	\$ 30,000	\$ 3,500	\$ (26,500)
Intergovernmental	–	–	70,406	70,406
Use of money and property	<u>3,815</u>	<u>3,815</u>	<u>7,887</u>	<u>4,072</u>
Total revenues	<u>33,815</u>	<u>33,815</u>	<u>81,793</u>	<u>47,978</u>
Expenditures:				
Capital outlay	257,748	257,748	–	257,748
Transfers out	<u>–</u>	<u>–</u>	<u>72,952</u>	<u>(72,952)</u>
Total expenditures and other uses	<u>257,748</u>	<u>257,748</u>	<u>72,952</u>	<u>184,796</u>
Revenues over (under) expenditures	(223,933)	(223,933)	8,841	232,774
Fund balance, Beginning of year	<u>223,933</u>	<u>223,933</u>	<u>185,899</u>	<u>(38,034)</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$194,740</u>	<u>\$ 194,740</u>

CITY OF MULVANE, KANSAS

STORM SEWER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 27,000	\$ 27,000	\$ 30,504	\$ 3,504
Use of money and property	<u>1,835</u>	<u>1,835</u>	<u>5,534</u>	<u>3,699</u>
Total revenues	28,835	28,835	<u>36,038</u>	<u>7,203</u>
Expenditures:				
Capital Outlay	158,211	158,211	–	158,211
Transfers Out	<u>–</u>	<u>–</u>	<u>8,832</u>	<u>(8,832)</u>
Total expenditures	<u>158,211</u>	<u>158,211</u>	<u>8,832</u>	<u>149,379</u>
Revenues over (under) expenditures	(129,376)	(129,376)	27,206	156,582
Fund balance, beginning of year	<u>129,376</u>	<u>129,376</u>	<u>107,657</u>	<u>(21,719)</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$134,863</u>	<u>\$ 134,863</u>

CITY OF MULVANE, KANSAS

PARK IMPACT FEE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$10,500	\$10,500	\$ 1,500	\$ (9,000)
Use of money and property	<u>100</u>	<u>100</u>	<u>1,841</u>	<u>1,741</u>
Total revenues	10,600	10,600	3,341	(7,259)
Expenditures:				
Capital outlay	<u>48,493</u>	<u>48,493</u>	<u>—</u>	<u>48,493</u>
Revenues over expenditures	(37,893)	(37,893)	3,341	41,234
Fund balance, beginning of year	<u>37,893</u>	<u>37,893</u>	<u>40,741</u>	<u>2,848</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 44,082</u>	<u>\$ 44,082</u>

CITY OF MULVANE, KANSAS

SWIMMING POOL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$100,460	\$100,460	\$ 48,940	\$ (51,520)
Transfers in	<u>60,000</u>	<u>60,000</u>	<u>66,500</u>	<u>6,500</u>
Total revenues	160,460	160,460	115,440	(45,020)
Expenditures:				
Swimming pool operations	<u>160,460</u>	<u>160,460</u>	<u>106,804</u>	<u>53,656</u>
Revenues over expenditures	–	–	8,636	8,636
Fund balance, beginning of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 8,636</u>	<u>\$ 8,636</u>

CITY OF MULVANE, KANSAS

DEBT SERVICE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Taxes	\$ 358,273	\$ 358,273	\$ 364,678	\$ 6,405
Special assessments	446,828	446,828	511,027	64,199
Use of money and property	<u>13,000</u>	<u>13,000</u>	<u>14,980</u>	<u>1,980</u>
Total revenues and other sources	<u>818,101</u>	<u>818,101</u>	<u>890,685</u>	<u>72,584</u>
Expenditures and other uses:				
Bond Principal	514,961	514,961	514,961	-
Bond interest and commission	434,389	434,389	423,507	10,882
Miscellaneous	2,213	2,213	-	2,213
Cash basis reserve	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures and other uses	<u>961,563</u>	<u>961,563</u>	<u>938,468</u>	<u>23,095</u>
Revenues and other sources over (under) expenditures and other uses	(143,462)	(143,462)	(47,783)	95,679
Fund balance, beginning of year	<u>143,462</u>	<u>143,462</u>	<u>208,429</u>	<u>64,967</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,646</u>	<u>\$ 160,646</u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measure focus is upon determination of net income, financial position and change in financial position. The following major Enterprise Funds are reported:

Electric System - to account for the maintenance of the electric distribution system. Financing is provided by user charges.

Water System - to account for the maintenance of the water distribution system. Financing is provided by user charges.

Sewer System - to account for the operation and maintenance of the sewer system and sewage treatment plant. Financing is provided by user charges.

CITY OF MULVANE, KANSAS

ELECTRIC SYSTEM FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$4,557,881	\$4,557,881	\$3,967,264	\$ (590,617)
Use of money and property	41,000	41,000	144,485	103,485
Miscellaneous	70,961	70,961	82,744	11,783
Transfers in	<u>—</u>	<u>—</u>	<u>14,830</u>	<u>14,830</u>
Total revenues	<u>4,669,842</u>	<u>4,669,842</u>	<u>4,209,323</u>	<u>(460,519)</u>
Expenditures, encumbrances and other uses:				
Operations	4,536,456	4,536,456	3,406,993	1,129,463
Nonoperating	202,500	202,500	137,881	64,619
Debt service	386,133	386,133	508,352	(122,219)
Transfers out	<u>191,402</u>	<u>191,402</u>	<u>15,211</u>	<u>176,191</u>
Total expenditures, encumbrances and other uses	<u>5,316,491</u>	<u>5,316,491</u>	<u>4,068,437</u>	<u>1,248,054</u>
Revenues over (under) expenditures, encumbrances and other uses	(646,649)	(646,649)	140,886	787,535
Fund balance, beginning of year	<u>1,854,941</u>	<u>1,854,941</u>	<u>2,922,470</u>	<u>1,067,529</u>
Fund balance, end of year	<u>\$1,208,292</u>	<u>\$1,208,292</u>	<u>\$3,063,356</u>	<u>\$1,855,064</u>

CITY OF MULVANE, KANSAS

WATER SYSTEM FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,074,539	\$1,074,539	\$ 829,957	\$(244,582)
Use of money and property	3,300	3,300	10,190	6,890
Miscellaneous	7,450	7,450	7,461	11
Transfers in	<u>—</u>	<u>—</u>	<u>9,374</u>	<u>9,374</u>
Total revenues	<u>1,085,289</u>	<u>1,085,289</u>	<u>856,982</u>	<u>(228,307)</u>
Expenditures, encumbrances and other uses:				
Operations	1,211,010	1,211,010	739,756	471,254
Nonoperating	40,000	40,000	55,052	(15,052)
Debt service	85,295	85,295	85,295	—
Transfers out	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>—</u>
Total expenditures, encumbrances and other uses	<u>1,345,305</u>	<u>1,345,305</u>	<u>889,103</u>	<u>456,202</u>
Expenditures, encumbrances and other uses over revenues	(260,016)	(260,016)	(32,121)	227,895
Fund balance, beginning of year	<u>263,583</u>	<u>263,583</u>	<u>270,386</u>	<u>6,803</u>
Fund balance, end of year	<u>\$ 3,567</u>	<u>\$ 3,567</u>	<u>\$ 238,265</u>	<u>\$ 234,698</u>

CITY OF MULVANE, KANSAS

SEWER SYSTEM FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,205,588	\$1,205,588	\$1,172,076	\$ (33,512)
Use of money and property	10,000	10,000	47,676	37,676
Miscellaneous	42,600	42,600	–	(42,600)
Transfers in	<u>–</u>	<u>–</u>	<u>424,619</u>	<u>424,619</u>
Total revenues	<u>1,258,188</u>	<u>1,258,188</u>	<u>1,644,371</u>	<u>386,183</u>
Expenditures, encumbrances and other uses:				
Operations	712,978	712,978	490,013	222,965
Nonoperating	40,000	40,000	13,459	26,541
Debt service	616,420	616,420	616,420	–
Transfers out	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>–</u>
Total expenditures, encumbrances and other uses	<u>1,399,398</u>	<u>1,399,398</u>	<u>1,149,892</u>	<u>249,506</u>
Revenues over (under) expenditures, encumbrances and other uses	(141,210)	(141,210)	494,479	635,689
Fund balance, beginning of year	<u>802,712</u>	<u>802,712</u>	<u>1,171,812</u>	<u>369,100</u>
Fund balance, end of year	<u>\$ 661,502</u>	<u>\$ 661,502</u>	<u>\$1,666,291</u>	<u>\$1,004,789</u>

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INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing and administration of general services rendered to the various departments of the City. The following Internal Service Fund is reported:

Maintenance Shop - to account for the central maintenance facility for all City vehicles. Financing is provided by charges to the respective users on a cost reimbursement basis.

CITY OF MULVANE, KANSAS

MAINTENANCE SHOP FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2007

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 85,769	\$ 85,769	\$ 53,863	\$ (31,906)
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>15,211</u>	<u>5,211</u>
Total revenues	95,769	95,769	69,074	(26,695)
Expenditures:				
Operating expenditures	<u>85,769</u>	<u>85,769</u>	<u>69,074</u>	<u>16,695</u>
Revenues over (under) expenditures	10,000	10,000	–	(10,000)
Fund balance, beginning of year	<u>1</u>	<u>1</u>	<u>–</u>	<u>(1)</u>
Fund balance, end of year	<u>\$ 10,001</u>	<u>\$ 10,001</u>	<u>\$ –</u>	<u>\$ (10,001)</u>

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FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs. The following Fiduciary Fund is reported:

AGENCY FUNDS:

Payroll Clearing - to account for moneys held on behalf of City employees payroll for related payroll taxes, retirement contributions, insurance and other authorized withholdings by City employees. -

CITY OF MULVANE, KANSAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
PAYROLL CLEARING FUND

Year ended December 31, 2007

	Balance January 1, <u>2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2007</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ <u>—</u>	\$ <u>3,097,821</u>	\$ <u>3,097,821</u>	\$ <u>—</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	\$ <u>—</u>	\$ <u>3,097,821</u>	\$ <u>3,097,821</u>	\$ <u>—</u>

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COMPONENT UNIT

The Mulvane Public Library is reported as a discretely presented component unit within the financial statements of the City of Mulvane (the reporting entity) to emphasize its separate legal status. The Mulvane Public Library Board is appointed by the City Council and operates the public library of the City. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs, fines and donations from the public. The following funds are used to account for the operations of the Mulvane Public Library:

General Fund – to account for all operating activities of the public library that are not required to be accounted for in another fund.

Special Grants – to account for grant proceeds received from the State of Kansas and other governmental units.

Capital Development Reserve Fund – to account for capital equipment and improvement expenditures. Financing is provided through transfers from the General Fund.

CITY OF MULVANE, KANSAS
COMBINING BALANCE SHEET – MULVANE PUBLIC LIBRARY
December 31, 2007

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	<u>\$ 9,058</u>	<u>\$ 11,183</u>	<u>\$ 40,137</u>	<u>\$ 60,378</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Unreserved	<u>9,058</u>	<u>11,183</u>	<u>40,137</u>	<u>60,378</u>
Total liabilities and fund balances	<u>\$ 9,058</u>	<u>\$ 11,183</u>	<u>\$ 40,137</u>	<u>\$ 60,378</u>

CITY OF MULVANE, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – MULVANE PUBLIC LIBRARY**

Year ended December 31, 2007

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
Revenues:				
Appropriations from City of Mulvane	\$ 128,276	\$ -	\$ -	\$ 128,276
Intergovernmental	-	17,467	-	17,467
Fines and forfeitures	-	2,850	-	2,850
Use of money and property	92	29	421	542
Miscellaneous	<u>-</u>	<u>10,113</u>	<u>-</u>	<u>10,113</u>
Total revenues	<u>128,368</u>	<u>30,459</u>	<u>421</u>	<u>159,248</u>
Expenditures:				
Personal services	81,507	-	-	81,507
Contractual services	15,951	483	-	16,434
Commodities	18,243	21,094	-	39,337
Capital outlay	<u>3,665</u>	<u>6,086</u>	<u>-</u>	<u>9,751</u>
Total expenditures	<u>119,366</u>	<u>27,663</u>	<u>-</u>	<u>147,029</u>
Revenues over (under) expenditures	<u>9,002</u>	<u>2,796</u>	<u>421</u>	<u>12,219</u>
Other financing sources (uses):				
Transfers in	-	-	8,910	8,910
Transfers out	<u>(8,910)</u>	<u>-</u>	<u>-</u>	<u>(8,910)</u>
Total other financing sources (uses)	<u>(8,910)</u>	<u>-</u>	<u>8,910</u>	<u>-</u>
Net change in fund balance	92	2,796	9,331	12,219
Fund balances, beginning of year	<u>8,966</u>	<u>8,387</u>	<u>30,806</u>	<u>48,159</u>
Fund balances, end of year	<u>\$ 9,058</u>	<u>\$ 11,183</u>	<u>\$ 40,137</u>	<u>\$ 60,378</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Mulvane's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	79
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source.	84
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	88
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	95
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	97

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

City of Mulvane, Kansas
Net Assets by Component
Last Four Fiscal Years
(Accrual Basis of Accounting)

Governmental Activities	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Invested in Capital Assets <i>(Net of related debt)</i>	\$ 18,708,248	\$ 18,636,326	\$ 17,062,117	\$ 18,844,700
Restricted	4,906,779	4,584,125	4,239,542	4,128,356
Unrestricted	<u>2,432,431</u>	<u>2,868,866</u>	<u>4,516,792</u>	<u>2,908,285</u>
Total Governmental Activities Net Assets	<u>\$ 26,047,458</u>	<u>\$ 26,089,317</u>	<u>\$ 25,818,451</u>	<u>\$ 25,881,341</u>
Business-type Activities				
Invested in Capital Assets <i>(Net of related debt)</i>	\$ 4,986,635	\$ 5,013,568	\$ 4,468,193	\$ 4,934,556
Restricted	1,935,519	1,692,958	3,084,039	2,390,773
Unrestricted	<u>1,633,048</u>	<u>2,485,306</u>	<u>2,371,740</u>	<u>2,860,860</u>
Total Business-type Activities Net Assets	<u>\$ 8,555,202</u>	<u>\$ 9,191,832</u>	<u>\$ 9,923,972</u>	<u>\$ 10,186,189</u>
Primary Government				
Invested in Capital Assets <i>(Net of related debt)</i>	\$ 23,694,883	\$ 23,649,894	\$ 21,530,310	\$ 23,779,256
Restricted	6,845,298	6,277,083	7,323,581	6,519,129
Unrestricted	<u>4,065,479</u>	<u>5,354,172</u>	<u>6,888,532</u>	<u>5,769,145</u>
Total Primary Government Net Assets	<u>\$ 34,605,660</u>	<u>\$ 35,281,149</u>	<u>\$ 35,742,423</u>	<u>\$ 36,067,530</u>

City of Mulvane, Kansas
Changes in Net Assets
Last Four Fiscal Years
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses				
Governmental Activities				
General Government	\$ 265,602	\$ 261,623	\$ 259,065	\$ 299,958
Public Safety	1,463,226	1,550,103	1,653,301	1,830,363
Highways and Streets	1,446,783	1,256,670	1,262,543	1,287,818
Health and Sanitation	1,047,430	-	-	-
Culture and Recreation	473,546	512,808	486,649	807,939
Economic Development	7,211	91,012	5,077	7,657
Environmental Protection	4,040	1,571	3,653	734
Interest on Long Term Debt	415,754	373,617	458,743	508,057
Total Governmental Activities Expenses	<u>\$ 5,123,592</u>	<u>\$ 4,047,404</u>	<u>\$ 4,129,031</u>	<u>\$ 4,742,526</u>
Business-type Activities				
Electric Utility	\$ 2,837,530	\$ 3,695,828	\$ 4,087,728	\$ 4,142,178
Water Utility	763,905	745,859	868,180	841,616
Wastewater Utility	456,304	487,222	859,697	1,033,413
Total Business-type Activities	<u>\$ 4,057,739</u>	<u>\$ 4,928,909</u>	<u>\$ 5,815,605</u>	<u>\$ 6,017,207</u>
Total Primary Government Expenses	<u>\$ 9,181,331</u>	<u>\$ 8,976,313</u>	<u>\$ 9,944,636</u>	<u>\$ 10,759,733</u>
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	\$ 71,912	\$ 21,306	\$ 121,343	\$ 106,040
Public Safety	268,234	257,556	247,644	239,674
Highway & Streets	182,567	66,428	58,224	34,004
Culture and Recreation	11,100	16,165	16,688	53,048
Operating Grants and Contributions	331,730	586,839	833,775	1,108,237
Capital Grants and Contributions	-	82,930	75,043	70,406
Total Governmental Activities Program Revenues	<u>\$ 865,543</u>	<u>\$ 1,031,224</u>	<u>\$ 1,352,717</u>	<u>\$ 1,611,409</u>
Business-type Activities				
Charges for Services				
Electric Utility	\$ 2,857,306	\$ 3,532,445	\$ 3,987,772	\$ 3,989,314
Water Utility	735,081	837,255	895,647	837,418
Wastewater Utility	490,919	802,381	1,163,147	1,172,076
Capital Grants and Contributions	1,584,048	430,061	9,452	-
Total Business-type Activities Program Revenues	<u>\$ 5,667,354</u>	<u>\$ 5,602,142</u>	<u>\$ 6,056,018</u>	<u>\$ 5,998,808</u>
Total Primary Government Program Revenues	<u>\$ 6,532,897</u>	<u>\$ 6,633,366</u>	<u>\$ 7,408,735</u>	<u>\$ 7,610,217</u>

Continued on the next page

City of Mulvane, Kansas
Changes In Net Assets
Last Four Fiscal Years
(Accrual Basis of Accounting)

Continued from the previous page

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (Expense) Revenue				
Governmental Activities	\$ (4,258,049)	\$ (3,016,180)	\$ (2,776,314)	\$ (3,131,117)
Business-type Activities	1,609,615	673,233	240,414	(18,399)
Total Primary Government Net Expenses	<u>\$ (2,648,434)</u>	<u>\$ (2,342,947)</u>	<u>\$ (2,535,900)</u>	<u>\$ (3,149,516)</u>
 General Revenues and Other Changes In Net Assets				
Governmental Activities				
Taxes				
Property Taxes				
General Purposes	\$ 1,376,871	\$ 1,487,332	\$ 1,381,460	\$ 1,600,292
Debt Service	2,103,139	398,856	169,390	364,678
Sales Taxes	614,082	603,723	639,973	679,351
Franchise Taxes	290,505	346,273	390,475	365,885
Investment Earnings	64,938	96,666	178,040	240,599
Transfers	467,076	125,189	(253,890)	(56,798)
Total Governmental Activities	<u>\$ 4,916,611</u>	<u>\$ 3,058,039</u>	<u>\$ 2,505,448</u>	<u>\$ 3,194,007</u>
Business Type Activities				
Investment Earnings	\$ 61,654	\$ 85,586	\$ 237,836	\$ 223,818
Transfers	(467,076)	(125,189)	253,890	56,798
Total Business-type Activities	<u>\$ (405,422)</u>	<u>\$ (39,603)</u>	<u>\$ 491,726</u>	<u>\$ 280,616</u>
 Total Primary Government	<u>\$ 4,511,189</u>	<u>\$ 3,018,436</u>	<u>\$ 2,997,174</u>	<u>\$ 3,474,623</u>
 Change In Net Assets				
Governmental Activities	\$ 658,562	\$ 41,859	\$ (270,866)	\$ 62,890
Business-type Activities	1,204,193	633,630	732,140	262,217
Total Primary Government	<u>\$ 1,862,755</u>	<u>\$ 675,489</u>	<u>\$ 461,274</u>	<u>\$ 325,107</u>

City of Mulvane, Kansas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 48,003	\$ 165,692	\$ 271,715	\$ 28,820	\$ 23,287	\$ 108,293	\$ 27,849	\$ 3,052	\$ 97,085	\$ 130,488
Unreserved	734,921	516,842	439,127	884,263	904,869	813,184	818,966	1,127,764	1,305,430	1,484,786
Total General Fund	<u>\$ 782,924</u>	<u>\$ 682,534</u>	<u>\$ 710,842</u>	<u>\$ 914,083</u>	<u>\$ 928,156</u>	<u>\$ 921,477</u>	<u>\$ 846,815</u>	<u>\$ 1,130,816</u>	<u>\$ 1,402,515</u>	<u>\$ 1,615,274</u>
All Other Governmental Funds										
Reserved	\$ 5,703	\$ 178,908	\$ 83,288	\$ 940,026	\$ 390,452	\$ 331,000	\$ 165,719	\$ 682,680	\$ 2,035,192	\$ 27,586
Unreserved, reported in:										
Capital Project Funds	(185,087)	(886,817)	(741,580)	(741,580)	(942,762)	(2,010,406)	(52,949)	(691,860)	(193,001)	-
Debt Service Funds	59,727	82,365	117,710	117,082	192,183	334,464	287,602	274,231	208,429	160,846
Other Governmental Funds	533,967	675,171	884,630	1,110,787	742,453	1,425,989	1,691,789	1,843,044	1,340,582	1,482,099
Total all other Governmental Funds	<u>\$ 434,300</u>	<u>\$ 49,528</u>	<u>\$ 454,048</u>	<u>\$ 1,426,295</u>	<u>\$ 382,328</u>	<u>\$ 81,047</u>	<u>\$ 2,102,161</u>	<u>\$ 2,108,105</u>	<u>\$ 3,391,202</u>	<u>\$ 1,670,341</u>

City of Mulvane, Kansas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 871,314	\$ 950,767	\$ 1,018,725	\$ 1,211,554	\$ 1,439,907	\$ 1,488,083	\$ 1,493,925	\$ 2,297,761	\$ 2,210,858	\$ 2,665,558
Special Assessment Taxes	261,073	253,181	260,215	297,598	357,714	508,409	405,931	507,847	571,809	511,027
Intergovernmental	894,648	772,761	797,485	821,918	692,096	1,101,314	899,667	482,299	583,138	580,415
Licenses and Permits	351,383	310,839	364,597	431,221	384,473	387,962	428,598	521,008	513,623	415,595
Charges for Services	116,017	120,735	143,925	216,839	224,170	189,542	240,834	95,988	148,677	205,939
Fines and Forfeitures	78,609	80,573	97,175	86,210	118,786	122,836	153,786	168,353	128,191	113,179
Use of Money & Property	115,447	96,151	112,432	137,327	113,459	97,920	83,171	97,310	187,442	245,005
Other Revenues	36,649	73,821	10,849	24,160	77,788	69,937	104,670	51,100	48,098	178,899
Total Revenues	\$ 2,859,138	\$ 2,859,858	\$ 2,803,403	\$ 3,228,825	\$ 3,608,373	\$ 3,926,003	\$ 3,781,682	\$ 4,229,664	\$ 4,390,836	\$ 4,925,617
Expenditures										
General Government	\$ 484,742	\$ 470,308	\$ 569,110	\$ 528,261	\$ 648,972	\$ 627,088	\$ 324,312	\$ 237,027	\$ 258,648	\$ 405,872
Public Safety	1,115,082	879,759	1,009,267	1,877,848	2,026,739	1,131,717	1,489,850	1,475,330	1,801,589	1,854,597
Highways and Streets	803,717	330,175	353,743	587,707	517,513	514,779	582,142	385,580	455,360	452,098
Culture and Recreation	204,924	284,997	288,820	296,044	307,824	286,198	520,391	489,771	552,655	783,733
Economic Development	37,896	13,272	11,466	11,061	10,586	8,069	7,211	91,012	3,653	7,657
Environmental Protection	2,073	2,788	2,414	2,267	1,557	1,898	4,040	1,571	5,077	734
Capital Outlay	459,202	812,656	571,192	830,003	1,170,470	2,253,684	379,723	491,081	1,739,579	2,075,717
Debt Service										
Principal	227,388	182,027	232,473	303,251	494,128	1,096,935	598,908	599,834	652,971	600,493
Interest	66,002	212,352	161,892	202,124	221,887	235,592	249,833	283,822	333,178	505,688
Total Expenditures	\$ 3,181,006	\$ 3,098,344	\$ 3,201,377	\$ 4,438,584	\$ 5,401,574	\$ 6,156,046	\$ 4,124,210	\$ 4,064,908	\$ 5,802,710	\$ 6,696,586
Revenues over (under) Expenditures	\$ (322,868)	\$ (438,486)	\$ (397,974)	\$ (1,211,759)	\$ (1,793,201)	\$ (2,232,043)	\$ (332,528)	\$ 164,756	\$ (1,411,874)	\$ (1,770,968)
Other Financing Sources (Uses)										
Bond Proceeds	\$ 2,398,677	\$ -	\$ 682,475	\$ 2,318,701	\$ 908,000	\$ 1,953,843	\$ 1,784,037	\$ -	\$ 2,883,183	\$ 245,980
Notes Payable	-	-	-	-	-	-	-	-	140,000	-
Transfers In	282,848	283,704	528,539	264,054	1,038,845	917,732	870,068	736,473	1,005,881	578,740
Transfers Out	(324,042)	(309,380)	(360,212)	(298,240)	(1,078,808)	(947,490)	(202,992)	(611,284)	(1,042,404)	(581,834)
Total Other Financing Sources (Uses)	\$ 2,357,481	\$ (45,676)	\$ 830,802	\$ 2,284,515	\$ 868,037	\$ 1,924,085	\$ 2,231,113	\$ 125,189	\$ 2,866,670	\$ 282,866
Net Change in Fund Balance	\$ 2,034,613	\$ (485,162)	\$ 432,828	\$ 1,072,756	\$ (927,164)	\$ (307,959)	\$ 1,888,585	\$ 289,945	\$ 1,554,796	\$ (1,508,102)
Debt Service as a Percentage of Non-capital Expenditures	1.04%	15.30%	14.40%	13.60%	16.50%	33.20%	28.70%	26.30%	27.70%	28.97%

City of Mulvane, Kansas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Assessed Value	Total		Total Direct Tax Rate	Assessed Value as a % of Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Assessed Value	Estimated Actual Value		
1998	\$ 15,650,677	\$ 128,395,597	\$ 1,504,665	\$ 4,326,380	\$ 17,155,342	\$ 132,721,977	44.925	12.93%	
1999	16,425,885	134,602,952	1,585,087	6,165,074	18,010,972	140,768,026	44.895	12.79%	
2000	18,456,858	150,925,240	1,560,310	4,897,681	20,017,168	155,822,921	44.676	12.85%	
2001	20,107,700	152,592,608	1,358,036	3,879,331	21,465,736	156,471,939	49.969	13.72%	
2002	21,786,634	166,933,830	1,901,335	6,061,603	23,687,969	172,995,433	47.390	13.69%	
2003	23,882,832	190,793,969	1,095,049	4,271,391	24,977,881	195,065,360	49.811	12.80%	
2004	24,343,115	201,309,085	1,913,609	6,949,833	26,256,724	208,258,918	48.633	12.61%	
2005	24,796,820	210,168,700	2,068,702	7,290,903	26,865,522	217,459,603	48.411	12.35%	
2006	26,533,827	224,350,150	2,307,289	4,785,413	28,841,116	229,135,563	56.664	12.59%	
2007	29,573,414	246,748,199	901,582	3,465,932	30,474,996	250,214,131	53.331	12.18%	

Source: State - Division of Budget
Sedgwick County Clerk
Sumner County Clerk

City of Mulvane, Kansas
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(per \$1000 of Assessed Value)

Sedgwick County

Fiscal Year	General	G.O. Bond & Interest	Employee Benefits	City Rates				Overlapping Government Rates					Total	
				Library	Industrial Development	Capital Improvements	Special Liability	Total City	State	County	School	Camden		Township
1998	25,662	7,003	7,602	4,159	0.499	0.000	0.000	44,925	1,500	30,198	50,437	1,184	0.000	128,242
1999	22,880	4,775	12,335	3,907	0.499	0.000	0.499	44,895	1,500	28,638	46,976	1,122	0.000	124,131
2000	26,418	5,858	5,598	3,812	0.000	0.000	0.000	44,676	1,500	28,671	41,981	0,840	0.000	117,668
2001	28,891	8,940	8,527	3,611	0.000	0.000	0.000	49,969	1,500	28,600	45,984	1,660	0.000	127,713
2002	17,223	7,978	15,164	3,489	1.033	2,503	0.000	47,390	1,500	28,654	44,186	0,904	0.000	122,634
2003	22,283	5,834	13,687	4,016	1.155	2,836	0.000	48,631	1,500	28,778	44,028	0,992	0.000	125,107
2004	20,593	5,976	10,374	3,653	0.854	6,121	0.962	49,811	1,500	28,817	45,010	0,989	0.000	124,849
2005	22,893	4,915	13,172	3,804	0.780	1,932	0.815	48,411	1,500	28,763	52,129	1,001	0.000	131,804
2006	27,368	11,843	11,911	3,638	0.412	0.725	0.767	56,664	1,500	28,758	55,947	1,304	0.000	144,173
2007	22,545	12,429	11,003	3,715	0.364	2,607	0.668	53,331	1,500	31,315	51,298	1,301	0.000	136,743

Sumner County

1998	25,662	7,003	7,602	4,159	0.499	0.000	0.000	1.500	48,258	50,437	1,184	1,119	148,423
1999	22,880	4,775	12,335	3,907	0.499	0.000	0.499	1.500	47,715	46,976	1,122	1,072	143,280
2000	28,418	5,858	5,598	3,812	0.000	0.000	0.000	1.500	50,330	41,981	0.840	1,361	140,688
2001	28,891	8,940	8,527	3,611	0.000	0.000	0.000	1.500	51,353	45,984	1,660	1,224	151,690
2002	17,223	7,978	15,164	3,489	1.033	2,503	0.000	1.500	56,285	44,186	0.904	0.000	150,245
2003	22,283	5,834	13,687	4,016	1.155	2,836	0.000	1.500	57,747	44,028	0.992	0.000	154,078
2004	20,593	5,976	10,374	3,653	0.954	6,121	0.962	1.500	57,844	45,010	0.989	0.000	153,776
2005	22,893	4,915	13,172	3,804	0.780	1,932	0.815	1.500	58,493	52,129	1,001	0.000	161,534
2006	27,368	11,843	11,911	3,638	0.412	0.725	0.767	1.500	55,899	55,947	1,304	0.000	171,315
2007	22,545	12,429	11,003	3,715	0.364	2,607	0.668	1.500	56,439	51,298	1,301	0.000	163,867

Source: Sedgwick County Clerk
Sumner County Clerk

City of Mulvane, Kansas
Principal Property Taxpayers
Current Year and Nine Years Ago

2007			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sedgwick County:			
Mulvane Housing Associated LP	\$ 236,383	1	0.78%
Kansas Gas Service	212,964	2	0.70%
Olderbak Enterprises Sough LLC	155,275	3	0.51%
BNSF	149,119	4	0.49%
Prairie State Bank	143,945	5	0.47%
Branine, Gary E.	135,001	6	0.44%
Westfall, Ray W & Sharron K	117,366	7	0.39%
Congleton LLC	113,699	8	0.37%
Carro, Antonio L MD PA	105,328	9	0.35%
Fugate, J Larry	98,533	10	0.32%
	<u>\$ 1,467,613</u>		<u>4.82%</u>

Sumner County:

Mulvane Coop	\$ 213,824	1	0.70%
Southwestern Bell	191,089	2	0.63%
Mulvane State Bank	138,539	3	0.45%
Pearl Street Duplex	113,353	4	0.37%
R.E. Wolf LLC	110,933	5	0.36%
Ratzlaff Properties	99,560	6	0.33%
Pendergraft Properties	91,131	7	0.30%
Mary A. Wolfe, Rev. Trust	76,720	8	0.25%
BNSF	78,741	9	0.26%
Wolfe Machine Inc.	76,281	10	0.25%
	<u>\$ 1,190,171</u>		<u>3.91%</u>

1998			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sedgwick County:			
Kansas Gas Service	\$ 120,169	1	0.886%
Southwestern Bell	94,827	2	0.699%
Branine, Gary E. & Anita J.	89,202	3	0.657%
Carson, Frank L. Jr. Trust	89,179	4	0.657%
Westfall, Ray W. & Sharron K.	73,997	5	0.545%
Lankard-Schippers Bldg. Partnership	65,786	6	0.485%
Investors Group Inc.	62,538	7	0.461%
Don Klausmeyer Construction Co.	59,813	8	0.441%
BREWS, Ltd.	57,626	9	0.425%
L. Joyce Carr Rev. Trust	56,876	10	0.419%
	<u>\$ 770,013</u>		<u>5.675%</u>

Sumner County:

Southwestern Bell	\$ 235,489	1	7.270%
Mulvane Coop Union	206,002	2	6.360%
Mulvane State Bank	117,594	3	3.630%
Raco Machine	97,246	4	3.000%
Wolfe Machine, Inc.	68,645	5	2.110%
Pendergraft, Gordon	68,214	6	2.100%
Via Christi Property	48,110	7	1.480%
Union Pacific	41,336	8	1.200%
Kansas Gas Service	39,981	9	1.200%
Pendergraft, Gordon	39,431	10	1.200%
	<u>\$ 962,048</u>		<u>29.550%</u>

**City of Mulvane, Kansas
Property Tax Levies and Collections
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
1998	\$ 739,876	\$ 725,797	98.10%	\$ 21,622	\$ 747,419	101.02%
1999	770,704	751,369	97.49%	12,854	764,223	99.16%
2000	808,593	790,423	97.75%	18,826	809,249	100.08%
2001	900,767	879,952	97.69%	28,768	908,720	100.88%
2002	1,093,631	1,063,407	97.24%	13,635	1,077,042	98.48%
2003	1,122,547	1,052,684	93.78%	21,435	1,074,119	95.69%
2004	1,244,152	1,184,614	95.21%	23,489	1,208,103	97.10%
2005	1,240,518	1,214,079	97.87%	43,878	1,257,957	101.41%
2006	1,300,555	1,256,587	96.62%	21,820	1,278,407	98.30%
2007	1,623,079	1,584,413	97.62%	25,298	1,609,712	99.18%

Source: City Revenue Report
Sedgwick County Clerk
Sumner County Clerk

City of Mulvane, Kansas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business Type Activities					Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Public Building Commission Revenue Bonds	Temporary Notes	Compensated Absences	Notes Payable	Revenue Bonds	G.O. Bonds Secured by Enterprise Funds	Capital Leases	Compensated Absences				
1998	\$ 3,481,698	\$ -	\$ 1,930,000	\$ 66,809	\$ 98,344	\$ 2,955,000	\$ 300,000	\$ -	\$ -	\$ 8,810,149	N/A	\$1,611	
1999	\$ 3,292,540	-	989,000	95,575	84,718	2,800,000	276,793	-	-	7,521,828	N/A	1,354	
2000	\$ 3,756,226	-	660,000	98,589	72,975	2,720,000	284,249	-	-	7,572,039	7.52%	1,469	
2001	\$ 4,224,996	1,600,000	880,000	111,404	61,114	2,635,000	246,705	-	-	8,761,216	N/A	1,901	
2002	\$ 4,832,939	1,555,000	1,030,000	117,855	49,134	7,180,000	233,181	-	-	14,967,989	N/A	2,659	
2003	\$ 5,863,843	1,505,000	1,750,000	122,487	37,034	4,635,000	2,739,009	-	-	16,672,373	14.64%	3,038	
2004	\$ 7,255,627	1,450,000	-	139,016	24,812	4,410,000	2,544,262	-	163,062	15,986,779	13.69%	2,888	
2005	\$ 6,814,218	1,395,000	-	164,260	12,468	10,000,000	2,345,594	-	166,763	20,898,313	17.52%	3,753	
2006	\$ 8,164,217	1,335,000	-	137,454	140,000	11,475,000	2,140,976	-	183,252	24,595,899	19.66%	4,418	
2007	\$ 8,915,216	1,275,000	-	124,848	123,697	11,115,000	1,986,744	-	208,666	23,752,201	18.56%	4,127	

City of Mulvane, Kansas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Property</u>	<u>Net Bonded Debt Per Capita</u>
1998	\$ 3,461,996	\$ 59,727	\$ 3,402,269	2.56%	\$ 622
1999	3,292,540	82,365	3,210,175	2.28%	578
2000	3,758,226	117,710	3,640,516	2.34%	706
2001	4,224,996	117,062	4,107,934	2.63%	800
2002	4,832,839	192,183	4,640,656	2.68%	885
2003	5,883,843	334,464	5,549,379	2.84%	1,011
2004	7,255,627	297,602	6,958,025	3.34%	1,257
2005	6,814,218	274,231	6,539,987	3.01%	1,175
2006	9,184,217	208,429	8,975,788	3.92%	1,611
2007	8,915,216	160,646	8,754,570	3.50%	1,521

Source: City's Financials
Sedgwick County Clerk
Sumner County Clerk

City of Mulvane, Kansas
Direct and Estimated Overlapping Governmental Activities Debt
As of December 31, 2007

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>City's % Applicable</u>	<u>City's Amount of Overlapping Debt</u>
Estimated Overlapping Debt:			
Sedgwick County	\$ 77,855,000	0.65%	\$ 506,058
Sumner County	3,100,980	2.86%	88,688
School District #263	<u>14,430,000</u>	<u>26.87%</u>	<u>3,877,341</u>
Total Estimated Overlapping Debt	95,385,980	4.69%	4,472,087
City's Direct Debt	<u>10,904,960</u>	<u>100.00%</u>	<u>10,904,960</u>
Total Direct and Overlapping Debt	<u><u>\$ 106,290,940</u></u>	<u><u>14.47%</u></u>	<u><u>\$ 15,377,047</u></u>

Source: City Code Financial

City of Mulvane, Kansas
Legal Debt Margin
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 7,186,740	\$ 6,999,949	\$ 7,676,067	\$ 8,284,159	\$ 8,824,786	\$ 9,199,136	\$ 9,592,789	\$ 9,865,747	\$ 10,615,716	\$ 11,405,953
Total Net Debt Applicable to Limit	2,837,260	2,472,343	2,813,580	2,896,992	2,899,339	4,836,631	3,277,955	3,080,158	5,682,971	5,409,727
Legal Debt Margin	4,249,480	4,527,606	4,862,487	5,387,166	5,925,447	4,262,505	6,304,834	6,785,589	4,932,745	5,996,226
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	41%	35%	37%	35%	33%	54%	34%	31%	54%	47%

Legal Debt Margin Calculation for 2007

Assessed Value	\$ 30,897,538
Motor-Vehicle K.S.A. 76-5113	7,122,305
Total Assessed Value	\$ 38,019,843
Debt Limit-Approximately 30% of Assessed Value (K.S.A. 10-308)	\$ 11,405,953
Bonded Indebtedness	\$ 10,804,960
Less Exempt Debt	5,485,233
Total Amount Applicable to Debt Limit	5,409,727
Legal Debt Margin	\$ 5,996,226

Source: City Financials
City Code Financials

City of Mulvane, Kansas
Pledged-Revenue Coverage - Electric Utility
Last Ten Fiscal Years

Electric Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage
1998	\$ 2,592,321	\$ 2,214,849	\$ 377,472	\$ 16,866	\$ 32,376	\$ 49,242	7.67
1999	2,552,663	2,225,489	327,174	17,991	31,718	49,709	6.58
2000	2,840,218	2,416,838	423,380	17,991	30,999	48,990	8.64
2001	2,924,460	2,352,458	572,002	19,115	30,261	49,376	11.58
2002	2,981,319	2,353,643	627,676	20,240	137,503	157,743	3.98
2003	3,043,558	2,545,475	498,083	110,000	216,090	326,090	1.53
2004	2,914,427	2,425,213	489,214	115,000	213,890	328,890	1.49
2005	4,032,385	3,054,738	977,647	115,000	211,015	326,015	3.00
2006	4,106,914	3,397,481	709,433	96,063	195,071	291,134	2.44
2007	4,132,963	3,465,207	667,756	145,266	192,189	337,455	1.98

Source: City's Financial Statements

- (1) Total Operating Expenses exclusive of Depreciation and Amortization Expense
- (2) Bond coverage for Electric, Waterworks, and Wastewater Utility System Refunding and Improvement Revenue Bonds, Series 2005 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2007 was 1.82. The revenue bond resolution requirement is 1.25.

City of Mulvane, Kansas
Pledged-Revenue Coverage - Water Utility
Last Ten Fiscal Years

Water Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage
1998	\$ 688,894	\$ 621,884	\$ 67,010	\$ 29,560	\$ 56,743	\$ 86,303	0.78
1999	676,577	578,531	98,046	31,531	55,590	87,121	1.13
2000	744,578	566,637	177,941	31,531	54,329	85,860	2.07
2001	755,075	605,731	149,344	33,502	53,036	86,538	1.73
2002	741,636	690,794	50,842	35,472	51,629	87,101	0.58
2003	760,189	704,887	55,302	—	—	—	—
2004	737,460	666,066	71,394	—	—	—	—
2005	840,364	644,166	196,198	—	—	—	—
2006	911,041	835,863	75,178	—	—	—	—
2007	847,595	734,771	112,824	—	—	—	—

Source: City's Financial Statements

- (1) Total Operating Expenses exclusive of Depreciation and Amortization Expense
- (2) Bond coverage for Electric, Waterworks, and Wastewater Utility System Refunding and Improvement Revenue Bonds, Series 2005 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2007 was 1.82. The revenue bond resolution requirement is 1.25.

City of Mulvane, Kansas
Pledged-Revenue Coverage - Wastewater Utility
Last Ten Fiscal Years

Wastewater Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage
1998	\$ 442,914	\$ 255,113	\$ 187,801	\$ 28,574	\$ 54,848	\$ 83,422	2.25
1999	493,121	280,952	212,169	30,478	53,734	84,212	2.52
2000	493,723	357,372	136,351	30,478	52,515	82,993	1.64
2001	497,368	285,904	211,464	32,383	51,265	83,648	2.53
2002	489,705	292,778	196,927	49,905	84,193	134,098	1.47
2003	481,653	333,622	148,031	—	—	—	—
2004	493,073	339,430	153,643	—	—	—	—
2005	814,979	319,401	495,578	—	—	—	—
2006	1,495,193	428,752	1,066,441	108,937	221,214	330,151	3.23
2007	1,242,068	468,586	773,482	214,734	300,513	515,247	1.50

Source: City's Financial Statements

- (1) Total Operating Expenses exclusive of Depreciation and Amortization Expense
- (2) Bond coverage for Electric, Waterworks, and Wastewater Utility System Refunding and Improvement Revenue Bonds, Series 2005 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2007 was 1.82. The revenue bond resolution requirement is 1.25.

**City of Mulvane, Kansas
Demographic and Economic Statistics
Last Ten Calendar Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>	
						<u>Sedgwick County</u>	<u>Sumner County</u>
1998	5,470	Not Available	Not Available	Not Available	2,008	3.30%	3.00%
1999	5,554	Not Available	Not Available	Not Available	2,008	3.70%	3.70%
2000	5,155	\$ 100,641	\$ 19,523	34.5	1,942	3.40%	3.80%
2001	5,134	Not Available	Not Available	Not Available	1,929	4.10%	4.20%
2002	5,245	Not Available	Not Available	Not Available	1,972	6.50%	7.40%
2003	5,488	\$ 113,887	\$ 20,752	35	1,934	7.30%	7.70%
2004	5,536	\$ 116,843	\$ 21,106	35	1,935	6.20%	6.40%
2005	5,568	\$ 119,311	\$ 21,428	35	1,924	5.60%	6.10%
2006	5,570	\$ 123,860	\$ 22,237	35	1,920	4.86%	4.85%
2007	5,755	\$ 127,973	\$ 22,237	35	1,902	4.20%	4.20%

Source: Kansas Division of Budget
USD #263
2000 U.S. Census Bureau of Labor Statistics
MLS Online

City of Mulvane, Kansas
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>
USD #263	350	1	6.08%	332	1	6.07%
City of Mulvane	56	2	0.97%	58	2	1.06%
Mulvane State Bank	39	3	0.68%	Not Available		
Wolfe Machine	26	4	0.45%	8	6	0.15%
Deborah John & Assoc.	26	5	0.45%	Not Available		
Pfaff Chevrolet	22	6	0.38%	25	3	0.46%
Mulvane Coop	19	7	0.33%	22	4	0.40%
Ledford Gage	20	8	0.35%	16	5	0.29%
Cowley County College	8	9	0.14%	Not Available		
Dillions	5	10	0.09%	5	7	0.09%
	<u>571</u>		<u>9.92%</u>	<u>466</u>		<u>8.52%</u>

City of Mulvane, Kansas
Fulltime Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Administration	9	9	9	9	9	9	9	9	9	9
Police Officers	17	14	8	11	11	11	15	12	12	12
Police Dispatchers	5	5	5	5	5	5	5	5	5	5
Emergency Services	3	3	3	3	3	3	3	3	3	3
Parks & Recreation	5	5	4	4	4	4	4	4	4	4
Streets	5	5	5	5	5	5	5	5	5	5
Electric	8	8	6	8	8	8	8	8	8	8
Water	4	4	3	4	4	4	4	4	4	4
Wastewater	4	4	2	4	4	4	4	4	4	4
Total	<u>60</u>	<u>57</u>	<u>45</u>	<u>53</u>	<u>53</u>	<u>51</u>	<u>57</u>	<u>54</u>	<u>54</u>	<u>54</u>

Source: City's Annual Report

City of Mulvane, Kansas
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Calls for Service	3,240	2,722	2,742	2,802	2,709	3,033	3,202	3,133	3,581	4,398
Moving Citations	1,038	860	898	886	827	947	1,208	1,284	864	752
DUI Arrests	18	38	28	28	32	25	28	71	20	22
Arrests	187	155	189	171	178	179	325	314	200	238
Emergency Services										
Fire & Rescue Calls	316	298	257	282	310	258	275	325	311	387
Ambulance Calls	593	554	594	528	555	570	439	481	530	707
Electric										
New Connections	87	112	86	49	37	37	31	21	98	19
Average Daily Usage (mWh/Day)	99	95	108	106	105	107	108	115	118	120
Peak Daily Usage (kW)	10,110	10,866	11,200	11,256	10,700	11,746	10,848	11,718	12,959	12,558
Water										
New Connections	34	89	83	48	48	8	31	41	73	10
Average Daily Consumption (Gallons)	487,288	470,159	520,282	521,382	481,375	517,047	481,814	482,083	519,080	442,496
Peak Daily Consumption (Gallons)	894,000	798,000	1,002,000	1,118,000	782,000	873,000	803,000	1,025,000	969,000	825,000
Wastewater										
Average Daily Sewage Treatment	N/A	N/A	N/A	N/A	N/A	376,000	380,000	385,000	400,000	421,000

Source: City's Annual Report from City's Individual Department Supervisors

City of Mulvane, Kansas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police										
Station/City Hall	1	1	1	1	1	1	1	1	1	1
Patrol Units	10	10	11	11	11	11	11	11	11	11
Fire/EMS										
Fire Station	1	1	1	1	1	1	1	1	1	1
Fire & Rescue Trucks	9	9	9	10	10	10	11	11	11	11
Ambulances	2	2	2	2	2	2	2	2	2	2
Parks & Recreation										
Acreage	64	64	64.8	64.8	64.8	64.8	68.3	70.3	70.3	70.3
Neighborhood Parks	13	13	14	14	14	14	15	16	16	16
Sports Complex	1	1	1	1	1	1	1	1	1	1
Swimming Pool	1	1	1	1	1	1	1	0	0	1
Sr. Center	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Streets										
Streets (Miles)	35	35	35	35	35	36	38	38	38	38
Traffic Signals	3	3	3	3	3	3	3	3	3	3
Electric										
Power Plant	1	1	1	1	2	2	2	2	2	2
Miles of Line	31	31	31	32	32	32	33	33	33	33
Generating Capacity (kw)	6400	6400	6400	6400	15600	15600	15600	16600	16600	16600
Water										
Water Mains (Miles)	33	33	33	34	34	34	35	35	35	35
Fire Hydrants	200	211	211	211	215	215	215	220	221	221
Storage Capacity (kgal)	800	800	800	800	800	800	800	800	800	800
Wastewater										
Sanitary Sewers (Miles)	22	23	23	23	24	24	25	26	26	26
Storm Sewers (Miles)	1	1	1	1	1	1	1	1	1	1
Treatment Capacity (mgd)	0.5	0.5	0.5	0.5	0.5	0.05	0.05	0.05	1	1
Lift Stations	5	5	5	5	5	5	4	4	4	5

Source: City's Annual Report from City's Individual Department Supervisors