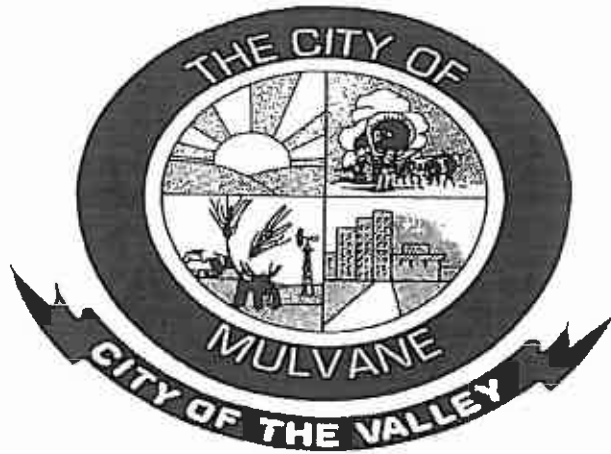


**CITY OF
MULVANE, KANSAS**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL
YEAR ENDED
DECEMBER 31, 2008**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

of the

CITY OF MULVANE, KANSAS

FOR THE YEAR ENDED DECEMBER 31, 2008

**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, 2009

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, 2008 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. 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, the Mulvane Public Library, and the Mulvane Housing Authority.

The Report

This Comprehensive Annual Financial Report has been prepared in compliance with the accounting principles established by the Governmental Accounting Standards Board and follows the guidelines of Governmental Accounting, Auditing and Financial Reporting. The annual financial report includes an unqualified opinion from its independent auditor retained by the City Council. The financial report is segregated into three sections:

1. Introductory Section – Consists of the letter of transmittal, the City's organizational chart, a list of principal officials and a copy of the Certificate of Achievement.
2. Financial Section – Includes management's discussion and analysis the basic financial statements and the combining and individual fund schedules, as well as the auditor's report on the financial statements and schedules.
3. Statistical Section – Consists of a number of tables charting the financial history of the City over the past years, data on overlapping governments, demographic and other miscellaneous information.

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, 2007.

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 thirteen years.

Economic Outlook

The Wichita area economy reflects the downturn in the nation's economy. The aircraft industry is laying off workers in record numbers. That vital sector of the local economy will be slow to recover. The State of Kansas is projecting a significant decrease in revenues as the State comes to grips with this recession. The economic outlook for the area economy is not expected to improve before 2011 or 2012 and that causes much anxiety about the future.

Construction Activity

2008 was a very sluggish year with a total of 42 building permits being issued. This consisted of all construction activity including additions, remodel and new construction. This number is down slightly from 2007 by two permits. 2007 was down from 2006 by 50%. The total construction value for 2008 was \$1,198,300 which was down from 2007 by 16%. This reflects an 80% decrease in valuation from 2006. It reflects a 28% decrease from 2007 valuation.

Financial Picture

The assessed valuation of Mulvane did increase in 2008. The Ad Valorem tax levy revenue in 2008 was \$1,635,450 compared to 2007 was \$1,584,413. The mill levy decreased from 56.7 to 53.3.

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 2008 average interest rate for the City's Now Account, Money Market Account, and CD's has decreased to 1.92%. In 2007, the average interest rate was 4.05%. The previous year of 2006, it was 3.03%. Total interest earned from the Now Account and Money Market Account in 2008 was \$10,443 down from \$16,078 in 2007.

The City's 2008 total average cash balance was \$8,507,587 compared to \$9,092,095 in 2007. The 2008 total average invested cash balance was \$8,014,508. The 2007 total average invested cash balance was 8,768,785 down from \$9,541,797 in 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 2008 was .79 down slightly from .87 in 2007. 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 City Treasurer, Sharon Phipps and Accounting Clerk, Cathy Walker. 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, 2008

<u>Title</u>	<u>Name</u>
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	Kendra Walls
City Attorney	Duane Brown
Municipal Judge	William Kehr
City Prosecutor	Larry Linn

MAYOR: James P. Ford
COUNCIL MEMBERS:
Shawn Townson
Doug Hatfield
Joe Johnson
Janean 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, 2007

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.



President

Executive Director

FINANCIAL SECTION

George, Bowerman & Noel, P.A.

*Certified Public Accountants
Management Consultants
Tax Advisors*

Paul R. Bowerman
Gary L. George

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General 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, 2009

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2008

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, 2008. 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 \$35,592,906. Of this amount, \$23,620,085 is capital assets, net of related debt, \$6,462,352 is for restricted uses, and \$5,510,469 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 decreased by \$474,624 during the current fiscal year. The net assets of the City's business-type activities decreased by \$60,703 and the governmental activities assets decreased by \$413,921.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,439,360, an increase of \$153,745 in comparison to the prior year. Over 99% of this total amount (\$3,431,625) 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 \$1,662,840 or 69% of the total General Fund expenditures incurred in the current fiscal year.
- The City's total long-term liabilities decreased by \$1,167,520 during the current fiscal year. The City issued no long-term debt during the current and, accordingly, the reduction for the current fiscal year is the result of debt principal retirements.

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 and Debt Service funds, which are considered major funds. Data for the remaining 18 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 18 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 54 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 \$35,592,906 as of December 31, 2008.

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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 8,961,116	\$ 9,136,138	\$ 5,891,194	\$ 5,992,163	\$ 14,852,310	\$ 15,128,301
Capital assets	<u>28,270,509</u>	<u>29,158,613</u>	<u>17,593,642</u>	<u>18,039,300</u>	<u>45,864,151</u>	<u>47,197,913</u>
Total assets	<u>37,231,625</u>	<u>38,294,751</u>	<u>23,484,836</u>	<u>24,031,463</u>	<u>60,716,461</u>	<u>62,326,214</u>
Long-term liabilities	9,793,492	10,438,761	12,791,189	13,799,228	22,584,681	23,752,201
Other liabilities	<u>1,970,713</u>	<u>1,974,649</u>	<u>568,161</u>	<u>531,834</u>	<u>2,538,874</u>	<u>2,506,48</u>
Total liabilities	<u>11,764,205</u>	<u>12,413,410</u>	<u>13,359,350</u>	<u>13,845,274</u>	<u>25,123,555</u>	<u>26,258,684</u>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net assets:						
Invested in capital assets,						
Net of related debt	\$18,604,024	\$18,844,700	\$ 5,016,061	\$ 4,934,556	\$ 23,620,085	\$ 23,779,256
Restricted for debt						
Service	3,799,446	4,128,356	2,662,906	2,390,773	6,462,352	6,519,129
Unrestricted	<u>3,063,950</u>	<u>2,908,285</u>	<u>2,446,519</u>	<u>2,860,860</u>	<u>5,510,469</u>	<u>5,769,145</u>
Total net assets	<u>\$25,467,420</u>	<u>\$25,881,341</u>	<u>\$10,125,486</u>	<u>\$10,186,189</u>	<u>\$ 35,592,906</u>	<u>\$ 36,067,530</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 \$5,510,469 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, 2008 and 2007. The City's net assets decreased by \$474,624, for a decline 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 475,272	\$ 432,766	\$ 6,197,445	\$ 5,998,808	\$ 6,672,717	\$ 6,431,574
Operating grants and contributions	751,318	1,108,237	—	—	751,318	1,108,237
Capital grants and contributions	18,941	70,406	—	9,452	18,941	70,406
General revenues:						
Property taxes	1,885,721	1,964,970	—	—	1,885,721	1,964,970
Sales taxes	703,376	679,351	—	—	703,376	679,351
Franchise taxes	379,968	365,885	—	—	379,968	365,885
Investment earnings	<u>130,280</u>	<u>240,599</u>	<u>156,904</u>	<u>223,818</u>	<u>287,184</u>	<u>464,417</u>
Total revenues	<u>4,344,876</u>	<u>4,862,214</u>	<u>6,354,349</u>	<u>6,222,626</u>	<u>10,699,225</u>	<u>11,084,840</u>
Expenses:						
General government	319,914	299,958	—	—	319,914	299,958
Public safety	1,895,463	1,830,363	—	—	1,895,463	1,830,363
Highways and streets	1,356,127	1,287,818	—	—	1,356,127	1,287,818
Culture and recreation	731,410	807,939	—	—	731,410	807,939
Economic development	42,781	7,657	—	—	42,781	7,657
Environmental protection	1,791	734	—	—	1,791	734
Electric system	—	—	4,444,773	4,142,178	4,444,773	4,142,178
Water system	—	—	805,636	841,616	805,636	841,616
Sewer system	—	—	1,125,643	1,033,413	1,125,643	1,033,413
Interest on long-term indebtedness	<u>450,311</u>	<u>508,057</u>	<u>—</u>	<u>—</u>	<u>450,311</u>	<u>508,057</u>
Total expenses	<u>4,797,797</u>	<u>4,742,526</u>	<u>6,376,052</u>	<u>6,017,207</u>	<u>11,173,849</u>	<u>10,759,733</u>
Increases (decreases) in net assets before transfers	(452,921)	119,688	(21,703)	205,419	(474,624)	325,107
Transfers in (out)	<u>39,000</u>	<u>(56,798)</u>	<u>(39,000)</u>	<u>56,798</u>	<u>—</u>	<u>—</u>
Increase (decrease) in net assets	(413,921)	62,890	(60,703)	262,217	(474,624)	325,107
Net assets, beginning 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>
Net assets, end of year	<u>\$ 25,467,420</u>	<u>\$ 25,881,341</u>	<u>\$ 10,125,486</u>	<u>\$ 10,186,189</u>	<u>\$ 35,592,906</u>	<u>\$ 36,067,530</u>

Governmental Activities – Governmental activities decreased the City's net assets by \$413,921 for the current fiscal year. Total governmental activity revenues decreased by \$517,338 with operating grants and contributions attributing to approximately 69% of the net revenue decrease. A significant portion of the total decrease (51%) is related to special assessments attributed to long-term debt service. In addition, FEMA and other grants were received during 2007 that were not awarded to the City during 2008, comprising approximately 24% of the revenue decrease. Property tax reductions for 2008 (15%) were almost entirely offset by gains in sales taxes and franchise fees. Approximately 21% of the overall decrease was for investment earnings, which was a direct result of the falling investment interest rates during 2008.

Total governmental activity expenses increased by only \$55,271 in 2008 (about 1%) with most of the increase being attributed to public safety and streets and highway operations. The most significant on-going operational expense for the City resides in wages and benefits for employees. The cost of living adjustment to employee wages for 2008 was 5% and benefits for health care and retirement continued their upward increase with healthcare premiums increasing over 2% and retirement costs increasing over 11% during 2008. Debt service decreased over 11% from 2007, which helped control the overall increase in governmental activity expenses for 2008.

Business-type Activities – Business-type activities decreased the City's net assets by \$60,703 for the current fiscal year. The revenues for 2008 were up about 3% however, water consumption reflected little change from the previous year, again due to a wet spring and early summer during 2008. Electric consumption was again fairly flat in comparison to 2007 however, the cost of power adjustment to customer accounts increased revenues for 2008.

Expenses for the business-type activities increased by \$358,845, with electric utility costs accounting for 84% 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 \$3,439,360. Approximately 99% of this total amount (\$3,431,625) constitutes unreserved fund balance. The remainder of the fund balance (\$7,735) 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 \$1,662,840, while total fund balance was \$1,662,840, which was \$47,566 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 at year-end represents 63% of total General Fund expenditures for the current year. The reduction in tax revenues was planned in the budget considerations for 2007 however, increases in intergovernmental, licenses and permits, charges for services and fines and forfeitures almost offset the anticipated reduction in taxes. Expenditures only increased about 2% with the significant portion of the increase being attributed to increases in employee wages and benefits.

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 \$1,662,840 General Fund unreserved fund balance, 57% is designated. Those designations include \$683,734 earmarked for carryover to the 2009 budget and \$259,339 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 \$180,792, which was an increase of \$20,146 from 2007. Resources for this fund are generated from property taxes, special assessment taxes and interest earnings and increased by \$99,024 for 2008 however, debt service requirements increased by \$31,095 for 2008.

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 decreased by \$60,703. The decline in net assets by fund included \$95,448 in the Electric System Fund and \$14,051 in the Water System Fund. The Sewer System Fund net assets increased by \$49,277. The 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 \$3,717. Total net assets decreased by \$764 over 2007 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 decreased by \$95,448. Customer consumption for 2008 was almost flat and operating revenues and expenses are generally reflective of that situation as operating revenues increased \$258,595 and operating expenses increased \$303,758.

Water System Fund

Total net assets of the Water System Fund decreased by \$14,051. Operating revenues decreased by \$44,561 during 2008 as consumption continues to be influenced by the wet weather conditions of late spring and the early summer months. Operating expenses decreased \$33,484 for 2008.

Sewer System Fund

The total net assets of the Sewer System Fund increased by \$49,277. The operating income of \$1,156,679 for 2008 was \$15,397 less than for 2007. Operating expenses increased by \$103,622 during 2008 with personnel costs attributing to approximately \$81,000 of the increase and plant operating costs, including utilities, attributing to the remainder of the increase for 2008.

General Fund Budgetary Highlights – The General Fund total actual revenues were 105% of the total amount anticipated in the 2008 budget and exceeded the total anticipated revenues by \$118,758. The significant composition of this excess can be attributed to a favorable variance in sales tax collections of approximately \$83,800 with intergovernmental shared revenues for EMS subsidies principally comprising the remaining excess revenues received by the General Fund.

General Fund budgetary expenditures totaled \$2,572,978, which represented only 81% of the budgeted expenditures for 2008. Accordingly, the General Fund incurred a favorable variance from its budgeted expenditures of \$590,549. The Administration Department incurred a favorable budgetary variance of \$393,317 mainly due to contingency reserves not being utilized.

CAPITAL ASSETS

The City's investment in capital assets as of December 31, 2008 amounts to \$45,863,386 (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 net decrease in the City's investment in capital assets for the current fiscal year was 3%. Major capital asset events during the current fiscal year included the following:

- Parking lot adjacent to City Hall at a cost of \$62,380.
- Street Department dump truck at a cost of \$134,558.
- Street Department sand spreader at a cost of \$10,947.
- Street Department snowplow at a cost of \$8,421.
- 2 - Police vehicles totaling \$42,352.
- Police Department computer and security equipment totaling \$3,598.
- 2 - EMS 12-lead monitors totaling \$50,534.
- Addition to 111th Street power plant at a cost of \$119,147.
- Water pumps, transmitters, and equipment totaling \$25,535.
- Sewer camera system at a cost of \$53,892.
- Sewer main and lift station rehabilitation costs totaling \$42,313

**Capital Assets at Year-End
Net of Accumulated Depreciation**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 256,617	\$ 256,617	\$ 758,117	\$ 758,117	\$ 1,014,734	\$ 1,014,734
Buildings	1,693,816	1,751,376	—	—	1,693,816	1,751,376
Utility plant	—	—	9,908,035	10,154,794	9,908,035	10,154,794
Improvements other than buildings	3,114,720	3,127,268	6,552,719	6,760,662	9,667,439	9,887,930
Infrastructure	21,890,520	22,714,550	—	—	21,890,520	22,714,550
Machinery and equipment	1,313,471	1,308,802	374,006	365,007	1,687,477	1,673,809
Construction work in progress	<u>1,365</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,365</u>	<u>—</u>
Total	<u>\$28,270,509</u>	<u>\$29,158,613</u>	<u>\$17,592,877</u>	<u>\$18,038,580</u>	<u>\$45,863,386</u>	<u>\$ 47,197,193</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 were \$22,584,681. This amount was comprised of \$8,349,419 of general obligation bonds secured by future tax revenues from governmental activities with \$1,832,581 of such bonds being committed from resources generated by business-type revenues, \$10,745,000 of revenue bonds which are secured by business-type revenue sources, \$107,066 of notes payable secured by the future revenue sources from governmental activities, and \$1,210,000 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 \$340,615 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 \$1,425,598, or approximately 6% during the current fiscal year. This decrease is due to the scheduled debt retirements made during 2008. There were no bond issuances during 2008.

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 2009 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).
- Increase in employee wages for cost of living allowance to provide catch-up for below market increases awarded in prior years.
- Property tax revenues are budgeted to increase in 2009 by only \$55,724 due to the increase in assessed values of 3% resulting in a mill levy increase of 0.028 mills.

The General Fund's largest single revenue source is property taxes. The property tax rate for FY 2008 was \$.053331 per \$1,000 of assessed valuation. Of this tax rate, 42% or \$.022545 was utilized for General Fund activities. 23% or \$.012429 was used for debt service and 21% or \$.011003 was used for employee benefits. The General Fund's portion of property tax revenue for FY 2009 is estimated to be \$.024500. Sedgwick County has a 1% sales tax and the City's portion of the sales tax revenue for FY 2008 was \$698,833. This is an increase of 2.9% from the FY 2007 sales tax revenue of \$679,351.

With unemployment in the local area rapidly escalating and sales tax revenues being relatively flat, the City Council again undertook a very cautious approach to revenue estimating and expenditure appropriation in the 2009 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, 2008

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority
<u>ASSETS</u>					
Cash and investments	\$ 3,460,007	\$ 1,197,594	\$ 4,657,601	\$ 65,672	\$ 9,792
Receivables:					
Property taxes	1,670,041	—	1,670,041	—	—
Special assessment taxes	3,618,654	—	3,618,654	—	—
Sales taxes	63,118	—	63,118	—	—
Franchise fees	90,751	—	90,751	—	—
Trade accounts, net	94,649	864,233	958,882	—	—
Internal balances	(115,298)	115,298	—	—	—
Prepaid items	74,178	59,524	133,702	—	—
Restricted assets	5,016	3,312,166	3,317,182	—	—
Unamortized debt issuance costs	—	342,379	342,379	—	—
Capital assets:					
Land	256,617	758,117	1,014,734	—	16,000
Buildings	2,362,453	13,627,454	15,989,907	—	577,073
Improvements other than buildings	3,362,743	10,299,628	13,662,371	—	—
Infrastructure	34,000,927	—	34,000,927	—	—
Machinery and equipment	3,867,577	1,504,746	5,372,323	19,713	80,385
Less accumulated depreciation	(15,581,173)	(8,596,303)	(24,177,476)	(2,761)	(387,421)
Construction work in progress	1,365	—	1,365	—	—
Total assets	<u>37,231,625</u>	<u>23,484,836</u>	<u>60,716,461</u>	<u>82,624</u>	<u>295,829</u>
<u>LIABILITIES</u>					
Accounts payable	17,981	420,297	438,278	—	500
Accrued payroll payable	55,436	39,492	94,928	—	—
Accrued interest payable	140,413	108,372	248,785	—	—
Matured bonds and coupons payable	1,316	—	1,316	—	—
Unearned revenue	1,755,567	—	1,755,567	—	—
Noncurrent liabilities:					
Due within one year	759,451	708,844	1,468,295	—	16,661
Due in more than one year	<u>9,034,041</u>	<u>12,082,345</u>	<u>21,116,386</u>	<u>—</u>	<u>241,849</u>
Total liabilities	<u>11,764,205</u>	<u>13,359,350</u>	<u>25,123,555</u>	<u>—</u>	<u>259,010</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	18,604,024	5,016,061	23,620,085	16,952	27,527
Restricted for:					
Debt service	3,799,446	2,662,906	6,462,352	—	—
Unrestricted	<u>3,063,950</u>	<u>2,446,519</u>	<u>5,510,469</u>	<u>65,672</u>	<u>9,292</u>
	<u>\$ 25,467,420</u>	<u>\$ 10,125,486</u>	<u>\$ 35,592,906</u>	<u>\$ 82,624</u>	<u>\$ 36,819</u>

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

CITY OF MULVANE, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2008

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	\$ 319,914	\$ 106,069	\$ -	\$ 2,700	\$ (211,145)	\$ -	\$ (211,145)	\$ -	\$ -
Public safety	1,895,463	269,079	259,783	-	(1,366,601)	-	(1,366,601)	-	-
Highways and streets	1,356,127	35,636	264,436	-	(1,056,055)	-	(1,056,055)	-	-
Culture and recreation	731,410	64,488	42,523	16,241	(608,158)	-	(608,158)	-	-
Economic development	42,781	-	-	-	(42,781)	-	(42,781)	-	-
Environmental protection	1,791	-	-	-	(1,791)	-	(1,791)	-	-
Interest on long-term debt	450,311	-	184,576	-	(265,735)	-	(265,735)	-	-
Total Governmental Activities	\$ 4,797,797	\$ 475,272	\$ 751,318	\$ 18,941	\$ (3,552,266)	\$ -	\$ (3,552,266)	\$ -	\$ -
Business-Type Activities:									
Electric Utility	\$ 4,444,773	\$ 4,247,909	\$ -	\$ -	-	(196,864)	(196,864)	-	-
Water Utility	805,636	792,857	-	-	-	(12,779)	(12,779)	-	-
Sewer Utility	1,125,643	1,156,679	-	-	-	31,036	31,036	-	-
Total Business-Type Activities	\$ 6,376,052	\$ 6,197,445	\$ -	\$ -	\$ -	(178,607)	(178,607)	\$ -	\$ -
Component Units:									
Mulvane Public Library	\$ 142,430	\$ 4,093	\$ 25,191	\$ -	-	-	(113,146)	-	(3,443)
Mulvane Housing Authority	77,971	60,934	13,594	-	-	-	-	-	-
Total Component Units	\$ 220,401	\$ 65,027	\$ 38,785	\$ -	\$ -	\$ -	(113,146)	\$ -	(3,443)
General Revenues and Transfers:									
General Revenues:									
Property taxes levied for:									
General purposes					1,444,462	-	1,444,462	-	-
Debt service					441,259	-	441,259	-	-
Sales taxes					703,376	-	703,376	-	-
Franchise taxes					379,968	-	379,968	-	-
Payment from City of Mulvane					-	-	-	134,747	-
Investment earnings					130,280	156,904	287,184	645	26
Transfers					39,000	(39,000)	-	-	-
Total general revenues and transfers					3,138,345	117,904	3,256,249	135,392	26
Change in net assets					(413,921)	(60,703)	(474,624)	22,246	(3,417)
Net assets at beginning of year					25,881,341	10,186,189	36,067,530	60,378	40,236
Net assets at end of year					\$ 25,467,420	\$10,125,486	\$ 35,592,906	\$ 82,624	\$ 36,819

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

FUND FINANCIAL STATEMENTS

CITY OF MULVANE, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ 1,676,675	\$ 180,792	\$ 1,602,540	\$ 3,460,007
Cash with fiscal agent	—	1,316	—	1,316
Cash held for appearance bonds	3,700	—	—	3,700
Property taxes receivable	787,014	262,405	620,622	1,670,041
Special assessment taxes receivable	—	3,618,654	—	3,618,654
Accounts receivable, net	85,601	—	9,048	94,649
Franchise fees receivable	90,751	—	—	90,751
Sales tax receivable	<u>63,118</u>	<u>—</u>	<u>—</u>	<u>63,118</u>
Total assets	<u>\$ 2,706,859</u>	<u>\$ 4,063,167</u>	<u>\$ 2,232,210</u>	<u>\$ 9,002,236</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Salaries and wages payable	\$ 42,389	\$ —	\$ 13,047	\$ 55,436
Accounts payable	11,468	—	2,813	14,281
Due to other funds	113,922	—	—	113,922
Matured bonds and coupons payable	—	1,316	—	1,316
Municipal Court appearance bonds payable	3,700	—	—	3,700
Deferred revenue	<u>872,540</u>	<u>3,881,059</u>	<u>620,622</u>	<u>5,374,221</u>
Total liabilities	<u>1,044,019</u>	<u>3,882,375</u>	<u>636,482</u>	<u>5,562,876</u>
Fund balances:				
Reserved for encumbrances	—	—	7,735	7,735
Unreserved:				
Designated for subsequent years' expenditures for:				
General fund	683,734	—	—	683,734
Debt service fund	—	152,549	—	152,549
Special revenue funds	—	—	934,924	934,924
Designated for debt service	—	28,243	—	28,243
Designated for self-insurance	259,339	—	—	259,339
Undesignated for:				
General fund	719,767	—	—	719,767
Special revenue funds	—	—	660,804	660,804
Capital project fund	<u>—</u>	<u>—</u>	<u>(7,735)</u>	<u>(7,735)</u>
Total fund balances	<u>1,662,840</u>	<u>180,792</u>	<u>1,595,728</u>	<u>3,439,360</u>
Total liabilities and fund balances	<u>\$ 2,706,859</u>	<u>\$ 4,063,167</u>	<u>\$ 2,232,210</u>	<u>\$ 9,002,236</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, 2008

Total Governmental Fund Balances			\$ 3,439,360
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	\$ 43,851,682		
Accumulated depreciation	<u>(15,581,173)</u>		
		28,270,509	
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:			
Special assessments receivable		3,618,654	
Prepaid expenses		74,178	
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			
		(1,376)	
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	140,413		
Compensated absences payable	127,007		
Note payable to Mulvane Firemen's Relief Association	107,066		
General obligation bonds payable	8,349,419		
Mulvane Public Building Commission revenue bonds payable	<u>1,210,000</u>		
		<u>(9,933,905)</u>	
Net Assets of Governmental Activities			<u>\$ 25,467,420</u>

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, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 1,569,625	\$ 441,259	\$ 593,650	\$ 2,604,534
Special assessment taxes	-	533,632	-	533,632
Intergovernmental	285,035	-	255,602	540,637
Licenses and permits	434,513	-	5,000	439,513
Charges for services	144,632	-	89,741	234,373
Fines and forfeitures	120,373	-	-	120,373
Use of money and property	65,526	14,818	55,231	135,575
Miscellaneous	<u>60,586</u>	<u>-</u>	<u>24,709</u>	<u>85,295</u>
Total revenues	<u>2,680,290</u>	<u>989,709</u>	<u>1,023,933</u>	<u>4,693,932</u>
Expenditures:				
Current:				
General government	305,371	-	45,240	350,611
Public safety	1,420,158	-	384,390	1,804,548
Highways and streets	357,876	-	270,865	628,741
Culture and recreation	277,693	-	346,713	624,406
Environmental protection	1,791	-	-	1,791
Economic development	11,638	-	31,143	42,781
Capital improvements	-	-	1,365	1,365
Debt Service	<u>18,981</u>	<u>969,563</u>	<u>136,400</u>	<u>1,124,944</u>
Total expenditures	<u>2,393,508</u>	<u>969,563</u>	<u>1,216,116</u>	<u>4,579,187</u>
Revenues over (under) expenditures	<u>286,782</u>	<u>20,146</u>	<u>(192,183)</u>	<u>114,745</u>
Other financing sources (uses):				
Transfers in	82,901	-	323,482	406,383
Transfers out	<u>(322,117)</u>	<u>-</u>	<u>(45,266)</u>	<u>(367,383)</u>
Total other financing sources (uses)	<u>(239,216)</u>	<u>-</u>	<u>278,216</u>	<u>39,000</u>
Net change in fund balance	47,566	20,146	86,033	153,745
Fund balances, beginning of year	<u>1,615,274</u>	<u>160,646</u>	<u>1,509,695</u>	<u>3,285,615</u>
Fund balances, end of year	<u>\$ 1,662,840</u>	<u>\$ 180,792</u>	<u>\$ 1,595,728</u>	<u>\$ 3,439,360</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, 2008

Net Change in Fund Balances – Total Governmental Funds	\$ 153,745
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	\$ 356,089
Depreciation	<u>(1,209,243)</u>
Excess of depreciation over capital outlays	(853,154)
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	(34,950)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due	27,205
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	565,797
Mulvane Public Building Commission revenue bond payment	65,000
Mulvane Firemen's Relief Association loan payment	<u>16,631</u>
Total payments on long-term liabilities	647,428
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	(283)
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	(349,056)
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	(2,697)
Compensated absences payable	<u>(2,159)</u>
Total	<u>(4,856)</u>
Change in Net Assets of Governmental Activities	<u>\$ (413,921)</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, 2008

	<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	\$1,452,086	\$1,452,086	\$1,540,305	\$ 88,219
Intergovernmental	249,940	249,940	285,035	35,095
Licenses, fees and permits	448,300	448,300	434,943	(13,357)
Charges for services	110,000	110,000	144,632	34,632
Fines and forfeitures	139,000	139,000	120,373	(18,627)
Use of money and property	48,700	48,700	57,396	8,696
Miscellaneous	22,510	22,510	62,010	39,500
Transfers in	<u>94,400</u>	<u>94,400</u>	<u>39,000</u>	<u>(55,400)</u>
 Total revenues and other sources	 <u>2,564,936</u>	 <u>2,564,936</u>	 <u>2,683,694</u>	 <u>118,758</u>
Expenditures, encumbrances and other uses:				
General government:				
Administration department	620,362	620,362	227,045	393,317
Inspection department	<u>64,336</u>	<u>64,336</u>	<u>61,984</u>	<u>2,352</u>
 Total general government	 <u>684,698</u>	 <u>684,698</u>	 <u>289,029</u>	 <u>395,669</u>
Public safety:				
Police department	852,523	852,523	796,260	56,263
Fire department	184,054	184,054	159,166	24,888
EMS department	371,386	371,386	354,824	16,562
Municipal Court	92,825	92,825	95,510	(2,685)
Fire District No. 12	<u>18,500</u>	<u>18,500</u>	<u>14,823</u>	<u>3,677</u>
 Total public safety	 <u>1,519,288</u>	 <u>1,519,288</u>	 <u>1,420,583</u>	 <u>98,705</u>
Highways and streets:				
Street department	<u>321,702</u>	<u>321,702</u>	<u>231,146</u>	<u>90,556</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, 2008

	<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	\$ 189,700	\$ 189,700	\$ 150,919	\$ 38,781
Sports Complex	<u>147,200</u>	<u>147,200</u>	<u>126,774</u>	<u>20,426</u>
Total culture and recreation	<u>336,900</u>	<u>336,900</u>	<u>277,693</u>	<u>59,207</u>
Economic development:				
Planning department	<u>10,300</u>	<u>10,300</u>	<u>11,638</u>	<u>(1,338)</u>
Environmental protection:				
Bindweed department	<u>3,000</u>	<u>3,000</u>	<u>1,791</u>	<u>1,209</u>
Other:				
Debt service	18,981	18,981	18,981	–
Operating transfers out	<u>268,658</u>	<u>268,658</u>	<u>322,117</u>	<u>(53,459)</u>
Total other	<u>287,639</u>	<u>287,639</u>	<u>341,098</u>	<u>(53,459)</u>
Total expenditures, encumbrances and other uses	<u>3,163,527</u>	<u>3,163,527</u>	<u>2,572,978</u>	<u>590,549</u>
Revenues and other sources over (under) expenditures, encumbrances and other uses	(598,591)	(598,591)	110,716	709,307
Fund balance, beginning of year	<u>598,591</u>	<u>598,591</u>	<u>1,252,838</u>	<u>654,247</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$1,363,554</u>	<u>\$1,363,554</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, 2008

	<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	\$ 832,324	\$ 139,167	\$ 225,191	\$ 1,196,682	\$ 912
Trade accounts receivable	547,158	120,059	197,016	864,233	-
Prepaid expenses	38,924	7,156	11,713	57,793	1,731
Due from other funds	113,922	-	-	113,922	-
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	165,046	-	277,959	443,005	-
Customer deposits	139,155	47,076	-	186,231	-
Total current assets	<u>1,836,529</u>	<u>313,458</u>	<u>711,879</u>	<u>2,861,866</u>	<u>2,643</u>
Noncurrent assets:					
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	73,852	-	-	73,852	-
Revenue bond reserve	515,743	-	350,153	865,896	-
Revenue bond surplus reserve	871,646	-	545,979	1,417,625	-
Replacement reserve	325,557	-	-	325,557	-
Total restricted assets	<u>1,786,798</u>	<u>-</u>	<u>896,132</u>	<u>2,682,930</u>	<u>-</u>
Property, plant and equipment:					
Land	419,856	-	338,261	758,117	-
Utility plant	5,392,249	779,500	7,455,705	13,627,454	-
Improvements other than buildings	4,910,970	2,546,959	2,841,699	10,299,628	-
Machinery and equipment	933,950	195,682	360,031	1,489,663	15,083
	11,657,025	3,522,141	10,995,696	26,174,862	15,083
Less accumulated depreciation	<u>(5,006,121)</u>	<u>(1,608,065)</u>	<u>(1,967,799)</u>	<u>(8,581,985)</u>	<u>(14,318)</u>
Property, plant and equipment, net	<u>6,650,904</u>	<u>1,914,076</u>	<u>9,027,897</u>	<u>17,592,877</u>	<u>765</u>
Other assets:					
Unamortized bond issue costs	112,928	10,448	169,351	292,727	-
Unamortized deferred cost on refunding	49,652	-	-	49,652	-
Total other assets	<u>162,580</u>	<u>10,448</u>	<u>169,351</u>	<u>342,379</u>	<u>-</u>
Total noncurrent assets	<u>8,600,282</u>	<u>1,924,524</u>	<u>10,093,380</u>	<u>20,618,186</u>	<u>765</u>
Total assets	<u>10,436,811</u>	<u>2,237,982</u>	<u>10,805,259</u>	<u>23,480,052</u>	<u>1,408</u>

	<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>LIABILITIES</u>					
Current liabilities:					
Salaries and wages payable	\$ 20,862	\$ 7,472	\$ 10,342	\$ 38,676	\$ 816
Accounts payable	163,289	32,397	38,284	233,970	96
Compensated absences payable	97,155	26,677	32,242	156,074	4,676
Current portion of general obligation bonds payable	33,762	59,160	70,172	163,094	–
Accrued interest payable	10,408	9,119	10,816	30,343	–
Current liabilities payable from restricted assets:					
Accrued revenue bond interest payable	30,432	–	47,597	78,029	–
Current portion of:					
Revenue bonds payable	154,638	–	230,362	385,000	–
Customer deposits payable	<u>139,155</u>	<u>47,076</u>	<u>–</u>	<u>186,231</u>	<u>–</u>
Total current liabilities	<u>649,701</u>	<u>181,901</u>	<u>439,815</u>	<u>1,271,417</u>	<u>5,588</u>
Noncurrent liabilities:					
Long-term portion of compensated absences payable	31,947	8,772	10,602	51,321	1,537
Long-term portion of general obligation bonds payable	345,597	605,579	718,311	1,669,487	–
Long-term portion of revenue bonds payable	<u>4,139,996</u>	<u>–</u>	<u>6,220,004</u>	<u>10,360,000</u>	<u>–</u>
Total noncurrent liabilities	<u>4,517,540</u>	<u>614,351</u>	<u>6,948,917</u>	<u>12,080,808</u>	<u>1,537</u>
Total liabilities	<u>5,167,241</u>	<u>796,252</u>	<u>7,388,732</u>	<u>13,352,225</u>	<u>7,125</u>
<u>NET ASSETS</u>					
Net assets:					
Invested in capital assets, net of related debt	1,976,911	1,249,337	1,789,048	5,015,296	765
Restricted	1,766,774	–	896,132	2,662,906	–
Unrestricted	<u>1,525,885</u>	<u>192,393</u>	<u>731,347</u>	<u>2,449,625</u>	<u>(4,482)</u>
Total net assets	<u>\$ 5,269,570</u>	<u>\$ 1,441,730</u>	<u>\$ 3,416,527</u>	<u>\$ 10,127,827</u>	<u>\$ (3,717)</u>
Total net assets				\$ 10,127,827	
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				(2,341)	
Net assets of business-type activities				<u>\$ 10,125,486</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, 2008

	<u>Business-Type Activities – Enterprise Funds</u>			<u>Total 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>		
Operating revenues:					
Charges for services	\$ 4,197,895	\$ 785,597	\$ 1,156,679	\$ 6,140,171	\$ 54,065
Miscellaneous	47,246	–	–	47,246	–
Rents and royalties	2,768	7,260	–	10,028	–
Total operating revenues	<u>4,247,909</u>	<u>792,857</u>	<u>1,156,679</u>	<u>6,197,445</u>	<u>54,065</u>
Operating expenses:					
Production	3,133,132	–	–	3,133,132	–
Treatment	–	698,378	369,364	1,067,742	–
Distribution and maintenance	628,275	–	–	628,275	70,938
Collection	–	–	194,425	194,425	–
Depreciation	443,044	76,724	220,403	740,171	278
Total operating expenses	<u>4,204,451</u>	<u>775,102</u>	<u>784,192</u>	<u>5,763,745</u>	<u>71,216</u>
Operating income (loss)	<u>43,458</u>	<u>17,755</u>	<u>372,487</u>	<u>433,700</u>	<u>(17,151)</u>
Nonoperating revenues (expense):					
Interest income	101,188	7,590	48,126	156,904	–
Interest expense	(208,183)	(28,496)	(325,766)	(562,445)	–
Amortization of bond costs	(15,524)	(1,900)	(15,570)	(32,994)	–
Total nonoperating revenue (expense)	<u>(122,519)</u>	<u>(22,806)</u>	<u>(293,210)</u>	<u>(438,535)</u>	<u>–</u>
Income (loss) before contributions and transfers	(79,061)	(5,051)	79,277	(4,835)	(17,151)
Transfers from other funds	–	–	–	–	16,387
Transfers to other funds	<u>(16,387)</u>	<u>(9,000)</u>	<u>(30,000)</u>	<u>(55,387)</u>	<u>–</u>
Change in net assets	(95,448)	(14,051)	49,277	(60,222)	(764)
Net assets, beginning 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>
Net assets, end of year	<u>\$ 5,269,570</u>	<u>\$ 1,441,730</u>	<u>\$ 3,416,527</u>	<u>\$ 10,127,827</u>	<u>\$ (3,717)</u>
				\$ (60,222)	
				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	
				(481)	
				<u>\$ (60,703)</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, 2008

	<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	\$ 4,217,940	\$ 786,397	\$ 1,152,729	\$ 6,157,066	\$ 54,065
Cash payments for materials and services	(2,958,498)	(414,303)	(143,901)	(3,516,702)	(47,485)
Cash payments to employees for services	(806,143)	(280,277)	(387,475)	(1,473,895)	(22,448)
Other cash receipts	<u>51,967</u>	<u>8,760</u>	<u>—</u>	<u>60,727</u>	<u>—</u>
Net cash provided by (used for) operating activities	<u>505,266</u>	<u>100,577</u>	<u>621,353</u>	<u>1,227,196</u>	<u>(15,868)</u>
Cash flows from capital and related financing activities:					
Principal paid on revenue bonds	(149,952)	—	(220,048)	(370,000)	—
Principal paid on general obligation bonds	(32,534)	(57,008)	(67,621)	(157,163)	—
Interest paid on debt	(204,129)	(29,067)	(327,720)	(560,916)	—
Acquisition and construction of capital assets	<u>(158,068)</u>	<u>(25,535)</u>	<u>(110,865)</u>	<u>(294,468)</u>	<u>(323)</u>
Net cash provided (used) by capital and related financing activities	<u>(544,683)</u>	<u>(111,610)</u>	<u>(726,254)</u>	<u>(1,382,547)</u>	<u>(323)</u>
Cash flows from noncapital financing activities:					
Repayments of loans to other funds	43,902	—	—	43,902	—
Transfers from other funds	—	—	—	—	16,387
Transfers to other funds	<u>(16,387)</u>	<u>(9,000)</u>	<u>(30,000)</u>	<u>(55,387)</u>	<u>—</u>
Net cash provided (used) by noncapital financing activities	<u>27,515</u>	<u>(9,000)</u>	<u>(30,000)</u>	<u>(11,485)</u>	<u>16,387</u>
Cash flows from investing activities:					
Interest received	<u>101,188</u>	<u>7,590</u>	<u>48,126</u>	<u>156,904</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	89,286	(12,443)	(86,775)	(9,932)	196
Cash and cash equivalents, beginning 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, end of year	<u>\$ 2,923,323</u>	<u>\$ 186,243</u>	<u>\$ 1,399,282</u>	<u>\$ 4,508,848</u>	<u>\$ 912</u>
 Cash and cash equivalents	\$ 832,324	\$ 139,167	\$ 225,191	\$ 1,196,682	\$ 912
Restricted cash and cash equivalents included in restricted cash and investments	<u>2,090,999</u>	<u>47,076</u>	<u>1,174,091</u>	<u>3,312,166</u>	<u>—</u>
Cash and cash equivalents, end of year	<u>\$ 2,923,323</u>	<u>\$ 186,243</u>	<u>\$ 1,399,282</u>	<u>\$ 4,508,848</u>	<u>\$ 912</u>

CITY OF MULVANE, KANSAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
(continued from previous page)
Year ended December 31, 2008

	<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>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 43,458	\$ 17,755	\$ 372,487	\$ 433,700	\$ (17,151)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	443,044	76,724	220,403	740,171	278
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	20,045	801	(3,950)	16,896	-
Decrease (increase) in prepaid expenses	508	454	(3,307)	(2,345)	69
Increase (decrease) in salaries and wages payable	4,613	1,726	2,295	8,634	227
Increase (decrease) in accounts payable	(13,421)	2,437	33,500	22,516	(31)
Increase (decrease) in compensated absences payable	5,067	(820)	(75)	4,172	740
Increase in customer deposits payable	<u>1,952</u>	<u>1,500</u>	<u>-</u>	<u>3,452</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ 505,266</u>	<u>\$ 100,577</u>	<u>\$ 621,353</u>	<u>\$ 1,227,196</u>	<u>\$ (15,868)</u>

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

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

December 31, 2008

	<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, 2008

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 City provides financial assistance to the Mulvane Housing Authority through the uncharged utility services for common areas of the facility and the City serves as a guarantor for the Rural Development loan on the facility. 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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)

Capital Project Funds – The capital project funds are used to account the acquisition and construction of major capital facilities other than those financed by proprietary funds.

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 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

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.

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 20th during the year levied with the balance to be paid on or before May 10th 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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2008, the amount of these liabilities was \$-0-. Changes in the reported liability since December 31, 2005 is as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	<u>Claim Payments</u>	Balance at <u>Year End</u>
2007	\$ 413	\$ 19,107	\$ 19,520	\$ -
2008	-	13,584	13,584	-

At December 31, 2008, General Fund cash and short-term investments of \$259,339 were held for purposes of funding the City's future claims liabilities. As a result, \$259,339 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, Special Highway Improvement and Dorothy Nelson Beautification Grant 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 2008.

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 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.

2. DEPOSITS AND INVESTMENTS

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.

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, 2008, is as follows:

Carson Bank	59%
Emprise Bank	41%

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.

At year-end, the carrying amount of the City's deposits was \$7,973,067, with the bank balances of such accounts being \$8,133,924. Of the bank balances, \$506,390 was covered by federal depository insurance and the remaining balance of \$7,627,534 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 \$9,104,352 at December 31, 2008.

The remaining carrying amount of the City's cash and investments at December 31, 2008 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, 2008 consisted of demand deposit and money market checking accounts. At year-end, the carrying amount of the Library's deposits was \$65,672 with the bank balances of such accounts being \$71,692. The bank balances were entirely secured by FDIC insurance at December 31, 2008.

2. DEPOSITS AND INVESTMENTS (continued)

The Mulvane Housing Authority's cash and investments at December 31, 2008 consisted of savings and money market checking accounts. At year-end, the carrying amount of the Authority's deposits was \$9,792 with the bank balances of such accounts being \$11,117. The bank balances were entirely secured by FDIC insurance at December 31, 2008.

3. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 256,617	\$ —	\$ —	\$ 256,617
Construction work in progress	—	1,365	—	1,365
	<u>256,617</u>	<u>1,365</u>	<u>—</u>	<u>257,982</u>
Capital assets being depreciated:				
Buildings	2,362,453	—	—	2,362,453
Improvements other than buildings	3,295,890	66,853	—	3,362,743
Infrastructure	33,998,197	2,730	—	34,000,927
Machinery and equipment	<u>3,617,386</u>	<u>285,141</u>	<u>34,950</u>	<u>3,867,577</u>
Total capital assets being depreciated	<u>\$ 43,273,926</u>	<u>354,724</u>	<u>34,950</u>	<u>43,593,700</u>
Less accumulated depreciation for:				
Buildings	611,077	57,560	—	668,637
Improvements other than buildings	168,622	79,401	—	248,023
Infrastructure	11,283,647	826,760	—	12,110,407
Machinery and equipment	<u>2,308,584</u>	<u>245,522</u>	<u>—</u>	<u>2,554,106</u>
Total accumu- lated depreciation	<u>14,371,930</u>	<u>1,209,243</u>	<u>—</u>	<u>15,581,173</u>

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
Total capital assets being depreciated, net	\$ 28,901,996	\$ (854,519)	\$ (34,950)	\$ 28,012,527
Governmental activities capital assets, net	\$ 29,158,613	\$ (853,154)	\$ (34,950)	\$ 28,270,509
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 758,117	\$ —	\$ —	\$ 758,117
Capital assets being depreciated:				
Utility plant	13,518,191	109,263	—	13,627,454
Improvements other than buildings	10,231,178	68,450	—	10,299,628
Machinery and equipment	<u>1,372,908</u>	<u>116,755</u>	<u>—</u>	<u>1,489,663</u>
Total capital assets being depreciated	<u>25,122,277</u>	<u>294,468</u>	<u>—</u>	<u>25,416,745</u>
Less accumulated depreciation for:				
Utility plant	3,363,397	356,022	—	3,719,419
Improvements other than buildings	3,470,516	276,393	—	3,746,909
Machinery and equipment	<u>1,007,901</u>	<u>107,756</u>	<u>—</u>	<u>1,115,657</u>
Total accumu- lated depreciation	<u>7,841,814</u>	<u>740,171</u>	<u>—</u>	<u>8,581,985</u>
Total capital assets being depreciated, net	<u>17,280,463</u>	<u>(445,703)</u>	<u>—</u>	<u>16,834,760</u>
Business-type activities capital assets, net	\$ 18,038,580	\$ (445,703)	\$ —	\$ 17,592,877

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

3. CHANGES IN CAPITAL ASSETS (continued)

Governmental activities:	
General government	\$ 29,586
Public safety	168,607
Highways and streets (including depreciation of infrastructure assets)	895,501
Culture and recreation	115,271
Capital assets held by the City's internal service fund is charged to the various functions based on their usage	<u>278</u>
Total depreciation expense – governmental activities	<u>\$ 1,209,243</u>
Business-type activities:	
Electric System	\$ 443,044
Water System	76,724
Sewer System	<u>220,403</u>
Total depreciation expense – business-type activities	<u>\$ 740,171</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, 2008:

	Outstanding January 1, 2008	Additions	Deletions	Outstanding December 31, 2008	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 8,915,216	\$ –	\$ 565,797	\$ 8,349,419	\$ 581,906
Mulvane Public Building Commission Revenue bonds	1,275,000	–	65,000	1,210,000	65,000
Note payable to Mulvane Firemen's Relief Association	123,697	–	16,631	107,066	16,966
Compensated absences	<u>124,848</u>	<u>96,231</u>	<u>94,072</u>	<u>127,007</u>	<u>95,579</u>
Total long-term liabilities – Governmental activities	<u>\$10,438,761</u>	<u>\$ 96,231</u>	<u>\$ 741,500</u>	<u>\$ 9,793,492</u>	<u>\$ 759,451</u>
<u>Business-type activities</u>					
Revenue bonds	\$11,115,000	\$ –	\$ 370,000	\$ 10,745,000	\$ 385,000
General obligation bonds	1,989,744	–	157,163	1,832,581	163,094
Compensated absences	<u>208,696</u>	<u>161,847</u>	<u>156,935</u>	<u>213,608</u>	<u>160,750</u>
Total long-term liabilities – Business-Type activities	<u>\$13,313,440</u>	<u>\$ 161,847</u>	<u>\$ 684,098</u>	<u>\$ 12,791,189</u>	<u>\$ 708,844</u>

4. LONG-TERM DEBT (continued)

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2027. At December 31, 2008 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Bonds, Series 1998-1, issued February 1, 1998	4.20 – 6.20	\$ 720,000
General Obligation Bonds, Series 1998-2, issued April 1, 1998	4.25 – 7.20	225,000
General Obligation Bonds, Series 1998-3, issued December 1, 1998	4.40 – 5.75	75,000
General Obligation Bonds, Series A, 2000, issued April 1, 2000	5.30 – 6.75	385,000
General Obligation Improvement Bonds, Series A, 2001, issued April 1, 2001	4.20 – 6.00	455,000
General Obligation Internal Improvement Bonds, Series A 2002	3.30 – 5.25	620,000
General Obligation Refunding and Improvement Bonds, Series A 2003	3.80 – 5.125	3,090,000
General Obligation Internal Improvement Bonds, Series B 2003	2.00 – 5.00	24,000
General Obligation Internal Improvement Bonds, Series A, 2004	2.75 – 5.40	690,000
General Obligation Internal Improvement Bonds, Series B, 2004	3.40 – 5.00	815,000
General Obligation Internal Improvement Bonds, Series A, 2006	4.25 – 4.50	58,000
General Obligation Internal Improvement Bonds, Series B, 2006	4.45 – 5.50	2,790,000
General Obligation Bonds, Series A, 2007	3.90 – 4.35	<u>235,000</u>
Total general obligation bonds outstanding		10,182,000
Less debt service from enterprise funds		<u>(1,832,581)</u>
Total general obligation bonds payable from debt service fund		<u>\$ 8,349,419</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>
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

4. LONG-TERM DEBT (continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 8,349,419</u>	<u>\$ 3,126,964</u>	<u>\$ 11,476,383</u>

Note payable

The City's outstanding note payable consists of a \$107,066 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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$107,066</u>	<u>\$ 6,814</u>	<u>\$ 113,880</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>
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

4. LONG-TERM DEBT (continued)

Year	Electric Utility			Water Utility		
	Principal	Interest	Total	Principal	Interest	Total
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	25,782	1,212	26,994	45,176	2,123	47,299
	<u>\$ 379,359</u>	<u>\$ 98,168</u>	<u>\$ 477,527</u>	<u>\$ 664,739</u>	<u>\$ 172,018</u>	<u>\$ 836,757</u>

Year	Sewer Utility			Total Utilities		
	Principal	Interest	Total	Principal	Interest	Total
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	53,586	2,519	56,105	124,544	5,854	130,398
	<u>\$ 788,483</u>	<u>\$ 204,041</u>	<u>\$ 992,524</u>	<u>\$ 1,832,581</u>	<u>\$ 474,227</u>	<u>\$ 2,306,808</u>

Revenue bonds

Outstanding revenue bonds, secured by revenues derived from the operations of the Electric, Water and Sewer Utility funds, consist of \$9,165,000 of outstanding Series 2005, 3.00% – 4.60%, Electric, Waterworks and Sewer Utility System Refunding and Improvement Revenue Bonds and \$1,580,000 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:

Year	Electric Utility			Sewer Utility		
	Principal	Interest	Total	Principal	Interest	Total
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

4. LONG-TERM DEBT (continued)

Year	Electric Utility			Sewer Utility		
	Principal	Interest	Total	Principal	Interest	Total
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>\$ 4,294,634</u>	<u>\$ 2,134,599</u>	<u>\$ 6,429,233</u>	<u>\$ 6,450,366</u>	<u>\$ 3,342,569</u>	<u>\$ 9,792,935</u>

Year	Totals		
	Principal	Interest	Total
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
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>\$ 10,745,000</u>	<u>\$ 5,477,168</u>	<u>\$ 16,222,168</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

4. LONG-TERM DEBT (continued)

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, 2008, 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, 2008 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	\$ 1,210,000

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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,210,000</u>	<u>\$ 525,960</u>	<u>\$ 1,735,960</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, 2008:

4. LONG-TERM DEBT (continued)

	<u>Outstanding January 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding December 31, 2008</u>
Villa Maria, Inc. Health Care Facility Refunding Revenue Bonds, Bonds, Series 2004	\$ 3,845,000	\$ —	\$ 195,000	\$ 3,650,000

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, 2008, individual project authorizations compared with project expenditures from inception which are reported within the Capital Projects Fund are as follows:

	<u>Project authorizations</u>	<u>Expenditures project inception to December 31, 2008</u>
103rd Street Bike/Pedestrian Path Improvements	\$ 143,000	\$ 1,365

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, 2008 to December 31, 2008 was 5.93%. The City's contributions to KPERS for the years ending December 31, 2008, 2007 and 2006 were \$136,169, \$122,217 and \$100,519, 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:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Nonmajor Special Revenue Funds</u>
GAAP Fund Balance at December 31, 2008	\$ 1,662,840	\$ 180,792	\$ 1,595,728
Adjustments:			
Reserved for self-insurance	(259,339)	—	—
Accrued sales tax revenues	(63,118)	—	—
Accrued franchise fee revenues	(90,751)	—	(3,384)
Due to other funds	113,922	—	—
Fund balances of funds not subject to the Kansas budget law	<u>—</u>	<u>—</u>	<u>(654,058)</u>
Budgetary Fund Balance at December 31, 2008	<u>\$ 1,363,554</u>	<u>\$ 180,792</u>	<u>\$ 938,286</u>

8. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables (due to/due from other funds) at December 31, 2008 were as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General	\$ —	\$ 113,922
Electric System	<u>113,922</u>	<u>—</u>
	<u>\$ 113,922</u>	<u>\$ 113,922</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 2008 is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General	\$ 82,901	\$ 322,117
Electric System	—	16,387
Water System	—	9,000

9. INTERFUND TRANSFERS (continued)

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Sewer System	\$ —	\$ 30,000
	<u>82,901</u>	<u>377,504</u>
Nonmajor Funds:		
Special Highway	—	35,000
Nine One One	—	8,901
Transportation Impact Fee	—	1,365
Swimming Pool	57,000	—
Municipal Equipment Replacement	130,252	—
Mulvane Public Building Commission	134,865	—
Capital Project	1,365	—
Shop Maintenance	<u>16,387</u>	<u>—</u>
	<u>339,869</u>	<u>45,266</u>
	<u>\$ 422,770</u>	<u>\$ 422,770</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 (\$130,252) 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 Swimming Pool Fund (\$57,000) to support operations and also to the Mulvane Public Building Commission (\$134,865) 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 (\$16,387) on a routine basis to alleviate operating deficits.

Non-routine transfers from the Transportation Impact Fee Fund in the amount of \$1,365 reflect transfers to the Capital Projects Fund to assist in financing certain improvement projects.

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 and 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 approved contracts with three prospective casino developers in Sumner County and in August 2008 a special casino review board of the Commission selected a developer proposal at the Mulvane exit of the Kansas Turnpike. However, in November 2008, that developer withdrew its proposal, which resulted in the Kansas Lottery Commission reopening the bidding for proposed casino facilities in Sumner County.

The properties of the proposed sites located near the City of Mulvane have been annexed by the City Council. The Sumner County Board of County Commissioners filed suit against the City of Mulvane regarding its annexation actions. The Sumner County District court has ruled that the annexation procedures were a complete disregard for the County's rights and declared the annexation procedures as void. The City of Mulvane appealed the District Court decision to the Kansas Court of Appeals and that court has denied a motion by the City to allow for the endorsement of casino proposals at Exit 33 of the Kansas Turnpike. The developer proposals must have local endorsement of their proposals before the Lottery Commission can negotiate contracts with any of the applicants. Three developers have submitted proposals at five different locations within Sumner County and the Sumner County Commission has endorsed three of those locations. The remaining two locations are located on property included within the City of Mulvane and will therefore require endorsement by the Mulvane City Council. Local endorsement agreements must be approved by June 30th. 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 later in 2009.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2008, the governing body approved the issuance of \$3,155,000 principal amount of General Obligation Refunding Bonds, Series A, 2009 dated April 1, 2009 with interest rates from 1.2% to 3.6%. The Series 2009 Bond proceeds were utilized to advance refund \$3,090,000 of General Obligation Refunding and Improvement Bonds, Series A 2003.

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**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.

Dorothy Nelson Beautification Grant – to account for the private donation of resources to be used for beautification through the acquisition and planting of trees within the City.

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.

NONMAJOR CAPITAL PROJECT FUNDS

The primary purpose of the capital project funds is to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

103rd Street Bike Path Project – to account for the construction of a new bike/hike path near 103rd Street. The project is financed through federal grant proceeds and local revenue sources.

CITY OF MULVANE, KANSAS
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
December 31, 2008

	<u>Special Revenue Funds</u>	<u>Capital Project Fund – 103rd Street Bike Path Project</u>	<u>Total</u>
<u>ASSETS</u>			
Cash including short-term investments	\$ 1,602,540	\$ –	\$ 1,602,540
Property tax receivable	620,622	–	620,622
Accounts receivable	<u>9,048</u>	<u>–</u>	<u>9,048</u>
Total	<u>\$ 2,232,210</u>	<u>\$ –</u>	<u>\$ 2,232,210</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 2,813	\$ –	\$ 2,813
Accrued payroll and taxes payable	13,047	–	13,047
Deferred revenues	<u>620,622</u>	<u>–</u>	<u>620,622</u>
Total liabilities	<u>636,482</u>	<u>–</u>	<u>636,482</u>
Fund Balances:			
Reserved for encumbrances	–	7,735	7,735
Unreserved:			
Designated for subsequent years' budget reported in:			
Special revenue funds	934,924	–	934,924
Undesignated reported in:			
Special revenue funds	660,804	–	660,804
Capital project fund	<u>–</u>	<u>(7,735)</u>	<u>(7,735)</u>
Total fund balances	<u>1,595,728</u>	<u>–</u>	<u>1,595,728</u>
Total liabilities and fund balances	<u>\$ 2,232,210</u>	<u>\$ –</u>	<u>\$ 2,232,210</u>

CITY OF MULVANE, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year ended December 31, 2008

	<u>Special Revenue Funds</u>	<u>Capital Project Fund – 103rd Street Bike Path Project</u>	<u>Total</u>
Revenues:			
Taxes	\$ 593,650	\$ –	\$ 593,650
Intergovernmental	255,602	–	255,602
Licenses, fee and permits	5,000	–	5,000
Charges for services	89,741	–	89,741
Use of money and property	55,231	–	55,231
Miscellaneous	<u>24,709</u>	<u>–</u>	<u>24,709</u>
Total revenues	<u>1,023,933</u>	<u>–</u>	<u>1,023,933</u>
Expenditures:			
Current:			
General government	45,240	–	45,240
Public Safety	384,390	–	384,390
Highways and streets	270,865	–	270,865
Culture and recreation	346,713	–	346,713
Economic development	31,143	–	31,143
Capital improvements	–	1,365	1,365
Debt service:			
Principal	65,000	–	65,000
Interest and fiscal charges	<u>71,400</u>	<u>–</u>	<u>71,400</u>
Total expenditures	<u>1,214,751</u>	<u>1,365</u>	<u>1,216,116</u>
Revenues over expenditures	<u>(190,818)</u>	<u>(1,365)</u>	<u>(192,183)</u>
Other financing sources (uses):			
Transfers in	322,117	1,365	323,482
Transfers out	<u>(45,266)</u>	<u>–</u>	<u>(45,266)</u>
Total other financing sources (uses)	<u>276,851</u>	<u>1,365</u>	<u>278,216</u>
Net change in fund balances	86,033	–	86,033
Fund balances, beginning of year	<u>1,509,695</u>	<u>–</u>	<u>1,509,695</u>
Fund balances, end of year	<u>\$ 1,595,728</u>	<u>\$ –</u>	<u>\$ 1,595,728</u>

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

ASSETS									
	Employee Benefit	Library	Industrial Develop- ment	Senior Citizen	Special Highway	Nine One One	Special Park and Recreation	Trans- por- tation Impact Fee	Storm Sewer
Cash and short-term investments	\$ 202,114	\$ 5,107	\$ 199,516	\$ 1,223	\$ 63,886	\$ 21,270	\$ 37,716	\$ 205,134	\$ 165,253
Accounts receivable	414	-	-	-	-	3,384	-	-	5,250
Taxes receivable	423,155	113,212	20,233	-	-	-	-	-	-
Total assets	\$ 625,683	\$ 118,319	\$ 219,749	\$ 1,223	\$ 63,886	\$ 24,654	\$ 37,716	\$ 205,134	\$ 170,503
LIABILITIES AND FUND BALANCES									
Liabilities:	\$ -	\$ -	\$ -	\$ 465	\$ 2,261	\$ -	\$ -	\$ -	\$ -
Accounts payable	6,146	-	-	379	6,522	-	-	-	-
Accrued payroll and taxes	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Deferred revenue	423,155	113,212	20,233	-	-	-	-	-	-
Total liabilities	429,301	113,212	20,233	844	8,783	-	-	-	-
Fund balances:	-	-	-	-	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-	-	-	-	-
Unreserved:									
Designated for subsequent years' expenditures	95,788	5,107	138,560	379	19,197	752	18,529	193,555	129,898
Undesignated	100,594	-	60,956	-	35,906	23,902	19,187	11,579	40,605
Total fund balances	196,382	5,107	199,516	379	55,103	24,654	37,716	205,134	170,503
Total liabilities and fund balances	\$ 625,683	\$ 118,319	\$ 219,749	\$ 1,223	\$ 63,886	\$ 24,654	\$ 37,716	\$ 205,134	\$ 170,503

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
(continued from previous page)

December 31, 2008

	Park Impact Fee	Swimming Pool	Master Park Grant	EMS Education Grant	Capital Improvement Reserve	Municipal Equipment Replacement	Special Highway Improvement	Dorothy Nelson Beautification Grant	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
ASSETS										
Cash and short-term investments	\$ 47,032	\$ 231	\$ 33	\$ -	\$ 384,831	\$ 267,995	\$ 1,199	\$ -	\$ -	\$ 1,602,540
Accounts receivable	-	-	-	-	-	-	-	-	-	9,048
Taxes receivable	-	-	-	-	64,022	-	-	-	-	620,622
Total assets	\$ 47,032	\$ 231	\$ 33	\$ -	\$ 448,853	\$ 267,995	\$ 1,199	\$ -	\$ -	\$ 2,232,210
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ 87	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,813
Accrued payroll and taxes	-	-	-	-	-	-	-	-	-	13,047
Due to other funds	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	64,022	-	-	-	-	620,622
Total liabilities	-	87	-	-	64,022	-	-	-	-	636,482
Fund balances:										
Reserved for encumbrances	-	-	-	-	-	-	-	-	-	-
Unreserved:										
Designated for subsequent years' expenditures	45,582	144	-	-	287,433	-	-	-	-	934,924
Undesignated	1,450	-	33	-	97,398	267,995	1,199	-	-	660,804
Total fund balances	47,032	144	33	-	384,831	267,995	1,199	-	-	1,595,728
Total liabilities and fund balances	\$ 47,032	\$ 231	\$ 33	\$ -	\$ 448,853	\$ 267,995	\$ 1,199	\$ -	\$ -	\$ 2,232,210

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2008

	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	\$404,963	\$ 133,771	\$ 13,868	\$ -	\$ -	\$ 15,437	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	8,141	234,689	-	11,857	-	-
Licenses, fees and permits	-	-	-	-	-	-	-	3,500	-
Charges for services	-	-	-	-	-	-	-	-	30,556
Use of money and property	8,744	116	7,152	54	2,252	1,162	870	8,882	5,084
Miscellaneous	-	-	-	16,609	-	-	-	-	-
Total revenues	<u>413,707</u>	<u>133,887</u>	<u>21,020</u>	<u>24,804</u>	<u>236,941</u>	<u>16,599</u>	<u>12,727</u>	<u>12,382</u>	<u>35,640</u>
Expenditures:									
Current:									
General government	45,240	-	-	-	-	-	-	-	-
Public safety	289,546	-	-	-	-	8,395	-	-	-
Highway and streets	69,632	-	-	-	191,363	-	-	623	-
Culture and recreation	52,291	134,747	-	25,116	-	-	-	-	-
Economic development	-	-	27,744	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	1,535	-	-	-
Total expenditures	<u>456,709</u>	<u>134,747</u>	<u>27,744</u>	<u>25,116</u>	<u>191,363</u>	<u>9,930</u>	<u>-</u>	<u>623</u>	<u>-</u>
Revenues over (under) expenditures	<u>(43,002)</u>	<u>(860)</u>	<u>(6,724)</u>	<u>(312)</u>	<u>45,578</u>	<u>6,669</u>	<u>12,727</u>	<u>11,759</u>	<u>35,640</u>
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	(35,000)	(8,901)	-	(1,365)	-
Total other financing sources (uses)	-	-	-	-	(35,000)	(8,901)	-	(1,365)	-
Net change in fund balance	<u>(43,002)</u>	<u>(860)</u>	<u>(6,724)</u>	<u>(312)</u>	<u>10,578</u>	<u>(2,232)</u>	<u>12,727</u>	<u>10,394</u>	<u>35,640</u>
Fund balances, beginning of year	<u>239,384</u>	<u>5,967</u>	<u>206,240</u>	<u>691</u>	<u>44,575</u>	<u>26,886</u>	<u>24,989</u>	<u>194,740</u>	<u>134,863</u>
Fund balances, end of year	<u>\$196,382</u>	<u>\$ 5,107</u>	<u>\$199,516</u>	<u>\$ 379</u>	<u>\$ 55,103</u>	<u>\$ 24,654</u>	<u>\$ 37,716</u>	<u>\$205,134</u>	<u>\$170,503</u>

CITY OF MULVANE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
(continued from previous page)

Year ended December 31, 2008

	Park Impact Fee	Swimming Pool	Master Park Grant	EMS Education Grant	Capital Improvement Reserve	Municipal Equipment Replacement	Special Highway Improvement	Dorothy Nelson Beautification Grant	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 25,611	\$ -	\$ -	\$ -	\$ -	\$ 593,650
Intergovernmental revenues	-	-	-	915	-	-	-	-	-	255,602
Licenses, fees and permits	1,500	-	-	-	-	-	-	-	-	5,000
Charges for services	-	59,185	-	-	-	-	-	-	-	89,741
Use of money and property	1,450	140	-	-	11,750	7,569	6	-	-	55,231
Miscellaneous	-	-	-	-	-	-	-	8,100	-	24,709
Total revenues	<u>2,950</u>	<u>59,325</u>	<u>-</u>	<u>915</u>	<u>37,361</u>	<u>7,569</u>	<u>6</u>	<u>8,100</u>	<u>-</u>	<u>1,023,933</u>
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	-	45,240
Public safety	-	-	-	915	-	85,534	-	-	-	384,390
Highway and streets	-	-	-	-	-	9,247	-	-	-	270,865
Culture and recreation	-	124,817	-	-	-	1,642	-	8,100	-	346,713
Economic development	-	-	-	-	3,399	-	-	-	-	31,143
Debt service:										
Principal	-	-	-	-	-	-	-	-	65,000	65,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	69,865	71,400
Total expenditures	<u>-</u>	<u>124,817</u>	<u>-</u>	<u>915</u>	<u>3,399</u>	<u>96,423</u>	<u>-</u>	<u>8,100</u>	<u>134,865</u>	<u>1,214,751</u>
Revenues over (under) expenditures	<u>2,950</u>	<u>(65,492)</u>	<u>-</u>	<u>-</u>	<u>33,962</u>	<u>(88,854)</u>	<u>6</u>	<u>-</u>	<u>(134,865)</u>	<u>(190,818)</u>
Other financing sources (uses):										
Operating transfers in	-	57,000	-	-	-	130,252	-	-	134,865	322,117
Operating transfers out	-	-	-	-	-	-	-	-	-	(45,266)
Total other financing sources (uses)	<u>-</u>	<u>57,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,252</u>	<u>-</u>	<u>-</u>	<u>134,865</u>	<u>276,851</u>
Net change in fund balance	<u>2,950</u>	<u>(8,492)</u>	<u>-</u>	<u>-</u>	<u>33,962</u>	<u>41,398</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>86,033</u>
Fund balances, beginning 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>-</u>	<u>1,509,695</u>
Fund balances, end of year	<u>\$ 47,032</u>	<u>\$ 144</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 384,831</u>	<u>\$ 267,995</u>	<u>\$ 1,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,595,728</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, 2008

	<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	\$ 398,959	\$ 398,959	\$ 404,963	\$ 6,004
Use of money and property	<u>10,700</u>	<u>10,700</u>	<u>8,744</u>	<u>(1,956)</u>
Total revenues	<u>409,659</u>	<u>409,659</u>	<u>413,707</u>	<u>4,048</u>
Expenditures:				
Administration department	115,493	115,493	45,240	70,253
Street department	72,120	72,120	69,632	2,488
Police department	226,003	226,003	217,845	8,158
Emergency services department	71,137	71,137	71,701	(564)
Park department	<u>79,091</u>	<u>79,091</u>	<u>52,291</u>	<u>26,800</u>
Total expenditures	<u>563,844</u>	<u>563,844</u>	<u>456,709</u>	<u>107,135</u>
Revenues over (under) expenditures	(154,185)	(154,185)	(43,002)	111,183
Fund balance, beginning of year	<u>154,185</u>	<u>154,185</u>	<u>239,384</u>	<u>85,199</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 196,382</u>	<u>\$ 196,382</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, 2008

	<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	\$ 132,920	\$ 132,920	\$ 133,771	\$ 851
Use of money and property	<u>46</u>	<u>46</u>	<u>116</u>	<u>70</u>
Total revenues	<u>132,966</u>	<u>132,966</u>	<u>133,887</u>	<u>921</u>
Expenditures:				
Appropriations to				
Library Board	134,747	134,747	134,747	–
Other	<u>2,056</u>	<u>2,056</u>	<u>–</u>	<u>2,056</u>
Total expenditures	<u>136,803</u>	<u>136,803</u>	<u>134,747</u>	<u>2,056</u>
Expenditures over revenues	(3,837)	(3,837)	(860)	2,977
Fund balance, beginning of year	<u>3,837</u>	<u>3,837</u>	<u>5,967</u>	<u>2,130</u>
Fund balance, end of year	<u><u>\$ –</u></u>	<u><u>\$ –</u></u>	<u><u>\$ 5,107</u></u>	<u><u>\$ 5,107</u></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, 2008

	<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	\$ 13,277	\$ 13,277	\$ 13,868	\$ 591
Use of money and property	<u>4,560</u>	<u>4,560</u>	<u>7,152</u>	<u>2,592</u>
Total revenues	<u>17,837</u>	<u>17,837</u>	<u>21,020</u>	<u>3,183</u>
Expenditures:				
Industrial development	209,125	209,125	27,744	181,381
Other	<u>21</u>	<u>21</u>	<u>-</u>	<u>21</u>
Total expenditures	<u>209,146</u>	<u>209,146</u>	<u>27,744</u>	<u>181,402</u>
Revenues over (under) expenditures	(191,309)	(191,309)	(6,724)	184,585
Fund balance, beginning of year	<u>191,309</u>	<u>191,309</u>	<u>206,240</u>	<u>14,931</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 199,516</u></u>	<u><u>\$ 199,516</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, 2008

	<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	\$ 8,141	\$ 141
Use of money and property	20	20	54	34
Miscellaneous	5,400	5,400	16,609	11,209
Transfers in	<u>30,793</u>	<u>30,793</u>	<u>—</u>	<u>(30,793)</u>
 Total revenues and other sources	 44,213	 44,213	 24,804	 (19,409)
Expenditures:				
Operating expenditures	<u>44,213</u>	<u>44,213</u>	<u>25,116</u>	<u>19,097</u>
Expenditures over revenues and other sources	—	—	(312)	(312)
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>691</u>	<u>691</u>
Fund balance, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 379</u></u>	<u><u>\$ 379</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, 2008

	<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	\$ 239,950	\$ 239,950	\$ 234,689	\$ (5,261)
Use of money and property	<u>1,325</u>	<u>1,325</u>	<u>2,252</u>	<u>927</u>
Total revenues	<u>241,275</u>	<u>241,275</u>	<u>236,941</u>	<u>(4,334)</u>
Expenditures:				
Street operations	131,927	131,927	173,015	(41,088)
Debt service	38,820	38,820	–	38,820
Transfers out	<u>94,400</u>	<u>94,400</u>	<u>35,000</u>	<u>59,400</u>
Total expenditures	<u>265,147</u>	<u>265,147</u>	<u>208,015</u>	<u>57,132</u>
Revenues over (under) expenditures	(23,872)	(23,872)	28,926	52,798
Fund balance, beginning of year	<u>23,872</u>	<u>23,872</u>	<u>26,177</u>	<u>2,305</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 55,103</u>	<u>\$ 55,103</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, 2008

	<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	\$ 20,200	\$ 20,200	\$ 15,959	\$ (4,241)
Use of money and property	<u>335</u>	<u>335</u>	<u>1,162</u>	<u>827</u>
Total revenues	<u>20,535</u>	<u>20,535</u>	<u>17,121</u>	<u>(3,414)</u>
Expenditures:				
Operating expenditures	31,963	31,963	8,395	23,568
Debt service	<u>10,800</u>	<u>10,800</u>	<u>10,436</u>	<u>364</u>
Total expenditures	<u>42,763</u>	<u>42,763</u>	<u>18,831</u>	<u>23,932</u>
Revenues over (under) expenditures	(22,228)	(22,228)	(1,710)	20,518
Fund balance, beginning of year	<u>22,228</u>	<u>22,228</u>	<u>22,980</u>	<u>752</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 21,270</u>	<u>\$ 21,270</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Liquor tax	\$ 11,440	\$ 11,440	\$ 11,857	\$ 417
Use of money and property	<u>230</u>	<u>230</u>	<u>870</u>	<u>640</u>
Total revenues	11,670	11,670	12,727	1,057
Expenditures:				
Capital outlay	<u>18,130</u>	<u>18,130</u>	<u>—</u>	<u>18,130</u>
Revenues over (under)				
expenditures	(6,460)	(6,460)	12,727	19,187
Fund balance,				
beginning of year	<u>6,460</u>	<u>6,460</u>	<u>24,989</u>	<u>18,529</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 37,716</u>	<u>\$ 37,716</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, 2008

	<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	\$ 15,000	\$ 15,000	\$ 3,500	\$ (11,500)
Use of money and property	<u>3,815</u>	<u>3,815</u>	<u>8,882</u>	<u>5,067</u>
Total revenues	<u>18,815</u>	<u>18,815</u>	<u>12,382</u>	<u>(6,433)</u>
Expenditures and other uses:				
Capital outlay	219,729	219,729	623	219,106
Transfers out	<u>—</u>	<u>—</u>	<u>1,365</u>	<u>(1,365)</u>
Total expenditures and other uses	<u>219,729</u>	<u>219,729</u>	<u>1,988</u>	<u>217,741</u>
Revenues over (under) expenditures and other uses	(200,914)	(200,914)	10,394	211,308
Fund balance, beginning of year	<u>200,914</u>	<u>200,914</u>	<u>194,740</u>	<u>(6,174)</u>
Fund balance, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$205,134</u></u>	<u><u>\$ 205,134</u></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, 2008

	<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	\$ 30,556	\$ 3,556
Use of money and property	<u>18,035</u>	<u>18,035</u>	<u>5,084</u>	<u>(12,951)</u>
Total revenues	45,035	45,035	35,640	(9,395)
Expenditures:				
Capital Outlay	<u>131,527</u>	<u>131,527</u>	<u>—</u>	<u>131,527</u>
Revenues over (under)				
expenditures	(86,492)	(86,492)	35,640	122,132
Fund balance,				
beginning of year	<u>86,492</u>	<u>86,492</u>	<u>134,863</u>	<u>48,371</u>
Fund balance, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$170,503</u></u>	<u><u>\$ 170,503</u></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, 2008

	<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	\$ 1,000	\$ 1,000	\$ 1,500	\$ 500
Use of money and property	<u>500</u>	<u>500</u>	<u>1,450</u>	<u>950</u>
Total revenues	1,500	1,500	2,950	1,450
Expenditures:				
Capital outlay	<u>43,741</u>	<u>43,741</u>	<u>—</u>	<u>43,741</u>
Revenues over expenditures	(42,241)	(42,241)	2,950	45,191
Fund balance, beginning of year	<u>42,241</u>	<u>42,241</u>	<u>44,082</u>	<u>1,841</u>
Fund balance, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 47,032</u></u>	<u><u>\$ 47,032</u></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, 2008

	<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	\$99,000	\$99,000	\$ 59,185	\$ (39,815)
Use of money and property	–	–	140	140
Transfers in	<u>80,000</u>	<u>80,000</u>	<u>57,000</u>	<u>(23,000)</u>
Total revenues	179,000	179,000	116,325	(62,675)
Expenditures:				
Swimming pool operations	<u>179,000</u>	<u>179,000</u>	<u>124,817</u>	<u>54,183</u>
Revenues over expenditures	–	–	(8,492)	(8,492)
Fund balance, beginning of year	<u>–</u>	<u>–</u>	<u>8,636</u>	<u>8,636</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 144</u>	<u>\$ 144</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, 2008

	<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	\$ 441,215	\$ 441,215	\$ 441,259	\$ 44
Special assessments	455,084	455,084	533,632	78,548
Use of money and property	<u>17,000</u>	<u>17,000</u>	<u>14,818</u>	<u>(2,182)</u>
Total revenues	<u>913,299</u>	<u>913,299</u>	<u>989,709</u>	<u>76,410</u>
Expenditures and other uses:				
Bond Principal	565,797	565,797	565,797	-
Bond interest and commission	403,999	403,999	403,766	233
Miscellaneous	6,117	6,117	-	6,117
Cash basis reserve	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures and other uses	<u>985,913</u>	<u>985,913</u>	<u>969,563</u>	<u>16,350</u>
Revenues over (under)				
Expenditures and other uses	(72,614)	(72,614)	20,146	92,760
Fund balance, beginning of year	<u>72,614</u>	<u>72,614</u>	<u>160,646</u>	<u>88,032</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,792</u>	<u>\$ 180,792</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, 2008

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$4,644,856	\$4,644,856	\$4,197,895	\$ (446,961)
Use of money and property	111,000	111,000	101,564	(9,436)
Miscellaneous	<u>72,200</u>	<u>72,200</u>	<u>94,954</u>	<u>22,754</u>
Total revenues	<u>4,828,056</u>	<u>4,828,056</u>	<u>4,394,413</u>	<u>(433,643)</u>
Expenditures, encumbrances and other uses:				
Operations	4,814,607	4,814,607	3,545,484	1,269,123
Nonoperating	255,000	255,000	163,548	91,452
Debt service	386,615	386,615	386,615	-
Transfers out	<u>196,300</u>	<u>196,300</u>	<u>214,947</u>	<u>(18,647)</u>
Total expenditures, encumbrances and other uses	<u>5,652,522</u>	<u>5,652,522</u>	<u>4,310,594</u>	<u>1,341,928</u>
Revenues over (under) expenditures, encumbrances and other uses	(824,466)	(824,466)	83,819	908,285
Fund balance, beginning of year	<u>2,315,821</u>	<u>2,315,821</u>	<u>3,063,356</u>	<u>747,535</u>
Fund balance, end of year	<u><u>\$1,491,355</u></u>	<u><u>\$1,491,355</u></u>	<u><u>\$3,147,175</u></u>	<u><u>\$1,655,820</u></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, 2008

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,202,000	\$1,202,000	\$ 785,657	\$(416,343)
Use of money and property	8,300	8,300	7,590	(710)
Miscellaneous	<u>7,600</u>	<u>7,600</u>	<u>7,200</u>	<u>(400)</u>
Total revenues	<u>1,217,900</u>	<u>1,217,900</u>	<u>800,447</u>	<u>(417,453)</u>
Expenditures, encumbrances and other uses:				
Operations	996,487	996,487	688,974	307,513
Nonoperating	42,000	42,000	35,306	6,694
Debt service	86,075	86,075	86,075	-
Transfers out	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Total expenditures, encumbrances and other uses	<u>1,133,562</u>	<u>1,133,562</u>	<u>819,355</u>	<u>314,207</u>
Revenues over (under) expenditures encumbrances and other uses	84,338	84,338	(18,908)	(103,246)
Fund balance, beginning of year	<u>12,370</u>	<u>12,370</u>	<u>238,265</u>	<u>225,895</u>
Fund balance, end of year	<u>\$ 96,708</u>	<u>\$ 96,708</u>	<u>\$ 219,357</u>	<u>\$ 122,649</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, 2008

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,362,190	\$1,362,190	\$1,156,679	\$ (205,511)
Use of money and property	20,270	20,270	48,125	27,855
Miscellaneous	<u>45,000</u>	<u>45,000</u>	<u>—</u>	<u>(45,000)</u>
Total revenues	<u>1,427,460</u>	<u>1,427,460</u>	<u>1,204,804</u>	<u>(222,656)</u>
Expenditures, encumbrances and other uses:				
Operations	743,273	743,273	611,487	131,786
Nonoperating	42,000	42,000	66,548	(24,548)
Debt service	615,388	615,388	615,388	—
Transfers out	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>—</u>
Total expenditures, encumbrances and other uses	<u>1,430,661</u>	<u>1,430,661</u>	<u>1,323,423</u>	<u>107,238</u>
Revenues over (under) expenditures, encumbrances and other uses	(3,201)	(3,201)	(118,619)	(115,418)
Fund balance, beginning of year	<u>1,040,667</u>	<u>1,040,667</u>	<u>1,666,291</u>	<u>625,624</u>
Fund balance, end of year	<u>\$1,037,466</u>	<u>\$1,037,466</u>	<u>\$1,547,672</u>	<u>\$ 510,206</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, 2008

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues and other sources:				
Charges for services	\$ 77,374	\$ 77,374	\$ 54,065	\$ (23,309)
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>16,387</u>	<u>6,387</u>
Total revenues and other sources	87,374	87,374	70,452	(16,922)
Expenditures:				
Operating expenditures	<u>97,374</u>	<u>97,374</u>	<u>70,452</u>	<u>26,922</u>
Revenues and other sources over (under) expenditures	(10,000)	(10,000)	–	(10,000)
Fund balance, beginning of year	<u>10,000</u>	<u>10,000</u>	<u>–</u>	<u>(10,000)</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</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, 2008

	Balance January 1, <u>2008</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2008</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ <u>—</u>	\$ <u>3,175,877</u>	\$ <u>3,175,877</u>	\$ <u>—</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	\$ <u>—</u>	\$ <u>3,175,877</u>	\$ <u>3,175,877</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, 2008

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	<u>\$15,918</u>	<u>\$ 11,942</u>	<u>\$ 37,812</u>	<u>\$ 65,672</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Unreserved	<u>15,918</u>	<u>11,942</u>	<u>37,812</u>	<u>65,672</u>
Total liabilities and fund balances	<u>\$15,918</u>	<u>\$ 11,942</u>	<u>\$ 37,812</u>	<u>\$ 65,672</u>
Reconciliation to total net assets:				
Fund balance per above				\$ 65,672
Add long-term capital assets				19,713
Less accumulated depreciation on long-term capital assets				<u>(2,761)</u>
Total net assets				<u>\$ 82,624</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2008

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
Revenues:				
Appropriations from City of Mulvane	\$ 134,747	\$ -	\$ -	\$ 134,747
Intergovernmental	-	24,466	-	24,466
Fines and forfeitures	-	4,093	-	4,093
Use of money and property	90	28	527	645
Miscellaneous	-	725	-	725
Total revenues	<u>134,837</u>	<u>29,312</u>	<u>527</u>	<u>164,676</u>
Expenditures:				
Personal services	76,971	-	-	76,971
Contractual services	22,656	791	-	23,447
Commodities	14,875	24,376	-	39,251
Capital outlay	-	3,386	16,327	19,713
Total expenditures	<u>114,502</u>	<u>28,553</u>	<u>16,327</u>	<u>159,382</u>
Revenues over (under) expenditures	<u>20,335</u>	<u>759</u>	<u>(15,800)</u>	<u>5,294</u>
Other financing sources (uses):				
Transfers in	-	-	13,475	13,475
Transfers out	(13,475)	-	-	(13,475)
Total other financing sources (uses)	<u>(13,475)</u>	<u>-</u>	<u>13,475</u>	<u>-</u>
Net change in fund balance	<u>6,860</u>	<u>759</u>	<u>(2,325)</u>	<u>5,294</u>
Fund balances, beginning of year	<u>9,058</u>	<u>11,183</u>	<u>40,137</u>	<u>60,378</u>
Fund balances, end of year	<u>\$ 15,918</u>	<u>\$ 11,942</u>	<u>\$ 37,812</u>	<u>\$ 65,672</u>
 Reconciliation of change in net assets:				
Net change in fund balance per above				\$ 5,294
Add current year capital asset additions				19,713
Less current year depreciation on capital assets				(2,761)
Change in net assets				<u>\$ 22,246</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.	80
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source.	85
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.	89
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.	96
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.	98

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 Five Fiscal Years
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities					
Invested in Capital Assets <i>(Net of related debt)</i>	\$ 18,708,248	\$ 18,636,326	\$ 17,062,117	\$ 18,844,700	\$ 18,604,024
Restricted	4,906,779	4,584,125	4,239,542	4,128,356	3,799,448
Unrestricted	<u>2,432,431</u>	<u>2,868,866</u>	<u>4,516,792</u>	<u>2,908,285</u>	<u>3,063,950</u>
Total Governmental Activities Net Assets	<u><u>\$ 26,047,458</u></u>	<u><u>\$ 26,089,317</u></u>	<u><u>\$ 25,818,451</u></u>	<u><u>\$ 25,881,341</u></u>	<u><u>\$ 25,467,420</u></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	\$ 5,018,061
Restricted	1,935,519	1,692,958	3,084,039	2,390,773	2,662,906
Unrestricted	<u>1,633,048</u>	<u>2,485,306</u>	<u>2,371,740</u>	<u>2,860,860</u>	<u>2,446,519</u>
Total Business-type Activities Net Assets	<u><u>\$ 8,555,202</u></u>	<u><u>\$ 9,191,832</u></u>	<u><u>\$ 9,923,972</u></u>	<u><u>\$ 10,186,189</u></u>	<u><u>\$ 10,125,486</u></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	\$ 23,620,085
Restricted	6,845,298	6,277,083	7,323,581	6,519,129	6,462,352
Unrestricted	<u>4,065,479</u>	<u>5,354,172</u>	<u>6,888,532</u>	<u>5,769,145</u>	<u>5,510,469</u>
Total Primary Government Net Assets	<u><u>\$ 34,605,660</u></u>	<u><u>\$ 35,281,149</u></u>	<u><u>\$ 35,742,423</u></u>	<u><u>\$ 36,067,530</u></u>	<u><u>\$ 35,592,906</u></u>

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

	2004	2005	2006	2007	2008
Expenses					
Governmental Activities					
General Government	\$ 265,602	\$ 261,623	\$ 259,065	\$ 299,958	\$ 319,914
Public Safety	1,483,226	1,550,103	1,653,301	1,830,363	1,895,463
Highways and Streets	1,448,783	1,256,870	1,282,543	1,267,818	1,356,127
Health and Sanitation	1,047,430	—	—	—	—
Culture and Recreation	473,548	512,808	486,649	807,939	731,410
Economic Development	7,211	91,012	5,077	7,657	42,781
Environmental Protection	4,040	1,571	3,653	734	1,791
Interest on Long Term Debt	415,754	373,617	458,743	508,057	450,311
Total Governmental Activities Expenses	\$ 5,123,592	\$ 4,047,404	\$ 4,129,031	\$ 4,742,526	\$ 4,797,797
Business-type Activities					
Electric Utility	\$ 2,837,530	\$ 3,695,828	\$ 4,087,728	\$ 4,142,178	\$ 4,444,773
Water Utility	763,905	745,859	868,180	841,618	805,636
Wastewater Utility	456,304	487,222	859,897	1,033,413	1,125,843
Total Business-type Activities	\$ 4,057,739	\$ 4,928,909	\$ 5,815,805	\$ 6,017,207	\$ 6,376,252
Total Primary Government Expenses	\$ 9,181,331	\$ 8,976,313	\$ 9,944,836	\$ 10,759,733	\$ 11,173,849
Program Revenues					
Governmental Activities					
Charges for Services					
General Government	\$ 71,912	\$ 21,306	\$ 121,343	\$ 106,040	\$ 106,069
Public Safety	268,234	257,556	247,644	239,674	269,079
Highway & Streets	182,567	66,428	58,224	34,004	35,838
Culture and Recreation	11,100	16,165	18,888	53,048	64,488
Operating Grants and Contributions	331,730	586,839	833,775	1,108,237	751,318
Capital Grants and Contributions	—	82,930	75,043	70,406	18,941
Total Governmental Activities Program Revenues	\$ 865,543	\$ 1,031,224	\$ 1,352,717	\$ 1,811,409	\$ 1,245,531
Business-type Activities					
Charges for Services					
Electric Utility	\$ 2,857,306	\$ 3,532,445	\$ 3,987,772	\$ 3,989,314	\$ 4,247,909
Water Utility	735,081	837,255	895,647	837,418	792,857
Wastewater Utility	490,919	802,381	1,163,147	1,172,076	1,156,679
Capital Grants and Contributions	1,584,048	430,061	9,452	—	—
Total Business-type Activities Program Revenues	\$ 5,667,354	\$ 5,802,142	\$ 6,056,018	\$ 5,998,808	\$ 6,197,445
Total Primary Government Program Revenues	\$ 6,532,897	\$ 6,833,366	\$ 7,408,735	\$ 7,810,217	\$ 7,442,976

Continued on the next page

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

Continued from the previous page

	2004	2005	2006	2007	2008
Net (Expense) Revenue					
Governmental Activities	\$ (4,258,048)	\$ (3,018,180)	\$ (2,776,314)	\$ (3,131,117)	\$ (3,552,268)
Business-type Activities	1,609,615	873,233	240,414	(18,399)	(178,807)
Total Primary Government Net Expenses	\$ (2,648,434)	\$ (2,342,947)	\$ (2,535,900)	\$ (3,149,516)	\$ (3,730,873)
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	\$ 1,444,462
Debt Service	2,103,139	398,856	168,390	384,878	441,258
Sales Taxes	814,082	603,723	639,973	878,351	703,376
Franchise Taxes	290,505	348,273	390,475	365,885	378,968
Investment Earnings	64,938	98,666	178,040	240,599	130,280
Transfers	487,078	125,189	(253,890)	(58,788)	39,000
Total Governmental Activities	\$ 4,918,611	\$ 3,058,039	\$ 2,505,448	\$ 3,194,007	\$ 3,138,345
Business Type Activities					
Investment Earnings	\$ 61,654	\$ 85,586	\$ 237,836	\$ 223,818	\$ 156,904
Transfers	(487,078)	(125,189)	253,890	56,798	(39,000)
Total Business-type Activities	\$ (405,422)	\$ (39,603)	\$ 491,726	\$ 280,616	\$ 117,904
Total Primary Government	\$ 4,511,189	\$ 3,018,438	\$ 2,997,174	\$ 3,474,623	\$ 3,256,249
Change in Net Assets					
Governmental Activities	\$ 658,562	\$ 41,859	\$ (270,868)	\$ 62,890	\$ (413,921)
Business-type Activities	1,204,193	633,630	732,140	262,217	(80,703)
Total Primary Government	\$ 1,862,755	\$ 675,489	\$ 461,274	\$ 325,107	\$ (474,624)

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 185,892	\$ 271,715	\$ 28,820	\$ 23,287	\$ 108,263	\$ 27,848	\$ 3,052	\$ 87,085	\$ 130,488	\$ -
Unreserved	518,842	439,127	884,263	904,669	813,184	818,968	1,127,764	1,305,430	1,484,786	1,562,840
Total General Fund	\$ 697,534	\$ 710,842	\$ 914,083	\$ 928,156	\$ 921,477	\$ 846,815	\$ 1,130,816	\$ 1,402,515	\$ 1,615,274	\$ 1,662,840
All Other Governmental Funds										
Reserved	\$ 176,808	\$ 83,288	\$ 940,026	\$ 380,452	\$ 331,000	\$ 165,719	\$ 882,680	\$ 2,035,192	\$ 27,598	\$ 7,735
Unreserved, reported in:										
Capital Project Funds	(986,917)	(741,580)	(741,580)	(942,762)	(2,010,406)	(52,949)	(891,860)	(193,001)	-	(7,735)
Debt Service Funds	82,365	117,710	117,082	192,183	334,464	297,802	274,231	208,429	180,646	180,792
Other Governmental Funds	875,171	984,830	1,110,787	742,453	1,425,989	1,691,789	1,843,044	1,340,562	1,482,089	1,595,728
Total all other Governmental Funds	\$ 49,528	\$ 454,046	\$ 1,426,295	\$ 392,329	\$ 81,047	\$ 2,102,181	\$ 2,108,105	\$ 3,391,202	\$ 1,870,341	\$ 1,778,520

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 950,767	\$ 1,016,725	\$ 1,211,554	\$ 1,439,907	\$ 1,488,083	\$ 1,493,925	\$ 2,297,761	\$ 2,210,859	\$ 2,865,558	\$ 2,604,534
Special Assessment Taxes	253,181	260,215	287,968	357,714	508,408	405,831	507,847	571,809	511,027	533,632
Intergovernmental	772,781	797,465	821,818	892,098	1,101,314	899,867	492,289	583,138	580,415	540,837
Licenses and Permits	310,638	364,597	431,221	384,473	387,962	428,588	521,008	513,623	415,565	439,513
Charges for Services	120,735	143,825	216,838	224,170	186,542	240,934	95,988	146,877	205,939	234,373
Fines and Forfeitures	80,573	97,175	68,210	118,766	122,836	153,788	166,353	128,191	113,178	120,373
Use of Money & Property	96,151	112,432	137,327	113,458	57,820	83,171	97,310	187,442	245,005	135,575
Other Revenues	73,821	10,848	24,160	77,788	68,937	104,670	51,100	46,098	178,888	85,295
Total Revenues	\$ 2,859,658	\$ 2,803,403	\$ 3,226,825	\$ 3,806,373	\$ 3,928,003	\$ 3,781,682	\$ 4,229,684	\$ 4,390,836	\$ 4,925,617	\$ 4,693,692
Expenditures										
General Government	\$ 470,308	\$ 569,110	\$ 528,261	\$ 648,972	\$ 827,086	\$ 324,312	\$ 237,027	\$ 258,649	\$ 405,872	\$ 350,611
Public Safety	979,759	1,008,267	1,877,846	2,028,739	1,131,717	1,488,850	1,475,330	1,601,588	1,854,597	1,804,548
Highways and Streets	330,175	353,743	587,707	517,513	514,778	582,142	385,580	455,360	452,088	628,741
Culture and Recreation	284,987	289,820	288,044	307,824	288,198	520,381	488,771	552,855	793,733	824,408
Economic Development	13,272	11,466	11,061	10,588	8,069	7,211	81,012	3,653	7,657	1,791
Environmental Protection	2,788	2,414	2,287	1,557	1,998	4,040	1,571	5,077	734	42,781
Capital Outlay	612,658	571,192	830,003	1,170,470	2,253,684	378,723	491,061	1,738,578	2,075,717	1,365
Debt Service	182,027	232,473	303,251	494,128	1,098,835	586,908	599,834	652,971	600,493	647,428
Principal	212,352	181,892	202,124	221,987	235,582	249,633	293,822	333,176	505,888	477,518
Interest	\$ 3,088,344	\$ 3,201,377	\$ 4,438,584	\$ 5,401,574	\$ 8,158,046	\$ 4,124,210	\$ 4,064,808	\$ 5,802,710	\$ 6,886,585	\$ 4,579,167
Total Expenditures	\$ (439,486)	\$ (397,874)	\$ (1,211,759)	\$ (1,793,201)	\$ (2,232,043)	\$ (332,528)	\$ 164,758	\$ (1,411,874)	\$ (1,770,968)	\$ 114,745
Revenues over (under) Expenditures										
Other Financing Sources (Uses)	\$ -	\$ 682,475	\$ 2,318,701	\$ 808,000	\$ 1,953,843	\$ 1,764,037	\$ -	\$ 2,863,193	\$ 245,860	\$ -
Bond Proceeds	-	-	-	-	-	-	-	140,000	-	-
Notes Payable	263,704	528,539	264,054	1,036,845	917,732	670,088	738,473	1,005,681	578,740	408,383
Transfers In	(309,380)	(360,212)	(288,240)	(1,076,808)	(847,490)	(202,992)	(811,284)	(1,042,404)	(581,834)	(367,383)
Transfers Out	\$ (45,676)	\$ 830,802	\$ 2,284,515	\$ 888,037	\$ 1,924,085	\$ 2,231,113	\$ 125,169	\$ 2,968,670	\$ 282,888	\$ 39,000
Total Other Financing Sources (Uses)										
Net Change in Fund Balance	\$ (485,162)	\$ 432,828	\$ 1,072,756	\$ (827,194)	\$ (307,958)	\$ 1,898,585	\$ 288,845	\$ 1,554,786	\$ (1,508,102)	\$ 153,745
Debt Service as a Percentage of Non-capital Expenditures	15.30%	14.40%	13.80%	16.50%	33.20%	28.70%	26.30%	27.70%	28.87%	38.31%

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

Fiscal Year	Real Property		Personal Property		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		
1999	16,425,885	134,602,952	1,585,087	6,165,074	18,010,972	140,768,026	44.925	12.79%
2000	18,456,858	150,925,240	1,560,310	4,897,681	20,017,168	155,822,921	44.895	12.85%
2001	20,107,700	152,592,608	1,358,036	3,879,331	21,465,736	156,471,939	44.676	13.72%
2002	21,786,634	166,933,830	1,901,335	6,061,603	23,687,969	172,995,433	49.969	13.69%
2003	23,882,832	190,793,969	1,095,049	4,271,381	24,977,881	195,065,360	47.390	12.80%
2004	24,343,115	201,309,085	1,913,608	6,949,833	26,256,724	208,258,918	49.811	12.61%
2005	24,796,820	210,168,700	2,068,702	7,290,903	26,865,522	217,459,603	48.633	12.35%
2006	26,533,827	224,350,150	2,307,289	4,785,413	28,841,116	229,135,563	48.411	12.59%
2007	29,573,414	246,748,199	901,582	3,465,932	30,474,996	250,214,131	56.664	12.18%
2008	30,134,110	245,156,390	821,554	3,642,460	30,955,664	248,798,850	53.331	12.44%

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)

Sedgewick County

Fiscal Year	General	G.O. Bond & Interest	Employee Benefits	Library	City Rates			Overlapping Government Rates						
					Industrial Development	Capital Improvements	Special Liability	Total City	State	County	School	Cemetery	Township	Total
1999	25,662	7,003	7,602	4,159	0.499	0.000	0.000	44,925	1,500	29,636	46,878	1,122	0.000	124,161
2000	22,680	4,775	12,335	3,907	0.499	0.000	0.499	44,895	1,500	26,671	41,981	0.840	0.000	117,887
2001	29,418	5,658	5,588	3,812	0.000	0.000	0.000	44,676	1,500	28,600	45,984	1,660	0.000	122,420
2002	26,891	8,940	8,527	3,811	0.000	0.000	0.000	49,969	1,500	28,654	44,186	0.904	0.000	125,213
2003	17,223	7,878	15,164	3,489	1.033	2.903	0.000	47,390	1,500	28,776	44,028	0.982	0.000	122,668
2004	22,283	5,834	13,687	4,016	1.155	2.638	0.000	49,811	1,500	28,817	45,010	0.989	0.000	126,127
2005	20,593	5,978	10,374	3,653	0.954	6.121	0.962	48,833	1,500	28,763	52,129	1.001	0.000	132,028
2006	22,893	4,915	13,172	3,904	0.780	1.832	0.815	48,411	1,500	28,758	50,947	1.304	0.000	135,920
2007	27,368	11,843	11,911	3,638	0.412	0.725	0.767	56,664	1,500	31,315	51,296	1.301	0.000	142,076
2008	22,545	12,429	11,003	3,715	0.364	2.607	0.668	53,331	1,500	30,377	58,768	1.361	0.000	143,367

Sumner County

1999	25,662	7,003	7,602	4,159	0.499	0.000	0.000	44,925	1,500	47,715	46,976	1,122	1,072	143,310
2000	22,680	4,775	12,335	3,907	0.499	0.000	0.499	44,895	1,500	50,330	41,981	0.840	1.391	140,907
2001	29,418	5,658	5,588	3,812	0.000	0.000	0.000	44,676	1,500	51,353	45,984	1,660	1,224	146,397
2002	26,891	8,940	8,527	3,811	0.000	0.000	0.000	49,969	1,500	59,265	44,186	0.904	0.000	152,824
2003	17,223	7,978	15,164	3,489	1.033	0.000	0.000	47,390	1,500	57,747	44,028	0.982	0.000	151,657
2004	22,283	5,834	13,687	4,016	1.155	2.638	0.000	49,811	1,500	57,844	45,010	0.989	0.000	154,854
2005	20,593	5,978	10,374	3,653	0.954	6.121	0.962	48,833	1,500	58,483	52,129	1.001	0.000	161,756
2006	22,893	4,915	13,172	3,904	0.780	1.832	0.815	48,411	1,500	56,899	55,947	1.304	0.000	163,061
2007	27,368	11,843	11,911	3,638	0.412	0.725	0.767	56,664	1,500	58,439	51,296	1.301	0.000	167,200
2008	22,545	12,429	11,003	3,715	0.364	2.607	0.668	53,331	1,500	58,028	58,768	1.391	0.000	171,018

Source: Sedgewick County Clerk
Sumner County Clerk

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

2008			
<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	\$ 271,826	1	0.89%
Mulvane Housing Associated LP	268,100	2	0.88%
BNSF	161,251	3	0.53%
Olderbak Enterprises South	155,275	4	0.51%
Congleton LLC	148,049	5	0.49%
Prairie State Bank	143,945	6	0.47%
Branline, Gary E.	135,001	7	0.44%
Westfall, Ray W & Sharon K	130,816	8	0.43%
Carro, Antonio L MD PA	122,860	9	0.40%
L Joyce Carr Rev Trust	104,300	10	0.34%
	<u>\$ 1,641,623</u>		<u>5.39%</u>

Sumner County:			
Southwestern Bell	\$ 161,382	1	0.53%
Mulvane State Bank	147,232	2	0.48%
Mulvane Coop	133,286	3	0.44%
Ratzlaff Properties	120,400	4	0.40%
Pearl Street Duplex	117,491	5	0.39%
Wolfe, R. E. LLC	110,933	6	0.36%
Ratzlaff Properties	102,188	7	0.34%
Pendergraft Properties	96,869	8	0.32%
BNSF	86,689	9	0.28%
Wolfe, Mary A Rev Trust	78,720	10	0.25%
	<u>\$ 1,153,210</u>		<u>3.78%</u>

1999			
<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	\$ 136,598	1	0.758%
Southwestern Bell	90,564	2	0.503%
Branline, Gary E. & Anita J.	89,175	3	0.495%
Carson, Frank L. Jr. Trust	81,304	4	0.451%
Westfall, Ray W. & Sharon K.	73,860	5	0.410%
Lankard-Schippers Bldg. Partnership	64,923	6	0.360%
BNSF	61,706	7	0.343%
Miller, Bryon L. & Veverly	61,365	8	0.341%
L. Joyce Carr Rev. Trust	56,875	9	0.318%
Brews, LTD	56,500	10	0.314%
	<u>\$ 772,890</u>		<u>4.291%</u>

Sumner County:			
Southwestern Bell	\$ 256,839	1	1.426%
Mulvane Coop Union	207,334	2	1.151%
Raco Machine	149,981	3	0.833%
Mulvane State Bank	112,408	4	0.624%
Pendergraft, Gordon	75,138	5	0.417%
Wolfe Machine, Inc.	71,670	6	0.398%
Via Christi Property	48,110	7	0.267%
BNSF	46,928	8	0.261%
Patterson, James	42,458	9	0.236%
Union Pacific	38,333	10	0.213%
	<u>\$ 1,049,199</u>		<u>5.825%</u>

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
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	1,609,711	99.18%
2008	1,647,716	1,601,399	97.19%	34,052	1,635,451	99.26%

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	Notes Payable	Revenue Bonds	G.O. Bonds Secured by Enterprise Funds	Capital Leases				
1999	\$ 3,292,540	-	889,000	84,718	2,800,000	279,793	-	7,428,051	N/A	1,337	
2000	\$ 3,758,228	-	880,000	72,875	2,720,000	284,249	-	7,475,450	7.43%	1,450	
2001	\$ 4,224,998	1,600,000	880,000	61,114	2,635,000	248,705	-	8,849,815	N/A	1,880	
2002	\$ 4,832,638	1,555,000	1,030,000	48,134	7,180,000	233,161	-	14,880,134	N/A	2,837	
2003	\$ 5,883,843	1,505,000	1,750,000	37,034	4,635,000	2,739,009	-	18,549,886	14.53%	3,016	
2004	\$ 7,255,827	1,450,000	-	24,812	4,410,000	2,544,282	-	15,884,701	13.42%	2,833	
2005	\$ 6,814,218	1,395,000	-	12,488	10,000,000	2,345,584	-	20,567,270	17.24%	3,694	
2008	\$ 8,184,217	1,335,000	-	140,000	11,475,000	2,140,978	-	24,275,193	19.60%	4,358	
2007	\$ 8,915,216	1,275,000	-	123,887	11,115,000	1,886,744	-	23,418,657	18.30%	4,089	
2008	\$ 8,348,418	1,210,000	-	107,086	10,745,000	1,832,581	-	22,244,086	17.73%	3,745	

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>
1999	3,292,540	82,365	3,210,175 0	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
2008	8,349,419	180,792	8,168,627	3.28%	1,375

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, 2008

<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	\$ 82,730,000	0.76%	\$ 628,748
Sumner County	3,146,860	17.85%	\$ 561,715
School District #263	<u>13,580,000</u>	<u>77.82%</u>	<u>\$ 10,567,956</u>
Total Estimated Overlapping Debt	99,456,860	11.82%	11,758,419
City's Direct Debt	<u>10,182,000</u>	<u>100.00%</u>	<u>10,182,000</u>
Total Direct and Overlapping Debt	<u>\$ 109,638,860</u>	<u>20.01%</u>	<u>\$ 21,940,419</u>

Source: Triplett, Woolf & Garretson, LLC

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 6,999,849	\$ 7,576,087	\$ 8,284,158	\$ 8,824,788	\$ 8,189,138	\$ 9,582,789	\$ 9,865,747	\$ 10,615,716	\$ 11,405,853	\$ 11,382,069
Total Net Debt Applicable to Limit	2,472,343	2,813,580	2,898,992	2,899,339	4,938,631	3,277,955	3,080,158	5,682,871	5,409,727	5,109,494
Legal Debt Margin	4,527,806	4,862,487	5,387,168	5,925,447	4,252,505	6,304,834	6,785,689	4,932,745	5,996,228	6,272,605
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	35%	37%	35%	33%	54%	34%	31%	54%	47%	45%

Legal Debt Margin Calculation for 2008

Assessed Value	\$ 30,955,664
Motor-Vehicle K.S.A. 79-5113	6,984,665
Total Assessed Value	\$ 37,940,329
Debt Limit-Approximately 30% of Assessed Value (K.S.A. 10-308)	\$ 11,382,069
Bonded Indebtedness	\$ 10,182,000
Less Exempt Debt	5,072,508
Total Amount Applicable to Debt Limit	5,109,494
Legal Debt Margin	\$ 6,272,605

Source: City Financials
Triplett, Wolff & Garretson, LLC

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
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	98,063	195,071	291,134	2.44
2007	4,132,963	3,465,207	667,756	145,266	192,189	337,455	1.98
2008	4,349,097	3,761,407	587,690	149,952	187,541	337,493	1.74

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 2008 was 1.57. 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
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	741,638	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	---	---	---	---
2008	800,447	698,378	102,069	---	---	---	---

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 2008 was 1.57. 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
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
2008	1,204,805	563,789	641,016	220,048	293,242	513,290	1.25

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 2008 was 1.57. 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>
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%
2008	5,940	\$ 125,488	\$ 21,126	35	1,878	4.27%	4.31%

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>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Population</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Population</u>
USD #263	350	1	5.89%	332	1	5.98%
City of Mulvane	56	2	0.94%	58	2	1.04%
Mulvane State Bank	39	3	0.66%	Not Available		
Wolfe Machine	26	4	0.44%	8	6	0.14%
Deborah John & Assoc.	26	5	0.44%	Not Available		
Plaff Chevrolet	22	6	0.37%	25	3	0.45%
Ledford Gage	20	7	0.34%	16	5	0.29%
Mulvane Coop	19	8	0.32%	22	4	0.40%
Cowley County College	8	9	0.13%	Not Available		
Dillons	5	10	0.08%	5	7	0.09%
	<u>571</u>		<u>9.61%</u>	<u>468</u>		<u>8.38%</u>

Note: Employment for only the City of Mulvane is not tracked by any City, County or State agency. Employees by employer obtained by direct solicitation from the major employers by City personnel.

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

Function/Program	<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>	<u>2008</u>
Administration	9	9	9	9	9	8	8	9	9	9
Police Officers	14	8	11	11	11	15	12	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	4	4	4	4	4	4	4	4	4
Streets	5	5	5	5	5	5	5	5	5	5
Electric	8	6	8	8	8	8	8	8	8	8
Water	4	3	4	4	4	4	4	4	4	4
Wastewater	4	2	4	4	4	4	4	4	4	4
Total	<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>	<u>54</u>

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

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

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Calls for Service	2,722	2,742	2,802	2,709	3,033	3,202	3,133	3,561	4,398	4,182
Moving Citations	860	898	886	827	947	1,208	1,284	864	752	733
DUI Arrests	36	26	28	32	25	26	71	20	22	18
Arrests	155	189	171	178	179	325	314	200	236	224
Emergency Services										
Fire & Rescue Calls	296	257	262	310	258	275	325	311	387	389
Ambulance Calls	554	594	528	555	570	439	481	530	707	743
Electric										
New Connections	112	66	49	37	37	31	21	96	19	11
Average Daily Usage (mWh/Day)	95	106	106	105	107	108	115	116	120	116
Peak Daily Usage (kW)	10,666	11,200	11,256	10,700	11,746	10,846	11,718	12,959	12,556	12,500
Water										
New Connections	89	83	48	48	8	31	41	73	10	1
Average Daily Consumption (Gallons)	470,159	520,282	521,362	491,375	517,047	481,614	482,093	519,060	442,496	470,847
Peak Daily Consumption (Gallons)	796,000	1,002,000	1,118,000	762,000	973,000	803,000	1,025,000	969,000	925,000	786,000
Wastewater										
Average Daily Sewage Treatment	N/A	N/A	N/A	N/A	376,000	380,000	385,000	400,000	421,000	474,000

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>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>	<u>2008</u>
Police										
Station/City Hall	1	1	1	1	1	1	1	1	1	1
Patrol Units	10	11	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	10	10	10	11	11	11	11	11
Ambulances	2	2	2	2	2	2	2	2	2	2
Parks & Recreation										
Acreage	64	64.8	64.8	64.8	64.8	66.3	70.3	70.3	70.3	70.3
Neighborhood Parks	13	14	14	14	14	15	16	16	16	16
Sports Complex	1	1	1	1	1	1	1	1	1	1
Swimming Pool	1	1	1	1	1	1	0	0	1	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	36	38	38	38	38	38
Traffic Signals	3	3	3	3	3	3	3	3	3	3
Electric										
Power Plant	1	1	1	2	2	2	2	2	2	2
Miles of Line	31	31	32	32	32	33	33	33	33	33
Generating Capacity (kw)	6400	6400	6400	15600	15600	15600	16600	16600	16600	16600
Water										
Water Mains (Miles)	33	33	34	34	34	35	35	35	35	35
Fire Hydrants	211	211	211	215	215	215	220	221	221	221
Storage Capacity (kgal)	800	800	800	800	800	800	800	800	800	800
Wastewater										
Sanitary Sewers (Miles)	23	23	23	24	24	25	26	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	0.05	0.05	0.05	1	1	1
Lift Stations	5	5	5	5	5	4	4	4	5	5

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