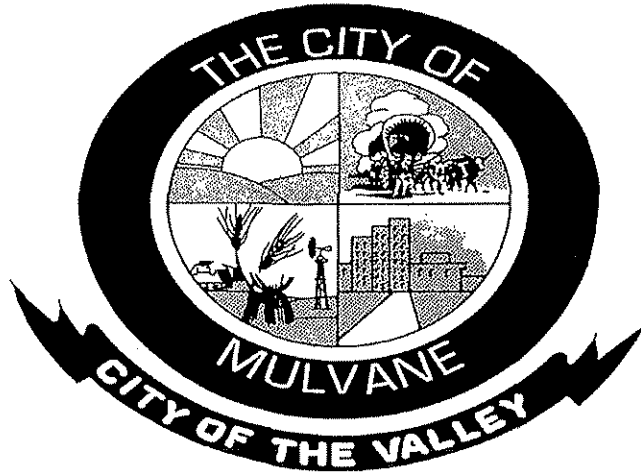


**CITY OF
MULVANE, KANSAS**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL
YEAR ENDED
DECEMBER 31, 2010**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

of the

CITY OF MULVANE, KANSAS

FOR THE YEAR ENDED DECEMBER 31, 2010

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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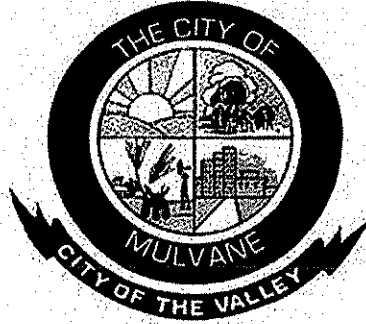
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INTRODUCTORY SECTION



June 25, 2011

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, 2010 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 (unless specifically exempted), and (3) that the budget not exceed anticipated revenues including, carry forward balances.

Financial Policies & Planning

The City has financial policies and practices in place that have had a significant impact on the current period's financial statements. The City has an "Authorized Municipal Investments" policy that complies with the Kansas statutes that limits where a city can invest idle funds and in what financial instruments those funds can be invested in. In addition, the City follows GFOA recommendations that general purpose governments maintain reserved fund balances in the General Fund of no less than 5% of regular General Fund operating revenues or no less than one month of regular General Fund operating fund expenditures. As per the City auditor's recommendations, Mulvane maintains an unreserved fund balance of no less than three months General Fund operating expenditures.

In establishing a policy to govern the level of unreserved fund balance in funds, the City Council has considered a variety of factors, including:

The predictability of its revenues and the volatility of its expenditures (i.e. higher levels of unreserved fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile).

The availability of resources in other funds as well as the potential drain upon General Fund resources from other funds (i.e. the availability of resources in other funds may reduce the amount of unreserved fund balance needed in the General Fund, just as deficits in other funds may require that a higher level of unreserved fund balance be maintained in the General Fund).

Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained).

Designations (i.e., City may wish to maintain higher levels of unreserved fund balance to compensate for any portion of unreserved fund balance already designated for a specific purpose).

An indicator of the positive impact of these financial policies and practices is that the City has been given an A+ rating by Standard and Poore on two recent bond refundings. Mulvane is the smallest city in Kansas to achieve an A+ rating.

The Reporting Entity and Its Services

The City provides a full range of municipal services to our citizens and the surrounding community. These include police, library and recreation services. The City has nineteen well equipped parks including a sports complex and stocked fishing lake. Fire protection

and ambulance services cover the City and rural areas surrounding Mulvane. The City provides planning and zoning services and regulates building through permits and inspections not only within the City limits, but also within a three-mile radius of Mulvane through what is termed as extra territorial jurisdiction.

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

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 a discretely presented component unit.

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, 2009.

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 fifteen years.

Economic Outlook

The Wichita area economy lags behind much of the nation. It is slow to feel the recession and slow to recover from it. The aircraft industry laid off workers in record numbers and many of those manufacturing jobs will not come back. That vital sector of the local economy is slow to recover if it does at all. The State of Kansas experienced a significant decrease in revenues as the recession took hold. The economy has not begun to recover and economic outlook for the area economy is not expected to improve until late 2011 or 2012 and that causes much anxiety about the future. One bright spot for our area is the construction of a new destination-casino development in Mulvane. The casino is expected to create hundreds of construction related jobs and employ hundreds of workers once constructed. This large commercial development should expand the City's tax base and generate revenues that can be used in the General Fund to the benefit of the community.

Construction Activity

2010 was another sluggish year with a total of 38 building permits being issued. This consisted of all construction activity including additions, remodel and new construction. This number is down from 2009 with 45 permits. 2010 was down approximately 50% from the yearly average of 75 permits. The total construction value for 2010 was \$2,312,650, which is down from 2009 by 16%. The City's increase in valuation has come to a standstill.

Financial Picture

The assessed valuation of Mulvane did increase slightly in 2010. The Ad Valorem tax levy revenue in 2010 was \$1,648,189 compared to 2009 which was \$1,636,482. The mill levy increased from 53.4 in 2009 to 53.7 in 2010.

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 Accounts 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 2010 average interest rate for the City's Now Account, Money Market Account, and CD's has decreased to 0.32%. In 2009, the average interest rate was 0.81%. The previous year of 2008, it was 1.92%. Total interest earned from the Now Account and Money Market Accounts in 2010 was \$17,395, up from \$9,764 in 2009, due to the City placing most of its idle money in the money market accounts, which were paying a higher interest rate, instead of certificate of deposits.

The City's 2010 total average cash balance was \$8,466,134 compared to \$7,548,482 in 2009. The 2010 total average invested cash balance was \$7,746,666. The 2009 total average invested cash balance was \$7,001,076 down from \$8,014,508 in 2008.

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 Compensation insurance 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 2010 was a disappointing .98 up from .86 in 2009. By insurance industry standards, an Experience Modification Factor below 1.00 is good.

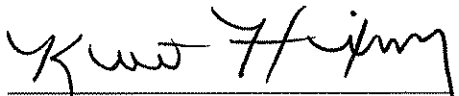
Independent Audit

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, 2010

<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	J.T. Klaus
Municipal Judge	Duane Brown
City Prosecutor	Larry Linn

ORGANIZATIONAL CHART

MAYOR: James P. Ford

COUNCIL MEMBERS:

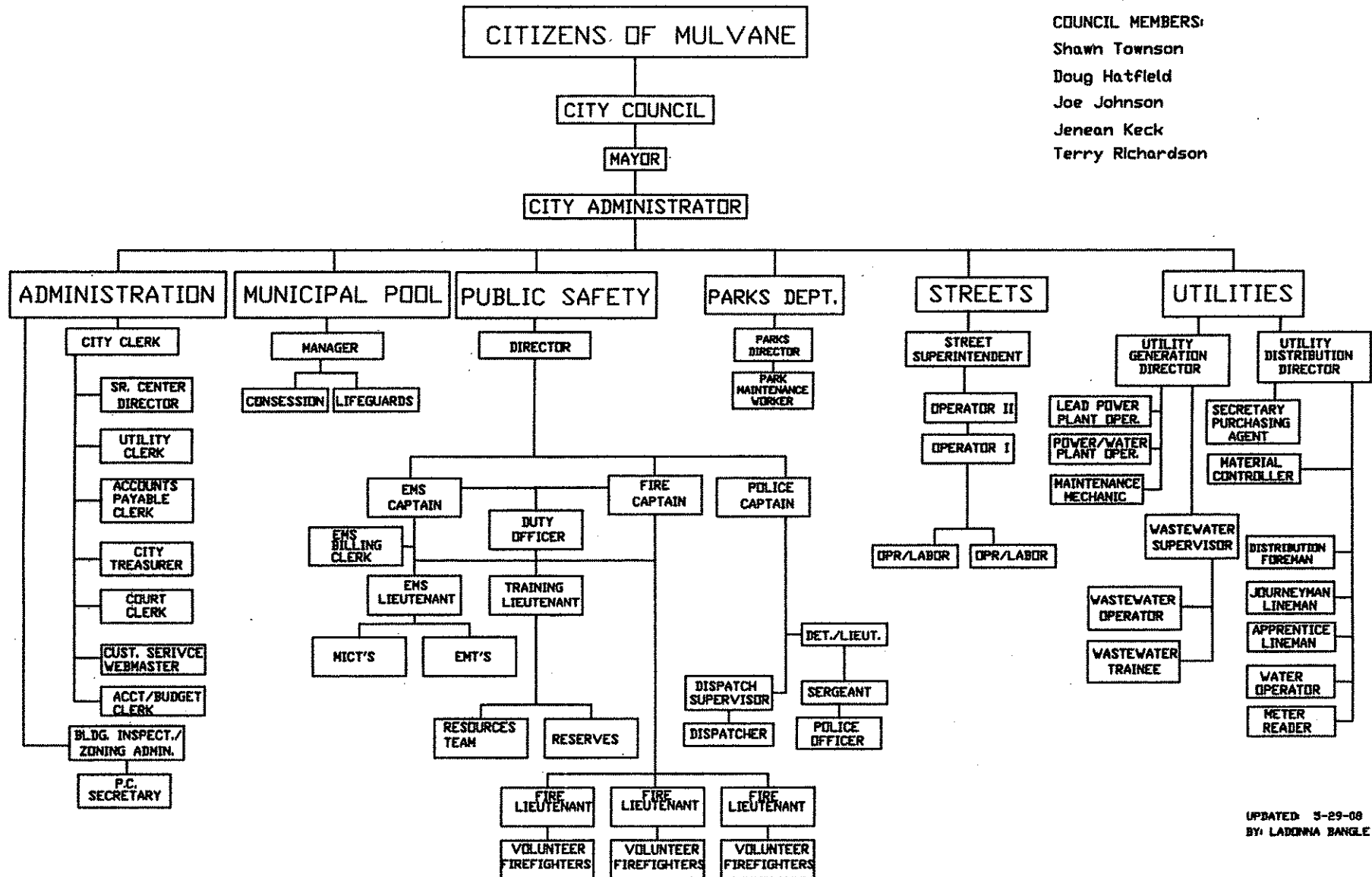
Shawn Townson

Doug Hatfield

Joe Johnson

Jenean Keck

Terry Richardson



UPDATED: 3-29-08
BY: LADONIA BANGLE

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, 2009

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 units, 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, 2010, 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 units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, 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
May 27, 2011

CITY OF MULVANE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2010

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, 2010. 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 \$34,534,840. Of this amount, \$23,034,790 is capital assets, net of related debt, \$5,451,050 is for restricted uses, and \$6,049,000 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 \$378,624 during the current fiscal year. The net assets of the City's business-type activities increased by \$123,679 and the governmental activities assets decreased by \$502,303.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,749,614, an increase of \$264,472 in comparison to the prior year. Over 96% of this total amount (\$3,617,971) 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 \$1,631,791 or 60% of the total General Fund expenditures and transfers out incurred in the current fiscal year.
- The City's total bonded debt decreased by \$933,000 during the current fiscal year.

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 20 and 21 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 17 individual governmental funds for financial reporting purposes. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Debt Service and Capital Projects funds, which are considered major funds. Data for the remaining 14 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 14 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 22 through 27 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 28 through 32 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 33 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 34 through 57 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 \$34,534,840 as of December 31, 2010.

The largest portion of the City's net assets (67%) 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 8,444,775	\$ 8,671,089	\$ 5,636,392	\$ 5,538,004	\$ 14,081,167	\$ 14,209,093
Capital assets	<u>26,706,510</u>	<u>27,574,213</u>	<u>16,570,072</u>	<u>17,055,981</u>	<u>43,276,582</u>	<u>44,630,194</u>
Total assets	<u>35,151,285</u>	<u>36,245,302</u>	<u>22,206,464</u>	<u>22,593,985</u>	<u>57,357,749</u>	<u>58,839,287</u>
Long-term liabilities	8,815,508	9,298,449	11,839,695	12,291,092	20,655,203	21,589,541
Other liabilities	<u>1,850,411</u>	<u>1,959,184</u>	<u>317,295</u>	<u>377,098</u>	<u>2,167,706</u>	<u>2,336,282</u>
Total liabilities	<u>10,665,919</u>	<u>11,257,633</u>	<u>12,156,990</u>	<u>12,668,190</u>	<u>22,822,909</u>	<u>23,925,823</u>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net assets:						
Invested in capital assets,						
Net of related debt	\$ 18,060,089	\$ 18,441,345	\$ 4,974,701	\$ 4,934,176	\$ 23,034,790	\$ 23,375,521
Restricted for debt						
Service	3,145,384	3,386,328	2,305,666	2,482,221	5,451,050	5,868,549
Unrestricted	<u>3,279,893</u>	<u>3,159,996</u>	<u>2,769,107</u>	<u>2,509,398</u>	<u>6,049,000</u>	<u>5,669,394</u>
Total net assets	<u>\$ 24,485,366</u>	<u>\$ 24,987,669</u>	<u>\$ 10,049,474</u>	<u>\$ 9,925,795</u>	<u>\$ 34,534,840</u>	<u>\$ 34,913,464</u>

An additional portion of the City's net assets (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$6,049,000 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, 2010 and 2009. The City's net assets decreased by \$378,624, 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 491,913	\$ 502,348	\$ 6,345,999	\$ 5,680,650	\$ 6,837,912	\$ 6,182,998
Operating grants and contributions	769,505	771,910	–	–	769,505	771,910
Capital grants and contributions	175,986	95,443	–	9,710	175,986	105,153
General revenues:						
Property taxes	1,975,010	1,987,958	–	–	1,975,010	1,987,958
Sales taxes	661,759	658,940	–	–	661,759	658,940
Franchise taxes	388,190	380,254	–	–	388,190	380,254
Investment earnings	<u>16,795</u>	<u>45,034</u>	<u>17,548</u>	<u>54,304</u>	<u>34,343</u>	<u>99,338</u>
Total revenues	<u>4,479,158</u>	<u>4,441,887</u>	<u>6,363,547</u>	<u>5,744,664</u>	<u>10,842,705</u>	<u>10,186,551</u>
Expenses:						
General government	388,764	345,662	–	–	388,764	345,662
Public safety	1,967,491	1,972,712	–	–	1,967,491	1,972,712
Highways and streets	1,402,712	1,326,646	–	–	1,402,712	1,326,646
Culture and recreation	818,353	711,336	–	–	818,353	711,336
Economic development	11,358	9,396	–	–	11,358	9,396
Environmental protection	1,600	704	–	–	1,600	704
Electric system	–	–	4,264,535	3,998,986	4,264,535	3,998,986
Water system	–	–	798,895	797,814	798,895	797,814
Sewer system	–	–	1,195,183	1,149,896	1,195,183	1,149,896
Interest on long-term indebtedness	<u>372,438</u>	<u>552,841</u>	<u>–</u>	<u>–</u>	<u>372,438</u>	<u>552,841</u>
Total expenses	<u>4,962,716</u>	<u>4,919,297</u>	<u>6,258,613</u>	<u>5,946,696</u>	<u>11,221,329</u>	<u>10,865,993</u>
Increases (decreases) in net assets before transfers	(483,558)	(477,410)	104,934	(21,703)	(378,624)	(474,624)
Transfers in (out)	<u>(18,745)</u>	<u>–</u>	<u>18,745</u>	<u>–</u>	<u>–</u>	<u>–</u>
Increase (decrease) in net assets	(502,303)	(477,410)	123,679	(202,032)	(378,624)	(679,442)
Net assets, beginning of year	<u>4,987,669</u>	<u>25,465,079</u>	<u>9,925,795</u>	<u>10,127,827</u>	<u>34,913,464</u>	<u>35,592,906</u>
Net assets, end of year	<u>\$ 24,485,366</u>	<u>\$ 24,987,669</u>	<u>\$ 10,049,474</u>	<u>\$ 9,925,795</u>	<u>\$ 34,534,840</u>	<u>\$ 34,913,464</u>

Governmental Activities – Governmental activities decreased the City's net assets by \$502,303 for the current fiscal year. Total governmental activity revenues increased by \$37,271 with capital grants and contributions comprising an increase of \$80,543 for the current year due to state grants received for the Webb Road Bike Path construction and improvements to the Sports Complex. Sales tax and franchise fee revenues reflected very slight increases indicating that any local economic recovery was negligible for 2010. The net increase was offset by reductions in investment earnings of \$28,239, due to continued low investment rates, and a reduction in property taxes of \$12,948.

Total governmental activity expenses increased by only \$43,419 for 2010. This net change correlates directly with total governmental activity revenues as the 2010 expenses were closely monitored to the actual revenue collections for the year. The highway and streets functional area incurred an increase in expenses of \$76,066 as materials for street repairs continued to increase along with all petroleum based products. Cultural and recreation expenses increased \$107,017, as there was a more concentrated effort on facility maintenance. Debt service interest expense decreased significantly during 2010 and totaled an \$180,403 reduction as compared to 2009.

Business-type Activities – Business-type activities increased the City's net assets by \$123,679 for the current fiscal year. Total business-type activity revenues increased \$665,349, or approximately 12%, for 2010. A 25% rate increase was initiated in April, 2010, for the Sewer Utility. No rate increases were incurred for the Electric and Water Utilities during 2010 and revenue increases can be attributed to an increase in usage.

Expenses for the business-type activities increased by \$311,917, or about 5%, for 2010, with production costs for the Electric Utility comprising \$270,708 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 \$3,749,614. Approximately 96% of this total amount (\$3,617,971) constitutes unreserved fund balance. The remainder of the fund balance (\$131,643) 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 \$1,631,791, while total fund balance was \$1,631,791, which was \$97,874 less than the prior year's General Fund total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 60% of total General Fund expenditures and transfers out for the current year.

The City's management may also designate unreserved fund balance to particular functions, projects or activities. Fund balance may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the \$1,631,791 General Fund unreserved fund balance, 59% is designated. Those designations include \$774,549 earmarked for carryover to the 2011 budget and \$186,082 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 \$238,687, which was an increase of \$128,997 from 2009. Resources for this fund are generated from property taxes, special assessment taxes and interest earnings and increased by \$105,121 for 2010 and debt service requirements decreased by \$181,832 for 2010.

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

The total net assets of the enterprise funds increased by \$120,834. The change in net assets, by fund, included (\$182,294), \$173,322 and \$129,806 for the Electric System, Water System and Sewer System funds, respectively. Sewer rate increases in recent years to fund the debt service of the new wastewater treatment plant facility continues to have a positive impact on that fund. Sewer rates increased by approximately 25% in April 2010.

The internal service fund had total net assets at year-end of \$2,694. Total net assets increased by \$4,118 over 2009, however, interfund charges for services have not been sufficient to cover the operating expenses. The fund incurred an operating loss of \$18,289 for 2010; however, transfers in of \$22,407 covered the operating deficit.

Electric System Fund

Total net assets of the Electric System Fund decreased by \$182,294. Customer consumption for 2010 increased approximately 7% and operating revenues and expenses are generally reflective of that situation as operating revenues increased \$333,803 and operating expenses increased \$270,708.

Water System Fund

Total net assets of the Water System Fund increased by \$173,322. Operating revenues increased by \$159,985 during 2010 as consumption increased. Operating expenses increased \$7,620 for 2010.

Sewer System Fund

The total net assets of the Sewer System Fund increased by \$129,806 and can be attributed to the rate increase initiated during 2010. Operating revenues increased \$172,495, or approximately 15%, with operating expenses increasing \$37,025, or approximately 5%.

General Fund Budgetary Highlights – The General Fund total actual revenues were 104% of the total amount anticipated in the 2010 budget and exceeded the total anticipated revenues by \$103,055. The significant composition of this excess can be attributed to intergovernmental shared revenues and grant revenues.

General Fund budgetary expenditures totaled \$2,651,765, which represented only 82% of the budgeted expenditures for 2010. Accordingly, the General Fund incurred a favorable variance from its budgeted expenditures of \$576,841. The Administration Department incurred a favorable budgetary variance of \$607,846 mainly due to contingency reserves not being utilized.

CAPITAL ASSETS

The City's investment in capital assets as of December 31, 2010 amounts to \$43,276,582 (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%. Asset additions for 2010 totaled \$746,441. Major capital asset events during the current fiscal year included the following:

- Playground equipment was purchased for the City parks at a cost of \$37,844.
- Webb Road Bike Path improvements at a cost of \$176,905.
- Streets in the Merlin's Glen Addition totaling \$91,528.
- Computer equipment upgrades in the Administration Department of \$24,018.
- EMS equipment at a cost of \$46,110.
- Two new Police cars and equipment totaling \$68,546.
- A hydraulic digger and accessories for the Electric Utility at a cost of \$127,301.
- Water lines for Merlin's Glen Addition of \$18,745.
- Sewer lines for Merlin's Glen Addition of \$59,099.

Capital Assets at Year-End Net of Accumulated Depreciation

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 256,617	\$ 256,617	\$ 758,117	\$ 758,117	\$ 1,014,734	\$ 1,014,734
Buildings	1,578,697	1,636,257	—	—	1,578,697	1,636,257
Utility plant	—	—	9,195,991	9,552,013	9,195,991	9,552,013
Improvements other than buildings	3,283,134	3,166,459	6,183,797	6,427,177	9,466,931	9,593,636
Infrastructure	20,327,834	21,064,291	—	—	20,327,834	21,064,291
Machinery and equipment	1,260,228	1,401,362	432,167	318,674	1,692,395	1,720,036
Construction work in progress	—	49,227	—	—	—	49,227
Total	<u>\$ 26,706,510</u>	<u>\$ 27,574,213</u>	<u>\$ 16,570,072</u>	<u>\$ 17,055,981</u>	<u>\$ 43,276,582</u>	<u>\$ 44,630,194</u>

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

DEBT ADMINISTRATION

At the end of the current fiscal year, the City's total long-term debt obligations outstanding are \$20,655,203. This amount was comprised of \$8,934,000 of general obligation bonds secured by future tax revenues from governmental activities with \$1,515,371 of such bonds being committed from resources generated by business-type revenues, \$10,080,000 of revenue bonds which are secured by business-type revenue sources, \$72,792 of notes payable secured by the future revenue sources from governmental activities, and \$1,155,000 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 \$413,411 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 \$934,338, or about 4% during the current fiscal year. This decrease is due to the issuance of only \$110,273 in new debt to provide funds for improvements to the Merlin's Glen Addition.

Due to favorable long-term debt interest rates during 2010, the City entered into three separate advanced refunding transactions related to general obligation bonds and electric, waterworks, and sewer utility revenue bonds. The City issued \$2,938,000 of general obligation refunding bonds to advance refund \$2,855,000 of outstanding general obligation bonds. In addition, the City issued \$1,590,000 of Electric, Waterworks, and Sewer Utility System Refunding Revenue bonds to advance refund \$1,410,000 of outstanding Electric, Waterworks, and Sewer Utility System Revenue bonds. The City entered into the advance refunding transactions to reduce its total debt service payments over the life of the refunded bonds by \$261,352, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$226,522.

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 2011 budget which impacts the property tax rate and fees that will be charged for business-type activities. Those factors include the following:

- Maintaining competitive employee salaries and benefits, but facing increasing costs for employer paid health insurance and retirement contributions.
- Increases in debt service requirements for both general obligation bonds and revenue bonds.
- Property tax revenues are budgeted to increase in 2011 by only \$19,451, or approximately 1%. Assessed valuations increased only about .5%, resulting in an increased mill levy of .339 mills.

The General Fund's largest single revenue source is property taxes. The property tax rate for FY 2010 was \$.053414 per \$1,000 of assessed valuation. Of this tax rate, 42%, or \$.022413 was utilized for General Fund activities. 24% or \$.012785 was used for debt service, and 26%, or \$.013829 was used for employee benefits. The General Fund's portion of property tax revenue for FY 2011 is estimated to be \$.22197, or 41% of the total tax revenues. Sedgwick County has a 1% sales tax and the City's portion of the sales tax revenue is estimated at \$625,000 as compared to the 2010 actual amount of \$661,759. 2010 sales tax revenues were only \$2,819 more than the actual for 2009.

With unemployment being relatively high and sales tax revenues relatively flat, the City Council undertook a very cautious approach to revenue estimating and expenditure appropriation in the 2011 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, 2010

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority
<u>ASSETS</u>					
Cash and investments	\$ 3,722,922	\$ 1,182,694	\$ 4,905,616	\$ 74,062	\$ 22,463
Receivables:					
Property taxes	1,658,624	—	1,658,624	—	—
Special assessment taxes	2,906,697	—	2,906,697	—	—
Sales taxes	53,245	—	53,245	—	—
Franchise fees	35,732	—	35,732	—	—
Trade accounts, net	104,675	921,615	1,026,290	—	—
Due from other governments	500	—	500	—	—
Internal balances	(68,995)	68,995	—	—	—
Prepaid items	29,236	60,860	90,096	—	—
Restricted assets	2,139	3,003,036	3,005,175	—	—
Unamortized debt issuance costs	—	399,192	399,192	—	—
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	3,712,837	10,512,751	14,225,588	—	—
Infrastructure	34,092,455	—	34,092,455	—	—
Machinery and equipment	3,957,110	1,775,518	5,732,628	32,675	88,379
Less accumulated depreciation	(17,674,962)	(10,103,768)	(27,778,730)	(11,510)	(427,034)
Construction work in progress	—	—	—	—	—
Total assets	<u>35,151,285</u>	<u>22,206,464</u>	<u>57,357,749</u>	<u>95,227</u>	<u>276,881</u>
<u>LIABILITIES</u>					
Accounts payable	8,246	203,485	211,731	6,343	1,200
Accrued payroll payable	—	—	—	—	—
Accrued interest payable	89,688	113,810	203,498	—	—
Matured bonds and coupons payable	1,316	—	1,316	—	—
Unearned revenue	1,751,161	—	1,751,161	—	—
Noncurrent liabilities:					
Due within one year	953,545	835,714	1,789,259	—	17,810
Due in more than one year	<u>7,861,963</u>	<u>11,003,981</u>	<u>18,865,944</u>	<u>—</u>	<u>218,577</u>
Total liabilities	<u>10,665,919</u>	<u>12,156,990</u>	<u>22,822,909</u>	<u>6,343</u>	<u>237,587</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	18,060,089	4,974,701	23,034,790	21,165	18,031
Restricted for:					
Debt service	3,145,384	2,305,666	5,451,050	—	—
Unrestricted	<u>3,279,893</u>	<u>2,769,107</u>	<u>6,049,000</u>	<u>67,719</u>	<u>21,263</u>
	<u>\$ 24,485,366</u>	<u>\$ 10,049,474</u>	<u>\$ 34,534,840</u>	<u>\$ 88,884</u>	<u>\$ 38,874</u>

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

CITY OF MULVANE, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2010

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Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Governmental Activities	Business- Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority
Governmental Activities:									
General government	\$ 388,764	\$ 104,906	\$ 12,787	\$ —	\$ (271,071)	\$ —	\$ (271,071)	\$ —	\$ —
Public safety	1,967,491	283,306	320,030	—	(1,364,155)	—	(1,364,155)	—	—
Highways and streets	1,402,712	32,053	246,848	—	(1,123,811)	—	(1,123,811)	—	—
Culture and recreation	818,353	71,648	34,813	175,986	(535,906)	—	(535,906)	—	—
Economic development	11,358	—	—	—	(11,358)	—	(11,358)	—	—
Environmental protection	1,600	—	—	—	(1,600)	—	(1,600)	—	—
Interest on long-term debt	372,438	—	155,027	—	(217,411)	—	(217,411)	—	—
Total Governmental Activities	\$ 4,962,716	\$ 491,913	\$ 769,505	\$ 175,986	(3,525,312)	—	(3,525,312)	—	—
Business-Type Activities:									
Electric Utility	\$ 4,264,535	\$ 4,072,152	\$ —	\$ —	—	(192,383)	(192,383)	—	—
Water Utility	798,895	953,201	—	—	—	154,306	173,051	—	—
Sewer Utility	1,195,183	1,320,646	—	—	—	125,463	125,463	—	—
Total Business-Type Activities	\$ 6,258,613	\$ 6,345,999	\$ —	\$ —	—	87,386	87,386	—	—
Component Units:									
Mulvane Public Library	\$ 178,607	\$ 10,659	\$ 30,968	\$ —	—	—	—	(136,980)	—
Mulvane Housing Authority	77,754	68,640	13,040	—	—	—	—	—	3,926
Total Component Units	\$ 256,361	\$ 79,299	\$ 44,008	\$ —	—	—	—	(136,980)	3,926
General Revenues and Transfers:									
General Revenues:									
Property taxes levied for:									
General purposes									
					1,519,683	—	1,519,683	—	—
					455,327	—	455,327	—	—
					661,759	—	661,759	—	—
					388,190	—	388,190	—	—
					—	—	—	146,523	—
					16,795	17,548	34,343	176	28
					(18,745)	18,745	—	—	—
Total general revenues and transfers					3,023,009	36,293	3,059,302	146,699	28
Change in net assets					(502,303)	123,679	(378,624)	9,719	3,954
Net assets at beginning of year					24,987,669	9,925,795	34,913,464	79,165	34,920
Net assets at end of year					\$ 24,485,366	\$ 10,049,474	\$ 34,534,840	\$ 88,884	\$ 38,874

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

FUND FINANCIAL STATEMENTS

CITY OF MULVANE, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2010

	<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	\$ 1,613,259	\$ 238,687	\$ 1,870,523	\$ 3,722,469
Cash with fiscal agent	—	1,316	—	1,316
Cash held for appearance bonds	823	—	—	823
Property taxes receivable	689,987	376,265	592,372	1,658,624
Special assessment taxes receivable	—	2,906,697	—	2,906,697
Due from other governments	—	—	500	500
Accounts receivable, net	96,562	—	8,113	104,675
Franchise fees receivable	35,732	—	—	35,732
Sales tax receivable	<u>53,245</u>	<u>—</u>	<u>—</u>	<u>53,245</u>
Total assets	<u>\$ 2,489,608</u>	<u>\$ 3,522,965</u>	<u>\$ 2,471,508</u>	<u>\$ 8,484,081</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 7,423	\$ —	\$ —	\$ 7,423
Due to other funds	67,047	—	—	67,047
Matured bonds and coupons payable	—	1,316	—	1,316
Municipal Court appearance bonds payable	823	—	—	823
Deferred revenue	<u>782,524</u>	<u>3,282,962</u>	<u>592,372</u>	<u>4,657,858</u>
Total liabilities	<u>857,817</u>	<u>3,284,278</u>	<u>592,372</u>	<u>4,734,467</u>
Fund balances:				
Reserved for encumbrances	—	—	131,643	131,643
Unreserved:				
Designated for subsequent years' expenditures for:				
General fund	774,549	—	—	774,549
Debt service fund	—	78,986	—	78,986
Special revenue funds	—	—	794,533	794,533
Designated for debt service	—	159,701	—	159,701
Designated for self-insurance	186,082	—	—	186,082
Undesignated for:				
General fund	671,160	—	—	671,160
Special revenue funds	—	—	952,460	952,460
Capital project fund	<u>—</u>	<u>—</u>	<u>500</u>	<u>500</u>
Total fund balances	<u>1,631,791</u>	<u>238,687</u>	<u>1,879,136</u>	<u>3,749,614</u>
Total liabilities and fund balances	<u>\$ 2,489,608</u>	<u>\$ 3,522,965</u>	<u>\$ 2,471,508</u>	<u>\$ 8,484,081</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, 2010

Total Governmental Fund Balances		\$ 3,749,614
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	\$ 44,381,472	
Accumulated depreciation	<u>(17,674,962)</u>	26,706,510
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:		
Special assessments receivable		2,906,697
Prepaid expenses		29,236
Internal Service Funds are used by management to charge the costs of machinery and equipment repairs to individual funds. Certain assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets		
		(1,495)
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 and Mulvane Public Building Commission revenue bonds	89,688	
Compensated absences payable	169,087	
Note payable to Mulvane Firemen's Relief Association	72,792	
General obligation bonds payable	7,418,629	
Mulvane Public Building Commission revenue bonds payable	<u>1,155,000</u>	<u>(8,905,196)</u>
Net Assets of Governmental Activities		<u>\$ 24,485,366</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, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 1,506,131	\$ 455,327	\$ 687,741	\$ 2,649,199
Special assessment taxes	—	524,968	—	524,968
Intergovernmental	347,615	—	430,419	778,034
Licenses and permits	453,860	—	2,000	455,860
Charges for services	182,010	—	92,766	274,776
Fines and forfeitures	101,296	—	—	101,296
Use of money and property	14,174	2,526	7,757	24,457
Miscellaneous	<u>27,074</u>	<u>—</u>	<u>13,435</u>	<u>40,509</u>
Total revenues	<u>2,632,160</u>	<u>982,821</u>	<u>1,234,118</u>	<u>4,849,099</u>
Expenditures:				
Current:				
General government	301,635	—	47,352	348,987
Public safety	1,481,543	—	338,157	1,819,700
Highways and streets	230,928	—	370,623	601,551
Culture and recreation	247,886	—	371,477	619,363
Environmental protection	1,600	—	—	1,600
Economic development	10,098	—	1,260	11,358
Capital improvements	—	—	285,772	285,772
Debt Service	<u>18,981</u>	<u>786,995</u>	<u>133,764</u>	<u>939,740</u>
Total expenditures	<u>2,292,671</u>	<u>786,995</u>	<u>1,548,405</u>	<u>4,628,071</u>
Revenues over (under) expenditures	<u>339,489</u>	<u>195,826</u>	<u>(314,287)</u>	<u>221,028</u>
Other financing sources (uses):				
Proceeds from general obligation refunding bonds	—	2,827,727	110,273	2,938,000
Payment to escrow agent	—	(2,894,556)	—	(2,894,556)
Transfers in	8,901	—	446,277	455,178
Transfers out	<u>(446,264)</u>	<u>—</u>	<u>(8,914)</u>	<u>(455,178)</u>
Total other financing sources (uses)	<u>(437,363)</u>	<u>(66,829)</u>	<u>547,636</u>	<u>43,444</u>
Net change in fund balance	(97,874)	128,997	233,349	264,472
Fund balances, beginning of year	<u>1,729,665</u>	<u>109,690</u>	<u>1,645,787</u>	<u>3,485,142</u>
Fund balances, end of year	<u>\$1,631,791</u>	<u>\$ 238,687</u>	<u>\$1,879,136</u>	<u>\$ 3,749,614</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, 2010

Net Change in Fund Balances – Total Governmental Funds \$ 264,472

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	\$ 442,899
Depreciation	<u>(1,283,477)</u>

Excess of depreciation over capital outlays	(840,578)
---	-----------

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	(26,894)
--	----------

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due	37,411
--	--------

Issuance of long-term debt is an other financing source in the
governmental funds, but increase long-term liabilities in the
statement of net assets:

General obligation refunding bonds issuance	2,090,000
General obligation refunding and improvement bonds issuance	<u>848,000</u>

Total issuances of long-term debt	(2,938,000)
-----------------------------------	-------------

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	3,307,139
Mulvane Public Building Commission revenue bond payment	100,000
Mulvane Firemen's Relief Association loan payment	<u>17,308</u>

Total payments on long-term liabilities	3,424,447
---	-----------

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

1,273

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

(369,941)

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	(44,074)
Compensated absences payable	<u>(10,419)</u>

Total	<u>(54,493)</u>
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Change in Net Assets of Governmental Activities	<u>\$ (502,303)</u>
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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, 2010

	<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	\$1,498,452	\$1,498,452	\$1,492,748	\$ (5,704)
Intergovernmental	27,000	238,500	347,615	109,115
Licenses, fees and permits	213,000	213,000	452,097	239,097
Charges for services	412,000	170,000	182,010	12,010
Fines and forfeitures	81,000	111,500	101,296	(10,204)
Use of money and property	25,000	25,000	13,167	(11,833)
Miscellaneous	26,500	26,500	27,074	574
Transfers in	<u>230,000</u>	<u>230,000</u>	<u>—</u>	<u>(230,000)</u>
 Total revenues and other sources	 <u>2,512,952</u>	 <u>2,512,952</u>	 <u>2,616,007</u>	 <u>103,055</u>
Expenditures, encumbrances and other uses:				
General government:				
Administration department	767,758	767,758	159,912	607,846
Inspection department	<u>70,800</u>	<u>70,800</u>	<u>66,453</u>	<u>4,347</u>
 Total general government	 <u>838,558</u>	 <u>838,558</u>	 <u>226,365</u>	 <u>612,193</u>
Public safety:				
Police department	883,134	883,134	864,477	18,657
Fire department	197,255	197,255	158,047	39,208
EMS department	401,798	401,798	367,626	34,172
Municipal Court	107,950	107,950	80,439	27,511
Fire District No. 12	<u>18,900</u>	<u>18,900</u>	<u>10,954</u>	<u>7,946</u>
 Total public safety	 <u>1,609,037</u>	 <u>1,609,037</u>	 <u>1,481,543</u>	 <u>127,494</u>
Highways and streets:				
Street department	<u>240,552</u>	<u>240,552</u>	<u>230,928</u>	<u>9,624</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, 2010

	<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	\$ 223,656	\$ 223,656	\$ 162,813	\$ 60,843
Sports Complex	<u>146,370</u>	<u>146,370</u>	<u>85,073</u>	<u>61,297</u>
Total culture and recreation	<u>370,026</u>	<u>370,026</u>	<u>247,886</u>	<u>122,140</u>
Economic development:				
Planning department	<u>10,500</u>	<u>10,500</u>	<u>10,098</u>	<u>402</u>
Environmental protection:				
Bindweed department	<u>3,000</u>	<u>3,000</u>	<u>1,600</u>	<u>1,400</u>
Other:				
Debt service	133,333	133,333	152,745	(19,412)
Operating transfers out	<u>23,600</u>	<u>23,600</u>	<u>300,600</u>	<u>(277,000)</u>
Total other	<u>156,933</u>	<u>156,933</u>	<u>453,345</u>	<u>(296,412)</u>
Total expenditures, encumbrances and other uses	<u>3,228,606</u>	<u>3,228,606</u>	<u>2,651,765</u>	<u>576,841</u>
Revenues and other sources over (under) expenditures, encumbrances and other uses	(715,654)	(715,654)	(35,758)	679,896
Fund balance, beginning of year	<u>715,654</u>	<u>715,654</u>	<u>1,459,537</u>	<u>743,883</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$1,423,779</u>	<u>\$1,423,779</u>

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

CITY OF MULVANE, KANSAS
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
December 31, 2010

	<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	\$ 642,246	\$ 257,891	\$ 282,557	\$ 1,182,694	\$ 453
Trade accounts receivable	572,025	128,119	221,471	921,615	–
Prepaid expenses	41,351	6,711	12,798	60,860	1,829
Due from other funds	47,974	–	–	47,974	–
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	209,272	–	310,951	520,223	–
Customer deposits	130,604	46,543	–	177,147	–
Total current assets	1,643,472	439,264	827,777	2,910,513	2,282
Noncurrent assets:					
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	235,335	–	48,450	283,785	–
Revenue bond reserve	605,914	–	254,833	860,747	–
Revenue bond surplus reserve	434,484	–	400,028	834,512	–
Replacement reserve	326,622	–	–	326,622	–
Total restricted assets	1,602,355	–	703,311	2,305,666	–
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	5,030,775	2,638,277	2,843,699	10,512,751	–
Machinery and equipment	1,120,864	227,767	426,887	1,775,518	15,083
	11,963,744	3,645,544	11,064,552	26,673,840	15,083
Less accumulated depreciation	(5,927,171)	(1,761,768)	(2,414,829)	(10,103,768)	(14,671)
Property, plant and equipment, net	6,036,573	1,883,776	8,649,723	16,570,072	412
Other assets:					
Long-term portion of due from other funds	81,646	–	–	81,646	–
Unamortized bond issue costs	91,935	13,630	188,708	294,273	–
Unamortized deferred cost on refunding	40,969	–	63,950	104,919	–
Total other assets	214,550	13,630	252,658	480,838	–
Total noncurrent assets	7,853,478	1,897,406	9,605,692	19,356,576	412
Total assets	9,496,950	2,336,670	10,433,469	22,267,089	2,694

Governmental
Activities
Internal
Service Fund
(Shop Maintenance Fund)

	Business-Type Activities -- Enterprise Funds				
	Electric System	Water System	Sewer System	Total Enterprise Funds	
<u>LIABILITIES</u>					
Current liabilities:					
Salaries and wages payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	8,606	14,732	3,000	26,338	-
Compensated absences payable	106,426	33,161	39,173	178,760	-
Current portion of due to other funds	-	10,000	-	10,000	-
Current portion of general obligation bonds payable	45,892	67,755	80,388	194,035	-
Accrued interest payable	2,813	4,928	5,846	13,587	-
Current liabilities payable from restricted assets:					
Accrued revenue bond interest payable	42,919	-	57,304	100,223	-
Current portion of:					
Revenue bonds payable	209,272	-	253,647	462,919	-
Customer deposits payable	130,604	46,543	-	177,147	-
Total current liabilities	546,532	177,119	439,358	1,163,009	-
Noncurrent liabilities:					
Long-term portion of due to other funds	-	52,573	-	52,573	-
Long-term portion of compensated absences payable	39,034	12,162	14,368	65,564	-
Long-term portion of general obligation bonds payable	267,862	481,826	571,648	1,321,336	-
Long-term portion of revenue bonds payable	3,769,057	-	5,848,024	9,617,081	-
Total noncurrent liabilities	4,075,953	546,561	6,434,040	11,056,554	-
Total liabilities	4,622,485	723,680	6,873,398	12,219,563	-
<u>NET ASSETS</u>					
Net assets:					
Invested in capital assets, net of related debt	1,744,490	1,334,195	1,896,016	4,974,701	412
Restricted for debt service	1,602,355	-	703,311	2,305,666	-
Unrestricted	1,527,620	278,795	960,744	2,767,159	2,282
Total net assets	\$ 4,874,465	\$ 1,612,990	\$ 3,560,071	\$ 10,047,526	\$ 2,694
Total net assets				\$ 10,047,526	
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities				1,948	
Net assets of business-type activities				\$ 10,049,474	

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, 2010

	<u>Business-Type Activities – Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund (Shop Maintenance Fund)</u>
	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Total Enterprise Funds</u>	
Operating revenues:					
Charges for services	\$ 4,040,465	\$ 944,627	\$1,318,676	\$ 6,303,768	\$ 28,681
Miscellaneous	23,767	1,314	1,970	27,051	–
Rents and royalties	7,920	7,260	–	15,180	–
Total operating revenues	<u>4,072,152</u>	<u>953,201</u>	<u>1,320,646</u>	<u>6,345,999</u>	<u>28,681</u>
Operating expenses:					
Production	2,930,611	–	–	2,930,611	–
Treatment	–	709,475	429,476	1,138,951	–
Distribution and maintenance	657,021	–	–	657,021	46,739
Collection	–	–	206,106	206,106	–
Depreciation	441,729	71,792	226,702	740,223	231
Total operating expenses	<u>4,029,361</u>	<u>781,267</u>	<u>862,284</u>	<u>5,672,912</u>	<u>46,970</u>
Operating income (loss)	<u>42,791</u>	<u>171,934</u>	<u>458,362</u>	<u>673,087</u>	<u>(18,289)</u>
Nonoperating revenues (expense):					
Interest income	11,154	1,072	5,322	17,548	–
Interest expense	(199,532)	(15,306)	(306,617)	(521,455)	–
Amortization of bond costs	(14,300)	(3,123)	(27,261)	(44,684)	–
Total nonoperating revenue (expense)	<u>(202,678)</u>	<u>(17,357)</u>	<u>(328,556)</u>	<u>(548,591)</u>	<u>–</u>
Income (loss) before contributions and transfers	<u>(159,887)</u>	<u>154,577</u>	<u>129,806</u>	<u>124,496</u>	<u>(18,289)</u>
Contributed capital	–	18,745	–	18,745	–
Transfers from other funds	–	–	–	–	22,407
Transfers to other funds	<u>(22,407)</u>	<u>–</u>	<u>–</u>	<u>(22,407)</u>	<u>–</u>
Change in net assets	<u>(182,294)</u>	<u>173,322</u>	<u>129,806</u>	<u>120,834</u>	<u>4,118</u>
Net assets, beginning of year	<u>5,056,759</u>	<u>1,439,668</u>	<u>3,430,265</u>	<u>9,926,692</u>	<u>(1,424)</u>
Net assets, end of year	<u>\$ 4,874,465</u>	<u>\$ 1,612,990</u>	<u>\$3,560,071</u>	<u>\$ 10,047,526</u>	<u>\$ 2,694</u>
Increase in net assets per fund statements				\$ 120,834	
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				<u>2,845</u>	
Change in net assets of business-type activities				<u>\$ 123,679</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, 2010

	<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	\$ 4,040,960	\$ 930,895	\$ 1,296,640	\$ 6,268,495	\$ 28,681
Cash payments for materials and services	(2,712,218)	(413,396)	(205,351)	(3,330,965)	(14,292)
Cash payments to employees for services	(908,801)	(319,003)	(440,297)	(1,668,101)	(40,148)
Other cash receipts	<u>31,687</u>	<u>8,574</u>	<u>1,970</u>	<u>42,231</u>	<u>—</u>
Net cash provided by (used for) operating activities	<u>451,628</u>	<u>207,070</u>	<u>652,962</u>	<u>1,311,660</u>	<u>(25,759)</u>
Cash flows from capital and related financing activities:					
Principal paid on revenue bonds	(161,667)	—	(238,333)	(400,000)	—
Proceeds from refunding revenue bonds	—	—	1,590,000	1,590,000	—
Principal paid on general obligation bonds	(38,068)	(66,681)	(79,112)	(183,861)	—
Interest paid on debt	(186,347)	(15,617)	(295,898)	(497,862)	—
Bond issuance costs paid	—	—	(47,196)	(47,196)	—
Payment to refunding bond escrow agent	—	—	(1,540,600)	(1,540,600)	—
Acquisition and construction of capital assets	<u>(161,688)</u>	<u>(14,782)</u>	<u>(59,099)</u>	<u>(235,569)</u>	<u>—</u>
Net cash provided (used) by capital and related financing activities	<u>(547,770)</u>	<u>(97,080)</u>	<u>(670,238)</u>	<u>(1,315,088)</u>	<u>—</u>
Cash flows from noncapital financing activities:					
Receipts on loans to other funds	18,901	—	—	18,901	—
Payments on loans from other funds	—	(10,000)	—	(10,000)	—
Transfers from other funds	—	—	—	—	22,407
Transfers to other funds	<u>(22,407)</u>	<u>—</u>	<u>—</u>	<u>(22,407)</u>	<u>—</u>
Net cash provided (used) by noncapital financing activities	<u>(3,506)</u>	<u>(10,000)</u>	<u>—</u>	<u>(13,506)</u>	<u>22,407</u>
Cash flows from investing activities:					
Interest received	<u>11,154</u>	<u>1,072</u>	<u>5,322</u>	<u>17,548</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	(88,494)	101,062	(11,954)	614	(3,352)
Cash and cash equivalents, beginning of year	<u>2,672,971</u>	<u>203,372</u>	<u>1,308,773</u>	<u>4,185,116</u>	<u>3,805</u>
Cash and cash equivalents, end of year	<u>\$ 2,584,477</u>	<u>\$ 304,434</u>	<u>\$ 1,296,819</u>	<u>\$ 4,185,730</u>	<u>\$ 453</u>
 Cash and cash equivalents	\$ 642,246	\$ 257,891	\$ 282,557	\$ 1,182,694	\$ 453
Restricted cash and cash equivalents included in restricted cash and investments	<u>1,942,231</u>	<u>46,543</u>	<u>1,014,262</u>	<u>3,003,036</u>	<u>—</u>
Cash and cash equivalents, end of year	<u>\$ 2,584,477</u>	<u>\$ 304,434</u>	<u>\$ 1,296,819</u>	<u>\$ 4,185,730</u>	<u>\$ 453</u>

CITY OF MULVANE, KANSAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
(continued from previous page)
Year ended December 31, 2010

	<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)	\$ 42,791	\$ 171,934	\$ 458,362	\$ 673,087	\$ (18,289)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	441,729	71,792	226,702	740,223	231
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	6,607	(12,460)	(22,037)	(27,890)	–
Decrease (increase) in prepaid expenses	(2,071)	207	(964)	(2,828)	197
Increase in salaries and wages payable	(28,397)	(9,202)	(12,933)	(50,532)	(985)
Decrease in accounts payable	(7,898)	(17,460)	(120)	(25,478)	–
Increase in compensated absences payable	4,979	3,531	3,952	12,462	(6,913)
Increase (decrease) in customer deposits payable	<u>(6,112)</u>	<u>(1,272)</u>	<u>–</u>	<u>(7,384)</u>	<u>–</u>
Net cash provided by (used for) operating activities	<u>\$ 451,628</u>	<u>\$ 207,070</u>	<u>\$ 652,962</u>	<u>\$ 1,311,660</u>	<u>\$ (25,759)</u>

Noncash capital and related financing activities:

The Water System Fund received noncash contributions of assets from the municipality for machinery and equipment during 2010 in the amount of \$18,745.

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

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

December 31, 2010

	<u>Agency Funds</u>
Assets:	
Cash including investments	\$130,257
Liabilities:	
Accounts payable	<u>130,257</u>
Net assets	<u>\$ —</u>

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

CITY OF MULVANE, KANSAS
NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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 performs or contracts 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. Additional financial statement information can be obtained from the Quad County Manor management agent at Quad County Manor, 605 E. Main, Mulvane, Kansas 67110.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Blended component unit

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

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 units for which the primary government is financially accountable. The statement of net assets presents the financial condition of the City and its component units 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

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 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, 2010, there were no outstanding or accrued liabilities. Changes in the reported liability since December 31, 2008 is as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year End</u>
2009	\$ —	\$ 27,418	\$ 22,091	\$5,327
2010	5,327	87,169	92,496	—

At December 31, 2010, General Fund cash and short-term investments of \$186,082 were held for purposes of funding the City's future claims liabilities. As a result, \$186,082 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 Capital Improvement Reserve, Municipal Equipment Replacement and Special Highway Improvement special revenue fund types are exempted from a legally adopted budget. In addition, the Mulvane Public Building Commission is not required to prepare annual budgets. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During 2010, the following funds were amended by the governing body:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
Debt Service	\$ 981,051	\$ 3,701,051
Sewer System	1,526,480	3,026,480

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Estimates

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

2. DEPOSITS AND INVESTMENTS

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

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

Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of cash and investments as of December 31, 2010, is as follows:

Carson Bank	67%
Emprise Bank	33%

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 \$8,039,332, with the bank balances of such accounts being \$8,333,940. Of the bank balances, \$529,476 was covered by federal depository insurance and the remaining balance of \$7,804,464 was covered by collateral held by the City's custodial banks in joint custody in the name of the City and its banks and through a bank letter of credit issued to City from the Federal Home Loan Bank. The fair value of those pledged securities held by the City's custodial investment agencies and/or the amount available under the letter of credit was \$9,754,519 at December 31, 2010.

2. DEPOSITS AND INVESTMENTS (continued)

The remaining carrying amount of the City's cash and investments at December 31, 2010 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, 2010 consisted of demand deposit and money market checking accounts. At year-end, the carrying amount of the Library's deposits was \$74,062 with the bank balances of such accounts being \$74,142. The bank balances were entirely secured by FDIC insurance at December 31, 2010.

The Mulvane Housing Authority's cash and investments at December 31, 2010 consisted of savings and money market checking accounts. At year-end, the carrying amount of the Authority's deposits was \$22,463 with the bank balances of such accounts being \$22,466. The bank balances were entirely secured by FDIC insurance at December 31, 2010.

3. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 256,617	\$ —	\$ —	\$ 256,617
Construction work in progress	<u>49,227</u>	<u>—</u>	<u>49,227</u>	<u>—</u>
	<u>305,844</u>	<u>—</u>	<u>49,227</u>	<u>256,617</u>
Capital assets being depreciated:				
Buildings	2,362,453	—	—	2,362,453
Improvements other than buildings	3,501,117	211,720	—	3,712,837
Infrastructure	34,000,927	91,528	—	34,092,455
Machinery and equipment	<u>3,968,600</u>	<u>188,879</u>	<u>200,369</u>	<u>3,957,110</u>
Total capital assets being depreciated	<u>43,833,097</u>	<u>492,127</u>	<u>200,369</u>	<u>44,124,855</u>
Less accumulated depreciation for:				
Buildings	726,196	57,560	—	783,756

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Improvements other than buildings	\$ 334,658	\$ 95,045	\$ —	\$ 429,703
Infrastructure	12,936,636	827,985	—	13,764,621
Machinery and equipment	<u>2,567,238</u>	<u>303,118</u>	<u>173,474</u>	<u>2,696,882</u>
Total accumu- lated depreciation	<u>16,564,728</u>	<u>1,283,708</u>	<u>173,474</u>	<u>17,674,962</u>
Total capital assets being deprec- iated, net	<u>27,268,369</u>	<u>(791,581)</u>	<u>(26,895)</u>	<u>26,449,893</u>
Governmental activities capital assets, net	<u>\$ 27,574,213</u>	<u>\$ (791,581)</u>	<u>\$ (76,122)</u>	<u>\$ 26,706,510</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated				
Land	<u>\$ 758,117</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 758,117</u>
Capital assets being depreciated:				
Utility plant	13,627,454	—	—	13,627,454
Improvements other than buildings	10,460,992	51,759	—	10,512,751
Machinery and equipment	<u>1,572,963</u>	<u>202,555</u>	<u>—</u>	<u>1,775,518</u>
Total capital assets being depreciated	<u>25,661,409</u>	<u>254,314</u>	<u>—</u>	<u>25,915,723</u>
Less accumulated depreciation for:				
Utility plant	4,075,441	356,022	—	4,431,463
Improvements other than buildings	4,033,815	295,139	—	4,328,954
Machinery and equipment	<u>1,254,289</u>	<u>89,062</u>	<u>—</u>	<u>1,343,351</u>

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Total accumu- lated depreciation	\$ 9,363,545	\$ 740,223	\$ —	\$ 10,103,768
Total capital assets being depreciated, net	16,297,864	(485,909)	—	15,811,955
Business-type activities capital assets, net	\$ 17,055,981	\$ (485,909)	\$ —	\$ 16,570,072

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

Governmental activities:	
General government	\$ 28,413
Public safety	231,074
Highways and streets (including depreciation of infrastructure assets)	893,061
Culture and recreation	130,929
Capital assets held by the City's internal service fund is charged to the various functions based on their usage	231
Total depreciation expense – governmental activities	\$ 1,283,708
Business-type activities:	
Electric System	\$ 441,729
Water System	71,792
Sewer System	226,702
Total depreciation expense – business-type activities	\$ 740,223

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, 2010:

	Outstanding January 1, 2010	Additions	Deletions	Outstanding December 31, 2010	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 7,787,768	\$ 2,938,000	\$ 3,307,139	\$ 7,418,629	\$ 717,175

4. LONG-TERM DEBT (continued)

	Outstanding January 1, 2010	Additions	Deletions	Outstanding December 31, 2010	Due Within One Year
Mulvane Public Building Commission Revenue bonds	\$ 1,255,000	\$ —	\$ 100,000	\$ 1,155,000	\$ 95,000
Note payable to Mulvane Firemen's Relief Association	90,100	—	17,308	72,792	17,657
Compensated absences	<u>165,581</u>	<u>125,465</u>	<u>121,959</u>	<u>169,087</u>	<u>123,713</u>
Total long-term liabilities – Governmental activities	<u>\$ 9,298,449</u>	<u>\$ 3,063,465</u>	<u>\$3,546,406</u>	<u>\$ 8,815,508</u>	<u>\$ 953,545</u>
<u>Business-type activities</u>					
Revenue bonds	\$10,360,000	\$ 1,590,000	\$1,870,000	\$ 10,080,000	\$ 462,919
General obligation bonds	1,699,232	—	183,861	1,515,371	194,035
Compensated absences	<u>231,860</u>	<u>181,293</u>	<u>168,829</u>	<u>244,324</u>	<u>178,760</u>
Total long-term liabilities – Business-Type activities	<u>\$12,291,092</u>	<u>\$ 1,771,293</u>	<u>\$2,222,690</u>	<u>\$ 11,839,695</u>	<u>\$ 835,714</u>

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2027. At December 31, 2010 the bonds consist of the following:

	Interest rates	Bonds outstanding
General Obligation Internal Improvement Bonds, Series B 2003	2.00 – 5.00	\$ 20,000
General Obligation Internal Improvement Bonds, Series A, 2004	2.75 – 5.40	590,000
General Obligation Internal Improvement Bonds, Series A, 2006	4.25 – 4.50	51,000
General Obligation Internal Improvement Bonds, Series B, 2006	4.45 – 5.50	2,750,000
General Obligation Bonds, Series A, 2007	3.90 – 4.35	205,000
General Obligation Refunding Bonds, Series A, 2009		2,555,000
General Obligation Refunding Bonds, Series A, 2010	2.00 – 3.00	1,915,000
General Obligation Refunding and Improvement Bonds, Series B, 2010	1.00 – 3.60	<u>848,000</u>
Total general obligation bonds outstanding		8,934,000
Less debt service from enterprise funds		<u>(1,515,371)</u>
Total general obligation bonds payable from debt service fund		<u>\$ 7,418,629</u>

4. LONG-TERM DEBT (continued)

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>
2011	\$ 717,175	\$ 250,547	\$ 967,722
2012	724,932	237,557	962,489
2013	764,932	221,043	985,975
2014	551,035	202,719	753,754
2015	576,035	187,388	763,423
2016	544,070	169,847	713,917
2017	487,035	151,053	638,088
2018	440,070	132,649	572,719
2019	422,345	115,819	538,164
2020	285,000	98,885	383,885
2021	216,000	87,147	303,147
2022	230,000	77,410	307,410
2023	235,000	67,033	302,033
2024	265,000	56,387	321,387
2025	295,000	44,298	339,298
2026	315,000	30,756	345,756
2027	<u>350,000</u>	<u>16,188</u>	<u>366,188</u>
	<u>\$ 7,418,629</u>	<u>\$ 2,146,726</u>	<u>\$ 9,565,355</u>

Note payable

The City's outstanding note payable consists of a \$72,792 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>
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>\$ 72,792</u>	<u>\$ 3,128</u>	<u>\$ 75,920</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:

4. LONG-TERM DEBT (continued)

Year	Electric Utility			Water Utility		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 38,682	\$ 8,439	\$ 47,121	\$ 67,755	\$ 14,783	\$ 82,538
2012	34,384	7,782	42,166	60,228	13,631	73,859
2013	34,384	7,129	41,513	60,228	12,486	72,714
2014	36,226	6,372	42,598	63,455	11,162	74,617
2015	36,226	5,430	41,656	63,455	9,512	72,967
2016	36,840	4,416	41,256	64,530	7,735	72,265
2017	36,226	3,311	39,537	63,455	5,799	69,254
2018	36,840	2,152	38,992	64,530	3,768	68,298
2019	23,946	862	24,808	41,945	1,510	43,455
	<u>\$ 313,754</u>	<u>\$ 45,893</u>	<u>\$ 359,647</u>	<u>\$ 549,581</u>	<u>\$ 80,386</u>	<u>\$ 629,967</u>

Year	Sewer Utility			Total Utilities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 80,388	\$ 17,539	\$ 97,927	\$ 186,825	\$ 40,761	\$ 227,586
2012	71,456	16,172	87,628	166,068	37,585	203,653
2013	71,456	14,814	86,270	166,068	34,429	200,497
2014	75,284	13,242	88,526	174,965	30,776	205,741
2015	75,284	11,285	86,569	174,965	26,227	201,192
2016	76,560	9,177	85,737	177,930	21,328	199,258
2017	75,284	6,880	82,164	174,965	15,990	190,955
2018	76,560	4,471	81,031	177,930	10,391	188,321
2019	49,764	1,792	51,556	115,655	4,164	119,819
	<u>\$ 652,036</u>	<u>\$ 95,372</u>	<u>\$ 747,408</u>	<u>\$ 1,515,371</u>	<u>\$ 221,651</u>	<u>\$ 1,737,022</u>

Revenue bonds

Outstanding revenue bonds, secured by revenues derived from the operations of the Electric, Water and Sewer Utility funds, consist of \$8,490,000 of outstanding Series 2005, 3.00% – 4.60%, Electric, Waterworks and Sewer Utility System Refunding and Improvement Revenue Bonds and \$1,590,000 of outstanding Series 2010, 1.25% – 4.00%, Electric, Waterworks and Sewer Utility System Refunding Revenue Bonds. The proceeds of the Series 2010 issue were utilized to refund \$1,470,000 of outstanding Electric, Waterworks and Sewer Utility Revenue Bonds, Series 2006. 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
2011	\$ 166,353	\$ 171,676	\$ 338,029	\$ 253,647	\$ 245,784	\$ 499,431
2012	173,382	165,688	339,070	266,618	237,480	504,098
2013	178,068	159,272	337,340	286,932	229,155	516,087
2014	187,440	152,506	339,946	297,560	219,994	517,554
2015	192,126	145,196	337,322	302,874	210,004	512,878
2016	201,498	137,511	339,009	313,502	199,377	512,879

4. LONG-TERM DEBT (continued)

Year	Electric Utility			Sewer Utility		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 208,527	\$ 129,249	\$ 337,776	\$ 326,473	\$ 187,883	\$ 514,356
2018	215,556	120,491	336,047	339,444	175,476	514,920
2019	224,928	111,007	335,935	350,072	161,871	511,943
2020	238,986	101,110	340,096	371,014	147,560	518,574
2021	248,358	90,594	338,952	381,642	132,136	513,778
2022	260,073	79,667	339,740	399,927	115,743	515,670
2023	271,788	68,223	340,011	408,212	98,567	506,779
2024	281,160	55,721	336,881	428,840	80,389	509,229
2025	297,561	42,788	340,349	452,439	61,322	513,761
2026	309,276	29,100	338,376	450,724	41,200	491,924
2027	323,334	14,873	338,207	471,666	21,067	492,733
	<u>\$ 3,978,414</u>	<u>\$ 1,774,672</u>	<u>\$ 5,753,086</u>	<u>\$ 6,101,586</u>	<u>\$ 2,565,008</u>	<u>\$ 8,666,594</u>

Year	Totals		
	Principal	Interest	Total
2011	\$ 420,000	\$ 417,460	\$ 837,460
2012	440,000	403,168	843,168
2013	465,000	388,427	853,427
2014	485,000	372,500	857,500
2015	495,000	355,200	850,200
2016	515,000	336,888	851,888
2017	535,000	317,132	852,132
2018	555,000	295,967	850,967
2019	575,000	272,878	847,878
2020	610,000	248,670	858,670
2021	630,000	222,730	852,730
2022	660,000	195,410	855,410
2023	680,000	166,790	846,790
2024	710,000	136,110	846,110
2025	750,000	104,110	854,110
2026	760,000	70,300	830,300
2027	795,000	35,940	830,940
	<u>\$ 10,080,000</u>	<u>\$ 4,339,680</u>	<u>\$ 14,419,680</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 \$860,747, and (c) surplus account to accumulate moneys not required in (a) or (b) above and not required for the operation and maintenance of the plant and system for a period of sixty days to be used to pay the cost of operation, maintenance and repair, improving, extending or enlarging the system or to redeem prior to maturity outstanding bonds of the system. The revenue bond ordinance provides for user rates to be established at a level which will generate net operating income at an amount

4. LONG-TERM DEBT (continued)

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, 2010, 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, 2010 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
Mulvane Public Building Commission Refunding Revenue Bonds, Series 2009 (Fire/EMS Facility)	1.25 – 4.00	\$ 1,155,000

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>
2011	\$ 95,000	\$ 33,880	\$ 128,880
2012	95,000	32,455	127,455
2013	95,000	30,745	125,745
2014	95,000	28,750	123,750
2015	100,000	26,470	126,470
2016	100,000	23,770	123,770
2017	105,000	20,770	125,770
2018	115,000	17,410	132,410
2019	115,000	13,500	128,500
2020	120,000	9,360	129,360
2021	<u>120,000</u>	<u>4,800</u>	<u>124,800</u>
	<u>\$ 1,155,000</u>	<u>\$ 241,910</u>	<u>\$ 1,396,910</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, 2010:

4. LONG-TERM DEBT (continued)

	Outstanding January 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2010</u>
Villa Maria, Inc. Health Care Facility Refunding Revenue Bonds, Bonds, Series 2004	\$ 3,450,000	\$ —	\$ 210,000	\$ 3,240,000

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, 2010, 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, 2010</u>
103rd Street Bike/Pedestrian Path	\$ 143,000	\$ 121,480
Webb Road Bike/Pedestrian Path	176,939	158,499
Sports Complex Upgrade	24,000	17,000
Merlins Glen Street Improvements	124,260	91,528
Merlins Glen Water Improvements	25,070	18,745

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 for participants employed prior to July 1, 2009 and 6% for new participants employed July 1, 2009 and thereafter. 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.

6. PENSION PLAN (continued)

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, 2010 to December 31, 2010 was 7.14%. Included in this rate is the contribution for Group Death and Disability Insurance of 1%. There was a moratorium on the collection of Group Death and Disability premium from April 1, 2010 through June 30, 2010. The City's contributions to KPERS for the years ending December 31, 2010, 2009 and 2008 were \$180,037, \$145,532 and \$136,169, 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, 2010	\$ 1,631,791	\$ 238,687	\$ 1,878,636
Adjustments:			
Reserved for self-insurance	(186,082)	—	—
Accrued sales tax revenues	(53,245)	—	—
Accrued franchise fee revenues	(35,732)	—	(2,540)
Accrued unbilled receivables	—	—	(8)
Due to other funds	67,047	—	—
Reserved for encumbrances – budgeted funds	—	—	(68,132)
Fund balances of funds not subject to the Kansas budget law	<u>—</u>	<u>—</u>	<u>(764,206)</u>
Budgetary Fund Balance at December 31, 2010	<u>\$ 1,423,779</u>	<u>\$ 238,687</u>	<u>\$ 1,043,750</u>

8. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables (due to/due from other funds) at December 31, 2010 were as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General	\$ —	\$ 67,047
Electric System	129,620	—
Water System	<u>—</u>	<u>62,573</u>
	<u>\$ 129,620</u>	<u>\$ 129,620</u>

8. INTERFUND RECEIVABLES AND PAYABLES (continued)

The outstanding balances between funds are the result of equipment and other improvements 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 2010 is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General	\$ 8,901	\$ 446,264
Electric System	<u>—</u>	<u>22,407</u>
	<u>8,901</u>	<u>468,671</u>
Nonmajor Funds:		
Nine One One	—	8,901
Transportation Impact Fee	—	13
Swimming Pool	83,600	—
Municipal Equipment Replacement	228,900	—
Mulvane Public Building Commission	133,764	—
Capital Project	13	—
Shop Maintenance	<u>22,407</u>	<u>—</u>
	<u>468,684</u>	<u>8,914</u>
	<u>\$ 477,585</u>	<u>\$ 477,585</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 (\$228,900) 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 (\$83,600) to support operations and also to the Mulvane Public Building Commission (\$133,764) representing EMS facility rentals. The Electric System Fund transfers to the Shop Maintenance Fund (\$22,407) on a routine basis to alleviate operating deficits.

The routine transfers from the Nine One One Fund to the General Fund reflect the debt service payments on the interfund loan originally made to the General Fund from the Electric Utility Fund for equipment related to these functional areas of operation.

Non-routine transfers from the Transportation Impact Fee Fund in the amount of \$13 reflect transfers to the Capital Projects Fund to assist in financing certain improvement projects.

10. 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.

11. ADVANCE REFUNDINGS

On March 5, 2010, the City entered into a current and advance refunding transaction whereby it issued \$2,090,000 of General Obligation Refunding Bonds, Series A 2010, with interest rates from 2.00% to 3.00%, to currently refund \$590,000 of outstanding General Obligation Bonds, Series 1998-1 with interest rates from 4.70% to 4.80%, \$185,000 of General Obligation Bonds, Series 1998-2, with interest rates from 4.70% to 4.85%, \$60,000 of General Obligation Bonds, Series 1998-3, with and interest rate of 4.70%, and \$410,000 of General Obligation Internal Improvement Bonds, Series A, 2001, with interest rates from 4.50% to 5.00%. In addition, proceeds for the Series A 2010 bonds were utilized to advance refund \$340,000 of General Obligation Internal Improvement Bonds, Series A, 2000, with an interest rate of 5.60% and \$565,000 of General Obligation Internal Improvement Bonds, Series A 2002, with interest rates from 4.00% to 4.50%. Proceeds from the Series A 2010 Bonds in the amount of \$1,258,169 and \$112,520 of available City funds were placed with the City's paying agent, the Kansas State Treasurer, to provide for the principal amount and interest to the call date, April 1, 2010, to currently refund the Series 1998-1, Series 1998-2, Series 1998-3 and Series A 2001 bonds. In addition, proceeds from the Series A 2010 bonds in the amount of \$926,513 were placed with the City's paying agent, the Kansas State Treasurer, to provide for all principal and interest payments on the \$340,000 outstanding Series A, 2000 bonds and \$565,000 Series A, 2002 bonds. The Series A 2000 bonds maturing on September 1, 2011 to September 1, 2015 were called for redemption and payment on October 1, 2010. The Series A, 2002 bonds maturing on September 1, 2011 to September 1, 2017 were called for redemption and payment on September 1, 2010.

The City entered into the refunding transaction for the Series 1998-1, Series 1998-2, Series 1998-3, Series A, 2000, Series A, 2001, and the Series A, 2002 general obligation bonds to reduce its total debt service payments over the next 7 years by \$125,368 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$125,528.

On October 19, 2010, the City entered into an advance refunding transaction whereby it issued \$848,000 of General Obligation Refunding and Improvement Bonds, Series B, 2010, with interest rates from 1.00% to 3.60%, to provide for a current refunding of \$705,000 of General Obligation Internal Improvement Bonds, Series B, 2004, with interest rates from 3.40% to 4.60%, and to pay for water and street improvements to the Marlins Glen at Hunters' Pointe Addition to the City of Mulvane. Proceeds from the Series B, 2010 Bonds in the amount of \$709,874 were placed with the City's paying agent, the State of Kansas, to provide for all principal and interest on the Series B, 2010 through the redemption date of November 1, 2010. The Series B, 2004 bonds maturing on September 1, 2011 to September 1, 2020 were called for redemption and payment on November 1, 2010.

11. ADVANCE REFUNDINGS (continued)

The City advance refunded the Series B, 2004 bonds to reduce its total debt service payments over the next 10 years by \$41,309 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$35,817.

On October 26, 2010, the City entered into an advance refunding transaction whereby it issued \$1,590,000 of Electric, Waterworks and Sewer Utility System Refunding Revenue Bonds, Series 2010, with interest rates from 1.25% to 4.00%, to provide for an advance refunding of \$1,410,000 of Electric, Waterworks and Sewer Utility Revenue Bonds, Series 2006, with interest rates from 4.50% to 5.25%. Proceeds from the Series 2010 Revenue Bonds in the amount of \$1,540,600 were placed in an irrevocable escrow trust with the City's paying agent, the State of Kansas, to provide for all principal and interest on the Series 2010 Revenue Bonds through the redemption date of November 1, 2011. As a result, the Series 2010 Revenue Bonds are considered defeased and the liability for those bonds has been removed from the proprietary funds statement of net assets.

The City advance refunded the Series 2010 Revenue Bonds to reduce its total debt service payments over the next 17 years by \$94,675 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$65,177.

12. COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

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.

Subsequent to the rebidding process, the October 19, 2010 the Kansas Lottery Commission executed a Lottery Gaming Facility Management Contract (Management Contract) with Peninsula Gaming Partners, LLC and on December 15, 2010 the Lottery Gaming Review Board selected the Management Contract proposed by Peninsula Gaming Partners, LLC and on January 14, 2011 the Kansas Racing and Gaming Commission approved the Management Contract. On January 31, 2011, Peninsula Gaming Partners, LLC assigned the Management Contract to Kansas Star Casino, LLC. The governing body of the City of Mulvane entered into a Developer's Agreement with Kansas Star Casino, LLC on March 7, 2011. The development site is located at Exit 33 of the Kansas Turnpike and is located within the corporate limits of the City.

The proposed facility will be constructed in phases with the initial phase to include a casino to be opened in early 2012. The Second phase of the development will include an expanded gaming center, a 300-room hotel, a 40-space recreation vehicle park, a 4,200-seat events center, and a 24-acre Equine Center. Under the terms of the Developer's Agreement, the City has contracted the services of an architectural and engineering firm to perform a utility needs assessment to provide the City with recommendations concerning the modifications and necessary additions to the current utilities being operated by the City. The City will install sanitary sewer, water and electrical improvements as requested by the Kansas Star Casino,

12. COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS (continued)

LLC with the entire cost of such improvements being assessed against the Kansas Star site.

The Developer's Agreement also provides that the developer shall pay to the City a one-time emergency services fee of \$1,800,000. The City shall be solely responsible for the design, construction, outfitting and operation of a fire protection and emergency services facility that is reasonable sufficient to serve the Kansas Star and improve the emergency services capabilities currently serving the surrounding area. The City shall determine the location of the facility and shall be solely responsible for the acquisition of land for the location of the facility provided, that the Kansas Star agrees to provide the land that is identified on the Kansas Star Planned Unit Development at no cost to the City for the location of the facility.

**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.

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.

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 projects fund is to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. Projects included within this fund are as follows:

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.

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

Sports Complex Upgrade Project – to account for the construction of upgrades to facilities at the Sports Complex. The project is financed through state grant proceeds and local revenue sources.

Merlins Glen – Street Project – to account for the construction of street related infrastructure at the Merlins Glen development. The project is financed through state grant proceeds.

Merlins Glen – Water Project – to account for the construction of water related infrastructure at the Merlins Glen development. The project is financed through state grant proceeds.

CITY OF MULVANE, KANSAS
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
December 31, 2010

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash including short-term investments	\$ 1,870,523	\$ –	\$ 1,870,523
Property tax receivable	592,372	–	592,372
Due from other governments	–	500	500
Accounts receivable	<u>8,113</u>	<u>–</u>	<u>8,113</u>
Total	<u>\$ 2,471,008</u>	<u>\$ 500</u>	<u>\$ 2,471,508</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accrued payroll and taxes payable	\$ –	\$ –	\$ –
Deferred revenues	<u>592,372</u>	<u>–</u>	<u>592,372</u>
Total liabilities	<u>592,372</u>	<u>–</u>	<u>592,372</u>
Fund Balances:			
Reserved for encumbrances	131,643	–	131,643
Unreserved:			
Designated for subsequent years' budget reported in:			
Special revenue funds	794,533	–	794,533
Undesignated reported in:			
Special revenue funds	952,460	–	952,460
Capital projects fund	<u>–</u>	<u>500</u>	<u>500</u>
Total fund balances	<u>1,878,636</u>	<u>500</u>	<u>1,879,136</u>
Total liabilities and fund balances	<u>\$ 2,471,008</u>	<u>\$ 500</u>	<u>\$ 2,471,508</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2010

	Special Revenue <u>Funds</u>	Capital Projects <u>Fund</u>	<u>Total</u>
Revenues:			
Taxes	\$ 687,741	\$ —	\$ 687,741
Intergovernmental	254,433	175,986	430,419
Licenses, fee and permits	2,000	—	2,000
Charges for services	92,766	—	92,766
Use of money and property	7,757	—	7,757
Miscellaneous	<u>13,435</u>	<u>—</u>	<u>13,435</u>
Total revenues	<u>1,058,132</u>	<u>175,986</u>	<u>1,234,118</u>
Expenditures:			
Current:			
General government	47,352	—	47,352
Public Safety	338,157	—	338,157
Highways and streets	370,623	—	370,623
Culture and recreation	371,477	—	371,477
Economic development	1,260	—	1,260
Capital improvements	—	285,772	285,772
Debt service:			
Principal	100,000	—	100,000
Interest and fiscal charges	<u>33,764</u>	<u>—</u>	<u>33,764</u>
Total expenditures	<u>1,262,633</u>	<u>285,772</u>	<u>1,548,405</u>
Expenditures over revenues	<u>(204,501)</u>	<u>(109,786)</u>	<u>(314,287)</u>
Other financing sources (uses):			
Proceeds of general obligation bonds	—	110,273	110,273
Transfers in	446,264	13	446,277
Transfers out	<u>(8,914)</u>	<u>—</u>	<u>(8,914)</u>
Total other financing sources (uses)	<u>437,350</u>	<u>110,286</u>	<u>547,636</u>
Net change in fund balances	232,849	500	233,349
Fund balances, beginning of year	<u>1,645,787</u>	<u>—</u>	<u>1,645,787</u>
Fund balances, end of year	<u>\$ 1,878,636</u>	<u>\$ 500</u>	<u>\$ 1,879,136</u>

CITY OF MULVANE, KANSAS
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
(continued on next page)

December 31, 2010

	<u>Employee Benefit</u>	<u>Library</u>	<u>Industrial Develop- ment</u>	<u>Senior Citizen</u>	<u>Special Highway</u>	<u>Nine One One</u>	<u>Special Park and Recreation</u>	<u>Trans- portation Impact Fee</u>	<u>Storm Sewer</u>
<u>ASSETS</u>									
Cash and short-term investments	\$ 263,250	\$ 7,465	\$ 227,943	\$ 4,164	\$ 110,412	\$ 634	\$ 57,678	\$ 154,874	\$ 229,414
Accounts receivable	414	—	—	—	—	2,540	—	—	5,159
Taxes receivable	<u>462,751</u>	<u>119,501</u>	<u>5,060</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets	<u>\$ 726,415</u>	<u>\$ 126,966</u>	<u>\$ 233,003</u>	<u>\$ 4,164</u>	<u>\$ 110,412</u>	<u>\$ 3,174</u>	<u>\$ 57,678</u>	<u>\$ 154,874</u>	<u>\$ 234,573</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Accrued payroll and taxes	—	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—	—
Deferred revenue	<u>462,751</u>	<u>119,501</u>	<u>5,060</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>462,751</u>	<u>119,501</u>	<u>5,060</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances:									
Reserved for encumbrances	—	—	—	—	68,132	—	—	—	—
Unreserved:									
Designated for subsequent years' expenditures	131,567	7,465	97,234	1,604	37,549	3,174	25,514	96,951	49,301
Undesignated	<u>132,097</u>	<u>—</u>	<u>130,709</u>	<u>2,560</u>	<u>4,731</u>	<u>—</u>	<u>32,164</u>	<u>57,923</u>	<u>185,272</u>
Total fund balances	<u>263,664</u>	<u>7,465</u>	<u>227,943</u>	<u>4,164</u>	<u>110,412</u>	<u>3,174</u>	<u>57,678</u>	<u>154,874</u>	<u>234,573</u>
Total liabilities and fund balances	<u>\$ 726,415</u>	<u>\$ 126,966</u>	<u>\$ 233,003</u>	<u>\$ 4,164</u>	<u>\$ 110,412</u>	<u>\$ 3,174</u>	<u>\$ 57,678</u>	<u>\$ 154,874</u>	<u>\$ 234,573</u>

CITY OF MULVANE, KANSAS

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

December 31, 2010

	<u>Park Impact Fee</u>	<u>Swimming Pool</u>	<u>Capital Improve- ment Reserve</u>	<u>Municipal Equipment Replacement</u>	<u>Mulvane Public Building Commission</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>ASSETS</u>						
Cash and short-term investments	\$ 50,318	\$ 165	\$ 359,338	\$ 404,868	\$ –	\$ 1,870,523
Accounts receivable	–	–	–	–	–	8,113
Taxes receivable	–	–	5,060	–	–	592,372
Total assets	<u>\$ 50,318</u>	<u>\$ 165</u>	<u>\$ 364,398</u>	<u>\$ 404,868</u>	<u>\$ –</u>	<u>\$ 2,471,008</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Accrued payroll and taxes	–	–	–	–	–	–
Due to other funds	–	–	–	–	–	–
Deferred revenue	–	–	5,060	–	–	592,372
Total liabilities	<u>–</u>	<u>–</u>	<u>5,060</u>	<u>–</u>	<u>–</u>	<u>592,372</u>
Fund balances:						
Reserved for encumbrances	–	–	33,062	30,449	–	131,643
Unreserved:						
Designated for subsequent years' expenditures	41,004	165	303,005	–	–	794,533
Undesignated	9,314	–	23,271	374,419	–	952,460
Total fund balances	<u>50,318</u>	<u>165</u>	<u>359,338</u>	<u>404,868</u>	<u>–</u>	<u>1,878,636</u>
Total liabilities and fund balances	<u>\$ 50,318</u>	<u>\$ 165</u>	<u>\$ 364,398</u>	<u>\$ 404,868</u>	<u>\$ –</u>	<u>\$ 2,471,008</u>

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, 2010

	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	\$510,040	\$ 148,852	\$ 3,893	\$ -	\$ -	\$ 12,430	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	22,026	219,620	-	12,787	-	-
Licenses, fees and permits	-	-	-	-	-	-	-	1,400	-
Charges for services	-	-	-	-	-	-	-	-	30,653
Use of money and property	1,118	28	1,323	12	328	38	190	536	1,116
Miscellaneous	4,500	-	-	8,935	-	-	-	-	-
Total revenues	<u>515,658</u>	<u>148,880</u>	<u>5,216</u>	<u>30,973</u>	<u>219,948</u>	<u>12,468</u>	<u>12,977</u>	<u>1,936</u>	<u>31,769</u>
Expenditures:									
Current:									
General government	47,352	-	-	-	-	-	-	-	-
Public safety	305,457	-	-	-	-	16,054	-	-	-
Highway and streets	76,686	-	-	-	144,983	-	-	-	-
Culture and recreation	48,521	146,523	-	30,426	-	-	-	-	-
Economic development	-	-	1,260	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>478,016</u>	<u>146,523</u>	<u>1,260</u>	<u>30,426</u>	<u>144,983</u>	<u>16,054</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>37,642</u>	<u>2,357</u>	<u>3,956</u>	<u>547</u>	<u>74,965</u>	<u>(3,586)</u>	<u>12,977</u>	<u>1,936</u>	<u>31,769</u>
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	(8,901)	-	(13)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,901)</u>	<u>-</u>	<u>(13)</u>	<u>-</u>
Net change in fund balance	<u>37,642</u>	<u>2,357</u>	<u>3,956</u>	<u>547</u>	<u>74,965</u>	<u>(12,487)</u>	<u>12,977</u>	<u>1,923</u>	<u>31,769</u>
Fund balances, beginning of year	<u>226,022</u>	<u>5,108</u>	<u>223,987</u>	<u>3,617</u>	<u>35,447</u>	<u>15,661</u>	<u>44,701</u>	<u>152,951</u>	<u>202,804</u>
Fund balances, end of year	<u>\$263,664</u>	<u>\$ 7,465</u>	<u>\$ 227,943</u>	<u>\$ 4,164</u>	<u>\$ 110,412</u>	<u>\$ 3,174</u>	<u>\$ 57,678</u>	<u>\$154,874</u>	<u>\$234,573</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, 2010

	<u>Park Impact Fee</u>	<u>Swimming Pool</u>	<u>Capital Improve- ment Reserve</u>	<u>Municipal Equipment Replacement</u>	<u>Mulvane Public Building Commission</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:						
Taxes	\$ -	\$ -	\$ 12,526	\$ -	\$ -	\$ 687,741
Intergovernmental revenues	-	-	-	-	-	254,433
Licenses, fees and permits	600	-	-	-	-	2,000
Charges for services	-	62,113	-	-	-	92,766
Use of money and property	214	-	2,152	702	-	7,757
Miscellaneous	-	-	-	-	-	13,435
Total revenues	<u>814</u>	<u>62,113</u>	<u>14,678</u>	<u>702</u>	<u>-</u>	<u>1,058,132</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	47,352
Public safety	-	-	-	16,646	-	338,157
Highway and streets	-	-	118,505	30,449	-	370,623
Culture and recreation	-	146,007	-	-	-	371,477
Economic Development	-	-	-	-	-	1,260
Debt service:						
Principal	-	-	-	-	100,000	100,000
Interest and fiscal charges	-	-	-	-	33,764	33,764
Total expenditures	<u>-</u>	<u>146,007</u>	<u>118,505</u>	<u>47,095</u>	<u>133,764</u>	<u>1,262,633</u>
Revenues over (under) expenditures	<u>814</u>	<u>(83,894)</u>	<u>(103,827)</u>	<u>(46,393)</u>	<u>(133,764)</u>	<u>(204,501)</u>
Other financing sources (uses):						
Operating transfers in	-	83,600	-	228,900	133,764	446,264
Operating transfers out	-	-	-	-	-	(8,914)
Total other financing sources (uses)	<u>-</u>	<u>83,600</u>	<u>-</u>	<u>228,900</u>	<u>133,764</u>	<u>437,350</u>
Net change in fund balance	814	(294)	(103,827)	182,507	-	232,849
Fund balances, beginning of year	<u>49,504</u>	<u>459</u>	<u>463,165</u>	<u>222,361</u>	<u>-</u>	<u>1,645,787</u>
Fund balances, end of year	<u>\$ 50,318</u>	<u>\$ 165</u>	<u>\$ 359,338</u>	<u>\$ 404,868</u>	<u>\$ -</u>	<u>\$1,878,636</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, 2010

	<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	\$ 507,223	\$ 507,223	\$ 510,040	\$ 2,817
Use of money and property	6,000	6,000	1,118	(4,882)
Miscellaneous	<u>—</u>	<u>—</u>	<u>4,500</u>	<u>4,500</u>
Total revenues	<u>513,223</u>	<u>513,223</u>	<u>515,658</u>	<u>2,435</u>
Expenditures:				
Administration department	121,179	121,179	47,352	73,827
Street department	71,401	71,401	76,686	(5,285)
Police department	276,000	276,000	229,389	46,611
Emergency services department	85,701	85,701	76,068	9,633
Park department	<u>67,999</u>	<u>67,999</u>	<u>48,521</u>	<u>19,478</u>
Total expenditures	<u>622,280</u>	<u>622,280</u>	<u>478,016</u>	<u>144,264</u>
Revenues over (under) expenditures	(109,057)	(109,057)	37,642	146,699
Fund balance, beginning of year	<u>109,057</u>	<u>109,057</u>	<u>226,022</u>	<u>116,965</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 263,664</u>	<u>\$ 263,664</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, 2010

	<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	\$ 147,157	\$ 147,157	\$ 148,852	\$ 1,695
Use of money and property	<u>10</u>	<u>10</u>	<u>28</u>	<u>18</u>
Total revenues	<u>147,167</u>	<u>147,167</u>	<u>148,880</u>	<u>1,713</u>
Expenditures:				
Appropriations to				
Library Board	146,523	146,523	146,523	–
Other	<u>1,534</u>	<u>1,534</u>	<u>–</u>	<u>1,534</u>
Total expenditures	<u>148,057</u>	<u>148,057</u>	<u>146,523</u>	<u>1,534</u>
Revenues over (under)				
expenditures	(890)	(890)	2,357	3,247
Fund balance,				
beginning of year	<u>890</u>	<u>890</u>	<u>5,108</u>	<u>4,218</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 7,465</u>	<u>\$ 7,465</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, 2010

	<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	\$ 3,791	\$ 3,791	\$ 3,893	\$ 102
Use of money and property	<u>2,000</u>	<u>2,000</u>	<u>1,323</u>	<u>(677)</u>
Total revenues	5,791	5,791	5,216	(575)
Expenditures:				
Industrial development	<u>132,544</u>	<u>132,544</u>	<u>1,260</u>	<u>131,284</u>
Revenues over (under)				
expenditures	(126,753)	(126,753)	3,956	130,709
Fund balance,				
beginning of year	<u>126,753</u>	<u>126,753</u>	<u>223,987</u>	<u>97,234</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 227,943</u>	<u>\$ 227,943</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, 2010

	<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	\$ 28,980	\$ 28,980	\$ 22,026	\$ (6,954)
Use of money and property	20	20	12	(8)
Miscellaneous	4,000	4,000	8,935	4,935
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>—</u>	<u>(15,000)</u>
 Total revenues and other sources	 48,000	 48,000	 30,973	 (17,027)
 Expenditures:				
Operating expenditures	<u>50,013</u>	<u>50,013</u>	<u>30,426</u>	<u>19,587</u>
 Revenues and other sources over (under) expenditures	 (2,013)	 (2,013)	 547	 2,560
Fund balance, beginning of year	<u>2,013</u>	<u>2,013</u>	<u>3,617</u>	<u>1,604</u>
 Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,164</u>	<u>\$ 4,164</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, 2010

	<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	\$ 237,290	\$ 237,290	\$ 219,620	\$ (17,670)
Use of money and property	<u>1,025</u>	<u>1,025</u>	<u>328</u>	<u>(697)</u>
Total revenues	<u>238,315</u>	<u>238,315</u>	<u>219,948</u>	<u>(18,367)</u>
Expenditures:				
Street operations	214,723	214,723	213,115	1,608
Debt service	<u>30,000</u>	<u>30,000</u>	<u>—</u>	<u>30,000</u>
Total expenditures	<u>244,723</u>	<u>244,723</u>	<u>213,115</u>	<u>31,608</u>
Revenues over (under) expenditures	(6,408)	(6,408)	6,833	13,241
Fund balance, beginning of year	<u>6,408</u>	<u>6,408</u>	<u>35,447</u>	<u>29,039</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 42,280</u>	<u>\$ 42,280</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, 2010

	<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	\$ 20,050	\$ 20,050	\$ 12,821	\$ (7,229)
Use of money and property	<u>770</u>	<u>770</u>	<u>38</u>	<u>(732)</u>
Total revenues	<u>20,820</u>	<u>20,820</u>	<u>12,859</u>	<u>(7,961)</u>
Expenditures:				
Operating expenditures	7,610	7,610	7,664	(54)
Capital outlay	24,228	24,228	8,390	15,838
Debt service	<u>9,500</u>	<u>9,500</u>	<u>8,901</u>	<u>599</u>
Total expenditures	<u>41,338</u>	<u>41,338</u>	<u>24,955</u>	<u>16,383</u>
Revenues over (under) expenditures	(20,518)	(20,518)	(12,096)	8,422
Fund balance, beginning of year	<u>20,518</u>	<u>20,518</u>	<u>12,730</u>	<u>(7,788)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 634</u>	<u>\$ 634</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Liquor tax	\$ 11,631	\$ 11,631	\$ 12,787	\$ 1,156
Use of money and property	<u>150</u>	<u>150</u>	<u>190</u>	<u>40</u>
Total revenues	11,781	11,781	12,977	1,196
Expenditures:				
Capital outlay	<u>30,968</u>	<u>30,968</u>	<u>—</u>	<u>30,968</u>
Revenues over (under) expenditures	(19,187)	(19,187)	12,977	32,164
Fund balance, beginning of year	<u>19,187</u>	<u>19,187</u>	<u>44,701</u>	<u>25,514</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 57,678</u>	<u>\$ 57,678</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, 2010

	<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	\$ 6,000	\$ 6,000	\$ 1,400	\$ (4,600)
Use of money and property	<u>4,000</u>	<u>4,000</u>	<u>536</u>	<u>(3,464)</u>
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>1,936</u>	<u>(8,064)</u>
Expenditures and other uses:				
Capital outlay	207,134	207,134	–	207,134
Transfers out	<u>–</u>	<u>–</u>	<u>13</u>	<u>(13)</u>
Total expenditures and other uses	<u>207,134</u>	<u>207,134</u>	<u>13</u>	<u>207,121</u>
Revenues over (under)				
expenditures and other uses	(197,134)	(197,134)	1,923	199,057
Fund balance, beginning of year	<u>197,134</u>	<u>197,134</u>	<u>152,951</u>	<u>(44,183)</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$154,874</u>	<u>\$ 154,874</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, 2010

	<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	\$ 30,645	\$ 3,645
Use of money and property	<u>2,000</u>	<u>2,000</u>	<u>1,116</u>	<u>(884)</u>
Total revenues	29,000	29,000	31,761	2,761
Expenditures:				
Capital Outlay	<u>182,503</u>	<u>182,503</u>	<u>—</u>	<u>182,503</u>
Revenues over (under) expenditures	(153,503)	(153,503)	31,761	185,264
Fund balance, beginning of year	<u>153,503</u>	<u>153,503</u>	<u>202,804</u>	<u>49,301</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$234,565</u>	<u>\$ 234,565</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, 2010

	<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	\$ 600	\$ (400)
Use of money and property	<u>500</u>	<u>500</u>	<u>214</u>	<u>(286)</u>
Total revenues	1,500	1,500	814	(686)
Expenditures:				
Capital outlay	<u>40,032</u>	<u>40,032</u>	<u>—</u>	<u>40,032</u>
Revenues over (under) expenditures	(38,532)	(38,532)	814	39,346
Fund balance, beginning of year	<u>38,532</u>	<u>38,532</u>	<u>49,504</u>	<u>10,972</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 50,318</u>	<u>\$ 50,318</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, 2010

	<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	\$68,000	\$68,000	\$ 62,113	\$ (5,887)
Transfers in	<u>126,748</u>	<u>126,748</u>	<u>83,600</u>	<u>(43,148)</u>
Total revenues	194,748	194,748	145,713	(49,035)
Expenditures:				
Swimming pool operations	<u>194,748</u>	<u>194,748</u>	<u>146,007</u>	<u>48,741</u>
Expenditures over revenues	–	–	(294)	(294)
Fund balance, beginning of year	<u>–</u>	<u>–</u>	<u>459</u>	<u>459</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 165</u>	<u>\$ 165</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, 2010

	<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	\$ 458,241	\$ 458,241	\$ 455,327	\$ (2,914)
Special assessments	467,607	467,607	524,968	57,361
Proceeds from refunding bonds	—	2,720,000	2,827,727	107,727
Use of money and property	<u>10,000</u>	<u>10,000</u>	<u>2,526</u>	<u>(7,474)</u>
Total revenues	<u>935,848</u>	<u>3,655,848</u>	<u>3,810,548</u>	<u>154,700</u>
Expenditures and other uses:				
Bond Principal	633,100	3,353,100	452,139	2,900,961
Bond interest and commission	333,154	333,154	261,897	71,257
Payment to bond escrow agent	—	—	2,894,556	(2,894,556)
Miscellaneous	4,797	4,797	72,959	(68,162)
Cash basis reserve	<u>10,000</u>	<u>10,000</u>	<u>—</u>	<u>10,000</u>
Total expenditures and other uses	<u>981,051</u>	<u>3,701,051</u>	<u>3,681,551</u>	<u>19,500</u>
Revenues over (under) Expenditures and other uses	(45,203)	(45,203)	128,997	174,200
Fund balance, beginning of year	<u>45,203</u>	<u>45,203</u>	<u>109,690</u>	<u>64,487</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 238,687</u>	<u>\$ 238,687</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, 2010

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$5,994,274	\$5,994,274	\$4,034,807	\$(1,959,467)
Use of money and property	80,500	80,500	11,154	(69,346)
Miscellaneous	<u>—</u>	<u>—</u>	<u>54,859</u>	<u>54,859</u>
Total revenues	<u>6,074,774</u>	<u>6,074,774</u>	<u>4,100,820</u>	<u>(1,973,954)</u>
Expenditures, encumbrances and other uses:				
Operations	5,535,439	5,535,439	3,413,370	2,122,069
Nonoperating	200,000	200,000	32,316	167,684
Debt service	386,042	386,042	386,082	(40)
Transfers out	<u>201,000</u>	<u>201,000</u>	<u>213,407</u>	<u>(12,407)</u>
Total expenditures, encumbrances and other uses	<u>6,322,481</u>	<u>6,322,481</u>	<u>4,045,175</u>	<u>2,277,306</u>
Revenues over (under) expenditures, encumbrances and other uses	(247,707)	(247,707)	55,645	303,352
Fund balance, beginning of year	<u>2,799,862</u>	<u>2,799,862</u>	<u>2,912,503</u>	<u>112,641</u>
Fund balance, end of year	<u>\$2,552,155</u>	<u>\$2,552,155</u>	<u>\$2,968,148</u>	<u>\$ 415,993</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, 2010

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,175,700	\$1,175,700	\$ 936,875	\$(238,825)
Use of money and property	4,120	4,120	1,072	(3,048)
Miscellaneous	<u>7,260</u>	<u>7,260</u>	<u>8,574</u>	<u>1,314</u>
Total revenues	<u>1,187,080</u>	<u>1,187,080</u>	<u>946,521</u>	<u>(240,559)</u>
Expenditures, encumbrances and other uses:				
Operations	1,044,789	1,044,789	691,082	353,707
Nonoperating	40,000	40,000	29,955	10,045
Debt service	82,397	82,397	92,299	(9,902)
Transfers out	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>—</u>
Total expenditures, encumbrances and other uses	<u>1,176,186</u>	<u>1,176,186</u>	<u>822,336</u>	<u>353,850</u>
Revenues over expenditures, encumbrances and other uses	10,894	10,894	124,185	113,291
Fund balance, beginning of year	<u>220,248</u>	<u>220,248</u>	<u>234,011</u>	<u>13,763</u>
Fund balance, end of year	<u>\$ 231,142</u>	<u>\$ 231,142</u>	<u>\$ 358,196</u>	<u>\$ 127,054</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, 2010

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,296,400	\$1,296,400	\$1,301,382	\$ 4,982
Use of money and property	25,400	25,400	5,322	(20,078)
Proceeds from refunding bonds	–	1,500,000	1,590,000	90,000
Miscellaneous	<u>–</u>	<u>–</u>	<u>1,970</u>	<u>1,970</u>
Total revenues	<u>1,321,800</u>	<u>2,821,800</u>	<u>2,898,674</u>	<u>76,874</u>
Expenditures, encumbrances and other uses:				
Operations	843,081	843,081	644,673	198,408
Nonoperating	40,000	40,000	60,228	(20,228)
Debt service	613,399	2,113,399	2,201,140	(87,741)
Transfers out	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>–</u>
Total expenditures, encumbrances and other uses	<u>1,526,480</u>	<u>3,026,480</u>	<u>2,936,041</u>	<u>90,439</u>
Revenues over (under) expenditures, encumbrances and other uses	(204,680)	(204,680)	(37,367)	167,313
Fund balance, beginning of year	<u>1,245,996</u>	<u>1,245,996</u>	<u>1,494,079</u>	<u>248,083</u>
Fund balance, end of year	<u>\$1,041,316</u>	<u>\$1,041,316</u>	<u>\$1,456,712</u>	<u>\$ 415,396</u>

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, 2010

	<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	\$ 81,758	\$ 81,758	\$ 28,681	\$ (53,077)
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>22,407</u>	<u>12,407</u>
Total revenues and other sources	91,758	91,758	51,088	(40,670)
Expenditures:				
Operating expenditures	<u>91,758</u>	<u>91,758</u>	<u>53,456</u>	<u>38,302</u>
Revenues and other sources over (under) expenditures	–	–	(2,368)	(2,368)
Fund balance, beginning of year	<u>–</u>	<u>–</u>	<u>2,821</u>	<u>2,821</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 453</u>	<u>\$ 453</u>

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.

Flexible Spending - to account for moneys held on behalf of City employees payroll for reimbursement of qualifying medical expenses by City employees.

CITY OF MULVANE, KANSAS

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS**

Year ended December 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2010</u>
<u>PAYROLL CLEARING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	\$ <u>—</u>	\$ <u>3,528,055</u>	\$ <u>3,401,114</u>	\$ <u>126,941</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	\$ <u>—</u>	\$ <u>3,528,055</u>	\$ <u>3,401,114</u>	\$ <u>126,941</u>
 <u>EMPLOYEE FLEXIBLE SPENDING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	\$ <u>—</u>	\$ <u>68,449</u>	\$ <u>65,133</u>	\$ <u>3,316</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	\$ <u>—</u>	\$ <u>68,449</u>	\$ <u>65,133</u>	\$ <u>3,316</u>
 <u>TOTALS</u>				
<u>ASSETS</u>				
Cash and short-term investments	\$ <u>—</u>	\$ <u>3,596,504</u>	\$ <u>3,466,247</u>	\$ <u>130,257</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	\$ <u>—</u>	\$ <u>3,596,504</u>	\$ <u>3,466,247</u>	\$ <u>130,257</u>

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, 2010

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	<u>\$14,671</u>	<u>\$ 22,087</u>	<u>\$ 37,304</u>	<u>\$ 74,062</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 2,734	\$ 3,609	\$ —	\$ 6,343
Fund balances:				
Unreserved	<u>11,937</u>	<u>18,478</u>	<u>37,304</u>	<u>67,719</u>
Total liabilities and fund balances	<u>\$14,671</u>	<u>\$ 22,087</u>	<u>\$ 37,304</u>	<u>\$ 74,062</u>
Reconciliation to total net assets:				
Fund balance per above				\$ 67,719
Add long-term capital assets				32,675
Less accumulated depreciation on long-term capital assets				<u>(11,510)</u>
Total net assets				<u>\$ 88,884</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2010

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
Revenues:				
Appropriations from City of Mulvane	\$ 146,523	\$ –	\$ –	\$ 146,523
Intergovernmental	–	30,968	–	30,968
Fines and fees	–	4,406	–	4,406
Use of money and property	20	10	146	176
Miscellaneous	–	6,253	–	6,253
Total revenues	<u>146,543</u>	<u>41,637</u>	<u>146</u>	<u>188,326</u>
Expenditures:				
Personal services	101,548	–	–	101,548
Contractual services	21,394	1,952	–	23,346
Commodities	20,876	23,692	–	44,568
Capital outlay	–	9,205	5,165	14,370
Total expenditures	<u>143,818</u>	<u>34,849</u>	<u>5,165</u>	<u>183,832</u>
Net change in fund balance	2,725	6,788	(5,019)	4,494
Fund balances, beginning of year	<u>9,212</u>	<u>11,690</u>	<u>42,323</u>	<u>63,225</u>
Fund balances, end of year	<u>\$ 11,937</u>	<u>\$ 18,478</u>	<u>\$ 37,304</u>	<u>\$ 67,719</u>
Reconciliation of change in net assets:				
Net change in fund balance per above				\$ 4,494
Add current year capital asset additions				10,338
Less current year depreciation on capital assets				<u>(5,113)</u>
Change in net assets				<u>\$ 9,719</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.	83
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source.	88
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.	92
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.	100
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.	102

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 Seven Fiscal Years
(Accrual Basis of Accounting)

Governmental Activities	2004	2005	2006	2007	2008	2009	2010
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	\$ 18,441,345	\$ 18,060,089
Restricted	4,906,779	4,584,125	4,239,542	4,128,356	3,799,446	3,386,328	3,145,384
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>	<u>3,159,996</u>	<u>3,279,893</u>
Total Governmental Activities Net Assets	<u>\$ 26,047,458</u>	<u>\$ 26,089,317</u>	<u>\$ 25,818,451</u>	<u>\$ 25,881,341</u>	<u>\$ 25,467,420</u>	<u>\$ 24,987,669</u>	<u>\$ 24,485,366</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	\$ 5,016,061	\$ 4,934,176	\$ 4,974,701
Restricted	1,935,519	1,692,958	3,084,039	2,390,773	2,662,906	2,482,221	2,305,666
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>	<u>2,509,398</u>	<u>2,769,107</u>
Total Business-type Activities Net Assets	<u>\$ 8,555,202</u>	<u>\$ 9,191,832</u>	<u>\$ 9,923,972</u>	<u>\$ 10,186,189</u>	<u>\$ 10,125,486</u>	<u>\$ 9,925,795</u>	<u>\$ 10,049,474</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	\$ 23,375,521	\$ 23,034,790
Restricted	6,845,298	6,277,083	7,323,581	6,519,129	6,462,352	5,868,549	5,451,050
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>	<u>5,669,394</u>	<u>6,049,000</u>
Total Primary Government Net Assets	<u>\$ 34,605,660</u>	<u>\$ 35,281,149</u>	<u>\$ 35,742,423</u>	<u>\$ 36,067,530</u>	<u>\$ 35,592,906</u>	<u>\$ 34,913,464</u>	<u>\$ 34,534,840</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses							
Governmental Activities							
General Government	\$ 265,602	\$ 261,623	\$ 259,065	\$ 299,958	\$ 319,914	\$ 345,662	\$ 388,764
Public Safety	1,463,226	1,550,103	1,653,301	1,830,363	1,895,463	1,972,712	1,967,491
Highways and Streets	1,446,783	1,256,670	1,262,543	1,287,818	1,356,127	1,326,646	1,402,712
Health and Sanitation	1,047,430	—	—	—	—	—	—
Culture and Recreation	473,546	512,808	486,649	807,939	731,410	711,336	818,353
Economic Development	7,211	91,012	5,077	7,657	42,781	9,396	11,358
Environmental Protection	4,040	1,571	3,653	734	1,791	704	1,600
Interest on Long Term Debt	415,754	373,617	458,743	508,057	450,311	552,841	372,438
Total Governmental Activities Expenses	<u>\$ 5,123,592</u>	<u>\$ 4,047,404</u>	<u>\$ 4,129,031</u>	<u>\$ 4,742,526</u>	<u>\$ 4,797,797</u>	<u>\$ 4,919,297</u>	<u>\$ 4,962,716</u>
Business-type Activities							
Electric Utility	\$ 2,837,530	\$ 3,695,828	\$ 4,087,728	\$ 4,142,178	\$ 4,444,773	\$ 3,998,986	\$ 4,264,535
Water Utility	763,905	745,859	868,180	841,616	805,636	797,814	798,895
Wastewater Utility	456,304	487,222	859,697	1,033,413	1,125,643	1,149,896	1,195,183
Total Business-type Activities	<u>\$ 4,057,739</u>	<u>\$ 4,928,909</u>	<u>\$ 5,815,605</u>	<u>\$ 6,017,207</u>	<u>\$ 6,376,052</u>	<u>\$ 5,946,696</u>	<u>\$ 6,258,613</u>
 Total Primary Government Expenses	 <u>\$ 9,181,331</u>	 <u>\$ 8,976,313</u>	 <u>\$ 9,944,636</u>	 <u>\$ 10,759,733</u>	 <u>\$ 11,173,849</u>	 <u>\$ 10,865,993</u>	 <u>\$ 11,221,329</u>
 Program Revenues							
Governmental Activities							
Charges for Services							
General Government	\$ 71,912	\$ 21,306	\$ 121,343	\$ 106,040	\$ 106,069	\$ 83,793	\$ 104,906
Public Safety	268,234	257,556	247,644	239,674	269,079	316,185	283,306
Highway & Streets	182,567	66,428	58,224	34,004	35,636	35,496	32,053
Culture and Recreation	11,100	16,165	16,688	53,048	64,488	66,874	71,648
Operating Grants and Contributions	331,730	586,839	833,775	1,108,237	751,318	771,910	769,505
Capital Grants and Contributions	—	82,930	75,043	70,406	18,941	95,443	175,986
Total Governmental Activities Program Revenues	<u>\$ 865,543</u>	<u>\$ 1,031,224</u>	<u>\$ 1,352,717</u>	<u>\$ 1,611,409</u>	<u>\$ 1,245,531</u>	<u>\$ 1,369,701</u>	<u>\$ 1,437,404</u>
Business-type Activities							
Charges for Services							
Electric Utility	\$ 2,857,306	\$ 3,532,445	\$ 3,987,772	\$ 3,989,314	\$ 4,247,909	\$ 3,739,283	\$ 4,072,152
Water Utility	735,081	837,255	895,647	837,418	792,857	793,216	953,201
Wastewater Utility	490,919	802,381	1,163,147	1,172,076	1,156,679	1,148,151	1,320,646
Capital Grants and Contributions	1,584,048	430,061	9,452	—	—	9,710	—
Total Business-type Activities Program Revenues	<u>\$ 5,667,354</u>	<u>\$ 5,602,142</u>	<u>\$ 6,056,018</u>	<u>\$ 5,998,808</u>	<u>\$ 6,197,445</u>	<u>\$ 5,690,360</u>	<u>\$ 6,345,999</u>
 Total Primary Government Program Revenues	 <u>\$ 6,532,897</u>	 <u>\$ 6,633,366</u>	 <u>\$ 7,408,735</u>	 <u>\$ 7,610,217</u>	 <u>\$ 7,442,976</u>	 <u>\$ 7,060,061</u>	 <u>\$ 7,783,403</u>

Continued on the next page

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

Continued from the previous page

	2004	2005	2006	2007	2008	2009	2010
Net (Expense) Revenue							
Governmental Activities	\$ (4,258,049)	\$ (3,016,180)	\$ (2,776,314)	\$ (3,131,117)	\$ (3,552,266)	\$ (3,549,596)	\$ (3,525,312)
Business-type Activities	1,609,615	673,233	240,414	(18,399)	(178,607)	(256,336)	87,386
Total Primary Government Net Expenses	<u>\$ (2,648,434)</u>	<u>\$ (2,342,947)</u>	<u>\$ (2,535,900)</u>	<u>\$ (3,149,516)</u>	<u>\$ (3,730,873)</u>	<u>\$ (3,805,932)</u>	<u>\$ (3,437,926)</u>
General Revenues and Other Changes in Net Assets							
Governmental Activities							
Taxes							
Property Taxes							
General Purposes	\$ 1,376,871	\$ 1,487,332	\$ 1,381,460	\$ 1,600,292	\$ 1,444,462	\$ 1,651,051	\$ 1,519,683
Debt Service	2,103,139	398,856	169,390	364,678	441,259	336,907	455,327
Sales Taxes	614,082	603,723	639,973	679,351	703,376	658,940	661,759
Franchise Taxes	290,505	346,273	390,475	365,885	379,968	380,254	388,190
Investment Earnings	64,938	96,666	178,040	240,599	130,280	45,034	16,795
Transfers	467,076	125,189	(253,890)	(56,798)	39,000	-	(18,745)
Total Governmental Activities	<u>\$ 4,916,611</u>	<u>\$ 3,058,039</u>	<u>\$ 2,505,448</u>	<u>\$ 3,194,007</u>	<u>\$ 3,138,345</u>	<u>\$ 3,072,186</u>	<u>\$ 3,023,009</u>
Business Type Activities							
Investment Earnings	\$ 61,654	\$ 85,586	\$ 237,836	\$ 223,818	\$ 156,904	\$ 54,304	\$ 17,548
Transfers	(467,076)	(125,189)	253,890	56,798	(39,000)	-	18,745
Total Business-type Activities	<u>\$ (405,422)</u>	<u>\$ (39,603)</u>	<u>\$ 491,726</u>	<u>\$ 280,616</u>	<u>\$ 117,904</u>	<u>\$ 54,304</u>	<u>\$ 36,293</u>
Total Primary Government	<u>\$ 4,511,189</u>	<u>\$ 3,018,436</u>	<u>\$ 2,997,174</u>	<u>\$ 3,474,623</u>	<u>\$ 3,256,249</u>	<u>\$ 3,126,490</u>	<u>\$ 3,059,302</u>
Change in Net Assets							
Governmental Activities	\$ 658,562	\$ 41,859	\$ (270,866)	\$ 62,890	\$ (413,921)	\$ (477,410)	\$ (502,303)
Business-type Activities	1,204,193	633,630	732,140	262,217	(60,703)	(202,032)	123,679
Total Primary Government	<u>\$ 1,862,755</u>	<u>\$ 675,489</u>	<u>\$ 461,274</u>	<u>\$ 325,107</u>	<u>\$ (474,624)</u>	<u>\$ (679,442)</u>	<u>\$ (378,624)</u>

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 29,820	\$ 23,287	\$ 108,293	\$ 27,849	\$ 3,052	\$ 97,085	\$ 130,488	\$ -	\$ -	\$ -
Unreserved	884,263	904,869	813,184	818,966	1,127,764	1,305,430	1,484,786	1,662,840	1,729,665	1,631,791
Total General Fund	<u>\$ 914,083</u>	<u>\$ 928,156</u>	<u>\$ 921,477</u>	<u>\$ 846,815</u>	<u>\$ 1,130,816</u>	<u>\$ 1,402,515</u>	<u>\$ 1,615,274</u>	<u>\$ 1,662,840</u>	<u>\$ 1,729,665</u>	<u>\$ 1,631,791</u>
All Other Governmental Funds										
Reserved	\$ 940,026	\$ 390,452	\$ 331,000	\$ 165,719	\$ 682,690	\$ 2,035,192	\$ 27,596	\$ 7,735	\$ 179,765	\$ 131,643
Unreserved, reported in:										
Capital Project Funds	(741,580)	(942,762)	(2,010,406)	(52,949)	(691,860)	(193,001)	-	(7,735)	(168,215)	500
Debt Service Funds	117,062	192,183	334,464	297,602	274,231	208,429	160,646	180,792	109,690	238,687
Special Revenue Funds	1,110,787	742,453	1,425,989	1,691,789	1,843,044	1,340,582	1,482,099	1,595,728	1,645,787	1,746,993
Total all other Governmental Funds	<u>\$ 1,426,295</u>	<u>\$ 382,326</u>	<u>\$ 81,047</u>	<u>\$ 2,102,161</u>	<u>\$ 2,108,105</u>	<u>\$ 3,391,202</u>	<u>\$ 1,670,341</u>	<u>\$ 1,776,520</u>	<u>\$ 1,767,027</u>	<u>\$ 2,117,823</u>

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 1,211,554	\$ 1,439,907	\$ 1,488,083	\$ 1,493,925	\$ 2,297,761	\$ 2,210,858	\$ 2,665,558	\$ 2,604,534	\$ 2,660,984	\$ 2,649,199
Special Assessment Taxes	297,596	357,714	508,409	405,931	507,847	571,809	511,027	533,632	536,508	524,968
Intergovernmental	821,918	892,096	1,101,314	899,667	492,299	583,138	590,415	540,637	651,998	778,034
Licenses and Permits	431,221	384,473	387,962	429,598	521,008	513,623	415,595	439,513	440,573	455,860
Charges for Services	216,839	224,170	189,542	240,934	95,986	148,677	205,939	234,373	290,487	274,776
Fines and Forfeitures	86,210	118,766	122,836	153,786	166,353	129,191	113,179	120,373	116,773	101,296
Use of Money & Property	137,327	113,459	57,920	63,171	97,310	187,442	245,005	135,575	54,231	24,457
Other Revenues	24,160	77,788	69,937	104,670	51,100	46,098	178,899	85,295	32,349	40,509
Total Revenues	\$ 3,226,825	\$ 3,608,373	\$ 3,926,003	\$ 3,791,682	\$ 4,229,664	\$ 4,390,836	\$ 4,925,617	\$ 4,693,932	\$ 4,783,903	\$ 4,849,099
Expenditures										
General Government	\$ 528,281	\$ 648,972	\$ 627,086	\$ 324,312	\$ 237,027	\$ 258,648	\$ 405,872	\$ 350,611	\$ 322,713	\$ 348,987
Public Safety	1,677,846	2,028,739	1,131,717	1,489,850	1,475,330	1,801,589	1,854,597	1,804,548	2,001,478	1,819,700
Highways and Streets	587,707	517,513	514,779	562,142	385,580	455,360	452,096	628,741	449,734	601,551
Culture and Recreation	296,044	307,624	288,196	520,391	489,771	552,655	793,733	624,406	705,892	619,363
Economic Development	11,061	10,586	8,069	7,211	91,012	3,653	7,657	1,791	9,396	1,600
Environmental Protection	2,287	1,557	1,998	4,040	1,571	5,077	734	42,781	704	11,358
Capital Outlay	830,003	1,170,470	2,253,684	379,723	491,061	1,739,579	2,075,717	1,365	148,432	285,772
Debt Service										
Principal	303,251	494,126	1,096,935	586,908	599,934	652,971	600,493	647,428	669,967	569,447
Interest	202,124	221,987	235,582	249,633	293,622	333,178	505,686	477,516	500,830	370,293
Total Expenditures	\$ 4,438,584	\$ 5,401,574	\$ 6,158,046	\$ 4,124,210	\$ 4,064,908	\$ 5,802,710	\$ 6,696,585	\$ 4,579,187	\$ 4,809,146	\$ 4,628,071
Revenues over (under) Expenditures	\$ (1,211,759)	\$ (1,793,201)	\$ (2,232,043)	\$ (332,528)	\$ 164,756	\$ (1,411,874)	\$ (1,770,968)	\$ 114,745	\$ (25,243)	\$ 221,028
Other Financing Sources (Uses)										
Bond Proceeds	\$ 2,318,701	\$ 906,000	\$ 1,953,843	\$ 1,764,037	\$ -	\$ 2,863,193	\$ 245,960	\$ -	\$ 2,538,769	\$ 2,938,000
Notes Payable	-	-	-	-	-	140,000	-	-	-	-
Payment to Escrow Agent	-	-	-	-	-	-	-	-	-\$ (2,467,744)	-\$ (2,894,556)
Transfers In	284,054	1,036,845	917,732	670,068	736,473	1,005,881	578,740	406,383	520,455	455,178
Transfers Out	(298,240)	(1,076,808)	(947,490)	(202,992)	(611,284)	(1,042,404)	(561,834)	(367,383)	(520,455)	(455,178)
Total Other Financing Sources (Uses)	\$ 2,284,515	\$ 866,037	\$ 1,924,085	\$ 2,231,113	\$ 125,189	\$ 2,966,670	\$ 262,866	\$ 39,000	\$ 71,025	\$ 43,444
Net Change in Fund Balance	\$ 1,072,756	\$ (927,164)	\$ (307,958)	\$ 1,898,585	\$ 289,945	\$ 1,554,796	\$ (1,508,102)	\$ 153,745	\$ 45,782	\$ 264,472
Debt Service as a Percentage of Non-capital Expenditures	13.60%	16.50%	33.20%	29.70%	26.30%	27.70%	26.97%	36.31%	38.33%	27.62%

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

Fiscal Year	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>		Total Direct Tax Rate	Assessed Value as a % of Estimated Actual Value
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>		
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	4,271,391	24,977,881	195,065,360	47.390	12.80%
2004	24,343,115	201,309,085	1,913,609	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%
2009	30,234,063	251,950,525	724,089	2,955,465	30,958,152	254,905,990	53.359	12.14%
2010	31,431,189	261,926,575	659,428	2,181,211	32,090,617	264,107,786	53.414	12.15%

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

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

Sedgwick County

Fiscal Year	City Rates								Overlapping Government Rates					Total
	General	Debt Service	Employee Benefits	Library	Industrial Development	Capital Improvements	Special Liability	Total City	State	County	School	Cemetery	Township	
2001	29.418	5.858	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	28.891	8.940	8.527	3.611	0.000	0.000	0.000	49.969	1.500	28.654	44.186	0.904	0.000	125.213
2003	17.223	7.978	15.164	3.489	1.033	2.503	0.000	47.390	1.500	28.776	44.028	0.992	0.000	122.686
2004	22.283	5.834	13.687	4.016	1.155	2.836	0.000	49.811	1.500	28.817	45.010	0.989	0.000	126.127
2005	20.593	5.976	10.374	3.653	0.954	6.121	0.962	48.633	1.500	28.763	52.129	1.001	0.000	132.026
2006	22.893	4.915	13.172	3.904	0.780	1.932	0.815	48.411	1.500	28.758	55.947	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	56.768	1.391	0.000	143.367
2009	22.413	12.785	13.829	4.088	0.000	0.000	0.299	53.414	1.500	29.868	55.806	1.198	0.000	141.786
2010	22.197	12.194	14.997	3.873	0.164	0.164	0.164	53.753	1.500	29.359	56.204	1.198	0.000	142.014

Sumner County

69	2001	29.418	5.858	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	28.891	8.940	8.527	3.611	0.000	0.000	0.000	49.969	1.500	56.265	44.186	0.904	0.000	152.824
	2003	17.223	7.978	15.164	3.489	1.033	2.503	0.000	47.390	1.500	57.747	44.028	0.992	0.000	151.657
	2004	22.283	5.834	13.687	4.016	1.155	2.836	0.000	49.811	1.500	57.644	45.010	0.989	0.000	154.954
	2005	20.593	5.976	10.374	3.653	0.954	6.121	0.962	48.633	1.500	58.493	52.129	1.001	0.000	161.756
	2006	22.893	4.915	13.172	3.904	0.780	1.932	0.815	48.411	1.500	55.899	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	56.439	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	58.026	56.768	1.391	0.000	171.016
	2009	22.413	12.785	13.829	4.088	0.000	0.000	0.299	53.414	1.500	58.517	55.806	1.198	0.000	170.435
	2010	22.197	12.194	14.997	3.873	0.164	0.164	0.164	53.753	1.500	62.444	56.205	1.198	0.000	175.100

Source: Sedgwick County Clerk
Sumner County Clerk

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

2010			
<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	\$ 298,651	1	0.93%
Mulvane Housing Associated LP	252,701	2	0.79%
Prairie State Bank	164,108	3	0.51%
Olderbak Enterprises South	144,650	4	0.45%
Branine, Gary E.	135,001	5	0.42%
Carro, Antonio L MD PA	122,960	6	0.38%
L Joyce Carr Rev Trust	117,325	7	0.37%
Westfall, Ray W & Sharron K	112,975	8	0.35%
BNSF	110,108	9	0.34%
Congleton LLC	106,669	10	0.33%
	<u>\$ 1,565,148</u>		<u>4.88%</u>

Sumner County:			
Carson Bank	\$ 151,502	1	0.47%
Gregory Flickinger	137,167	2	0.43%
Mulvane Coop	135,381	3	0.42%
Pearl St Duplex	114,496	4	0.36%
Pendergraft Properties	111,707	5	0.35%
Southwestern Bell	109,302	6	0.34%
Wolfe, R. E. LLC	108,198	7	0.34%
BNSF	105,658	8	0.33%
Dennis F Gilbert	88,523	9	0.28%
Ratzlaff Properties, LLC	96,098	10	0.30%
	<u>\$ 1,158,032</u>		<u>3.61%</u>

2001			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sedgwick County:			
Mulvane Housing Authority	\$ 161,921	1	0.913%
Brews, LTD	158,923	2	0.896%
Congleton LLC	143,902	3	0.811%
Kansas Gas Service	135,619	4	0.764%
Westfall, Ray W & Sharron K	96,520	5	0.544%
Branine, Gary E	90,534	6	0.509%
Southwestern Bell Telephone Co	88,324	7	0.498%
Carro, Antonio I, MD PA	77,978	8	0.440%
BNSF	74,521	9	0.420%
Miller, Bryon L & Severly Krev Liv Tr	61,366	10	0.346%
	<u>\$ 1,089,608</u>		<u>6.141%</u>
Sumner County:			
Southwestern Bell	\$ 254,897	1	6.229%
Mulvane Coop Union	204,415	2	4.995%
Mulvane State Bank	106,051	3	2.592%
Raco Machine Inc	99,589	4	2.434%
Wolfe Machine Inc	89,576	5	2.189%
Pendergraft, Gordon	70,157	6	1.715%
Wolfe, Mary A	59,018	7	1.442%
BNSF	56,460	8	1.380%
Via Christi	51,570	9	1.260%
Patterson, James W	46,115	10	1.127%
	<u>\$ 1,037,848</u>		<u>25.363%</u>

Source: Sumner County Clerk
Sedgwick County Clerk

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
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%
2009	1,699,468	1,636,482	96.29%	20,431	1,656,913	97.50%
2010	1,703,441	1,648,189	96.76%	46,813	1,695,002	99.50%

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 (G.O.) Bonds	Public Building Commission Revenue Bonds	Temporary Notes	Notes Payable	Revenue Bonds	G.O. Bonds Secured by Enterprise Funds	Capital Leases			
2001	\$ 4,224,996	1,600,000	880,000	61,114	2,635,000	248,705	-	9,649,815	N/A	1,880
2002	\$ 4,832,839	1,555,000	1,030,000	49,134	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	-	16,549,886	14.53%	3,016
2004	\$ 7,255,627	1,450,000	-	24,812	4,410,000	2,544,262	-	15,684,701	13.42%	2,833
2005	\$ 6,814,218	1,395,000	-	12,468	10,000,000	2,345,584	-	20,567,270	17.24%	3,694
2006	\$ 9,184,217	1,335,000	-	140,000	11,475,000	2,140,976	-	24,275,193	19.60%	4,358
2007	\$ 8,915,216	1,275,000	-	123,697	11,115,000	1,989,744	-	23,418,657	18.30%	4,069
2008	\$ 8,349,419	1,210,000	-	107,066	10,745,000	1,832,581	-	22,244,066	17.73%	3,745
2009	\$ 9,467,000	1,255,000	-	90,100	10,360,000	1,699,232	-	22,871,332	16.22%	3,920
2010	\$ 8,934,000	1,155,000	-	72,792	10,080,000	1,515,371	-	21,757,163	18.24%	3,560

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>
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
2009	9,467,000	109,690	9,357,310	3.67%	1,604
2010	8,934,000	238,687	8,695,313	3.29%	1,423

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, 2010

<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	\$ 73,935,000	0.75%	\$ 554,513
Sumner County	0	17.99%	\$ -
School District #263	<u>11,545,000</u>	<u>76.99%</u>	<u>\$ 8,888,496</u>
Total Estimated Overlapping Debt	85,480,000	11.05%	9,443,009
City's Direct Debt	<u>8,934,000</u>	<u>100.00%</u>	<u>8,934,000</u>
Total Direct and Overlapping Debt	<u>\$ 94,414,000</u>	<u>19.46%</u>	<u>\$ 18,377,009</u>

Source: Triplett, Woolf & Garretson, LLC

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 8,284,158	\$ 8,824,786	\$ 9,199,136	\$ 9,582,789	\$ 9,865,747	\$ 10,615,716	\$ 11,405,953	\$ 11,673,038	\$ 11,371,226	\$ 11,621,406
Total Net Debt Applicable to Limit	2,896,992	2,899,339	4,936,631	3,277,955	3,080,158	5,682,971	5,409,727	5,109,494	4,816,119	4,701,264
Legal Debt Margin	5,387,166	5,925,447	4,262,505	6,304,834	6,785,589	4,932,745	5,996,226	6,563,544	6,555,107	6,920,142
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	35%	33%	54%	34%	31%	54%	47%	44%	42%	40%

Legal Debt Margin Calculation for 2010

Assessed Value	\$ 32,090,617
Motor-Vehicle K.S.A. 79-5113	<u>6,647,402</u>
Total Assessed Value	<u>\$ 38,738,019</u>
Debt Limit-Approximately 30% of Assessed Value (K.S.A. 10-308)	<u>\$ 11,621,406</u>
Bonded Indebtedness	8,934,000
Less Exempt Debt	<u>4,232,736</u>
Total Amount Applicable to Debt Limit	<u>4,701,264</u>
Legal Debt Margin	<u>\$ 6,920,142</u>

Source: City Financials
Triplett, Woolf & 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 (2)
2001	2,924,460	2,352,458	572,002	19,115	30,261	49,376	11.58
2002	2,981,319	2,353,643	627,676	20,240	137,503	157,743	3.98
2003	3,043,558	2,545,475	498,083	110,000	216,090	326,090	1.53
2004	2,914,427	2,425,213	489,214	115,000	213,890	328,890	1.49
2005	4,032,385	3,054,738	977,647	115,000	211,015	326,015	3.00
2006	4,106,914	3,397,481	709,433	96,063	195,071	291,134	2.44
2007	4,132,963	3,465,207	667,756	145,266	192,189	337,455	1.98
2008	4,349,097	3,761,407	587,690	149,952	187,541	337,493	1.74
2009	3,775,570	3,327,394	448,176	154,638	182,592	337,230	1.33
2010	4,083,306	3,587,632	495,674	161,667	177,335	339,002	1.46

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 Revenue Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2010 was 1.71. 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 (2)
2001	755,075	605,731	149,344	33,502	53,036	86,538	1.73
2002	741,636	690,794	50,842	35,472	51,629	87,101	0.58
2003	760,189	704,887	55,302	---	---	---	---
2004	737,460	666,066	71,394	---	---	---	---
2005	840,364	644,166	196,198	---	---	---	---
2006	911,041	835,863	75,178	---	---	---	---
2007	847,595	734,771	112,824	---	---	---	---
2008	800,447	698,378	102,069	---	---	---	---
2009	795,752	691,736	104,016	---	---	---	---
2010	954,273	709,475	244,798	---	---	---	---

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 Revenue Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2010 was 1.71. 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 (2)
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
2009	1,163,632	604,931	558,701	230,362	285,580	515,942	1.08
2010	1,325,968	635,582	690,386	238,333	277,308	515,641	1.34

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 Revenue Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2010 was 1.71. The revenue bond resolution requirement is 1.25.

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

Storm Water Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage (2)
2001	27,674	0	27,674	---	---	---	---
2002	28,707	0	28,707	---	---	---	---
2003	29,214	0	29,214	---	---	---	---
2004	29,337	0	29,337	---	---	---	---
2005	33,608	0	33,608	---	---	---	---
2006	35,523	0	35,523	---	---	---	---
2007	36,038	0	36,038	---	---	---	---
2008	35,640	0	35,640	---	---	---	---
2009	32,301	0	32,301	---	---	---	---
2010	31,769	0	31,769	---	---	---	---

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 Revenue Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2010 was 1.71. 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>
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%
2009	5,835	\$ 141,020	\$ 24,168	34.5	1,940	9.90%	8.20%
2010	6,111	\$ 119,305	\$ 19,523	34.5	2,209	8.50%	7.90%

Source: Kansas Division of Budget
USD #263
U.S. Department of Labor
City Data.com

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

<u>Employer</u>	<u>2010</u>			<u>2001</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	333	1	5.45%	300	1	5.84%
Villa Maria Inc	102	2	1.67%	Not Available		
City of Mulvane	56	3	0.92%	45	2	0.88%
Cowley County College	50	4	0.82%	Not Available		
Dillons	45	5	0.74%	20	4	0.39%
Carson Bank	39	6	0.64%	Not Available		
Maria Court	25	7	0.41%	Not Available		
Wolfe Machine	24	8	0.39%	8	6	0.16%
Mulvane Coop	20	9	0.33%	22	3	0.43%
Ledford Gage	20	10	0.33%	16	5	0.31%
	<u>714</u>		<u>11.68%</u>	<u>411</u>		<u>8.01%</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Administration	9	9	9	9	9	9	9	9	9	9
Police Officers	11	11	11	15	12	12	12	12	12	11
Police Dispatchers	5	5	5	5	5	5	5	5	5	6
Emergency Services	3	3	3	3	3	3	3	3	3	3
Parks & Recreation	4	4	4	4	4	4	4	4	4	4
Streets	5	5	5	5	5	5	5	5	5	5
Electric	8	8	6	8	8	8	8	8	8	8
Water	4	4	4	4	4	4	4	4	4	4
Wastewater	4	4	4	4	4	4	4	4	4	4
Total	<u>53</u>	<u>53</u>	<u>51</u>	<u>57</u>	<u>54</u>	<u>54</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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Calls for Service	2,802	2,709	3,033	3,202	3,133	3,561	4,398	4,182	3,856	3,669
Moving Citations	686	827	947	1,208	1,284	864	752	733	639	517
DUI Arrests	28	32	25	26	71	20	22	18	25	17
Arrests	171	178	179	325	314	200	236	224	229	214
Emergency Services										
Fire & Rescue Calls	262	310	258	275	325	311	387	389	383	350
Ambulance Calls	528	555	570	439	481	530	707	743	787	710
Electric										
New Connections	49	37	37	31	21	96	19	11	6	5
Average Daily Usage (mWh/Day)	106	105	107	108	115	116	120	116	117	119
Peak Daily Usage (kW)	11,256	10,700	11,746	10,846	11,718	12,959	12,556	12,500	11,900	12,700
Water										
New Connections	48	48	8	31	41	73	10	1	6	1
Average Daily Consumption (Gallons)	521,362	491,375	517,047	481,614	482,093	519,060	442,496	470,847	469,288	483,110
Peak Daily Consumption (Gallons)	1,118,000	762,000	973,000	803,000	1,025,000	969,000	925,000	786,000	1,000,000	835,000
Wastewater										
Average Daily Sewage Treatment	N/A	N/A	376,000	380,000	385,000	400,000	421,000	474,000	461,392	417,164

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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Station/City Hall	1	1	1	1	1	1	1	1	1	1
Patrol Units	11	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	10	10	10	11	11	11	11	11	11	11
Ambulances	2	2	2	2	2	2	2	2	2	2
Parks & Recreation										
Acreage	64.8	64.8	64.8	66.3	70.3	70.3	70.3	70.3	70.3	70.3
Neighborhood Parks	14	14	14	15	16	16	16	16	16	16
Sports Complex	1	1	1	1	1	1	1	1	1	1
Swimming Pool	1	1	1	1	0	0	1	1	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	36	38	38	38	38	38	38	38
Traffic Signals	3	3	3	3	3	3	3	3	3	3
Electric										
Power Plant	1	2	2	2	2	2	2	2	2	2
Miles of Line	32	32	32	33	33	33	33	33	33	33
Generating Capacity (kw)	6400	15600	15600	15600	16600	16600	16600	16600	16600	16600
Water										
Water Mains (Miles)	34	34	34	35	35	35	35	35	35	35
Fire Hydrants	211	215	215	215	220	221	221	221	221	221
Storage Capacity (kgal)	800	800	800	800	800	800	800	800	800	800
Wastewater										
Sanitary Sewers (Miles)	23	24	24	25	26	26	26	26	26	26
Storm Sewers (Miles)	1	1	1	1	1	1	1	1	1	1
Treatment Capacity (mgd)	0.5	0.5	0.05	0.05	0.05	1	1	1	1	1
Lift Stations	5	5	5	4	4	4	5	5	5	5

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