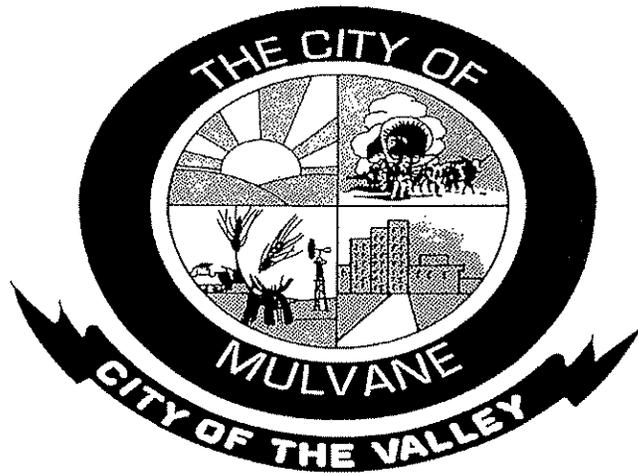


**CITY OF
MULVANE, KANSAS**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL
YEAR ENDED
DECEMBER 31, 2013**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF MULVANE, KANSAS

FOR THE YEAR ENDED DECEMBER 31, 2013

**James P. Ford – Mayor
Doug Hatfield – Council Member
Joe Johnson – Council Member
Jenean Keck – Council Member
Terry Richardson – Council Member
Dr. Shelly Steadman – Council Member**

**PREPARED BY
CITY ADMINISTRATOR
KENT L. HIXSON**

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INTRODUCTORY SECTION



June 20, 2014

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, 2013 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 addition, the City follows GFOA recommendations that general purpose governments maintain unrestricted 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. The City Council's policy is to maintain an unrestricted fund balance of no less than three months General Fund operating expenditures and transfers.

In establishing a policy to govern the level of unrestricted 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 unrestricted 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 unrestricted fund balance needed in the General Fund, just as deficits in other funds may require that a higher level of unrestricted 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 uncommitted fund balance to compensate for any portion of fund balance already committed for a specific purpose).

An indicator of the positive impact of these financial policies and practices is that the City has been given an AA- rating by Standard and Poor on a recent \$8.2 million dollar General Obligation Bond issue. Mulvane is the smallest city in Kansas to achieve an AA- 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 unmodified 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 financial statements and 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, 2012.

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 eighteen years.

Economic Outlook

The economic outlook for the Wichita area is not great. The labor market remains very weak. Most firms remain extremely hesitant to add to their payrolls, particularly in the manufacturing industry. There has been only slight improvement in residential construction over the last year. The Wichita area economy lags behind much of the nation. It is slow to feel the recession and slow to recover from it. Boeing has closed its doors taking 2,000 aircraft industry jobs out of this area. The other aircraft companies seem to be stable but not thriving. With Boeing gone, that critical sector of the local economy will never be as robust as it was 10 or 15 years ago. The State of Kansas experienced a significant decrease in revenues as the recession took hold. The Governor's tax plan has further reduced State revenues and has not created very many good paying jobs. The economy is slow to recover and economic outlook for the area economy is stable but not improving and that causes much anxiety about the future. One bright spot for our area is the destination-casino development in Mulvane. The casino has created hundreds of construction related jobs. At the end of 2013 the casino employed over 800 staff (waitresses, card dealers, security, etc.). This large commercial development has expanded the City's tax base and generated revenues that will be used in the General Fund to benefit the community.

Construction Activity

The number of building permits issued in 2013 was down from 52 in 2012 to 39. This consisted of all construction activity including additions, remodel and new construction. In 2013, six permits were issued for single family dwellings, which is the same number that was issued in 2012. The average size of single family dwellings remained about the same as previous years at 1,600 square feet.

The total construction value for 2013 was \$15.3 million. The main reason for this increase in value is due to the \$8.2 million valuation of the second phase of the Hampton Inn, the renovations to the schools, and the building of a new mortuary. The 2013 valuation of \$15.3 million reflects over a 25% increase over the average per year valuation. This number is based upon the yearly valuation data on permits issued since 1990.

Financial Picture

The assessed valuation of Mulvane increased significantly in 2013 from \$54.4 million to \$91.2 million. The Ad Valorem tax revenue collected in 2013 was \$2,527,700 compared to 2012 which was \$1,647,302. The mill levy decreased from 46.5 in 2012 to 41.9 in 2013.

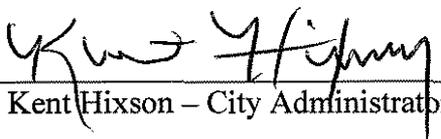
Independent Audit

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,

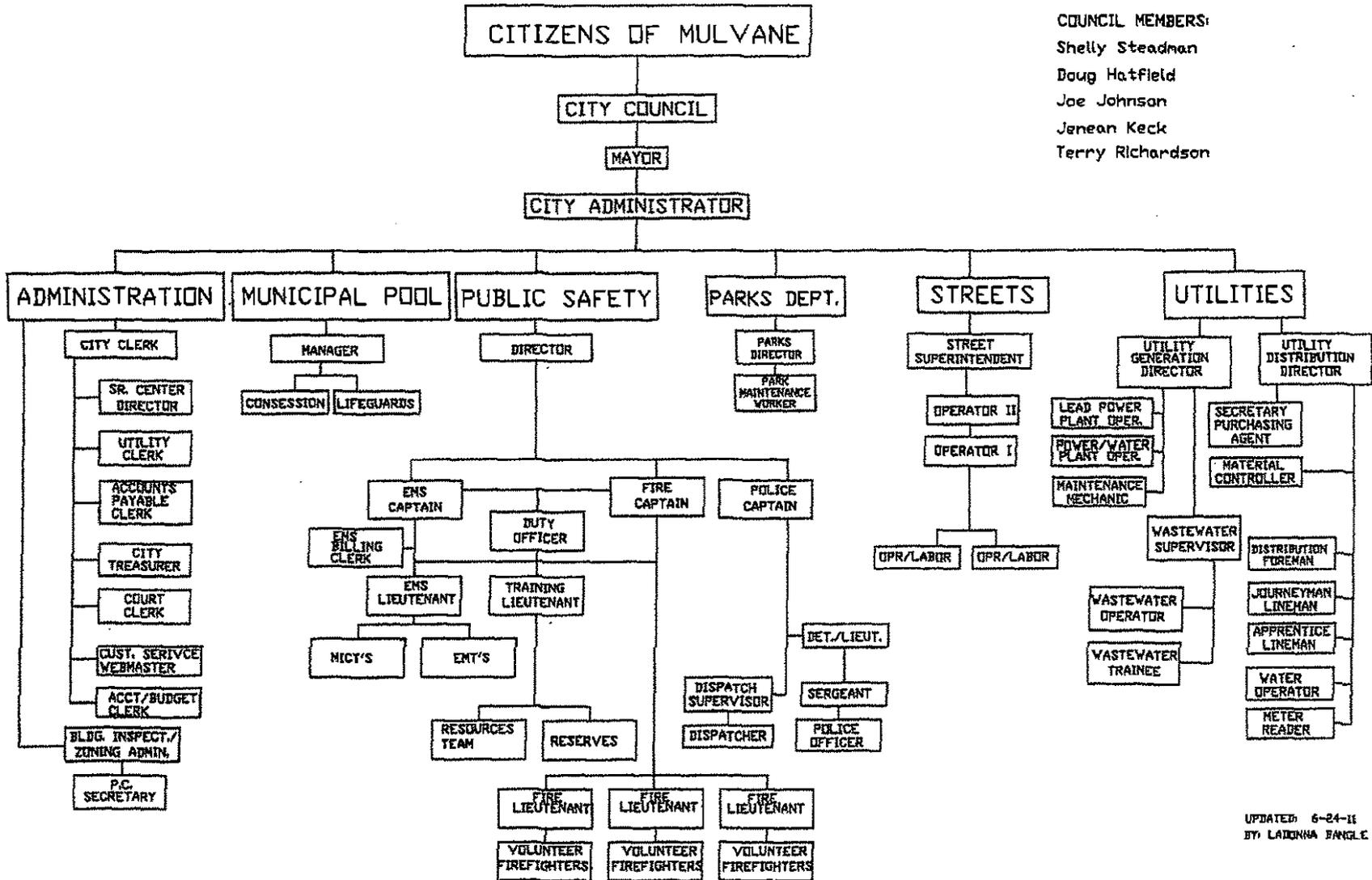

Kent Hixson – City Administrator

CITY OF MULVANE, KANSAS
LIST OF PRINCIPAL OFFICIALS
December 31, 2013

<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	Shelly Steadman
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:
 Shelly Steadman
 Doug Hatfield
 Joe Johnson
 Jenean Keck
 Terry Richardson



UPDATED: 6-24-11
 BY: LADONNA BANGLE



Government Finance Officers Association

**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, 2012

Executive Director/CEO

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly,

we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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 of Mulvane, Kansas, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections as 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

George, Bowerman & Noel, P.A.

Wichita, Kansas
June 6, 2014

CITY OF MULVANE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2013

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, 2013. 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 and deferred outflows of resources of the City for its governmental and business-type activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$55,263,839. Of this amount, \$17,356,690 is the net investment in capital assets, net of related debt and \$29,986,943 is for restricted uses, leaving \$7,920,206 unrestricted.
- The City's total net position increased by \$876,387 during the current fiscal year. The net position of the City's business-type activities increased by \$4,285,650 and the governmental activities net position decreased by \$3,409,263.
- At the end of the current fiscal year, the fund balance for the General Fund was \$2,899,188 or 64% of the total General Fund expenditures and transfers out incurred in the current fiscal year.
- The City's total bonded debt increased by \$6,299,000 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 Position presents information on all of the City's assets and deferred outflows, and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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 such as 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 21 and 22 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 32 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 Water Treatment Plant Improvement funds, which are considered major funds. Data for the remaining 29 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, 12 of its 13 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 23 through 29 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 previously used an internal service fund to account for its machinery and equipment repair and maintenance operations; however, this fund was discontinued during 2013. 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 30 through 34 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 35 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 36 through 66 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$55,263,839 as of December 31, 2013.

A large portion of the City's net position (\$17,356,690) 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 POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 38,163,797	\$ 30,412,393	\$ 6,157,044	\$ 5,666,247	\$ 44,320,841	\$ 36,078,640
Capital assets	<u>27,349,399</u>	<u>29,152,741</u>	<u>32,583,329</u>	<u>29,130,622</u>	<u>59,932,728</u>	<u>58,283,363</u>
Total assets	<u>65,513,196</u>	<u>59,565,134</u>	<u>38,740,373</u>	<u>34,796,869</u>	<u>104,253,569</u>	<u>94,362,003</u>
Deferred outflows of resources	-	-	99,635	114,590	99,635	114,590
Long-term liabilities	32,787,812	25,978,169	10,320,362	10,752,527	43,108,174	36,730,696
Other liabilities	<u>1,894,267</u>	<u>539,615</u>	<u>392,584</u>	<u>317,520</u>	<u>2,286,851</u>	<u>857,135</u>
Total liabilities	<u>34,682,079</u>	<u>26,517,784</u>	<u>10,712,946</u>	<u>11,070,047</u>	<u>45,395,025</u>	<u>37,587,831</u>
Deferred inflows of resources	<u>3,694,340</u>	<u>2,501,310</u>	-	-	<u>3,694,340</u>	<u>2,501,310</u>
Net Position:						
Invested in capital assets,						
Net of related debt	(5,160,229)	3,807,377	22,516,919	18,669,822	17,356,690	22,477,199
Restricted	26,977,577	23,344,582	3,009,366	2,661,129	29,986,943	26,005,711

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Unrestricted	\$ 5,319,429	\$ 3,394,081	\$ 2,600,777	\$ 2,510,461	\$ 7,920,206	\$ 5,904,542
Total net position	\$ 27,136,777	\$ 30,546,040	\$ 28,127,062	\$ 23,841,412	\$ 55,263,839	\$ 54,387,452

An additional portion of the City's net position (54%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$7,920,206.

Analysis of the City's operations – The following table provides a summary of the City's operations for the years ended December 31, 2013 and 2012. The City's net position increased by \$876,387, or approximately 1.61%.

CITY OF MULVANE'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 920,213	\$ 827,447	\$ 7,090,113	\$ 6,749,056	\$ 8,010,326	\$ 7,576,503
Operating grants and contributions	1,749,079	19,532,368	–	–	1,749,079	19,532,368
Capital grants and contributions	204	58,364	1,651	–	1,855	58,364
General revenues:						
Property taxes	2,589,335	2,009,315	–	–	2,589,335	2,009,315
Gaming Facility	1,926,430	1,892,058	–	–	1,926,430	1,892,058
Sales taxes	661,288	725,464	–	–	661,288	725,464
Franchise taxes	244,783	193,496	–	–	244,783	193,496
Investment earnings	10,573	12,171	3,173	7,303	13,746	19,474
Total revenues	<u>8,101,905</u>	<u>25,250,683</u>	<u>7,094,937</u>	<u>6,756,359</u>	<u>15,196,842</u>	<u>32,007,042</u>
Expenses:						
General government	1,120,120	898,033	–	–	1,120,120	898,033
Public safety	2,846,130	2,465,933	–	–	2,846,130	2,465,933
Highways and streets	1,538,787	1,436,490	–	–	1,538,787	1,436,490
Culture and recreation	962,253	924,244	–	–	962,253	924,244
Health and Sanitation	45,963	–	–	–	45,963	–
Economic development	49,927	26,008	–	–	49,927	26,008
Environmental protection	739	829	–	–	739	829
Electric system	–	–	4,268,774	4,258,246	4,268,774	4,258,246
Water system	–	–	914,372	982,341	914,372	982,341
Sewer system	–	–	1,698,378	1,483,160	1,698,378	1,483,160
Interest on long-term indebtedness	875,012	547,071	–	–	875,012	547,071
Total expenses	<u>7,438,931</u>	<u>6,298,608</u>	<u>6,881,524</u>	<u>6,723,747</u>	<u>14,320,455</u>	<u>13,022,355</u>
Increase in net position before transfers	662,974	18,952,075	213,413	32,612	876,387	18,984,687
Transfers in (out)	(4,072,237)	(670,807)	4,072,237	670,807	–	–
Increase (decrease) in net position	(3,409,263)	18,281,268	4,285,650	703,419	876,387	18,984,687
Net position, beginning of year	<u>30,546,040</u>	<u>12,264,772</u>	<u>23,841,412</u>	<u>23,137,993</u>	<u>54,387,452</u>	<u>35,402,765</u>
Net position, end of year	<u>\$ 27,136,777</u>	<u>\$ 30,546,040</u>	<u>\$ 28,127,062</u>	<u>\$ 23,841,412</u>	<u>\$ 55,263,839</u>	<u>\$ 54,387,452</u>

Governmental Activities – Governmental activities decreased the City’s net position by \$3,409,263 for the current fiscal year. Total governmental activity revenues decreased by \$17,148,778, and were primarily attributed to special assessments levied in 2012 for casino water and sewer improvements totaling \$18,783,000. Positive influences for governmental activity revenues included an increase in property tax revenues of \$50,020 for 2013, and 2013 was the first year for the assessment of transient guest taxes which raised an additional \$203,839 in economic development program revenues.

Total governmental activity expenses increased by \$1,140,323 for 2013, or approximately 18%. General government expenses comprised \$222,087 of the increase and can be attributed to a reallocation of salary costs back to general governmental operations from other operating activities of approximately \$247,000. Salaries and benefits continue to be a significant portion of the operating expenses for many functional areas and comprise approximately 47% of total operating expenses for governmental activities. Total wages and benefits increased approximately \$872,400 for 2013, with benefit costs comprising about 44% of the total increase. Public safety expenses primarily increased for additional personnel, adding two full time employees for police officers and sixteen full time employees for emergency services personnel during 2013. The street department total expenses increased by \$102,297 for 2013 with personnel costs and ongoing maintenance expenses comprising the increase. Culture and recreation expenses increased only \$38,009 for 2013 after significant increases in appropriations for 2012 in the Parks Department, Sports Complex, and Swimming Pool operations. Debt service costs added \$327,941 to the increased governmental activity expenses for 2013.

Business-type Activities – Business-type activities increased the City’s net position by \$4,285,650 for the current fiscal year. Total business-type activity revenues increased \$338,578, or approximately 5% for 2013. The unusually hot summer months for 2013, as was the case for 2012, are reflected in both the Electric System and Water System revenues and related expenditures. The water and sewer utilities received contributions of capital assets from the governmental activities of \$4,630 and \$4,097,607, respectively, during 2013.

Expenses for the business-type activities increased by \$157,777, or about 2.3%, for 2013. Purchased electricity for 2013 was increased by \$181,728 and water purchases reflected a reduction of \$6,000 for 2013. The utilities operations also incurred the personnel and benefit increased costs, as previously discussed for the governmental activities. Further, an increase in depreciation expense of about \$91,000 was incurred for facilities and equipment.

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, unrestricted 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 a combined ending fund balance of \$13,003,899. This combined ending fund balance is a \$6,287,428 increase from 2012.

General Fund

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$-0-, while the total fund balance was \$2,899,188, which was \$40,167 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 unassigned fund balance and total fund balance to total fund expenditures. Total fund balance represents 62% of total General Fund expenditures and transfers out for the current

year. The total fund balance of the General Fund represents 65% of total General Fund expenditures and transfers out for the current year.

The City Council has restricted \$117,642 of the fund balance for future self-insurance requirements. In addition, the City Council has committed \$2,781,546 to carryover to fund the 2014 General Fund budget.

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 \$351,859, which is an increase of \$221,057 from 2012. Resources for this fund are generated from property taxes, special assessment taxes and interest earnings and increased by \$1,672,147 for 2013 and debt service requirements increased by \$848,874 for 2013.

Water Treatment Plant Improvements Fund

The Water Treatment Plant Improvements Fund reflects expenditures of \$731,040 for facility improvements. This project encompasses a 1.5 MGD reverse osmosis water treatment plant and other system improvements. Permanent financing for these improvements was provided via the issuance of \$6,011,716 in general obligation bonds during 2013.

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 position of the proprietary funds increased by \$4,287,066 for 2013. The change in net position by fund includes an increase in the Electric System Fund of \$93,619, an increase in the Water System Fund of \$183,152, and an increase in the Sewer System Fund of \$4,010,295.

The internal service fund operations were discontinued during 2013.

Electric System Fund

Total net position of the Electric System Fund increased by \$93,619. Customer consumption for 2013 increased slightly and operating revenues and expenses are generally reflective of that situation as operating revenues increased \$304,725 and operating expenses increased \$41,908.

Water System Fund

Total net position of the Water System Fund increased by \$183,152. Operating revenues decreased by \$46,173 during 2013. Operating expenses decreased \$65,827 for 2013.

Sewer System Fund

The total net position of the Sewer System Fund decreased by \$4,010,295. Operating revenues increased \$82,505, or approximately 5.3%, with operating expenses increasing \$233,922, or approximately 18.6%. The Sewer System Fund received contributions of capital assets from the municipality during 2013 totaling \$4,097,607, which are principally improvements to the wastewater treatment plant financed through special assessments to the Kansas Star Casino.

General Fund Budgetary Highlights – The General Fund total actual revenues were 117.6% of the total amount anticipated in the 2013 budget and exceeded the total anticipated revenues by \$667,040. The significant composition of this excess can be attributed to intergovernmental revenues.

General Fund budgetary revenues were \$4,462,864 for 2013. The General Fund revenues were augmented with the collection of \$1,940,071 of gaming facility revenue sharing representing the City's 1% of the gaming facility revenues. General Fund budgetary expenditures totaled \$4,440,547, which

represented only 84% of the budgeted expenditures for 2013. Accordingly, the General Fund incurred a favorable variance from its budgeted expenditures of \$868,398.

CAPITAL ASSETS

The City’s investment in capital assets as of December 31, 2013 amounts to \$59,932,728 (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 increase in the City’s investment in capital assets for the current fiscal year was 3%. Asset additions for 2013 totaled \$8,209,432. Major capital asset events during the current fiscal year included the following:

- Purchase of the Don Denny Property at a cost of \$125,497.
- Improvements to City Hall, \$260,915.
- A Volvo Front End Loader for the Street Department at a cost of \$64,521, net of trade in.
- Power loading system and cots for ambulances at a cost of \$79,223.
- An International Rescue Truck for Fire Department at a cost of \$282,262.
- A Foam System for International Rescue Truck at a cost of \$19,500.
- A new Chevrolet Tahoe for the Police Department at a cost of \$37,319.
- A new Walker Mower/Dethatcher for the Park’s Department at a cost of \$11,240.
- A new John Deere Gator and Front Blade for the Park’s Department at a cost of \$11,867.
- A new John Deere 1600 Turbo Mower for the Park’s Department at a cost of \$29,000, net of trade in.
- New Water Treatment Plant improvements totaling \$731,040.
- Construction in progress for a new EMS Facility totaling \$1,110,980.
- Construction in progress for a new Water Tower totaling \$333,232.
- A new Flex rake for the Wastewater Treatment Plant at a cost of \$101,000.
- Construction in progress for Cedar Brook Housing Addition totaling \$248,124.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 382,114	\$ 256,617	\$ 758,117	\$ 758,117	\$ 1,140,231	\$ 1,014,734
Buildings	1,406,017	1,463,577	-	-	1,406,017	1,463,577
Utility plant	-	-	20,757,156	17,280,750	20,757,156	17,280,750
Improvements other than buildings	3,067,750	3,099,325	10,412,848	10,728,299	13,480,598	13,827,624
Infrastructure	17,906,464	18,735,447	-	-	17,906,464	18,735,447
Machinery and equipment	1,668,723	1,462,638	599,470	363,456	2,268,193	1,826,094
Construction work in progress	<u>2,918,331</u>	<u>4,135,137</u>	<u>55,738</u>	<u>-</u>	<u>2,974,069</u>	<u>4,135,137</u>
Total	<u>\$ 27,349,399</u>	<u>\$ 29,152,741</u>	<u>\$ 32,583,329</u>	<u>\$ 29,130,622</u>	<u>\$ 59,932,728</u>	<u>\$ 58,283,363</u>

Additional information on the City’s capital assets can be found in Note 3 on pages 49 through 52 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City's total long-term debt obligations outstanding are \$43,108,174. This amount was comprised of \$37,093,000 of general obligation bonds secured by future tax revenues from governmental activities with \$5,531,410 of such bonds being committed from resources generated by business-type revenues, \$4,535,000 of revenue bonds which are secured by business-type revenue sources, \$18,376 of notes payable secured by the future revenue sources from governmental activities, and \$870,000 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 \$532,136 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 increased by \$6,377,478, or about 17% during the current year. This increase was the result of new general obligation bond issues totaling \$8,225,000 principally for a water treatment plant and a new water tower and bond retirements totaling \$1,926,000.

Additional information on the City's long-term debt can be found in Note 4 on pages 52 through 59 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 2014 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 2014 by \$1,265,764, or approximately 49%. Assessed valuations increased about 66%, resulting in a decreased mill levy of 4.607 mills.

The gaming facility revenue for 2014 has been estimated at \$1,600,000 and comprises approximately 35% of the General Fund's 2014 total resources. The other significant resources for the General Fund are the carryover balance from 2013, the 1% county-wide sales tax for Sedgwick County, and property taxes, which comprise 29%, 14% and 20% respectively, of the total General Fund resources for the 2014 budget.

The City's total property tax rate for the 2014 budget is 41.923 mills with the General Fund's levy at 9.630 mills. The Debt Service Fund and Employee Benefits Fund levies 3.734 mills and 18.511 mills, respectively, of the total City levy rate. The City's total assessed valuation for the 2014 budget was \$91,646,404, which reflects an increase from 2013 budget of \$36,277,661 as the result of the Kansas Star Casino facilities. The total City mill levy was reduced by 4.607 mills for the 2014 budget representing a 10% decrease.

With unemployment remaining relatively high, sales tax revenues still fluctuating, and without any past history to estimate the future gaming facility revenue sharing, the City Council continued to take a very cautious approach to revenue estimating and expenditure appropriations in the 2014 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 POSITION

December 31, 2013

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Mulvane Public Library</u>	<u>Mulvane Housing Authority</u>
<u>ASSETS</u>					
Cash and investments	\$ 14,032,349	\$ 1,829,306	\$ 15,861,655	\$ 148,782	\$ 37,376
Receivables:					
Property taxes	3,694,340	-	3,694,340	-	-
Special assessment taxes	19,835,038	-	19,835,038	-	-
Sales taxes	62,068	-	62,068	-	-
Franchise fees	40,875	-	40,875	-	-
Gaming facility revenue receivable	144,517	-	144,517	-	-
Trade accounts, net	313,348	1,061,096	1,374,444	-	-
Prepaid items	32,671	30,363	63,034	-	-
Restricted assets	8,591	3,236,279	3,244,870	-	9,228
Capital assets:					
Land	382,114	758,117	1,140,231	-	16,000
Buildings	2,362,453	26,886,474	29,248,927	-	597,492
Improvements other than buildings	3,785,323	15,970,181	19,755,504	-	-
Infrastructure	34,159,546	-	34,159,546	-	-
Machinery and equipment	4,868,422	2,132,028	7,000,450	43,673	102,617
Less accumulated depreciation	(21,126,790)	(13,219,209)	(34,345,999)	(24,595)	(486,851)
Construction work in progress	2,918,331	55,738	2,974,069	-	-
Total assets	<u>65,513,196</u>	<u>38,740,373</u>	<u>104,253,569</u>	<u>167,860</u>	<u>275,862</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Unamortized deferred costs on bond refunding	-	99,635	99,635	-	-
<u>LIABILITIES</u>					
Accounts payable	601,450	291,725	893,175	20,459	2,725
Accrued payroll payable	25,446	11,885	37,331	-	-
Accrued interest payable	296,418	88,974	385,392	-	-
Matured bonds and coupons payable	1,316	-	1,316	-	-
Temporary notes payable	715,000	-	715,000	-	-
Unearned revenue	254,637	-	254,637	-	-
Noncurrent liabilities:					
Due within one year	1,986,991	908,274	2,895,265	-	19,684
Due in more than one year	30,800,821	9,412,088	40,212,909	-	180,347
Total liabilities	<u>34,682,079</u>	<u>10,712,946</u>	<u>45,395,025</u>	<u>20,459</u>	<u>202,756</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Property taxes receivable	<u>3,694,340</u>	-	<u>3,694,340</u>	-	-
<u>NET POSITION</u>					
Net investment in capital assets	(5,160,229)	22,516,919	17,356,690	29,074	29,227
Restricted for:					
Debt service	20,186,897	3,009,366	23,196,263	-	-
Capital improvements	5,234,154	-	5,234,154	-	6,503
General government	470,251	-	470,251	-	-
Employee Benefits	117,642	-	117,642	-	-
Public safety	394,800	-	394,800	-	-
Parks and recreation	125,077	-	125,077	-	-
Economic development	373,437	-	373,437	-	-
Street maintenance and improvement	30,732	-	30,732	-	-
Health and welfare	44,587	-	44,587	-	-
Unrestricted	<u>5,319,429</u>	<u>2,600,777</u>	<u>7,920,206</u>	<u>118,327</u>	<u>37,376</u>
Total net position	<u>\$ 27,136,777</u>	<u>\$ 28,127,062</u>	<u>\$ 55,263,839</u>	<u>\$ 147,401</u>	<u>\$ 73,106</u>

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

CITY OF MULVANE, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority
Governmental Activities:									
General government	\$ 1,120,120	\$ 133,536	\$ -	\$ -	\$ (986,584)	\$ -	\$ (986,584)	\$ -	\$ -
Public safety	2,846,130	483,626	339,091	-	(2,023,413)	-	(2,023,413)	-	-
Highways and streets	1,538,787	33,840	241,202	-	(1,263,745)	-	(1,263,745)	-	-
Health and sanitation	45,963	-	50,908	-	4,945	-	4,945	-	-
Culture and recreation	962,253	65,372	72,888	-	(823,993)	-	(823,993)	-	-
Economic development	49,927	203,839	-	-	153,912	-	153,912	-	-
Environmental protection	739	-	-	204	(535)	-	(535)	-	-
Interest on long-term debt	875,012	-	1,044,990	-	169,978	-	169,978	-	-
Total Governmental Activities	\$ 7,438,931	\$ 920,213	\$ 1,749,079	\$ 204	(4,769,435)	-	(4,769,435)	-	-
Business-Type Activities:									
Electric Utility	\$ 4,268,774	\$ 4,358,191	\$ -	\$ 1,651	-	91,068	91,068	-	-
Water Utility	914,372	1,092,281	-	-	-	177,909	177,909	-	-
Sewer Utility	1,698,378	1,639,641	-	-	-	(58,737)	(58,737)	-	-
Total Business-Type Activities	\$ 6,881,524	\$ 7,090,113	\$ -	\$ 1,651	-	210,240	210,240	-	-
Component Units:									
Mulvane Public Library	\$ 225,370	\$ 4,814	\$ 24,316	\$ -	-	-	-	(196,240)	-
Mulvane Housing Authority	77,889	77,012	9,201	-	-	-	-	-	8,324
Total Component Units	\$ 303,259	\$ 81,826	\$ 33,517	\$ -	-	-	-	(196,240)	8,324
General Revenues and Transfers:									
General Revenues:									
Property taxes levied for:									
General purposes					2,217,654	-	2,217,654	-	-
Debt service					371,681	-	371,681	-	-
Gaming facility revenue sharing					1,926,430	-	1,926,430	-	-
Sales taxes					661,288	-	661,288	-	-
Franchise taxes					244,783	-	244,783	-	-
Payment from City of Mulvane					-	-	-	245,000	-
Investment earnings					10,573	3,173	13,746	86	21
Transfers in (out)					(4,072,237)	4,072,237	-	-	-
Total general revenues and transfers					1,360,172	4,075,410	5,435,582	245,086	21
Change in net position					(3,409,263)	4,285,650	876,387	48,846	8,345
Net position at beginning of year					30,546,040	23,841,412	54,387,452	98,555	64,761
Net position at end of year					\$ 27,136,777	\$ 28,127,062	\$ 55,263,839	\$ 147,401	\$ 73,106

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

FUND FINANCIAL STATEMENTS

CITY OF MULVANE, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS
(continued on next page)

December 31, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Water Treatment Plant Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and short-term investments	\$ 2,692,761	\$ 351,859	\$ 5,430,311	\$ 5,557,418	\$14,032,349
Cash with fiscal agent	–	1,316	–	–	1,316
Cash held for appearance bonds	7,275	–	–	–	7,275
Property taxes receivable	1,000,296	329,004	–	2,365,040	3,694,340
Special assessment taxes receivable	–	19,835,038	–	–	19,835,038
Due from other funds	–	–	–	477	477
Accounts receivable, net	254,637	–	–	58,711	313,348
Gaming facility revenue receivable	144,517	–	–	–	144,517
Franchise fees receivable	40,875	–	–	–	40,875
Sales tax receivable	<u>62,068</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>62,068</u>
Total assets	<u>\$ 4,202,429</u>	<u>\$20,517,217</u>	<u>\$ 5,430,311</u>	<u>\$ 7,981,646</u>	<u>\$38,131,603</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 22,042	\$ –	\$ 196,157	\$ 379,027	\$ 597,226
Accrued payroll payable	18,991	–	–	3,404	22,395
Due to other funds	–	–	–	477	477
Matured bonds and coupons payable	–	1,316	–	–	1,316
Municipal Court appearance bonds payable	7,275	–	–	–	7,275
Temporary notes payable	–	–	–	715,000	715,000
Deferred revenue	<u>254,637</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>254,637</u>
Total liabilities	<u>302,945</u>	<u>1,316</u>	<u>196,157</u>	<u>1,097,908</u>	<u>1,598,326</u>
Deferred inflows of resources:					
Property taxes receivable	1,000,296	329,004	–	2,365,040	3,694,340
Special assessment taxes receivable	<u>–</u>	<u>19,835,038</u>	<u>–</u>	<u>–</u>	<u>19,835,038</u>
Total deferred inflows of resources	<u>1,000,296</u>	<u>20,164,042</u>	<u>–</u>	<u>2,365,040</u>	<u>23,529,378</u>

CITY OF MULVANE, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS
(continued from previous page)

December 31, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Wastewater Treatment Plant Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:					
Restricted:					
Insurance claims	\$ 117,642	\$ --	\$ --	\$ --	\$ 117,642
Debt service	--	351,859	--	--	351,859
EMS facility and equipment	--	--	--	394,800	394,800
General government	--	--	--	470,251	470,251
Recreation	--	--	--	125,077	125,077
Health and welfare	--	--	--	44,587	44,587
Economic development	--	--	--	373,437	373,437
Street improvements	--	--	--	30,732	30,732
Capital improvements	--	--	157,667	--	157,667
Committed:					
Street improvements	--	--	--	463,229	463,229
Parks and recreation	--	--	--	57,172	57,172
Capital improvements	--	--	5,076,487	2,522,964	7,599,451
Assigned:					
General government	2,781,546	--	--	--	2,781,546
Culture and recreation	--	--	--	2,957	2,957
Capital outlay	--	--	--	282,651	282,651
Unassigned	--	--	--	(249,159)	(249,159)
Total fund balances	<u>2,899,188</u>	<u>351,859</u>	<u>5,234,154</u>	<u>4,518,698</u>	<u>13,003,899</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,202,429</u>	<u>\$20,517,217</u>	<u>\$ 5,430,311</u>	<u>\$ 7,981,646</u>	<u>\$38,131,603</u>

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

CITY OF MULVANE, KANSAS

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

December 31, 2013

Total Governmental Fund Balances		\$ 13,003,899
Amounts reported for governmental activities in the statement of net position 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	\$ 48,476,189	
Accumulated depreciation	<u>(21,126,790)</u>	27,349,399
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:		
Special assessments receivable		19,835,038
Prepaid expenses		32,671
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	296,418	
Compensated absences payable	278,184	
Note payable to Mulvane Firemen's Relief Association	18,746	
General obligation bonds payable	31,561,590	
Unamortized premium on sale of general obligation bonds	59,292	
Mulvane Public Building Commission revenue bonds payable	<u>870,000</u>	<u>(33,084,230)</u>
Net Position of Governmental Activities		<u>\$ 27,136,777</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, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Water Treatment Plant Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 1,396,961	\$ 705,953	\$ --	\$ 1,787,636	\$ 3,890,550
Special assessment taxes	--	1,825,520	--	--	1,825,520
Intergovernmental	2,292,730	--	--	235,973	2,528,703
Licenses and permits	338,642	--	--	3,000	341,642
Charges for services	207,974	--	--	96,212	304,186
Fines and forfeitures	149,907	--	--	--	149,907
Use of money and property	14,942	917	--	128,538	144,397
Miscellaneous	<u>24,390</u>	<u>--</u>	<u>--</u>	<u>7,412</u>	<u>31,802</u>
Total revenues	<u>4,425,546</u>	<u>2,532,390</u>	<u>--</u>	<u>2,258,771</u>	<u>9,216,707</u>
Expenditures:					
Current:					
General government	933,546	--	--	241,362	1,174,908
Public safety	2,091,455	--	--	581,932	2,673,387
Highways and streets	363,628	--	--	356,335	719,963
Culture and recreation	328,117	--	--	552,012	880,129
Health and welfare	--	--	--	45,963	45,963
Environmental protection	739	--	--	--	739
Economic development	49,927	--	--	--	49,927
Capital improvements	--	--	731,040	2,518,777	3,249,817
Debt Service	<u>18,981</u>	<u>2,308,649</u>	<u>--</u>	<u>125,745</u>	<u>2,453,375</u>
Total expenditures	<u>3,786,393</u>	<u>2,308,649</u>	<u>731,040</u>	<u>4,422,126</u>	<u>11,248,208</u>
Revenues over (under) expenditures	<u>639,153</u>	<u>223,741</u>	<u>(731,040)</u>	<u>(2,163,355)</u>	<u>(2,031,501)</u>
Other financing sources (uses):					
Issuance of general obligation bonds	--	--	6,011,716	2,213,284	8,225,000
Premium on issuance of general obligation bonds	--	--	46,727	17,202	63,929
Transfers in	30,000	--	--	713,950	743,950
Transfers out	<u>(709,320)</u>	<u>(2,684)</u>	<u>--</u>	<u>(1,946)</u>	<u>(713,950)</u>
Total other financing sources (uses)	<u>(679,320)</u>	<u>(2,684)</u>	<u>6,058,443</u>	<u>2,942,490</u>	<u>8,318,929</u>
Net change in fund balance	(40,167)	221,057	5,327,403	779,135	6,287,428
Fund balances (deficit), beginning of year	<u>2,939,355</u>	<u>130,802</u>	<u>(93,249)</u>	<u>3,739,563</u>	<u>6,716,471</u>
Fund balances, end of year	<u>\$2,899,188</u>	<u>\$ 351,859</u>	<u>\$5,234,154</u>	<u>\$ 4,518,698</u>	<u>\$13,003,899</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, 2013

Net Change in Fund Balances – Total Governmental Funds		\$ 6,287,428
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	\$ 3,641,535	
Depreciation	<u>(1,340,962)</u>	
Excess capital outlays over depreciation		2,300,573
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due		25,418
The issuance of general obligation bonds provides current financial resources in the governmental funds but represent an increase in long-term liabilities in the statement of activities		(8,225,000)
The premium on the issuance of general obligation bonds provides current financial resources in the governmental funds but represents an increase to the long-term liabilities in the statement of activities		(63,929)
Capital assets contributed to enterprise fund activities are reported as a transfer out in the statement of activities		(4,102,237)
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	1,434,932	
Mulvane Public Building Commission revenue bond payment	95,000	
Mulvane Firemen's Relief Association loan payment	<u>18,376</u>	
Total payments on long-term liabilities		1,548,308
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		(747)
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		(1,114,802)
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	5,001	
Compensated absences payable	(73,913)	
Amortization of premium on issuance of general obligation bonds	<u>4,637</u>	
Total		<u>(64,275)</u>
Change in Net Position of Governmental Activities		<u>\$ (3,409,263)</u>

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

CITY OF MULVANE, KANSAS

GENERAL FUND

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

Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$1,279,338	\$1,279,338	\$1,388,100	\$ 108,762
Intergovernmental	1,866,736	1,866,736	2,306,372	439,636
Licenses, fees and permits	281,000	281,000	341,063	60,063
Charges for services	220,000	220,000	207,974	(12,026)
Fines and forfeitures	109,250	109,250	149,907	40,657
Use of money and property	8,500	8,500	14,920	6,420
Miscellaneous	1,000	1,000	24,528	23,528
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>—</u>
 Total revenues and other sources	 <u>3,795,824</u>	 <u>3,795,824</u>	 <u>4,462,864</u>	 <u>667,040</u>
Expenditures, encumbrances and other uses:				
General government:				
Administration department	1,380,374	1,380,374	558,648	821,726
Inspection department	<u>113,250</u>	<u>113,250</u>	<u>89,697</u>	<u>23,553</u>
 Total general government	 <u>1,493,624</u>	 <u>1,493,624</u>	 <u>648,345</u>	 <u>845,279</u>
Public safety:				
Police department	1,191,139	1,191,139	1,166,242	24,897
Fire department	207,835	207,835	191,130	16,705
EMS department	816,412	816,412	724,757	91,655
Municipal Court	102,250	102,250	115,836	(13,586)
Fire District No. 12	<u>18,000</u>	<u>18,000</u>	<u>17,283</u>	<u>717</u>
 Total public safety	 <u>2,335,636</u>	 <u>2,335,636</u>	 <u>2,215,248</u>	 <u>120,388</u>
Highways and streets:				
Street department	323,167	323,167	319,687	3,480
Street lighting	<u>179,000</u>	<u>179,000</u>	<u>43,941</u>	<u>135,059</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Total highways and streets	\$ <u>502,167</u>	\$ <u>502,167</u>	\$ <u>363,628</u>	\$ <u>138,539</u>
Culture and recreation:				
Parks department	248,700	248,700	197,356	51,344
Sports Complex	<u>271,660</u>	<u>271,660</u>	<u>130,761</u>	<u>140,899</u>
Total culture and recreation	<u>520,360</u>	<u>520,360</u>	<u>328,117</u>	<u>192,243</u>
Economic development:				
Planning department	<u>98,000</u>	<u>98,000</u>	<u>30,424</u>	<u>67,576</u>
Environmental protection:				
Bindweed department	<u>1,000</u>	<u>1,000</u>	<u>739</u>	<u>261</u>
Other:				
Debt service	145,516	145,516	144,726	790
Operating transfers out	<u>212,642</u>	<u>212,642</u>	<u>709,320</u>	<u>(496,678)</u>
Total other	<u>358,158</u>	<u>358,158</u>	<u>854,046</u>	<u>(495,888)</u>
Total expenditures, encumbrances and other uses	<u>5,308,945</u>	<u>5,308,945</u>	<u>4,440,547</u>	<u>868,398</u>
Revenues and other sources over (under) expenditures, encumbrances and other uses	(1,513,121)	(1,513,121)	22,317	1,535,438
Fund balance, beginning of year	<u>1,513,121</u>	<u>1,513,121</u>	<u>2,487,732</u>	<u>974,611</u>
Fund balance, end of year	\$ <u>—</u>	\$ <u>—</u>	\$ <u>2,510,049</u>	\$ <u>2,510,049</u>

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

CITY OF MULVANE, KANSAS

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2013

	<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	\$ 783,327	\$ 705,390	\$ 340,589	\$ 1,829,306	\$ –
Trade accounts receivable	645,101	147,588	268,407	1,061,096	–
Prepaid expenses	18,113	3,164	9,086	30,363	–
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	22,742	–	29,458	52,200	–
Customer deposits	136,828	53,140	–	189,968	–
Total current assets	<u>1,606,111</u>	<u>909,282</u>	<u>647,540</u>	<u>3,162,933</u>	<u>–</u>
Noncurrent assets:					
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	25,655	–	–	25,655	–
Revenue bond reserve	198,005	–	383,442	581,447	–
Revenue bond surplus reserve	1,227,729	–	787,806	2,015,535	–
Replacement reserve	371,474	–	–	371,474	–
Total restricted assets	<u>1,822,863</u>	<u>–</u>	<u>1,171,248</u>	<u>2,994,111</u>	<u>–</u>
Property, plant and equipment:					
Land	419,856	–	338,261	758,117	–
Utility plant	5,392,250	779,500	20,714,724	26,886,474	–
Improvements other than buildings	5,193,153	5,549,499	5,227,529	15,970,181	–
Machinery and equipment	1,295,152	264,132	572,744	2,132,028	–
Construction work in progress	–	–	55,738	55,738	–
	12,300,411	6,593,131	26,908,996	45,802,538	–
Less accumulated depreciation	<u>(7,214,874)</u>	<u>(2,138,967)</u>	<u>(3,865,368)</u>	<u>(13,219,209)</u>	<u>–</u>
Property, plant and equipment, net	<u>5,085,537</u>	<u>4,454,164</u>	<u>23,043,628</u>	<u>32,583,329</u>	<u>–</u>
Total assets	<u>8,514,511</u>	<u>5,363,446</u>	<u>24,862,416</u>	<u>38,740,373</u>	<u>–</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred outflows of resources					
Unamortized deferred cost on refunding	41,197	–	58,438	99,635	–
Total assets and deferred outflows of resources	<u>8,555,708</u>	<u>5,363,446</u>	<u>24,920,854</u>	<u>38,840,008</u>	<u>–</u>

	<u>Business-Type Activities – Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund (Shop Maintenance Fund)</u>
	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Total Enterprise Funds</u>	
<u>LIABILITIES</u>					
Current liabilities:					
Salaries and wages payable	\$ 5,872	\$ 1,950	\$ 4,063	\$ 11,885	\$ –
Accounts payable	17,655	23,472	60,630	101,757	–
Compensated absences payable	95,070	25,215	66,420	186,705	–
Current portion of general obligation bonds payable	254,125	63,455	322,385	639,965	–
Accrued interest payable	10,756	3,720	37,553	52,029	–
Current liabilities payable from restricted assets:					
Accrued revenue bond interest payable	22,742	–	14,203	36,945	–
Current portion of:					
Revenue bonds payable	–	–	81,604	81,604	–
Customer deposits payable	<u>136,828</u>	<u>53,140</u>	<u>–</u>	<u>189,968</u>	<u>–</u>
Total current liabilities	<u>543,048</u>	<u>170,952</u>	<u>586,858</u>	<u>1,300,858</u>	<u>–</u>
Noncurrent liabilities:					
Long-term portion of compensated absences payable	45,926	12,181	9,140	67,247	–
Long-term portion of general obligation bonds payable	2,077,280	297,915	2,516,250	4,891,445	–
Long-term portion of revenue bonds payable	<u>1,483,119</u>	<u>–</u>	<u>2,970,277</u>	<u>4,453,396</u>	<u>–</u>
Total noncurrent liabilities	<u>3,606,325</u>	<u>310,096</u>	<u>5,495,667</u>	<u>9,412,088</u>	<u>–</u>
Total liabilities	<u>4,149,373</u>	<u>481,048</u>	<u>6,082,525</u>	<u>10,712,946</u>	<u>–</u>
<u>NET POSITION</u>					
Net position:					
Net investment in capital assets	1,271,013	4,092,794	17,153,112	22,516,919	–
Restricted for debt service	1,822,863	–	1,186,503	3,009,366	–
Unrestricted	<u>1,312,459</u>	<u>789,604</u>	<u>498,714</u>	<u>2,600,777</u>	<u>–</u>
Total net position	<u>\$ 4,406,335</u>	<u>\$ 4,882,398</u>	<u>\$18,838,329</u>	<u>\$ 28,127,062</u>	<u>\$ –</u>

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

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

Year ended December 31, 2013

	Business-Type Activities – Enterprise Funds				Governmental
	Electric System	Water System	Sewer System	Total Enterprise Funds	Activities Internal Service Fund (Shop Mainte- ance Fund)
Operating revenues:					
Charges for services	\$ 4,298,598	\$ 1,058,818	\$ 1,635,620	\$ 6,993,036	\$ --
Miscellaneous	53,743	25,477	4,021	83,241	--
Rents and royalties	<u>5,850</u>	<u>7,986</u>	<u>--</u>	<u>13,836</u>	<u>--</u>
Total operating revenues	<u>4,358,191</u>	<u>1,092,281</u>	<u>1,639,641</u>	<u>7,090,113</u>	<u>--</u>
Operating expenses:					
Production	2,920,038	--	--	2,920,038	--
Treatment	--	773,748	631,539	1,405,287	--
Distribution and maintenance	767,062	--	--	767,062	485
Collection	--	--	314,248	314,248	--
Depreciation	<u>447,451</u>	<u>128,371</u>	<u>543,998</u>	<u>1,119,820</u>	<u>--</u>
Total operating expenses	<u>4,134,551</u>	<u>902,119</u>	<u>1,489,785</u>	<u>6,526,455</u>	<u>485</u>
Operating income (loss)	<u>223,640</u>	<u>190,162</u>	<u>149,856</u>	<u>563,658</u>	<u>(485)</u>
Nonoperating revenues (expense):					
Interest income	1,932	405	836	3,173	--
Interest expense	(127,457)	(12,045)	(199,196)	(338,698)	--
Gain on disposal of assets	1,651	--	--	1,651	--
Amortization of deferred refunding costs	<u>(6,147)</u>	<u>--</u>	<u>(8,808)</u>	<u>(14,955)</u>	<u>--</u>
Total nonoperating revenue (expense)	<u>(130,021)</u>	<u>(11,640)</u>	<u>(207,168)</u>	<u>(348,829)</u>	<u>--</u>
Income (loss) before contributions and transfers	93,619	178,522	(57,312)	214,829	(485)
Contributed capital	--	4,630	4,097,607	4,102,237	--
Contributions to municipality	--	--	--	--	(1,678)
Transfers to other funds	<u>--</u>	<u>--</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>--</u>
Change in net position	93,619	183,152	4,010,295	4,287,066	(2,163)
Net position, beginning of year	<u>4,312,716</u>	<u>4,699,246</u>	<u>14,828,034</u>	<u>23,839,996</u>	<u>2,163</u>
Net position, end of year	<u>\$ 4,406,335</u>	<u>\$ 4,882,398</u>	<u>\$18,838,329</u>	<u>\$ 28,127,062</u>	<u>\$ --</u>
				Increase in net position per fund statements	\$ 4,287,066
				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>(2,163)</u>
				Change in net position of business-type activities	<u>\$ 4,284,903</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, 2013

	Business-Type Activities – Enterprise Funds				Governmental Activities Internal Service Fund (Shop Maintenance Fund)
	Electric System	Water System	Sewer System	Total Enterprise Funds	
Cash flows from operating activities:					
Cash received from customers	\$ 4,223,198	\$1,047,287	\$ 1,606,275	\$ 6,876,760	\$ --
Cash payments for materials and services	(2,805,860)	(441,405)	(293,181)	(3,540,446)	--
Cash payments to employees for services	(904,525)	(326,273)	(591,830)	(1,822,628)	(88)
Other cash receipts	<u>59,594</u>	<u>33,463</u>	<u>4,021</u>	<u>97,078</u>	<u>--</u>
Net cash provided by (used for) operating activities	<u>572,407</u>	<u>313,072</u>	<u>725,285</u>	<u>1,610,764</u>	<u>(88)</u>
Cash flows from capital and related financing activities:					
Principal paid on revenue bonds	--	--	(85,000)	(85,000)	--
Principal paid on general obligation bonds	(102,331)	(60,228)	(148,509)	(311,068)	--
Interest paid on debt	(127,822)	(12,487)	(200,220)	(340,529)	--
Proceeds from disposal of capital assets	1,651	--	--	1,651	--
Acquisition and construction of capital assets	<u>(238,156)</u>	<u>(18,558)</u>	<u>(213,576)</u>	<u>(470,290)</u>	<u>--</u>
Net cash provided (used) by capital and related financing activities	<u>(466,658)</u>	<u>(91,273)</u>	<u>(647,305)</u>	<u>(1,205,236)</u>	<u>--</u>
Cash flows from noncapital financing activities:					
Transfers to other funds	<u>--</u>	<u>--</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>--</u>
Cash flows from investing activities:					
Interest received	<u>1,932</u>	<u>405</u>	<u>836</u>	<u>3,173</u>	<u>--</u>
Net increase in cash and cash equivalents	107,681	222,204	48,816	378,701	(88)
Cash and cash equivalents, beginning of year	<u>2,658,079</u>	<u>536,326</u>	<u>1,492,479</u>	<u>4,686,884</u>	<u>88</u>
Cash and cash equivalents, end of year	<u>\$ 2,765,760</u>	<u>\$ 758,530</u>	<u>\$ 1,541,295</u>	<u>\$ 5,065,585</u>	<u>\$ --</u>
Cash and cash equivalents	\$ 783,327	\$ 705,390	\$ 340,589	\$ 1,829,306	\$ --
Restricted cash and cash equivalents included in restricted cash and investments	<u>1,982,433</u>	<u>53,140</u>	<u>1,200,706</u>	<u>3,236,279</u>	<u>--</u>
Cash and cash equivalents, end of year	<u>\$ 2,765,760</u>	<u>\$ 758,530</u>	<u>\$ 1,541,295</u>	<u>\$ 5,065,585</u>	<u>\$ --</u>

CITY OF MULVANE, KANSAS

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
(continued from previous page)

Year ended December 31, 2013

	Business-Type Activities – Enterprise Funds				Governmental Activities Internal Service Fund (Shop Maintenance Fund)
	Electric System	Water System	Sewer System	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 223,640	\$ 190,162	\$ 149,856	\$ 563,658	\$ (485)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	447,451	128,371	543,998	1,119,820	--
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	(69,855)	(9,959)	(29,346)	(109,160)	--
Decrease (increase) in prepaid expenses	(3,120)	(475)	(757)	(4,352)	739
Increase (decrease) in salaries and wages payable	2,531	630	1,115	4,276	(88)
Increase in accounts payable	7,197	21,260	51,279	79,736	--
Increase (decrease) in compensated absences payable	(29,892)	(15,345)	9,140	(36,097)	(254)
Increase (decrease) in customer deposits payable	(5,545)	(1,572)	--	(7,117)	--
Net cash provided by (used for) operating activities	<u>\$ 572,407</u>	<u>\$ 313,072</u>	<u>\$ 725,285</u>	<u>\$ 1,610,764</u>	<u>\$ (88)</u>

Noncash capital and related financing activities:

The Water and Sewer System Funds received noncash contributions of assets from the municipality for facility improvements during 2013 in the amounts of \$4,630 and \$4,097,607, respectively.

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

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

December 31, 2013

	<u>Agency Funds</u>
Assets:	
Cash including investments	\$199,630
Liabilities:	
Accounts payable	<u>199,630</u>
Net position	<u>\$ —</u>

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

CITY OF MULVANE, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 units

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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's basic financial statements include both government-wide, including a statement of net position 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 position 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 position 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the City.

Fund financial statements

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

Measurement focus and basis of accounting

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

General Fund – The general fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those 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.

Water Treatment Plant Improvements Fund – This project fund is used to account for and report the costs incurred related to construction of a new water treatment plant related to anticipated demands for additional water treatment capacity.

The City reports the following major proprietary funds:

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

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

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

The City also reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Project Funds – The capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, 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 however, its operations were discontinued during 2013 and have been absorbed by other City Departments.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

fund to account for moneys held on behalf of City employee's 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. In addition, gaming facility revenues collected and held by the State at year-end on behalf of the City are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

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

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

Cash and short-term investments

Cash and short-term investments include amounts in demand deposit, money market accounts and certificates of deposit. Investments are carried at fair value. Deposits are

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 that 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. The City defines capital assets as assets with an initial individual cost of \$2,500. 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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Utility plant in service	28 – 50 years
Buildings	15 – 40 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 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, if significant. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Deferred amounts on refunding bond costs are being amortized by the interest method over the life of the related revenue bonds in the enterprise funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, 2013, there were no outstanding or accrued liabilities. Changes in the reported liability since December 31, 2012 is as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	End of Year <u>Liability</u>
2012	\$ -	\$27,410	\$27,410	\$ -
2013	-	31,892	30,313	1,579

At December 31, 2013, General Fund cash and short-term investments of \$119,221 were held for purposes of funding the City's future claims liabilities, including \$1,579 at year-end. As a result, \$117,642 of the General Fund balance is restricted for payment of future claims liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows of Resources/Deferred Outflows of Resources

Effective January 1, 2012, the City implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 63 provides guidance for reporting deferred outflows and deferred inflows of resources and GASB Statement No. 65 provided additional guidance on reclassifying, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The City identified certain financial balances that meet the definition of a deferred outflow of resources or a deferred inflow of resources. These items include unamortized deferred costs on bond refundings and property taxes and special assessments receivable.

Equity Classifications

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

As prescribed by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund balance classifications are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be expended. In the governmental funds financial statements, equity is classified into potentially five components:

- Nonspendable – Assets that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Restricted – Assets with externally imposed constraints such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws or regulations.
- Committed – The committed portion of fund balance can only be used for the specific purpose imposed by a resolution or ordinance authorized by a majority vote of the City Council. Any changes or removal of specific purposes requires a majority vote by a quorum of the governing body.
- Assigned – The assigned portion of fund balance is that which the City of Mulvane intends to use for a specific purpose as directed by the City Council. The portion of fund balance that is appropriated by the City Council for next year's budget that is not already restricted or committed is considered assigned. Encumbrances, which can be approved by designated senior staff, are included in the assigned fund balance.
- Unassigned – All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

In circumstances when expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

The City's fund balance policy states that the General Fund will be managed in such a way as to maintain a minimum unrestricted fund balance equal to at least three-months annual operating expenditures and transfers out.

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.

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 Shop Maintenance Fund was discontinued effective January 1, 2013 and there were no budgetary basis expenditures incurred for that fund during 2013. The Water Treatment Plant Improvements, Capital Improvement Reserve, Municipal Equipment Reserve, Safe Routes to School, Casino

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Project, Secondary EMS Facility and Equipment Project, Water Tower Project, Water System Improvements, Wastewater Treatment Plan Phase II, City Hall Renovations Project, Cedar Brook 4th Addition Water Improvements, Cedar Brook 4th Addition Sewer Improvements, Cedar Brook 4th Addition Street Improvements, Cedar Brook 5th Addition Water Improvements, Cedar Brook 5th Addition Sewer Improvements, Cedar Brook 5th Addition Street Improvements and Cedar Brook 4th and 5th Addition Storm Sewer Improvements Project funds 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 2013, the governing body amended the following funds:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
Transportation Impact Fee	\$ 149,206	\$ 168,081
Special Alcohol	6,736	45,963

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,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

2. DEPOSITS AND INVESTMENTS

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that 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, 2013, is as follows:

Carson Bank	91%
Emprise Bank	9%

Custodial credit risk – deposits

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

2. DEPOSITS AND INVESTMENTS (continued)

At year-end, the carrying amount of the City's deposits was \$19,304,439, with the bank balances of such accounts being \$19,657,057. Of the bank balances, \$573,290 was covered by federal depository insurance and the remaining balance of \$19,083,767 was covered by collateral held by the City's custodial banks in joint custody in the name of the City and its banks. The fair value of those pledged securities held by the City's custodial investment agencies was \$23,249,548 at December 31, 2013.

The remaining carrying amount of the City's cash and investments at December 31, 2013 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, 2013 consisted of demand deposit and money market checking accounts. At year-end, the carrying amount of the Library's deposits was \$148,782 with the bank balances of such accounts being \$144,906. The bank balances were entirely secured by FDIC insurance at December 31, 2013.

The Mulvane Housing Authority's cash and investments at December 31, 2013 consisted of savings and money market checking accounts. At year-end, the carrying amount of the Authority's deposits was \$46,604 with the bank balances of such accounts being \$47,268. The bank balances were entirely secured by FDIC insurance at December 31, 2013.

3. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2013</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 256,617	\$ 125,497	\$ -	\$ 382,114
Construction work in progress	<u>4,135,137</u>	<u>2,880,801</u>	<u>4,097,607</u>	<u>2,918,331</u>
	<u>4,391,754</u>	<u>3,006,298</u>	<u>4,097,607</u>	<u>3,300,445</u>
Capital assets being depreciated:				
Buildings	2,362,453	-	-	2,362,453

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2013</u>
Improvements other than buildings	\$ 3,719,499	\$ 65,824	\$ -	\$ 3,785,323
Infrastructure	34,159,546	-	-	34,159,546
Machinery and equipment	<u>4,568,143</u>	<u>564,783</u>	<u>264,504</u>	<u>4,868,422</u>
Total capital assets being depreciated	<u>44,809,641</u>	<u>630,607</u>	<u>264,504</u>	<u>45,175,744</u>
Less accumulated depreciation for:				
Buildings	898,876	57,560	-	956,436
Improvements other than buildings	620,174	97,399	-	717,573
Infrastructure	15,424,099	828,983	-	16,253,082
Machinery and equipment	<u>3,105,505</u>	<u>357,019</u>	<u>262,825</u>	<u>3,199,699</u>
Total accumu- lated depreciation	<u>20,048,654</u>	<u>1,340,961</u>	<u>262,825</u>	<u>21,126,790</u>
Total capital assets being deprec- iated, net	<u>24,760,987</u>	<u>(710,354)</u>	<u>1,679</u>	<u>24,048,954</u>
Governmental activities capital assets, net	<u>\$ 29,152,741</u>	<u>\$ 2,295,944</u>	<u>\$ 4,099,286</u>	<u>\$ 27,349,399</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated				
Land	\$ 758,117	\$ -	\$ -	\$ 758,117

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2013</u>
Construction Work in Progress	\$ <u> —</u>	\$ <u> 55,738</u>	\$ <u> —</u>	\$ <u> 55,738</u>
Total capital assets not being depreciated	<u> 758,117</u>	<u> 55,738</u>	<u> —</u>	<u> 813,855</u>
Capital assets being depreciated:				
Utility plant	22,788,867	4,097,607	—	26,886,474
Improvements other than buildings	15,868,176	102,005	—	15,970,181
Machinery and equipment	<u> 1,860,851</u>	<u> 317,177</u>	<u> 46,000</u>	<u> 2,132,028</u>
Total capital assets being depreciated	<u> 40,517,894</u>	<u> 4,516,789</u>	<u> 46,000</u>	<u> 44,988,683</u>
Less accumulated depreciation for:				
Utility plant	5,508,116	621,202	—	6,129,318
Improvements other than buildings	5,139,877	417,456	—	5,557,333
Machinery and equipment	<u> 1,497,396</u>	<u> 81,162</u>	<u> 46,000</u>	<u> 1,532,558</u>
Total accumu- lated depreciation	<u> 12,145,389</u>	<u> 1,119,820</u>	<u> 46,000</u>	<u> 13,219,209</u>
Total capital assets being depreciated, net	<u> 28,372,505</u>	<u> 3,396,969</u>	<u> —</u>	<u> 31,769,474</u>

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2013</u>
Business-type activities capital assets, net	\$ 29,130,622	\$ 3,452,707	\$ —	\$ 32,583,329

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

Governmental activities:		
General government		\$ 32,911
Public safety		289,759
Highways and streets (including depreciation of infrastructure assets)		886,285
Culture and recreation		<u>132,006</u>
Total depreciation expense – governmental activities		<u>\$ 1,340,961</u>
Business-type activities:		
Electric System		\$ 447,451
Water System		128,371
Sewer System		<u>543,998</u>
Total depreciation expense – business-type activities		<u>\$ 1,119,820</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions of the City for the year ended December 31, 2013:

	Outstanding January 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>Governmental activities</u>					
General obligation bonds Mulvane Public Building Commission Revenue bonds	\$24,771,522	\$ 8,225,000	\$1,434,932	\$ 31,561,590	\$1,681,035
Note payable to Mulvane Firemen's Relief Association	965,000	—	95,000	870,000	95,000
	37,122	—	18,376	18,746	18,746

4. LONG-TERM DEBT (continued)

	Outstanding January 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2013</u>	Due Within <u>One Year</u>
Premium on issuance of general obligation bonds	\$ -	\$ 63,929	\$ 4,637	\$ 59,292	\$ 4,637
Compensated absences	<u>204,525</u>	<u>193,969</u>	<u>120,310</u>	<u>278,184</u>	<u>187,573</u>
Total long-term liabilities – Governmental activities	<u>\$25,978,169</u>	<u>\$ 8,482,898</u>	<u>\$1,673,255</u>	<u>\$ 32,787,812</u>	<u>\$1,986,991</u>
<u>Business-type activities</u>					
Revenue bonds	\$ 4,620,000	\$ -	\$ 85,000	\$ 4,535,000	\$ 81,604
General obligation bonds	5,842,478	-	311,068	5,531,410	639,965
Compensated absences	<u>290,049</u>	<u>177,073</u>	<u>213,170</u>	<u>253,952</u>	<u>186,705</u>
Total long-term liabilities – Business-Type activities	<u>\$10,752,527</u>	<u>\$ 177,073</u>	<u>\$ 609,238</u>	<u>\$ 10,320,362</u>	<u>\$ 908,274</u>

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2034. At December 31, 2013 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Internal Improvement Bonds, Series B, 2003	2.00 – 5.00	\$ 14,000
General Obligation Internal Improvement Bonds, Series A, 2006	4.25 – 4.50	39,000
General Obligation Internal Improvement Bonds, Series B, 2006	4.45 – 5.50	2,615,000
General Obligation Bonds, Series A, 2007	3.90 – 4.35	160,000
General Obligation Refunding Bonds, Series A, 2009	1.20 – 3.60	1,680,000
General Obligation Refunding Bonds, Series A, 2010	2.00 – 3.00	640,000
General Obligation Refunding and Improvement Bonds, Series B, 2010	1.00 – 3.60	640,000
General Obligation Refunding Bonds, Series A, 2011	1.00 – 3.35	4,535,000
General Obligation Bonds, Series A, 2011	2.00 – 3.50	13,700,000

4. LONG-TERM DEBT (continued)

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Refunding and Improvement Bonds, Series B, 2012	1.00 – 2.75	\$ 4,845,000
General Obligation Bonds, Series A, 2013	2.00 – 4.00	<u>8,225,000</u>
Total general obligation bonds outstanding		37,093,000
Less debt service from enterprise funds		<u>(5,531,410)</u>
Total general obligation bonds payable from debt service fund		<u>\$ 31,561,590</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,681,035	\$ 654,392	\$ 2,335,427
2015	1,876,035	1,099,780	2,975,815
2016	2,059,070	839,325	2,898,395
2017	2,032,035	795,285	2,827,320
2018	2,010,070	749,479	2,759,549
2019	2,017,345	705,036	2,722,381
2020	1,875,000	654,683	2,529,683
2021	1,831,000	601,520	2,432,520
2022	1,885,000	548,870	2,433,870
2023	1,925,000	491,163	2,416,163
2024	2,000,000	427,896	2,427,896
2025	2,075,000	364,256	2,439,256
2026	2,145,000	296,165	2,441,165
2027	2,230,000	222,428	2,452,428
2028	785,000	143,000	928,000
2029	470,000	118,000	588,000
2030	490,000	101,550	591,550
2031	510,000	84,400	594,400
2032	530,000	65,275	595,275
2033	555,000	45,400	600,400
2034	<u>580,000</u>	<u>23,200</u>	<u>603,200</u>
	<u>\$31,561,590</u>	<u>\$ 9,031,103</u>	<u>\$ 40,592,693</u>

4. LONG-TERM DEBT (continued)

Note payable

The City's outstanding note payable consists of an \$18,746 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>
2014	<u>\$ 18,746</u>	<u>\$ 234</u>	<u>\$ 18,980</u>

General obligation bonds payable from enterprise funds

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

<u>Year</u>	<u>Electric Utility</u>			<u>Water Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 254,125	\$ 58,163	\$ 312,288	\$ 63,455	\$ 11,162	\$ 74,617
2015	256,468	54,497	310,965	63,455	9,512	72,967
2016	261,768	50,179	311,947	64,530	7,735	72,265
2017	263,497	45,138	308,635	63,455	5,799	69,254
2018	271,140	39,092	310,232	64,530	3,769	68,299
2019	262,932	31,945	294,877	41,945	1,510	43,455
2020	246,015	24,392	270,407	—	—	—
2021	253,044	16,888	269,932	—	—	—
2022	262,416	8,791	271,207	—	—	—
	<u>\$ 2,331,405</u>	<u>\$ 329,085</u>	<u>\$ 2,660,490</u>	<u>\$ 361,370</u>	<u>\$ 39,487</u>	<u>\$ 400,857</u>

<u>Year</u>	<u>Sewer Utility</u>			<u>Total Utilities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 322,385	\$ 71,974	\$ 394,359	\$ 639,965	\$ 141,299	\$ 781,264
2015	325,042	66,928	391,970	644,965	130,937	775,902
2016	331,632	61,074	392,706	657,930	118,988	776,918
2017	333,013	54,313	387,326	659,965	105,250	765,215
2018	342,260	46,363	388,623	677,930	89,224	767,154
2019	320,778	37,041	357,819	625,655	70,496	696,151
2020	278,985	27,661	306,646	525,000	52,053	577,053
2021	286,956	19,152	306,108	540,000	36,040	576,040

4. LONG-TERM DEBT (continued)

Year	Sewer Utility			Total Utilities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 297,584	\$ 9,969	\$ 307,553	\$ 560,000	\$ 18,760	\$ 578,760
	<u>\$2,838,635</u>	<u>\$ 394,475</u>	<u>\$3,233,110</u>	<u>\$ 5,531,410</u>	<u>\$ 763,047</u>	<u>\$ 6,294,457</u>

Revenue bonds

Outstanding revenue bonds, secured by revenues derived from the operations of the Electric, Water and Sewer Utility funds, consist of \$3,165,000 of outstanding Series 2005, 3.00% – 4.60%, Electric, Waterworks and Sewer Utility System Refunding and Improvement Revenue Bonds and \$1,370,000 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. Proceeds from the General Obligation Refunding Bonds, Series A 2011, were utilized to refund \$4,690,000 of the outstanding Series 2005 Electric, Waterworks and Sewer Utility System Refunding and Improvement Bonds. Annual debt service requirements for the outstanding revenue bonds to be paid from the Electric and Sewer Utility Funds are as follows:

Year	Electric Utility			Sewer Utility		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ –	\$ 68,223	\$ 68,223	\$ 85,000	\$ 124,417	\$ 209,417
2015	–	68,223	68,223	85,000	122,717	207,717
2016	–	68,223	68,223	85,000	120,804	205,804
2017	–	68,223	68,223	90,000	118,679	208,679
2018	–	68,223	68,223	95,000	116,204	211,204
2019	–	68,223	68,223	95,000	113,354	208,354
2020	–	68,223	68,223	100,000	110,267	210,267
2021	–	68,223	68,223	100,000	106,767	206,767
2022	–	68,223	68,223	105,000	102,766	207,766
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	<u>323,334</u>	<u>14,873</u>	<u>338,207</u>	<u>471,666</u>	<u>21,067</u>	<u>492,733</u>
	<u>\$ 1,483,119</u>	<u>\$ 824,712</u>	<u>\$ 2,307,831</u>	<u>\$ 3,051,881</u>	<u>\$ 1,338,520</u>	<u>\$ 4,390,401</u>

4. LONG-TERM DEBT (continued)

<u>Year</u>	<u>Totals</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 85,000	\$ 192,640	\$ 277,640
2015	85,000	190,940	275,940
2016	85,000	189,027	274,027
2017	90,000	186,902	276,902
2018	95,000	184,427	279,427
2019	95,000	181,577	276,577
2020	100,000	178,490	278,490
2021	100,000	174,990	274,990
2022	105,000	170,989	275,989
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>\$ 4,535,000</u>	<u>\$ 2,163,232</u>	<u>\$ 6,698,232</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 \$581,447, 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 resolution provides for user rates to be established at a level which will generate net operating income at an amount not to be less than 125% of the debt service requirements to be paid by the City in such fiscal year. The net operating income provision applies to the Electric System, Water System and Sewer System funds collectively. At December 31, 2013, the City was in compliance with the reserve requirements and the 125% of the debt service requirement 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, 2013 the bonds consist of the following:

4. LONG-TERM DEBT (continued)

	<u>Interest rates</u>	<u>Bonds outstanding</u>
Mulvane Public Building Commission Refunding Revenue Bonds, Series 2009 (Fire/EMS Facility)	1.25 – 4.00	\$ 870,000

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>
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>\$ 870,000</u>	<u>\$ 144,830</u>	<u>\$ 1,014,830</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, 2013:

	<u>Outstanding January 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding December 31, 2013</u>
Villa Maria, Inc. Health Care Facility Refunding Revenue Bonds, Bonds, Series 2004	\$ 2,800,000	\$ –	\$ 235,000	\$ 2,565,000

4. LONG-TERM DEBT (continued)

Compensated absences

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

5. TEMPORARY NOTES

Kansas statutes permit the issuance of temporary notes to finance certain capital improvement projects which will be refinanced with general obligation bonds or paid through other resources available to the City. Prior to the issuance of the temporary notes, the governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance. During 2013, the City issued \$715,000 of temporary notes. At December 31, 2013 the City's outstanding temporary notes consist of the following:

	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
Capital Projects:			
Temporary Improvement Notes, Series A, 2013:			
Cedar Brook 4th Addition Water Improvements	.30%	\$ 71,500	12-16-14
Cedar Brook 4 th Addition Sewer Improvements	.30%	114,400	12-16-14
Cedar Brook 4 th Addition Street Improvements	.30%	371,800	12-16-14
Cedar Brook 4 th and 5 th Additions Storm Sewer Improvements	.30%	<u>157,300</u>	12-16-14
		<u>\$ 715,000</u>	

During 2013, the temporary note activity for the various capital improvement projects were as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ -	\$ 715,000	\$ -	\$ 715,000

6. CAPITAL PROJECT FUND AUTHORIZATIONS

At December 31, 2013, individual project authorizations compared with project expenditures from inception which are reported within the Capital Projects Fund are as follows:

<u>Project</u>	<u>Project authorizations</u>	<u>Expenditures project inception to December 31, 2013</u>
Water Treatment Plant Improvements	\$ 7,000,000	\$ 5,974,526
Safe Routes To School	250,000	28,445
Casino Project	411,923	411,923
Secondary EMS Facility & Equipment	1,808,282	1,808,282
Water Tower	2,623,000	2,237,600
Wastewater Treatment Plant Phase II Improvements	5,246,000	4,339,115
Water System Improvements	648,376	494,364
City Hall Renovations	500,000	430,203
Cedar Brook 4 th Addition Water Improvements	101,790	70,506
Cedar Brook 4 th Addition Sewer Improvements	117,000	100,131
Cedar Brook 4 th Addition Street Improvements	410,400	320,646
Cedar Brook 5 th Addition Water Improvements	91,260	159
Cedar Brook 5 th Addition Sewer Improvements	88,920	159
Cedar Brook 5 th Addition Street Improvements	272,610	159
Cedar Brook 4 th and 5 th Addition Storm Sewer Improvements	244,530	147,404

7. 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.

7. PENSION PLAN (continued)

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. 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, 2013 to December 31, 2013 was 8.94%. 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, 2013 through June 30, 2013. The City's contributions to KPERS for the years ending December 31, 2013, 2012 and 2011 were \$301,708, \$243,976 and \$205,659, respectively, equal to the statutory required contributions for each year.

8. 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, 2013	\$ 2,899,188	\$ 351,859	\$ 1,567,442
Adjustments:			
Reserved for self-insurance	(117,642)	-	-
Accrued sales tax revenues	(62,068)	-	-
Accrued franchise fee revenues	(40,875)	-	-
Accrued gaming facility revenues	(144,517)	-	-
Other receivables	-	-	(52,951)
Accrued unbilled receivables	-	-	(2,645)
Reserved for encumbrances – budgeted funds	<u>(24,037)</u>	<u>-</u>	<u>(148,958)</u>
Budgetary Fund Balance at December 31, 2013	<u>\$ 2,510,049</u>	<u>\$ 351,859</u>	<u>\$ 1,362,888</u>

9. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables (due to/ from other funds) at December 31, 2013 were as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
Cedar Brook 4 th and 5 th Addition Storm Sewer Improvements	\$ 477	\$ -
Cedar Brook 5 th Addition Water Improvements	-	159
Cedar Brook 5 th Addition Sewer Improvements	-	159
Cedar Brook 5 th Addition Street Improvements	<u>-</u>	<u>159</u>
	<u>\$ 477</u>	<u>\$ 477</u>

The amounts due to the Cedar Brook 4th and 5th Addition Storm Sewer Improvements Fund are the result of cash deficiencies incurred at year-end by other project funds for which temporary or permanent financing had been authorized by the governing body but not yet issued at year-end.

10. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund for 2013 is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General	\$ 30,000	\$ 709,320
Debt Service	-	2,684
Sewer System	<u>-</u>	<u>30,000</u>
	<u>30,000</u>	<u>742,004</u>
Nonmajor Funds:		
Senior Citizen	22,500	-
Swimming Pool	87,000	-
Capital Improvement Reserve	125,172	-
Municipal Equipment Reserve	41,000	-
Safe Routes To School	3,445	-
Water System Improvements	4,630	-
Water Treatment Plant Phase I	-	1,946
City Hall Renovations	<u>430,203</u>	<u>-</u>
	<u>713,950</u>	<u>1,946</u>
	<u>\$ 743,950</u>	<u>\$ 743,950</u>

10. INTERFUND TRANSFERS (continued)

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 (\$41,000) to the Municipal Equipment Replacement Fund are routinely made to fund future equipment replacement for the various departments within the General Fund. The General Fund also routinely makes transfers to the Swimming Pool Fund (\$87,000) and also to the Senior Citizens Fund (\$22,500) to support operations. The Sewer System Fund transfer to the General Fund of \$30,000 represents a reoccurring budgeted transfer for administrative services.

The non-routine transfers from the General Fund to the Water Tower Project and Water Treatment Plant Project funds in the amounts of \$36,875 and \$73,750, respectively, reflect municipality commitments to the projects. The non-routine transfer from the General Fund to the Safe Routes To Schools project in the amount of \$3,445 represents the City's obligation to the grant-funded project. The General Fund also transferred \$125,172 to the Capital Improvement Reserve Fund to assist in funding the City's portion of the State of Kansas KLINK project to resurface highway K-53 from the East City limits to the West City limits. The transfer from the Water Treatment Plant Phase I Fund of \$1,946 and \$2,684 from the Debt Service Fund to the Water System Improvements Project Fund were to cover the final costs of the project where general obligation bond proceeds in the previous year had been allocated in excess to those funds.

A non-routine transfer from the General Fund to the City Hall Renovations Fund in the amount of \$430,203 was made to provide interim financing for the renovation project.

11. FUND DEFICITS

At December 31, 2013, the Cedar Brook 4th Addition Water Improvements, Cedar Brook 4th Addition Sewer Improvements, Cedar Brook 4th Addition Street Improvements, Cedar Brook 5th Addition Water Improvements, Cedar Brook 5th Addition Sewer Improvements, Cedar Brook 5th Addition Street Improvements and Cedar Brook 4th and 5th Additions Storm Sewer Improvements Funds had incurred fund deficits in the amount of \$48,341, \$71,137, \$33,496, \$159, \$159, \$159 and \$95,708, respectively. These fund deficits will be financed through the sale of bonds authorized by the City Council, not yet sold at December 31, 2013, or through other revenue sources available to the City.

12. 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.

12. OTHER POST EMPLOYMENT BENEFITS (continued)

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.

13. COMMITMENTS AND CONTINGENCIES

Casino Operations and Commitments

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.

On 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 facility is being constructed in phases with the temporary casino being opened in December 2011. The second phase of the development included an expanded gaming center, a 300-room hotel, a 40-space recreational vehicle park, a 4,200-seat events center and a 24-acre Equine Center. The expanded gaming center and hotel was completed during 2012 with the remaining portions of the facility currently being developed. Under the terms of the Developer's Agreement, the City contracted for 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 has installed sanitary sewer, water and electrical improvements as requested by the Kansas Star Casino, LLC with the entire cost of such improvements being assessed against the Kansas Star site.

The Developer's Agreement also provided that the developer shall pay to the City a one-time emergency services fee of \$1,800,000, which was received by the City in March 2011. The City shall be solely responsible for the design, construction, outfitting and operation of a fire protection and emergency services facility that is reasonably sufficient to serve the Kansas Star and improve the emergency services capabilities currently serving the surrounding area. The City has determined that land identified on the Kansas Star Planned

13. COMMITMENTS AND CONTINGENCIES (continued)

Unit Development, and provided at no cost to the City, shall be the location of the facility. The City completed construction and equipping the facility in 2014. The City had outstanding commitments for construction, engineering services and equipment related to the project at December 31, 2013 of \$615,194.

Peninsula Gaming Partners, LLC was purchased by Boyd Gaming Corporation in May 2012. Boyd Gaming Corporation assumed the Peninsula Gaming Partners, LLC management contract with the Kansas Lottery Commission.

Water Treatment Plant Commitments

The City Council approved certain water system improvements including a 1.5 MGD reverse osmosis water treatment plant and other system improvements by authorizing the City to issue general obligation bonds not to exceed \$7,000,000 for such improvements. At December 31, 2013 the City had outstanding commitments for construction and engineering services related to this project of \$5,076,487.

In connection with the water system improvements, the City Council has approved the design and construction of a new water tower facility with an estimated cost of approximately \$2,300,000. The City had outstanding commitments for engineering and construction services of \$1,819,465 related to this project at December 31, 2013.

Wastewater Treatment Plant Commitments

Phase 2 of the wastewater treatment plant improvements was completed during 2013 however, commitments for engineering and construction services remained outstanding at December 31, 2013 in the amount of \$100,458.

Other Commitments

At December 31, 2013, the City had outstanding commitments for engineering and construction services of \$391,041 related to residential housing development projects for water, sewer, street and storm sewer improvements for the Cedar Brook 4th and 5th Additions.

During 2013 the governing body approved certain improvements to the City Building including a new roof, heating and air conditioning system, carpeting and other internal improvements to the existing building. At December 31, 2013, the City had outstanding commitments for engineering and construction services of \$218,616.

14. SUBSEQUENT EVENTS

The City Council approved submitting to the voters of the City a proposed 1% local sales tax for the special purpose of paying the cost of financing, site preparation, acquisition, construction, improvement, installation, furnishing and equipping a new public library within the City. The special election shall be held on June 24, 2014 and, if approved, will take effect on October 1, 2014 and will expire on September 30, 2024, or such earlier date as all obligations incurred for said purpose have been paid in full.

Management has evaluated subsequent events through June 6, 2014, the date on which the financial statements were available to be issued.

**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 Benefits – 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.

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.

Special Alcohol – to account for alcohol abuse services for City residents. Financing is provided through a statewide alcoholic liquor tax.

Transient Guest Tax – to account for the administration of the Transient Guest Tax received by the City. All moneys are to be expended for convention and tourism promotion per applicable State statutes.

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

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:

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 Reserve – 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.

Safe Routes To School – to account for the construction of sidewalks and crosswalks to provide a safe route for children to local schools.

Casino Project – to account for the costs incurred in conducting a study to determine the utility requirements to provide water, sewer and electric utilities to the casino site. Financing is provided by the casino developer.

Secondary EMS Facility and Equipment – to account for and report the resources provided by the Kansas Star Casino which are restricted for constructing and equipping a new EMS facility located in the casino development area.

Water Tower Project – to account for the costs of constructing a new water tower.

Water System Improvements – to account for the costs of improvements to provide additional water supply to the City.

Wastewater Treatment Plant Phase II – to account for and report the costs incurred related to expansion of the wastewater treatment plant related to expanding capacity to meet requirements placed on the system due to the addition of the casino facility.

City Hall Renovations Project – to account for and report the costs incurred related to renovations of the City Hall building.

Cedar Brook 4th Addition Water Improvements – to account for the construction of water improvements to the Cedar Brook Addition Phase 4 residential housing addition. Financing is provided from long-term debt sources.

Cedar Brook 4th Addition Sewer Improvements – to account for the construction of sewer improvements to the Cedar Brook Addition Phase 4 residential housing addition. Financing is provided from long-term debt sources.

Cedar Brook 4th Addition Street Improvements – to account for the construction of street improvements to the Cedar Brook Addition Phase 4 residential housing addition. Financing is provided from long-term debt sources.

Cedar Brook 5th Addition Water Improvements – to account for the construction of water improvements to the Cedar Brook Addition Phase 5 residential housing addition. Financing is provided from long-term debt sources.

Cedar Brook 5th Addition Sewer Improvements – to account for the construction of sewer improvements to the Cedar Brook Addition Phase 5 residential housing addition. Financing is provided from long-term debt sources.

Cedar Brook 5th Addition Street Improvements – to account for the construction of street improvements to the Cedar Brook Addition Phase 5 residential housing addition. Financing is provided from long-term debt sources.

Cedar Brook 4th and 5th Addition Storm Water Improvements – to account for the construction of storm water drainage improvements to the Cedar Brook Addition Phase 4 and Phase 5 residential housing additions. Financing is provided from long-term debt sources.

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2013

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash including short-term investments	\$ 1,513,353	\$ 4,044,065	\$ 5,557,418
Property tax receivable	1,920,164	444,876	2,365,040
Accounts receivable	58,711	–	58,711
Due from other funds	<u>–</u>	<u>477</u>	<u>477</u>
 Total	 <u>\$ 3,492,228</u>	 <u>\$ 4,489,418</u>	 <u>\$ 7,981,646</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,218	\$ 377,809	\$ 379,027
Accrued payroll and accrued liabilities	3,404	–	3,404
Due to other funds	–	477	477
Temporary notes payable	<u>–</u>	<u>715,000</u>	<u>715,000</u>
 Total liabilities	 <u>4,622</u>	 <u>1,093,286</u>	 <u>1,097,908</u>
Deferred inflows of resources:			
Property taxes receivable	<u>1,920,164</u>	<u>444,876</u>	<u>2,365,040</u>
Fund Balances:			
Restricted:			
General government	470,251	–	470,251
EMS facility and equipment	–	394,800	394,800
Recreation	125,077	–	125,077
Health and welfare	44,587	–	44,587
Economic development	373,437	–	373,437
Street improvements	30,732	–	30,732
Committed:			
Street improvements	463,229	–	463,229
Parks and recreation	57,172	–	57,172
Capital improvements	–	2,522,964	2,522,964
Assigned:			
Culture and recreation	2,957	–	2,957
Capital outlay	–	282,651	282,651
Unassigned	<u>–</u>	<u>(249,159)</u>	<u>(249,159)</u>
 Total fund balances	 <u>1,567,442</u>	 <u>2,951,256</u>	 <u>4,518,698</u>
 Total liabilities, deferred inflows and fund balances	 <u>\$ 3,492,228</u>	 <u>\$ 4,489,418</u>	 <u>\$ 7,981,646</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2013

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:			
Taxes	\$ 1,775,333	\$ 12,303	\$ 1,787,636
Intergovernmental	235,973	-	235,973
Licenses, fees and permits	3,000	-	3,000
Charges for services	96,212	-	96,212
Use of money and property	126,508	2,030	128,538
Miscellaneous	<u>7,208</u>	<u>204</u>	<u>7,412</u>
 Total revenues	 <u>2,244,234</u>	 <u>14,537</u>	 <u>2,258,771</u>
 Expenditures:			
Current:			
General government	241,362	-	241,362
Public Safety	581,932	-	581,932
Highways and streets	356,335	-	356,335
Culture and recreation	552,012	-	552,012
Health and welfare	45,963	-	45,963
Capital improvements	-	2,518,777	2,518,777
Debt service:			
Principal	95,000	-	95,000
Interest and fiscal charges	<u>30,745</u>	<u>-</u>	<u>30,745</u>
 Total expenditures	 <u>1,903,349</u>	 <u>2,518,777</u>	 <u>4,422,126</u>
 Expenditures over revenues	 <u>340,885</u>	 <u>(2,504,240)</u>	 <u>(2,163,355)</u>
 Other financing sources (uses):			
General obligation bonds issued	-	2,213,284	2,213,284
Premium on general obligation bonds issued	-	17,202	17,202
Transfers in	109,500	604,450	713,950
Transfers out	<u>-</u>	<u>(1,946)</u>	<u>(1,946)</u>
 Total other financing sources (uses)	 <u>109,500</u>	 <u>2,832,990</u>	 <u>2,942,490</u>
 Net change in fund balances	 450,385	 328,750	 779,135
Fund balances, beginning of year	<u>1,117,057</u>	<u>2,622,506</u>	<u>3,739,563</u>
 Fund balances, end of year	 <u>\$ 1,567,442</u>	 <u>\$ 2,951,256</u>	 <u>\$ 4,518,698</u>

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

December 31, 2013

	<u>Employee Benefits</u>	<u>Library</u>	<u>Industrial Develop- ment</u>	<u>Senior Citizens</u>	<u>Special Highway</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	\$ 473,241	\$ 4,761	\$ 169,598	\$ 3,143	\$ 30,732	\$ 120,316	\$ 145,530	\$ 313,385
Accounts receivable	414	-	-	-	-	-	-	5,346
Taxes receivable	<u>1,636,478</u>	<u>269,300</u>	<u>14,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$2,110,133</u>	<u>\$ 274,061</u>	<u>\$ 183,984</u>	<u>\$ 3,143</u>	<u>\$ 30,732</u>	<u>\$ 120,316</u>	<u>\$ 145,530</u>	<u>\$ 318,731</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 186	\$ -	\$ -	\$ 1,032	\$ -
Accrued payroll and taxes	<u>3,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,404</u>	<u>-</u>	<u>-</u>	<u>186</u>	<u>-</u>	<u>-</u>	<u>1,032</u>	<u>-</u>
Deferred inflows of resources:								
Property taxes receivable	<u>1,636,478</u>	<u>269,300</u>	<u>14,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Restricted:								
General government	470,251	-	-	-	-	-	-	-
Recreation	-	4,761	-	-	-	120,316	-	-
Health and welfare	-	-	-	-	-	-	-	-
Economic development	-	-	169,598	-	-	-	-	-
Street improvements	-	-	-	-	30,732	-	-	-
Committed:								
Street improvements	-	-	-	-	-	-	144,498	318,731
Parks and recreation	-	-	-	-	-	-	-	-
Assigned:								
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>470,251</u>	<u>4,761</u>	<u>169,598</u>	<u>2,957</u>	<u>30,732</u>	<u>120,316</u>	<u>144,498</u>	<u>318,731</u>
Total liabilities, deferred inflows and fund balances	<u>\$2,110,133</u>	<u>\$ 274,061</u>	<u>\$ 183,984</u>	<u>\$ 3,143</u>	<u>\$ 30,732</u>	<u>\$ 120,316</u>	<u>\$ 145,530</u>	<u>\$ 318,731</u>

CITY OF MULVANE, KANSAS

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

December 31, 2013

	Park Impact Fee	Swimming Pool	Special Alcohol	Transient Guest Tax	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and short-term investments	\$ 56,224	\$ 948	\$ 44,587	\$ 150,888	\$ --	\$ 1,513,353
Accounts receivable	--	--	--	52,951	--	58,711
Taxes receivable	--	--	--	--	--	1,920,164
Total assets	<u>\$ 56,224</u>	<u>\$ 948</u>	<u>\$ 44,587</u>	<u>\$ 203,839</u>	<u>\$ --</u>	<u>\$ 3,492,228</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,218
Accrued payroll and taxes	--	--	--	--	--	3,404
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,622</u>
Deferred inflows of resources:						
Property taxes receivable	--	--	--	--	--	1,920,164
Fund balances:						
Restricted						
General government	--	--	--	--	--	470,251
Recreation	--	--	--	--	--	125,077
Health and welfare	--	--	44,587	--	--	44,587
Economic development	--	--	--	203,839	--	373,437
Street improvements	--	--	--	--	--	30,732
Committed:						
Street improvements	--	--	--	--	--	463,229
Parks and recreation	56,224	948	--	--	--	57,172
Assigned:						
Culture and recreation	--	--	--	--	--	2,957
Total fund balances	<u>56,224</u>	<u>948</u>	<u>44,587</u>	<u>203,839</u>	<u>--</u>	<u>1,567,442</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 56,224</u>	<u>\$ 948</u>	<u>\$ 44,587</u>	<u>\$ 203,839</u>	<u>\$ --</u>	<u>\$ 3,492,228</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, 2013

	Employee Benefits	Library	Industrial Develop- ment	Senior Citizens	Special Highway	Special Park and Recreation	Trans- portation Impact Fee	Storm Sewer
Revenues:								
Taxes	\$1,214,587	\$ 245,202	\$ 9,889	\$ -	\$ -	\$ 50,908	\$ -	\$ -
Intergovernmental revenues	-	-	-	21,980	213,993	-	-	-
Licenses, fees and permits	-	-	-	-	-	-	2,100	-
Charges for services	-	-	-	2,802	-	-	-	31,740
Use of money and property	413	-	63	-	35	21	62	140
Miscellaneous	7,208	-	-	-	-	-	-	-
Total revenues	<u>1,222,208</u>	<u>245,202</u>	<u>9,952</u>	<u>24,782</u>	<u>214,028</u>	<u>50,929</u>	<u>2,162</u>	<u>31,880</u>
Expenditures:								
Current:								
General government	241,362	-	-	-	-	-	-	-
Public safety	581,932	-	-	-	-	-	-	-
Highway and streets	112,321	-	-	-	211,221	-	24,283	8,510
Culture and recreation	102,251	245,000	-	44,404	-	11,484	-	-
Health and welfare	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>1,037,866</u>	<u>245,000</u>	<u>-</u>	<u>44,404</u>	<u>211,221</u>	<u>11,484</u>	<u>24,283</u>	<u>8,510</u>
Revenues over (under) expenditures	184,342	202	9,952	(19,622)	2,807	39,445	(22,121)	23,370
Other financing sources:								
Operating transfers in	-	-	-	22,500	-	-	-	-
Net change in fund balance	184,342	202	9,952	2,878	2,807	39,445	(22,121)	23,370
Fund balances, beginning of year	<u>285,909</u>	<u>4,559</u>	<u>159,646</u>	<u>79</u>	<u>27,925</u>	<u>80,871</u>	<u>166,619</u>	<u>295,361</u>
Fund balances, end of year	<u>\$470,251</u>	<u>\$ 4,761</u>	<u>\$ 169,598</u>	<u>\$ 2,957</u>	<u>\$ 30,732</u>	<u>\$ 120,316</u>	<u>\$144,498</u>	<u>\$318,731</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, 2013

	Park Impact Fee	Swimming Pool	Special Alcohol	Transient Guest Tax	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
Revenues:						
Taxes	\$ -	\$ -	\$ 50,908	\$ 203,839	\$ -	\$ 1,775,333
Intergovernmental revenues	-	-	-	-	-	235,973
Licenses, fees and permits	900	-	-	-	-	3,000
Charges for services	-	61,670	-	-	-	96,212
Use of money and property	23	-	6	-	125,745	126,508
Miscellaneous	-	-	-	-	-	7,208
Total revenues	<u>923</u>	<u>61,670</u>	<u>50,914</u>	<u>203,839</u>	<u>125,745</u>	<u>2,244,234</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	241,362
Public safety	-	-	-	-	-	581,932
Highway and streets	-	-	-	-	-	356,335
Culture and recreation	-	148,873	-	-	-	552,012
Health and welfare	-	-	45,963	-	-	45,963
Debt service:						
Principal	-	-	-	-	95,000	95,000
Interest and fiscal charges	-	-	-	-	30,745	30,745
Total expenditures	<u>-</u>	<u>148,873</u>	<u>45,963</u>	<u>-</u>	<u>125,745</u>	<u>1,903,349</u>
Revenues over (under) expenditures	923	(87,203)	4,951	203,839	-	340,885
Other financing sources:						
Operating transfers in	-	87,000	-	-	-	109,500
Net change in fund balance	923	(203)	4,951	203,839	-	450,385
Fund balances, beginning of year	<u>55,301</u>	<u>1,151</u>	<u>39,636</u>	<u>-</u>	<u>-</u>	<u>1,117,057</u>
Fund balances, end of year	<u>\$ 56,224</u>	<u>\$ 948</u>	<u>\$ 44,587</u>	<u>\$ 203,839</u>	<u>\$ -</u>	<u>\$ 1,567,442</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$1,191,859	\$1,191,859	\$1,214,587	\$ 22,728
Use of money and property	2,000	2,000	413	(1,587)
Miscellaneous	<u>–</u>	<u>–</u>	<u>7,208</u>	<u>7,208</u>
Total revenues	<u>1,193,859</u>	<u>1,193,859</u>	<u>1,222,208</u>	<u>28,349</u>
Expenditures:				
Administration department	510,898	510,898	241,362	269,536
Street department	105,000	105,000	112,321	(7,321)
Police department	348,000	348,000	379,667	(31,667)
Emergency services department	322,000	322,000	202,265	119,735
Park department	<u>90,000</u>	<u>90,000</u>	<u>102,251</u>	<u>(12,251)</u>
Total expenditures	<u>1,375,898</u>	<u>1,375,898</u>	<u>1,037,866</u>	<u>338,032</u>
Revenues over (under) expenditures	(182,039)	(182,039)	184,342	366,381
Fund balance, beginning of year	<u>182,039</u>	<u>182,039</u>	<u>285,909</u>	<u>103,870</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 470,251</u>	<u>\$ 470,251</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	<u>\$ 239,541</u>	<u>\$ 239,541</u>	<u>\$ 245,202</u>	<u>\$ 5,661</u>
Expenditures:				
Appropriations to Library Board	<u>245,000</u>	<u>245,000</u>	<u>245,000</u>	<u>–</u>
Other	<u>345</u>	<u>345</u>	<u>–</u>	<u>345</u>
Total expenditures	<u>245,345</u>	<u>245,345</u>	<u>245,000</u>	<u>345</u>
Revenues over (under) expenditures	<u>(5,804)</u>	<u>(5,804)</u>	<u>202</u>	<u>6,006</u>
Fund balance, beginning of year	<u>5,804</u>	<u>5,804</u>	<u>4,559</u>	<u>(1,245)</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 4,761</u>	<u>\$ 4,761</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 9,650	\$ 9,650	\$ 9,889	\$ 239
Use of money and property	<u> –</u>	<u> –</u>	<u> 63</u>	<u> 63</u>
Total revenues	9,650	9,650	9,952	302
Expenditures:				
Industrial development	<u>119,014</u>	<u>119,014</u>	<u> –</u>	<u>119,014</u>
Revenues over (under)				
expenditures	(109,364)	(109,364)	9,952	119,316
Fund balance,				
beginning of year	<u>109,364</u>	<u>109,364</u>	<u>159,646</u>	<u>50,282</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 169,598</u>	<u>\$ 169,598</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, 2013

	<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	\$ 21,600	\$ 21,600	\$ 21,980	\$ 380
Charges for services	4,500	4,500	2,802	(1,698)
Transfers in	<u>39,240</u>	<u>39,240</u>	<u>22,500</u>	<u>(16,740)</u>
Total revenues and other sources	65,340	65,340	47,282	(18,058)
Expenditures:				
Operating expenditures	<u>65,340</u>	<u>65,340</u>	<u>44,404</u>	<u>20,936</u>
Revenues and other sources over expenditures	-	-	2,878	2,878
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>79</u>	<u>79</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,957</u>	<u>\$ 2,957</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 219,140	\$ 219,140	\$ 213,993	\$ (5,147)
Use of money and property	<u>220</u>	<u>220</u>	<u>35</u>	<u>(185)</u>
Total revenues	219,360	219,360	214,028	(5,332)
Expenditures:				
Street operations	<u>219,360</u>	<u>219,360</u>	<u>211,221</u>	<u>8,139</u>
Revenues over expenditures	-	-	2,807	2,807
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>27,925</u>	<u>27,925</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,732</u>	<u>\$ 30,732</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Liquor tax	\$ 6,736	\$ 6,736	\$ 50,908	\$ 44,172
Use of money and property	<u>100</u>	<u>100</u>	<u>21</u>	<u>(79)</u>
Total revenues	6,836	6,836	50,929	44,093
Expenditures:				
Capital outlay	<u>31,751</u>	<u>31,751</u>	<u>11,484</u>	<u>20,267</u>
Revenues over (under)				
expenditures	(24,915)	(24,915)	39,445	64,360
Fund balance,				
beginning of year	<u>24,915</u>	<u>24,915</u>	<u>80,871</u>	<u>55,956</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$120,316</u>	<u>\$120,316</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 3,000	\$ 1,400	\$ 2,100	\$ 700
Use of money and property	<u>1,000</u>	<u>62</u>	<u>62</u>	<u>–</u>
Total revenues	4,000	1,462	2,162	700
Expenditures and other uses:				
Capital outlay	<u>149,206</u>	<u>168,081</u>	<u>168,081</u>	<u>–</u>
Revenues over (under)				
expenditures and other uses	(145,206)	(166,619)	(165,919)	700
Fund balance,				
beginning of year	<u>145,206</u>	<u>166,619</u>	<u>166,619</u>	<u>–</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 700</u>	<u>\$ 700</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 27,000	\$ 27,000	\$ 31,738	\$ 4,738
Use of money and property	<u>1,000</u>	<u>1,000</u>	<u>140</u>	<u>(860)</u>
Total revenues	28,000	28,000	31,878	3,878
Expenditures:				
Capital Outlay	<u>105,973</u>	<u>105,973</u>	<u>13,670</u>	<u>92,303</u>
Revenues over (under) expenditures	(77,973)	(77,973)	18,208	96,181
Fund balance, beginning of year	<u>77,973</u>	<u>77,973</u>	<u>292,718</u>	<u>214,745</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$310,926</u>	<u>\$ 310,926</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 1,000	\$ 1,000	\$ 900	\$ (100)
Use of money and property	<u>500</u>	<u>500</u>	<u>23</u>	<u>(477)</u>
Total revenues	1,500	1,500	923	(577)
Expenditures:				
Capital outlay	<u>46,533</u>	<u>46,533</u>	<u>–</u>	<u>46,533</u>
Revenues over (under)				
expenditures	(45,033)	(45,033)	923	45,956
Fund balance,				
beginning of year	<u>45,033</u>	<u>45,033</u>	<u>55,301</u>	<u>10,268</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 56,224</u>	<u>\$ 56,224</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, 2013

	<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	\$ 71,500	\$ 71,500	\$ 61,670	\$ (9,830)
Transfers in	<u>132,402</u>	<u>132,402</u>	<u>87,000</u>	<u>(45,402)</u>
Total revenues	203,902	203,902	148,670	(55,232)
Expenditures:				
Swimming pool operations	<u>203,902</u>	<u>203,902</u>	<u>148,873</u>	<u>55,029</u>
Revenues over (under) expenditures	–	–	(203)	(203)
Fund balance, beginning of year	<u>165</u>	<u>165</u>	<u>1,151</u>	<u>986</u>
Fund balance, end of year	<u>\$ 165</u>	<u>\$ 165</u>	<u>\$ 948</u>	<u>\$ 783</u>

CITY OF MULVANE, KANSAS

SPECIAL ALCOHOL FUND

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

Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Liquor tax	\$ 6,736	\$ 36,983	\$ 50,908	\$ 13,925
Use of money and property	<u> –</u>	<u> 6</u>	<u> 6</u>	<u> –</u>
Total revenues	6,736	36,989	50,914	13,925
Expenditures:				
Awareness programs	<u>6,736</u>	<u>45,963</u>	<u>45,963</u>	<u> –</u>
Revenues over (under) expenditures	–	(8,974)	4,951	13,925
Fund balance, beginning of year	<u> –</u>	<u>39,636</u>	<u>39,636</u>	<u> –</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ 30,662</u>	<u>\$ 44,587</u>	<u>\$ 13,925</u>

CITY OF MULVANE, KANSAS

TRANSIENT GUEST TAX FUND

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

Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Transient guest tax	\$ 200,000	\$ 200,000	\$ 150,888	\$ (49,112)
Expenditures:				
Contractual services	<u>180,000</u>	<u>180,000</u>	<u>—</u>	<u>180,000</u>
Revenues over expenditures	20,000	20,000	150,888	130,888
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 150,888</u>	<u>\$ 130,888</u>

CITY OF MULVANE, KANSAS

DEBT SERVICE FUND

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

Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 692,533	\$ 692,533	\$ 705,953	\$ 13,420
Special assessments	1,546,606	1,546,606	1,825,520	278,914
Use of money and property	<u>1,000</u>	<u>1,000</u>	<u>917</u>	<u>(83)</u>
Total revenues	<u>2,240,139</u>	<u>2,240,139</u>	<u>2,532,390</u>	<u>292,251</u>
Expenditures and other uses:				
Bond Principal	815,145	815,145	1,434,932	(619,787)
Bond interest and commission	1,495,182	1,495,182	873,717	621,465
Transfers out	–	–	2,684	(2,684)
Miscellaneous	778	778	–	778
Cash basis reserve	<u>10,000</u>	<u>10,000</u>	<u>–</u>	<u>10,000</u>
Total expenditures and other uses	<u>2,321,105</u>	<u>2,321,105</u>	<u>2,311,333</u>	<u>9,772</u>
Revenues over (under)				
Expenditures and other uses	(80,966)	(80,966)	221,057	302,023
Fund balance, beginning of year	<u>80,966</u>	<u>80,966</u>	<u>130,802</u>	<u>49,836</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 351,859</u>	<u>\$ 351,859</u>

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2013

	Capital Improvement Reserve	Municipal Equipment Reserve	Safe Routes To School	Casino Project	Secondary EMS Facility And Equipment	Water Tower Project	Water System Improvements	Wastewater Treatment Plant Phase II	City Hall Renovations Project	Cedar Brook 4 th Addition Water Improvements
ASSETS										
Cash and short-term investments	\$ 335,006	\$ 282,651	\$ 2,397	\$ -	\$ 615,520	\$ 1,853,416	\$ -	\$ 122,447	\$ 224,680	\$ 53,845
Taxes receivable	444,876	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 779,882</u>	<u>\$ 282,651</u>	<u>\$ 2,397</u>	<u>\$ -</u>	<u>\$ 615,520</u>	<u>\$ 1,853,416</u>	<u>\$ -</u>	<u>\$ 122,447</u>	<u>\$ 224,680</u>	<u>\$ 53,845</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 2,397	\$ -	\$ 220,720	\$ 4,190	\$ -	\$ 2,331	\$ 6,064	\$ 30,686
Due to other funds	-	-	-	-	-	-	-	-	-	-
Temporary notes payable	-	-	-	-	-	-	-	-	-	71,500
Total liabilities	-	-	2,397	-	220,720	4,190	-	2,331	6,064	102,186
Deferred inflows of resources:										
Property taxes receivable	444,876	-	-	-	-	-	-	-	-	-
Fund balances (deficit):										
Restricted:										
EMS facility and equipment	-	-	-	-	394,800	-	-	-	-	-
Committed:										
Capital improvements	335,006	-	-	-	-	1,849,226	-	120,116	218,616	-
Assigned:										
Capital outlay	-	282,651	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(48,341)
Total fund balance	<u>335,006</u>	<u>282,651</u>	<u>-</u>	<u>-</u>	<u>394,800</u>	<u>1,849,226</u>	<u>-</u>	<u>120,116</u>	<u>218,616</u>	<u>(48,341)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 779,882</u>	<u>\$ 282,651</u>	<u>\$ 2,397</u>	<u>\$ -</u>	<u>\$ 615,520</u>	<u>\$ 1,853,416</u>	<u>\$ -</u>	<u>\$ 122,447</u>	<u>\$ 224,680</u>	<u>\$ 53,845</u>

CITY OF MULVANE, KANSAS
 COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2013

	Cedar Brook 4 th Addition Sewer Improvements	Cedar Brook 4 th Addition Street Improvements	Cedar Brook 5 th Addition Water Improvements	Cedar Brook 5 th Addition Sewer Improvements	Cedar Brook 4 th Addition Street Improvements	Cedar Brook 4 th & 5 th Addition Storm Sewer Improvements	Totals
ASSETS							
Cash and short-term investments	\$ 92,262	\$ 341,104	\$ -	\$ -	\$ -	\$ 120,737	\$ 4,044,065
Taxes receivable	-	-	-	-	-	-	444,876
Due from other funds	-	-	-	-	-	477	477
Total assets	<u>\$ 92,262</u>	<u>\$ 341,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,214</u>	<u>\$ 4,489,418</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 48,999	\$ 2,800	\$ -	\$ -	\$ -	\$ 59,622	\$ 377,809
Due to other funds	-	-	159	159	159	-	477
Temporary notes payable	<u>114,400</u>	<u>371,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,300</u>	<u>715,000</u>
Total liabilities	<u>163,399</u>	<u>374,600</u>	<u>159</u>	<u>159</u>	<u>159</u>	<u>216,922</u>	<u>1,093,286</u>
Deferred inflows of resources:							
Property taxes receivable	-	-	-	-	-	-	444,876
Fund balances (deficit):							
Restricted:							
EMS facility and equipment	-	-	-	-	-	-	394,800
Committed:							
Capital improvements	-	-	-	-	-	-	2,522,964
Assigned:							
Capital outlay	-	-	-	-	-	-	282,651
Unassigned	<u>(71,137)</u>	<u>(33,496)</u>	<u>(159)</u>	<u>(159)</u>	<u>(159)</u>	<u>(95,708)</u>	<u>(249,159)</u>
Total fund balance	<u>(71,137)</u>	<u>(33,496)</u>	<u>(159)</u>	<u>(159)</u>	<u>(159)</u>	<u>(95,708)</u>	<u>2,951,256</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 92,262</u>	<u>\$ 341,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,214</u>	<u>\$ 4,489,418</u>

CITY OF MULVANE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS

Year ended December 31, 2013

	Capital Improvement Reserve	Municipal Equipment Reserve	Safe Routes To School	Casino Project	Secondary EMS Facility and Equipment	Water Tower Project	Water System Improvements	Wastewater Treatment Plant Phase I	City Hall Renovations Project	Cedar Brook 4 th Addition Water Improvements
Revenues:										
Taxes	\$ 12,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	122	244	-	-	1,523	-	-	141	-	-
Miscellaneous	-	-	-	204	-	-	-	-	-	-
Total revenues	12,425	244	-	204	1,523	-	-	141	-	-
Expenditures:										
Capital outlay	53,135	226,664	25,418	204	1,110,952	333,232	4,630	303,796	211,587	48,341
Expenditures over revenues	(40,710)	(226,420)	(25,418)	-	(1,109,429)	(333,232)	(4,630)	(303,655)	(211,587)	(48,341)
Other financing sources (uses):										
General obligation bonds issued	-	-	-	-	-	2,213,284	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-	17,202	-	-	-	-
Transfers in	125,172	41,000	3,445	-	-	-	4,630	-	430,203	-
Transfers out	-	-	-	-	-	-	-	(1,946)	-	-
Total other financing sources (uses)	125,172	41,000	3,445	-	-	2,230,486	4,630	(1,946)	430,203	-
Net change in fund balance	84,462	(185,420)	(21,973)	-	(1,109,429)	1,897,254	-	(305,601)	218,616	(48,341)
Fund balances, beginning of year	250,544	468,071	21,973	-	1,504,229	(48,028)	-	425,717	-	-
Fund balances (deficit), end of year	\$ 335,006	\$ 282,651	\$ -	\$ -	\$ 394,800	\$ 1,849,226	\$ -	\$ 120,116	\$ 218,616	\$ (48,341)

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2013

	Cedar Brook 4 th Addition Sewer Improvements	Cedar Brook 4 th Addition Street Improvements	Cedar Brook 5 th Addition Water Improvements	Cedar Brook 5 th Addition Sewer Improvements	Cedar Brook 5 th Addition Street Improvements	Cedar Brook 4 th & 5 th Addition Storm Sewer Improvements	Totals
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,303
Use of money and property	-	-	-	-	-	-	2,030
Miscellaneous	-	-	-	-	-	-	204
Total revenues	-	-	-	-	-	-	14,537
Expenditures:							
Capital outlay	71,137	33,496	159	159	159	95,708	2,518,777
Expenditures over revenues	(71,137)	(33,496)	(159)	(159)	(159)	(95,708)	(2,504,240)
Other financing sources (uses):							
General obligation bonds issued	-	-	-	-	-	-	2,213,284
Premium on general obligation bonds issued	-	-	-	-	-	-	17,202
Transfers in	-	-	-	-	-	-	604,450
Transfers out	-	-	-	-	-	-	(1,946)
Total other financing sources (uses)	-	-	-	-	-	-	2,832,990
Net change in fund balance	(71,137)	(33,496)	(159)	(159)	(159)	(95,708)	328,750
Fund balances, beginning of year	-	-	-	-	-	-	2,622,506
Fund balances (deficit), end of year	\$ (71,137)	\$ (33,496)	\$ (159)	\$ (159)	\$ (159)	\$ (95,708)	\$ 2,951,256

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, 2013

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$5,920,523	\$5,920,523	\$4,269,933	\$(1,650,590)
Use of money and property	10,200	10,200	9,432	(768)
Miscellaneous	<u>15,350</u>	<u>15,350</u>	<u>58,677</u>	<u>43,327</u>
Total revenues	<u>5,946,073</u>	<u>5,946,073</u>	<u>4,338,042</u>	<u>(1,608,031)</u>
Expenditures, encumbrances and other uses:				
Operations	5,544,267	5,544,267	3,639,242	1,905,025
Nonoperating	150,000	150,000	152,252	(2,252)
Debt service	<u>230,153</u>	<u>230,153</u>	<u>230,153</u>	<u>—</u>
Total expenditures, encumbrances and other uses	<u>5,924,420</u>	<u>5,924,420</u>	<u>4,021,647</u>	<u>1,902,773</u>
Revenues over (under) expenditures, encumbrances and other uses	21,653	21,653	316,395	294,742
Fund balance, beginning of year	<u>1,982,213</u>	<u>1,982,213</u>	<u>2,592,817</u>	<u>610,604</u>
Fund balance, end of year	<u>\$2,003,866</u>	<u>\$2,003,866</u>	<u>\$2,909,212</u>	<u>\$ 905,346</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, 2013

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,362,986	\$1,362,986	\$1,064,562	\$(298,424)
Use of money and property	1,090	1,090	8,391	7,301
Miscellaneous	<u>200</u>	<u>200</u>	<u>25,477</u>	<u>25,277</u>
 Total revenues	 <u>1,364,276</u>	 <u>1,364,276</u>	 <u>1,098,430</u>	 <u>(265,846)</u>
 Expenditures, encumbrances and other uses:				
Operations	1,215,101	1,215,101	763,950	451,151
Nonoperating	40,000	40,000	26,051	13,949
Debt service	<u>82,715</u>	<u>82,715</u>	<u>72,715</u>	<u>10,000</u>
 Total expenditures, encumbrances and other uses	 <u>1,337,816</u>	 <u>1,337,816</u>	 <u>862,716</u>	 <u>475,100</u>
 Revenues over expenditures, encumbrances and other uses	 26,460	 26,460	 235,714	 209,254
Fund balance, beginning of year	<u>264,498</u>	<u>264,498</u>	<u>516,191</u>	<u>251,693</u>
 Fund balance, end of year	 <u>\$ 290,958</u>	 <u>\$ 290,958</u>	 <u>\$ 751,905</u>	 <u>\$ 460,947</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, 2013

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$2,062,830	\$2,062,830	\$1,634,615	\$ (428,215)
Use of money and property	5,180	5,180	836	(4,344)
Miscellaneous	<u>–</u>	<u>–</u>	<u>4,022</u>	<u>4,022</u>
Total revenues	<u>2,068,010</u>	<u>2,068,010</u>	<u>1,639,473</u>	<u>(428,537)</u>
Expenditures, encumbrances and other uses:				
Operations	1,461,299	1,461,299	1,065,927	395,372
Nonoperating	40,000	40,000	119,175	(79,175)
Debt service	433,730	433,730	433,730	–
Transfers out	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>–</u>
Total expenditures, encumbrances and other uses	<u>1,965,029</u>	<u>1,965,029</u>	<u>1,648,832</u>	<u>316,197</u>
Revenues over (under) expenditures, encumbrances and other uses	102,981	102,981	(9,359)	(112,340)
Fund balance, beginning of year	<u>1,012,952</u>	<u>1,012,952</u>	<u>1,585,333</u>	<u>572,381</u>
Fund balance, end of year	<u>\$1,115,933</u>	<u>\$1,115,933</u>	<u>\$1,575,974</u>	<u>\$ 460,041</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, 2013

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2013</u>
<u>PAYROLL CLEARING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$151,080</u>	<u>\$ 4,399,785</u>	<u>\$ 4,378,539</u>	<u>\$172,326</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$151,080</u>	<u>\$ 4,399,785</u>	<u>\$ 4,378,539</u>	<u>\$172,326</u>
 <u>EMPLOYEE FLEXIBLE SPENDING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$ 18,742</u>	<u>\$ 108,862</u>	<u>\$ 100,300</u>	<u>\$ 27,304</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$ 18,742</u>	<u>\$ 108,862</u>	<u>\$ 100,300</u>	<u>\$ 27,304</u>
 <u>TOTALS</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$169,822</u>	<u>\$ 4,508,647</u>	<u>\$ 4,478,839</u>	<u>\$199,630</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$169,822</u>	<u>\$ 4,508,647</u>	<u>\$ 4,478,839</u>	<u>\$199,630</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, 2013

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	<u>\$63,480</u>	<u>\$ 36,855</u>	<u>\$ 48,447</u>	<u>\$ 148,782</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	<u>\$20,459</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,459</u>
Fund balances:				
Committed	<u>—</u>	<u>36,855</u>	<u>48,447</u>	<u>85,302</u>
Unassigned	<u>43,021</u>	<u>—</u>	<u>—</u>	<u>43,021</u>
Total fund balances	<u>43,021</u>	<u>36,855</u>	<u>48,447</u>	<u>128,323</u>
Total liabilities and fund balances	<u>\$63,480</u>	<u>\$ 36,855</u>	<u>\$ 48,447</u>	<u>\$ 148,782</u>
Reconciliation to total net position:				
Fund balance per above				\$ 128,323
Add long-term capital assets				43,673
Less accumulated depreciation on long-term capital assets				<u>(24,594)</u>
Total net position				<u>\$ 147,402</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2013

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
Revenues:				
Appropriations from City of Mulvane	\$ 245,000	\$ -	\$ -	\$ 245,000
Intergovernmental	-	24,316	-	24,316
Fines and fees	-	4,374	-	4,374
Use of money and property	28	10	48	86
Miscellaneous	<u>133</u>	<u>307</u>	<u>-</u>	<u>440</u>
 Total revenues	 <u>245,161</u>	 <u>29,007</u>	 <u>48</u>	 <u>274,216</u>
 Expenditures:				
Personal services	112,171	-	-	112,171
Contractual services	49,330	3,030	-	52,360
Commodities	47,546	9,448	-	56,994
Capital outlay	<u>-</u>	<u>6,851</u>	<u>-</u>	<u>6,851</u>
 Total expenditures	 <u>209,047</u>	 <u>19,329</u>	 <u>-</u>	 <u>228,376</u>
 Revenues over (under) expenditures	 <u>36,114</u>	 <u>9,678</u>	 <u>48</u>	 <u>45,840</u>
 Other financing sources (uses):				
Transfers in	-	-	5,000	5,000
Transfers out	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
 Total other financing sources (uses)	 <u>(5,000)</u>	 <u>-</u>	 <u>5,000</u>	 <u>-</u>
 Net change in fund balance	 31,114	 9,678	 5,048	 45,840
Fund balances, beginning of year	<u>11,907</u>	<u>27,177</u>	<u>43,399</u>	<u>82,483</u>
 Fund balances, end of year	 <u>\$ 43,021</u>	 <u>\$ 36,855</u>	 <u>\$ 48,447</u>	 <u>\$ 128,323</u>
 Reconciliation of change in net position:				
Net change in fund balance per above				\$ 45,840
Add current year capitalized assets				8,343
Less current year depreciation on capital assets				<u>(5,337)</u>
 Change in net position				 <u>\$ 48,846</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.	96
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source.	101
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.	105
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.	113
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.	115

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 Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Governmental Activities	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 18,417,687	\$ 3,807,377	\$ (5,160,229)
Restricted for:	4,906,779	4,584,125	4,239,542	4,128,356	3,799,446	3,386,328	3,145,384			
Debt Service	--	--	--	--	--	--	--	2,762,968	21,080,642	20,186,897
Capital Improvements	--	--	--	--	--	--	--	1,801,919	1,525,762	5,234,154
General Government	--	--	--	--	--	--	--	--	--	470,251
Employee Benefits	--	--	--	--	--	--	--	306,581	285,909	117,642
Parks and Recreation	--	--	--	--	--	--	--	60,261	139,632	394,800
Economic Development	--	--	--	--	--	--	--	153,253	85,430	125,077
Street Maintenance	--	--	--	--	--	--	--	31,173	159,646	373,437
Public Safety	--	--	--	--	--	--	--	1,873	27,925	30,732
Health and Welfare	--	--	--	--	--	--	--	6,830	39,636	44,587
Unrestricted	2,432,431	2,868,866	4,516,792	2,908,285	3,063,950	3,159,996	3,279,893	(11,277,773)	3,394,081	5,319,429
Total Governmental Activities Net Position	\$ 26,047,458	\$ 26,089,317	\$ 25,818,451	\$ 25,881,341	\$ 25,467,420	\$ 24,987,669	\$ 24,485,366	\$ 12,264,772	\$ 30,546,040	\$ 27,136,777
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	\$ 18,749,118	\$ 18,669,822	\$ 22,516,919
Restricted for Debt Service	1,935,519	1,692,958	3,084,039	2,390,773	2,662,906	2,482,221	2,305,666	2,237,436	2,661,129	3,009,366
Unrestricted	1,633,048	2,485,306	2,371,740	2,860,860	2,446,519	2,509,398	2,769,107	2,524,714	2,510,481	2,600,777
Total Business-type Activities Net Position	\$ 8,555,202	\$ 9,191,832	\$ 9,923,972	\$ 10,186,189	\$ 10,125,486	\$ 9,925,795	\$ 10,049,474	\$ 23,511,268	\$ 23,841,412	\$ 28,127,062
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	\$ 37,166,805	\$ 22,477,199	\$ 17,356,690
Restricted	6,845,298	6,277,083	7,323,581	6,519,129	6,462,352	5,868,549	5,451,050	7,362,294	26,005,711	29,986,943
Unrestricted	4,065,479	5,354,172	6,888,532	5,769,145	5,510,469	5,669,394	6,049,000	(8,753,059)	5,904,542	7,920,206
Total Primary Government Net Position	\$ 34,605,660	\$ 35,281,149	\$ 35,742,423	\$ 36,087,530	\$ 35,592,906	\$ 34,913,464	\$ 34,534,840	\$ 35,776,040	\$ 54,387,452	\$ 55,263,839

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
General Government	\$ 265,602	\$ 261,623	\$ 259,065	\$ 299,958	\$ 319,914	\$ 345,662	\$ 388,764	\$ 367,607	\$ 898,033	\$ 1,120,120
Public Safety	1,463,226	1,550,103	1,653,301	1,830,363	1,895,463	1,972,712	1,967,491	2,214,923	2,465,933	2,846,130
Highways and Streets	1,446,783	1,256,670	1,262,543	1,287,818	1,356,127	1,326,646	1,402,712	1,620,242	1,436,490	1,538,787
Health and Sanitation	1,047,430	—	—	—	—	—	—	—	—	45,963
Culture and Recreation	473,546	512,808	486,649	807,939	731,410	711,336	818,353	732,029	924,244	962,253
Economic Development	7,211	91,012	5,077	7,657	42,781	9,396	11,358	91,345	26,008	49,927
Environmental Protection	4,040	1,571	3,653	734	1,791	704	1,600	414	829	739
Interest on Long Term Debt	415,754	373,617	458,743	508,057	450,311	552,841	372,438	343,708	547,071	875,012
Total Governmental Activities Expenses	\$ 5,123,592	\$ 4,047,404	\$ 4,129,031	\$ 4,742,526	\$ 4,797,797	\$ 4,919,297	\$ 4,962,716	\$ 5,370,268	\$ 6,298,608	\$ 7,438,931
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	\$ 4,561,418	\$ 4,258,246	\$ 4,268,774
Water Utility	763,905	745,859	868,180	841,616	805,636	797,814	798,895	954,799	982,341	914,372
Wastewater Utility	456,304	487,222	859,697	1,033,413	1,125,643	1,149,896	1,195,183	1,431,809	1,483,160	1,698,378
Total Business-type Activities	\$ 4,057,739	\$ 4,928,909	\$ 5,815,605	\$ 6,017,207	\$ 6,376,052	\$ 5,946,696	\$ 6,258,613	\$ 6,948,026	\$ 6,723,747	\$ 6,881,524
Total Primary Government Expenses	\$ 9,181,331	\$ 8,976,313	\$ 9,944,636	\$ 10,759,733	\$ 11,173,849	\$ 10,865,993	\$ 11,221,329	\$ 12,318,294	\$ 13,022,355	\$ 14,320,455
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 71,912	\$ 21,306	\$ 121,343	\$ 106,040	\$ 106,069	\$ 83,793	\$ 104,906	\$ 215,240	\$ 293,070	\$ 133,536
Public Safety	268,234	257,556	247,644	239,674	269,079	316,185	283,306	384,999	425,312	483,626
Highway & Streets	182,567	66,428	58,224	34,004	35,636	35,496	32,053	39,840	33,448	33,840
Culture and Recreation	11,100	16,165	16,688	53,048	64,488	66,874	71,648	76,722	75,617	65,372
Economic Development	—	—	—	—	—	—	—	—	—	203,839
Operating Grants and Contributions	331,730	586,839	833,775	1,108,237	751,318	771,910	769,505	686,986	19,532,368	1,749,079
Capital Grants and Contributions	—	82,930	75,043	70,406	18,941	95,443	175,986	2,312,499	58,364	204
Total Governmental Activities Program Revenues	\$ 865,543	\$ 1,031,224	\$ 1,352,717	\$ 1,611,409	\$ 1,245,531	\$ 1,369,701	\$ 1,437,404	\$ 3,718,286	\$ 20,418,179	\$ 2,689,496
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	\$ 4,325,273	\$ 4,053,466	\$ 4,358,191
Water Utility	735,081	837,255	895,647	837,418	792,857	793,216	953,201	1,013,865	1,138,454	1,092,281
Wastewater Utility	490,919	802,381	1,163,147	1,172,076	1,156,679	1,148,151	1,320,646	1,373,352	1,557,136	1,639,641
Capital Grants and Contributions	1,584,048	430,061	9,452	—	—	9,710	—	—	—	1,651
Total Business-type Activities Program Revenues	\$ 5,667,354	\$ 5,602,142	\$ 6,056,018	\$ 5,998,808	\$ 6,197,445	\$ 5,690,360	\$ 6,345,999	\$ 6,712,490	\$ 6,749,056	\$ 7,091,764
Total Primary Government Program Revenues	\$ 6,532,897	\$ 6,633,366	\$ 7,408,735	\$ 7,610,217	\$ 7,442,976	\$ 7,060,061	\$ 7,783,403	\$ 10,430,776	\$ 27,167,235	\$ 9,761,260

Continued on the next page

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

Continued from the previous page

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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)	\$ (1,651,982)	\$ 14,119,571	\$ (4,769,435)
Business-type Activities	1,609,615	673,233	240,414	(18,399)	(178,607)	(256,336)	87,386	(235,536)	25,309	210,240
Total Primary Government Net Expenses	\$ (2,648,434)	\$ (2,342,947)	\$ (2,535,900)	\$ (3,149,516)	\$ (3,730,873)	\$ (3,805,932)	\$ (3,437,926)	\$ (1,887,518)	\$ 14,144,880	\$ (4,559,195)
General Revenues and Other Changes in Net Position										
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	\$ 1,519,802	\$ 1,637,634	\$ 2,217,654
Debt Service	2,103,139	398,856	169,390	364,678	441,259	336,907	455,327	455,327	371,681	371,681
Gaming Facility Revenue Sharing	-	-	-	-	-	-	-	-	1,892,058	1,926,430
Sales Taxes	614,082	603,723	639,973	679,351	703,376	658,940	661,759	691,642	725,464	661,288
Franchise Taxes	290,505	346,273	390,475	365,885	379,968	380,254	388,190	425,525	193,496	244,783
Investment Earnings	64,938	96,666	178,040	240,599	130,280	45,034	16,795	21,932	12,171	10,573
Transfers	467,076	125,189	(253,890)	(56,798)	39,000	-	(18,745)	(13,682,840)	(670,807)	(4,072,237)
Total Governmental Activities	\$ 4,916,611	\$ 3,058,039	\$ 2,505,448	\$ 3,194,007	\$ 3,138,345	\$ 3,072,186	\$ 3,023,009	\$ (10,568,612)	\$ 4,161,697	\$ 1,360,172
Business Type Activities										
Investment Earnings	\$ 61,654	\$ 85,586	\$ 237,836	\$ 223,818	\$ 156,904	\$ 54,304	\$ 17,548	\$ 14,490	\$ 7,303	\$ 3,173
Transfers	(467,076)	(125,189)	253,890	56,798	(39,000)	-	18,745	13,682,840	670,807	4,072,237
Total Business-type Activities	\$ (405,422)	\$ (39,603)	\$ 491,726	\$ 280,616	\$ 117,904	\$ 54,304	\$ 36,293	\$ 13,697,330	\$ 678,110	\$ 4,075,410
Total Primary Government	\$ 4,511,189	\$ 3,018,436	\$ 2,997,174	\$ 3,474,623	\$ 3,256,249	\$ 3,126,490	\$ 3,059,302	\$ 3,128,718	\$ 4,839,807	\$ 5,435,582
Change in Net Position										
Governmental Activities	\$ 658,562	\$ 41,859	\$ (270,866)	\$ 62,890	\$ (413,921)	\$ (477,410)	\$ (502,303)	\$ (12,220,594)	\$ 18,281,268	\$ (3,409,263)
Business-type Activities	1,204,193	633,630	732,140	262,217	(60,703)	(202,032)	123,679	13,461,794	703,419	4,285,650
Total Primary Government	\$ 1,862,755	\$ 675,489	\$ 461,274	\$ 325,107	\$ (474,624)	\$ (679,442)	\$ (378,624)	\$ 1,241,200	\$ 18,984,687	\$ 876,387

City of Mulvane, Kansas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified 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>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Reserved	27,849	3,052	97,085	130,488	-	-	-	-	-	-
Restricted: Insurance Claims	-	-	-	-	-	-	-	160,605	139,632	117,642
Assigned: General Government	-	-	-	-	-	-	-	746,627	2,799,723	2,781,546
Unreserved	818,966	1,127,764	1,305,430	1,484,786	1,662,840	1,729,665	1,631,791	-	-	-
Unassigned	-	-	-	-	-	-	-	699,690	-	-
Total General Fund	<u>818,966</u>	<u>1,127,764</u>	<u>1,305,430</u>	<u>1,484,786</u>	<u>1,662,840</u>	<u>1,729,665</u>	<u>1,631,791</u>	<u>1,606,922</u>	<u>2,939,355</u>	<u>2,899,188</u>
All Other Governmental Funds										
Reserved	165,719	682,690	2,035,192	27,596	7,735	179,765	131,643	-	-	-
Restricted: Debt Service	-	-	-	-	-	-	-	241,212	130,802	351,859
EMS Facility & Equipment	-	-	-	-	-	-	-	1,801,919	1,504,299	394,800
General Government	-	-	-	-	-	-	-	306,581	285,909	470,251
Recreation	-	-	-	-	-	-	-	60,261	85,430	125,077
Health and Welfare	-	-	-	-	-	-	-	6,830	39,636	44,587
Economic Development	-	-	-	-	-	-	-	153,253	159,646	373,437
Street Improvements	-	-	-	-	-	-	-	31,173	27,925	30,732
Capital Improvements	-	-	-	-	-	-	-	1,873	21,463	157,667
Committed: Street Improvements	-	-	-	-	-	-	-	430,201	461,980	463,229
Parks & Recreation	-	-	-	-	-	-	-	54,512	56,452	57,172
Capital Improvements	-	-	-	-	-	-	-	274,326	676,701	7,599,451
Assigned: General Government	-	-	-	-	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-	-	4,987	79	2,957
Capital Outlay	-	-	-	-	-	-	-	373,628	468,071	282,651
Unassigned	-	-	-	-	-	-	-	(13,786,952)	(141,277)	(249,159)
Unreserved, reported in:										
Capital Project Funds	(52,949)	(691,860)	(193,001)	-	(7,735)	(168,215)	500	-	-	-
Debt Service Funds	297,602	274,231	208,429	160,646	180,792	109,690	238,687	-	-	-
Special Revenue Funds	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>1,936,442</u>	<u>1,425,415</u>	<u>1,356,010</u>	<u>1,642,745</u>	<u>1,768,785</u>	<u>1,587,262</u>	<u>1,986,180</u>	<u>(10,046,196)</u>	<u>3,777,116</u>	<u>10,104,711</u>

Note: 2011 Fund Balance Classifications are the result of the implementation of Governmental Accounting Standards Board Statement Number 54.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 1,493,925	\$ 2,297,761	\$ 2,210,858	\$ 2,665,558	\$ 2,604,534	\$ 2,660,984	\$ 2,649,199	\$ 2,676,968	\$ 2,800,388	\$ 3,890,550
Special Assessment Taxes	405,931	507,847	571,809	511,027	533,632	536,508	524,968	517,422	488,220	1,825,520
Intergovernmental	899,667	492,299	583,138	590,415	540,637	651,998	778,034	663,855	2,442,513	2,528,703
Licenses and Permits	429,598	521,008	513,623	415,595	439,513	440,573	455,860	739,744	276,208	341,642
Charges for Services	240,934	95,986	148,677	205,939	234,373	290,487	274,776	260,920	503,924	304,186
Fines and Forfeitures	153,786	166,353	129,191	113,179	120,373	116,773	101,296	98,534	88,368	149,907
Use of Money & Property	63,171	97,310	187,442	245,005	135,575	54,231	24,457	45,416	144,472	144,397
Other Revenues	104,670	51,100	46,098	178,899	85,295	32,349	40,509	2,214,596	78,506	31,802
Total Revenues	\$ 3,791,682	\$ 4,229,664	\$ 4,390,836	\$ 4,925,617	\$ 4,693,932	\$ 4,783,903	\$ 4,849,099	\$ 7,217,455	\$ 6,822,599	\$ 9,216,707
Expenditures										
General Government	\$ 324,312	\$ 237,027	\$ 258,648	\$ 405,872	\$ 350,611	\$ 322,713	\$ 348,987	\$ 343,559	\$ 420,584	\$ 1,174,908
Public Safety	1,489,850	1,475,330	1,801,589	1,854,597	1,804,548	2,001,478	1,819,700	2,061,435	2,199,104	2,673,387
Highways and Streets	562,142	385,580	455,360	452,096	628,741	449,734	601,551	720,724	529,036	719,963
Culture and Recreation	520,391	489,771	552,655	793,733	624,406	705,892	619,363	665,260	795,930	880,129
Economic Protection	4,040	1,571	3,653	734	1,791	704	1,600	414	829	45,963
Environmental Development	7,211	91,012	5,077	7,657	42,781	9,396	11,358	91,345	26,008	739
Capital Outlay	379,723	491,061	1,739,579	2,075,717	1,365	148,432	285,772	14,349,717	5,314,426	49,927
Debt Service										3,249,817
Principal	586,908	599,934	652,971	600,493	647,428	669,967	569,447	829,832	1,317,945	1,548,308
Interest	249,633	293,622	333,178	505,686	477,516	500,830	370,293	344,057	325,419	905,067
Total Expenditures	\$ 4,124,210	\$ 4,064,908	\$ 5,802,710	\$ 6,696,585	\$ 4,579,187	\$ 4,809,146	\$ 4,628,071	\$ 19,406,343	\$ 10,929,281	\$ 11,248,208
Revenues over (under) Expenditures	\$ (332,528)	\$ 164,756	\$ (1,411,874)	\$ (1,770,968)	\$ 114,745	\$ (25,243)	\$ 221,028	\$ (12,188,888)	\$ (4,106,682)	\$ (2,031,501)
Other Financing Sources (Uses)										
Bond Proceeds	\$ 1,764,037	\$ -	\$ 2,863,193	\$ 245,960	\$ -	\$ 2,538,769	\$ 2,938,000	\$ -	\$ 19,275,000	\$ 8,225,000
Premium on GO Bonds Issued	-	-	-	-	-	-	-	-	-	\$ 63,929
Notes Payable	-	-	140,000	-	-	-	-	-	-	-
Payment to Escrow Agent	-	-	-	-	-	(2,467,744)	(2,894,556)	-	-	-
Transfers In	670,068	736,473	1,005,881	578,740	406,383	520,455	455,178	235,969	507,048	743,950
Transfers Out	(202,992)	(611,284)	(1,042,404)	(561,834)	(367,383)	(520,455)	(455,178)	(235,969)	(519,621)	(713,950)
Total Other Financing Sources (Uses)	\$ 2,231,113	\$ 125,189	\$ 2,966,670	\$ 262,866	\$ 39,000	\$ 71,025	\$ 43,444	\$ -	\$ 19,262,427	\$ 8,318,929
Net Change in Fund Balance	\$ 1,898,585	\$ 289,945	\$ 1,554,796	\$ (1,508,102)	\$ 153,745	\$ 45,782	\$ 264,472	\$ (12,188,888)	\$ 15,155,745	\$ 6,287,428
Debt Service as a Percentage of Non-capital Expenditures	29.70%	26.30%	27.70%	26.97%	36.31%	38.33%	28.96%	6.32%	24.61%	32.25%

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

Fiscal Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Assessed Value as a % of Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
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	53.414	12.14%
2010	\$31,431,189	\$261,926,575	\$659,428	\$2,181,211	\$32,090,617	\$264,107,786	53.753	12.15%
2011	\$32,911,846	\$274,265,383	\$6,458,564	\$21,528,547	\$39,370,410	\$295,793,930	52.759	13.31%
2012	\$53,799,211	\$448,326,758	\$610,836	\$2,036,120	\$54,410,047	\$450,362,878	46.531	12.08%
2013	\$90,689,753	\$488,497,844	\$542,529	\$2,018,951	\$91,232,282	\$490,516,795	41.923	18.60%

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	
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
2011	22.288	9.256	16.631	4.098	0.162	0.162	0.162	52.759	1.500	29.428	56.849	1.459	0.000	141.995
2012	9.703	11.863	20.403	4.029	0.163	0.207	0.163	46.531	1.500	29.447	52.862	1.459	0.000	131.799
2013	9.630	3.734	18.571	3.056	0.163	5.048	1.721	41.923	1.500	29.377	55.382	0.998	0.000	129.180

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Sumner County

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
2011	22.288	9.256	16.631	4.098	0.162	0.162	0.162	52.759	1.500	61.270	56.847	1.459	0.000	173.835
2012	9.703	11.863	20.403	4.029	0.163	0.207	0.163	46.531	1.500	42.660	52.862	1.462	0.000	145.015
2013	9.630	3.734	18.571	3.056	0.163	5.048	1.721	41.923	1.500	39.948	55.382	0.998	0.000	139.751

Source: Sedgwick County Clerk
Sumner County Clerk

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

2013			
<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	\$ 297,815	1	0.33%
Mulvane Housing Associated LP	252,701	2	0.28%
Fugate J. Larry	228,413	3	0.25%
Casey's Retail Company	163,298	4	0.18%
Prairie State Bank	161,815	5	0.18%
Carr Properties	126,400	6	0.14%
BNSF	118,468	7	0.13%
Carro Antonio L MD	117,325	8	0.13%
Westfall Ray W & Sharron	112,975	9	0.12%
Schaefer David A & Pamela A	107,576	10	0.12%
	<u>\$ 1,686,786</u>		<u>1.85%</u>

Sumner County:			
Kansas Star Casino	\$ 56,500,000	1	61.93%
KSC Lodging, LC	\$ 2,575,000	2	2.82%
Brewer, John A	\$ 241,549	2	0.26%
Ratzlaff Properties, LLC	198,783	3	0.22%
Pearl St Duplex	172,251	4	0.19%
Mulvane State Bank	150,977	5	0.17%
Mulvane Coop Union	134,686	6	0.15%
BNSF	112,660	7	0.12%
Pendergraft Properties	111,671	8	0.12%
Union Pacific	108,907	9	0.12%
	<u>\$ 60,306,484</u>		<u>66.10%</u>

2004			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sedgwick County:			
Congleton LLC	\$ 181,203	1	0.690%
ABR Enterprises No 2 LLC	172,600	2	0.657%
Mulvane Housing Authority	167,095	3	0.636%
Kansas Gas Service	162,767	4	0.620%
Prairie State Bank	161,693	5	0.616%
Westfall, Ray & Sharron	115,846	6	0.441%
Branine, Gary F.	112,948	7	0.430%
BNSF	104,718	8	0.399%
Schmidt, Dan & Kathy	100,585	9	0.383%
Carro, Antonio L MD PA	96,355	10	0.367%
	<u>\$ 1,375,810</u>		<u>5.240%</u>
Sumner County:			
Southwestern Bell	\$ 213,967	1	0.815%
Mulvane Coop Union	211,851	2	0.807%
Mulvane State Bank	84,543	3	0.322%
Wolfe Machine	76,724	4	0.292%
Gordon Pendergraft	76,367	5	0.291%
Union Pacific	62,401	6	0.238%
BNSF	56,348	7	0.215%
Mary Wolfe	56,315	8	0.214%
Via Christi	49,983	9	0.190%
Raco Machine Inc.	47,478	10	0.181%
	<u>\$ 935,977</u>		<u>3.565%</u>

Source: Sumner County Clerk
Sedgwick County Clerk

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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years *</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2004	\$1,244,152	\$1,184,614	95.21%	\$23,489	\$1,208,103	97.10%
2005	\$1,278,885	\$1,214,079	94.93%	\$43,878	\$1,257,957	98.36%
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	\$1,703,440	\$1,636,482	96.07%	\$20,431	\$1,656,913	97.27%
2010	\$1,705,517	\$1,648,189	96.64%	\$46,813	\$1,695,002	99.38%
2011	\$1,724,968	\$1,643,752	95.29%	\$31,191	\$1,674,943	97.10%
2012	\$1,736,417	\$1,647,302	94.87%	\$78,429	\$1,725,731	99.38%
2013	\$2,576,349	\$2,527,700	98.11%	\$42,341	\$2,570,041	99.76%

Source: City Revenue Report
Sedgwick County Clerk
Sumner County Clerk

* County Treasurer's records do not provide a determination of which year the collections in subsequent years is applied to. For this schedule, all collections of delinquent taxes are applied to the year collected.

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

Fiscal Year	Governmental Activities					Business Type Activities					
	General Obligation Bonds	Public Building Commission Revenue Bonds	Temporary Notes	Notes Payable	Unamortized Premium on General Obligation Bonds	Revenue Bonds	G.O. Bonds Secured by Enterprise Funds	Capital Leases	Total Primary Government	% of Personal Income	Per Capita
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	-	\$10,060,000	\$1,515,371	-	\$21,757,163	18.24%	\$3,580
2011	\$6,701,454	\$1,060,000	\$10,000,000	\$55,135	-	\$4,690,000	\$6,008,546	-	\$28,515,135	18.13%	\$4,666
2012	\$24,771,522	\$965,000	-	\$37,122	-	\$4,620,000	\$5,842,478	-	\$36,236,122	22.97%	\$5,914
2013	\$31,561,590	\$870,000	\$715,000	\$18,746	\$59,292	\$4,535,000	\$5,531,410	-	\$43,291,038	26.83%	\$6,908

**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>
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
2011	\$12,710,000	\$241,212	\$12,468,788	4.22%	\$2,040
2012	\$30,614,000	\$130,802	\$30,483,198	6.77%	\$4,975
2013	\$37,093,000	\$351,859	\$36,741,141	7.49%	\$5,863

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, 2013**

<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	\$ 68,940,000	0.63%	\$ 434,322
Sumner County	1,679,406	26.10%	\$ 438,325
School District #263	<u>24,350,000</u>	<u>75.00%</u>	<u>\$ 18,262,500</u>
Total Estimated Overlapping Debt	94,969,406	20.15%	19,135,147
City's Direct Debt	<u>37,808,000</u>	<u>100.00%</u>	<u>37,808,000</u>
Total Direct and Overlapping Debt	<u>\$132,777,406</u>	<u>42.89%</u>	<u>\$ 56,943,147</u>

* The City's estimated amount of overlapping debt is calculated by the following formula:

$$\frac{\text{Assessed Valuation of Mulvane located in the broader governmental unit}}{\text{Total Assessed Valuation of the broader governmental unit}} \times \text{Outstanding debt of the broader governmental unit}$$

Source: Central States Capital Markets, LLC

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$9,582,789	\$9,865,747	#####	\$11,405,953	\$11,673,038	\$ 11,371,226	\$11,621,406	\$11,811,123	\$18,406,794	\$29,369,725
Total Net Debt Applicable to Limit	3,277,955	3,080,158	5,682,971	5,409,727	5,109,494	4,816,119	4,701,264	4,353,656	4,002,291	3,961,945
Legal Debt Margin	6,304,834	6,785,589	4,932,745	5,996,226	6,563,544	6,555,107	6,920,142	7,457,467	14,404,503	25,407,780
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	34%	31%	54%	47%	44%	42%	40%	37%	22%	13%

Legal Debt Margin Calculation for 2013

Assessed Value	\$ 91,232,282
Motor-Vehicle K.S.A. 79-5113	6,666,801
Total Assessed Value	<u>\$ 97,899,083</u>
Debt Limit-Approximately 30% of Assessed Value (K.S.A. 10-308)	\$ 29,369,725
Bonded Indebtedness	37,808,000
Less Exempt Debt	<u>33,846,055</u>
Total Amount Applicable to Debt Limit	<u>3,961,945</u>
Legal Debt Margin	<u>\$ 25,407,780</u>

Source: City Financials
Central States Capital Markets, LLC

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

Electric Revenue Bonds

<u>Year</u>	<u>Gross Revenues</u>	<u>Less Operating Expenses (1)</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (2)</u>
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
2011	\$4,330,433	\$3,919,831	\$410,602	\$166,353	\$171,676	\$338,029	1.21
2012	\$4,058,302	\$3,647,053	\$411,249	-	\$68,223	\$68,223	6.03
2013	\$4,361,774	\$3,687,100	\$674,674	-	\$68,223	\$68,223	9.89

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 Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2013 was 6.13. The revenue bond resolution requirement is 1.25.

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

Water Revenue Bonds							
<u>Year</u>	<u>Gross Revenues</u>	<u>Less Operating Expenses (1)</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (2)</u>
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	---	---	---	---
2011	\$1,011,981	\$819,086	\$192,895	---	---	---	---
2012	\$1,139,153	\$837,650	\$301,503	---	---	---	---
2013	\$1,092,686	\$773,748	\$318,938	---	---	---	---

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 Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2013 was 6.13. The revenue bond resolution requirement is 1.25.

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

Wastewater Revenue Bonds

<u>Year</u>	<u>Gross Revenues</u>	<u>Less Operating Expenses (1)</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (2)</u>
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
2011	\$1,377,310	\$713,120	\$664,190	\$253,647	\$245,784	\$499,431	1.33
2012	\$1,558,904	\$802,911	\$755,993	\$70,000	\$126,954	\$196,954	3.84
2013	\$1,640,477	\$945,787	\$694,690	\$85,000	\$125,904	\$210,904	3.29

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 Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2013 was 6.13. The revenue bond resolution requirement is 1.25.

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

<u>Storm Water Revenue Bonds</u>							
<u>Year</u>	<u>Gross Revenues</u>	<u>Less Operating Expenses (1)</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (2)</u>
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	---	---	---	---
2011	\$31,247	\$0	\$31,247	---	---	---	---
2012	\$31,531	\$1,990	\$29,541	---	---	---	---
2013	\$31,880	\$8,510	\$23,370	---	---	---	---

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 Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2013 was 6.13. 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>
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%
2011	6,111	\$ 157,315	\$ 25,743	34.5	2,203	7.30%	6.20%
2012	6,127	\$ 157,727	\$ 25,743	35.1	1,920	6.10%	5.60%
2013	6,267	\$ 161,331	\$ 25,743	35.1	1,808	5.30%	4.70%

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

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

<u>Employer</u>	<u>2013</u>			<u>2004</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>
Kansas Star Casino	803	1	12.81%	Not Available	0	
USD #263	323	2	5.15%	300	1	5.42%
Villa Maria Inc	102	3	1.63%	Not Available		
City of Mulvane	75	4	1.20%	51	2	0.92%
Cowley County College	50	5	0.80%	Not Available		
Dillons	45	6	0.72%	20	4	0.36%
Carson Bank	39	7	0.62%	Not Available		
Maria Court	25	8	0.40%	Not Available		
Wolfe Machine	24	9	0.38%	8	5	0.14%
Mulvane Coop	20	10	0.32%	22	3	0.40%
	<u>1506</u>		<u>24.03%</u>	<u>401</u>		<u>7.24%</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Administration	9	9	9	9	9	9	9	9	9	10
Police Officers	15	12	12	12	12	12	11	11	12	14
Police Dispatchers	5	5	5	5	5	5	6	6	6	6
Emergency Services	3	3	3	3	3	3	3	3	3	19
Parks & Recreation	4	4	4	4	4	4	4	5	5	5
Streets	5	5	5	5	5	5	5	5	5	5
Electric	8	8	8	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	57	54	54	54	54	54	54	55	56	75

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police										
Calls for Service	3,202	3,133	3,561	4,398	4,182	3,856	3,669	3,508	3,701	3,813
Moving Citations	1,208	1,284	864	752	733	639	517	623	658	721
DUI Arrests	26	71	20	22	18	25	17	15	68	51
Arrests	325	314	200	236	224	229	214	213	316	348
Emergency Services										
Fire & Rescue Calls	275	325	311	387	389	383	350	389	436	408
Ambulance Calls	645	569	606	707	743	787	762	736	793	853
Electric										
New Connections	31	21	96	19	11	6	5	4	39	1
Average Daily Usage (mWh/Day)	108	115	116	120	116	117	119	120	117	114
Peak Daily Usage (kW)	10,846	11,718	12,959	12,556	12,500	11,900	12,700	13,100	13,100	21,100
Water										
New Connections	31	41	73	10	1	6	1	8	32	2
Average Daily Consumption (Gallons)	481,614	482,093	519,060	442,496	470,847	469,288	483,110	494,129	561,377	530,836
Peak Daily Consumption (Gallons)	803,000	1,025,000	969,000	925,000	786,000	1,000,000	835,000	916,000	1,110,000	1,003,000
Wastewater										
Average Daily Sewage Treatment	380,000	385,000	400,000	421,000	474,000	461,392	417,164	377,487	401,639	438,419

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</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	11	11	11	11	11	11	11	11	11	12
Ambulances	2	2	2	2	2	2	2	2	3	3
Parks & Recreation										
Acreage	66.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3
Neighborhood Parks	15	16	16	16	16	16	16	16	16	16
Sports Complex	1	1	1	1	1	1	1	1	1	1
Swimming Pool	1	0	0	1	1	1	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)	38	38	38	38	38	38	38	38	38	38
Traffic Signals	3	3	3	3	3	3	3	3	3	3
Electric										
Power Plant	2	2	2	2	2	2	2	2	2	2
Miles of Line	33	33	33	33	33	33	33	33	33	33
Generating Capacity (kw)	15600	16600	16600	16600	16600	16600	16600	16600	16600	16600
Water										
Water Mains (Miles)	35	35	35	35	35	35	35	39	39	39
Fire Hydrants	215	220	221	221	221	221	221	221	221	221
Storage Capacity (kgal)	800	800	800	800	800	800	800	800	800	800
Wastewater										
Sanitary Sewers (Miles)	25	26	26	26	26	26	26	34	34	34
Storm Sewers (Miles)	1	1	1	1	1	1	1	1	1	1
Treatment Capacity (mgd)	0.05	0.05	1	1	1	1	1	1	1	1
Lift Stations	4	4	4	5	5	5	5	5	5	5

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