

# **City of Wichita, Kansas**

Incorporated 1870

City of 1st Class 1886

Council-Manager Form of

**Government Adopted 1917**

## **Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2007**



### **CITY COUNCIL**

Carl Brewer, Mayor

Sue Schlapp, Vice Mayor (II)

Lavonta Williams, Council Member (I)

Jim Skelton, Council Member (III)

Paul Gray, Council Member (IV)

Jeff Longwell, Council Member (V)

Sharon Fearey, Council Member (VI)

### **City Manager**

Ed Flentje, Interim City Manager

### **Department of Finance**

Kelly Carpenter, Director of Finance

Rob Raine, Assistant Director of Finance

Prepared by Controller's Office

Department of Finance

# CITY OF WICHITA, KANSAS

## Comprehensive Annual Financial Report Year ended December 31, 2007

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## ***INTRODUCTORY SECTION***



Department of Finance  
Controller's Office  
City Hall – Twelfth Floor  
455 North Main  
Wichita, Kansas 67202

May 7, 2008

To the Honorable Mayor, City Council and Citizens of  
the City of Wichita, Kansas:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Wichita for the year ended December 31, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that management has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its component unit.

Kansas Statutes require an annual audit of all funds of the City by independent certified public accountants. The certified public accounting firm of Allen, Gibbs & Houlik L.C. issued an unqualified opinion on the City of Wichita's financial statements for the year ended December 31, 2007. The independent auditor's report is located on page A-1 in the Financial Section of this report.

In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of federal Office of Management and Budget Circular A-133. The auditor's reports related specifically to the single audit are included in the Single Audit Section. The audit for the year ended December 31, 2007, disclosed no reportable conditions, material weaknesses or material violations of laws and regulations.

Management's discussion and analysis (M D & A) immediately follows the independent auditor's report and provides an introduction, overview and analysis of the basic financial statements. M D & A complement this transmittal letter and should be read in conjunction with it.

## ***THE REPORTING ENTITY AND ITS SERVICES***

The City of Wichita is the largest city in Kansas, with an estimated 2007 population of 356,995, and is the county seat of Sedgwick County. The City is located in south central Kansas, 161 miles southeast of the nation's geographic center and 124 miles from the North American geodetic center. The City's incorporated area is approximately 162 square miles.

In 1917, the City became one of the first municipalities in the United States to adopt the Commission-Manager (also known as the Council-Manager) form of government. In 1987, the form of government was modified to a Council-Manager form with City Council members nominated by district and elected at large. One member of the Council was appointed annually to serve as Mayor. In 1989, the form of government was again modified to a Mayor-Council-Manager form with a Mayor elected at large and other City Council members elected by district. The City Council was expanded from five to seven members, including the Mayor. The City Manager is appointed by the City Council and is responsible to them for the management of all City employees and administration of all City affairs.

The City of Wichita and its component unit provide a full range of municipal services, including police and fire protection, parks and recreation programs, libraries, art museum, public housing, public health and social services, infrastructure improvements, bus transportation, airports, water and sewer utilities, planning and zoning, cemetery maintenance, internal support services, and general administration.

The City Council is required to hold public hearings on a proposed budget and adopt a budget no later than August 25 of each year. The annual budget serves as a policy document, a financial plan, an operations guide and as a communication device.

***The Budget Process:*** The City of Wichita actually produces three operating budgets: 1) revising the current year budget; 2) proposing a budget for the next year, which will become the Adopted Budget upon Council approval; and 3) projecting a budget for the year following, which becomes the basis for the proposed budget next year. Each year the departments provide information on operations (financial and performance objectives) and identify significant issues and changing needs for services. The information is packaged in a Strategic Operating Plan for each department. The City Council is briefed on strategic and policy issues by early May. The City Manager holds internal budget hearings in late May and early June. Based on City Council feedback and the information from departments, a proposed Budget is crafted by the Manager and provide to the City council for consideration in July. Presentations are made to the District Advisory Board of each Council District, providing opportunities for citizen feedback on the budget as well.

The Finance staff reviews Strategic Operating Plans and prepares financial analysis for the City Manager. The Council holds public hearings on the proposed budget in July and August prior to adoption of a final budget no later than August 25.

***Budgetary Control:*** The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at an individual fund level, but is monitored by function and activity within an individual fund. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriations lapse at year-end, however, lawful encumbrances are reappropriated as part of the following year's budget. As demonstrated by statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, the comparison is presented on page A-23 as part of the basic financial statements, as well as a more detailed presentation beginning on page B-16. For

governmental funds, other than the general fund with appropriated annual budgets, the comparison is presented in the governmental fund subsection of this report which starts on B-1.

### ***THE LOCAL ECONOMY<sup>1</sup>***

The local labor market continues to be strong. Employment is estimated up 3.5 percent in 2007 with non-farm wages and salaries up 3.6 percent above the fourth quarter of 2006. General aviation had a positive year with increased orders and shipments and a continuing need to hire a significant number of skilled workers. Despite the national housing slump, the local housing market remained relatively stable, with a two percent decline in sales in 2007 compared to 2006. Retail sales in the Wichita metropolitan statistical area grew 4.4 percent when comparing the 12 months ending July 2007 to the same period ending in 2006. Though consumer expectations show signs of caution, the local economy in 2008 is expected to grow steadily with employment projected to increase two percent, an equivalent of 5,950 jobs.

Manufacturing accounted for approximately 22 percent of all wage and salary jobs in the Wichita MSA in 2007. In 2006, the average earnings per job were \$59,549. Aviation related manufacturing in the durable goods sector remains a significant component of the overall manufacturing sector. Employment is growing at all three of the general aviation manufacturers in Wichita despite movement of work to Mexico to affect lower costs. Overall, manufacturing productivity has increased requiring fewer but more highly skilled workers and creating a shortage of highly skilled workers. Manufacturing in the non-durable goods sector is also projected to increase in 2008 by 200 jobs, or 2.2 percent after a long-term decline in employment.

The wholesale and retail trade sectors grew by an estimated 575 jobs in 2007. Employment is projected to slow in 2008 to 325 new jobs. Taxable retail sales finally regained their pre-recession levels of 2004. With healthy employment growth forecasted, taxable retail sales are expected to increase 4.3 percent in 2008, or 1.6 percent after adjusting for inflation.

The information technology sector reversed its long-term decline in employment in 2007, a trend that was mirrored nationally. Employment in the information technology sector is expected to grow an additional 0.4 percent in 2008 for a combined two year gain of 200 jobs.

After several years of employment losses, the leisure and hospitality services sector has grown steadily over the past four years reaching pre-recession employment levels. Despite the impact of higher fuel prices, growth of 200 jobs or 0.7 percent is projected in 2008.

Professional and business services in the Wichita area consist primarily of small firms. Temporary employment services, security services and call centers represent the largest employers. Strong employment growth is projected in this sector after a 5.3 percent increase in 2007. An additional 3.3 percent increase is projected in 2008. A combined 2,460 jobs are projected to be added in 2007 and 2008.

Since 2003, the educational and health care services sector has added approximately 4,450 jobs and is forecasted to add another 1,000 jobs in 2008. Most of the job gains are expected in the health care industry, with the majority of the growth outside the hospital setting. A lack of skilled labor is the major factor limiting employment growth in health care.

Continued diversification of industry, mixed with abundant resources and a skilled labor force contribute to a steady economic growth in the area.

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<sup>1</sup> The Center for Economic Development and Business Research, Wichita State University (CEDBR) has contributed to the information on the local economy.

**2008 Employment Forecast for the Wichita MSA**

	<u>2007</u>	<u>Projected 2008</u>	<u>Change</u>	<u>Percent Change</u>
Production Sectors	82,900	85,250	2,350	2.8%
Trade, Transportation and Utilities	51,300	52,050	750	1.5%
Service Sectors	128,625	131,000	2,375	1.8%
Government	40,575	41,050	475	1.2%
Total Non-farm Employment	303,400	309,350	5,950	2.0%

***CITY BUSINESS AND FINANCIAL PLAN***

The City routinely revises the current year budget, then issues a two-year operating budget to identify trends that may extend beyond the statutorily mandated one-year budget. Additionally, the City prepares a ten-year capital budget to better allow for the extended timeframe required for completion of capital projects, including coordination with grant and other funding requirements.

The City manages finances with a long term perspective. Anticipating a likely economic downturn, in 2001 the City took action to lower costs so that cash reserves increased providing a cushion against expected losses in 2002 and 2003. The positive change in cash reserve allowed continuation of essential services without a tax increase during a period of revenue shortfall. As a result, the City was able to sustain its long standing policy not to increase the level mill levy, though actual levies fluctuated slightly with changes in assessed valuation. As the City emerged from the economic downturn, cash balances in excess of target were utilized to fund projects, reducing borrowing costs and preserving debt capacity for future generations. In 2005, 2006 and 2007 respectively, the City cash funded capital projects in the amount of \$7.0 million, \$28.4 million, and \$32.6 million in lieu of utilizing long term debt.

Under a comprehensive, written investment policy, the City manages a pooled funds investment program for all cash not otherwise restricted. The program allows the City to invest its cash in secured investments for larger amounts, for longer terms, with fewer total investment transactions and for generally higher yields on City investments.

The City's insurance, self-insurance, and safety programs are funded and administered through the City's Risk Management office. The funds are maintained in a risk management reserve fund as authorized in Kansas Statutes. In addition, the City, Airport Authority, Wichita Housing Authority, Art Museum, and Wichita Public Building Commission maintain insurance policies and bonds as detailed in the Additional Information Section of this report.

The City contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. At the close of 2007, the Wichita Employees' Retirement System's actuarially accrued pension liability was 110.5 percent funded and the Wichita Police and Fire Retirement System's actuarially accrued pension liability was 102.7 percent funded. A separate comprehensive annual financial report is issued for the City's pension funds and systems.

***RELEVANT POLICY CHANGES***

In 2006, the Kansas Legislature exempted commercial and industrial equipment from personal property taxes, a measure that will have a long term impact on local government finances. The measure is phased in by exempting new equipment while continuing to tax existing equipment until fully depreciated. The salvage value is removed when the equipment is replaced. The impact is mitigated in the initial years by a program approved by the State to replace 90 percent of any actual loss in the first year, 70 percent in the

second year, and 50 percent, 30 percent and 10 percent in the succeeding years. The full impact of lost revenue to the City of Wichita will not be until 2013 and is expected to be \$6 million annually.

Since 2002, the City of Wichita has provided incentives averaging \$1.9 million per year to retain low cost air carriers at Wichita's Mid-Continent Airport. In 2006, Sedgwick County contributed \$1 million and the State of Kansas contributed \$5 million to keep airfares low out of Wichita's Mid-Continent Airport. Continued support from Sedgwick County and the legislature is anticipated.

### ***MAJOR INITIATIVES***

Culminating eight years of research and planning in the Water Utility, in late 2006 the piping and pumping network to recharge the underground aquifers became neared completion. The groundwater recharge program is an important element in the 50-year water supply plan.

Major freeway construction continues and is underway on the eastern segments of U.S. 54 which bisects Wichita. The elevation of the rail tracks that run north-south through the City continued in 2007. The rail elevation project is a major undertaking in conjunction with the Union Pacific/Burlington Northern Railways and the State and Federal Departments of Transportation.

In 2004, ground was broken for the WaterWalk, a retail and entertainment development adjacent to the City's major convention facilities. Street and utility infrastructure construction for the new WaterWalk "urban village" is near completion. In January 2007, ground was broken for WaterWalk Place, a 16,280 square foot mixed-use building that will provide residential, office and commercial space. Pre-leasing is underway for it and two additional buildings (68,750 square feet), all scheduled for completion in July 2008. WaterWalk Place also includes a 2,500 seat outdoor amphitheater and a unique \$1 million interactive 'dancing water show' fountain.

The City continues exploring options for developing the industrial area of the West 21st Street corridor and developing the neighboring retail area into an international marketplace. Private and public investments in the downtown core area and other neighborhoods have been initiated with tax increment financing districts established to finance the supporting infrastructure. Included is Parkstone, a \$50 million inner city infill project that will provide residential condominiums, townhouses and retail space. At the southern fringe of the City is a \$16.5 million project that will provide 175,000 square feet of retail space, including a Home Depot store, two strip centers and two retail pad sites.

Private and public investment continues in the Old Town Area, spurred further by Sedgwick County's construction of a 15,000 seat arena scheduled to be opened in 2010. Named the Intrust Bank arena, it is neighbored by the Old Town entertainment district, the WaterWalk, the proposed Art District and the historic Eaton Place block.

Ground breaking for the new National Center for Aviation Training was held in March 2008. The center will be located at Jabara Airport and will meet workforce demand for aviation manufacturing, including programs for aerostructures technicians, manufacturing certificates, avionics, robotics, composites manufacturing, interiors installation, non-destructive testing, aircraft completion and more. The Wichita Technical College will serve as the managing partner with Wichita State University's National Institute for Aviation Research contributing training to teach and provide business-approved instruction.

### ***AWARDS AND ACKNOWLEDGMENTS***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its comprehensive annual financial

report (CAFR) for the fiscal year ended December 31, 2006. The 2005 award represents the 34th consecutive year that the City of Wichita's comprehensive annual financial report earned this award.

The City also received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for its Pension Trust Fund CAFR for the fiscal year ended December 31, 2006. The 2006 award represents the 8th consecutive year that the City of Wichita's CAFR for pension funds earned the recognition.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this current comprehensive annual financial report continues to meet Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Wichita has for 19 consecutive years received the GFOA's Outstanding Budget Presentation Award for its 2007 budget document. The award is the highest form of recognition in governmental budgeting. To receive the award, a government must publish a budget document judged to be proficient as a policy document, a financial plan, an operations guide and a communications device. The award is the budgetary counterpart to the Certificate of Achievement and is valid for one year only.

The Association of Public Treasurers, United States and Canada, awarded a Certificate of Excellence for the City's Investment Policy in 2007. In order to be awarded a Certificate of Excellence, a government must prepare and publish an investment policy that meets the standards established by the Association.

Preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to its preparation. The City Manager and elected members of the City governing body are also due credit for their continued interest and support in planning and conducting the financial operations of the City in a professional, responsible and progressive manner.

Respectfully Submitted,



Kelly Carpenter  
Director of Finance



Rob Raine  
Assistant Director of Finance



Carol McMillan  
Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wichita  
Kansas

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

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

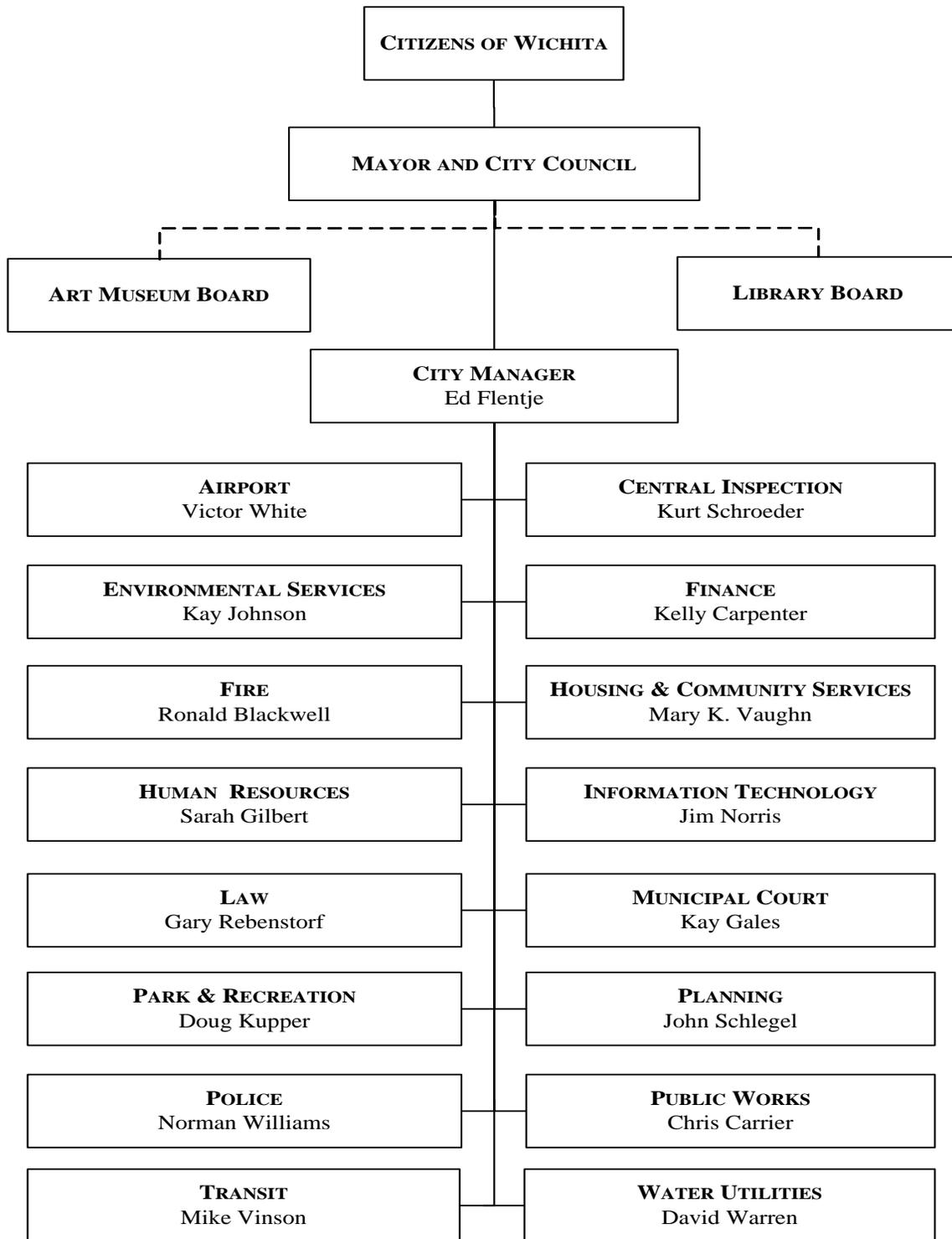


*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director



**CITY COUNCIL MEMBERS**

Carl Brewer	Mayor	268-4331
Sue Schlapp	Vice Mayor (II)	268-4331
Lavonta Williams	Council Member (I)	268-4331
Jim Skelton	Council Member (III)	268-4331
Paul Gray	Council Member (IV)	268-4331
Jeff Longwell	Council Member (V)	268-4331
Sharon Fearey	Council Member (VI)	268-4331

**CITY OFFICES**

City Manager	268-4351	Ed Flentje, Interim City Manager
Assistant City Manager	268-4351	Cathy Holdeman, Assistant City Manager
Assistant City Manager	268-4351	Scott Moore, Assistant City Manager
Airport	946-4700	Victor White, Director
Art Museum	268-4921	Charles Steiner, Director
Central Inspection	268-4460	Kurt Schroeder, Superintendent
Finance	268-4300	Kelly Carpenter, Director
Fire	268-4451	Ronald Blackwell, Fire Chief
Environmental Services	268-8351	Kay Johnson, Director
Housing & Community Services	462-3795	Mary K. Vaughn, Director
Human Resources	268-4531	Sarah Gilbert, Director
Information Technology	268-4531	Jim Norris, Chief Information Officer
Law	268-4681	Gary Rebenstorf, Director of Law & City Attorney
Library	261-8500	Cynthia Berner-Harris, Director
Municipal Court	268-4611	Kay Gales, Court Administrator
Park & Recreation	268-4398	Doug Kupper, Director
Planning	268-4425	John Schlegel, Director
Police	268-4158	Norman Williams, Chief of Police
Public Works	268-4497	Chris Carrier, Director
Transit	352-4802	Mike Vinson, Interim General Manager
Water Utilities	268-4504	David Warren, Director

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## ***FINANCIAL SECTION***

## INDEPENDENT AUDITORS' REPORT



Honorable Mayor and City Council Members  
**City of Wichita, Kansas**

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, Additional Information section,

statistical section, Water and Sewer section, Schedule of Expenditures of Federal Awards required by OMB *Circular A-133*, and Schedule of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* 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, Additional Information section, Water and Sewer section, Schedule of Expenditures of Federal Awards, and Schedule of Passenger Facility Charges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information in the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on such information.

*Allen, Gibbs & Houlik, L.C.*

CERTIFIED PUBLIC ACCOUNTANTS

May 1, 2008  
Wichita, Kansas

This discussion and analysis of the City of Wichita's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2007. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the City of Wichita's financial statements, which follow this section.

### Financial Highlights

- The City's net assets increased \$79.0 million during the fiscal year ending 2007.
- The cost of governmental activity was \$337.8 million, down 15.9 million.
- Long term liabilities in the governmental activities increased by \$37.6 million, following a decrease of \$34.3 million over the last two years.
- Long-term liabilities in the business type activities decreased \$17.1 million as the Water and Sewer Utilities.
- The General Fund, on a budgetary basis, reported \$25,196 in revenue and other financing resources in excess of expenditures and other uses.
- On December 31, 2007, the General Fund reported a budgetary fund balance of 11.1 percent of the following year's appropriated budget.
- The City maintains a positive bond rating and a progressive capital improvement program.

### Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of four major sections: introductory, financial, statistical and single audit. The financial statements include government-wide financial statements, fund financial statements and notes to the financial statements. Supplementary information, provided in addition to the basic financial statements, is located in the sections titled Additional Information, Statistical and Water Utilities. The Water Utilities section provides specific information for water and sewer revenue bond holders.

The City presents two kinds of statements, each providing a different perspective of the City's finances. The reporting focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements are prepared using accounting methods similar to those used by private-sector companies. The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating, absent extraordinary events.

The *statement of activities* reports how the government's net assets changed during the most recent fiscal year. All changes in net assets (current year's revenues and expenses) are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities), and from the City's component unit, the Wichita Public Building Commission. Governmental

activities of the City include public safety, culture and recreation, public works, environmental health, housing and highways and streets. Business-type activities include the City's water, sewer, airport and transportation activities.

### FUND FINANCIAL STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wichita, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more information about the City's most significant funds – not the City as a whole. All of the funds of the City of Wichita can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on cash flows and other financial assets that can be readily converted to cash and are available in the near future to finance the City's programs. The differences between the short-term view of governmental fund statements and the long-term view of the governmental activities on the entity-wide financial statements are provided in reconciliations on pages A-18 and A-22. Primary differences are the impact of accounting for capital assets and their long term financing.

The City maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds considered major funds. Information on the other 22 governmental funds is combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements found beginning on page B-1.

The City of Wichita adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-23, demonstrating compliance with the appropriated budget. A more detailed budgetary statement is also provided beginning on page B-16 with the supplementary budgetary governmental fund statements.

- *Proprietary funds* account for services for which the City charges customers a fee and include both enterprise and internal services funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. Enterprise funds account for Water and Sewer, Airport, Golf, Storm Water, and Transit operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Internal Service funds account for the City's fleet, technology, office supplies, and self-insurance programs. Because internal services primarily benefit governmental rather than business-type functions, the assets and activities of the internal service funds have predominately been included with governmental activities in the government-wide financial statements.

Proprietary funds report the same types of information as the government-wide financial statements, however in greater detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Airport funds all of which are considered to be major funds of the City. The nonmajor funds are consolidated into an aggregated presentation on the proprietary fund financial statements, as are the internal service funds. Individual fund data for proprietary funds (enterprise and internal service funds) can be found on pages C-1 through D-13 of this report.

- *Fiduciary funds* report on activities for which the City is the trustee, or fiduciary, and like proprietary funds, present information based on the full accrual basis of accounting. Fiduciary funds include the employees' pension plans and other funds that – because of a trust arrangement – can be used only for the specified purpose. The City is responsible for ensuring that the assets reported in fiduciary funds be used for the intended purposes only. Activities conducted in a fiduciary capacity are excluded from the City's government-wide financial statements because the City is prohibited from using fiduciary assets to finance its operations.

- *Notes to the financial statements* provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.
- *Other information* – In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its employees. The required supplementary information follows the notes to the financial statements, with additional information in the sections titled *Additional Information*, *Statistical Section* and the *Single Audit Section*.
- *The Water Utilities Section* provides for the specific informational needs of the Water and Sewer Revenue Bondholders.

**GOVERNMENT WIDE FINANCIAL ANALYSIS**

**Net assets of the Primary Government.** Over time, net assets can serve as a useful indicator of the City’s financial position. The net assets of the City of Wichita increased five percent or \$79.0 million during the 2007 fiscal year. Approximately 76 percent of the City’s net assets reflect investment in capital assets (e.g. land, buildings, improvements, equipment), less any related outstanding debt used to acquire those assets. The City uses the capital assets to provide services to citizens; consequently the capital assets are not available for future spending. An additional portion of these assets represents resources that are subject to external restrictions on how they may be spent. The unrestricted portion of the net assets is \$13.4 million and may be used to meet the government’s ongoing obligations.

The \$32.3 million increase in net assets in business-type activities, shown in Table 1, is compiled primarily of increases in the Water, Sewer and Storm Water Utilities assets. System improvements and expansions represent the increases in the Water and Sewer Utilities. The increase in the Storm Water Utility largely represents improvements in a western area of the City that has historically flooded with heavy rainfall.

Construction in progress reflects the largest increase in the capital assets, with \$33.5 million in major arterials projects, \$11.9 million in neighborhood paving projects, and a continuing investment of \$8.5 million in the WaterWalk development, the retail and entertainment complex adjacent to the City’s convention center. Construction in progress in the Water Utilities also increased

**Net Assets – Primary Government**  
**As of December 31, 2007**  
**(with comparative totals for December 31, 2006)**  
**(in millions of dollars)**

**Table 1**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 497.3	\$ 464.4	\$ 178.5	\$ 200.3	\$ 675.8	\$ 664.7
Capital assets	995.2	926.4	1,057.4	1,016.8	2,052.6	1,943.2
Total assets	<u>1,492.5</u>	<u>1,390.8</u>	<u>1,235.9</u>	<u>1,217.1</u>	<u>2,728.4</u>	<u>2,607.9</u>
Long-term liabilities	440.4	402.8	382.8	399.9	823.2	802.7
Other liabilities	250.5	233.1	33.9	30.3	284.4	263.4
Total liabilities	<u>690.9</u>	<u>635.9</u>	<u>416.7</u>	<u>430.2</u>	<u>1,107.6</u>	<u>1,066.1</u>
Net assets:						
Capital assets, net of debt	488.8	457.4	744.2	684.4	1,233.0	1,141.8
Restricted	325.8	306.3	49.1	69.9	374.9	376.2
Unrestricted	(13.0)	(8.8)	25.9	32.6	12.9	23.8
<b>Total net assets</b>	<u>\$ 801.6</u>	<u>\$ 754.9</u>	<u>\$ 819.2</u>	<u>\$ 786.9</u>	<u>\$ 1,620.8</u>	<u>\$ 1,541.8</u>

**Table 1 (continued)**  
**Net Assets – Wichita Public Building Commission**  
**As of December 31, 2007**  
**(with comparative totals for December 31, 2006)**

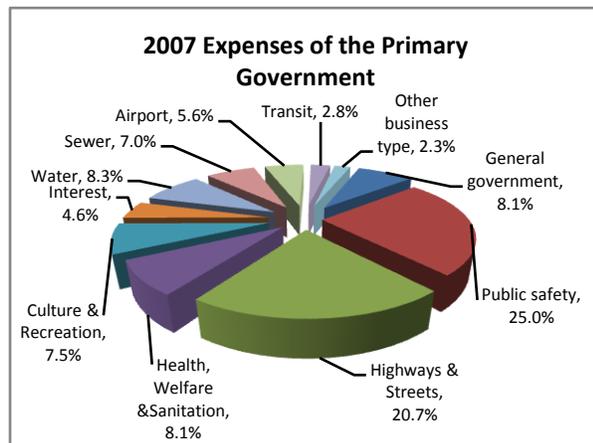
<b>(in millions of dollars)</b>		
	<b>2007</b>	<b>2006</b>
Current and other assets	\$ 26.7	\$ 29.0
Capital assets	-	-
<b>Total assets</b>	<b>26.7</b>	<b>29.0</b>
Long-term liabilities	21.8	24.2
Other liabilities	4.9	4.8
<b>Total liabilities</b>	<b>26.7</b>	<b>29.0</b>
Net assets:		
Capital assets, net of debt	-	-
Restricted	-	-
Unrestricted	-	-
<b>Total net assets</b>	<b>\$ -</b>	<b>\$ -</b>

by \$20.0 million for system expansion, future water supply projects and system reconstruction.

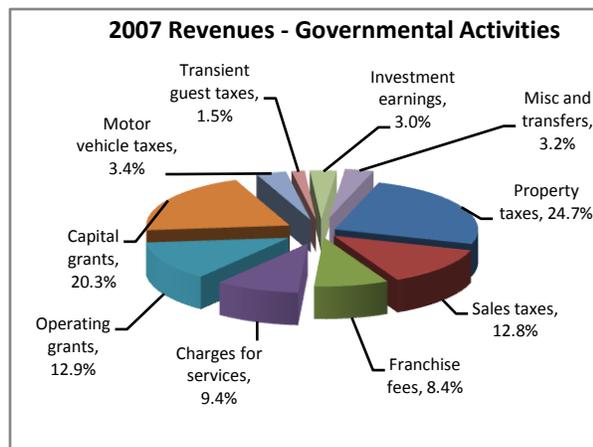
Long-term liabilities increased due to the issuance of bonds to finance completed capital projects in governmental activities. Other liabilities also increased by \$17.6 million. Unearned revenue reflects the most significant increase, with a \$5.6 million increase in receivables of property taxes and special assessments, a \$3.1 million increase for a prepaid long-term lease of airport property, and a \$1.5 million increase for deferred loans funded with federal grants.

The City's expenses totaled \$457.1 million, a decrease of \$11.9 million. Combined expenses of the business-type activities represent 26.1 percent of the total expenses compared to 24.6 percent in 2006. Governmental expenses declined by \$15.9 million as the expenses of business type activities increased by \$4.0 million.

Within the governmental activities, public safety expenses grew by \$9.7 million largely in the General Fund for increases for police and fire services. Offsetting the increase in public safety expenses are decreases in general government expenses, largely due to higher than normal one-time transactions in 2006. Also decreasing in 2007, were expenses for highways and streets as major projects neared completion.



Combined revenue of the primary government increased 2.5 percent in 2007. Program revenue in governmental funds increased 2.3 percent, while revenue in the business type activities increased 3.4 percent. The water, sewer and storm water utilities implemented rate increases however, an unusually wet 2007 resulted in reduced volume of water sold and reduced water revenue. The wet weather and extended snow cover also contributed to a decline in golf play and golf revenue.



In the governmental activities, operating grants and contributions decreased 1.1 percent, as capital grants and contributions decreased 9.5 percent. The most significant change in capital grants and contributions was the net change in special assessments for street projects which increased \$7.3 million in 2006 compared to an increase of less than \$1 million in 2007.

The City continued a long-standing policy of maintaining a flat mill levy, yet growing property values yielded 5.8 percent (\$5.2 million) more in property tax revenue than in 2006. The governmental miscellaneous revenue increased \$4.5 million or 59 percent. Included is a \$1 million settlement for construction materials, internal service charges for software system replacements, and reimbursements from the utilities for their proportionate share of neighborhood improvements.

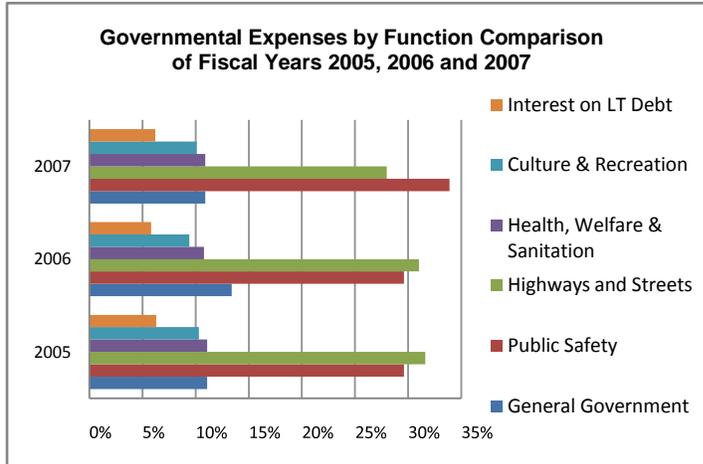
**Governmental Activities.** Major sources of local revenue of the governmental activities continue to be property and sales taxes, as illustrated in the accompanying graph. Governmental activities increased the net assets of the City by \$46.7 million. The amount paid from intergovernmental resources was \$96.6 million or 28.6 percent. Table 2 provides a comparison between the revenues and expenses of fiscal years 2006 and 2007, with additional comparative information provided in the Statistical Section.

**Changes in Net Assets—Primary Government**  
**For the Year Ended December 31, 2007**  
**(with comparative totals for year ended December 31, 2006)**  
**(in millions of dollars)**

**Table 2**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 36.2	\$ 33.0	\$ 104.0	\$ 103.0	\$ 140.2	\$ 136.0
Operating grants and contributions	49.6	50.2	5.5	4.8	55.1	55.0
Capital grants and contributions	78.1	86.3	33.9	31.2	112.0	117.5
General revenues						
Property taxes	94.9	89.7	-	-	94.9	89.7
Sales taxes	49.3	47.7	-	-	49.3	47.7
Franchise fees	32.2	31.9	-	-	32.2	31.9
Motor vehicle taxes	13.1	12.6	-	-	13.1	12.6
Transient guest taxes	5.7	5.0	-	-	5.7	5.0
Investment earnings	11.5	10.9	8.5	7.3	20.0	18.2
Miscellaneous	12.3	7.7	0.8	0.9	13.1	8.6
Total revenues	382.9	375.0	152.7	147.2	535.6	522.2
<b>Expenses</b>						
General government	36.8	47.2	-	-	36.8	47.2
Public safety	114.5	104.8	-	-	114.5	104.8
Highways and streets	94.5	109.6	-	-	94.5	109.6
Sanitation	3.7	3.7	-	-	3.7	3.7
Health and welfare	33.1	34.7	-	-	33.1	34.7
Culture and recreation	34.3	33.2	-	-	34.3	33.2
Interest on long-term debt	20.9	20.6	-	-	20.9	20.6
Water	-	-	38.1	36.2	38.1	36.2
Sewer	-	-	32.0	31.0	32.0	31.0
Storm Water	-	-	5.5	5.3	5.5	5.3
Golf	-	-	5.0	5.0	5.0	5.0
Airport	-	-	25.8	25.6	25.8	25.6
Transit	-	-	12.9	12.2	12.9	12.2
Total expenses	337.8	353.8	119.3	115.3	457.1	469.1
Excess before prior period adjustments	45.1	21.2	33.4	31.9	78.5	53.1
Prior period adjustment	0.5	0.3	-	(0.4)	0.5	(0.1)
Transfers	1.1	0.5	(1.1)	(0.5)	-	-
<b>Increase in net assets</b>	<b>\$ 46.7</b>	<b>\$ 22.0</b>	<b>\$ 32.3</b>	<b>\$ 31.0</b>	<b>\$ 79.0</b>	<b>\$ 53.0</b>

Governmental revenues increased while governmental expenses decreased in 2007. All categories of general revenues increased with property tax providing the largest increase. The amount paid by taxpayers through sales and property taxes totaled \$144.2 million or 42.7 percent, an increase from 38.8 percent in 2006.



**Business-type Activities.** The net assets of the business-type activities increased \$32.3 million in 2007. The most significant increases are in capital assets of the Water, Sewer and Storm Water funds. The three utilities implemented rate increases in 2007, driven largely by need for capital investment. The Airport's growth in net assets is largely cash and investments as the Airport Fund positions itself for capital expansion.

In 2003, Mid-Continent Airport was recognized as one of the fastest growing airports in the nation, with a record number of passengers using the airport. Since 2003, passenger loads have increased 11.5

percent, accomplished with subsidies to low-fare carriers and with community programs committing support to the low-fare carriers. The Airport Fund accounts for activities of Mid-Continent, a commercial service airport and Jabara, a general aviation reliever airport. Nine carriers serve Mid-Continent Airport. AirTran Airways continues as the City's eastbound low-cost carrier, Allegiant Air provides low-cost services directly to Las Vegas and Frontier Airlines provides westbound low-cost service.

Transit operations are funded from fares, General Fund subsidies and state and federal grants. Federal and state funding has remained relatively stable for public transportation providing for the full replacement of the buses since 2001. Transit continues to update the fleet as resources allow. Transit also operates a fleet of para-transit vans, replaced on a rotating basis with federal and state grant funds. A new transit operations center was placed in service in 1999, with computerized scheduling for para-transit service implemented in 2002, electronic fareboxes in 2003, and current considerations for an automated vehicle locator system. The Transit operation remains free of long-term debt.

The City operates five golf courses with the City's newest golf course, Auburn Hills, in operation for six years and ranked by golf publications as one of the top five and alternately one of the top ten public courses in Kansas. Approximately 164,000 rounds of golf were played in 2007, down from 188,000 in 2006. Inclement weather and snow cover impacted the opportunities to play significantly in 2007. Operational restructuring has been implemented at the courses to maintain a quality attraction with a fee structure that encourages golfing as a leisure activity. To spur play, the City has initiated promotional activities and continues to groom young golfers through a junior golf program.

**ANALYSIS OF THE GOVERNMENT'S FUNDS**

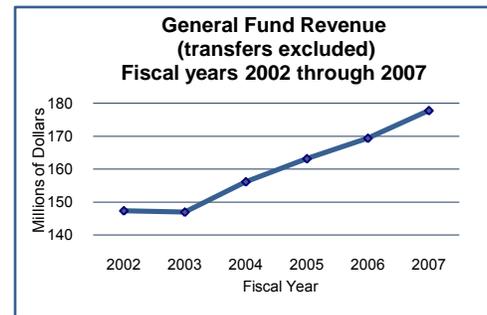
*Governmental Funds.* The City of Wichita uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental funds reported a combined ending fund balance of \$64.5 million, a net increase of \$9.6 million in 2007. The Debt Service Fund reflects a planned decrease in fund balance as available cash was utilized to fund projects in lieu of long-term financing. Available cash in the Debt Service Fund was used to finance \$61 million in capital expenses over the last two years in lieu of long-term financing. In other governmental funds, the Sewer Construction fund balance decreased by \$10.3 million for construction expenses not yet reimbursed with long term financing. The Local Sales Tax CIP Fund, also in other governmental funds, reflects an increase in fund balance of \$44.5 million as cash reserves were replenished with proceeds from the sale of long term debt.

Reservations of the fund balances for inventories, encumbrances and prepaid items totaled \$116.4 million, a decrease of \$23.9 million. The most notable change is the decrease in the reserve for encumbrances in the Street Improvement Fund, a result of timing of project expenses.

The General Fund is the major operating and taxing fund of the City of Wichita. At the close of 2007, the unreserved fund balance of the General Fund was \$23.1 million compared to \$23.0 million at the close of 2006. The unreserved fund balance of \$23.1 million represents 11.1 percent of the 2008 appropriated budget.

Major revenue sources in the General Fund are:

- Property taxes increased \$4.1 million under a long standing policy of maintaining a flat mill levy.
- The City's portion of the local sales tax (\$24.6 million) increased \$775,570 in 2007.
- Franchise fees (\$32.2 million) increased \$306,493 in 2007.
- Intergovernmental transfers from the State consist of liquor tax and gas tax providing a combined \$17.6 million in 2007, an increase of three percent over 2006.



General Fund expenses, excluding transfers, totaled \$178.4 million, \$9.0 million or 5.3 percent, above 2006. The growth of revenue in recent years has supported increased spending in all services.

General Fund Expenses by Function  
Fiscal years 2003 through 2007  
(dollars in thousands)

Table 3

	2003	2004	2005	2006	2007	Average Annual Growth
General government	\$ 18.7	\$ 20.9	\$ 21.5	\$ 22.2	\$ 23.6	6.0%
Public Safety	78.0	84.1	86.7	95.5	101.6	6.8%
Highways and streets	17.3	18.1	20.1	21.6	21.2	5.2%
Sanitation	2.0	2.2	2.0	2.2	2.2	2.4%
Health and welfare	3.6	3.4	3.4	3.4	4.0	2.7%
Culture and recreation	21.1	22.4	24.0	24.5	25.8	5.3%
Total expenses	\$ 140.7	\$ 151.1	\$ 157.7	\$ 169.4	\$ 178.4	6.1%

Activity in the Grants Assistance Fund is comparable to activities of prior years with grants predominantly supporting health and welfare programs. Expenses in the Street Improvement Fund are down \$26.6 million from 2007, a result of timing of major projects programmed in the capital improvement plan.

*Proprietary Funds:* The combined net assets of the proprietary funds increased by \$32.5 million in 2007 with the Water, Sewer and Storm Water Utilities recording the largest increase in net assets. Investment in capital represents the most significant factor in the increase.

Capital investments in the Water Utility include replacement of aging lines, system expansion to fringe areas of the City, security improvements and significant investment in the Equus Beds recharge program. Water rates have increased each year between 2000 and 2007 with the exception of 2005, largely driven by capital needs. Currently the City has a water supply plan in place to support growth and development through 2050.

Net Assets of Proprietary Funds  
(dollars in thousands)

Table 4

	2007	2006
Water Utility	\$ 304,857	\$ 295,222
Sewer Utility	241,485	229,663
Airport	153,119	148,992
Storm Water Utility	99,282	90,640
Golf Course System	3,187	4,170
Transit	17,690	18,430
Total	\$ 819,620	\$ 787,117

The Sewer Utility also implemented rate increases of three percent each year from 2002 through 2005 and a seven percent increase for 2006 and for 2007. Capital needs are pushing the rate increases as the Utility replaces aging lines in mature areas of the City and meets the demands of the growing geographical service area.

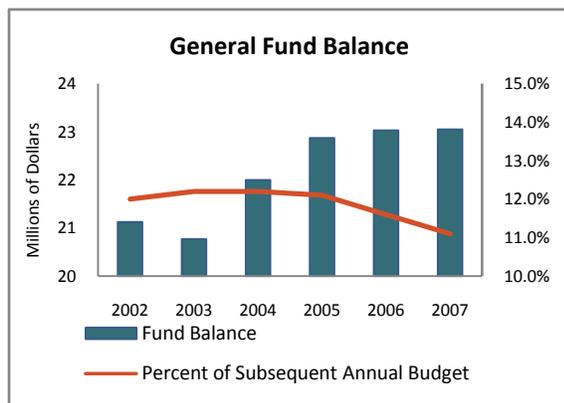
The Storm Water Utility is funded from fees paid by property owners and until 2005, subsidized by the General Fund. A seven percent rate increase was implemented in 2006 and 2007 to insure sufficient funds for operations and capital investment, enabling the Utility to meet operational and capital needs. The utility operates ten pump stations and is designing the eleventh station to move excess surface water from heavy rains. Capital contributions from special assessments represent about 70 percent of the 2007 increase in net assets.

The Airport Fund is continuing with plans to construct a new terminal building and increase customer parking. During 2005, the passenger facility charge was increased from \$3.00 to \$4.50 to support the capital program at Mid-Continent Airport, reflected in growing cash reserves. Cash reserves have grown from \$14.1 million at the close of 2004 to \$31.3 million at the close of 2007.

The net assets of the Golf Fund declined \$983,652 in 2007. Inclement weather and snow cover reduced golf play, reducing revenue by 8.5 percent compared to 2006. Operating expenses requiring cash outlays were guarded and actually declined \$62,356. Organizational and management re-structuring to ensure a quality golf experience at affordable costs included restructuring of the Golf Fund debt. The Debt Service Fund is extending an interfund loan to free operating cash while maintaining a long-term repayment schedule.

The operating expenses of the Transit Fund increased \$523,375 or 4 percent above 2006. Increased fuel costs account for 23.7 percent of the increased expenditures. A \$.50 fare increase was implemented in conjunction with the elimination of a transfer fare. Fixed route ridership is up as para-transit riders are shifted to the fixed route system, yielding an overall increase in ridership of 4.2 percent and a corresponding increase in fare revenue of 2.8 percent. The Fund receives approximately 50 percent of its operating revenue from state and federal grants and 30 percent of its revenue from local subsidies, with the balance from operations. Federal grants have provided approximately 80 percent of funds for capital investment.

**General Fund Budgetary Highlights.** Actual revenue met expectations of the original budget. A 4.7 percent growth in revenue was lead by increases in property tax and sales tax revenue. General Fund transfer revenue increased by \$2.0 million over 2006 including several one-time transfers as planned.



Expenditures increased 6.5 percent with public safety realizing the largest increases. As the revenue increased, the City addressed needs in all service areas, with public safety absorbing the greatest portion of the additional revenue. An expenditure reserve is appropriated each year for emergency purposes. In 2007, the emergency reserve was \$12.6 million of which \$2.2 million was expended.

Fiscal 2007 closed with revenue (including transfer revenue) exceeding expenditures and transfers-out by \$25,196 on a budgetary basis. Annually, the adopted budget is revised internally as approved by the City Council. Customarily, the revised budget does not increase as the City seeks cost savings and opportunities for one-time expenditures for improvements.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At the end of 2007, the City of Wichita had invested \$2.0 billion (net of depreciation) in a broad range of capital assets, including water and sewer facilities, police and fire equipment, buildings, parks, airfields, roads, bridges, and land (Table 3). Capital assets, net of depreciation, increased \$109.4 million during 2007 compared to an increase of \$111.9 million in 2006.

Approximately 37 percent of the increase was in proprietary activities and 63 percent in governmental funds. Additional information on changes in capital assets can be found in Note 6 to the Financial Statements.

Capital Assets Net of Depreciation  
As of December 31, 2007  
(with comparative totals for December 31, 2006)  
(in millions of dollars)

Table 5

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2007	2006	2007	2006	2007	2006	
Land	\$ 235.3	\$ 228.9	\$ 35.1	\$ 34.5	\$ 270.4	\$ 263.4	2.6%
Airfield	-	-	30.9	34.9	30.9	34.9	(11.5)%
Buildings & improvements	173.1	172.1	729.0	705.5	902.1	877.6	2.8%
Equipment	37.7	34.9	39.6	43.0	77.3	77.9	(0.7)%
Infrastructure	312.1	315.5	-	-	312.1	315.5	(1.1)%
Construction in progress	237.0	175.0	222.8	198.9	459.8	373.9	23.0%
<b>Total</b>	<b>\$ 995.2</b>	<b>\$ 926.4</b>	<b>\$ 1,057.4</b>	<b>\$ 1,016.8</b>	<b>\$ 2,052.6</b>	<b>\$ 1,943.2</b>	<b>5.6%</b>

Major capital asset investments in the proprietary activities include the following:

- ❑ Continued investment in the automatic meter reading program of \$1.2 million.
- ❑ Water main replacements and refurbishments in the amount of \$8.7 million.
- ❑ Sanitary sewer reconstruction and rehabilitation in the amount of \$3.9 million.
- ❑ Investment in new airport terminal totaled \$3.4 million.
- ❑ Investment in taxiway construction and improvements totaled \$2.5 million.

Major capital asset additions in governmental activities include the following:

- ❑ Neighborhood paving projects of \$11.9 million.
- ❑ Improvements to major arterials of \$34.0 million.
- ❑ Continued investment in infrastructure for WaterWalk of \$8.6 million.
- ❑ Park and playground improvements of \$1.8 million.
- ❑ Fire training grounds and station improvements of \$1.6 million.

**Long-term Debt.** The City finances capital projects with general obligation bonds/notes, revenue bonds, grants, and cash. The most significant of the financing tools is general obligation bonds based on the full faith and credit of the City. The City has approximately 10 mills of the total mill levy dedicated to general obligation capital financing. Projects that rely most heavily upon property taxes for repayment of general obligation bonds are arterial streets, bridges, storm water, parks, transit, core area projects, and public buildings. Capital costs are also funded through enterprise, internal service and special revenue funds.

The City adopts a ten year Capital Improvement Program (CIP). Two years are a capital budget for purposes of project initiation and the remaining period is a planning tool. The City of Wichita maintains an “Aa2” rating from Moody’s and “AA” from Standard and Poor’s. The Water and Sewer Utilities maintain a rating of “A1” from Moody’s and “AAA” insured.

At year-end the City had \$847.8 million in bonds and \$65.1 million in temporary notes outstanding, illustrated in Table 6. Debt outstanding for the City of Wichita increased by net of \$12.1 million, due to new issues offset by retirements.

Total new debt was \$87.4 million with total retirements of \$75.4 million, excluding temporary notes, which increased \$6.3 million in 2007. More detail is located in the Notes to the Financial Statements, in the Additional Information and in the Statistical sections of this report.

Kansas State Statutes limit the amount of general obligation bonds a City can issue to 30 percent of the equalized tangible valuation. The current limitation for the City is \$1,015.4 million, significantly higher than the general obligation outstanding debt (\$448.4 million). Additional information can be found in Note 9 to the Financial Statements and the Statistical Section.

**General Obligation and Revenue Bonds**  
**As of December 31, 2007**  
**(with comparative totals for December 31, 2006)**  
**(in millions of dollars)**

**Table 6**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Ad valorem property taxes	\$ 40.6	\$ 51.3	\$ -	\$ -	\$ 40.6	\$ 51.3
Special assessments	218.5	217.7	-	-	218.5	217.7
Tax Increment	31.1	21.7	-	-	31.1	21.7
Transient guest tax	5.6	6.7	-	-	5.6	6.7
Local sales tax	138.2	104.5	-	-	138.2	104.5
G.O. and Revenue	-	-	389.6	407.2	389.6	407.2
Wichita Public Building Commission	-	-	24.2	26.6	24.2	26.6
<b>Total</b>	<b>\$ 434.0</b>	<b>\$ 401.9</b>	<b>\$ 413.8</b>	<b>\$ 433.8</b>	<b>\$ 847.8</b>	<b>\$ 835.7</b>

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET<sup>1</sup>

The unemployment rate for the Wichita Metropolitan Statistical Area (MSA) for the fourth quarter of 2007 was 3.6 percent, down 0.7 percent compared to the fourth quarter of 2006. All industry segments in the MSA are reporting employment gains, except for transportation, warehousing and utilities.

In the MSA, the overall value of construction activity in the fourth quarter of 2007 declined 7.7 percent from the fourth quarter of 2006. The value of permits for new residential construction decreased 2.3 percent while the value of permits for remodels, repairs and additions decreased 0.1 percent. The value of permits for new non-residential construction increased 42.2 percent from the fourth quarter of 2006, spurred by permits related to arena construction. Home sales declined by two percent in 2007, a significantly stronger performance than in the national market.

The City's has five labor bargaining units. Contracts of three bargaining units expired at the end of 2007 with new contracts in place. A settlement was reached in 2007 on the labor contract for the Police and Fire units which expired in December of 2006.

The State of Kansas has continued its elimination of demand transfers to cities during 2006 and has passed legislation to eliminate property tax on new business machinery and equipment with the first impact on the 2008 budget. The City of Wichita continues to partner with other local governments and the private sector to replace jobs lost to international outsourcing, capitalizing on the strengths of the City and region, such as the existing labor market, professional and business services, education, healthcare and tourism. Spurring economic development and maintaining infrastructure and essential services were all factors considered in preparing the City's budget for 2008 budget and capital improvement program.

#### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Wichita's finances for individuals with an interest in the City's finances. Additional information is provided within the Notes to the Financial Statements, beginning on page A-36. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 455 North Main, City of Wichita, Kansas, Wichita, KS 67202.

<sup>1</sup> Economic information was drawn from compiled information by Wichita State University, Center for Economic Development and Business Research, supplemented with information from the Bureau of Economic Analysis.

# CITY OF WICHITA, KANSAS

## STATEMENT OF NET ASSETS

December 31, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Wichita Public Building Commission
<b>ASSETS</b>				
Cash and cash equivalents	\$ 151,527,559	\$ 26,544,292	\$ 178,071,851	\$ -
Investments	3,580,016	-	3,580,016	-
Receivables (net)	332,579,578	8,488,796	341,068,374	-
Internal balances	3,030,832	(3,030,832)	-	-
Prepaid items	647,591	29,370	676,961	-
Inventories	23,500	1,809,021	1,832,521	-
Due from other agencies	4,748,785	958,621	5,707,406	-
Notes receivable	1,011,635	-	1,011,635	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	64,367,631	64,367,631	232
Investments	-	-	-	1,769,323
Receivables	-	346,126	346,126	353,293
Net investment in direct financing leases	-	75,197,444	75,197,444	24,552,691
Permanently restricted:				
Cash and cash equivalents	235,437	-	235,437	-
Other assets	-	3,827,745	3,827,745	-
Capital assets:				
Land and construction in progress	472,320,618	257,825,514	730,146,132	-
Other capital assets, net of depreciation	522,885,278	799,530,595	1,322,415,873	-
<b>Total capital assets</b>	<b>995,205,896</b>	<b>1,057,356,109</b>	<b>2,052,562,005</b>	<b>-</b>
<b>Total assets</b>	<b>1,492,590,829</b>	<b>1,235,894,323</b>	<b>2,728,485,152</b>	<b>26,675,539</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	18,103,281	4,750,343	22,853,624	-
Accrued interest payable	6,471,864	4,446,947	10,918,811	353,293
Temporary notes payable	50,066,293	894,000	50,960,293	-
Deposits	1,519,248	2,759,504	4,278,752	-
Unearned revenue	101,026,725	3,172,065	104,198,790	-
Due to other agencies	118,723	-	118,723	1,769,555
Noncurrent liabilities, including claims payable:				
Due within one year	73,196,273	17,885,644	91,081,917	2,425,000
Due in more than one year	440,444,653	382,833,376	823,278,029	21,805,000
Other liabilities	-	-	-	322,691
<b>Total liabilities</b>	<b>690,947,060</b>	<b>416,741,879</b>	<b>1,107,688,939</b>	<b>26,675,539</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	488,829,099	744,184,460	1,233,013,559	-
Restricted for:				
Capital projects	69,898,657	15,390,790	85,289,447	-
Highways and streets	6,712,273	-	6,712,273	-
Debt service	228,626,874	3,523,402	232,150,276	-
Revenue bond reserves	-	30,185,871	30,185,871	-
Cemetery:				
Expendable	623,073	-	623,073	-
Nonexpendable	235,437	-	235,437	-
Other purposes	19,672,971	-	19,672,971	-
Unrestricted	<b>(12,954,615)</b>	<b>25,867,921</b>	<b>12,913,306</b>	<b>-</b>
<b>Total net assets</b>	<b>\$ 801,643,769</b>	<b>\$ 819,152,444</b>	<b>\$ 1,620,796,213</b>	<b>\$ -</b>

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

# CITY OF WICHITA, KANSAS

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2007

	Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Primary government:			
General government	\$ 36,809,846	\$ 16,257,976	\$ 3,004,277
Public safety	114,507,431	6,713,170	2,265,173
Highways and streets	94,502,198	4,939,779	15,828,942
Sanitation	3,729,158	816,937	-
Health and welfare	33,088,384	2,959,944	24,439,048
Culture and recreation	34,293,898	4,546,570	4,056,504
Interest on long-term debt	20,921,539	-	-
Total governmental activities	337,852,454	36,234,376	49,593,944
Business-type activities:			
Water	38,129,538	37,486,077	-
Sewer	31,983,374	31,874,871	-
Storm Water	5,489,927	8,273,343	-
Golf Course System	4,985,318	3,981,225	-
Airport	25,788,543	20,635,175	-
Transit	12,927,719	1,737,415	5,561,244
Total business-type activities	119,304,419	103,988,106	5,561,244
Total primary government	\$ 457,156,873	\$ 140,222,482	\$ 55,155,188
Component unit:			
Wichita Public Building Commission	\$ -	\$ -	\$ -

General revenues:

Property taxes

Sales taxes

Franchise fees

Motor vehicle taxes

Transient guest taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues, special items and transfers

Change in net assets

Net assets, beginning of year as previously reported

Prior period adjustments

Net assets, beginning of year as restated

Net assets, end of year

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

Net (Expense) Revenue and Changes in Net Assets				
Capital Grants and Contributions	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wichita Public Building Commission
\$ -	\$ (17,547,593)	\$ -	\$ (17,547,593)	\$ -
-	(105,529,088)	-	(105,529,088)	-
77,915,089	4,181,612	-	4,181,612	-
-	(2,912,221)	-	(2,912,221)	-
-	(5,689,392)	-	(5,689,392)	-
182,970	(25,507,854)	-	(25,507,854)	-
-	(20,921,539)	-	(20,921,539)	-
<u>78,098,059</u>	<u>(173,926,075)</u>	<u>-</u>	<u>(173,926,075)</u>	<u>-</u>
10,033,653	-	9,390,192	9,390,192	-
11,969,615	-	11,861,112	11,861,112	-
6,065,659	-	8,849,075	8,849,075	-
-	-	(1,004,093)	(1,004,093)	-
4,412,468	-	(740,900)	(740,900)	-
1,385,045	-	(4,244,015)	(4,244,015)	-
<u>33,866,440</u>	<u>-</u>	<u>24,111,371</u>	<u>24,111,371</u>	<u>-</u>
<u>\$ 111,964,499</u>	<u>(173,926,075)</u>	<u>24,111,371</u>	<u>(149,814,704)</u>	<u>-</u>
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	94,959,194	-	94,959,194	-
	49,255,686	-	49,255,686	-
	32,157,085	-	32,157,085	-
	13,060,630	-	13,060,630	-
	5,708,522	-	5,708,522	-
	11,535,341	8,465,939	20,001,280	-
	12,328,486	792,937	13,121,423	-
	1,100,667	(1,100,667)	-	-
	<u>220,105,611</u>	<u>8,158,209</u>	<u>228,263,820</u>	<u>-</u>
	46,179,536	32,269,580	78,449,116	-
	754,899,987	786,882,864	1,541,782,851	-
	564,246	-	564,246	-
	<u>755,464,233</u>	<u>786,882,864</u>	<u>1,542,347,097</u>	<u>-</u>
	<u>\$ 801,643,769</u>	<u>\$ 819,152,444</u>	<u>\$ 1,620,796,213</u>	<u>\$ -</u>

# CITY OF WICHITA, KANSAS

## BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2007

	General Fund	Grant Assistance Fund	Debt Service Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 37,295,725	\$ 2,300,358	\$ 16,019,801
Investments	-	3,111,201	-
Receivables, net:			
Property taxes	63,890,608	-	29,367,150
Due from other agencies	-	73,528	-
Special assessments	-	-	218,545,000
Accounts	545,113	5,620,408	-
Interest	-	8,660	-
Due from other funds	-	712,278	2,563,706
Prepaid items	10	68,867	-
Notes receivable	-	1,011,635	-
Inventories	-	23,500	-
	<u>\$ 101,731,456</u>	<u>\$ 12,930,435</u>	<u>\$ 266,495,657</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other liabilities	\$ 9,533,035	\$ 429,259	\$ -
Accrued interest payable	-	-	-
Temporary notes payable	-	-	-
Deposits	1,208,987	173,822	-
Due to other agencies	-	118,723	-
Due to other funds	-	712,278	-
Unearned revenue	64,453,592	6,572,004	250,388,776
	<u>75,195,614</u>	<u>8,006,086</u>	<u>250,388,776</u>
Fund balances (deficits):			
Reserved for:			
Inventories	-	23,500	-
Encumbrances	3,484,759	1,817,031	-
Prepaid items	10	68,867	-
Cemetery perpetual care	-	-	-
Unreserved:			
Designated	12,651,995	-	16,106,881
Undesignated	10,399,078	3,014,951	-
Undesignated, reported in Special Revenue Funds	-	-	-
Undesignated, reported in Capital Projects Funds	-	-	-
Undesignated, reported in Permanent Fund	-	-	-
	<u>26,535,842</u>	<u>4,924,349</u>	<u>16,106,881</u>
Total fund balances (deficits)	<u>\$ 101,731,456</u>	<u>\$ 12,930,435</u>	<u>\$ 266,495,657</u>
Total liabilities and fund balances	<u>\$ 101,731,456</u>	<u>\$ 12,930,435</u>	<u>\$ 266,495,657</u>

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

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,431,824	\$ 53,967,793	\$ 111,015,501
-	468,815	3,580,016
-	-	93,257,758
4,371,757	303,500	4,748,785
-	-	218,545,000
13,558,735	879,321	20,603,577
-	-	8,660
-	70,058,791	73,334,775
-	-	68,877
-	-	1,011,635
-	-	23,500
<u>\$ 19,362,316</u>	<u>\$ 125,678,220</u>	<u>\$ 526,198,084</u>
\$ 3,322,439	\$ 3,200,597	\$ 16,485,330
274,846	344,057	618,903
21,624,724	28,441,569	50,066,293
63,002	73,437	1,519,248
-	-	118,723
33,720,041	36,338,750	70,771,069
-	721,060	322,135,432
<u>59,005,052</u>	<u>69,119,470</u>	<u>461,714,998</u>
-	-	23,500
89,099,159	21,659,357	116,060,306
-	-	68,877
-	235,437	235,437
-	-	28,758,876
-	-	13,414,029
-	57,402,098	57,402,098
(128,741,895)	(23,361,215)	(152,103,110)
-	623,073	623,073
<u>(39,642,736)</u>	<u>56,558,750</u>	<u>64,483,086</u>
<u>\$ 19,362,316</u>	<u>\$ 125,678,220</u>	<u>\$ 526,198,084</u>

## CITY OF WICHITA, KANSAS

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets December 31, 2007

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

<b>Total fund balance -- governmental funds</b>		\$ 64,483,086
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	1,253,020,402	
Accumulated Depreciation	<u>(271,055,884)</u>	981,964,518
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
General Obligation Bonds Payable	215,427,577	
Special Assessment Bonds Payable	218,545,000	
Premium on Bonds Payable	7,986,274	
Deferred Refunding on Bonds Payable	(1,653,053)	
Accrued Interest Payable on the Bonds	5,852,961	
Section 108 Loan	1,825,000	
Bond anticipation notes	14,179,707	
Accreted interest	2,735,752	
Compensated Absences	8,381,741	
Liability for landfill closure and postclosure costs	<u>24,487,857</u>	(497,768,816)
The amount due from other funds is not considered available to liquidate liabilities of the current period, and therefore is deferred in the funds. However it is properly recognized as revenue in the entity-wide statements.		
		2,563,706
Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the entity-wide statements as soon as the related improvement has been completed.		
		218,545,000
In the statement of net assets, a long term liability is recorded for the unfunded portion of post employment benefits other than pensions, while in the governmental funds liabilities that do not require satisfaction with current resources are not recorded.		
		(2,212,971)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		
		<u>34,069,246</u>
<b>Total net assets -- governmental activities</b>		<u>\$ 801,643,769</u>

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

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# CITY OF WICHITA, KANSAS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the year ended December 31, 2007

	General Fund	Grant Assistance Fund	Debt Service Fund
<b>REVENUES</b>			
Taxes	\$ 69,513,559	\$ -	\$ 32,222,536
Special assessments	7,286	-	29,528,879
Franchise fees	32,157,085	-	-
Local sales tax	24,627,843	-	-
Intergovernmental	17,623,268	26,997,006	-
Licenses and permits	1,932,656	-	-
Fines and penalties	9,948,331	-	-
Rentals	2,492,690	1,362,782	-
Interest earnings	4,568,839	129,737	1,793,464
Charges for services and sales	7,549,057	39,413	-
Other	6,735,587	2,113,591	271,596
Total revenues	177,156,201	30,642,529	63,816,475
<b>EXPENDITURES</b>			
Current:			
General government	23,569,985	1,371,007	-
Public safety	101,579,443	1,560,969	-
Highways and streets	21,211,443	1,572,212	-
Sanitation	2,208,420	-	-
Health and welfare	4,040,875	24,793,645	-
Culture and recreation	25,795,697	672,887	-
Debt service:			
Principal retirement	-	-	40,438,729
Interest and fiscal charges	-	-	18,118,400
Capital outlay	-	-	-
Total expenditures	178,405,863	29,970,720	58,557,129
Excess (deficiency) of revenues over (under) expenditures	(1,249,662)	671,809	5,259,346
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of long-term capital debt	-	-	-
Premiums on bonds sold	-	-	627,991
Payments on refunded bonds	-	-	(15,615,000)
Transfers from other funds	10,429,295	58,088	17,395,926
Transfers to other funds	(8,436,888)	(547,072)	(32,505,964)
Total other financing sources (uses)	1,992,407	(488,984)	(30,097,047)
Net change in fund balances	742,745	182,825	(24,837,701)
Fund balances - beginning	25,793,097	4,827,101	40,944,582
Prior period adjustment	-	(85,577)	-
Fund balances - ending	\$ 26,535,842	\$ 4,924,349	\$ 16,106,881

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

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 11,992,251	\$ 113,728,346
118,417	427,342	30,081,924
-	-	32,157,085
-	24,627,843	49,255,686
46,671,414	5,368,470	96,660,158
-	5,545,554	7,478,210
-	-	9,948,331
-	1,712,738	5,568,210
439,570	3,443,657	10,375,267
-	2,357,632	9,946,102
2,225,177	4,895,459	16,241,410
<u>49,454,578</u>	<u>60,370,946</u>	<u>381,440,729</u>
-	6,634,531	31,575,523
-	7,604,612	110,745,024
-	-	22,783,655
-	1,400,852	3,609,272
-	2,923,571	31,758,091
-	3,702,459	30,171,043
10,469,880	7,587,558	58,496,167
849,632	1,363,522	20,331,554
89,802,842	60,580,310	150,383,152
<u>101,122,354</u>	<u>91,797,415</u>	<u>459,853,481</u>
<u>(51,667,776)</u>	<u>(31,426,469)</u>	<u>(78,412,752)</u>
64,916,809	36,702,898	101,619,707
-	-	627,991
-	-	(15,615,000)
18,396,345	62,929,014	109,208,668
<u>(31,124,773)</u>	<u>(35,090,995)</u>	<u>(107,705,692)</u>
<u>52,188,381</u>	<u>64,540,917</u>	<u>88,135,674</u>
520,605	33,114,448	9,722,922
(40,163,341)	23,444,302	54,845,741
-	-	(85,577)
<u>\$ (39,642,736)</u>	<u>\$ 56,558,750</u>	<u>\$ 64,483,086</u>

**CITY OF WICHITA, KANSAS**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2007**

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

<b>Net change in fund balances -- total governmental funds</b>		<b>\$ 9,722,922</b>
<p>Governmental funds report capital asset acquisition as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset acquisitions exceeded depreciation in the current period.</p>		
Depreciation expense	(24,536,379)	
Capital asset acquisition	92,404,180	67,867,801
<p>In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only cash proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of capital assets sold.</p>		
		(193,703)
<p>In the statement of activities, transfers of capital assets from governmental activities to business type activities are reported as transfers, whereas in the governmental funds, there is no event to report as there was no outward flow of current financial resources.</p>		
		(585,289)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.</p>		
		(101,619,707)
<p>Bond premium proceeds provide current financial resources to governmental funds, but premiums on sales do not increase long-term liabilities in the statement of net assets.</p>		
		(627,991)
<p>The amortization of bond premiums decrease the long term liabilities in the statement of net assets but do not provide current financial resources to governmental funds.</p>		
		1,067,766
<p>The amortization of refunding costs increases the long term liabilities in the statement of net assets but do not provide current financial resources to governmental funds.</p>		
		(221,723)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
General obligation bonds	21,047,000	
Special assessment bonds	34,325,000	
Temporary notes	18,057,438	
Section 108 Housing & Urban Development loan	250,000	73,679,438
<p>Debt service payments on behalf of proprietary funds are recorded as expenditures in governmental funds and interfund loans on the statement of net assets.</p>		
		431,728
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.</p>		
		(701,092)
<p>In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). The compensated absences earned that exceed benefits paid is shown as an expense on the statement of activities.</p>		
		(463,334)
<p>Internal service funds are used to charge the costs of certain activities, such as insurance, to the individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.</p>		
		(971,475)
<p>Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the statement of activities as soon as the related improvement has been completed.</p>		
		840,000
<p>In the statement of activities, costs estimated to be incurred for closure and post-closure care of the landfill are recorded as incurred. In the governmental funds, however, expenditures are measured by the amount of financial resources used (or paid). The change in estimated costs incurred in excess of the amounts paid is shown as an expense on the statement of activities</p>		
		56,059
<p>In the statement of activities, interest is accreted on outstanding bonds, whereas in governmental funds, interest is accreted when interest payments are due.</p>		
		111,107
<p>In the statement of activities, an expense is recorded for post employment benefits other than pensions when earned. In the governmental funds an expense is recorded when the benefits are paid.</p>		
		(2,212,971)
<b>Change in net assets of governmental activities</b>		<b>\$ 46,179,536</b>

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

# CITY OF WICHITA, KANSAS

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 69,322,070	\$ 69,332,070	\$ 69,513,558	\$ 181,488
Special assessments	29,350	27,350	7,286	(20,064)
Franchise fees	32,630,930	32,626,130	32,157,085	(469,045)
Local sales tax	24,207,000	24,512,490	24,627,843	115,353
Intergovernmental	18,186,400	17,551,360	17,623,268	71,908
Licenses and permits	2,121,910	1,996,370	1,932,656	(63,714)
Fines and penalties	9,027,180	9,813,800	9,948,332	134,532
Rentals	2,651,310	2,699,150	2,492,690	(206,460)
Interest earnings	4,750,000	4,500,000	4,568,839	68,839
Charges for services and sales	8,537,140	8,242,600	7,549,057	(693,543)
Other	5,977,950	6,610,320	7,322,805	712,485
Total revenues	177,441,240	177,911,640	177,743,419	(168,221)
<b>EXPENDITURES</b>				
Current:				
General government	31,937,782	29,896,702	22,934,950	6,961,752
Public safety	102,542,950	102,896,050	102,498,949	397,101
Highways and streets	22,928,830	23,135,290	22,356,244	779,046
Sanitation	2,231,310	2,222,800	2,159,973	62,827
Health and welfare	4,053,410	4,163,600	3,931,298	232,302
Culture and recreation	26,792,710	27,623,970	25,829,216	1,794,754
Total expenditures	190,486,992	189,938,412	179,710,630	10,227,782
Excess (deficiency) of revenues over (under) expenditures	(13,045,752)	(12,026,772)	(1,967,211)	10,059,561
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	8,185,520	11,036,710	10,429,295	(607,415)
Transfers to other funds	(8,078,990)	(8,627,570)	(8,436,888)	190,682
Total other financing sources (uses)	106,530	2,409,140	1,992,407	(416,733)
Net change in fund balances	(12,939,222)	(9,617,632)	25,196	9,642,828
Fund balance - beginning	22,867,521	23,025,888	23,025,888	-
Fund balance - ending	\$ 9,928,299	\$ 13,408,256	\$ 23,051,084	\$ 9,642,828

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

# CITY OF WICHITA, KANSAS

## BALANCE SHEET PROPRIETARY FUNDS December 31, 2007

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 5,121,717	\$ 3,476,359	\$ 15,880,235
Receivables, net	6,145,620	1,204,602	661,034
Due from other funds	-	-	-
Due from other agencies	-	-	-
Inventories	1,329,531	227,013	-
Prepaid items	1,054	-	28,316
Restricted assets:			
Cash and temporary investments	9,999,536	7,812,390	15,390,540
Receivables	-	-	346,126
Net investment in direct financing leases	-	-	300,000
Total current assets	22,597,458	12,720,364	32,606,251
Noncurrent assets:			
Restricted assets:			
Cash and temporary investments	19,767,027	11,398,138	-
Net investment in direct financing leases	-	-	74,897,444
Capital assets:			
Land	8,750,171	3,837,028	16,228,947
Airfield	-	-	111,267,534
Buildings	63,101,512	85,410,033	40,530,501
Improvements other than buildings	370,004,346	279,091,704	35,141,227
Machinery, equipment and other assets	37,855,269	25,005,341	20,733,023
Construction in progress	101,242,134	60,772,870	51,086,345
Less accumulated depreciation	(149,255,092)	(90,619,846)	(146,630,340)
Total capital assets (net of accumulated depreciation)	431,698,340	363,497,130	128,357,237
Other assets	1,987,741	1,829,138	10,866
Total noncurrent assets	453,453,108	376,724,406	203,265,547
Total assets	\$ 476,050,566	\$ 389,444,770	\$ 235,871,798

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 2,065,981	\$ 26,544,292	\$ 40,747,495
477,540	8,488,796	164,583
141,029	141,029	-
958,621	958,621	-
252,477	1,809,021	-
-	29,370	578,714
-	33,202,466	-
-	346,126	-
-	300,000	-
<u>3,895,648</u>	<u>71,819,721</u>	<u>41,490,792</u>
-	31,165,165	-
-	74,897,444	-
6,250,694	35,066,840	71,340
-	111,267,534	-
14,029,572	203,071,618	3,337,821
115,225,374	799,462,651	-
22,951,361	106,544,994	43,603,711
9,657,325	222,758,674	-
<u>(34,310,924)</u>	<u>(420,816,202)</u>	<u>(33,771,493)</u>
<u>133,803,402</u>	<u>1,057,356,109</u>	<u>13,241,379</u>
-	3,827,745	-
<u>133,803,402</u>	<u>1,167,246,463</u>	<u>13,241,379</u>
<u>\$ 137,699,050</u>	<u>\$ 1,239,066,184</u>	<u>\$ 54,732,171</u>

(Continued)

# CITY OF WICHITA, KANSAS

## BALANCE SHEET (CONTINUED) PROPRIETARY FUNDS

December 31, 2007

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,458,459	\$ 623,875	\$ 1,668,564
Accrued interest payable	401,143	-	35,019
Temporary notes payable	-	-	-
Deposits	2,743,436	250	14,211
Current portion of long-term obligations:			
General obligation bonds payable	-	-	640,000
Due to other funds	-	-	-
Claims payable	-	-	-
Capital lease payable	-	-	-
Compensated absences	469,562	286,063	290,873
Current liabilities payable from restricted assets:			
Accounts payable and accrued expenses	-	-	68,285
Accrued interest payable	1,924,713	1,687,415	346,126
Revenue bonds payable	8,074,823	6,124,975	300,000
Total current liabilities	15,072,136	8,722,578	3,363,078
Noncurrent liabilities:			
Unearned revenue	-	-	3,172,065
Due to other funds	-	-	-
General obligation bonds payable	-	-	1,280,000
Revenue bonds	151,217,065	134,479,572	74,897,444
Unamortized deferred refunding	(1,311,245)	(804,688)	-
Unamortized revenue bond premium	6,147,311	5,521,366	-
Claims payable	-	-	-
Capital lease payable	-	-	-
Compensated absences	67,759	41,279	40,497
Total noncurrent liabilities	156,120,890	139,237,529	79,390,006
Total liabilities	171,193,026	147,960,107	82,753,084
<b>NET ASSETS</b>			
Invested in capital assets	-	-	-
Invested in capital assets, net of related debt	274,343,535	223,058,446	126,437,237
Restricted for:			
Capital projects	-	-	15,390,540
Debt Service	1,835,985	1,687,417	-
Revenue bond reserves	19,232,716	10,953,155	-
Unrestricted - undesignated	9,445,304	5,785,645	11,290,937
Total net assets	304,857,540	241,484,663	153,118,714
Total liabilities and net assets	\$ 476,050,566	\$ 389,444,770	\$ 235,871,798

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 931,160	\$ 4,682,058	\$ 1,617,951
52,531	488,693	-
894,000	894,000	-
1,607	2,759,504	-
1,352,325	1,992,325	-
141,029	141,029	-
-	-	6,868,028
-	-	366,816
347,023	1,393,521	295,885
-	68,285	-
-	3,958,254	-
-	14,499,798	-
<u>3,719,675</u>	<u>30,877,467</u>	<u>9,148,680</u>
-	3,172,065	-
2,563,706	2,563,706	-
11,211,834	12,491,834	-
-	360,594,081	-
-	(2,115,933)	-
-	11,668,677	-
-	-	10,621,513
-	-	1,314,357
45,182	194,717	45,501
<u>13,820,722</u>	<u>388,569,147</u>	<u>11,981,371</u>
<u>17,540,397</u>	<u>419,446,614</u>	<u>21,130,051</u>
-	-	13,241,379
120,345,242	744,184,460	-
250	15,390,790	-
-	3,523,402	-
-	30,185,871	-
(186,839)	26,335,047	20,360,741
<u>120,158,653</u>	<u>819,619,570</u>	<u>33,602,120</u>
<u>\$ 137,699,050</u>	<u>\$ 1,239,066,184</u>	<u>\$ 54,732,171</u>

Total net assets \$ 819,619,570

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities (467,126)

Net assets of business-type activities \$ 819,152,444

**CITY OF WICHITA, KANSAS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS**

For the year ended December 31, 2007

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>OPERATING REVENUES</b>			
Charges for services and sales	\$ 37,464,628	\$ 31,874,871	\$ 3,185,292
Fees	-	-	3,126,338
Rentals	21,449	-	14,323,545
Employer contributions	-	-	-
Employee contributions	-	-	-
Other	44,742	2,924	45,454
Total operating revenues	<u>37,530,819</u>	<u>31,877,795</u>	<u>20,680,629</u>
<b>OPERATING EXPENSES</b>			
Personal services	8,959,024	9,672,170	6,750,675
Contractual services	7,504,381	4,840,905	2,922,734
Materials and supplies	2,994,813	2,510,813	3,835,943
Cost of materials used	-	-	-
Administrative charges	1,038,830	250,570	210,600
Franchise fees and payments in lieu of delinquent specials	2,426,500	1,774,470	-
Depreciation	10,121,548	8,208,366	7,060,473
Employee benefits	-	-	-
Insurance claims	-	-	-
Total operating expenses	<u>33,045,096</u>	<u>27,257,294</u>	<u>20,780,425</u>
Operating income (loss)	<u>4,485,723</u>	<u>4,620,501</u>	<u>(99,796)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Operating grants	-	-	-
Interest on investments	1,654,104	1,025,729	5,601,624
Other revenues (expenses)	(7,230)	15,655	(5,146)
Interest expense	(4,947,905)	(4,640,881)	(4,965,571)
Gain (loss) from sale of assets	(38,392)	(31,300)	(354)
Bond premium (discount) amortization	320,820	261,528	(5,508)
Total nonoperating revenues (expenses)	<u>(3,018,603)</u>	<u>(3,369,269)</u>	<u>625,045</u>
Income (loss) before contributions and transfers	1,467,120	1,251,232	525,249
Capital contributions and operating transfers:			
Capital contributions - cash	4,394,945	1,813,499	4,412,468
Capital contributions - non cash	5,638,708	10,156,116	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,865,820)	(1,398,800)	(811,530)
Increase (decrease) in net assets	9,634,953	11,822,047	4,126,187
Total net assets - beginning	<u>295,222,587</u>	<u>229,662,616</u>	<u>148,992,527</u>
Total net assets - ending	<u>\$ 304,857,540</u>	<u>\$ 241,484,663</u>	<u>\$ 153,118,714</u>

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 10,515,105	\$ 83,039,896	\$ 8,071,006
2,594,998	5,721,336	-
881,880	15,226,874	10,238,145
-	-	26,424,863
-	-	7,129,508
101,814	194,934	926,125
<u>14,093,797</u>	<u>104,183,040</u>	<u>52,789,647</u>
9,505,159	34,887,028	6,746,658
5,368,893	20,636,913	7,525,017
2,685,084	12,026,653	5,013,004
-	-	1,672,316
512,930	2,012,930	551,040
-	4,200,970	-
4,571,370	29,961,757	4,160,235
-	-	24,690,966
-	-	5,142,185
<u>22,643,436</u>	<u>103,726,251</u>	<u>55,501,421</u>
<u>(8,549,639)</u>	<u>456,789</u>	<u>(2,711,774)</u>
5,561,244	5,561,244	-
184,482	8,465,939	1,206,918
(81,925)	(78,646)	(585)
(577,731)	(15,132,088)	(59,049)
(43,411)	(113,457)	177,221
-	576,840	-
<u>5,042,659</u>	<u>(720,168)</u>	<u>1,324,505</u>
(3,506,980)	(263,379)	(1,387,269)
1,618,919	12,239,831	-
5,872,748	21,667,572	544,326
3,475,080	3,475,080	373,654
<u>(540,560)</u>	<u>(4,616,710)</u>	<u>(735,000)</u>
6,919,207	32,502,394	(1,204,289)
<u>113,239,446</u>	<u>787,117,176</u>	<u>34,806,409</u>
<u>\$ 120,158,653</u>	<u>\$ 819,619,570</u>	<u>\$ 33,602,120</u>

Increase in net assets per fund statements \$ 32,502,394

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities

(232,814)

Change in net assets of business-type activities \$ 32,269,580

# CITY OF WICHITA, KANSAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the year ended December 31, 2007

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 38,507,940	\$ 31,596,581	\$ 20,892,353
Cash payments to suppliers for goods and services	(11,937,608)	(7,943,200)	(6,943,736)
Cash payments to employees for services	(8,960,957)	(9,669,516)	(6,735,386)
Franchise fees and payments in lieu of delinquent specials	(2,426,500)	(1,774,470)	-
Other operating revenues	44,742	2,924	45,454
Net cash provided by (used in) operating activities	15,227,617	12,212,319	7,258,685
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grant received	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,865,820)	(1,398,800)	(811,530)
Net cash provided by (used in) noncapital financing activities	(1,865,820)	(1,398,800)	(811,530)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payment of temporary notes	-	-	-
Additions to property, plant and equipment	(19,204,128)	(9,993,749)	(6,791,205)
Proceeds from operating lease	-	-	3,263,206
Payment of operating lease	-	-	(91,141)
Debt service - principal	(8,181,446)	(6,204,998)	(605,000)
Debt service - interest	(7,588,149)	(6,796,540)	(129,150)
Proceeds from sale of assets	55,932	101,526	-
Capital contributions	4,394,945	1,813,499	4,407,322
Net cash provided by (used in) capital and related financing activities	(30,522,846)	(21,080,262)	54,032
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	1,654,104	1,025,729	753,964
Net cash provided by investing activities	1,654,104	1,025,729	753,964
Net increase (decrease) in cash and temporary investments	(15,506,945)	(9,241,014)	7,255,151
Cash and temporary investments - January 1	50,395,225	31,927,901	24,015,624
Cash and temporary investments - December 31	\$ 34,888,280	\$ 22,686,887	\$ 31,270,775

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

Business-type Activities - Enterprise Funds		Governmental Activities	
Other Enterprise Funds	Totals	Internal Service Funds	
\$ 13,953,204	\$ 104,950,078	\$ 52,167,858	
(8,326,669)	(35,151,213)	(39,306,884)	
(9,505,942)	(34,871,801)	(6,744,870)	
-	(4,200,970)	-	
46,155	139,275	926,124	
<u>(3,833,252)</u>	<u>30,865,369</u>	<u>7,042,228</u>	
5,235,736	5,235,736	-	
3,475,080	3,475,080	373,654	
<u>(540,560)</u>	<u>(4,616,710)</u>	<u>(735,000)</u>	
<u>8,170,256</u>	<u>4,094,106</u>	<u>(361,346)</u>	
(158,000)	(158,000)	-	
(6,590,408)	(42,579,490)	(3,464,181)	
-	3,263,206	-	
-	(91,141)	-	
(879,674)	(15,871,118)	(249,705)	
(563,903)	(15,077,742)	(59,049)	
-	157,458	245,165	
<u>1,566,875</u>	<u>12,182,641</u>	<u>-</u>	
<u>(6,625,110)</u>	<u>(58,174,186)</u>	<u>(3,527,770)</u>	
166,323	3,600,120	1,206,918	
<u>166,323</u>	<u>3,600,120</u>	<u>1,206,918</u>	
(2,121,783)	(19,614,591)	4,360,030	
<u>4,187,764</u>	<u>110,526,514</u>	<u>36,387,465</u>	
<u>\$ 2,065,981</u>	<u>\$ 90,911,923</u>	<u>\$ 40,747,495</u>	

(Continued)

# CITY OF WICHITA, KANSAS

## STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS Year ended December 31, 2007

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 4,485,723	\$ 4,620,501	\$ (99,796)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	10,121,548	8,208,366	7,060,473
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	808,352	(278,540)	257,178
(Increase) decrease in inventory	(353,308)	(61,246)	-
(Increase) decrease in prepaid items	-	-	(1,215)
(Decrease) increase in accounts payable/accrued expenses	(46,276)	(279,666)	26,756
(Decrease) increase in deposits	213,511	250	-
Increase in claims payable	-	-	-
(Decrease) increase in compensated absences	(1,933)	2,654	15,289
Total adjustments	10,741,894	7,591,818	7,358,481
Net cash provided by (used in) operating activities	\$ 15,227,617	\$ 12,212,319	\$ 7,258,685

**Supplemental Schedule of Non-Cash Investing and  
Financing Activities**

Assets contributed by benefit districts	\$ 3,569,409	\$ 8,914,801	\$ -
Contribution of capital assets	-	-	-
Capital contributed for capital purposes	2,069,299	1,241,315	-
(Increase) decrease in net investment in direct financing leases	-	-	1,359,317
Increase (decrease) in revenue bonds payable	-	-	(1,359,317)
(Increase) decrease in interest receivable on direct financing leases	-	-	13,255
Increase (decrease) in accrued interest payable on revenue bonds	-	-	(13,255)
Interest income on investment in direct financing leases	-	-	4,847,660
Interest expense on revenue bonds payable	-	-	4,847,660

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ (8,549,639)	\$ 456,789	\$ (2,711,774)
4,571,370	29,961,757	4,160,235
(94,511)	692,479	304,335
(82,488)	(497,042)	(97,146)
-	(1,215)	-
322,726	23,540	990,204
73	213,834	-
(783)	(783)	4,394,586
-	16,010	1,788
4,716,387	30,408,580	9,754,002
\$ (3,833,252)	\$ 30,865,369	\$ 7,042,228

\$ 5,482,527	\$ 17,966,737	\$ -
40,963	40,963	544,326
349,258	3,659,872	-
-	1,359,317	-
-	(1,359,317)	-
-	13,255	-
-	(13,255)	-
-	4,847,660	-
-	4,847,660	-

# CITY OF WICHITA, KANSAS

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2007

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and temporary investments	\$ 1,037,463	\$ 5,789,288
Receivables:		
Investment sales pending	14,140,231	-
Interest and dividends	3,182,066	-
Accounts	595,818	319,068
Total receivables	17,918,115	319,068
Investments, at fair value:		
Government short term investment fund	71,288,790	-
Government securities: long term	34,412,582	2,799,933
Corporate debt instruments: long term	92,555,611	-
Mortgage-backed securities	120,529,096	-
Corporate stocks: domestic common	377,487,792	-
Corporate stocks: international common	214,217,451	-
Real estate	60,157,012	-
Value of interest in pooled funds: domestic fixed income	220,634	-
Value of interest in pooled funds: international fixed income	6,962,352	-
Value of interest in pooled funds: high yield fixed income	8,102,272	-
Value of interest in pooled funds: domestic equities	111,814,307	-
Value of interest in pooled funds: international equities	15,503,033	-
Securities lending short-term collateral investment pool	169,331,570	-
Total investments	1,282,582,502	2,799,933
Capital assets:		
Work in progress	1,276,039	-
Total capital assets	1,276,039	-
 Total assets	 1,302,814,119	 8,908,289
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	2,057,866	2,688,504
Compensated absences	35,386	-
Investment purchases pending	65,471,973	-
Security lending obligations	169,331,570	-
Deposits	-	6,219,785
 Total liabilities	 236,896,795	 8,908,289
<b>NET ASSETS</b>		
Held in trust for:		
Employees' pension benefits	1,065,917,324	-
Total net assets	\$ 1,065,917,324	\$ -

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

# CITY OF WICHITA, KANSAS

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the year ended December 31, 2007

	2007 Pension Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 13,814,991
Employee	8,028,271
Total contributions	21,843,262
Investment income:	
<i>From investment activities</i>	
Net appreciation (depreciation) in fair value of investments	81,161,085
Interest and dividends	28,226,535
Commission recapture	81,998
Total investment earnings	109,469,618
Less investment expense	5,299,757
Net income (loss) from investing activities	104,169,861
<i>From securities lending activities</i>	
Securities lending income	8,736,793
Securities lending activities expenses:	
Borrower rebates	7,870,656
Management fees	250,348
Total securities lending activities expenses	8,121,004
Net income from securities lending activities	615,789
Total net investment income (loss)	104,785,650
Transfers from other funds	2,102,726
Total additions	128,731,638
<b>DEDUCTIONS</b>	
Pension benefits	40,812,845
DROP and Back DROP payments	3,682,334
Pension administration	783,804
Employee contributions refunded	1,351,606
Transfers to other funds	2,102,726
Total deductions	48,733,315
Change in net assets	79,998,323
Net assets - beginning	985,919,001
Net assets - ending	\$ 1,065,917,324

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

**CITY OF WICHITA, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from the blended component unit is combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

Blended Component Unit - The Wichita Airport Authority (WAA) serves all citizens of the government and is governed by a board comprised of the government's elected council. Bond issuance authorizations are approved by the governing body of the primary government and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Wichita Airport Authority is reported as an enterprise fund.

Discretely Presented Component Unit - The Wichita Public Building Commission (WPBC) acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees. The nine-member board is appointed by the Mayor and City Council. Of the nine members, one member is recommended for appointment by the County Commissioners of Sedgwick County, Kansas, and one by the President of Wichita State University. The Kansas Secretary of Administration and the Superintendent of Unified School District Number 259 serve as provisional members of the board of the WPBC. Members of the WPBC Board may only be removed for just cause. The City of Wichita provides staff support and legal representation by the Department of Law. Additionally, the City of Wichita is liable on a contingent basis and will make rental payments, if necessary, to supplement rental payments in connection with the City/County "wrap-around" obligation for the State Office Building. (Refer to Note 20.E. - Public Building Commission Lease, for further disclosure.) The WPBC is presented as a proprietary fund type.

Separate audited financial statements are not prepared by the Wichita Airport Authority or the Wichita Public Building Commission.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets on page A-13 and the statement of changes in net assets on page A-14) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, 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. Likewise, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include [1] charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and [2] grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 have been 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 they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collectible within 60 days of the end of the current fiscal period. Expenditures are generally 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 the payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Special assessments receivable that are not due within the current fiscal period and not susceptible to accrual are recorded as unearned revenue. All other revenue items are considered to be measurable and available only when cash is received.

The following major governmental funds are reported:

The *General Fund* is the principal fund of the City that accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund.

The *Federal/State Assistance Fund* accounts for assistance received from Federal and State grant sources providing benefits to the community. The City maintains a separate fund for each Federal or State grant program. Because of the large number of such funds, the funds that are similar in nature or are funded by the same grantor agency have been consolidated.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Street Improvement Fund* accounts for capital improvements related to streets, arterials and freeway projects that are financed through the issuance of general obligation bonds, special assessments, local sales tax, Federal grants and other City funds.

The government reports the following major proprietary funds:

The *Water Utility Fund* accounts for the operation and maintenance of the water component of the combined utility, providing an adequate, quality supply of water and means of wastewater disposal.

The *Sewer Utility Fund* accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and more than 2,000 miles of sewer laterals and mains.

The *Wichita Airport Authority Fund* accounts for the provision of air transportation services for the public, business and industry, while maintaining the safe operation of assets.

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The government also reports the following fund types:

A permanent fund is used to report resources that are restricted for the maintenance and perpetual care of municipal cemeteries.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis and to account for the City's self-insurance activities.

Pension trust funds account for the activities of the Wichita Employees' Retirement System, Wichita Police and Fire Retirement System and the Wichita Employees' Retirement System – Plan 3, all of which accumulate resources for pension benefits for qualified employees.

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. Agency funds account for payroll liabilities, prepayments of special assessments, special neighborhood revitalization funds, and payments in lieu of taxes related to industrial revenue bonds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financials statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's Enterprise funds and various other functions of the government.

Eliminations 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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

D. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds and those of the Wichita Public Building Commission). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. Investments of the pooled accounts consist primarily of certificates of deposits, and U.S. government agency securities, carried at amortized cost, which approximates fair value. Interest income earned is allocated to contributing funds based on average daily cash balances and in accordance with the adopted budget.

**1. Summary of Significant Accounting Policies (continued)**

**E. Investments**

Investments of all funds (except the pension trust funds) and the component unit are recorded at amortized cost, which approximates fair value. For the pension trust funds, investments are reported at fair value. Investments traded on national or international exchanges are valued at the last trade price of the day. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments.

Investments that do not have an established market are reported at their estimated fair value. The pension trust funds invest in Treasury strips and various asset backed securities, such as collateralized mortgage obligations and credit card trusts.

**F. 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 as of January 1 and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied, with the balance to be paid on or before June 20 of the ensuing year (May 10 for 2004 through 2008). 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 sheet 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.

**G. Revenue Recognition for Proprietary Funds**

The proprietary funds recognize revenue on sales when services are rendered. The Water, Sewer, and Storm Water Utilities recognize revenues for unbilled services. All users, including other City departments are charged for services provided by the respective proprietary fund. Accounts receivable represent uncollected charges (both billed and unbilled) at December 31, net of amounts estimated to be uncollectible.

**H. Special Assessments**

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the Debt Service Fund or a liability in a City of Wichita revocable escrow account for prepaid special assessments. The escrow is revocable and, therefore, not technically public funds. The prepayment amount is discounted for the estimated interest earnings realized from investing the prepayment amount. The amount of interest plus prepayment equals the amount of debt service paid on outstanding bonds.

State statutes allow levying additional ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable, if necessary. Special assessments receivable are accounted for within the debt service fund. Special assessments are levied over a ten to twenty year period and the annual installments

**1. Summary of Significant Accounting Policies (continued)**

H. Special Assessments (continued)

are due and payable with annual ad valorem property taxes. Delinquent assessments against property benefited by special assessments constitute a lien against such property. When assessments are two years in arrears, they may be collected by foreclosure. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund with a corresponding amount recorded as unearned revenue.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses that benefit future periods, other than those recorded in the proprietary fund are recorded as expenditures during the year of purchase. Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method except for Transit and the Water Utility and Sewer Utilities, which utilize an average unit cost method.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual minimum cost ranging from \$5,000 to \$250,000, depending on the type of asset. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated fair market 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.

Capital assets of the primary government and its component unit are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets Classification</b>	<b>Year</b>
Buildings and improvements	1-42
Improvements other than buildings	1-50
Equipment	1-33
Vehicles	1-20
Public domain infrastructure	15-60
Water/Sewer mains and drainage	75-85
Airfields	5-40

K. Payment of Franchise Fees

Annually, the Water Utility and Sewer Utility pay to the General Fund of the City franchise fees in an amount not to exceed five percent of gross revenues for the preceding year, which is appropriated by the City and included in the annual budget.

L. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation and sick pay benefits. The City does not have a policy to pay accumulated sick pay benefits upon termination of employment, consequently, there is no liability for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the

**1. Summary of Significant Accounting Policies (continued)**

L. Compensated Absences (continued)

government-wide, proprietary, and fiduciary fund financial statements. A liability for vacation pay is reported in governmental funds only if it has matured, for example, as a result of employee terminations and retirements

M. Statement of Cash Flows

The reporting entity defines cash and cash equivalents used in the statement of cash flows as all cash and temporary investments (both restricted and unrestricted).

N. Estimates

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: [1] the reported amounts of assets and liabilities, [2] disclosures such as contingencies, and [3] the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

O. Pending Governmental Accounting Standards Board Statements

GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," was issued in November 2006. This statement establishes accounting and reporting requirements for pollution remediation obligations, which are obligations that address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. The requirements of this statement will apply to the financial statements of the City beginning with fiscal year 2008.

GASB Statement No.50, "Pension Disclosures," was issued in May 2007. GASB 50 establishes disclosure requirements for pensions more closely aligned with those for other postemployment benefits (OPEB). This statement requires enhanced information in the notes to the financial statements or presented as required in the supplementary information by pension plans and by employers that provide pension benefits. The requirements of this statement will apply to the financial statements of the City beginning with fiscal year 2008.

GASB Statement No 51, "Accounting and Financial Reporting for Intangible Assets," was issued June 2007. This statement provides guidance on identifying, accounting for, and reporting intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. It further states that these assets should be classified as capital assets. The provisions of this statement will apply to the financial statements of the City beginning with fiscal year 2010.

**2. Budgetary Control**

Applicable Kansas statutes require that annual budgets be legally adopted for all funds (including proprietary funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are all Federal and State assistance funds, all capital projects funds (including capital projects of proprietary funds), the Wichita Airport Authority, Golf Course System, Transit, Self-Insurance, and all trust and agency funds. The component unit (Wichita Public Building Commission) is also exempt from legally adopted budgets. Controls over spending in funds and the component unit that are not subject to legal budgets are maintained by the use of internal spending limits established by management. K.S.A. 79-2926 et seq provides the following sequence and timetable for adoption of budgets:

- [1] Preparation of budget for the succeeding calendar year on or before August 1 of each year.
- [2] Publication of proposed budget on or before August 5 of each year. A minimum of ten days notice of public hearing, published in local newspaper, on or before August 15 of each year.
- [3] Adoption of final budget on or before August 25 of each year.

**2. Budgetary Control (continued)**

K.S.A. 79-2927 requires that all money to be raised by taxation and from all other sources for the ensuing budget year be appropriated. The law does not permit an appropriation for sundry or miscellaneous purposes in excess of ten percent of the total. The budget for each fund may include a non-appropriated balance not to exceed five percent of the total of each fund. The City of Wichita appropriates amounts for fund balance reserves in the various governmental funds on a budgetary basis; appropriated fund balance reserves are not intended to finance routine expenditures.

Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. In accordance with Kansas statutes, the legal level of control for the City is established at the individual fund level, also permitting the transfer of budgeted amounts from one object or purpose to another with Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held at which time the governing body may amend the budget.

**3. Budgetary Basis of Accounting**

Budgets are prepared on a basis (budgetary basis) different from generally accepted accounting principles (GAAP basis). For budgeting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, except for special assessments of the debt service fund that are recognized on the cash basis. The major difference between GAAP and budgetary basis is the reporting of encumbrances (purchase orders, contracts, and other commitments) as a reservation of fund balance (GAAP) as opposed to the equivalent of expenditures (budgetary). Adjustments necessary to convert the net change in fund balances and the ending fund balances from GAAP basis to budgetary basis for the general fund are provided as follows:

	<b>Net Change in Fund Balance from Prior Year</b>	<b>Fund Balances at End of Year</b>
General Fund - GAAP Basis	\$ 742,745	\$ 26,535,842
Increase (decrease) affecting basis:		
Expenditures due to prior year encumbrances	1,829,944	(350,045)
Cancellation of prior year encumbrances	587,220	-
Expenditures due to current year encumbrances	(3,134,713)	(3,134,713)
Budgetary Basis	<u>\$ 25,196</u>	<u>\$ 23,051,084</u>

**4. Fund Balance Deficits**

At December 31, 2007, fund balance deficits were as follows:

<b>Primary Government</b>	<b>Fund Balance Deficits</b>
Street Improvement fund	\$ 39,642,736
Nonmajor governmental funds:	
Water Main Extension	6,532,455
Park Bond Construction	3,952,954
Public Improvement Construction	22,103,696
Sewer Construction	34,221,650
Total Reporting Entity	<u>\$ 106,453,491</u>

The Street Improvement and nonmajor governmental fund balance deficits will be financed through the sale of bonds authorized by the City Council but not yet sold at December 31, 2007.

**5. Cash, Investments and Securities Lending**

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety, liquidity and yield. The standard of care to be used by investment officials shall be the “prudent person” standard as contemplated by K.S. A. 17-5004(1), and shall be applied in the context of managing an overall portfolio.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure or failure of the investment counterparty, the City’s deposits may not be returned to the City, or the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To address custodial credit risk, the City requires compliance with the provisions of the state law and the more restrictive provisions of the City’s investment policy. The City requires that all investment transactions be settled delivery versus payment with an independent third party safekeeping agent under contract with the City.

State law requires collateralization of all deposits with instruments from the following categories:

1. Federal depository insurance
2. Bonds or obligations of the U.S. Treasury, U.S. agencies or instrumentalities
3. Advance refunded bonds of any State of Kansas municipality
4. State of Kansas bonds, general obligation bonds or notes of any municipality within the State of Kansas
5. Approved Kansas municipality revenue bonds
6. Warrants of any Kansas municipality payable from a mandatory tax levy
7. Bonds of a Kansas not-for-profit corporation rated at least Aa by Moody’s Investors Service or AA by Standard & Poor’s Corp.
8. Commercial paper that does not exceed 270 days to maturity and which has received one of the two highest ratings
9. Negotiable promissory notes from first lien mortgages on one to four family residential real estate located in Kansas
10. Surety bond having an aggregate value at least equal to the amount of deposits.

The City does not accept Government National Mortgage Pools as collateral and requires surety bonds and letters of credit to have an aggregate value of at least 105 percent.

As of December 31, 2007, the City had deposits in nine banks totaling \$24,194,656 with assets pledged by the banks as collateral with a fair value of \$31,607,093.

**A. Pooled Investments of the Primary Government**

State law (K.S.A. 12-1675-12-1677) allows monies, not otherwise regulated by statute, to be invested in the following instruments:

1. Temporary notes of the City of Wichita
2. Time deposits, open accounts or certificates of deposits with maturities of not more than four years
3. Repurchase agreements with commercial banks, state or federally chartered savings and loan associations, which have offices located in Wichita
4. United States treasury bills or notes with maturities not exceeding four years
5. U.S. Government agency securities with a maturity of not more than four years that do not have any more interest rate risk than U.S. Government obligations or similar maturities
6. The municipal investment pool fund operated by the Kansas State Treasurer
7. A municipal investment pool established through the trust department of commercial banks, which have offices located in Wichita.

5. Cash, Investments and Securities Lending (continued)

A. Pooled Investments of the Primary Government (continued)

On December 31, 2007, the City had the following investments in pooled funds.

<u>Investment type</u>	<u>Book Value</u>	<u>Modified Duration (yrs)</u>	<u>Percent of Total Pooled Funds</u>
U.S. agency coupon securities	\$ 95,802,288	0.875	38.0%
U.S. agency callable securities	6,954,151	2.615	2.8%
U.S. agency discount securities	106,602,191	0.348	42.2%
Municipal Investment Pool*	22,259,054	-	8.8%
Collateralized deposits	20,716,747	-	8.2%
Total value	<u>\$ 252,334,431</u>		<u>100.0%</u>
Portfolio modified duration		<u>0.638</u>	

\*The weighted average maturity of the Municipal Investment Pool was 79.1 days at December 31, 2007.

**Interest Rate Risk:** The City of Wichita uses the methodology of modified duration to construct a portfolio of bonds to fund its future cash needs and to disclose the portfolio's exposure to changes in interest rates. The Investment policy of the City of Wichita seeks to limit the modified duration of the portfolio to 1.4 years. The investment policy also requires that portfolio maturities be staggered in a way that avoids undue concentration of assets in a specific maturity sector, and that the investment portfolio remain sufficiently liquid to enable the City to meet all operating requirements which might reasonably be anticipated. Additionally, the investment policy limits investments to a maximum stated maturity of four years.

**Credit Risk:** As described earlier in this section, Kansas law limits the types of investments that can be made by the City of Wichita. The City's investment policy does not impose limitations beyond those of the State of Kansas. On December 31, 2007, the City's investments in U.S. agency obligations not directly guaranteed by the U.S. Government included only instruments rated Aaa by Moody's. The City also held investments in the Kansas Municipal Investment Pool, which is rated AAAf/S1+.

**Concentration of Credit Risk:** The City's investment policy limits the amount of investments that can be placed with a single U.S. agency to 35 percent of the total portfolio. The following maximum limits, by instrument, are also established for the City's investments of pooled funds.

<u>Instrument</u>	<u>Maximum</u>
Demand deposits/repurchase agreement	5%
Municipal Investment Pool	10%
Certificates of deposit	10%
Temporary notes	10%
U.S. Treasury notes and bills	100%
U.S. agency obligations	95%
Bullet/Discount	95%
Agency callable	30%
Agency floater	10%

To allow efficient and effective placement of bond proceeds and County tax distributions, the limit of repurchase agreements and deposits with the Municipal Investment Pool may be exceeded up to 50 percent for a maximum of ten days following receipt of proceeds during adverse market conditions. Additionally, to allow for investment maturity timing prior to bond payment dates, the limit on repurchase agreements and Municipal Investment Pool deposits may be exceeded up to the amount of the bond payment for a maximum of five days prior to a bond payment date.

**5. Cash, Investments and Securities Lending (continued)**

A. Pooled Investments of the Primary Government (continued)

At December 31, 2007, the City's investments in pooled funds by issuer were as follows:

<u>Investment Type</u>	<u>Book Value</u>	<u>Percent of Total Pooled Funds</u>
Federal Farm Credit Bank	\$ 28,781,772	11.4%
Federal Home Loan Bank	60,762,906	24.1%
Federal Home Loan Mortgage Corp.	52,962,288	21.0%
Federal National Mortgage Assoc.	66,851,664	26.5%
Municipal Investment Pool	22,259,054	8.8%
Collateralized deposits	20,716,747	8.2%
Total value	<u>\$252,334,431</u>	<u>100.0%</u>

B. Investments of the Primary Government Not Pooled

In addition to the following, State law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes:

1. U.S. Government and agency obligations
2. Time deposits with banks and trust companies in Sedgwick County
3. FNMA, FHLB and FHLMC obligations
4. Collateralized repurchase agreements
5. Investment agreements with financial institutions including broker/dealers whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poor's
6. Mutual funds with portfolios consisting entirely of obligations of the U.S. Government, U.S. Government agencies, FNMA, FHLB and FHLMC
7. Certain Kansas municipal bonds.

On December 31, 2007, all bond and temporary note proceeds were invested in the more restrictive City pooled investment portfolio.

City Ordinance (47-721; section 2.52.100) authorizes the Group Life Insurance Fund to hold investments in the following categories:

1. U.S. Government securities
2. Corporate bonds of A quality or better, as listed in Moody's or Standard & Poor's
3. Not more than 50 percent may be invested in equity mutual funds

On December 31, 2007 no investments were held directly by the Group Life Insurance Fund and all cash was invested in the City's pooled investment portfolio.

The City does not maintain a formal investment policy pertaining to investments held in the Special Assessment Advance Payments Fund, the Cemetery Fund or the Federal and State Assistance Fund for the Wichita Housing Authority. Funds for which a formal investment policy is not maintained are authorized to be prudently invested at the discretion of the City's Director of Finance. On December 31, 2007, these Funds held investments in U.S. Treasury instruments, stocks and money markets instruments.

Interest Rate Risk: The City of Wichita uses a duration methodology to construct a portfolio of bonds to fund its future cash needs and utilizes a modified duration to disclose the portfolio's exposure to changes in interest rates. The City seeks to limit the modified duration of the Group Life Insurance portfolio to five years.

Credit Risk: City ordinance limits the types of investments of the Group Life Insurance Fund to U.S. Government securities, corporate bonds of A quality or better and mutual funds.

**5. Cash, Investments and Securities Lending (continued)**

C. Investments of the Wichita Public Building Commission

Deposits and investments of \$1,810,652 for the Wichita Public Building Commission are invested by trustees and are held under trust indentures. A formal investment policy is not maintained. On December 31, 2007, \$1,769,323 was invested in taxable Treasury money market funds.

D. Investments of the Pension Trust Funds

City Ordinance (44-812; section 2.28.090) authorizes the Wichita Employees' Retirement System and City ordinance (Charter Ordinance 205) authorizes the Police and Fire Retirement System to invest trust fund assets in accordance with the prudent person rule, subject to the following limitations: 1) The proportion of funds invested in corporate preferred and common stock shall not exceed 70 percent; and (2) The proportion of funds invested in foreign securities shall not exceed 25 percent. Additionally, the Systems are not permitted to invest directly or indirectly in any:

1. Real estate, except in certain pooled arrangements with the amount of such investment not to exceed 10 percent;
2. Private equity, except in a commingled fund-of funds vehicle with the amount of such investment not to exceed 10 percent;
3. Mortgages secured by real estate, except insured mortgages under Titles 203, 207, 220 and 221 of the Federal Housing Act;
4. Oil and gas leases or royalties;
5. Commodities;
6. Provided, however that the restrictions on investments set forth above shall not apply to funds which are invested in a mutual fund, separate account, or commingled fund operated by a qualified investment manager or insurance company for the purpose of making international investments.

All of the deposits and investments of the Wichita Employees' and Police and Fire Retirement Systems are held in a joint investment fund that is invested by outside money managers and are held under a custodial agreement. The pension funds follow an overall strategic allocation policy that includes investments in four asset types: domestic equities, international equities, domestic fixed income, and real estate.

The pension funds invest in various asset-backed securities such as collateralized mortgage obligations (CMO's) and credit card trusts to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMO's break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches. The tranches are differentiated by when the principal payments are received from the mortgage pool. Changes in interest and mortgage prepayment rates may affect the amount and timing of cash flows, which would also affect the reported estimated fair values. The pension funds utilize a combination of asset-backed securities, which vary in their degree of volatility. Although considerable variability is inherent in such estimates, management believes the estimated fair values are reasonable estimates.

The investments of the Wichita Retirement Systems on December 31, 2007 are listed as follows:

<u>Type of Investment</u>	<u>Fair Value</u>
Government short-term investment fund	\$ 71,288,790
Government securities, long-term	34,412,582
Corporate debt instruments, long-term	92,555,611
Mortgage-backed securities	120,529,096
Corporate stocks, common domestic	377,487,792
Corporate stocks, common international	214,217,451
Real estate	60,157,012
Value of interest in pooled funds, domestic fixed income	220,634

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

<u>Type of Investment</u>	<u>Fair Value</u>
Value of interest in pooled funds, domestic fixed income	220,634
Value of interest in pooled funds, international fixed income	6,962,352
Value of interest in pooled funds, high yield fixed income	8,102,272
Value of interest in pooled funds, domestic equities	111,814,307
Value of interest in pooled funds, international equities	15,503,033
Securities lending short-term collateral investment pool	169,331,570
Total investments	<u>\$1,282,582,502</u>

**Custodial Credit Risk:** The custodial credit risk for deposits is the risk that in the event of a bank failure, the Wichita Retirement Systems' (WRS) deposits may not be recovered. On December 31, 2007, the WRS's cash deposits in the amount of \$1,037,463 were included in the City's pooled cash and temporary investments. The WRS' debt securities investments were registered in the name of WRS and were held in the possession of the WRS custodial bank, State Street.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The interest rate risk is managed using the modified duration methodology. Duration is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes.

The Wichita Retirement Systems manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

1. Fixed income managers have full discretion over the issues selected and may hold any mix of fixed income securities and cash equivalents.
2. Portfolio duration must not be less than 80 percent nor more than 120 percent of the duration of the Lehman Brothers Aggregate Bond Index, unless the Joint Investment Committee prospectively grants a written exception. The minimum and maximum of the index range on December 31, 2007 was 3.53 and 5.29, respectively.

The modified duration of investments on December 31, 2007 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (years)</u>
Government securities, long-term	\$ 34,412,582	3.32
Corporate debt	92,555,611	4.70
Mortgage-backed securities	120,529,096	3.30
Actively managed investment totals	247,497,289	4.11
Government short-term investment fund	71,288,790	4.41
Pooled international and high-yield fixed income	15,064,624	2.69
Pooled fixed income securities	220,634	.09
Total investment in debt securities	<u>\$ 334,071,337</u>	

**Credit Risk of Debt Securities:** Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Wichita Retirement System manages exposure to investment credit risk by adhering to the following policies: (1) For active core domestic fixed income investments, bonds and preferred stocks must be rated at least "A" by Moody's or Standard and Poor's at the time of purchase; and (2) For core-plus domestic fixed income investments, the weighted average credit quality of the portfolio will not fall below AA- or equivalent. On December 31, 2007, no securities in the investment managers' portfolio were outside of the policy guidelines.

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

On December 31, 2007, debt investments held by the Wichita Retirement System as rated by Standard and Poor's or an equivalent nationally recognized statistical rating organization are as follows:

<u>Quality Rating</u>	<u>Total Domestic Debt Securities</u>
AAA	\$ 156,510,307
Aaa	662,492
AA+	4,165,449
AA	10,144,420
AAe	50,326
AA-	9,403,336
AA-e	751,250
A+	22,428,951
Ae	818,530
A	22,388,484
A-	6,621,809
BBB+	4,024,314
BBB+e	220,543
BBB	2,937,878
BBB-	5,675,055
BB+	3,290,166
B+	8,273,048
B	2,182,127
Be	71,400
B-	129,600
CCC+	1,567,325
CCC	245,103
Total debt securities subject to credit risk	262,561,913
Government Short-term Investment Fund*	71,288,790
Pooled domestic fixed income securities**	220,634
Total investment in debt securities	<u>\$ 334,071,337</u>

\* The average quality of the holdings of the Government Short Term Investment Fund on December 31, 2007 was A1+.

\*\* Pooled domestic fixed income securities funds report no ratings.

**Concentration Credit Risk:** Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment with a single issuer. The Wichita Retirement Systems' investment in debt securities had no single issuer of investments that represented five percent or more of the plan assets, with exception of investments issued or implicitly guaranteed by the U.S. government and investments in mutual funds.

**Foreign Currency Risk:** Currency risk arises due to foreign exchange rate fluctuations. The Wichita Retirement System manages the exposure to foreign currency risk by allowing the international securities investment managers to enter into forward exchange or future contracts on foreign currency provided such contracts have a maturity of less than one year. Currency contracts are only to be utilized for the settlement of securities transactions and defensive hedging of currency positions.

All forward foreign currency contracts are carried at fair value by the Retirement Systems. As of December 31, 2007, the Systems had sold forward currency contracts with a fair value of \$7,017,413. Sales of forward currency contracts are receivables and are reported as investment sales pending in the financial statements.

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

The Wichita Retirement Systems' exposure to foreign currency risk on December 31, 2007 is presented in the following table:

Currency	Cash and cash equivalents	Debt Securities	Equities
Australian dollar	\$ 4,395	\$ -	\$18,346,392
Danish krone	-	-	422,895
Euro	66,194	-	90,745,240
Hong Kong dollar	(5)	-	6,420,516
Japanese yen	511,250	-	37,232,728
New Zealand dollar	17,059	-	1,048,619
Norwegian krone	1,721	-	1,856,593
Pound sterling	64,717	-	42,863,877
Singapore dollar	17,887	-	3,176,330
Swedish krona	-	-	2,029,982
Swiss franc	8,606	-	10,074,279
International mutual funds (various currencies)	-	<u>6,962,352</u>	<u>15,503,033</u>
Total subject to foreign currency risk	<u>\$691,824</u>	<u>\$6,962,352</u>	<u>\$229,720,484</u>

Securities Lending Transactions: Policies of the Board of Trustees for the Wichita Employees' Retirement and Police and Fire Retirement Systems permit the lending of securities to broker-dealers and other entities (borrowers) with a simultaneous agreement to return the collateral for the same securities in the future. The custodian of the City's pension plans is an agent in lending the plans' domestic securities for initial collateral of 102 percent of the market value of the loaned securities, international equity securities for initial collateral of 105 percent of the market value of such securities, and the initial collateral received for loans of United Kingdom (UK) Gilts shall have a value of at least 102.5 percent of the market value of such UK Gilts. Collateral may consist of cash (U.S. and foreign currency), securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, irrevocable bank letters of credit issued by a person other than the securities borrower or affiliate, if determined appropriate by the agent under the securities lending programs it administers and such other collateral as the parties may agree to in writing.

The collateral securities cannot be pledged or sold by the City unless the borrower defaults. The agent shall require additional collateral from the borrower whenever the value of loaned securities exceeds the value of the collateral in the agent's possession, so that collateral always equals or exceeds 100 percent of the market value of the loaned securities. Contracts with the lending agent require them to indemnify the Systems, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Systems for income distributions by the securities' issuers while the securities are on loan. At year-end, the Systems had no credit risk exposure to borrowers because the amounts the Systems owe the borrowers exceed the amounts the borrowers owe the Systems. Securities loaned can be terminated on demand by the Systems or the borrower.

At year-end, loans were secured with cash collateral, securities collateral or letters of credit. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 40 days. The relationship between the maturities of the investment pool and the Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Systems cannot determine.

Custodial Credit Risk Related to Securities Lending: Custodial credit risk for lent securities is the risk that, in the event of the failure of the counterparty, the Systems will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Consistent with the System's securities lending policy, \$169,331,570 was held by the counterparty acting as the Systems' agent in securities lending transactions on December 31, 2007.

6. Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2007 was as follows (expressed in thousands of dollars):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 228,930	\$ 6,437	\$ (79)	\$ 235,288
Construction in progress	<u>174,979</u>	<u>62,701</u>	<u>(648)</u>	<u>237,032</u>
Total capital assets, not being depreciated	<u>403,909</u>	<u>69,138</u>	<u>(727)</u>	<u>472,320</u>
Capital assets, being depreciated:				
Buildings	232,940	7,364	(27)	240,277
Improvements other than buildings	43,306	1,394	(93)	44,607
Machinery, equipment and other assets	87,410	11,896	(7,632)	91,674
Infrastructure	<u>441,624</u>	<u>9,531</u>	<u>-</u>	<u>451,155</u>
Total capital assets being depreciated	<u>805,280</u>	<u>30,185</u>	<u>(7,752)</u>	<u>827,713</u>
Less accumulated depreciation for:				
Buildings	(88,427)	(6,196)	15	(94,608)
Improvements other than buildings	(15,701)	(1,538)	-	(17,239)
Machinery, equipment and other assets	(52,465)	(8,133)	6,637	(53,961)
Infrastructure	<u>(126,190)</u>	<u>(12,829)</u>	<u>-</u>	<u>(139,019)</u>
Total accumulated depreciation	<u>(282,783)</u>	<u>(28,696)</u>	<u>6,652</u>	<u>(304,827)</u>
Total capital assets, being depreciated, net	<u>522,497</u>	<u>1,489</u>	<u>(1,100)</u>	<u>522,886</u>
Governmental activities capital assets, net	<u>\$ 926,406</u>	<u>\$ 70,627</u>	<u>\$ (1,827)</u>	<u>\$ 995,206</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 34,487	\$ 607	\$ (27)	\$ 35,067
Construction in progress	<u>198,926</u>	<u>42,216</u>	<u>(18,383)</u>	<u>222,759</u>
Total capital assets, not being depreciated	<u>233,413</u>	<u>42,823</u>	<u>(18,410)</u>	<u>257,826</u>
Capital assets, being depreciated:				
Airfields	111,266	-	-	111,266
Buildings	202,550	606	(84)	203,072
Improvements other than buildings	758,497	41,574	(608)	799,463
Machinery, equipment and other assets	<u>103,296</u>	<u>5,539</u>	<u>(2,290)</u>	<u>106,545</u>
Total capital assets being depreciated	<u>\$ 1,175,609</u>	<u>\$ 47,719</u>	<u>\$ (2,982)</u>	<u>\$ 1,220,346</u>
Less accumulated depreciation for:				
Airfields	\$ (76,376)	\$ (4,023)	\$ -	\$ (80,399)
Buildings	(90,549)	(4,853)	-	(95,402)
Improvements other than buildings	(164,975)	(13,134)	-	(178,109)
Machinery, equipment and other assets	<u>(60,348)</u>	<u>(7,951)</u>	<u>1,393</u>	<u>(66,906)</u>
Total accumulated depreciation	<u>(392,248)</u>	<u>(29,961)</u>	<u>1,393</u>	<u>(420,816)</u>
Total capital assets, being depreciated, net	<u>783,361</u>	<u>17,758</u>	<u>(1,589)</u>	<u>799,530</u>
Business-type activities capital assets, net	<u>\$ 1,016,774</u>	<u>\$ 60,581</u>	<u>\$ (19,999)</u>	<u>\$ 1,057,356</u>

6. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Fiduciary Activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 955,282	\$ 320,757	\$ -	\$ 1,276,039
Fiduciary activities capital assets, net	<u>\$ 955,282</u>	<u>\$ 320,757</u>	<u>\$ -</u>	<u>\$ 1,276,039</u>

Depreciation expense was charged to function/programs of the primary government, as follows (in thousands of dollars):

	<u>Current Year Depreciation</u>
<b>Governmental activities:</b>	
General government	\$ 3,033
Public safety	2,699
Highways and streets, including depreciation of general infrastructure	13,503
Sanitation	128
Health and welfare	1,249
Culture and recreation	3,924
Capital assets held by the government's internal services funds are charged to the various functions based on their usage of the assets	<u>4,160</u>
Total depreciation expense-governmental activities	<u>\$ 28,696</u>
<b>Business-type activities:</b>	
Water	10,122
Sewer	8,208
Airport Authority	7,060
Nonmajor enterprise funds	<u>4,571</u>
Total depreciation expense-business-type activities	<u>\$ 29,961</u>

7. Retirement Funds

The reporting entity contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. The defined benefit plans include the Wichita Employees' Retirement System (WERS) and the Wichita Police and Fire Retirement System (WPFRS). Each system is administered by a separate Board of Trustees. The single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3 that is also governed by the Wichita Employees' Retirement System Board of Trustees.

The Wichita Retirement Systems issue a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for WERS and WPFRS. The financial report may be obtained by writing to the Wichita Retirement Systems, City Hall, 12<sup>th</sup> Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The Wichita Employees' Retirement System, Wichita Police and Fire Retirement System, and the Wichita Employees' Retirement System Plan 3 are reported as pension trust funds in the City's financial statements and use the accrual basis of accounting. Employee and employer contributions are recognized as revenues

7. Retirement Funds (continued)

in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost plus accrued interest, which approximates market or fair value. Securities traded on national or international exchanges are valued at the last trade price of the day. If no close price exists, then a bid price is used. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. Investments that do not have an established market are reported at their estimated fair value.

Management of Plan Assets: The Board of Trustees of the Systems have contractual arrangements with independent investment counselors for management of the assets of the Systems. The firms have been granted discretionary authority concerning purchases and sales of investments within guidelines established by City ordinances. The Boards of Trustees of the pension systems also have contractual arrangements with independent firms which monitor the investment decisions of the Systems' investment counselors.

Reserves and Concentrations of Credit Risks: There are no assets legally reserved for purposes other than the payment of plan member benefits. The plans held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) where the market value exceeded five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

A. Wichita Employees' Retirement System

Plan Description: The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was also closed to new entrants with the establishment of Plan 3, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of, and amendments to the benefit provisions for the WERS are authorized by the City Council.

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. The City is required to contribute at an actuarially determined rate; the rate for 2007 was 4.7 percent of annual covered payroll for both Plans 1 and 2. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary.

Annual Pension Cost and Net Pension Obligation: The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2007, the City's annual pension cost of \$2,357,052 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2005 actuarial valuation using the Entry Age Normal actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually (4.0 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 5.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 3.0 percent per year (non-compounded) after retirement for Plan 1 and 2.0 percent per year (non-compounded) for Plan 2.

7. Retirement Funds (continued)

A. Wichita Employees' Retirement System

The actuarial accrued liability, as determined by the Entry Age Normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the sixth year this smoothing method has been used. As of December 31, 2007, the actuarial

liability was fully covered by the valuation assets. The City's funding policy is to amortize the surplus over a rolling 20 year period. The amortization of the existing surplus results in a temporary amortization credit.

**Three Year Trend Information**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/05	\$ 2,170,650	100%	\$ 0
12/31/06	\$ 2,264,339	100%	\$ 0
12/31/07	\$ 2,357,052	100%	\$ 0

B. Police and Fire Retirement System

*Plan Description:* The WPFERS is divided into three plans - Plan A, Plan B, and Plan C-79. The plans were established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for Police and Fire Officers of the reporting entity and their dependents. All full-time active "commissioned" Police and Fire department personnel are required to participate in the plans. Plans A and B were established by City ordinance on January 1, 1965 and Plan C-79 was established January 1, 1979 by City ordinance. Plan B was closed to new entrants as of January 1, 1965 and Plan A was closed to new entrants as of December 31, 1978. Establishment of and amendments to the benefit provisions for the WPFERS are authorized by the City Council.

*Funding Policy:* The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. WPFERS members are required to contribute six to eight percent of covered salaries. The City is required to contribute at an actuarially determined rate; the rate for 2007 was 17.5 percent of annual covered payroll. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the consulting actuary.

*Annual Pension Cost and Net Pension Obligation:* The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2007, the City's annual pension cost of \$10,029,253 was equal to the required and actual contributions.

The employer's annual required contribution was determined as part of the December 31, 2005 actuarial valuation using the Entry Age Normal actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually (4.0 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 2.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.0 percent per year (non-compounded) commencing 36 months after retirement.

**7. Retirement Funds (continued)**

**B. Police and Fire Retirement System (continued)**

The actuarial accrued liability, as determined by the Entry Age Normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the sixth year this smoothing method has been used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. At December 31, 2007, the amortization period was 20 years.

**Three Year Trend Information  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 7,308,916	100%	\$ 0
12/31/06	\$ 9,849,536	100%	\$ 0
12/31/07	\$ 10,029,252	100%	\$ 0

**C. Wichita Employees' Retirement System Plan 3**

The reporting entity provides pension benefits for all of its full-time civilian employees hired or rehired on or after January 1, 1994. This is a defined contribution plan; therefore, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2007, current membership totaled 886.

Plan 3, established by City ordinance on April 9, 1993 and amended on February 8, 2000, requires that both the employee and the reporting entity contribute an amount equal to 4.7 percent of covered salaries. The reporting entity's contributions and earnings for each employee are 25 percent vested after three years of service, 50 percent vested after five years and are fully vested after seven years of continuous service.

Upon completion of seven years of service, employees participating in the plan may, within 90 days thereafter, advise the Board of the employee's decision to convert to participation in the Wichita Employees' Retirement System Plan 2, a defined benefit plan. If an employee elects to convert to Plan 2, the employee's account on the date of election shall become part of Plan 2. Fully vested employees who elect to continue participation in Plan 3 beyond seven years, may contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at the time of the contribution. Contributions of the reporting entity and earnings forfeited by employees who leave employment before seven years of service are used to reduce the reporting entity's contribution requirements.

For the year ending December 31, 2007, employee and employer contributions to Plan 3 totaled \$1,428,686 and \$1,428,686, respectively.

**8. Self-Insurance Fund**

The City established a self-insurance fund in 1987 to account for self-insurance programs of workers' compensation, group health insurance, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity.

Beginning in 2006, the City converted the flexi-funded life insurance program to a fully insured program. The contributions and premiums for this plan are accounted for in the Self Insurance Fund. For those funds paying insurance costs, the contributions are recorded as expenditures/expenses in the paying fund and revenues in the

**8. Self-Insurance Fund (continued)**

Self-Insurance Fund. The City records liabilities for known claims and estimated liabilities incurred but not reported at year-end. The claims are reflected under accounts payable and accrued liabilities in the internal service funds.

**A. Health Insurance**

In 2006, the employee health insurance program was a partially insured program with health insurance offered to all full-time employees of the reporting entity and their dependants. The health insurance program was open to retirees and dependants up to 65 years of age. A monthly premium was paid to the Coventry Health Care of Kansas for payment of all medical costs. A self-insured prescription drug plan was included in the monthly premium paid to Coventry Health Care of Kansas.

Beginning on January 1, 2007, the City converted to a self-insured health insurance program with the City self-insuring health benefits up to \$400,000 per member and a stop-loss secondary coverage for costs above \$400,000. The self-insured prescription drug plan is included in the monthly premium paid to Coventry Health Care of Kansas. At December 31, 2007, the City recorded a liability of \$2,424,000 for estimated claims pending. Net assets at December 31, 2007 were \$6,570,806.

**B. Workers' Compensation**

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, maintaining a 90 percent confidence level. The City has reinsured for liabilities exceeding \$750,000 per occurrence with coverage provided through Employers Reinsurance Corporation. The deductible is taken into consideration in actuarial projections of the City's liability. The City maintains a reserve to meet State and actuarial requirements and to provide contingency funding. At December 31, 2007, the City recorded a liability of \$9,331,482 for estimated probable claims pending. Net assets at December 31, 2007 were \$1,525,695.

**C. Life Insurance**

Prior to 2006, the City maintained a flexi-funded life insurance program administered by Minnesota Mutual Life Insurance Company, which provided basic life, dependent life, and accidental death and dismemberment with conversion privileges to participants. Beginning in December 2005, the life insurance program was converted to a fully insured program offering the same benefits to employees. The cost of basic employee life insurance is funded approximately one third by the employee and two thirds by the City.

Benefit levels are based on employee compensation. The City offers additional supplemental, voluntary accidental death and dismemberment insurance for employees and eligible dependents, the total cost of which is paid by the employee. Contributions (employee and employer), plus interest earned on investments, are used for premium payments. All full-time employees of the reporting entity are eligible to participate in the plans. Coverage is terminated, if the participant fails to make contributions toward the cost of insurance, if the participant terminates employment with the City and does not elect the conversion or portability option, or if the plan is terminated. At December 31, 2007, net assets totaled \$933,133.

**D. General Liability**

The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. The program also includes vehicle liability and building and content insurance. The deductible portion of the building and content insurance coverage is paid from the self-insurance fund. The deductible is \$100,000 per occurrence.

8. Self-Insurance Fund (continued)

D. General Liability (continued)

The City is self-insured for tort liability claims against the reporting entity. The Kansas Tort Claims Act provides a liability limitation of \$500,000 per occurrence. In 2006, the City purchased an excess policy of insurance for federal actions because the limitations under the State's Tort Claims Act do not apply to federal actions. The policy remains in effect and provides coverage of \$10 million with a \$2 million self-insured retention. In one of the three prior years, one settlement was in excess of coverage.

At December 31, 2007, the City recorded a liability of \$5,734,059 for pending claims (maintaining a confidence level of 90 percent) and to provide for the loss of excess liability coverage and potential environmental liability exposure. At December 31, 2007, net assets totaled \$8,370,056.

Fund	Claims Paid	Beginning Balance	Changes in Actuarial Estimate	Ending Balance	Short Term Portion
Worker's Compensation					
2005 - 2006	2,920,594	9,841,611	(1,927,955)	7,913,656	2,715,687
2006 - 2007	1,613,214	7,913,656	1,417,826	9,331,482	2,658,467
General Liability					
2005 - 2006	5,175,819	10,870,038	(5,688,739)	5,181,299	1,456,456
2006 - 2007	1,558,385	5,181,299	552,760	5,734,059	1,785,561
Health Insurance					
2007	\$ 23,828,813	-	2,424,000	2,424,000	2,424,000

E. Other Postemployment Healthcare Benefits

Description. Kansas statute provides that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health insurance benefit provides the same coverage for retirees and their dependants as for active employees and their dependants. The benefit is available for selection at retirement and is extended to retirees and their dependants until the individuals become eligible for Medicare at age 65. The accounting for the health insurance for retirees is included in the City's Self-Insurance Fund, with the subsidy provided from the Self-Insurance Fund.

Funding Policy. The City provides health insurance benefits to retirees and their dependants in accordance with Kansas law (K.S.A. 12-5040). Kansas statute, which may be amended by the state legislature, establishes that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the blended premium cost of active employees up to age 60 (including the employer and employee share). Participating retirees between the ages of 60 and 65 are required to contribute 75 percent of the blended premium cost of active employees (including the employer and employee share).

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the Self Insurance Fund. In 2007, active and retired plan members receiving benefits contributed \$6,610,361 to the plan and the City contributed \$20,532,360 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB (other post employment benefit) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding

8. Self-Insurance Fund (continued)

E. Other Postemployment Healthcare Benefits (continued)

that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of not to exceed thirty years. The following table presents the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution-amortized liability	\$ 1,295,484
Interest on net OPEB obligation	115,368
Normal cost	<u>802,119</u>
Annual OPEB cost (expense)	2,212,971
Contributions made	<u>-</u>
Increase in net OPEB obligation	2,212,971
Net OPEB obligation January 1, 2007	<u>-</u>
Net OPEB obligation December 31, 2007	<u>\$ 2,212,971</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2007	\$2,212,971	0%	\$2,212,971

Funded Status and Funding Progress. As of January 1, 2007, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$19,859,774. The City's policy is to fund the benefits on a pay as you go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,859,774. The covered payroll (annual payroll of active employees covered by the plan) was \$120.6 million, and the ratio of the UAAL to the covered payroll was 0.2 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, will present in time, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2007 actuarial valuation, the projected unit credit method was applied. The actuarial assumptions included a 5.5 percent investment rate of return, which is a blended rate of the expected long-term investment returns on the City's pooled funds and investments. The valuation assumed annual healthcare cost trend rates of four to eight percent in the first five years and an ultimate rate of five percent after five years. The valuation followed generally accepted actuarial methods and included tests as considered necessary to assure the

**8. Self-Insurance Fund (continued)**

**E. Other Postemployment Healthcare Benefits**

accuracy of the results. The UAAL is being amortized over a period of 30 years with the remaining amortization period of 29 years.

The sensitivity of the actuarial accrued liability and normal cost to a one percentage point increase and decrease in health care cost trend assumption for each future year is illustrated in the required supplementary tables following the notes to the financial statements.

**9. Long-Term Debt**

**A. General Obligation Bonds**

General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the government. The bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

General obligation bonds outstanding (expressed in thousands of dollars) at December 31, 2007 are as follows:

<u>Payable from</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:		
Ad valorem property taxes	2.45% - 6.50%	\$ 40,556
Transient guest tax	5.00% - 6.87%	5,554
Tax increment financing	2.75% - 6.25%	31,112
Local sales tax	3.00% - 5.00%	<u>138,205</u>
Subtotal - governmental activities		<u>215,427</u>
Business-type activities:		
Storm Water Utility	2.75% - 4.00%	7,934
Golf Course System	4.625% - 5.20%	4,630
Wichita Airport Authority	5.00% - 8.80%	<u>1,920</u>
Subtotal - business-type activities		<u>14,484</u>
Total general obligation bonds		<u>\$ 229,911</u>

Annual debt service requirements to maturity for general obligation bonds are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 22,788	\$ 9,699	\$ 1,992	\$ 606
2009	22,498	8,766	2,077	514
2010	20,524	7,929	1,972	416
2011	19,883	7,145	1,583	338
2012	20,560	6,362	1,562	270
2013 - 2017	76,544	17,337	5,298	440
2018 - 2022	<u>32,630</u>	<u>3,489</u>	-	-
Totals	<u>\$ 215,427</u>	<u>\$ 60,727</u>	<u>\$ 14,484</u>	<u>\$ 2,584</u>

The City of Wichita also issues special assessment bonds to provide funds for the construction of infrastructure in residential developments. Special assessment bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

9. Long-Term Debt (continued)

A. General Obligation Bonds (continued)

Annual debt service requirements to maturity for special assessment bonds are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 20,170	\$ 9,950
2009	19,900	8,602
2010	20,280	7,773
2011	19,645	6,916
2012	18,915	6,061
2013 - 2017	77,355	18,241
2018 - 2022	39,070	4,442
2023 - 2027	<u>3,210</u>	<u>272</u>
Totals	<u>\$ 218,545</u>	<u>\$ 62,257</u>

B. Revenue Bonds

Revenue bonds are also issued by the City of Wichita and the Wichita Public Building Commission, where income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at year-end are as follows (expressed in thousands of dollars):

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
<u>Primary Government – Enterprise Funds:</u>			
Water and Sewer:			
1998-Water & Sewer	4.700%	2012	\$ 10,220
1999-Water & Sewer	4.00% - 5.00%	2018	7,380
2000A-Water	4.69%	2021	2,085
2000B-Water	4.69%	2021	3,591
2001-Water & Sewer	3.90% - 5.00%	2009	4,720
2003-Water & Sewer	2.70% - 5.25%	2028	116,365
2005A-Water & Sewer Refunding	3.00% - 5.00%	2016	36,665
2005B-Water & Sewer Refunding	3.25% - 5.00%	2016	24,500
2005C-Water & Sewer	3.25% - 5.00%	2030	44,550
2006-Water & Sewer	4.00% - 5.00%	2031	49,820
Wichita Airport Authority:			
Airborne Freight Corp. - Series A, 1994	6.75%	2009	230
Federal Express - Series A&B, 1997	6.45%	2013	630
Executive Aircraft Corp.-Series 1999	6.10% - 6.75%	2014	2,325
Cessna Aircraft Company-Series 2000	8.00%	2009	11,203
Yingling Aircraft-Series 2001	7.50%	2021	1,300
Cessna Aircraft Corp. - Series A, 2002	6.25%	2032	49,300
FlightSafety - Series A, 2003	Variable*	2031	2,860
Yingling Aircraft - Series A 2005	6.00%	2025	1,500
Cessna Aircraft Company - Series A 2005	5.00%	2025	5,850
Total Primary Government			<u>\$ 375,095</u>
<u>Component Unit- Wichita Public Building Commission</u>			
Wichita State University, Series L, 2001	4.00%- 5.00%	2017	\$ 12,560
Kansas Sports Hall of Fame, Series M, 2003	2.30% - 4.40%	2023	1,455
State Office Building Refunding Series N, 2003	2.25% - 4.00%	2014	<u>10,215</u>
Total Component Unit -Wichita Public Building Commission			<u>\$ 24,230</u>

\*The FlightSafety – Series A, 2003 bonds have a variable interest rate, adjustable weekly based on the rate at which the bonds can be remarketed at par, as determined by a remarketing agent, with an interest rate ceiling of 15 percent. The interest rate utilized to calculate the debt service requirements was the effective rate on December 31, 2006 of 3.40 percent.

**9. Long-Term Debt (continued)**

**B. Revenue Bonds (continued)**

The City has pledged future water and sewer revenues, net of operating expenses, to repay revenue bonds which provided proceeds for capital acquisitions. The bonds are payable solely from net revenues of the utilities through 2032. The City covenants and agrees to produce net revenues available for debt service requirements of all revenue bond debt of the utilities of not less than 120 percent of the current year's debt service requirements. Principal and interest paid for the current year were \$14,386,444 and \$14,384,689, respectively, which represents 36 percent of gross earnings as calculated in accordance with the bond covenants. Additional information is presented in the Water Utilities Section.

The Airport also has pledged revenues from direct financing leases pledged to repay revenue bonds which provided proceeds for construction of buildings and facilities. The bonds are payable solely from lease payments made directly to a trustee for the purpose of repaying the debt. Principal and interest paid for the current year were \$1,359,318 and \$4,847,660, respectively.

In addition, the Wichita Public Building Commission has future lease revenue pledged to repay revenue bonds which provided proceeds for financing of buildings and facilities. The bonds are payable solely from lease payments made directly to a trustee for the purpose of repaying the debt. Principal and interest paid for the current year were \$2,325,000 and \$1,025,824, respectively. Note 12 to the Financial Statements provides additional information about the direct financing leases of the Airport and the Wichita Public Building Commission.

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Business-type Activities</u>		<u>Component Unit WPBC</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 14,500	\$ 18,997	\$ 2,425	\$ 949
2009	26,991	18,421	2,505	866
2010	15,463	16,837	2,595	773
2011	16,744	16,099	2,695	678
2012	18,010	15,299	2,790	581
2013 - 2017	85,849	63,830	10,565	1,264
2018 - 2022	68,662	44,458	530	99
2023 - 2027	57,910	27,851	125	6
2028 - 2032	<u>70,965</u>	<u>16,019</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 375,094</u>	<u>\$ 237,811</u>	<u>\$ 24,230</u>	<u>\$ 5,216</u>

**C. Section 108 Loans**

In April 1999, the City entered into a loan agreement with the U.S. Department of Housing and Urban Development (HUD) for funding of \$3,610,000 for the construction of a manufacturing, training and employment center on 21st Street. The City entered into an operating lease with Cessna Aircraft Company for rental of the facility, with rental payments designed to cover principal and interest owed by the City on the loan. Footnote 12.A. – Operating Leases, provides further disclosure. Interest rates for amounts outstanding under the loan range from 5.75 percent to 6.33 percent. Debt service requirements to maturity for the HUD Section 108 loan is as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 260	\$ 112
2009	280	96
2010	295	80
2011	310	62
2012	330	43
2013 - 2017	<u>350</u>	<u>22</u>
Totals	<u>\$ 1,825</u>	<u>\$ 415</u>

9. Long-Term Debt (continued)

D. Other Long-Term Obligations

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after closure. Estimated postclosure costs for the required remaining 25.56 years totaled \$23,906,830, or \$935,322 annually. Additionally, closure costs totaling \$499,936 and \$81,091 have been reported for the construction and demolition landfill and the industrial monofill landfill for asbestos waste, respectively. These costs will be liquidated from prior years' landfill fees accumulated in the Landfill Postclosure Fund. Footnote 18.-Landfill Closure and Postclosure Care provides further disclosure.

E. Changes in Long-Term Debt

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities of the internal service funds are included as part of the following totals for governmental activities. At year-end, compensated absences totaling \$341,386 were in the governmental amounts below. Compensated absences for the governmental funds are generally liquidated by the General Fund. The Information Technology Fund entered into a capital lease to purchase copier machines. At year-end, \$1,681,173 for the capital lease was included in the governmental amounts below.

Long-term liability activity for the year ended December 31, 2007, follows (expressed in thousands of dollars):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable:					
General obligation bonds	\$ 184,199	\$ 52,275	\$ (21,047)	\$215,427	\$ 22,788
Special assessment debt with	217,705	35,165	(34,325)	218,545	20,170
Deferred amount on refunding	(1,225)	(650)	222	(1,653)	-
Unamortized premium	8,426	628	(1,068)	7,986	-
Total bonds payable	<u>409,105</u>	<u>87,418</u>	<u>(56,218)</u>	<u>440,305</u>	<u>42,958</u>
Bond anticipation notes	18,057	14,180	(18,057)	14,180	14,180
Section 108 loan	2,075	-	(250)	1,825	260
Accreted interest	2,847	451	(562)	2,736	-
Capital lease	-	1,931	(250)	1,681	367
Compensated absences	8,258	8,822	(8,357)	8,723	7,628
Landfill closure/postclosure care	24,544	126	(182)	24,488	935
Total long-term liabilities –	<u>\$ 464,886</u>	<u>\$ 112,928</u>	<u>\$ (83,876)</u>	<u>\$493,838</u>	<u>\$ 66,328</u>
<b>Business-type activities</b>					
Bonds payable:					
General obligation bonds	\$ 16,400	\$ -	\$ (1,916)	\$ 14,484	\$ 1,992
Revenue bonds	390,840	-	(15,746)	375,094	14,500
Deferred amount on refunding	(2,411)	-	295	(2,116)	-
Unamortized premium	12,525	-	(856)	11,669	-
Total bonds payable	<u>417,354</u>	<u>-</u>	<u>(18,223)</u>	<u>399,131</u>	<u>16,492</u>
Compensated absences	1,573	1,537	(1,522)	1,588	1,394
Total long-term liabilities –	<u>\$ 418,927</u>	<u>\$ 1,537</u>	<u>\$ (19,745)</u>	<u>\$400,719</u>	<u>\$ 17,886</u>
<b>Wichita Public Building</b>					
Bonds payable:					
Revenue bonds	\$ 26,555	\$ -	\$ (2,325)	\$ 24,230	\$ 2,425
Unamortized premium	355	-	(32)	323	-
Total long-term liabilities-	<u>\$ 26,910</u>	<u>\$ -</u>	<u>\$ (2,357)</u>	<u>\$ 24,553</u>	<u>\$ 2,425</u>

9. Long-Term Debt (continued)

F. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds of the respective enterprise funds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2007, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond ordinances.

10. Prior-Year Defeasance of Debt

In prior years, the City and the Wichita Public Building Commission defeased certain general obligation, revenue, and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements of the reporting entity. At December 31, 2007, bonds totaling \$6,270,000 from the Wichita Public Building Commission are considered defeased.

11. Temporary Notes Payable

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of temporary notes, the governing body must take 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. Temporary notes outstanding at December 31, 2007 are payable as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
\$58,845,000	\$127,233,000	\$120,938,000	\$65,140,000

During 2007, the City issued \$127,233,000, retired \$120,938,000 and reclassified \$14,179,707 of temporary notes for various capital improvement projects activities as bond anticipation notes.

<u>Primary Government</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
Capital Projects Funds:			
Street and Bridge Improvements - Series 220	4.50%	\$ 21,624,724	02/07/08
Street and Bridge Improvements BAN - Series 220	4.50%	6,905,976	02/07/08
Water Improvements - Series 220	4.50%	3,298,219	02/07/08
Water Improvements BAN- Series 220	4.50%	1,468,781	02/07/08
Sewer Improvements - Series 220	4.50%	11,967,450	02/07/08
Sewer Improvements BAN- Series 220	4.50%	5,804,950	02/07/08
Public Improvements - Series 220	4.50%	11,554,400	02/07/08
Park Improvements - Series 220	4.50%	1,621,500	02/07/08
Enterprise funds:			
Storm Water Utility Improvements - Series 220	4.50%	894,000	02/07/08
Total Reporting Entity		<u>\$ 65,140,000</u>	

12. Leases

Rentals Under Operating Leases: The City and the Airport Authority lease facilities and land to various airlines, concessionaires, commercial entities and others. The leases are for varying periods, from one month to 40 years, and require the payment of minimum annual rentals. The following are future minimum rentals of non-cancelable operating leases:

12. Leases (continued)

<u>Year ending December 31</u>	<u>Minimum Rentals of Non-cancelable Operating Leases</u>
2008	\$ 6,704,996
2009	3,919,607
2010	3,487,284
2011	3,063,949
2012	2,932,776
2013 - 2017	13,373,833
2018 - 2022	10,111,156
2023 - 2027	6,979,949
2028 - 2032	3,665,614
2033 - 2037	2,249,180
2038 - 2042	1,778,935
2043 - 2047	846,909
Total minimum future rentals	<u>\$ 59,541,179</u>

The above amounts do not include contingent rentals that may be received under certain leases; such contingent rentals totaled \$2,123,303 in 2007.

The Wichita Airport Authority (WAA) has authorized the construction of buildings on Authority- owned land by 28 tenants. The tenants lease the land from the WAA for periods ranging from two months to 40 years with renewal options ranging from five to 49 years. The WAA has assisted in the financing of certain of these buildings through the issuance of Airport Facility Revenue Bonds.

The Wichita Public Building Commission (WPBC) has assisted in the financing of buildings and facilities for Wichita State University, the State of Kansas and the Kansas Sports Hall of Fame through the issuance of revenue bonds and by entering into lease agreements with the Board of Trustees of the University, the State of Kansas and the Kansas Sports Hall of Fame. The bonds are payable from lease payments that are made directly to a trustee for the purpose of retiring the principal and interest of the related bonds as they mature.

Additionally, lease payments for Wichita State University are secured by a pledge of the surplus on an ad valorem tax levy in amounts sufficient to guarantee the rentals under the leases. Such surplus consists of the proceeds of one and one-half (1½) mill tax levy on all tangible property within the City of Wichita which is not needed to guarantee the rentals due under certain leases from the WPBC to the Board of Trustees of Wichita State University.

Pursuant to lease agreements for the financing of the Finney State Office Building, the City of Wichita and Sedgwick County are contingently liable and will make rental payments, as necessary, to supplement the rental payments to be paid by the State of Kansas so that the total shall be sufficient to pay the debt service on the revenue bonds.

The financing of these facilities by the WAA and the WPBC represent direct financing leases and accordingly, the net investments of such leases are recorded on the respective enterprise fund and component unit balance sheets as restricted assets. The following lists the components of the net investment in direct financing leases as of December 31, 2007:

	<u>WAA</u>	<u>WPBC</u>	<u>Total</u>
Total minimum lease payments to be received	\$ 163,622,746	\$ 29,445,819	\$ 193,068,565
Less: unearned income	88,425,302	5,215,819	93,641,121
Net investment in direct financing leases	<u>\$ 75,197,444</u>	<u>\$ 24,230,000</u>	<u>\$ 99,427,444</u>

**12. Leases (continued)**

The future minimum lease rentals to be received under direct financing leases are as follows:

<u>Year ending December 31</u>	<u>Airport Authority</u>	<u>Wichita Public Building Commission</u>	<u>Total</u>
2008	\$ 5,062,062	\$ 3,374,209	\$ 8,436,271
2009	16,490,027	3,370,587	19,860,614
2010	4,261,346	3,368,227	7,629,573
2011	4,262,330	3,372,552	7,634,882
2012	4,256,190	3,371,495	7,627,685
2013 - 2017	19,285,785	11,829,429	31,115,214
2018 - 2022	19,417,221	628,820	20,046,041
2023 - 2027	24,173,200	130,500	24,303,700
2028 - 2032	66,414,585	-	66,414,585
Total minimum future rentals	<u>\$ 163,622,746</u>	<u>\$ 29,445,819</u>	<u>\$ 193,068,565</u>

**13. Conduit Debt Obligations**

From time to time the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The industrial revenue bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2007, 124 series of industrial revenue bonds were outstanding, with an aggregate principal amount payable of \$3,328,293,491.

Special facility revenue bonds have been issued by the Wichita Airport Authority to provide for the construction of buildings on Authority-owned land. The bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of rentals to be received from lease agreements between the Authority and various tenants. The bonds do not constitute a debt or pledge of the faith and credit of the City or the Airport Authority. At December 31, 2007, nine series of special facility revenue bonds were outstanding totaling \$75,197,445. Note 12 provides further disclosure.

To assist in the financing of buildings, facilities, and equipment for other governmental units, the Wichita Public Building Commission has issued four series of revenue bonds. The bonds are secured by the property financed and are payable from payments received based on underlying lease agreements. As of December 31, 2007, the aggregate principal amount payable was \$24,230,000. Note 12.B., Direct Financing Leases, provides further disclosure.

**14. Interfund Transfers**

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. During the year ended December 31, 2007, interfund transfers totaled \$113,057,402, that is, both transfer revenue and expenditures were each \$113,057,402.

Non-routine transfers from the General Fund to nonmajor governmental funds consisted primarily of \$500,000 from the Property Management Fund to the General Fund, and \$400,000 from the Data Center Fund to reimburse the General Funds investment in telephone equipment. The Debt Service Fund transfers of \$32.4 million to nonmajor

**14. Interfund Transfers (continued)**

governmental funds and the Street Improvement Fund reflect transfers to capital projects to retire temporary notes and cash fund projects. Summary information is provided in the following table.

<u>Fund</u>	<u>Transfers Out</u>
Major Funds:	
General Fund	\$ 8,436,888
Federal/State Assistance Fund	547,072
Debt Service Fund	32,505,964
Street Improvement Fund	31,124,773
Water Utility Fund	1,398,800
Sewer Utility Fund	1,865,820
Airport Fund	811,530
Nonmajor governmental funds	35,090,995
Nonmajor enterprise funds	540,560
Internal service funds	735,000
Total Transfers Out	<u>\$ 113,057,402</u>

<u>Fund</u>	<u>Transfers In</u>
Major Funds:	
General Fund	\$ 10,429,295
Debt Service Fund	17,395,926
Federal/State Assistance Fund	58,088
Street Improvement Fund	18,396,345
Nonmajor governmental funds	62,929,014
Nonmajor enterprise funds	3,475,080
Internal service funds	373,654
Total Transfers In	<u>\$ 113,057,402</u>

**15. Interfund Receivables/Payables**

Interfund receivables/payables result from product or services provided to other funds or loans between funds. Individual fund receivable/payable balances at December 31, 2007 are presented in the following table:

<u>Fund</u>	<u>Interfund Receivables</u>
Debt Service Fund	\$ 2,563,706
Federal and State Assistance Fund:	
Community Development Block Grant	712,278
Nonmajor governmental funds:	
Local Sales Tax CIP Fund	36,338,750
Landfill Postclosure Fund	22,000,000
Sales Tax Construction Pledge Fund	1,720,041
TIF Districts Fund	10,000,000
Nonmajor enterprise funds	
Storm Water Utility	141,029
Total	<u>\$ 73,475,804</u>

**15. Interfund Receivables/Payables (continued)**

<u>Fund</u>	<u>Interfund Payables</u>
Street Improvement Fund	\$ 33,720,041
Federal and State Assistance Fund:	
Unified Work Program	271,525
Emergency Shelter HUD	8,828
Federal Health Projects	117,117
Emergency Shelter SRS	5,935
HOME Program	308,873
Nonmajor governmental funds:	
Water Main Extension Fund	3,044,773
Park Bond Construction Fund	1,980,057
Public Improvement Construction Fund	10,173,705
Sewer Construction Fund	21,140,215
Nonmajor enterprise funds:	
Transit	141,029
Golf Fund	2,563,706
Total	<u>\$ 73,475,804</u>

Interfund receivables/payables at the end of December 2007 include a cash advance from the Community Development Block grants to the various federal and state assistance subfunds for which grant drawdowns are pending, a Golf Fund payable to the Debt Service Fund while the Golf Fund operations are being restructured. Most significant are the receivables in the Local Sales Tax CIP Fund, the Landfill Post Closure Fund, the Landfill Fund and the TIF Districts Fund loaned to the capital project funds until projects are completed and long term financing has been secured.

**16. Reserves and Designations of Fund Balances**

Reserved fund balance is reported to denote portions of fund balance that are either (1) legally restricted for a specific future use or (2) not available for appropriation or expenditures. The following reservations of fund balance are used by the City: [1] reserved for encumbrances - used to segregate a portion of fund balance for expenditures upon vendor performance; [2] reserved for inventory – used to segregate a portion of fund balance to indicate that inventories do not represent available or spendable resources, and [3] reserved for prepaid items – used to segregate a portion of fund balance to indicate that prepaid items do not represent available or spendable resources.

The following designations of fund balances are reflected in the governmental fund financial statements. A fund balance designation is reported in the amount of \$12,651,995 for the General Fund for the subsequent year’s appropriation. Of the unreserved fund balance of the Debt Service Fund, \$16,106,881 is designated for future debt service requirements.

The City maintains the Cemetery Fund, a permanent fund for the perpetual care of the Jamesburg and Highland Cemeteries. The non-expendable portion of the fund balance is \$235,437. The remainder is expendable for care of the cemeteries.

**17. Passenger Facility Charges**

In 1994, the Wichita Airport Authority first received approval from the Federal Aviation Administration to impose and use a passenger facility charge (PFC) of \$3 for each eligible passenger utilizing Wichita Mid-Continent Airport, effective December 1, 1994. The first funds were received by the Wichita Airport Authority in January 1995. On May 1, 2005 the PFC increased to \$4.50 for each eligible passenger.

**17. Passenger Facility Charges (continued)**

The charge is collected by all carriers and remitted to the Airport Authority, less an \$.08 per passenger handling fee through April 2004. Beginning May 1, 2004, the handling fee increased to \$.11 per passenger. The proceeds from the PFC are restricted for certain FAA approved capital improvement projects. As of December 31, 2007, the Airport Authority has submitted and received approval on five applications. The approved applications represent a total amended authorized amount of \$29,513,859 of which \$27,580,671 has been collected.

**18. Landfill Closure and Postclosure Care**

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover on the municipal solid waste facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 25, 2003. Accordingly, a liability of \$23,906,830 for postclosure care for the remaining 25.56 years has been reported as a long-term liability of governmental activities on the Statement of Net Assets as of December 31, 2007.

During 2001, the City was granted permission to operate a construction and demolition (C&D) landfill at the existing Brooks site. The C & D landfill began operation on October 1, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover when it closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date.

As of December 31, 2007, a long-term liability of \$499,936 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 43.8 percent of the estimated capacity of the C & D landfill. The City will recognize the remaining closure costs of \$641,470 as the remaining capacity is filled. Based on activity to date, the City of Wichita expects the C&D landfill to close in approximately 2016, or as capacity is reached.

In May 2002, the City began operation of an industrial monofill landfill for asbestos waste at the existing Brooks Landfill site. Applicable Kansas and federal laws and regulations require the City to place a final cover when it closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date.

As of December 31, 2007, a long-term liability of \$81,091 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 15.4 percent of the estimated capacity of the monofill landfill. The City will recognize the remaining closure costs of \$445,134 as the remaining capacity is filled. Based on activity to date, the industrial monofill landfill is expected to close in approximately 2040, or as capacity is reached.

The estimates are subject to change due to inflation, deflation, technology, laws and regulations. Financial assurance for closure and post-closure care costs of the landfills has been demonstrated by the local government financial test, as specified in 40 CFR 258.74(f), adopted by reference for use in Kansas by K.A.R. 28-29-98. The Landfill Postclosure Fund and landfill tipping fees will provide the primary source of funding for the landfills' closure and postclosure costs. Additional financing needs beyond those met by the fund and user fees will potentially require the sale of bonds.

**19. Prior Period Adjustments**

A prior period adjustment of \$85,577 is recorded in the Federal/State Fund to reclassify prior period revenue as amounts due to the U.S. Department of Housing and Urban Development. The entity wide financial statements include a prior period adjustment of \$649,823 in the governmental activities to establish the deferred refunding account associated with a cross-over refunding in 2004.

**20. Contingencies and Commitments**

A. Legal Matters

The reporting entity generally follows the practice of recording liabilities resulting from claims and legal actions only when it is probable that a liability has been incurred and the amount can be reasonably estimated. The reporting entity is vigorously defending its interest in all of the various legal actions and claims against the reporting entity presently pending involving personal injury (including workers' compensation claims), property damages, civil rights complaints, and other miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. In the opinion of management and its legal counsel, the probability of material aggregate liabilities resulting from these claims will not have an adverse material effect on the reporting entity's basic financial statements.

Under Kansas Statutes, should the courts sustain any of the litigation against the reporting entity, the City may issue no-fund warrants to cover any resulting over-expenditures not anticipated in the current year budget. The City is then required to levy sufficient ad valorem property taxes in the first levying period following issuance to retire such warrants. This tax levy is without limitation.

B. Grant Programs

The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance requirements with each applicable grant. Any disallowed costs resulting from financial and compliance audits could become a liability of the City. In the opinion of management, any such disallowed costs will not have a material effect on the basic financial statements of the City at December 31, 2007.

C. Environmental Matters

*Gilbert and Mosley Groundwater Contamination Site:* An area near the City's downtown has been designated by the Kansas Department of Health and Environment (KDHE) as the Gilbert and Mosley groundwater contamination site. In order to address this site - protect human health and the environment, develop a clean-up plan and avert property value decline within the site - the City entered into an agreement with KDHE to conduct a Remediation Investigation and Feasibility Study (RI/FS). Through the RI/FS agreement, the City has undertaken the obligation to perform the RI/FS and to perform such corrective measures as may be indicated by the RI/FS. A tax increment financing district (TIF) was established to raise funds for obligations the City may incur under the agreement with KDHE. The City also pursued cost recovery from potentially responsible parties (PRPs), and portions of the costs have been recovered.

In January 1994, the KDHE completed its review of the RI portion of the report and made it available for review by the public. The RI report describes the nature and extent of contamination at the site.

The FS portion of the report was approved by the State in 1994 and the Corrective Action Decision for Interim Groundwater Remediation was issued by the Kansas Department of Health and Environment for the site. The FS outlined the methods that are to be used for clean-up of the site and the Corrective Action Decision for Interim Groundwater Remediation specified the conditions the City must meet in terms of clean-up levels and containment of the down gradient contamination.

The Gilbert and Mosley Site Final Design Report, Final Interim Groundwater Remediation Plumes ABE, was approved by KDHE on October 5, 2000, and the Remedial Action Work Plan was approved by KDHE on March 1, 2001. The remediation system for plumes ABE has been constructed including thirteen pumping wells and five and one half miles of pipeline. Cleanup of the groundwater commenced in December of 2002. At the end of December 2007, the City had cleaned over two billion gallons of contaminated groundwater and has reduced the Action Concentration Levels of plumes ABE by roughly 44 percent,(from 1,175 acres to 658 acres).

Twenty-four source locations have been identified as contributing to the down gradient groundwater contamination. Five of the 24 sources are now under the jurisdiction of the Dry Cleaner's Trust Fund that is

**20. Contingencies and Commitments (continued)**

C. Environmental Matters (continued)

administered by KDHE and will not require further remedial action from the City. Another seven source properties have been proven to be “non-continuing” or “non-active” sources and will not require active remediation work by the City, only monitoring as approved by KDHE.

One source property (Bus Barn) was cleaned by the City in 1998 and only requires monitoring under the site-wide monitoring activities. Another site (Water Walk) was discovered during revitalization of a portion of the downtown corridor. Although the site is not a continuing source to the groundwater contamination, removal of the contaminated soil is required when encountered during construction. The investigation of the majority of the site is complete and removal of the contaminated soil is being incorporated into the construction budget of the revitalization project. However, a small portion remains to be further investigated. The area of contamination is suspected to be localized and will be covered by public right of way and street. This portion will be included in an Environmental Use Control instrument that will be placed over the entire site to control any future excavation or removal of soils from the site.

Four source properties, now under the City’s remediation goals, are being addressed as combined sites; Harcros/TriState Central is one site, and 149 & 157 South Washington (known as South Washington and English (SWE) is the other combined site. A remediation system has been implemented for Harcros/TriState Central with a projected cleanup goal of two years. SWE has a KDHE Corrective Action Decision approved and the City of Wichita plans to select the vendor for design and construction of the remedial system in late 2008 with implementation in 2009. TriState North, another source site, has a remediation system in place with a projected completion date of April 2009. Automotive Fleet Services requires source investigation to determine a cleanup strategies as required by KDHE.

Two source sites, APCO and Reid Supply, had pending legal decisions. In the interim, the Trustees for the APCO site declared bankruptcy and the Courts have made their decisions. As a result, KDHE has required the City of Wichita to take over the cleanup responsibilities of the APCO site. The source investigation and site characterization has been completed. The City is currently evaluating the various remediation strategies for this site. The last source site, the Reid Supply site, is to be addressed by the responsible party.

In 1998, the City filed a lawsuit to recover its costs to cleanup and protect the groundwater. The action was filed against 26 defendants that owned or operated businesses at fifteen locations within the site. Settlements with a value of \$10 million (cash payments, future payments and reduced City responsibilities) were made with a number of the potentially responsible parties (PRPs) before and during litigation. The efforts were intended to seek recovery from the parties responsible for the contamination and minimize the use of the TIF district. In 2004, the Kansas Legislature approved changes to the law that would allow the City to extend the TIF district ten additional years (from 2011 to 2021) provided the two effected taxing districts (Sedgwick County and Unified School District 259) extend their approval. The City received these approvals in 2006.

The Federal Court trial of the claims against four defendants was held in 2002 with the Court rendering its decision in 2004. The Court found three defendants liable for groundwater contamination and allocated to each of those defendants liability for a portion of the past and future costs of investigation and remediation. In addition, the Coleman Company had initially committed to paying its share of the cleanup cost through a joint agreement with the City of Wichita. Arbitration of the allocation of those costs also concluded in 2004. The City received reimbursement for the allocated share of past costs from each of these PRPs and the Coleman Company. The City continues to invoice for reimbursement of future costs from these parties as they occur.

The APCO Liquidating Trust (APCO) was one of the responsible parties found liable for the contamination by the Court. In August 2005, APCO filed for bankruptcy. APCO had already settled and paid its obligation to the City for past costs, but remains liable for 100 percent of future source control costs at this site. If APCO does not assume responsibility for this source control, KDHE will demand that the City be responsible for future

20. Contingencies and Commitments (continued)

C. Environmental Matters (continued)

source control actions. The City has filed a bankruptcy claim of \$1.3 million in projected future costs. The Environmental Protection Agency and the State of Oklahoma have also filed claims against the assets for environmental damages. The extent of the recovery by the City of Wichita from APCO can not yet be determined. The City has not incurred any costs for this source control.

In January of 2002, the net present value of the proposed down gradient plume cleanup plan was estimated to total approximately \$16.4 million. Source area investigations and control were projected to be another \$9.7 million. Since the estimate was prepared, additional investigations, work plans and settlements have occurred. A recalculation of the net present value of the estimated total costs is planned after the City has more specific cost projections based on recent modeling (re-calibration) of the site-wide remediation effectiveness, the source properties are investigated and the remedial activities are determined.

*North Industrial Corridor Groundwater Contamination Site:* In 1995, the City took action to apply the Gilbert and Mosley model to another portion of the community, known as the North Industrial Corridor (NIC). The City of Wichita signed an agreement with KDHE to conduct a Remediation Investigation and Feasibility Study (RI/FS) with conditions similar to those identified in the Gilbert and Mosley site. Since the 1995 signing of the agreement, the City has had the NIC Site removed from the National Priority List. The City has created a tax increment financing district to finance portions of the project. In addition, the City has entered into an agreement with more than 25 businesses in the area, called the NIC Participant Group, that have provided partial funding for the RI/FS for the NIC site.

The investigation and cleanup plan is in the initial stages. To date, the City has created a tax increment-financing district and has signed an agreement with the Kansas Department of Health and Environment (KDHE) to conduct a Remediation Investigation and Feasibility Study (RI/FS) with conditions similar to those identified in the Gilbert and Mosley site.

The NIC Site Final Remedial Investigation Report has been completed and has been submitted to KDHE for approval (June 2004). KDHE approved all but a few sections of the RI and requested additional source investigation. The City of Wichita completed the additional source investigation and submitted the information to KDHE. The NIC RI Addendum (November 2005) was submitted to KDHE for approval and in December of 2005, KDHE provided comments on the RI and RI Addendum. Approval of the NIC RI and RI Addendum was granted by KDHE in December 2006. The feasibility study phase of the project officially began in the fall of 2007 with a projected completion date in the fall of 2008. Until the remedial investigation and feasibility study for the NIC area is complete, a final resolution of cost sharing by potentially responsible parties and the NIC Participants cannot be finalized; therefore a meaningful estimation of the total cost of investigation and cleanup activities is not currently available.

*Brooks Landfill:* In 1996, groundwater contamination was identified at the City-owned Brooks Landfill. As a result of the finding, the City entered into the appropriate agreements and permitting conditions regarding the investigation and cleanup of the contamination. The City installed and is operating cleanup facilities at the site to address the contamination.

In 2003, an additional contamination plume was found. A KDHE-required limited groundwater investigation was conducted by the City to evaluate the adequacy of the existing groundwater monitoring network along the south side of the Brooks site. In January 2007, two additional monitoring wells were added to the site monitoring network. The 2003 plume is being addressed through a KDHE approved monitored natural attenuation strategy.

The related liability for the groundwater contamination cleanup is included in the total landfill closure and post-closure costs reflected in the general long-term debt, as of December 31, 2007. Note 18 - Landfill Closure and Post Closure Care, provides further disclosure regarding the future funding of landfill liabilities.

**20. Contingencies and Commitments (continued)**

**D. Construction Commitments**

The City has outstanding construction commitments for freeway and arterial street construction and other capital improvements of \$109,476,981 at December 31, 2007. This amount is reflected as reserve for encumbrances in capital projects funds.

**E. Public Building Commission Lease**

The City of Wichita, in cooperation with Sedgwick County, entered into a lease agreement dated March 1, 1993 with the Wichita Public Building Commission in conjunction with the issuance of \$18,620,000 Revenue Bonds, Series H, 1993, to finance the acquisition, renovation, construction, and other specified improvements of a State Office Building and related parking facilities in downtown Wichita. In 2003, the original bonds on the State Office Building were refunded with the issuance of \$13,880,000 Revenue Bonds, Series N, 2003, to refinance the remaining debt at a lower interest cost.

The Wichita Public Building Commission previously entered into a lease agreement for the project with the State of Kansas regarding the acquisition and renovation of the former "Dillard's" building to provide rentable office space. Agencies of the State, including the Department of Social and Rehabilitation Services, lease office space in the State Office Building. The City/County lease is intended to be a "wrap-around" obligation wherein the City and County are contingently liable and will make rental payments, if necessary, to supplement the rental payments to be paid by the State pursuant to the State lease so that the total shall be sufficient to pay the principal of, premium, if any, and interest on the bonds.

In 2007, no such payments were required. The City of Wichita also serves as the Property Manager for the State Office Building and related parking facilities for the term of the lease.

**F. Economic Development Activities**

The City has established tax increment financing districts to support economic development activities. The City's contributions to these projects include streets, public art and water features, meeting rooms for Expo Hall (adjacent to the downtown convention hotel), and a parking garage adjacent to the Hotel at Old Town, which are financed through the issuance of bonds of which \$31.1 million are outstanding.

In the event that property and guest tax revenues generated by the tax increment financing districts and other revenue sources are not available, under State law, the City would be required to levy additional property tax on all taxable tangible property in the City to meet debt service requirements for these projects.

In 2001, the City acquired the Hyatt Hotel adjacent to the Century II and Expo Hall Convention Center to insure that the hotel maintained premiere service for convention business. The Hyatt Hotel is managed under contract by the Hyatt Corporation and the operations of the Hyatt Hotel are not related to the operations of the City in any manner.

**E. Employment Tax Audit**

The Internal Revenue Service conducted an examination of the City's federal employment and payroll tax matters for the activities in fiscal year 2004. On December 31, 2007 the audit field work was complete with adjustments pending. Adjustments were proposed for clothing allowances, personal use of vehicles, employer provided cell phones, employer provided internet, relocation expense and public service awards for a total estimated liability of \$65,500. On March 4, 2008, the City Council approved the adjustments. Based on information received from other municipalities that have experienced a recent employment tax audit, the City may be approached in the future for a smaller additional sum representing FICA withholding computed on the adjustment.

**20. Contingencies and Commitments (continued)**

E. Employment Tax Audit (continued)

A pending matter relating to contracted labor had not resulted in an adjustment on December 31, 2007. A subsequent adjustment may develop with the potential liability estimated to be less than \$25,000. Corrective steps have been identified for each category of adjustment going forward.

**21. Subsequent Events**

On January 8, 2008, the City issued \$11,765,000 of 15-year general obligation bonds (Series 792) with a total interest cost of 3.70 percent. The City also issued \$3,390,000 in general obligation bonds (Series 792A) with a total interest cost of 4.08 percent. In addition, on January 8, 2008, the City issued \$77,880,000 general obligation renewal and improvement temporary notes (Series 222) with an average interest rate of 3.25 percent and \$8,015,000 general obligation temporary notes (Series 223 which are taxable under federal law) with an average interest rate of 4.35 percent.

Accordingly, temporary notes payable totaling \$14,179,707 were reclassified as bond anticipation notes and are recorded as long-term liabilities in the governmental funds of the City as of December 31, 2007. The notes in the amount of \$14,179,707 were refinanced through the issuance of general obligation bonds (Series 792 and Series 792A) on January 8, 2008.

# CITY OF WICHITA, KANSAS

## 2007 PENSION REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

### Wichita Employees' Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	\$ 479,275	\$ 433,297	\$ (45,978)	110.6	\$ 72,367	(63.5) %
12/31/06	505,756	459,062	(46,694)	110.2	75,881	(61.5)
12/31/07	533,911	483,387	(50,524)	110.5	78,736	(64.2)

### Wichita Police and Fire Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	\$ 412,823	\$ 414,027	\$ 1,204	99.7	\$ 52,207	2.3 %
12/31/06	444,498	439,179	(5,319)	101.2	53,530	(9.9)
12/31/07	480,820	468,115	(12,705)	102.7	57,310	(22.2)

## 2007 OTHER POST EMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

### Health Insurance Post Employment Benefits

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/06	\$ -	\$ 19,860	\$ 19,860	-	\$ 120,645	0.2 %

### Health Insurance Post Employment Benefits

Sensitivity to Assumed Health Care Cost Trend Rates of Normal Cost  
Valuation as of December 31, 2006

Assumed Trend	\$ 802,119
Trend rates +1%	967,209
Trend rates -1%	668,384

# ***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:

- Tourism and Convention
- Downtown Trolley System
- Special Alcohol Program
- Special Parks and Recreation
- Ice Rink Management
- Landfill
- Landfill Postclosure
- Central Inspection
- Economic Development
- Sales Tax Pledge
- Property Management Operations
- State Office Building
- Tax Increment Financing (TIF) Districts
- Self-Supporting Municipal Improvement District
- City-County
- Art Museum Board

## **Nonmajor Capital Projects Funds**

The purpose of the Capital Projects Funds is to account for capital improvements (except those financed by proprietary funds) that are financed from the City's general obligation bond issues, special assessments, local sales tax, certain Federal grants and other City funds. Following are the nonmajor Capital Projects Funds:

- Water Main Extension
- Park Bond Construction
- Public Improvement Construction
- Sewer Construction
- Local Sales Tax CIP

## **Permanent Fund**

The Cemetery Fund is reported as a permanent fund and receives earnings from investments that are used for the perpetual care of two cemeteries maintained by the municipality.

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUND TYPES December 31, 2007 (with comparative totals for December 31, 2006)

	Governmental Fund Types			2007 Totals	2006 Totals
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 25,625,233	\$ 27,952,865	\$ 389,695	\$ 53,967,793	\$ 17,814,757
Investments	-	-	468,815	468,815	80,436
Receivables, net:					
Due from other agencies	3,500	300,000	-	303,500	303,500
Accounts	855,457	23,864	-	879,321	840,553
Due from other funds	33,720,041	36,338,750	-	70,058,791	60,191,545
	<u>\$ 60,204,231</u>	<u>\$ 64,615,479</u>	<u>\$ 858,510</u>	<u>\$ 125,678,220</u>	<u>\$ 79,230,791</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities:					
Accounts payable and other liabilities	\$ 726,101	\$ 2,474,496	\$ -	\$ 3,200,597	\$ 3,668,801
Accrued interest payable	-	344,057	-	344,057	378,120
Temporary notes payable	-	28,441,569	-	28,441,569	27,908,442
Deposits	73,437	-	-	73,437	76,054
Due to other funds	-	36,338,750	-	36,338,750	23,084,792
Unearned revenue	721,060	-	-	721,060	670,280
	<u>1,520,598</u>	<u>67,598,872</u>	<u>-</u>	<u>69,119,470</u>	<u>55,786,489</u>
Fund balances (deficits):					
Reserved for encumbrances	1,281,535	20,377,822	-	21,659,357	21,196,911
Reserved for cemetery perpetual care	-	-	235,437	235,437	235,437
Unreserved, undesignated	57,402,098	(23,361,215)	623,073	34,663,956	2,011,954
	<u>58,683,633</u>	<u>(2,983,393)</u>	<u>858,510</u>	<u>56,558,750</u>	<u>23,444,302</u>
Total liabilities and fund balances	<u>\$ 60,204,231</u>	<u>\$ 64,615,479</u>	<u>\$ 858,510</u>	<u>\$ 125,678,220</u>	<u>\$ 79,230,791</u>

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2007

(with comparative totals for December 31, 2006)

	Tourism and Convention	Downtown Trolley System	Special Alcohol Program	Special Parks and Recreation	Ice Rink Management	Landfill
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,163,394	\$ 410	\$ 718,329	\$ 204,044	\$ 114,042	\$ 5,213,769
Receivables, net:						
Due from other agencies	-	-	-	-	-	-
Accounts	-	143	-	-	-	-
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 2,163,393</u></b>	<b><u>\$ 553</u></b>	<b><u>\$ 718,329</u></b>	<b><u>\$ 204,044</u></b>	<b><u>\$ 114,042</u></b>	<b><u>\$ 5,213,769</u></b>
<b>LIABILITIES</b>						
Accounts payable and other liabilities	\$ 133,813	\$ -	\$ 92,731	\$ -	\$ -	\$ 4,364
Deposits	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b><u>133,813</u></b>	<b><u>-</u></b>	<b><u>92,731</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4,364</u></b>
<b>FUND BALANCES</b>						
Fund balances:						
Reserved for:						
Encumbrances	16,958	-	129,965	-	-	64,834
Unreserved	2,012,622	553	495,633	204,044	114,042	5,144,571
<b>Total fund balances</b>	<b><u>2,029,580</u></b>	<b><u>553</u></b>	<b><u>625,598</u></b>	<b><u>204,044</u></b>	<b><u>114,042</u></b>	<b><u>5,209,405</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 2,163,393</u></b>	<b><u>\$ 553</u></b>	<b><u>\$ 718,329</u></b>	<b><u>\$ 204,044</u></b>	<b><u>\$ 114,042</u></b>	<b><u>\$ 5,213,769</u></b>

Landfill Postclosure	Central Inspection	Economic Development	Sales Tax Pledge	Property Management	State Office Building
\$ 2,789,163	\$ 2,427,771	\$ 2,095,201	\$ 4,351,254	\$ 1,008,280	\$ 403,499
-	-	-	-	3,500	-
-	12,395	798,560	-	10,035	-
<u>22,000,000</u>	<u>-</u>	<u>-</u>	<u>1,720,041</u>	<u>-</u>	<u>-</u>
<u>\$ 24,789,163</u>	<u>\$ 2,440,167</u>	<u>\$ 2,893,761</u>	<u>\$ 6,071,295</u>	<u>\$ 1,021,815</u>	<u>\$ 403,499</u>
\$ 13,374	\$ 101,902	\$ 32,231	\$ -	\$ 71,133	\$ 15,932
-	55,000	-	-	7,179	-
<u>-</u>	<u>-</u>	<u>721,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>13,374</u>	<u>156,902</u>	<u>753,291</u>	<u>-</u>	<u>78,312</u>	<u>15,932</u>
129,911	72,248	79,839	-	1,508	2,639
<u>24,645,878</u>	<u>2,211,017</u>	<u>2,060,631</u>	<u>6,071,295</u>	<u>941,995</u>	<u>384,928</u>
<u>24,775,789</u>	<u>2,283,265</u>	<u>2,140,470</u>	<u>6,071,295</u>	<u>943,503</u>	<u>387,567</u>
<u>\$ 24,789,163</u>	<u>\$ 2,440,167</u>	<u>\$ 2,893,761</u>	<u>\$ 6,071,295</u>	<u>\$ 1,021,815</u>	<u>\$ 403,499</u>

(Continued)

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET (CONTINUED) NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2007

(with comparative totals for December 31, 2006)

	TIF Districts	Self-Supporting Municipal District	City- County	Art Museum Board	2007 Totals	2006 Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,888,504	\$ -	\$ 187,558	\$ 60,015	\$ 25,625,233	\$ 57,954,582
Receivables, net:						
Due from other agencies	-	-	-	-	3,500	3,500
Accounts	34,310	-	14	-	855,457	816,689
Due from other funds	10,000,000	-	-	-	33,720,041	-
Total assets	<u>\$ 13,922,814</u>	<u>\$ -</u>	<u>\$ 187,572</u>	<u>\$ 60,015</u>	<u>\$ 60,204,231</u>	<u>\$ 58,774,771</u>
<b>LIABILITIES</b>						
Accounts payable and other liabilities	\$ 136,261	\$ -	\$ 76,527	\$ 47,833	\$ 726,101	\$ 780,964
Deposits	-	-	11,258	-	73,437	76,054
Unearned revenue	-	-	-	-	721,060	670,280
Total liabilities	<u>136,261</u>	<u>-</u>	<u>87,785</u>	<u>47,833</u>	<u>1,520,598</u>	<u>1,527,298</u>
<b>FUND BALANCES</b>						
Fund balances:						
Reserved for:						
Encumbrances	696,748	-	86,885	-	1,281,535	2,066,877
Unreserved	13,089,805	-	12,902	12,182	57,402,098	55,180,596
Total fund balances	<u>13,786,553</u>	<u>-</u>	<u>99,787</u>	<u>12,182</u>	<u>58,683,633</u>	<u>57,247,473</u>
Total liabilities and fund balances	<u>\$ 13,922,814</u>	<u>\$ -</u>	<u>\$ 187,572</u>	<u>\$ 60,015</u>	<u>\$ 60,204,231</u>	<u>\$ 58,774,771</u>

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# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2007

(with comparative totals for December 31, 2006)

	Water Main Extension	Park Bond Construction	Public Improvement Construction
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 464,253
Due from other agencies	-	-	300,000
Accounts receivable, net	-	-	23,864
Due from other funds	-	-	-
	-	-	-
Total assets	\$ -	\$ -	\$ 788,117
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities:			
Accounts payable and other liabilities	\$ 143,541	\$ 335,777	\$ 1,052,401
Accrued interest payable	45,922	15,620	111,307
Temporary notes payable	3,298,219	1,621,500	11,554,400
Due to other funds	3,044,773	1,980,057	10,173,705
	6,532,455	3,952,954	22,891,813
Total liabilities	6,532,455	3,952,954	22,891,813
Fund balances:			
Reserved for encumbrances	1,008,332	1,069,638	10,008,133
Unreserved, undesignated	(7,540,787)	(5,022,592)	(32,111,829)
	(6,532,455)	(3,952,954)	(22,103,696)
Total fund balances (deficits)	(6,532,455)	(3,952,954)	(22,103,696)
Total liabilities and fund balances	\$ -	\$ -	\$ 788,117

Sewer Construction	Local Sales Tax CIP	Totals	
		2007	2006
\$ -	\$ 27,488,612	\$ 27,952,865	\$ 293,623
-	-	300,000	300,000
-	-	23,864	23,864
-	36,338,750	36,338,750	19,007,369
<u>\$ -</u>	<u>\$ 63,827,362</u>	<u>\$ 64,615,479</u>	<u>\$ 19,624,856</u>
\$ 942,777	\$ -	\$ 2,474,496	\$ 2,887,452
171,208	-	344,057	378,120
11,967,450	-	28,441,569	27,908,442
21,140,215	-	36,338,750	23,084,792
<u>34,221,650</u>	<u>-</u>	<u>67,598,872</u>	<u>54,258,806</u>
8,291,719	-	20,377,822	19,128,844
<u>(42,513,369)</u>	<u>63,827,362</u>	<u>(23,361,215)</u>	<u>(53,762,794)</u>
<u>(34,221,650)</u>	<u>63,827,362</u>	<u>(2,983,393)</u>	<u>(34,633,950)</u>
<u>\$ -</u>	<u>\$ 63,827,362</u>	<u>\$ 64,615,479</u>	<u>\$ 19,624,856</u>

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## CITY OF WICHITA, KANSAS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) NONMAJOR GOVERNMENTAL FUND TYPES

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Governmental Fund Types				
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery	2007 Totals	2006 Totals
<b>REVENUES</b>					
Taxes	\$ 11,992,251	\$ -	\$ -	\$ 11,992,251	\$ 11,967,574
Special assessments	-	427,342	-	427,342	378,749
Local sales tax	24,627,843	-	-	24,627,843	23,852,273
Intergovernmental	4,856,463	512,007	-	5,368,470	4,817,621
Licenses and permits	5,545,554	-	-	5,545,554	5,130,750
Rentals	1,712,738	-	-	1,712,738	1,867,373
Interest earnings	2,433,386	963,427	46,844	3,443,657	2,735,611
Charges for services and sales	2,353,212	-	4,420	2,357,632	2,766,163
Other	738,902	4,156,557	-	4,895,459	1,652,403
Total revenues	<u>54,260,349</u>	<u>6,059,333</u>	<u>51,264</u>	<u>60,370,946</u>	<u>55,168,517</u>
<b>EXPENDITURES</b>					
Current:					
General government	6,610,998	-	23,533	6,634,531	8,045,283
Public safety	7,604,612	-	-	7,604,612	6,872,510
Sanitation	1,400,852	-	-	1,400,852	1,152,306
Health and welfare	2,923,571	-	-	2,923,571	2,617,234
Culture and recreation	3,702,459	-	-	3,702,459	4,496,353
Debt service:					
Principal retirement	-	7,587,558	-	7,587,558	8,809,460
Interest and fiscal charges	-	1,363,522	-	1,363,522	940,327
Capital outlay	-	60,580,310	-	60,580,310	53,702,149
Total expenditures	<u>22,242,492</u>	<u>69,531,390</u>	<u>23,533</u>	<u>91,797,415</u>	<u>86,635,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,017,857</u>	<u>(63,472,057)</u>	<u>27,731</u>	<u>(31,426,469)</u>	<u>(31,467,105)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long-term capital debt	-	36,702,898	-	36,702,898	21,223,779
Transfers from other funds	4,109,298	58,819,716	-	62,929,014	28,115,195
Transfers to other funds	(34,690,995)	(400,000)	-	(35,090,995)	(54,082,331)
Total other financing sources (uses)	<u>(30,581,697)</u>	<u>95,122,614</u>	<u>-</u>	<u>64,540,917</u>	<u>(4,743,357)</u>
Net change in fund balances	1,436,160	31,650,557	27,731	33,114,448	(36,210,462)
Fund balances - beginning	57,247,473	(34,633,950)	830,779	23,444,302	59,860,032
Prior period adjustment	-	-	-	-	(205,268)
Fund balances (deficits) - ending	<u>\$ 58,683,633</u>	<u>\$ (2,983,393)</u>	<u>\$ 858,510</u>	<u>\$ 56,558,750</u>	<u>\$ 23,444,302</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Tourism and Convention	Downtown Trolley System	Special Alcohol Program	Special Parks and Recreation	Ice Rink Management	Landfill
<b>REVENUES</b>						
Taxes	\$ 5,708,522	\$ -	\$ -	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-	-	-
Intergovernmental	-	-	1,637,566	1,637,567	-	-
Licenses and permits	-	-	-	-	-	-
Rentals	-	4	-	-	1,500	-
Interest earnings	123,106	-	18,250	10,522	3,670	199,399
Charges for services and sales	-	17,964	-	-	2,320	685,406
Other	-	-	-	-	105,986	-
Total revenues	<u>5,831,628</u>	<u>17,968</u>	<u>1,655,816</u>	<u>1,648,089</u>	<u>113,476</u>	<u>884,805</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Sanitation	-	-	-	-	-	956,935
Health and welfare	-	-	1,591,085	-	-	-
Culture and recreation	2,395,483	24,370	-	-	156	-
Total expenditures	<u>2,395,483</u>	<u>24,370</u>	<u>1,591,085</u>	<u>-</u>	<u>156</u>	<u>956,935</u>
Excess (deficiency) of revenues over expenditures	<u>3,436,145</u>	<u>(6,402)</u>	<u>64,731</u>	<u>1,648,089</u>	<u>113,320</u>	<u>(72,130)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	(2,855,610)	-	-	(1,695,000)	-	-
Total other financing sources (uses)	<u>(2,855,610)</u>	<u>-</u>	<u>-</u>	<u>(1,695,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	580,535	(6,402)	64,731	(46,911)	113,320	(72,130)
Fund balances, beginning	<u>1,449,045</u>	<u>6,955</u>	<u>560,867</u>	<u>250,955</u>	<u>722</u>	<u>5,281,535</u>
Prior period adjustment	-	-	-	-	-	-
Fund balances, ending	<u>\$ 2,029,580</u>	<u>\$ 553</u>	<u>\$ 625,598</u>	<u>\$ 204,044</u>	<u>\$ 114,042</u>	<u>\$ 5,209,405</u>

Landfill Postclosure	Central Inspection	Economic Development	Sales Tax Pledge	Property Management	State Office Building
\$ -	\$ 2,785	\$ -	\$ -	\$ -	\$ -
-	-	-	24,627,843	-	-
-	-	-	-	-	-
-	5,545,554	-	-	-	-
41,023	-	-	-	558,195	1,024,016
974,670	75,864	85,341	210,543	55,621	13,926
-	1,093,295	7,600	-	296,706	11,461
-	5,592	283,332	-	79,342	-
<u>1,015,693</u>	<u>6,723,090</u>	<u>376,273</u>	<u>24,838,386</u>	<u>989,864</u>	<u>1,049,403</u>
-	-	2,162,129	-	675,379	1,006,968
-	6,011,342	-	-	-	-
443,917	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>443,917</u>	<u>6,011,342</u>	<u>2,162,129</u>	<u>-</u>	<u>675,379</u>	<u>1,006,968</u>
<u>571,776</u>	<u>711,748</u>	<u>(1,785,856)</u>	<u>24,838,386</u>	<u>314,485</u>	<u>42,435</u>
-	-	1,203,010	-	-	-
<u>(1,045,520)</u>	<u>-</u>	<u>-</u>	<u>(24,741,538)</u>	<u>(620,480)</u>	<u>-</u>
<u>(1,045,520)</u>	<u>-</u>	<u>1,203,010</u>	<u>(24,741,538)</u>	<u>(620,480)</u>	<u>-</u>
(473,744)	711,748	(582,846)	96,848	(305,995)	42,435
<u>25,249,533</u>	<u>1,571,517</u>	<u>2,723,316</u>	<u>5,974,447</u>	<u>1,249,498</u>	<u>345,132</u>
-	-	-	-	-	-
<u>\$ 24,775,789</u>	<u>\$ 2,283,265</u>	<u>\$ 2,140,470</u>	<u>\$ 6,071,295</u>	<u>\$ 943,503</u>	<u>\$ 387,567</u>

(Continued)

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	TIF Districts	Self Supporting Municipal District	City- County	Art Museum Board	2007 Totals	2006 Totals
<b>REVENUES</b>						
Taxes	\$ 5,684,004	\$ 596,940	\$ -	\$ -	\$ 11,992,251	\$ 11,967,574
Local sales tax	-	-	-	-	24,627,843	23,852,273
Intergovernmental	-	-	1,581,330	-	4,856,463	4,684,438
Licenses and permits	-	-	-	-	5,545,554	5,130,750
Rentals	88,000	-	-	-	1,712,738	1,867,373
Interest earnings	658,254	-	-	4,220	2,433,386	1,997,797
Charges for services and sales	9	-	238,451	-	2,353,212	2,766,163
Other	264,640	-	10	-	738,902	523,465
Total revenues	<u>6,694,907</u>	<u>596,940</u>	<u>1,819,791</u>	<u>4,220</u>	<u>54,260,349</u>	<u>52,789,833</u>
<b>EXPENDITURES</b>						
Current:						
General government	367,486	611,561	1,787,475	-	6,610,998	8,027,457
Public safety	-	-	1,593,270	-	7,604,612	6,872,510
Sanitation	-	-	-	-	1,400,852	1,152,306
Health and welfare	1,332,486	-	-	-	2,923,571	2,617,234
Culture and recreation	-	-	-	1,282,450	3,702,459	4,496,353
Total expenditures	<u>1,699,972</u>	<u>611,561</u>	<u>3,380,745</u>	<u>1,282,450</u>	<u>22,242,492</u>	<u>23,165,860</u>
Excess (deficiency) of revenues over expenditures	<u>4,994,935</u>	<u>(14,621)</u>	<u>(1,560,954)</u>	<u>(1,278,230)</u>	<u>32,017,857</u>	<u>29,623,973</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	45,998	-	1,581,330	1,278,960	4,109,298	4,941,112
Transfers to other funds	<u>(3,732,847)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,690,995)</u>	<u>(34,011,307)</u>
Total other financing sources (uses)	<u>(3,686,849)</u>	<u>-</u>	<u>1,581,330</u>	<u>1,278,960</u>	<u>(30,581,697)</u>	<u>(29,070,195)</u>
Net change in fund balances	1,308,086	(14,621)	20,376	730	1,436,160	553,778
Fund balances, beginning	<u>12,478,467</u>	<u>14,621</u>	<u>79,411</u>	<u>11,452</u>	<u>57,247,473</u>	<u>56,898,963</u>
Prior Year Adjustment	-	-	-	-	-	(205,268)
Fund balances, ending	<u>\$ 13,786,553</u>	<u>\$ -</u>	<u>\$ 99,787</u>	<u>\$ 12,182</u>	<u>\$ 58,683,633</u>	<u>\$ 57,247,473</u>

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## CITY OF WICHITA, KANSAS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Water Main Extension	Park Bond Construction	Public Improvement Construction
<b>REVENUES</b>			
Special assessments	\$ 204,143	\$ -	\$ -
Intergovernmental	-	182,970	329,037
Interest earnings	-	-	-
Other	747,457	15,892	1,465,925
Total revenues	951,600	198,862	1,794,962
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	1,978,335	-	-
Interest and fiscal charges	127,639	43,685	613,552
Capital outlay	4,799,326	3,232,178	25,998,146
Total expenditures	6,905,300	3,275,863	26,611,698
Excess (deficiency) of revenues over (under) expenditures	(5,953,700)	(3,077,001)	(24,816,736)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from long-term capital debt	5,099,458	-	11,775,000
Transfers from other funds	-	2,220,390	12,553,783
Transfers to other funds	-	-	(400,000)
Total other financing sources (uses)	5,099,458	2,220,390	23,928,783
Net change in fund balances	(854,242)	(856,611)	(887,953)
Fund balances (deficits) - beginning	(5,678,213)	(3,096,343)	(21,215,743)
Fund balances (deficits) - ending	\$ (6,532,455)	\$ (3,952,954)	\$ (22,103,696)

Sewer Construction	Local Sales Tax CIP	Totals	
		2007	2006
\$ 223,199	\$ -	\$ 427,342	\$ 378,749
-	-	512,007	133,183
-	963,427	963,427	727,704
<u>1,927,283</u>	<u>-</u>	<u>4,156,557</u>	<u>1,128,938</u>
<u>2,150,482</u>	<u>963,427</u>	<u>6,059,333</u>	<u>2,368,574</u>
5,609,223	-	7,587,558	8,809,460
578,646	-	1,363,522	940,327
<u>26,550,660</u>	<u>-</u>	<u>60,580,310</u>	<u>53,702,149</u>
<u>32,738,529</u>	<u>-</u>	<u>69,531,390</u>	<u>63,451,936</u>
<u>(30,588,047)</u>	<u>963,427</u>	<u>(63,472,057)</u>	<u>(61,083,362)</u>
19,828,440	-	36,702,898	21,223,779
482,600	43,562,943	58,819,716	23,174,083
-	-	(400,000)	(20,071,024)
<u>20,311,040</u>	<u>43,562,943</u>	<u>95,122,614</u>	<u>24,326,838</u>
(10,277,007)	44,526,370	31,650,557	(36,756,524)
<u>(23,944,643)</u>	<u>19,300,992</u>	<u>(34,633,950)</u>	<u>2,122,574</u>
<u>\$ (34,221,650)</u>	<u>\$ 63,827,362</u>	<u>\$ (2,983,393)</u>	<u>\$ (34,633,950)</u>

**CITY OF WICHITA, KANSAS**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Local government taxes					
Property taxes	\$ 58,449,020	\$ 58,449,020	\$ 59,042,337	\$ 593,317	\$ 55,010,779
Delinquent property taxes	1,900,000	1,900,000	1,491,535	(408,465)	1,376,216
IRBs, In-lieu-of-taxes	20,000	20,000	1,598	(18,402)	12,835
WHA, in-lieu-of-taxes	30,000	40,000	39,681	(319)	37,715
Special assessments	29,350	27,350	7,286	(20,064)	5,629
Motor vehicle tax	8,923,050	8,923,050	8,938,408	15,358	8,627,146
Local sales tax	24,207,000	24,512,490	24,627,843	115,353	23,852,273
Franchise Fees	32,630,930	32,626,130	32,157,085	(469,045)	31,850,592
<b>Total local government taxes</b>	<b>126,189,350</b>	<b>126,498,040</b>	<b>126,305,773</b>	<b>(192,267)</b>	<b>120,773,185</b>
Licenses and permits	2,121,910	1,996,370	1,932,656	(63,714)	1,916,765
Fines and penalties	9,027,180	9,813,800	9,948,331	134,531	8,801,227
Intergovernmental	18,186,400	17,551,360	17,623,268	71,908	17,090,771
Charges for services and sales	8,537,140	8,242,600	7,549,057	(693,543)	7,632,004
Rental/lease income	2,651,310	2,699,150	2,492,690	(206,460)	2,088,815
Interest earnings	4,750,000	4,500,000	4,568,839	68,839	4,182,203
Reimbursed expenditures	1,832,160	3,081,040	3,822,193	741,153	3,818,630
Administrative fees	4,145,790	3,529,280	3,500,612	(28,668)	3,428,262
<b>Total Revenues</b>	<b>177,441,240</b>	<b>177,911,640</b>	<b>177,743,419</b>	<b>(168,221)</b>	<b>169,731,862</b>
<b>EXPENDITURES</b>					
City Council:					
Personal services	490,080	510,860	494,545	16,315	483,573
Contractual services	113,370	118,800	117,212	1,588	97,390
Materials and supplies	20,950	17,950	16,660	1,290	10,319
Contingency	7,750	-	-	-	-
<b>Total City Council</b>	<b>632,150</b>	<b>647,610</b>	<b>628,417</b>	<b>19,193</b>	<b>591,282</b>
City Manager:					
Personal services	2,595,600	2,965,560	2,688,350	277,210	2,146,550
Contractual services	1,978,810	2,192,780	1,993,715	199,065	1,818,396
Materials and supplies	67,200	74,970	62,873	12,097	38,124
Capital outlay	-	79,000	75,835	3,165	-
Other	12,000	47,000	46,780	220	10,593
Contingency	275,120	265,420	-	265,420	-
<b>Total City Manager</b>	<b>4,928,730</b>	<b>5,624,730</b>	<b>4,867,553</b>	<b>757,177</b>	<b>4,013,663</b>
Department of Finance:					
Personal services	3,415,400	3,492,710	3,158,762	333,948	3,011,641
Contractual services	623,490	649,200	621,355	27,845	648,408
Materials and supplies	29,910	29,910	23,250	6,660	15,248
<b>Total Department of Finance</b>	<b>4,068,800</b>	<b>4,171,820</b>	<b>3,803,367</b>	<b>368,453</b>	<b>3,675,297</b>

**CITY OF WICHITA, KANSAS**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
Law Department:					
Personal services	1,871,920	2,022,130	1,914,487	107,643	1,781,578
Contractual services	242,380	286,770	286,476	294	229,474
Materials and supplies	8,580	31,560	26,481	5,079	6,075
Total Law Department	<u>2,122,880</u>	<u>2,340,460</u>	<u>2,227,444</u>	<u>113,016</u>	<u>2,017,127</u>
Municipal Court:					
Personal services	4,259,580	4,102,090	4,026,048	76,042	3,757,384
Contractual services	1,614,560	1,583,670	1,371,704	211,966	1,523,145
Materials and supplies	94,830	94,580	85,433	9,147	74,365
Capital outlay	-	-	-	-	6,700
Total Municipal Court	<u>5,968,970</u>	<u>5,780,340</u>	<u>5,483,185</u>	<u>297,155</u>	<u>5,361,594</u>
Fire Department:					
Personal services	30,293,720	31,115,510	31,172,299	(56,789)	29,139,053
Contractual services	1,681,760	1,848,120	1,673,366	174,754	1,601,858
Materials and supplies	755,860	781,600	765,388	16,212	675,974
Capital outlay	-	24,000	23,992	8	23,992
Contingency & Other	404,390	-	70,670	(70,670)	-
Total Fire Department	<u>33,135,730</u>	<u>33,769,230</u>	<u>33,705,715</u>	<u>63,515</u>	<u>31,440,877</u>
Police Department:					
Personal services	57,136,220	57,915,010	57,901,087	13,923	54,079,518
Contractual services	6,846,620	6,639,800	6,517,367	122,433	6,180,093
Materials and supplies	864,860	905,510	849,380	56,130	826,535
Capital outlay	-	-	-	-	88,000
Contingency & Other	-	-	50,000	(50,000)	-
Total Police Department	<u>64,847,700</u>	<u>65,460,320</u>	<u>65,317,834</u>	<u>142,486</u>	<u>61,174,146</u>
Housing & Community Services:					
Personal services	25,410	22,410	23,230	(820)	24,300
Contractual services	-	3,590	2,769	821	700
Total Housing & Community Services	<u>25,410</u>	<u>26,000</u>	<u>25,999</u>	<u>1</u>	<u>25,000</u>
Library:					
Personal services	5,136,900	5,136,190	4,979,144	157,046	4,776,373
Contractual services	1,276,950	1,048,390	913,533	134,857	1,067,512
Materials and supplies	823,140	823,670	822,264	1,406	784,226
Contingency & Other	-	-	70,000	(70,000)	-
Total Library	<u>7,236,990</u>	<u>7,008,250</u>	<u>6,784,941</u>	<u>223,309</u>	<u>6,628,111</u>

**CITY OF WICHITA, KANSAS**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>Public Works:</b>					
Personal services	4,658,010	4,764,440	4,594,321	170,119	4,174,297
Contractual services	4,914,470	5,221,970	5,125,589	96,381	4,923,453
Materials and supplies	578,570	555,570	532,278	23,292	479,977
Capital outlay	172,540	182,540	179,628	2,912	120,164
<b>Total Public Works</b>	<b>10,323,590</b>	<b>10,724,520</b>	<b>10,431,816</b>	<b>292,704</b>	<b>9,697,891</b>
<b>Environmental Services:</b>					
Personal services	3,278,180	3,316,140	3,105,372	210,768	2,733,723
Contractual services	1,065,910	1,130,690	1,106,155	24,535	1,087,729
Materials and supplies	90,830	94,510	76,104	18,406	80,218
Capital outlay	40,000	37,000	35,607	1,393	35,607
Other	-	-	162	(162)	-
<b>Total Environmental Services</b>	<b>4,474,920</b>	<b>4,578,340</b>	<b>4,323,400</b>	<b>254,940</b>	<b>3,937,277</b>
<b>Park:</b>					
Personal services	10,398,530	10,445,160	9,522,724	922,436	9,315,256
Contractual services	6,141,630	6,316,130	5,986,671	329,459	5,592,178
Materials and supplies	709,720	761,800	712,205	49,595	662,141
Capital outlay	65,900	87,080	79,762	7,318	111,310
Other	42,200	42,200	31,007	11,193	30,996
Contingency	(200,000)	(115,000)	-	(115,000)	-
<b>Total Park</b>	<b>17,157,980</b>	<b>17,537,370</b>	<b>16,332,369</b>	<b>1,205,001</b>	<b>15,711,881</b>
<b>Non Departmental:</b>					
Personal services	778,400	430,220	60,982	369,238	27,329
Contractual services	656,700	561,200	333,461	227,739	489,827
Materials and supplies	41,000	116,500	133,683	(17,183)	24,246
Other	-	-	-	-	75,975
Contingency	8,843,712	4,952,642	39,014	4,913,628	37,702
<b>Total Non Departmental</b>	<b>10,319,812</b>	<b>6,060,562</b>	<b>567,140</b>	<b>5,493,422</b>	<b>655,079</b>
<b>Human Resources:</b>					
Personal services	1,257,600	1,304,455	1,253,071	51,384	1,222,554
Contractual services	250,850	170,450	171,560	(1,110)	172,369
Materials and supplies	37,520	41,245	39,497	1,748	34,981
Other	-	-	9	(9)	-
<b>Total Human Resources</b>	<b>1,545,970</b>	<b>1,516,150</b>	<b>1,464,137</b>	<b>52,013</b>	<b>1,429,904</b>

**CITY OF WICHITA, KANSAS**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
Public Works-Gas Tax:					
Personal services	9,535,810	10,139,310	9,728,550	410,760	8,712,740
Contractual services	11,640,510	11,420,110	11,255,150	164,960	10,548,835
Materials and supplies	1,963,200	2,434,960	2,186,661	248,299	1,953,369
Capital outlay	380,000	408,000	367,302	40,698	943,666
Other	-	-	-	-	7
Engineering overhead	177,840	290,330	209,650	80,680	184,339
Total Public Works-Gas Tax	<u>23,697,360</u>	<u>24,692,710</u>	<u>23,747,313</u>	<u>945,397</u>	<u>22,342,956</u>
Total Expenditures	<u>190,486,992</u>	<u>189,938,412</u>	<u>179,710,630</u>	<u>10,227,782</u>	<u>168,702,085</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,045,752)</u>	<u>(12,026,772)</u>	<u>(1,967,211)</u>	<u>10,059,561</u>	<u>1,029,777</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	8,185,520	11,036,710	10,429,295	(607,415)	8,447,508
Transfers to other funds	<u>(8,078,990)</u>	<u>(8,627,570)</u>	<u>(8,436,888)</u>	<u>190,682</u>	<u>(9,318,912)</u>
Total other financing sources (uses)	<u>106,530</u>	<u>2,409,140</u>	<u>1,992,407</u>	<u>(416,733)</u>	<u>(871,404)</u>
Net change in fund balances	(12,939,222)	(9,617,632)	25,196	9,642,828	158,373
Unencumbered fund balances - beginning	<u>22,867,521</u>	<u>23,025,888</u>	<u>23,025,888</u>	<u>-</u>	<u>22,867,515</u>
Unencumbered fund balances - ending	<u>\$ 9,928,299</u>	<u>\$ 13,408,256</u>	<u>\$ 23,051,084</u>	<u>\$ 9,642,828</u>	<u>\$ 23,025,888</u>

**CITY OF WICHITA, KANSAS**

**TOURISM AND CONVENTION PROMOTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes and levies	\$ 5,015,330	\$ 5,161,030	\$ 5,708,522	\$ 547,492	\$ 5,035,150
Interest earnings	42,000	92,500	123,106	30,606	94,389
Other revenue	-	(196,200)	-	196,200	32,274
<b>Total Revenues</b>	<b>5,057,330</b>	<b>5,057,330</b>	<b>5,831,628</b>	<b>774,298</b>	<b>5,161,813</b>
<b>EXPENDITURES</b>					
Culture and Recreation:					
Contractual services	2,764,780	2,894,730	2,356,440	538,290	2,462,147
Other	-	50	-	50	-
<b>Total Expenditures</b>	<b>2,764,780</b>	<b>2,894,780</b>	<b>2,356,440</b>	<b>538,340</b>	<b>2,462,147</b>
Excess (deficiency) of revenues over (under) expenditures	2,292,550	2,162,550	3,475,188	1,312,638	2,699,666
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(3,070,610)	(2,940,610)	(2,855,610)	85,000	(2,542,350)
<b>Total other financing sources (uses)</b>	<b>(3,070,610)</b>	<b>(2,940,610)</b>	<b>(2,855,610)</b>	<b>85,000</b>	<b>(2,542,350)</b>
Net change in fund balance	(778,060)	(778,060)	619,578	1,397,638	157,316
Unencumbered fund balance - beginning	1,069,600	1,393,045	1,393,045	-	1,235,729
Unencumbered fund balance - ending	\$ 291,540	\$ 614,985	\$ 2,012,623	\$ 1,397,638	\$ 1,393,045

**CITY OF WICHITA, KANSAS**

**DOWNTOWN TROLLEY SYSTEM FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ 93,440	\$ 7,000	\$ 17,964	\$ 10,964	\$ 56,242
Rental/lease income	50,000	51,450	-	(51,450)	-
Interest earnings	-	-	4	4	334
Other revenue	-	84,990	-	(84,990)	-
<b>Total Revenues</b>	<b>143,440</b>	<b>143,440</b>	<b>17,968</b>	<b>(125,472)</b>	<b>56,576</b>
<b>EXPENDITURES</b>					
Culture and Recreation:					
Personal services	85,060	39,560	18,872	20,688	44,530
Contractual services	38,050	15,790	4,626	11,164	13,654
Materials and supplies	22,180	10,000	817	9,183	5,189
Other	-	84,940	-	84,940	-
<b>Total Expenditures</b>	<b>145,290</b>	<b>150,290</b>	<b>24,315</b>	<b>125,975</b>	<b>63,373</b>
Excess (deficiency) of revenues over (under) expenditures	(1,850)	(6,850)	(6,347)	503	(6,797)
Net change in fund balance	(1,850)	(6,850)	(6,347)	503	(6,797)
Unencumbered fund balance - beginning	12,097	6,900	6,900	-	13,697
Unencumbered fund balance - ending	<u>\$ 10,247</u>	<u>\$ 50</u>	<u>\$ 553</u>	<u>\$ 503</u>	<u>\$ 6,900</u>

**CITY OF WICHITA, KANSAS**

**SPECIAL ALCOHOL PROGRAM FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 1,577,350	\$ 1,651,280	\$ 1,637,566	\$ (13,714)	\$ 1,572,648
Interest earnings	10,000	10,000	18,250	8,250	12,525
Other Revenue	-	-	4,207	4,207	1
<b>Total Revenues</b>	<b>1,587,350</b>	<b>1,661,280</b>	<b>1,660,023</b>	<b>(1,257)</b>	<b>1,585,174</b>
<b>EXPENDITURES</b>					
Health and Welfare:					
Contractual services	1,644,410	1,673,500	1,598,803	74,697	1,519,802
Other	25,000	25,000	-	25,000	-
<b>Total Expenditures</b>	<b>1,669,410</b>	<b>1,698,500</b>	<b>1,598,803</b>	<b>99,697</b>	<b>1,519,802</b>
Excess (deficiency) of revenues over (under) expenditures	(82,060)	(37,220)	61,220	98,440	65,372
Net change in fund balance	(82,060)	(37,220)	61,220	98,440	65,372
Unencumbered fund balance - beginning	86,951	434,413	434,413	-	369,041
Unencumbered fund balance - ending	<u>\$ 4,891</u>	<u>\$ 397,193</u>	<u>\$ 495,633</u>	<u>\$ 98,440</u>	<u>\$ 434,413</u>

**CITY OF WICHITA, KANSAS**

**SPECIAL PARKS AND RECREATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Intergovernmental	\$ 1,577,350	\$ 1,651,280	\$ 1,637,566	\$ (13,714)	\$ 1,572,648
Interest earnings	5,000	5,000	10,522	5,522	6,533
Other revenue	-	(73,930)	-	73,930	-
Total Revenues	<u>1,582,350</u>	<u>1,582,350</u>	<u>1,648,088</u>	<u>65,738</u>	<u>1,579,181</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	<u>(1,695,000)</u>	<u>(1,695,000)</u>	<u>(1,695,000)</u>	<u>-</u>	<u>(1,481,000)</u>
Total other financing sources (uses)	<u>(1,695,000)</u>	<u>(1,695,000)</u>	<u>(1,695,000)</u>	<u>-</u>	<u>(1,481,000)</u>
Net change in fund balance	(112,650)	(112,650)	(46,912)	65,738	98,181
Unencumbered fund balance - beginning	<u>189,094</u>	<u>250,955</u>	<u>250,955</u>	<u>-</u>	<u>152,774</u>
Unencumbered fund balance - ending	<u>\$ 76,444</u>	<u>\$ 138,305</u>	<u>\$ 204,043</u>	<u>\$ 65,738</u>	<u>\$ 250,955</u>

**CITY OF WICHITA, KANSAS**

**ICE RINK MANAGEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ 841,110	\$ -	\$ 2,320	\$ 2,320	\$ 470,006
Rental/lease income	307,300	923,930	1,500	(922,430)	244,903
Interest earnings	300	-	3,670	3,670	2,098
Other revenue	-	224,770	105,986	(118,784)	7,503
<b>Total Revenues</b>	<b>1,148,710</b>	<b>1,148,700</b>	<b>113,476</b>	<b>(1,035,224)</b>	<b>724,510</b>
<b>EXPENDITURES</b>					
Culture and Recreation:					
Personal services	-	-	-	-	151,780
Contractual services	1,087,620	923,000	50	922,950	456,878
Materials and supplies	-	-	-	-	51,362
Other	-	229,620	(145)	229,765	80,268
<b>Total Expenditures</b>	<b>1,087,620</b>	<b>1,152,620</b>	<b>(95)</b>	<b>1,152,715</b>	<b>740,288</b>
Excess (deficiency) of revenues over (under) expenditures	61,090	(3,920)	113,571	117,491	(15,778)
Net change in fund balance	61,090	(3,920)	113,571	117,491	(15,778)
Unencumbered fund balance - beginning	48,540	472	472	-	16,250
Unencumbered fund balance - ending	<u>\$ 109,630</u>	<u>\$ (3,448)</u>	<u>\$ 114,043</u>	<u>\$ 117,491</u>	<u>\$ 472</u>

**CITY OF WICHITA, KANSAS**

**LANDFILL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ 415,000	\$ 450,000	\$ 685,406	\$ 235,406	\$ 840,977
Interest earnings	147,540	192,000	199,399	7,399	162,577
Other revenue	-	(79,460)	21,943	101,403	3,213
<b>Total Revenues</b>	<b>562,540</b>	<b>562,540</b>	<b>906,748</b>	<b>344,208</b>	<b>1,006,767</b>
<b>EXPENDITURES</b>					
Sanitation:					
Personal services	102,380	53,170	37,880	15,290	56,045
Contractual services	1,086,940	1,087,350	526,908	560,442	859,331
Materials and supplies	11,000	11,000	9,501	1,499	3,850
Other	3,300,000	3,348,800	-	3,348,800	-
<b>Total Expenditures</b>	<b>4,500,320</b>	<b>4,500,320</b>	<b>574,289</b>	<b>3,926,031</b>	<b>919,226</b>
Excess (deficiency) of revenues over (under) expenditures	(3,937,780)	(3,937,780)	332,459	4,270,239	87,541
Net change in fund balance	(3,937,780)	(3,937,780)	332,459	4,270,239	87,541
Unencumbered fund balance - beginning	4,069,371	4,812,112	4,812,112	-	4,724,571
Unencumbered fund balance - ending	\$ 131,591	\$ 874,332	\$ 5,144,571	\$ 4,270,239	\$ 4,812,112

**CITY OF WICHITA, KANSAS**  
**LANDFILL POST CLOSURE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Rental/lease income	\$ 35,000	\$ 45,000	\$ 41,023	\$ (3,977)	\$ 47,974
Interest earnings	864,050	942,800	974,670	31,870	844,346
Other revenue	-	-	57,773	57,773	-
<b>Total Revenues</b>	<b>899,050</b>	<b>987,800</b>	<b>1,073,466</b>	<b>85,666</b>	<b>892,320</b>
<b>EXPENDITURES</b>					
Sanitation:					
Personal services	152,400	158,540	143,380	15,160	174,088
Contractual services	714,450	714,170	377,500	336,670	429,581
Materials and supplies	20,300	20,300	2,577	17,723	17,454
Other	17,900,000	17,694,140	-	17,694,140	7
<b>Total Expenditures</b>	<b>18,787,150</b>	<b>18,587,150</b>	<b>523,457</b>	<b>18,063,693</b>	<b>621,130</b>
Excess (deficiency) of revenues over (under) expenditures	(17,888,100)	(17,599,350)	550,009	18,149,359	271,190
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(845,520)	(1,045,520)	(1,045,520)	-	(845,520)
<b>Total other financing sources (uses)</b>	<b>(845,520)</b>	<b>(1,045,520)</b>	<b>(1,045,520)</b>	<b>-</b>	<b>(845,520)</b>
Net change in fund balance	(18,733,620)	(18,644,870)	(495,511)	18,149,359	(574,330)
Unencumbered fund balance - beginning	19,632,109	25,141,389	25,141,389	-	25,715,719
Unencumbered fund balance - ending	\$ 898,489	\$ 6,496,519	\$ 24,645,878	\$ 18,149,359	\$ 25,141,389

**CITY OF WICHITA, KANSAS**

**CENTRAL INSPECTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes and levies	\$ 7,350	\$ 7,350	\$ 2,785	\$ (4,565)	\$ 7,340
Licenses	602,710	528,110	515,120	(12,990)	516,478
Permits	4,429,740	4,741,130	5,021,209	280,079	4,614,385
Fines and penalties	-	8,000	9,225	1,225	(113)
Charges for services and sales	922,740	803,690	1,093,295	289,605	728,791
Rental/lease income	-	-	-	-	50
Interest earnings	45,510	45,510	75,864	30,354	48,901
Other revenue	-	(125,740)	7,032	132,772	20,546
<b>Total Revenues</b>	<b>6,008,050</b>	<b>6,008,050</b>	<b>6,724,530</b>	<b>716,480</b>	<b>5,936,378</b>
<b>EXPENDITURES</b>					
Public Safety:					
Personal services	4,376,010	4,567,070	4,494,120	72,950	4,261,492
Contractual services	1,329,830	1,331,640	1,323,741	7,899	1,192,288
Materials and supplies	32,420	36,120	31,010	5,110	27,119
Capital outlay	-	13,770	13,767	3	18,377
Other	100,000	1,040,060	-	1,040,060	-
<b>Total Expenditures</b>	<b>5,838,260</b>	<b>6,988,660</b>	<b>5,862,638</b>	<b>1,126,022</b>	<b>5,499,276</b>
Excess (deficiency) of revenues over (under) expenditures	169,790	(980,610)	861,892	1,842,502	437,102
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(221,790)	(171,390)	(171,390)	-	(184,920)
<b>Total other financing sources (uses)</b>	<b>(221,790)</b>	<b>(171,390)</b>	<b>(171,390)</b>	<b>-</b>	<b>(184,920)</b>
Net change in fund balance	(52,000)	(1,152,000)	690,502	1,842,502	252,182
Unencumbered fund balance - beginning	1,232,852	1,520,515	1,520,515	-	1,268,333
Unencumbered fund balance - ending	\$ 1,180,852	\$ 368,515	\$ 2,211,017	\$ 1,842,502	\$ 1,520,515

**CITY OF WICHITA, KANSAS**  
**ECONOMIC DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ -	\$ -	\$ 7,600	\$ 7,600	\$ 12,100
Interest earnings	45,000	40,000	85,341	45,341	64,158
Other revenue	-	1,109,490	37,632	(1,071,858)	653
Administrative fees	750,000	430,000	245,700	(184,300)	264,700
<b>Total Revenues</b>	<b>795,000</b>	<b>1,579,490</b>	<b>376,273</b>	<b>(1,203,217)</b>	<b>341,611</b>
<b>EXPENDITURES</b>					
General Government:					
Personal services	336,430	279,300	252,765	26,535	288,796
Contractual services	1,484,660	1,579,530	1,571,524	8,006	1,736,689
Materials and supplies	4,500	4,500	1,632	2,868	1,275
Other	1,020,000	911,160	87,500	823,660	217,000
<b>Total Expenditures</b>	<b>2,845,590</b>	<b>2,774,490</b>	<b>1,913,421</b>	<b>861,069</b>	<b>2,243,760</b>
Excess (deficiency) of revenues over (under) expenditures	(2,050,590)	(1,195,000)	(1,537,148)	(342,148)	(1,902,149)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	1,987,500	1,203,010	1,203,010	-	2,253,010
Transfers to other funds	-	(91,100)	(91,100)	-	(60,000)
<b>Total other financing sources (uses)</b>	<b>1,987,500</b>	<b>1,111,910</b>	<b>1,111,910</b>	<b>-</b>	<b>2,193,010</b>
Net change in fund balance	(63,090)	(83,090)	(425,238)	(342,148)	290,861
Unencumbered fund balance - beginning	222,308	2,485,870	2,485,870	-	2,195,009
Unencumbered fund balance - ending	\$ 159,218	\$ 2,402,780	\$ 2,060,632	\$ (342,148)	\$ 2,485,870

**CITY OF WICHITA, KANSAS**

**SALES TAX CONSTRUCTION PLEDGE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes and levies	\$ 24,198,920	\$ 24,512,490	\$ 24,627,843	\$ 115,353	\$ 23,852,273
Interest earnings	247,200	217,300	210,543	(6,757)	198,403
Other revenue	-	(283,670)	-	283,670	-
Total Revenues	<u>24,446,120</u>	<u>24,446,120</u>	<u>24,838,386</u>	<u>392,266</u>	<u>24,050,676</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	<u>(26,002,540)</u>	<u>(26,002,540)</u>	<u>(24,741,538)</u>	<u>1,261,002</u>	<u>(24,593,887)</u>
Total other financing sources (uses)	<u>(26,002,540)</u>	<u>(26,002,540)</u>	<u>(24,741,538)</u>	<u>1,261,002</u>	<u>(24,593,887)</u>
Net change in fund balance	(1,556,420)	(1,556,420)	96,848	1,653,268	(543,211)
Unencumbered fund balance - beginning	<u>1,565,628</u>	<u>5,974,447</u>	<u>5,974,447</u>	-	<u>6,517,658</u>
Unencumbered fund balance - ending	<u>\$ 9,208</u>	<u>\$ 4,418,027</u>	<u>\$ 6,071,295</u>	<u>\$ 1,653,268</u>	<u>\$ 5,974,447</u>

**CITY OF WICHITA, KANSAS**

**PROPERTY MANAGEMENT OPERATIONS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ 245,000	\$ 355,000	\$ 296,706	\$ (58,294)	\$ 366,186
Rental/lease income	645,680	508,840	558,195	49,355	505,912
Interest earnings	24,000	55,500	55,621	121	59,612
Other revenue	100,000	95,430	79,342	(16,088)	154,404
<b>Total Revenues</b>	<b>1,014,680</b>	<b>1,014,770</b>	<b>989,864</b>	<b>(24,906)</b>	<b>1,086,114</b>
<b>EXPENDITURES</b>					
General Government:					
Personal services	224,810	228,150	209,525	18,625	212,820
Contractual services	731,300	742,150	460,579	281,571	528,090
Materials and supplies	19,660	19,660	6,782	12,878	10,080
Capital outlay	537,000	22,810	-	22,810	800
Other	-	5,700	-	5,700	-
<b>Total Expenditures</b>	<b>1,512,770</b>	<b>1,018,470</b>	<b>676,886</b>	<b>341,584</b>	<b>751,790</b>
Excess (deficiency) of revenues over (under) expenditures	(498,090)	(3,700)	312,978	316,678	334,324
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(126,180)	(620,480)	(620,480)	-	(600,000)
<b>Total other financing sources (uses)</b>	<b>(126,180)</b>	<b>(620,480)</b>	<b>(620,480)</b>	<b>-</b>	<b>(600,000)</b>
Net change in fund balance	(624,270)	(624,180)	(307,502)	316,678	(265,676)
Unencumbered fund balance - beginning	702,116	1,249,498	1,249,498	-	1,515,174
Unencumbered fund balance - ending	\$ 77,846	\$ 625,318	\$ 941,996	\$ 316,678	\$ 1,249,498

**CITY OF WICHITA, KANSAS**

**STATE OFFICE BUILDING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ 15,000	\$ 15,000	\$ 11,461	\$ (3,539)	\$ 13,743
Rental/lease income	968,230	968,230	1,024,016	55,786	1,000,534
Interest earnings	24,920	24,920	13,926	(10,994)	20,817
Other revenue	-	-	-	-	188
<b>Total Revenues</b>	<b>1,008,150</b>	<b>1,008,150</b>	<b>1,049,403</b>	<b>41,253</b>	<b>1,035,282</b>
<b>EXPENDITURES</b>					
General Government:					
Personal services	171,560	173,510	160,323	13,187	167,123
Contractual services	811,670	950,050	820,048	130,002	1,017,281
Materials and supplies	50,630	50,630	22,430	28,200	43,731
Other	450,000	309,670	-	309,670	6,871
<b>Total Expenditures</b>	<b>1,483,860</b>	<b>1,483,860</b>	<b>1,002,801</b>	<b>481,059</b>	<b>1,235,006</b>
Excess (deficiency) of revenues over (under) expenditures	(475,710)	(475,710)	46,602	522,312	(199,724)
Net change in fund balance	(475,710)	(475,710)	46,602	522,312	(199,724)
Unencumbered fund balance - beginning	518,527	338,326	338,326	-	743,318
Prior year adjustment					(205,268)
Unencumbered fund balance - ending	<u>\$ 42,817</u>	<u>\$ (137,384)</u>	<u>\$ 384,928</u>	<u>\$ 522,312</u>	<u>\$ 338,326</u>

**CITY OF WICHITA, KANSAS**

**GILBERT & MOSLEY TIF DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes and levies	\$ 2,670,040	\$ 2,670,040	\$ 2,570,520	\$ (99,520)	\$ 2,673,352
Intergovernmental	120,000	120,000	-	(120,000)	130,000
Charges for services and sales	-	-	9	9	37
Interest earnings	125,000	212,670	255,772	43,102	206,473
Other revenue	150,000	62,330	302,998	240,668	78,193
<b>Total Revenues</b>	<b>3,065,040</b>	<b>3,065,040</b>	<b>3,129,299</b>	<b>64,259</b>	<b>3,088,055</b>
<b>EXPENDITURES</b>					
Health and Welfare:					
Personal services	28,980	10,000	585	9,415	-
Contractual services	485,360	1,286,750	810,476	476,274	1,005,170
Materials and supplies	29,260	35,000	21,460	13,540	26,822
Capital outlay	-	270,000	-	270,000	191,202
Other	4,200,000	3,000,670	-	3,000,670	-
<b>Total Expenditures</b>	<b>4,743,600</b>	<b>4,602,420</b>	<b>832,521</b>	<b>3,769,899</b>	<b>1,223,194</b>
Excess (deficiency) of revenues over (under) expenditures	(1,678,560)	(1,537,380)	2,296,778	3,834,158	1,864,861
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(1,873,690)	(2,014,870)	(2,014,870)	-	(1,957,030)
<b>Total other financing sources (uses)</b>	<b>(1,873,690)</b>	<b>(2,014,870)</b>	<b>(2,014,870)</b>	<b>-</b>	<b>(1,957,030)</b>
Net change in fund balance	(3,552,250)	(3,552,250)	281,908	3,834,158	(92,169)
Unencumbered fund balance - beginning	3,848,816	4,430,236	4,430,236	-	4,522,405
Unencumbered fund balance - ending	\$ 296,566	\$ 877,986	\$ 4,712,144	\$ 3,834,158	\$ 4,430,236

**CITY OF WICHITA, KANSAS**

**NORTH INDUSTRIAL CORRIDOR TIF DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes and levies	\$ 1,165,300	\$ 1,165,300	\$ 1,022,899	\$ (142,401)	\$ 1,139,805
Interest earnings	110,000	150,000	243,656	93,656	170,623
Other revenue	-	(40,000)	4,316	44,316	2
Total Revenues	1,275,300	1,275,300	1,270,871	(4,429)	1,310,430
<b>EXPENDITURES</b>					
Health and Welfare:					
Personal services	28,980	-	-	-	-
Contractual services	888,180	660,770	329,474	331,296	115,119
Materials and supplies	3,380	3,310	92	3,218	972
Other	3,860,000	4,030,870	-	4,030,870	-
Total Expenditures	4,780,540	4,694,950	329,566	4,365,384	116,091
Excess (deficiency) of revenues over (under) expenditures	(3,505,240)	(3,419,650)	941,305	4,360,955	1,194,339
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	-	(85,590)	(85,590)	-	-
Total other financing sources (uses)	-	(85,590)	(85,590)	-	-
Net change in fund balance	(3,505,240)	(3,505,240)	855,715	4,360,955	1,194,339
Unencumbered fund balance - beginning	3,510,103	5,418,226	5,418,226	-	4,223,887
Unencumbered fund balance - ending	\$ 4,863	\$ 1,912,986	\$ 6,273,941	\$ 4,360,955	\$ 5,418,226

**CITY OF WICHITA, KANSAS**

**EAST BANK TIF DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes and levies	\$ 874,340	\$ 1,162,630	\$ 996,241	\$ (166,389)	\$ 717,886
Rental/lease income	-	51,000	51,000	-	68,000
Interest earnings	12,510	57,600	40,900	(16,700)	20,860
Other revenue	-	(384,380)	-	384,380	-
Total Revenues	<u>886,850</u>	<u>886,850</u>	<u>1,088,141</u>	<u>201,291</u>	<u>806,746</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	<u>(969,690)</u>	<u>(969,690)</u>	<u>(969,690)</u>	<u>-</u>	<u>(590,350)</u>
Total other financing sources (uses)	<u>(969,690)</u>	<u>(969,690)</u>	<u>(969,690)</u>	<u>-</u>	<u>(590,350)</u>
Net change in fund balance	(82,840)	(82,840)	118,451	201,291	216,396
Unencumbered fund balance - beginning	<u>90,324</u>	<u>278,970</u>	<u>278,970</u>	<u>-</u>	<u>62,574</u>
Unencumbered fund balance - ending	<u>\$ 7,484</u>	<u>\$ 196,130</u>	<u>\$ 397,421</u>	<u>\$ 201,291</u>	<u>\$ 278,970</u>

**CITY OF WICHITA, KANSAS**

**OLD TOWN TIF DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes and levies	\$ 723,970	\$ 907,100	\$ 628,379	\$ (278,721)	\$ 657,926
Interest earnings	53,750	57,300	77,646	20,346	52,423
Other revenue	-	(186,680)	-	186,680	-
Total Revenues	<u>777,720</u>	<u>777,720</u>	<u>706,025</u>	<u>(71,695)</u>	<u>710,349</u>
<b>EXPENDITURES</b>					
General Government:					
Contractual services	1,350,000	520,000	37,965	482,035	547,737
Materials and supplies	25,000	25,000	-	25,000	-
Other	-	650,000	-	650,000	-
Total Expenditures	<u>1,375,000</u>	<u>1,195,000</u>	<u>37,965</u>	<u>1,157,035</u>	<u>547,737</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(597,280)</u>	<u>(417,280)</u>	<u>668,060</u>	<u>1,085,340</u>	<u>162,612</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	<u>(193,930)</u>	<u>(373,930)</u>	<u>(373,930)</u>	<u>-</u>	<u>(60,640)</u>
Total other financing sources (uses)	<u>(193,930)</u>	<u>(373,930)</u>	<u>(373,930)</u>	<u>-</u>	<u>(60,640)</u>
Net change in fund balance	(791,210)	(791,210)	294,130	1,085,340	101,972
Unencumbered fund balance - beginning	<u>839,994</u>	<u>1,326,736</u>	<u>1,326,736</u>	<u>-</u>	<u>1,224,764</u>
Unencumbered fund balance - ending	<u>\$ 48,784</u>	<u>\$ 535,526</u>	<u>\$ 1,620,866</u>	<u>\$ 1,085,340</u>	<u>\$ 1,326,736</u>

**CITY OF WICHITA, KANSAS**

**21ST STREET & GROVE TIF DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)	2006 <u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Taxes and levies	\$ 106,690	\$ 138,840	\$ 185,155	\$ 46,315	\$ 80,622
Interest earnings	1,530	4,200	7,760	3,560	2,167
Other revenue	-	(38,820)	-	38,820	-
Total Revenues	<u>108,220</u>	<u>104,220</u>	<u>192,915</u>	<u>88,695</u>	<u>82,789</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	<u>(196,000)</u>	<u>(196,000)</u>	<u>(196,000)</u>	<u>-</u>	<u>(20,200)</u>
Total other financing sources (uses)	<u>(196,000)</u>	<u>(196,000)</u>	<u>(196,000)</u>	<u>-</u>	<u>(20,200)</u>
Net change in fund balance	(87,780)	(91,780)	(3,085)	88,695	62,589
Unencumbered fund balance - beginning	<u>87,809</u>	<u>62,688</u>	<u>62,688</u>	<u>-</u>	<u>99</u>
Unencumbered fund balance - ending	<u>\$ 29</u>	<u>\$ (29,092)</u>	<u>\$ 59,603</u>	<u>\$ 88,695</u>	<u>\$ 62,688</u>

**CITY OF WICHITA, KANSAS**

**CENTRAL & HILLSIDE TIF DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes and levies	\$ 869,780	\$ 916,580	\$ 854,779	\$ (61,801)	\$ 801,476
Interest earnings	13,550	11,900	23,407	11,507	20,718
Other revenue	-	(45,150)	(854,779)	(809,629)	-
Total Revenues	<u>883,330</u>	<u>883,330</u>	<u>23,407</u>	<u>(859,923)</u>	<u>822,194</u>
<b>EXPENDITURES</b>					
General Government:					
Other	-	-	71,733	(71,733)	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>71,733</u>	<u>(71,733)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>883,330</u>	<u>883,330</u>	<u>(48,326)</u>	<u>(931,656)</u>	<u>822,194</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	45,998	45,998	-
Transfers to other funds	(883,000)	(883,000)	-	883,000	(820,410)
Total other financing sources (uses)	<u>(883,000)</u>	<u>(883,000)</u>	<u>45,998</u>	<u>928,998</u>	<u>(820,410)</u>
Net change in fund balance	330	330	(2,328)	(2,658)	1,784
Unencumbered fund balance - beginning	<u>163</u>	<u>2,328</u>	<u>2,328</u>	<u>-</u>	<u>544</u>
Unencumbered fund balance - ending	<u>\$ 493</u>	<u>\$ 2,658</u>	<u>\$ -</u>	<u>\$ (2,658)</u>	<u>\$ 2,328</u>

**CITY OF WICHITA, KANSAS**

**OLD TOWN CINEMA TIF DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes and levies	\$ 370,640	\$ 332,160	\$ 272,949	\$ (59,211)	\$ 250,657
Rental/lease income	87,720	6,300	37,000	30,700	-
Interest earnings	4,300	2,600	7,934	5,334	6,501
Other revenue	-	121,600	-	(121,600)	-
<b>Total Revenues</b>	<b>462,660</b>	<b>462,660</b>	<b>317,883</b>	<b>(144,777)</b>	<b>257,158</b>
<b>EXPENDITURES</b>					
General Government:					
Other	-	122,000	-	122,000	-
<b>Total Expenditures</b>	<b>-</b>	<b>122,000</b>	<b>-</b>	<b>122,000</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	462,660	340,660	317,883	(22,777)	257,158
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(465,000)	(343,000)	(319,537)	23,463	(255,000)
<b>Total other financing sources (uses)</b>	<b>(465,000)</b>	<b>(343,000)</b>	<b>(319,537)</b>	<b>23,463</b>	<b>(255,000)</b>
Net change in fund balance	(2,340)	(2,340)	(1,654)	686	2,158
Unencumbered fund balance - beginning	2,739	2,497	2,497	-	339
Unencumbered fund balance - ending	\$ 399	\$ 157	\$ 843	\$ 686	\$ 2,497

**CITY OF WICHITA, KANSAS**

**MAIN & MURDOCK TIF DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes and levies	\$ -	\$ -	\$ 7,475	\$ 7,475	\$ 1,755
Interest earnings	-	-	1,179	1,179	764
Total Revenues	-	-	8,654	8,654	2,519
Net change in fund balance	-	-	8,654	8,654	2,519
Unencumbered fund balance - beginning	-	24,901	24,901	-	22,382
Unencumbered fund balance - ending	\$ -	\$ 24,901	\$ 33,555	\$ 8,654	\$ 24,901

**CITY OF WICHITA, KANSAS**

**NE REDEVELOPMENT TIF DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes and levies	\$ -	\$ -	\$ 386	\$ 386	\$ -
Total Revenues	-	-	386	386	-
Net change in fund balance	-	-	386	386	-
Unencumbered fund balance - beginning	-	-	-	-	-
Unencumbered fund balance - ending	\$ -	\$ -	\$ 386	\$ 386	\$ -

**CITY OF WICHITA, KANSAS**

**SSMID FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes and levies	\$ 613,690	\$ 606,490	\$ 596,940	\$ (9,550)	\$ 601,605
Other revenue	-	7,200	-	(7,200)	-
Total Revenues	613,690	613,690	596,940	(16,750)	601,605
<b>EXPENDITURES</b>					
General Government:					
Contractual services	613,690	613,690	611,561	2,129	600,410
Total Expenditures	613,690	613,690	611,561	2,129	600,410
Excess (deficiency) of revenues over (under) expenditures	-	-	(14,621)	(14,621)	1,195
Net change in fund balance	-	-	(14,621)	(14,621)	1,195
Unencumbered fund balance - beginning	13,425	14,621	14,621	-	13,426
Unencumbered fund balance - ending	\$ 13,425	\$ 14,621	\$ -	\$ (14,621)	\$ 14,621

**CITY OF WICHITA, KANSAS**

**CITY/COUNTY FLOOD CONTROL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 809,040	\$ 809,040	\$ 809,040	\$ -	\$ 724,287
Other Revenue	-	-	1,511	1,511	71
Total Revenues	809,040	809,040	810,551	1,511	724,358
<b>EXPENDITURES</b>					
Public Safety:					
Personal services	894,860	846,040	845,393	647	739,134
Contractual services	504,070	507,640	506,821	819	478,979
Materials and supplies	219,150	172,400	167,590	4,810	230,532
Capital outlay	-	92,000	86,885	5,115	-
Total Expenditures	1,618,080	1,618,080	1,606,689	11,391	1,448,645
Excess (deficiency) of revenues over (under) expenditures	(809,040)	(809,040)	(796,138)	12,902	(724,287)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	809,040	809,040	809,040	-	724,287
Total other financing sources (uses)	809,040	809,040	809,040	-	724,287
Net change in fund balance	-	-	12,902	12,902	-
Unencumbered fund balance - beginning	-	-	-	-	-
Unencumbered fund balance - ending	\$ -	\$ -	\$ 12,902	\$ 12,902	\$ -

**CITY OF WICHITA, KANSAS**

**CITY/COUNTY METROPOLITAN PLANNING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 761,570	\$ 772,290	\$ 772,290	\$ -	\$ 684,855
Charges for services and sales	282,950	282,950	238,451	(44,499)	278,081
Other revenue	-	-	10	10	32
<b>Total Revenues</b>	<b>1,044,520</b>	<b>1,055,240</b>	<b>1,010,751</b>	<b>(44,489)</b>	<b>962,968</b>
<b>EXPENDITURES</b>					
General Government:					
Personal services	1,529,490	1,555,970	1,546,115	9,855	1,460,753
Contractual services	257,670	182,630	163,440	19,190	169,950
Materials and supplies	18,930	18,930	18,750	180	17,120
<b>Total Expenditures</b>	<b>1,806,090</b>	<b>1,757,530</b>	<b>1,728,305</b>	<b>29,225</b>	<b>1,647,823</b>
Excess (deficiency) of revenues over (under) expenditures	(761,570)	(702,290)	(717,554)	(15,264)	(684,855)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	761,570	772,290	772,290	-	684,855
Transfers to other funds	-	(70,000)	(54,736)	15,264	-
<b>Total other financing sources (uses)</b>	<b>761,570</b>	<b>702,290</b>	<b>717,554</b>	<b>15,264</b>	<b>684,855</b>
Net change in fund balance	-	-	-	-	-
Unencumbered fund balance - beginning	-	-	-	-	-
Unencumbered fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF WICHITA, KANSAS**

**ART MUSEUM BOARD FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Interest earnings	\$ 3,500	\$ 3,500	\$ 4,220	\$ 720	\$ 2,575
Total Revenues	3,500	3,500	4,220	720	2,575
<b>EXPENDITURES</b>					
Culture and Recreation:					
Personal services	1,187,140	989,780	989,778	2	945,235
Contractual services	94,820	290,490	290,489	1	337,402
Materials and supplies	500	2,190	2,182	8	-
Total Expenditures	1,282,460	1,282,460	1,282,449	11	1,282,637
Excess (deficiency) of revenues over (under) expenditures	(1,278,960)	(1,278,960)	(1,278,229)	731	(1,280,062)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	1,278,960	1,278,960	1,278,960	-	1,278,960
Total other financing sources (uses)	1,278,960	1,278,960	1,278,960	-	1,278,960
Net change in fund balance	-	-	731	731	(1,102)
Unencumbered fund balance - beginning	12,554	11,452	11,452	-	12,554
Unencumbered fund balance - ending	\$ 12,554	\$ 11,452	\$ 12,183	\$ 731	\$ 11,452

**CITY OF WICHITA, KANSAS**

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Property taxes	\$ 27,228,750	\$ 27,213,750	\$ 27,427,686	\$ 213,936	\$ 25,681,134
Delinquent property taxes	952,130	1,088,150	700,300	(387,850)	654,501
Special assessments	31,069,230	27,834,570	28,334,348	499,778	26,900,659
Delinquent Special assessments	1,139,200	1,139,200	1,194,531	55,331	1,112,365
Motor vehicle tax	4,087,540	4,087,540	4,094,550	7,010	3,938,911
Interest earnings	1,500,000	1,500,000	1,295,889	(204,111)	1,407,561
Other	140,000	140,000	271,596	131,596	237,499
Revised budget adjustment	-	3,241,640	-	(3,241,640)	-
<b>Total Revenues</b>	<b>66,116,850</b>	<b>66,244,850</b>	<b>63,318,900</b>	<b>(2,925,950)</b>	<b>59,932,630</b>
<b>EXPENDITURES</b>					
Debt service:					
Interest on general obligation bonds	9,401,640	8,151,910	8,151,586	324	8,850,859
Interest on special assessment bonds	8,176,830	8,728,330	8,728,332	(2)	8,324,877
Interest on HUD Section 108 loan	126,080	126,080	126,082	(2)	139,595
Commission, postage and refunds	20,000	20,000	6,500	13,500	7,250
Retirement of general obligation bonds	25,258,990	21,047,000	21,478,729	(431,729)	23,902,203
Retirement of special assessment bonds	24,006,000	23,490,000	18,710,000	4,780,000	17,100,000
Retirement of HUD Section 108 loan	250,000	250,000	250,000	-	235,000
Other debt service cost	100,000	100,000	190,000	(90,000)	-
Revised budget adjustment	-	14,076,220	-	14,076,220	-
<b>Total Expenditures</b>	<b>67,339,540</b>	<b>75,989,540</b>	<b>57,641,229</b>	<b>18,348,311</b>	<b>58,559,784</b>
Excess (deficiency) of revenues over (under) expenditures	(1,222,690)	(9,744,690)	5,677,671	15,422,361	1,372,846
<b>OTHER FINANCING SOURCES (USES)</b>					
Premiums on bonds sold	-	-	627,991	627,991	158,637
Transfers from other funds	18,407,040	18,279,040	17,395,926	(883,114)	19,740,231
Transfers to other funds - retirement of temporary notes	(41,250,000)	(32,600,000)	(32,505,964)	94,036	(28,473,951)
<b>Total other financing sources (uses)</b>	<b>(22,842,960)</b>	<b>(14,320,960)</b>	<b>(14,482,047)</b>	<b>(161,087)</b>	<b>(8,575,083)</b>
Net change in unencumbered cash balances	(24,065,650)	(24,065,650)	(8,804,376)	15,261,274	(7,202,237)
Unencumbered fund balances - beginning	27,074,054	24,911,257	24,911,257	-	32,113,494
Unencumbered fund balances - ending	\$ 3,008,404	\$ 845,607	\$ 16,106,881	\$ 15,261,274	\$ 24,911,257

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## ***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 measurement focus is upon determination of net income, financial position and change in financial position. The following nonmajor Enterprise Funds are reported:

Storm Water Utility - administers the acquisition, design, construction, maintenance and operation of the City's drainage system.

Golf Course System - provides the public five suitable golf facilities on a self-sustaining basis.

Wichita Transit - provides economical bus service through regular route services and special charter services.

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR ENTERPRISE FUNDS

December 31, 2007  
(with comparative totals for December 31, 2006)

	Storm Water	Golf Course		Totals	
	Utility	System		Transit	2007
<b>ASSETS</b>					
Current assets:					
Cash and temporary investments	\$ 1,667,957	\$ 398,024	\$ -	\$ 2,065,981	\$ 4,187,764
Receivables, net	237,576	-	239,964	477,540	383,029
Due from other funds	141,029	-	-	141,029	-
Due from other agencies	-	-	958,621	958,621	581,069
Inventories	-	-	252,477	252,477	169,989
Total current assets	<u>2,046,562</u>	<u>398,024</u>	<u>1,451,062</u>	<u>3,895,648</u>	<u>5,321,851</u>
Noncurrent assets:					
Capital assets:					
Land	3,664,975	704,968	1,880,751	6,250,694	5,972,834
Buildings	2,428,303	2,765,591	8,835,678	14,029,572	14,029,572
Improvements other than buildings	100,640,146	14,243,047	342,181	115,225,374	109,151,330
Machinery, equipment and other assets	3,335,699	1,671,172	17,944,490	22,951,361	21,439,925
Construction in progress	8,120,890	-	1,536,435	9,657,325	5,561,282
Less accumulated depreciation	(11,613,559)	(9,131,416)	(13,565,949)	(34,310,924)	(30,195,739)
Total capital assets (net of accumulated depreciation)	<u>106,576,454</u>	<u>10,253,362</u>	<u>16,973,586</u>	<u>133,803,402</u>	<u>125,959,204</u>
Total noncurrent assets	<u>106,576,454</u>	<u>10,253,362</u>	<u>16,973,586</u>	<u>133,803,402</u>	<u>125,959,204</u>
Total assets	<u>\$ 108,623,016</u>	<u>\$ 10,651,386</u>	<u>\$ 18,424,648</u>	<u>\$ 137,699,050</u>	<u>\$ 131,281,055</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 404,721	\$ 110,152	\$ 416,287	\$ 931,160	\$ 526,509
Accrued interest payable	33,179	19,352	-	52,531	61,038
Temporary notes payable	894,000	-	-	894,000	1,052,000
Deposits	-	1,607	-	1,607	1,534
Due to other funds	-	-	141,029	141,029	-
Current portion of long-term obligations:					
General obligation bonds payable	872,378	479,947	-	1,352,325	1,311,402
Compensated absences	65,617	122,749	158,657	347,023	348,487
Total current liabilities	<u>2,269,895</u>	<u>733,807</u>	<u>715,973</u>	<u>3,719,675</u>	<u>3,300,970</u>
Noncurrent liabilities:					
Due to other funds	-	2,563,706	-	2,563,706	2,131,978
General obligation bonds payable	7,061,887	4,149,947	-	11,211,834	12,564,160
Compensated absences	9,204	17,229	18,749	45,182	44,501
Total noncurrent liabilities	<u>7,071,091</u>	<u>6,730,882</u>	<u>18,749</u>	<u>13,820,722</u>	<u>14,740,639</u>
Total liabilities	<u>9,340,986</u>	<u>7,464,689</u>	<u>734,722</u>	<u>17,540,397</u>	<u>18,041,609</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	97,748,190	5,623,466	16,973,586	120,345,242	108,797,423
Restricted for capital projects	-	-	250	250	10,829
Unrestricted	1,533,840	(2,436,769)	716,090	(186,839)	4,431,194
Total net assets	<u>99,282,030</u>	<u>3,186,697</u>	<u>17,689,926</u>	<u>120,158,653</u>	<u>113,239,446</u>
Total liabilities and net assets	<u>\$ 108,623,016</u>	<u>\$ 10,651,386</u>	<u>\$ 18,424,648</u>	<u>\$ 137,699,050</u>	<u>\$ 131,281,055</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Storm Water	Golf Course	Transit	Totals	
	Utility	System		2007	2006
<b>OPERATING REVENUES</b>					
Charges for services and sales	\$ 8,273,343	\$ 542,122	\$ 1,699,640	\$ 10,515,105	\$ 9,276,101
Fees	-	2,594,998	-	2,594,998	2,864,506
Rentals	-	844,105	37,775	881,880	996,561
Other	-	16,937	84,877	101,814	31,744
Total operating revenues	<u>8,273,343</u>	<u>3,998,162</u>	<u>1,822,292</u>	<u>14,093,797</u>	<u>13,168,912</u>
<b>OPERATING EXPENSES</b>					
Personal services	1,949,688	1,877,470	5,678,001	9,505,159	8,975,114
Contractual services	1,298,992	1,141,986	2,927,915	5,368,893	4,926,845
Materials and supplies	151,935	665,552	1,867,597	2,685,084	2,904,880
Administrative charges	90,830	121,920	300,180	512,930	535,520
Depreciation	1,634,811	911,118	2,025,441	4,571,370	4,409,387
Total operating expenses	<u>5,126,256</u>	<u>4,718,046</u>	<u>12,799,134</u>	<u>22,643,436</u>	<u>21,751,746</u>
Operating income (loss)	<u>3,147,087</u>	<u>(719,884)</u>	<u>(10,976,842)</u>	<u>(8,549,639)</u>	<u>(8,582,834)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Operating grants	-	-	5,561,244	5,561,244	4,848,349
Interest on investments	165,602	18,880	-	184,482	198,122
Other revenues (expenses)	(27,598)	(250)	(54,077)	(81,925)	(120,737)
Interest expense	(307,174)	(252,398)	(18,159)	(577,731)	(620,831)
Gain (loss) from sale of assets	(237)	-	(43,174)	(43,411)	(151,764)
Total nonoperating revenues (expenses)	<u>(169,407)</u>	<u>(233,768)</u>	<u>5,445,834</u>	<u>5,042,659</u>	<u>4,153,139</u>
Income (loss) before contributions and transfers	2,977,680	(953,652)	(5,531,008)	(3,506,980)	(4,429,695)
Capital contributions and operating transfers:					
Capital contributions - cash	233,874	-	1,385,045	1,618,919	503,272
Capital contributions - non cash	5,831,785	40,963	-	5,872,748	6,185,964
Transfers from other funds	-	-	3,475,080	3,475,080	3,475,080
Transfers to other funds	(400,990)	(70,590)	(68,980)	(540,560)	(375,378)
Change in net assets	8,642,349	(983,279)	(739,863)	6,919,207	5,359,243
Net assets - as previously reported	90,639,681	4,169,976	18,429,789	113,239,446	108,262,663
Prior period adjustment	-	-	-	-	(382,460)
Net assets - beginning, as restated	90,639,681	4,169,976	18,429,789	113,239,446	107,880,203
Total net assets - ending	<u>\$ 99,282,030</u>	<u>\$ 3,186,697</u>	<u>\$ 17,689,926</u>	<u>\$ 120,158,653</u>	<u>\$ 113,239,446</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Storm Water	Golf Course	Transit	Totals	
	Utility	System		2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 8,218,604	\$ 3,981,298	\$ 1,753,302	\$ 13,953,204	\$ 13,101,917
Cash payments to suppliers for goods and services	(1,267,313)	(1,931,830)	(5,127,526)	(8,326,669)	(8,217,278)
Cash payments to employees for services	(1,970,575)	(1,866,055)	(5,669,312)	(9,505,942)	(8,948,761)
Other operating revenues (uses)	-	16,937	29,218	46,155	31,744
Net cash provided (used) by operating activities	<u>4,980,716</u>	<u>200,350</u>	<u>(9,014,318)</u>	<u>(3,833,252)</u>	<u>(4,032,378)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grant received	-	-	5,235,736	5,235,736	4,730,712
Interfund loan	(141,029)	-	141,029	-	-
Transfers from other funds	-	-	3,475,080	3,475,080	3,475,080
Transfers to other funds	(400,990)	(70,590)	(68,980)	(540,560)	(375,378)
Net cash provided (used) by noncapital financing activities	<u>(542,019)</u>	<u>(70,590)</u>	<u>8,782,865</u>	<u>8,170,256</u>	<u>7,830,414</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Payment of temporary notes	(158,000)	-	-	(158,000)	(5,446,000)
Issuance of bonds	-	-	-	-	6,805,000
Additions to property, plant and equipment	(5,042,811)	(141,184)	(1,406,413)	(6,590,408)	(3,407,206)
Debt service - principal	(847,378)	(32,296)	-	(879,674)	(1,926,416)
Debt service - interest	(309,648)	(254,255)	-	(563,903)	(608,824)
Proceeds from sale of assets	-	-	-	-	63,337
Capital contributions	233,874	-	1,333,001	1,566,875	485,926
Net cash provided (used) by capital and related financing activities	<u>(6,123,963)</u>	<u>(427,735)</u>	<u>(73,412)</u>	<u>(6,625,110)</u>	<u>(4,034,183)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	165,602	18,880	(18,159)	166,323	198,122
Net cash provided by investing activities	<u>165,602</u>	<u>18,880</u>	<u>(18,159)</u>	<u>166,323</u>	<u>198,122</u>
Net increase (decrease) in cash and temporary investments	(1,519,664)	(279,095)	(323,024)	(2,121,783)	(38,025)
Cash and temporary investments - January 1	<u>3,187,621</u>	<u>677,119</u>	<u>323,024</u>	<u>4,187,764</u>	<u>4,225,789</u>
Cash and temporary investments - December 31	<u>\$ 1,667,957</u>	<u>\$ 398,024</u>	<u>\$ -</u>	<u>\$ 2,065,981</u>	<u>\$ 4,187,764</u>

(Continued)

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

### NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2007

(with comparative totals for the year ended December 31, 2006)

	Storm Water Utility	Golf Course System	Transit	Totals	
	2007	2006	2007	2006	2006
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 3,147,087	\$ (719,884)	\$ (10,976,842)	\$ (8,549,639)	\$ (8,582,834)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,634,811	911,118	2,025,441	4,571,370	4,409,387
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(54,739)	-	(39,772)	(94,511)	(36,286)
(Increase) decrease in inventory	-	-	(82,488)	(82,488)	111,977
Increase (decrease) in accounts payable/accrued expenses	274,444	(2,372)	50,654	322,726	37,990
Increase (decrease) in deposits	-	73	-	73	1,035
Increase (decrease) in compensated absences	(20,887)	11,415	8,689	(783)	26,353
Total adjustments	1,833,629	920,234	1,962,524	4,716,387	4,550,456
Net cash provided (used) by operating activities	\$ 4,980,716	\$ 200,350	\$ (9,014,318)	\$ (3,833,252)	\$ (4,032,378)
 <b><u>Noncash, investing, capital and financing activities:</u></b>					
Assets contributed by benefit districts	\$ 5,482,527	\$ -	\$ -	\$ 5,482,527	\$ 5,877,575
Contribution of capital asset	-	40,963	-	40,963	107,289
Capital contributed for capital purposes	349,258	-	-	349,258	201,100

# CITY OF WICHITA, KANSAS

## WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final		(Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ 43,430,850	\$ 45,430,650	\$ 42,281,406	\$ (3,149,244)	\$ 45,722,380
Interest earnings	1,750,000	1,750,000	1,654,104	(95,896)	1,281,474
Other	-	-	133,161	133,161	126,533
<b>Total revenues</b>	<b>45,180,850</b>	<b>47,180,650</b>	<b>44,068,671</b>	<b>(3,111,979)</b>	<b>47,130,387</b>
<b>EXPENDITURES</b>					
Personal services	8,332,220	8,384,900	8,712,737	(327,837)	8,286,938
Contractual services	7,467,620	8,039,190	7,306,268	732,922	7,364,969
Materials and supplies	4,321,200	3,273,710	3,280,686	(6,976)	3,382,322
Capital outlay	3,618,280	6,687,650	3,349,792	3,337,858	3,331,590
Administrative charges	944,280	1,038,830	1,038,830	-	937,010
Debt service	16,745,270	15,949,170	15,769,595	179,575	13,946,635
Bond discount/premium amortization	33,380	33,380	(320,820)	354,200	(287,259)
Payments in lieu of franchise fees	2,143,730	2,292,450	2,292,450	-	1,998,410
Other non-operating expenses	6,000	6,000	7,230	(1,230)	1,314
Contingency	1,000,000	929,450	-	929,450	-
<b>Total expenditures</b>	<b>44,611,980</b>	<b>46,634,730</b>	<b>41,436,768</b>	<b>5,197,962</b>	<b>38,961,929</b>
Excess (deficiency) of revenues over (under) expenditures	568,870	545,920	2,631,903	2,085,983	8,168,458
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(2,412,330)	(2,376,600)	(2,367,090)	9,510	(2,269,813)
<b>Total other financing sources (uses)</b>	<b>(2,412,330)</b>	<b>(2,376,600)</b>	<b>(2,367,090)</b>	<b>9,510</b>	<b>(2,269,813)</b>
Net change in unencumbered cash balances	(1,843,460)	(1,830,680)	264,813	2,095,493	5,898,645
Unencumbered cash - beginning	48,868,791	45,758,574	45,758,574	-	48,868,791
Proceeds/expenditures in (anticipation) of bond sales	-	-	(15,592,312)	(15,592,312)	(9,008,862)
<b>Unencumbered cash - ending</b>	<b>\$ 47,025,331</b>	<b>\$ 43,927,894</b>	<b>\$ 30,431,075</b>	<b>\$ (13,496,819)</b>	<b>\$ 45,758,574</b>

# CITY OF WICHITA, KANSAS

## SEWER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actuals Amounts
	Original	Final			
<b>REVENUES</b>					
Charges for services and sales	\$ 33,151,510	\$ 33,507,690	\$ 32,855,637	\$ (652,053)	\$ 30,783,796
Interest earnings	850,000	1,050,000	1,025,729	(24,271)	519,808
Other	35,780	35,780	410,925	375,145	696,513
<b>Total revenues</b>	<b>34,037,290</b>	<b>34,593,470</b>	<b>34,292,291</b>	<b>(301,179)</b>	<b>32,000,117</b>
<b>EXPENDITURES</b>					
Personal services	9,919,950	9,874,300	9,634,696	239,604	9,244,347
Contractual services	4,863,810	5,219,550	4,698,783	520,767	4,921,034
Materials and supplies	2,548,470	2,664,240	2,576,510	87,730	2,634,231
Capital outlay	920,900	1,179,990	894,242	285,748	890,214
Administrative charges	234,470	250,570	250,570	-	234,470
Debt service	13,095,770	13,117,680	13,001,538	116,142	11,521,248
Bond amortization expense	(38,230)	(269,380)	(261,528)	(7,852)	(235,172)
Payments in lieu of franchise fees	1,512,810	1,574,020	1,574,020	-	1,518,100
Other non-operating expenses	1,500	1,500	752	748	15,124
Contingency	250,000	250,000	-	250,000	-
<b>Total expenditures</b>	<b>33,309,450</b>	<b>33,862,470</b>	<b>32,369,583</b>	<b>1,492,887</b>	<b>30,743,596</b>
Excess (deficiency) of revenues over (under) expenditures	727,840	731,000	1,922,708	1,191,708	1,256,521
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(1,723,230)	(1,726,670)	(1,726,670)	-	(1,550,415)
<b>Total other financing sources (uses)</b>	<b>(1,723,230)</b>	<b>(1,726,670)</b>	<b>(1,726,670)</b>	<b>-</b>	<b>(1,550,415)</b>
Net change in unencumbered cash balances	(995,390)	(995,670)	196,038	1,191,708	(293,894)
Unencumbered cash - beginning	19,686,289	30,603,226	30,603,226	-	19,686,289
Proceeds/expenditures in (anticipation) of bond sales	-	-	(9,294,752)	(9,294,752)	11,210,831
<b>Unencumbered cash - ending</b>	<b>\$ 18,690,899</b>	<b>\$ 29,607,556</b>	<b>\$ 21,504,512</b>	<b>\$ (8,103,044)</b>	<b>\$ 30,603,226</b>

# CITY OF WICHITA, KANSAS

## STORM WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actuals Amounts
	Original	Final			
<b>REVENUES</b>					
Charges for services and sales	\$ 7,699,650	\$ 7,937,400	\$ 8,234,739	\$ 297,339	\$ 7,117,896
Interest earnings	149,880	162,000	165,602	3,602	120,726
Other	-	(249,870)	255,207	505,077	118,760
<b>Total revenues</b>	<b>7,849,530</b>	<b>7,849,530</b>	<b>8,655,548</b>	<b>806,018</b>	<b>7,357,382</b>
<b>EXPENDITURES</b>					
Personal services	2,091,180	1,665,450	1,585,135	80,315	1,793,133
Contractual services	1,602,400	1,314,760	1,325,456	(10,696)	1,112,322
Materials and supplies	173,510	171,510	171,082	428	185,971
Capital outlay	470,000	470,000	467,455	2,545	497,971
Administrative charges	61,150	90,830	90,830	-	61,150
Debt service	560,290	2,986,030	1,157,026	1,829,004	2,239,947
Other non-operating expenses	-	100,000	27,598	72,402	71,019
Contingency	4,100,000	1,527,020	-	1,527,020	-
<b>Total expenditures</b>	<b>9,058,530</b>	<b>8,325,600</b>	<b>4,824,582</b>	<b>3,501,018</b>	<b>5,961,513</b>
Excess (deficiency) of revenues over (under) expenditures	(1,209,000)	(476,070)	3,830,966	4,307,036	1,395,869
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(759,110)	(1,492,040)	(1,587,402)	(95,362)	(806,809)
<b>Total other financing sources (uses)</b>	<b>(759,110)</b>	<b>(1,492,040)</b>	<b>(1,587,402)</b>	<b>(95,362)</b>	<b>(806,809)</b>
Net change in unencumbered cash balances	(1,968,110)	(1,968,110)	2,243,564	4,211,674	589,060
Unencumbered cash - beginning	2,727,102	3,620,451	3,620,451	-	2,727,102
Proceeds/expenditures in (anticipation) of bond sales	-	-	(2,051,262)	(2,051,262)	304,289
<b>Unencumbered cash - ending</b>	<b>\$ 758,992</b>	<b>\$ 1,652,341</b>	<b>\$ 3,812,753</b>	<b>\$ 2,160,412</b>	<b>\$ 3,620,451</b>

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## ***INTERNAL SERVICE FUNDS***

Internal Service Funds are used to account for the financing and administration of general services rendered to the various departments of the City.

Information Technology - responsible for coordination of the City's total computer automation efforts and provides a City-owned telephone system to the organization. Information Technology also provides limited printing and photocopying services.

Fleet and Buildings - purchases, repairs, and maintains vehicles and equipment used by City departments.

Stationery Stores - provides all departments with office supplies, mail room service, and microfilming services.

Self-Insurance - accounts for self-insurance programs of health insurance, workers' compensation, group life insurance, auto liability and general liability.

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# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET INTERNAL SERVICE FUNDS

December 31, 2007

(with comparative totals for the year ended December 31, 2006)

	Information Technology	Fleet
<b>ASSETS</b>		
Current assets:		
Cash and temporary investments	\$ 2,754,791	\$ 2,100,025
Investments	-	-
Receivables, net	16,157	146,367
Inventories	-	578,714
Prepaid items	-	-
Total current assets	2,770,948	2,825,106
Noncurrent assets:		
Capital assets:		
Land	-	71,340
Buildings	53,364	3,284,457
Machinery, equipment and other assets	12,062,520	31,139,876
Less accumulated depreciation	(8,987,712)	(24,553,867)
Total capital assets (net of accumulated depreciation)	3,128,172	9,941,806
Total assets	\$ 5,899,120	\$ 12,766,912
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 274,553	\$ 611,333
Current portion of long-term obligations:		
Claims payable	-	-
Capital lease payable	366,816	-
Compensated absences	145,030	122,309
Total current liabilities	786,399	733,642
Noncurrent liabilities:		
Claims payable	-	-
Capital lease payable	1,314,357	-
Compensated absences	23,674	17,155
Total noncurrent liabilities	1,338,031	17,155
Total liabilities	2,124,430	750,797
<b>NET ASSETS</b>		
Invested in capital assets	3,128,172	9,941,806
Unrestricted - undesignated	646,518	2,074,309
Total net assets	3,774,690	12,016,115
Total liabilities and net assets	\$ 5,899,120	\$ 12,766,912

Stationery Stores	Self Insurance	Totals	
		2007	2006
\$ 410,003	\$ 35,482,676	\$ 40,747,495	\$ 36,387,465
-	-	-	-
797	1,262	164,583	468,918
-	-	578,714	481,568
-	-	-	-
<u>410,800</u>	<u>35,483,938</u>	<u>41,490,792</u>	<u>37,337,951</u>
-	-	71,340	71,340
-	-	3,337,821	3,332,437
74,805	326,510	43,603,711	42,743,097
<u>(40,258)</u>	<u>(189,656)</u>	<u>(33,771,493)</u>	<u>(34,616,701)</u>
<u>34,547</u>	<u>136,854</u>	<u>13,241,379</u>	<u>11,530,173</u>
<u>\$ 445,347</u>	<u>\$ 35,620,792</u>	<u>\$ 54,732,171</u>	<u>\$ 48,868,124</u>
\$ 32,499	\$ 699,566	\$ 1,617,951	\$ 627,162
-	6,868,028	6,868,028	4,172,143
-	-	366,816	-
<u>1,051</u>	<u>27,495</u>	<u>295,885</u>	<u>295,386</u>
<u>33,550</u>	<u>7,595,089</u>	<u>9,148,680</u>	<u>5,094,691</u>
-	10,621,513	10,621,513	8,922,812
-	-	1,314,357	-
<u>172</u>	<u>4,500</u>	<u>45,501</u>	<u>44,212</u>
<u>172</u>	<u>10,626,013</u>	<u>11,981,371</u>	<u>8,967,024</u>
<u>33,722</u>	<u>18,221,102</u>	<u>21,130,051</u>	<u>14,061,715</u>
34,547	136,854	13,241,379	11,530,173
<u>377,078</u>	<u>17,262,836</u>	<u>20,360,741</u>	<u>23,276,236</u>
<u>411,625</u>	<u>17,399,690</u>	<u>33,602,120</u>	<u>34,806,409</u>
<u>\$ 445,347</u>	<u>\$ 35,620,792</u>	<u>\$ 54,732,171</u>	<u>\$ 48,868,124</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	<u>Information Technology</u>	<u>Fleet</u>
<b>OPERATING REVENUES</b>		
Charges for services and sales	\$ 6,744,686	\$ 500,242
Rentals	-	10,238,145
Employer contributions	-	-
Employee contributions	-	-
Other	593,633	118,409
Total operating revenues	<u>7,338,319</u>	<u>10,856,796</u>
<b>OPERATING EXPENSES</b>		
Personal services	3,709,692	2,545,256
Contractual services	2,511,765	824,447
Materials and supplies	749,104	4,210,875
Cost of materials used	-	907,460
Administrative charges	298,770	232,930
Depreciation	602,419	3,513,354
Employee benefits	-	-
Insurance claims	-	-
Total operating expenses	<u>7,871,750</u>	<u>12,234,322</u>
Operating income (loss)	<u>(533,431)</u>	<u>(1,377,526)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Other revenue (expenses)	-	(585)
Interest earnings	-	-
Interest expense	(59,049)	-
Gain (loss) on the sale of assets	(15,832)	193,604
Total nonoperating revenues (expenses)	<u>(74,881)</u>	<u>193,019</u>
Income (loss) before contributions and transfers	(608,312)	(1,184,507)
Capital contributions and operating transfers:		
Capital contributions - non cash	544,326	-
Transfers from other funds	88,654	-
Transfers to other funds	<u>(235,000)</u>	<u>-</u>
Change in net assets	(210,332)	(1,184,507)
Total net assets - beginning	<u>3,985,022</u>	<u>13,200,622</u>
Total net assets - ending	<u>\$ 3,774,690</u>	<u>\$ 12,016,115</u>

Stationery Stores	Self Insurance	Totals	
		2007	2006
\$ 826,078	\$ -	\$ 8,071,006	\$ 10,180,326
-	-	10,238,145	9,280,205
-	26,424,863	26,424,863	23,877,887
-	7,129,508	7,129,508	6,203,254
1	214,082	926,125	725,660
<u>826,079</u>	<u>33,768,453</u>	<u>52,789,647</u>	<u>50,267,332</u>
62,704	429,006	6,746,658	6,674,387
33,054	4,155,751	7,525,017	4,407,195
2,089	50,936	5,013,004	4,885,673
764,856	-	1,672,316	2,240,591
4,450	14,890	551,040	669,100
10,394	34,068	4,160,235	3,871,404
-	24,690,966	24,690,966	23,076,033
-	5,142,185	5,142,185	1,418,458
<u>877,547</u>	<u>34,517,802</u>	<u>55,501,421</u>	<u>47,242,841</u>
<u>(51,468)</u>	<u>(749,349)</u>	<u>(2,711,774)</u>	<u>3,024,491</u>
-	-	(585)	-
-	1,206,918	1,206,918	932,036
-	-	(59,049)	(2,691)
<u>(301)</u>	<u>(250)</u>	<u>177,221</u>	<u>(212,947)</u>
<u>(301)</u>	<u>1,206,668</u>	<u>1,324,505</u>	<u>716,398</u>
(51,769)	457,319	(1,387,269)	3,740,889
-	-	544,326	1,224,599
35,000	250,000	373,654	566,710
-	<u>(500,000)</u>	<u>(735,000)</u>	<u>(1,468,000)</u>
(16,769)	207,319	(1,204,289)	4,064,198
<u>428,394</u>	<u>17,192,371</u>	<u>34,806,409</u>	<u>30,742,211</u>
<u>\$ 411,625</u>	<u>\$ 17,399,690</u>	<u>\$ 33,602,120</u>	<u>\$ 34,806,409</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Information Technology	Fleet
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 6,742,143	\$ 10,697,168
Cash payments to suppliers for goods and services	(3,542,411)	(5,812,348)
Cash payments to employees for services	(3,695,961)	(2,559,777)
Other operating revenues	593,633	118,409
Net cash provided by (used in) operating activities	97,404	2,443,452
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	88,654	-
Transfers to other funds	(235,000)	-
Net cash provided by (used in) noncapital financing activities	(146,346)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Additions to property, plant and equipment	(150,265)	(3,276,891)
Debt service - principal	(249,705)	-
Debt service - interest	(59,049)	-
Proceeds from sale of assets	-	245,165
Net cash used in capital and related financing activities	(459,019)	(3,031,726)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturity of investment securities	-	-
Interest on investments	-	-
Net cash provided by investing activities	-	-
Net increase (decrease) in cash and temporary investments	(507,961)	(588,274)
Cash and temporary investments - January 1	3,262,752	2,688,299
Cash and temporary investments - December 31	\$ 2,754,791	\$ 2,100,025

Stationery Stores	Self Insurance	Totals	
		2007	2006
\$ 828,315	\$ 33,900,232	\$ 52,167,858	\$ 49,186,612
(805,003)	(29,147,122)	(39,306,884)	(46,521,754)
(63,092)	(426,040)	(6,744,870)	(6,669,104)
-	214,082	926,124	725,660
<u>(39,780)</u>	<u>4,541,152</u>	<u>7,042,228</u>	<u>(3,278,586)</u>
35,000	250,000	373,654	566,710
-	(500,000)	(735,000)	(1,468,000)
<u>35,000</u>	<u>(250,000)</u>	<u>(361,346)</u>	<u>(901,290)</u>
(37,025)	-	(3,464,181)	(3,015,427)
-	-	(249,705)	-
-	-	(59,049)	-
-	-	245,165	180,170
<u>(37,025)</u>	<u>-</u>	<u>(3,527,770)</u>	<u>(2,835,257)</u>
-	-	-	241,206
-	1,206,918	1,206,918	932,036
-	<u>1,206,918</u>	<u>1,206,918</u>	<u>1,173,242</u>
(41,805)	5,498,070	4,360,030	(5,841,891)
<u>451,808</u>	<u>29,984,606</u>	<u>36,387,465</u>	<u>42,229,356</u>
<u>\$ 410,003</u>	<u>\$ 35,482,676</u>	<u>\$ 40,747,495</u>	<u>\$ 36,387,465</u>

(Continued)

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CASH FLOWS (CONTINUED) INTERNAL SERVICE FUNDS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Information Technology	Fleet and Buildings
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (533,431)	\$ (1,377,526)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	602,419	3,513,354
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,543)	(41,219)
(Increase) decrease in inventory	-	(97,146)
(Increase) decrease in prepaid items	-	-
Increase (decrease) in accounts payable and accrued expenses	17,228	460,510
Increase in claims payable	-	-
Increase (decrease) in compensated absences	13,731	(14,521)
Total adjustments	630,835	3,820,978
Net cash provided by (used in) operating activities	\$ 97,404	\$ 2,443,452

### Supplemental Schedule of Non-Cash Investing and Financing Activities

Contributed of capital assets	\$ 544,326	\$ -
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Stationery Stores	Self Insurance	Totals	
		2007	2006
<u>\$ (51,468)</u>	<u>\$ (749,349)</u>	<u>\$ (2,711,774)</u>	<u>\$ 3,024,491</u>
10,394	34,068	4,160,235	3,871,404
2,236	345,861	304,335	(355,060)
-	-	(97,146)	153,881
-	-	-	32,925
(554)	513,020	990,204	(2,394,816)
-	4,394,586	4,394,586	(7,616,694)
<u>(388)</u>	<u>2,966</u>	<u>1,788</u>	<u>5,283</u>
<u>11,688</u>	<u>5,290,501</u>	<u>9,754,002</u>	<u>(6,303,077)</u>
<u><u>\$ (39,780)</u></u>	<u><u>\$ 4,541,152</u></u>	<u><u>\$ 7,042,228</u></u>	<u><u>\$ (3,278,586)</u></u>
\$ -	\$ -	\$ 544,326	\$ 1,224,599

# CITY OF WICHITA, KANSAS

## COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS SELF INSURANCE FUNDS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Life	Health	Workers'	General	Totals	
	Insurance	Insurance	Compensation	Liability	2007	2006
<b>OPERATING REVENUES</b>						
Employer contributions	\$ 201,287	\$ 20,532,360	\$ 3,104,963	\$ 2,586,253	\$ 26,424,863	\$ 23,877,887
Employee contributions	519,148	6,610,360	-	-	7,129,508	6,203,254
Other	-	1,262	131,308	81,512	214,082	371,273
Total operating revenues	<u>720,435</u>	<u>27,143,982</u>	<u>3,236,271</u>	<u>2,667,765</u>	<u>33,768,453</u>	<u>30,452,414</u>
<b>OPERATING EXPENSES</b>						
Personal services	-	15,884	142,874	270,248	429,006	406,327
Contractual services	-	1,717,596	1,817,002	621,153	4,155,751	675,492
Materials and supplies	-	1,027	468	49,441	50,936	60,951
Administrative charges	2,810	11,190	890	-	14,890	43,480
Depreciation	-	-	-	34,068	34,068	34,568
Employee benefits	884,153	23,806,813	-	-	24,690,966	23,076,033
Insurance claims	-	-	3,031,040	2,111,145	5,142,185	1,418,458
Total operating expenses	<u>886,963</u>	<u>25,552,510</u>	<u>4,992,274</u>	<u>3,086,055</u>	<u>34,517,802</u>	<u>25,715,309</u>
Operating income (loss)	<u>(166,528)</u>	<u>1,591,472</u>	<u>(1,756,003)</u>	<u>(418,290)</u>	<u>(749,349)</u>	<u>4,737,105</u>
<b>NONOPERATING REVENUES</b>						
Interest earnings	98,020	184,639	410,291	513,968	1,206,918	932,036
Loss on sale of asset	-	-	-	(250)	(250)	(1,166)
Total nonoperating revenues	<u>98,020</u>	<u>184,639</u>	<u>410,291</u>	<u>513,718</u>	<u>1,206,668</u>	<u>930,870</u>
Income (loss) before operating transfers	(68,508)	1,776,111	(1,345,712)	95,428	457,319	5,667,975
Operating transfers:						
Transfers from other funds	-	1,500,000	-	250,000	1,750,000	322,790
Transfers to other funds	<u>(1,500,000)</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>(2,000,000)</u>	<u>(833,000)</u>
Change in net assets	(1,568,508)	3,276,111	(1,345,712)	(154,572)	207,319	5,157,765
Total net assets - beginning	<u>2,501,641</u>	<u>3,294,695</u>	<u>2,871,407</u>	<u>8,524,628</u>	<u>17,192,371</u>	<u>12,034,606</u>
Total net assets - ending	<u>\$ 933,133</u>	<u>\$ 6,570,806</u>	<u>\$ 1,525,695</u>	<u>\$ 8,370,056</u>	<u>\$ 17,399,690</u>	<u>\$ 17,192,371</u>

**CITY OF WICHITA, KANSAS**  
**INFORMATION TECHNOLOGY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Fines and penalties	\$ -	\$ -	\$ -	\$ -	\$ 2,376
Charges for services and sales	7,740,410	7,482,260	6,744,686	(737,574)	7,829,405
Other Revenue	59,430	510,770	593,754	82,984	351,710
<b>Total Revenues</b>	<b>7,799,840</b>	<b>7,993,030</b>	<b>7,338,440</b>	<b>(654,590)</b>	<b>8,183,491</b>
<b>EXPENDITURES</b>					
Personal services	4,141,870	3,947,460	3,723,423	224,037	3,414,682
Contractual services	3,464,760	3,299,970	2,770,367	529,603	2,785,249
Materials and supplies	743,490	839,020	785,356	53,664	596,237
Capital outlay	115,000	-	-	-	214,684
City administrative charges	279,090	298,770	298,770	-	279,090
Debt service	-	308,390	59,049	249,341	-
Other non-operating expenses	-	-	-	-	2,691
Contingency	50,000	600	-	600	-
<b>Total Expenditures</b>	<b>8,794,210</b>	<b>8,694,210</b>	<b>7,636,965</b>	<b>1,057,245</b>	<b>7,292,633</b>
Excess (deficiency) of revenues over (under) expenditures	(994,370)	(701,180)	(298,525)	402,655	890,858
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	193,190	-	88,654	88,654	208,920
Transfers to other funds	(135,000)	(235,000)	(235,000)	-	(635,000)
<b>Total other financing sources (uses)</b>	<b>58,190</b>	<b>(235,000)</b>	<b>(146,346)</b>	<b>88,654</b>	<b>(426,080)</b>
<b>Net change in unencumbered cash balances</b>	<b>(936,180)</b>	<b>(936,180)</b>	<b>(444,871)</b>	<b>491,309</b>	<b>464,778</b>
Unencumbered cash - beginning	2,087,199	2,551,796	2,551,796	-	2,087,199
(Increase)/decrease in assets and liabilities	-	-	(224,786)	(224,786)	(181)
<b>Unencumbered cash - ending</b>	<b>\$ 1,151,019</b>	<b>\$ 1,615,616</b>	<b>\$ 1,882,139</b>	<b>\$ 266,523</b>	<b>\$ 2,551,796</b>

**CITY OF WICHITA, KANSAS**  
**FLEET AND BUILDINGS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Charges for services and sales	\$ 1,693,500	\$ 1,582,000	\$ 943,888	\$ (638,112)	\$ 1,609,671
Rental/lease income	10,691,660	10,750,690	10,238,145	(512,545)	9,280,205
Other Revenue	75,000	127,470	118,417	(9,053)	179,342
<b>Total Revenues</b>	<b>12,460,160</b>	<b>12,460,160</b>	<b>11,300,450</b>	<b>(1,159,710)</b>	<b>11,069,218</b>
<b>EXPENDITURES</b>					
Personal services	3,309,850	2,987,290	2,559,777	427,513	2,787,002
Contractual services	807,740	994,080	823,644	170,436	803,324
Materials and supplies	3,597,590	4,256,740	4,224,775	31,965	4,176,265
Capital outlay	3,900,000	3,900,000	3,882,974	17,026	3,284,073
City administrative charges	342,610	232,930	232,930	-	342,610
Other non-operating expenses	-	-	585	(585)	-
Cost of materials used	1,400,000	1,400,000	895,560	504,440	1,503,766
Contingency	1,400,000	986,750	-	986,750	-
<b>Total Expenditures</b>	<b>14,757,790</b>	<b>14,757,790</b>	<b>12,620,245</b>	<b>2,137,545</b>	<b>12,897,040</b>
Excess (deficiency) of revenues over (under) expenditures	(2,297,630)	(2,297,630)	(1,319,795)	977,835	(1,827,822)
Net change in unencumbered cash balances	(2,297,630)	(2,297,630)	(1,319,795)	977,835	(1,827,822)
Unencumbered cash - beginning	1,576,006	1,576,006	1,576,006	-	3,277,325
(Increase)/decrease in assets and liabilities	-	-	(138,366)	(138,366)	126,503
Unencumbered cash - ending	<b>\$ (721,624)</b>	<b>\$ (721,624)</b>	<b>\$ 117,845</b>	<b>\$ 839,469</b>	<b>\$ 1,576,006</b>

**CITY OF WICHITA, KANSAS**

**STATIONERY STORES FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Charges for services and sales	\$ 940,000	\$ 940,000	\$ 826,078	\$ (113,922)	\$ 919,044
Other Revenue	-	-	1	1	-
Total Revenues	<u>940,000</u>	<u>940,000</u>	<u>826,079</u>	<u>(113,921)</u>	<u>919,044</u>
<b>EXPENDITURES</b>					
Personal services	61,600	63,180	63,092	88	60,227
Contractual services	105,480	105,640	33,613	72,027	55,122
Materials and supplies	3,130	4,130	2,382	1,748	2,011
Capital outlay	-	37,500	37,025	475	-
City administrative charges	4,740	4,450	4,450	-	3,920
Cost of materials used	800,000	761,500	764,856	(3,356)	734,312
Contingency	195,000	263,550	-	263,550	-
Total Expenditures	<u>1,169,950</u>	<u>1,239,950</u>	<u>905,418</u>	<u>334,532</u>	<u>855,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(229,950)</u>	<u>(299,950)</u>	<u>(79,339)</u>	<u>220,611</u>	<u>63,452</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total other financing sources (uses)	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Net change in unencumbered cash balances	(194,950)	(264,950)	(44,339)	220,611	98,452
Unencumbered cash - beginning	318,471	418,381	418,381	-	318,471
(Increase)/decrease in assets and liabilities	-	-	2,235	2,235	1,458
Unencumbered cash - ending	<u>\$ 123,521</u>	<u>\$ 153,431</u>	<u>\$ 376,277</u>	<u>\$ 222,846</u>	<u>\$ 418,381</u>

**CITY OF WICHITA, KANSAS**

**SELF INSURANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Budgeted Amounts		Actual Amounts	Variance with	2006 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ -	\$ -	\$ -	\$ -	\$ 4,700
Interest earnings	550,000	550,000	1,206,917	656,917	932,037
Contributions	-	-	61,033	61,033	-
Employer contributions	26,225,980	28,681,900	26,368,475	(2,313,425)	23,352,937
Employee contributions	7,238,570	7,238,570	7,124,863	(113,707)	6,203,254
Other Revenue	400,000	400,000	214,139	(185,861)	914,082
<b>Total Revenues</b>	<b>34,414,550</b>	<b>36,870,470</b>	<b>34,975,427</b>	<b>(1,895,043)</b>	<b>31,407,010</b>
<b>EXPENDITURES</b>					
Personal services	1,859,030	1,826,910	1,438,509	388,401	1,627,895
Contractual services	33,489,800	32,090,510	31,949,025	141,485	26,736,882
Materials and supplies	102,900	104,400	59,616	44,784	40,269
Capital outlay	10,000	21,000	-	21,000	-
City administrative charges	43,610	14,890	14,890	-	43,480
Other non-operating expenses	583,160	908,160	905,136	3,024	395,151
Contingency	500,000	95,000	-	95,000	-
<b>Total Expenditures</b>	<b>36,588,500</b>	<b>35,060,870</b>	<b>34,367,176</b>	<b>693,694</b>	<b>28,843,677</b>
Excess (deficiency) of revenues over (under) expenditures	(2,173,950)	1,809,600	608,251	(1,201,349)	2,563,333
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	535,720	535,720	1,750,000	1,214,280	322,790
Transfers to other funds	-	(2,000,000)	(2,032,000)	(32,000)	(833,000)
<b>Total other financing sources (uses)</b>	<b>535,720</b>	<b>(1,464,280)</b>	<b>(282,000)</b>	<b>1,182,280</b>	<b>(510,210)</b>
Net change in unencumbered cash balances	(1,638,230)	345,320	326,251	(19,069)	2,053,123
Unencumbered cash - beginning	13,048,386	16,243,815	16,243,815	-	13,048,386
(Increase)/decrease in assets and liabilities	-	-	4,738,442	4,738,442	1,142,306
<b>Unencumbered cash - ending</b>	<b>\$ 11,410,156</b>	<b>\$ 16,589,135</b>	<b>\$ 21,308,508</b>	<b>\$ 4,719,373</b>	<b>\$ 16,243,815</b>

## ***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.

Pension Trust Funds - accounts for the receipt, investment and distribution of retirement contributions made for the benefit of police, fire and other City employees.

Police and Fire Retirement System  
Employees' Retirement System  
Employees' Retirement Plan 3

Agency Funds - accounts for resources received and held by the City as agent which are to be expended as directed by the party for which the City is acting as agent.

Payroll Liability  
Special Assessment Advance Payments  
Neighborhood Revitalization  
IRB, Payment-in-lieu-of taxes (PILOT)

**CITY OF WICHITA, KANSAS**

**COMBINING STATEMENT OF NET ASSETS  
PENSION TRUST FUNDS**

December 31, 2007

(with comparative totals for December 31, 2006)

	Police and Fire	Employees'	Employees'	Totals	
	Retirement System	Retirement System	Retirement Plan 3	2007	2006
<b>ASSETS</b>					
Cash and temporary investments	\$ 679,504	\$ 234,423	\$ 123,536	\$ 1,037,463	\$ 863,080
Receivables:					
Investment sales pending	6,687,790	7,252,378	200,063	14,140,231	9,722,748
Interest and dividends	1,504,997	1,632,051	45,018	3,182,066	1,952,025
Other	291,695	290,062	14,061	595,818	21,794
Total receivables	<u>8,484,482</u>	<u>9,174,491</u>	<u>259,142</u>	<u>17,918,115</u>	<u>11,696,567</u>
Investments, at fair value:					
Government short term investment fund	33,716,330	36,563,842	1,008,618	71,288,790	11,975,477
Government securities: long term	16,275,329	17,636,057	501,196	34,412,582	15,347,590
Corporate debt instruments: long term	43,773,903	47,433,698	1,348,010	92,555,611	62,364,512
Mortgage-backed securities	57,003,882	61,769,790	1,755,424	120,529,096	55,638,349
Corporate stocks: domestic common	178,531,742	193,458,198	5,497,852	377,487,792	351,761,433
Corporate stocks: international common	101,313,514	109,784,006	3,119,931	214,217,451	209,737,171
Real estate	28,451,082	30,829,784	876,146	60,157,012	51,760,689
Value of interest in pooled funds: domestic fixed income	-	-	220,634	220,634	101,445,634
Value of interest in pooled funds: international fixed income	3,292,824	3,568,126	101,402	6,962,352	-
Value of interest in pooled funds: high yield fixed income	3,831,946	4,152,322	118,004	8,102,272	-
Value of interest in pooled funds: domestic equities	52,882,248	57,303,560	1,628,499	111,814,307	110,124,939
Value of interest in pooled funds: international equities	7,288,187	7,903,461	311,385	15,503,033	14,717,782
Securities lending short-term collateral investment pool	80,087,374	86,848,414	2,395,782	169,331,570	101,955,339
Total investments	<u>606,448,361</u>	<u>657,251,258</u>	<u>18,882,883</u>	<u>1,282,582,502</u>	<u>1,086,828,915</u>
Pension administration software	451,718	451,718	372,603	1,276,039	955,282
Total assets	<u>616,064,065</u>	<u>667,111,890</u>	<u>19,638,164</u>	<u>1,302,814,119</u>	<u>1,100,343,844</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	1,078,961	784,547	194,358	2,057,866	1,657,762
Investment purchases pending	30,982,482	33,598,048	926,829	65,507,359	10,811,742
Securities lending obligations	80,087,374	86,848,414	2,395,782	169,331,570	101,955,339
Total liabilities	<u>112,148,817</u>	<u>121,231,009</u>	<u>3,516,969</u>	<u>236,896,795</u>	<u>114,424,843</u>
<b>NET ASSETS</b>					
Held in trust for pension benefits	<u>\$ 503,915,248</u>	<u>\$ 545,880,881</u>	<u>\$ 16,121,195</u>	<u>\$ 1,065,917,324</u>	<u>\$ 985,919,001</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CHANGES IN NET ASSETS PENSION TRUST FUNDS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	Police and Fire	Employees'	Employees'	Totals	
	Retirement System	Retirement System	Retirement Plan 3	2007	2006
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 10,029,253	\$ 2,357,052	\$ 1,428,686	\$ 13,814,991	\$ 13,482,884
Employee	4,056,022	2,543,563	1,428,686	8,028,271	7,603,855
Total contributions	<u>14,085,275</u>	<u>4,900,615</u>	<u>2,857,372</u>	<u>21,843,262</u>	<u>21,086,739</u>
Investment income:					
<i>From investment activities</i>					
Net appreciation in fair value of investments	38,025,727	41,924,866	1,210,492	81,161,085	106,691,297
Interest and dividends	13,276,455	14,544,993	405,087	28,226,535	25,985,366
Commission recapture	38,523	42,297	1,178	81,998	59,140
Total investing activity income	<u>51,340,705</u>	<u>56,512,156</u>	<u>1,616,757</u>	<u>109,469,618</u>	<u>132,735,803</u>
Less investment expense	<u>2,496,090</u>	<u>2,720,484</u>	<u>83,183</u>	<u>5,299,757</u>	<u>4,223,988</u>
Net income from investing activities	<u>48,844,615</u>	<u>53,791,672</u>	<u>1,533,574</u>	<u>104,169,861</u>	<u>128,511,815</u>
<i>From securities lending activities</i>					
Securities lending income	<u>4,110,524</u>	<u>4,501,181</u>	<u>125,088</u>	<u>8,736,793</u>	<u>4,252,157</u>
Securities lending activities expenses:					
Borrower rebates	3,702,891	4,055,066	112,699	7,870,656	3,869,651
Management fees	117,834	128,934	3,580	250,348	91,876
Total securities lending activities expenses	<u>3,820,725</u>	<u>4,184,000</u>	<u>116,279</u>	<u>8,121,004</u>	<u>3,961,527</u>
Net income from securities lending activities	<u>289,799</u>	<u>317,181</u>	<u>8,809</u>	<u>615,789</u>	<u>290,630</u>
Total net investment income	<u>49,134,414</u>	<u>54,108,853</u>	<u>1,542,383</u>	<u>104,785,650</u>	<u>128,802,445</u>
Transfers from other funds	<u>-</u>	<u>2,102,726</u>	<u>-</u>	<u>2,102,726</u>	<u>1,983,067</u>
Total additions	<u>63,219,689</u>	<u>61,112,194</u>	<u>4,399,755</u>	<u>128,731,638</u>	<u>151,872,251</u>
<b>DEDUCTIONS</b>					
Pension benefits	18,569,472	22,243,373	-	40,812,845	39,395,916
DROP and Back DROP payments	873,050	2,809,284	-	3,682,334	1,589,360
Pension administration	366,637	384,528	32,639	783,804	742,232
Employee contributions refunded	254,190	232,417	864,999	1,351,606	1,458,191
Transfers to other funds	-	-	2,102,726	2,102,726	1,983,067
Total deductions	<u>20,063,349</u>	<u>25,669,602</u>	<u>3,000,364</u>	<u>48,733,315</u>	<u>45,168,766</u>
Change in net assets	43,156,340	35,442,592	1,399,391	79,998,323	106,703,485
Net assets - beginning	<u>460,758,908</u>	<u>510,438,289</u>	<u>14,721,804</u>	<u>985,919,001</u>	<u>879,215,516</u>
Net assets - ending	<u>\$ 503,915,248</u>	<u>\$ 545,880,881</u>	<u>\$ 16,121,195</u>	<u>\$ 1,065,917,324</u>	<u>\$ 985,919,001</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

For the year ended December 31, 2007

	<u>Balance</u>			<u>Balance</u>
	<u>January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2007</u>
<u>Payroll Liability Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 2,566,340	\$ 109,393,518	\$ 109,569,977	\$ 2,389,881
Accounts receivable	125,439	173,184	-	298,623
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 2,691,779</u>	<u>\$ 109,566,702</u>	<u>\$ 109,569,977</u>	<u>\$ 2,688,504</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,691,779	\$ 167,336,528	\$ 167,339,803	\$ 2,688,504
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>\$ 2,691,779</u>	<u>\$ 167,336,528</u>	<u>\$ 167,339,803</u>	<u>\$ 2,688,504</u>
 <u>Special Assessment Advance Payments Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 5,871,265	\$ 1,289,927	\$ 3,797,862	\$ 3,363,330
Investments	353,417	2,446,516	-	2,799,933
Accounts receivable	12,221	-	-	12,221
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 6,236,903</u>	<u>\$ 3,736,443</u>	<u>\$ 3,797,862</u>	<u>\$ 6,175,484</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 115	\$ 115	\$ -
Deposits	6,236,903	1,022,621	1,084,040	6,175,484
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>\$ 6,236,903</u>	<u>\$ 1,022,736</u>	<u>\$ 1,084,155</u>	<u>\$ 6,175,484</u>
 <u>Neighborhood Revitalization Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 12,735	\$ 192,289	\$ 168,947	\$ 36,077
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 12,735</u>	<u>\$ 192,289</u>	<u>\$ 168,947</u>	<u>\$ 36,077</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 168,947	\$ 168,947	\$ -
Deposits	12,735	192,289	168,947	36,077
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>\$ 12,735</u>	<u>\$ 361,236</u>	<u>\$ 337,894</u>	<u>\$ 36,077</u>

(Continued)

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) ALL AGENCY FUNDS

For the year ended December 31, 2007

	<u>Balance</u> <u>January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2007</u>
<u>IRB, PILOT Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ -	\$ 7,309	\$ 7,309	\$ -
Accounts receivable	21,245	7,994	21,015	8,224
	<u>\$ 21,245</u>	<u>\$ 15,303</u>	<u>\$ 28,324</u>	<u>\$ 8,224</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 3,882	\$ 3,882	\$ -
Deposits	21,245	11,421	24,442	8,224
	<u>\$ 21,245</u>	<u>\$ 15,303</u>	<u>\$ 28,324</u>	<u>\$ 8,224</u>
 <u>Totals - All Agency Funds</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 8,450,340	\$ 110,883,043	\$ 113,544,095	\$ 5,789,288
Investments	353,417	2,446,516	-	2,799,933
Accounts receivable	158,905	181,178	21,015	319,068
	<u>\$ 8,962,662</u>	<u>\$ 113,510,737</u>	<u>\$ 113,565,110</u>	<u>\$ 8,908,289</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,691,779	\$ 167,509,472	\$ 167,512,747	\$ 2,688,504
Deposits	6,270,883	1,226,331	1,277,429	6,219,785
	<u>\$ 8,962,662</u>	<u>\$ 168,735,803</u>	<u>\$ 168,790,176</u>	<u>\$ 8,908,289</u>

## ***COMPONENT UNIT***

The Wichita Public Building Commission (WPBC) is reported as a discretely presented component unit within the financial statements of the City of Wichita (the reporting entity) to emphasize its separate legal status. The WPBC acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees.

**STATEMENT OF CASH FLOWS**  
**COMPONENT UNIT - WICHITA PUBLIC BUILDING COMMISSION**  
For the year ended December 31, 2007

	2007	2006
<b>CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Received on direct financing lease	\$ 2,325,000	\$ 2,760,000
Debt service - principal	(2,325,000)	(2,760,000)
Debt service - interest	(1,025,824)	(1,116,466)
Net cash provided by (used in) capital and related financing activities	(1,025,824)	(1,116,466)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on lease investment	1,066,970	1,158,769
Net cash provided by (used in) investment activities	1,066,970	1,158,769
Net increase in cash and temporary investments	41,147	42,303
Cash and temporary investments - January 1	1,728,408	1,686,105
Cash and temporary investments - December 31	\$ 1,769,555	\$ 1,728,408

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## ***ADDITIONAL INFORMATION***

Additional schedules represent various financial schedules of the City. Included are supplementary schedules pertaining to long-term debt obligations and investments.

**CITY OF WICHITA, KANSAS**

COMBINED SCHEDULE OF CHANGES IN BONDS PAYABLE  
Year ended December 31, 2007

	Balance January 1, 2007	Issued	Retired	Balance December 31, 2007
General obligation bonds payable from:				
Ad valorem property taxes	\$ 51,313,568	\$ -	\$ 10,757,494	\$ 40,556,074
Special assessments	217,705,000	35,165,000	34,325,000	218,545,000
Tax increment financing	21,664,395	11,775,000	2,327,121	31,112,274
Transient guest tax	6,716,614	-	1,162,385	5,554,229
Airport Authority	2,525,000	-	605,000	1,920,000
Golf Course System	5,093,920	-	464,026	4,629,894
Local sales tax	104,505,000	40,500,000	6,800,000	138,205,000
Storm Water Utility	8,781,642	-	847,377	7,934,265
Revenue bonds payable from:				
Water Utility	167,473,335	-	8,181,446	159,291,888
Sewer Utility	146,809,546	-	6,205,000	140,604,547
Airport Special Facilities	76,556,762	-	1,359,318	75,197,444
Wichita Public Building Commission	26,555,000	-	2,325,000	24,230,000
	<u>\$ 835,699,782</u>	<u>\$ 87,440,000</u>	<u>\$ 75,359,167</u>	<u>\$ 847,780,615</u>

RECONCILIATION OF BONDS PAYABLE  
December 31, 2007

General obligation bonds	\$ 448,456,736
Revenue bonds	<u>399,323,879</u>
 Total bonds payable	 <u>\$ 847,780,615</u>
 Serial bonds payable exclusive of bond anticipation notes	 \$ 433,972,577
Bonds payable from component unit	24,230,000
Bonds payable from proprietary funds	<u>389,578,038</u>
 Total bonds payable	 <u>\$ 847,780,615</u>

**CITY OF WICHITA, KANSAS**

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES  
BASED ON BONDED DEBT AS OF DECEMBER 31, 2007

Year	PAYABLE FROM PROPERTY TAXES			PAYABLE FROM TRANSIENT GUEST TAX		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2008	9,757,139	1,431,818	11,188,958	915,686	751,669	1,667,355
2009	8,788,136	1,051,780	9,839,917	901,477	778,128	1,679,605
2010	6,710,581	742,556	7,453,136	889,911	796,976	1,686,887
2011	5,381,076	505,070	5,886,145	891,553	811,924	1,703,477
2012	5,390,073	308,154	5,698,227	891,264	824,992	1,716,256
2013	3,509,069	125,146	3,634,214	896,914	829,966	1,726,880
2014	1,020,000	16,830	1,036,830	167,424	8,371	175,795
	<u>\$ 40,556,074</u>	<u>\$ 4,181,354</u>	<u>\$ 44,737,428</u>	<u>\$ 5,554,229</u>	<u>\$ 4,802,026</u>	<u>\$ 10,356,255</u>

Year	PAYABLE FROM TAX INCREMENT FINANCING			PAYABLE FROM LOCAL SALES TAX		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2008	3,075,303	1,417,321	4,492,624	9,040,000	6,098,410	15,138,410
2009	3,288,485	1,236,699	4,525,184	9,520,000	5,699,704	15,219,704
2010	2,973,636	1,101,039	4,074,675	9,950,000	5,288,798	15,238,798
2011	3,179,849	973,610	4,153,459	10,430,000	4,854,123	15,284,123
2012	3,399,091	837,240	4,236,331	10,880,000	4,391,035	15,271,035
2013	2,603,334	690,048	3,293,382	11,385,000	3,867,073	15,252,073
2014	1,672,576	571,379	2,243,955	11,875,000	3,328,498	15,203,498
2015	1,475,000	497,453	1,972,453	12,380,000	2,779,373	15,159,373
2016	1,540,000	433,863	1,973,863	12,920,000	2,199,960	15,119,960
2017	1,605,000	366,701	1,971,701	13,495,000	1,622,523	15,117,523
2018	1,675,000	295,954	1,970,954	9,735,000	1,092,860	10,827,860
2019	1,265,000	222,379	1,487,379	6,230,000	648,548	6,878,548
2020	1,315,000	163,604	1,478,604	3,300,000	446,753	3,746,753
2021	1,005,000	102,044	1,107,044	3,455,000	306,503	3,761,503
2022	1,040,000	52,300	1,092,300	3,610,000	157,938	3,767,938
	<u>\$ 31,112,274</u>	<u>\$ 8,961,634</u>	<u>\$ 40,073,908</u>	<u>\$ 138,205,000</u>	<u>\$ 42,782,099</u>	<u>\$ 180,987,099</u>

Year	TOTAL PAYABLE FROM TAXES			PAYABLE FROM SPECIAL ASSESSMENTS		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2008	22,788,128	9,699,218	32,487,346	20,170,000	9,949,934	30,119,934
2009	22,498,098	8,766,311	31,264,410	19,900,000	8,602,008	28,502,008
2010	20,524,128	7,929,369	28,453,497	20,280,000	7,773,242	28,053,242
2011	19,882,478	7,144,727	27,027,205	19,645,000	6,916,123	26,561,123
2012	20,560,429	6,361,421	26,921,850	18,915,000	6,060,588	24,975,588
2013	18,394,317	5,512,233	23,906,549	18,175,000	5,209,838	23,384,838
2014	14,735,000	3,925,078	18,660,078	16,885,000	4,363,845	21,248,845
2015	13,855,000	3,276,826	17,131,826	15,510,000	3,574,252	19,084,252
2016	14,460,000	2,633,823	17,093,823	13,805,000	2,831,963	16,636,963
2017	15,100,000	1,989,224	17,089,224	12,980,000	2,261,256	15,241,256
2018	11,410,000	1,388,814	12,798,814	12,135,000	1,724,691	13,859,691
2019	7,495,000	870,927	8,365,927	10,090,000	1,222,338	11,312,338
2020	4,615,000	610,357	5,225,357	8,205,000	805,304	9,010,304
2021	4,460,000	408,547	4,868,547	5,580,000	461,369	6,041,369
2022	4,650,000	210,238	4,860,238	3,060,000	227,980	3,287,980
2023	-	-	-	670,000	101,608	771,608
2024	-	-	-	695,000	79,758	774,758
2025	-	-	-	695,000	56,708	751,708
2026	-	-	-	600,000	34,208	634,208
2027	-	-	-	550,000	-	550,000
	<u>\$ 215,427,577</u>	<u>\$ 60,727,113</u>	<u>\$ 276,154,690</u>	<u>\$ 218,545,000</u>	<u>\$ 62,257,013</u>	<u>\$ 280,802,013</u>

**CITY OF WICHITA, KANSAS**

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES  
PAYABLE FROM PROPRIETARY FUND REVENUES  
BASED ON BONDED DEBT AS OF DECEMBER 31, 2007

PROPRIETARY FUNDS

Year	Airport Authority		Golf Course System		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	640,000	94,933	479,947	232,213	872,377	279,135
2009	675,000	58,306	504,947	208,958	897,378	246,564
2010	525,000	19,563	525,000	184,243	922,377	211,934
2011	80,000	4,240	555,000	158,255	947,378	175,639
2012	-	-	590,000	130,228	972,377	139,845
2013	-	-	620,000	99,990	997,378	104,245
2014	-	-	660,000	67,750	745,000	72,675
2015	-	-	695,000	34,750	775,000	44,928
2016	-	-	-	-	805,000	15,295
	<u>\$ 1,920,000</u>	<u>\$ 177,042</u>	<u>\$ 4,629,894</u>	<u>\$ 1,116,387</u>	<u>\$ 7,934,265</u>	<u>\$ 1,290,260</u>

Totals

Year	Principal	Interest	Debt Service Charges
2008	1,992,324	606,281	2,598,605
2009	2,077,325	513,828	2,591,154
2010	1,972,377	415,740	2,388,117
2011	1,582,378	338,134	1,920,513
2012	1,562,377	270,073	1,832,451
2013	1,617,378	204,235	1,821,613
2014	1,405,000	140,425	1,545,425
2015	1,470,000	79,678	1,549,678
2016	805,000	15,295	820,295
	<u>\$ 14,484,159</u>	<u>\$ 2,583,689</u>	<u>\$ 17,067,850</u>

**CITY OF WICHITA, KANSAS**

**SUMMARY OF REVENUE BOND DEBT SERVICE CHARGES  
PAYABLE FROM PROPRIETARY FUND AND COMPONENT UNIT REVENUES  
BASED ON BONDED DEBT AS OF DECEMBER 31, 2007**

**PROPRIETARY FUNDS**

Year	Water Utility		Sewer Utility		Wichita Airport Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	8,074,823	7,494,234	6,124,975	6,724,329	300,000	4,778,364
2009	8,731,008	7,181,316	6,512,778	6,480,857	11,747,444	4,758,884
2010	8,735,901	6,801,332	6,277,538	6,207,987	450,000	3,827,648
2011	9,158,555	6,389,530	7,105,230	5,910,924	480,000	3,798,632
2012	9,569,444	5,957,749	7,935,416	5,573,332	505,000	3,767,492
2013	8,841,571	5,520,199	7,390,128	5,208,334	470,000	3,733,765
2014	9,300,325	5,101,970	7,739,010	4,858,776	435,000	3,704,155
2015	9,814,338	4,651,059	8,173,471	4,483,138	-	3,674,792
2016	10,391,326	4,168,404	8,665,834	4,075,404	-	3,674,792
2017	7,918,994	3,657,179	6,708,435	3,643,036	-	3,674,792
2018	8,380,454	3,281,680	7,093,206	3,307,292	-	3,674,792
2019	5,879,587	2,884,765	6,321,310	2,952,470	-	3,674,792
2020	6,162,315	2,595,509	6,616,876	2,638,432	-	3,674,792
2021	6,459,303	2,301,462	6,954,285	2,317,518	1,300,000	3,597,063
2022	6,196,462	1,999,723	7,298,538	1,980,177	-	3,577,292
2023	6,510,365	1,693,916	7,639,635	1,617,597	-	3,577,292
2024	4,749,267	1,372,611	4,655,733	1,238,077	-	3,577,292
2025	5,090,795	1,135,148	5,064,205	1,005,290	7,350,000	3,360,542
2026	4,241,834	888,208	4,583,166	761,267	-	3,194,792
2027	4,066,020	689,784	3,958,980	544,879	-	3,194,792
2028	4,251,517	499,877	4,168,483	358,236	-	3,194,792
2029	2,537,015	300,046	1,377,985	160,992	-	3,194,792
2030	2,655,669	182,668	1,439,331	96,845	-	3,194,792
2031	1,575,000	66,938	800,000	34,000	2,860,000	3,194,792
2032	-	-	-	-	49,300,000	1,540,625
	<u>\$ 159,291,888</u>	<u>\$ 76,815,306</u>	<u>\$ 140,604,547</u>	<u>\$ 72,179,189</u>	<u>\$ 75,197,444</u>	<u>\$ 88,816,550</u>

COMONENT UNIT				
Wichita Public Building Commission		Totals		
Principal	Interest	Principal	Interest	Charges
2,425,000	949,209	16,924,798	19,946,136	36,870,934
2,505,000	865,586	29,496,230	19,286,643	48,782,873
2,595,000	773,228	18,058,438	17,610,195	35,668,633
2,695,000	677,553	19,438,785	16,776,638	36,215,423
2,790,000	581,495	20,799,860	15,880,068	36,679,928
2,890,000	473,695	19,591,699	14,935,993	34,527,692
3,010,000	354,263	20,484,336	14,019,164	34,503,500
1,480,000	220,960	19,467,810	13,029,949	32,497,759
1,555,000	146,315	20,612,160	12,064,915	32,677,075
1,630,000	69,196	16,257,429	11,044,203	27,301,632
100,000	28,420	15,573,660	10,292,184	25,865,844
100,000	24,420	12,300,897	9,536,447	21,837,344
105,000	20,020	12,884,190	8,928,753	21,812,943
110,000	15,400	14,823,588	8,231,443	23,055,031
115,000	10,560	13,610,000	7,567,752	21,177,752
125,000	5,500	14,275,000	6,894,305	21,169,305
-	-	9,405,000	6,187,980	15,592,980
-	-	17,505,000	5,500,980	23,005,980
-	-	8,825,000	4,844,267	13,669,267
-	-	8,025,000	4,429,455	12,454,455
-	-	8,420,000	4,052,905	12,472,905
-	-	3,915,000	3,655,830	7,570,830
-	-	4,095,000	3,474,305	7,569,305
-	-	5,235,000	3,295,730	8,530,730
-	-	49,300,000	1,540,625	50,840,625
<u>\$ 24,230,000</u>	<u>\$ 5,215,820</u>	<u>\$ 399,323,879</u>	<u>\$ 243,026,865</u>	<u>\$ 642,350,745</u>

**CITY OF WICHITA, KANSAS**

**SCHEDULE OF INSURANCE IN FORCE**

December 31, 2007

Company	Policy Period		Details of Coverage	Terms	Deductible	Value Limits
	From	To				
Travelers	01-07	01-08	Property Insurance - All risk coverage on real and personal property for which the City is legally liable, per I.A.W. statement of values on replacement cost basis.	Per occurrence-Property	\$ 100,000	\$ 489,691,116
					Wind and hail \$1,000,000	489,691,116
Travelers	01-07	01-08	Property Insurance - Comprehensive coverage for steam boilers, air conditioning and electric motors. Property coverage for repair or replacement cost.	Per occurrence	10,000	75,000,000
Travelers	01-07	01-08	Data processing property protection	Hardware	100,000	10,000,000
Hartford Fire	01-07	01-09	Burglary and/or theft coverage for monies and securities	Per occurrence	10,000	1,000,000
Hartford Fire	01-07	01-09	Blanket position bond - coverage per dishonest acts of employees	Per loss/per employee	10,000	1,000,000
Housing Authority Insurance Group	06-07	06-08	WHA general liability	Per occurrence	10,000	5,000,000
Housing Authority Insurance Group	06-07	06-08	WHA fire insurance on owned units	Per occurrence	5,000	\$54,024,501 combined limit based on individual property values
Philadelphia Indemnity Insurance	12-07	12-08	WHA flood insurance on owned units-29 units	Per occurrence	5,000	\$48,000 per unit
Safety National Casualty Corporation	01-07	01-08	Excess workers' compensation coverage	Per occurrence	750,000	Statutory
			Employers' liability	Per occurrence	-	1,000,000
Zurich	01-07	01-08	Travel accident insurance	Per person / occurrence	-	100,000
				Aggregate	-	500,000
Old Republic Insurance Company	01-07	01-08	Helicopter liability coverage - property	Per occurrence	-	1,000,000
			Helicopter hull coverage-in motion	Per occurrence	60,000	1,200,000
			Helicopter hull coverage-not in motion	Per occurrence	5,000	1,200,000
Insurance Company of State of Pennsylvania	01-07	01-08	Special liability	Per occurrence	2,000,000	10,000,000
<b>WICHITA AIRPORT</b>						
ACE USA	01-07	01-08	Comprehensive general liability -primary	Per occurrence	1,000	50,000,000
				Aggregate	10,000	
Lloyds	01-07	01-08	Comprehensive general liability -excess	Per occurrence	-	50,000,000
Great American Alliance Insurance Company	01-07	01-08	Underground storage tank liability	Per occurrence	10,000	1,000,000
<b>WICHITA ART MUSEUM</b>						
American Insurance Corp. 50%	01-07	01-08	All risk coverage for fine arts collections, on premises, worldwide transit coverage and other locations	Per occurrence, permanent collection and collections on loan	1,000	\$70,000,000 @ insured's premises; \$20,000,000 @ any other location; \$20,000,000 in transit; \$70,000,000 any one loss / disaster
AXA Art Insurance Corp. 50%						
<b>WICHITA PUBLIC BUILDING COMMISSION - STATE OFFICE BUILDING</b>						
Travelers	01-07	01-08	Property - buildings and earnings State office building and parking facility	Per occurrence as scheduled	5,000	31,600,000
Travelers	01-07	01-08	Comprehensive general liability	Per occurrence	-	1,000,000

## ***STATISTICAL SECTION***

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

**Financial trends** information helps the reader understand how the City's financial performance and well-being have changed over time.

**Revenue capacity** information is intended to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

**Debt capacity** 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.

**Demographic and economic indicators** are offered to help the reader understand the environment within which the City's financial activities take place and to help make comparisons across time.

**Operating information** about the City and its resources is provided to help the reader understand how the City's financial information relates to the services provided and the activities the City performs.

# CITY OF WICHITA, KANSAS

## NET ASSETS BY COMPONENT

For years ended December 31, 2002 through December 31, 2007  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Governmental activities</b>						
Invested in capital assets net of related debt	\$ 386,100	\$ 414,206	\$ 370,193	\$ 376,630	\$ 457,432	\$ 488,829
Restricted for:						
Capital projects	13,565	23,340	40,741	34,397	25,275	69,899
Highways and streets	12,133	12,558	12,827	11,641	8,898	6,712
Debt service	162,623	180,799	266,105	261,354	252,783	228,627
Perpetual care	799	813	827	839	831	859
Other purposes	12,196	12,240	17,452	19,409	18,524	19,673
Unrestricted	39,995	15,015	14,643	28,625	(8,843)	(12,955)
<b>Total governmental activities net assets</b>	<u>\$ 627,411</u>	<u>\$ 658,971</u>	<u>\$ 722,788</u>	<u>\$ 732,895</u>	<u>\$ 754,900</u>	<u>\$ 801,644</u>
<b>Business-type activities</b>						
Invested in capital assets net of related debt	\$ 594,231	\$ 575,074	\$ 626,009	\$ 664,564	\$ 684,433	\$ 744,184
Restricted for:						
Capital projects	2,432	6,771	7,560	5,233	10,456	15,391
Debt service	1,630	2,978	2,840	3,206	3,660	3,523
Revenue bond reserves	28,664	65,389	40,613	48,145	55,714	30,186
Unrestricted	30,073	25,787	24,887	34,814	32,620	25,868
<b>Total business-type activities net assets</b>	<u>\$ 657,030</u>	<u>\$ 675,999</u>	<u>\$ 701,909</u>	<u>\$ 755,962</u>	<u>\$ 786,883</u>	<u>\$ 819,152</u>
<b>Primary government</b>						
Invested in capital assets net of related debt	\$ 980,331	\$ 989,280	\$ 996,202	\$1,041,194	\$1,141,865	\$1,232,525
Restricted for:						
Capital projects	15,997	30,111	48,301	39,630	35,731	85,290
Highways and streets	12,133	12,558	12,827	11,641	8,898	6,712
Debt service	164,253	183,777	268,945	264,560	256,443	232,150
Revenue bond reserves	28,664	65,389	40,613	48,145	55,714	30,186
Perpetual care	799	813	827	839	831	859
Other purposes	12,196	12,240	17,452	19,409	18,524	19,673
Unrestricted	70,068	40,802	39,530	63,439	23,777	13,401
<b>Total primary government net assets</b>	<u>\$1,284,441</u>	<u>\$1,334,970</u>	<u>\$1,424,697</u>	<u>\$1,488,857</u>	<u>\$1,541,783</u>	<u>\$1,620,796</u>

Note: Comparative information provided beginning with the year of GASB 34 implementation.

**CITY OF WICHITA, KANSAS**

**CHANGES IN NET ASSETS**

For years ended December 31, 2002 through December 31, 2007  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Expenses</b>						
Governmental activities:						
General government	\$ 30,848	\$ 30,888	\$ 45,119	\$ 36,835	\$ 47,248	\$ 36,810
Public safety	84,756	88,369	94,029	97,962	104,819	114,507
Highways and streets	50,122	94,348	96,767	104,570	109,643	94,502
Sanitation	5,184	4,908	1,650	2,700	3,680	3,729
Health and welfare	37,372	38,790	35,914	33,833	34,561	33,088
Culture and recreation	30,442	29,205	32,102	33,814	33,242	34,294
Interest on long-term debt	15,856	16,037	19,104	20,901	20,605	20,922
Total governmental activities expenses	<u>254,580</u>	<u>302,545</u>	<u>324,685</u>	<u>330,615</u>	<u>353,798</u>	<u>337,852</u>
Business-type activities:						
Water	26,904	29,658	32,290	34,417	36,233	38,130
Sewer	21,909	26,133	26,984	29,328	31,001	31,983
Airport	23,793	24,606	25,355	24,324	25,619	25,789
Transit	9,777	9,959	10,810	11,923	12,185	12,928
Storm Water	4,010	4,217	4,030	4,078	5,270	5,490
Golf	3,947	4,049	4,357	4,589	5,017	4,985
Total business-type activities expenses	<u>90,340</u>	<u>98,622</u>	<u>103,826</u>	<u>108,659</u>	<u>115,325</u>	<u>119,305</u>
Total primary government expenses	<u>\$ 344,920</u>	<u>\$ 401,167</u>	<u>\$ 428,511</u>	<u>\$ 439,274</u>	<u>\$ 469,123</u>	<u>\$ 457,157</u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services						
General government	\$ 12,465	\$ 14,282	\$ 14,085	\$ 15,137	\$ 14,390	\$ 16,258
Public safety	6,381	5,207	4,813	5,565	5,949	6,713
Highways and streets	4,619	4,602	4,461	4,459	5,077	4,940
Sanitation	399	425	788	518	978	817
Health and welfare	1,139	1,438	1,456	3,179	1,767	2,960
Culture and recreation	5,601	5,009	5,311	4,874	4,876	4,546
Operating grants and contributions	53,962	50,671	48,862	50,659	50,167	49,594
Capital grants and contributions	39,269	78,060	116,377	67,817	86,328	78,098
Total governmental activities program revenues	<u>123,835</u>	<u>159,694</u>	<u>196,153</u>	<u>152,208</u>	<u>169,532</u>	<u>163,926</u>
Business-type activities:						
Charges for services						
Water	32,787	31,980	33,461	36,036	40,658	37,486
Sewer	25,490	25,714	25,881	28,669	28,868	31,875
Airport	16,601	15,153	18,280	18,856	20,321	20,635
Transit	1,594	1,619	1,633	1,754	1,708	1,738
Storm Water	4,959	5,326	5,513	5,868	7,063	8,273
Golf	3,359	3,479	3,551	3,574	4,365	3,981
Operating grants and contributions	4,277	3,138	3,156	4,075	4,849	5,561
Capital grants and contributions	33,869	27,622	31,850	47,139	31,209	33,867
Total business-type activities program revenues	<u>122,936</u>	<u>114,031</u>	<u>123,325</u>	<u>145,971</u>	<u>139,041</u>	<u>143,416</u>
Total primary government program revenues	<u>\$ 246,771</u>	<u>\$ 273,725</u>	<u>\$ 319,478</u>	<u>\$ 298,179</u>	<u>\$ 308,573</u>	<u>\$ 307,342</u>
Net (Expense) Revenue						
Governmental activities	\$ (130,745)	\$ (142,851)	\$ (128,532)	\$ (178,407)	\$ (184,266)	\$ (173,926)
Business-type activities	32,596	15,409	19,499	37,312	23,716	24,111
Total primary government net expense	<u>\$ (98,149)</u>	<u>\$ (127,442)</u>	<u>\$ (109,033)</u>	<u>\$ (141,095)</u>	<u>\$ (160,550)</u>	<u>\$ (149,815)</u>
<b>General Revenues and Other Charges in Net Assets</b>						
Governmental activities:						
Taxes						
Property taxes	\$ 71,447	\$ 75,287	\$ 82,582	\$ 85,573	\$ 89,682	\$ 94,959
Sales taxes	40,952	39,735	44,739	45,181	47,705	49,256
Franchise fees	28,792	29,259	29,556	30,702	31,851	32,157
Motor vehicle taxes	11,107	11,068	11,780	12,168	12,590	13,060
Transient guest taxes	4,361	4,488	4,926	5,064	5,035	5,709
Investment earnings	8,652	5,472	5,668	8,296	10,866	11,535
Miscellaneous	10,409	11,404	13,311	12,263	7,747	12,329
Special item-gain (loss) on sale of assets	(1,975)	-	-	-	-	-
Transfers	(3,671)	(2,302)	(607)	(9,976)	545	1,101
Prior period adjustments	-	-	394	(758)	251	564
Total governmental activities	<u>170,074</u>	<u>174,411</u>	<u>192,349</u>	<u>188,513</u>	<u>206,272</u>	<u>220,670</u>
Business-type activities:						
Investment earnings	5,724	6,258	5,615	6,199	7,277	8,466
Miscellaneous	292	145	189	566	856	793
Special item-gain (loss) on sale of assets	44	-	-	-	-	-
Transfers	3,671	2,302	607	9,976	(545)	(1,101)
Prior period adjustments	-	-	-	-	(383)	-
Total business-type activities	<u>9,731</u>	<u>8,705</u>	<u>6,411</u>	<u>16,741</u>	<u>7,205</u>	<u>8,158</u>
Total primary government	<u>\$ 179,805</u>	<u>\$ 183,116</u>	<u>\$ 198,760</u>	<u>\$ 205,254</u>	<u>\$ 213,477</u>	<u>\$ 228,828</u>
<b>Change in Net Assets</b>						
Governmental activities	39,329	31,560	63,817	10,106	22,005	46,744
Business-type activities	42,327	24,114	25,910	54,053	30,921	32,269
Total primary government	<u>\$ 81,656</u>	<u>\$ 55,674</u>	<u>\$ 89,727</u>	<u>\$ 64,159</u>	<u>\$ 52,926</u>	<u>\$ 79,013</u>

# CITY OF WICHITA, KANSAS

## FUND BALANCES OF GOVERNMENTAL FUNDS

For years ended December 31, 2002 through December 31, 2007  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General fund						
Reserved	\$ 2,258	\$ 2,683	\$ 3,675	\$ 3,887	\$ 2,767	\$ 3,485
Unreserved	21,126	20,769	22,000	22,867	23,026	23,051
Total general fund	\$ 23,384	\$ 23,452	\$ 25,675	\$ 26,754	\$ 25,793	\$ 26,536
Debt Service fund						
Unreserved	\$ 20,079	\$ 26,286	\$ 65,958	\$ 57,287	\$ 40,945	\$ 16,107
Total general fund	\$ 20,079	\$ 26,286	\$ 65,958	\$ 57,287	\$ 40,945	\$ 16,107
All other governmental funds						
Reserved	\$ 144,172	\$ 99,036	\$ 57,962	\$ 115,661	\$ 137,531	\$ 112,903
Unreserved reported in:						
Special revenue funds	54,434	53,352	59,468	60,404	57,387	60,417
Capital projects funds	(150,469)	(105,664)	(49,344)	(137,842)	(207,404)	(152,103)
Permanent funds	798	814	827	603	594	623
Total all other governmental funds	\$ 48,935	\$ 47,538	\$ 68,913	\$ 38,826	\$ (11,892)	\$ 21,840

Note: Comparative information provided beginning with the year of GASB 34 implementation.

# CITY OF WICHITA, KANSAS

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

For years ended December 31, 2002 through December 31, 2007

(accrual basis of accounting)

(dollars expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Revenues</b>						
Taxes	\$ 127,867	\$ 130,579	\$ 144,028	\$ 147,986	\$ 155,011	\$ 162,985
Special assessments	27,557	25,875	26,371	27,099	29,102	30,082
Franchise fees	28,792	29,259	29,556	30,702	31,851	32,157
Intergovernmental	66,353	90,492	96,078	87,953	98,988	96,660
Charges for services	9,951	9,842	10,414	10,310	10,398	9,946
Licenses and permits	6,331	5,614	6,069	6,494	7,048	7,478
Fines and penalties	8,139	8,454	7,933	8,666	8,801	9,948
Rents	4,602	4,175	4,061	3,848	3,956	5,568
Investment earnings	7,827	5,053	5,396	7,699	9,944	10,375
Other revenue	12,925	15,341	18,053	18,036	12,179	16,242
<b>Total revenues</b>	<b>300,344</b>	<b>324,684</b>	<b>347,959</b>	<b>348,793</b>	<b>367,278</b>	<b>381,441</b>
<b>Expenditures</b>						
General government	29,644	25,343	29,836	30,524	34,193	31,576
Public safety	84,887	86,742	91,576	94,353	103,315	110,745
Highways and streets	18,658	17,726	18,796	21,569	22,833	22,784
Sanitation	4,466	3,590	3,592	3,082	3,304	3,609
Health and welfare	36,822	38,100	34,741	32,900	33,482	31,758
Culture and recreation	27,271	25,987	27,883	29,256	29,650	30,171
Capital outlay	123,828	171,333	146,568	126,314	170,129	150,383
Debt service:						
Principal	93,993	55,207	61,745	65,492	59,867	58,496
Interest	14,854	15,681	18,341	20,517	20,418	20,332
<b>Total expenditures</b>	<b>434,423</b>	<b>439,709</b>	<b>433,078</b>	<b>424,007</b>	<b>477,191</b>	<b>459,854</b>
Excess of revenues over (under) expenditures	(134,079)	(115,025)	(85,119)	(75,214)	(109,913)	(78,413)
<b>Other financing sources (uses)</b>						
Transfers in	50,546	44,645	71,432	67,897	94,789	109,209
Transfers out	(54,521)	(44,444)	(70,941)	(68,088)	(92,973)	(107,707)
Refunding bonds issued	-	18,230	71,980	-	-	-
Bonds issued	102,596	119,307	100,466	57,172	48,879	101,620
Premium on bonds issued	-	4,045	5,532	83	159	628
Discount on bonds issued	-	-	(225)	-	-	-
Payments on refunded bonds	-	(21,880)	(30,250)	(19,175)	(8,845)	(15,615)
<b>Total other financing sources (uses)</b>	<b>98,621</b>	<b>119,903</b>	<b>147,994</b>	<b>37,889</b>	<b>42,009</b>	<b>88,135</b>
Prior period adjustment	-	-	-	(354)	(117)	(86)
<b>Net changes in fund balances</b>	<b>\$ (35,458)</b>	<b>\$ 4,878</b>	<b>\$ 62,875</b>	<b>\$ (37,679)</b>	<b>\$ (68,021)</b>	<b>\$ 9,636</b>
Debt service as a percentage of noncapital expenditures	32.5%	21.0%	22.4%	23.2%	21.0%	21.5%

Note: Comparative information provided beginning with the year of GASB 34 implementation.

# CITY OF WICHITA, KANSAS

## GOVERNMENTAL OWN SOURCE REVENUES BY SOURCE

For years ended December 31, 1998 through December 31, 2007

(modified accrual basis of accounting)

(dollars expressed in thousands)

<u>Year</u>	<u>Property Taxes</u>	<u>Special Assessments</u>	<u>Franchise Fees</u>
1998	\$ 61,339	\$ 23,826	\$ 27,208
1999	62,498	23,269	27,636
2000	69,345	24,576	29,088
2001	73,228	25,598	31,521
2002	78,096	25,705	28,792
2003	81,285	25,042	29,259
2004	88,845	25,216	29,556
2005	91,345	26,452	30,702
2006	95,339	28,013	31,851
2007	108,018	29,529	32,157

Note: For comparative purposes, property tax revenue for years 1998 and 1999 include the tax increment financing districts, which were classified at that time as trust funds.

In 2000, the tax increment financing districts were reclassified as special revenue funds and became governmental funds.

## CITY OF WICHITA, KANSAS

### GOVERNMENTAL REVENUES BY SOURCE

For fiscal years 1998 through 2007  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

Year	Taxes	Special Assessments	Franchise Fees	Local Sales Tax	Intergovernmental	Licenses and Permits
1998	\$ 66,415	\$ 24,778	\$ 27,208	\$ 39,130	\$ 58,700	\$ 4,658
1999	68,047	23,915	27,636	38,238	75,954	4,715
2000	75,663	25,877	29,088	37,779	73,682	5,272
2001	81,586	26,295	31,521	40,187	71,330	6,382
2002	86,915	27,557	28,792	40,952	66,352	6,331
2003	90,844	25,875	29,259	39,735	90,492	5,614
2004	99,289	26,371	29,556	44,739	96,078	6,069
2005	102,805	27,099	30,702	45,181	87,953	6,494
2006	107,307	29,102	31,851	47,705	98,988	7,047
2007	113,728	30,082	32,157	49,256	96,660	7,478

Note: All Governmental Fund types including Expendable Trust Funds are reported for 1998-2001.

### GOVERNMENTAL EXPENDITURES BY FUNCTION

For fiscal years 1998 through 2007  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

Year	General Government	Public Safety	Highways and Streets	Sanitation	Health and Welfare
1998	\$ 23,022	\$ 71,029	\$ 16,707	\$ 4,619	\$ 29,287
1999	24,453	72,931	15,960	5,408	31,573
2000	23,980	76,700	17,368	4,649	37,618
2001	25,496	78,639	17,685	6,814	38,741
2002	29,644	84,887	18,659	4,466	36,822
2003	25,343	86,742	17,726	3,591	38,100
2004	29,836	91,576	18,796	3,592	34,741
2005	30,524	94,352	21,569	3,082	32,900
2006	34,193	103,315	22,833	3,305	33,482
2007	31,576	110,745	22,783	3,609	31,758

Note: All Governmental Fund types including Expendable Trust Funds are reported for 1998-2001.

## CITY OF WICHITA, KANSAS

### GOVERNMENTAL REVENUES BY SOURCE

For fiscal years 1998 through 2007  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	Fines and Penalties	Rentals	Interest Earnings	Charges for Services and Sales	Other Revenues	Total	Year
\$	8,999	\$ 3,245	\$ 7,881	\$ 21,238	\$ 22,487	\$ 284,739	1998
	9,181	3,950	8,489	18,722	17,039	295,886	1999
	7,400	4,148	10,212	19,775	13,471	302,367	2000
	6,852	4,331	10,441	18,444	16,592	313,961	2001
	8,139	4,602	7,827	9,950	12,925	300,342	2002
	8,454	4,175	5,053	9,842	15,341	324,684	2003
	7,933	4,061	5,396	10,414	18,053	347,959	2004
	8,666	3,848	7,699	10,310	18,036	348,793	2005
	8,801	3,956	9,944	10,398	12,179	367,278	2006
	9,948	5,568	10,375	9,946	16,241	381,440	2007

### GOVERNMENTAL EXPENDITURES BY FUNCTION

For fiscal years 1998 through 2007  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

	Culture and Recreation	Debt Service	Capital Outlay	Total	Year
\$	23,797	\$ 71,407	\$ 73,176	\$ 313,044	1998
	23,723	65,056	94,254	333,358	1999
	24,386	62,858	78,920	326,479	2000
	25,098	68,993	115,792	377,258	2001
	27,271	108,847	123,828	434,424	2002
	25,987	70,888	171,333	439,710	2003
	27,883	80,086	146,568	433,078	2004
	29,256	86,009	126,314	424,006	2005
	29,650	80,284	170,129	477,191	2006
	30,171	78,828	150,383	459,853	2007

# CITY OF WICHITA, KANSAS

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

For years ended December 31, 1998 through December 31, 2007

(dollars expressed in thousands of dollars)

Year <sup>1</sup>	Real Property		Personal Property		State Assessed Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1998	\$ 1,398,595	\$ 9,660,784	\$ 240,785	\$ 987,508	\$ 119,768	\$ 362,934
1999	1,521,203	10,572,931	258,933	1,067,548	118,859	360,180
2000	1,666,014	11,620,283	291,867	1,214,678	120,686	365,715
2001	1,787,594	12,475,185	273,783	1,153,727	128,886	390,562
2002	1,888,530	13,132,043	277,106	1,154,747	116,026	351,594
2003	2,064,518	14,310,944	276,057	1,147,884	118,372	358,702
2004	2,147,334	14,958,321	275,516	1,142,836	123,092	373,006
2005	2,265,832	15,804,145	276,669	1,136,938	125,534	380,408
2006	2,434,211	16,932,177	284,827	1,165,037	114,675	347,499
2007	2,633,615	18,234,004	248,988	1,019,861	109,702	332,430

Totals Assessed Property						
Year	Assessed Value	Estimated Actual Value	Assessed Value as a Percent of Actual Value	Total Direct Tax Rate <sup>2</sup>	Tangible Valuation of Motor Vehicles	Total Valuation for Bonded Debt Limitations
1998	\$ 1,759,148	\$ 11,011,226	15.98%	4.83	\$ 312,087	\$ 2,071,235
1999	1,898,995	12,000,659	15.82%	4.74	314,395	2,213,390
2000	2,078,567	13,200,676	15.75%	4.72	306,303	2,384,870
2001	2,190,263	14,019,474	15.62%	4.96	324,709	2,514,972
2002	2,281,662	14,638,384	15.59%	5.01	342,600	2,624,262
2003	2,458,947	15,817,530	15.55%	4.86	352,820	2,811,767
2004	2,545,942	16,474,163	15.45%	5.13	360,861	2,906,803
2005	2,668,035	17,321,491	15.40%	5.03	369,682	3,037,717
2006	2,833,713	18,444,713	15.36%	4.95	379,910	3,213,623
2007	2,992,305	19,586,295	15.28%	4.96	392,292	3,384,597

<sup>1</sup> The assessed value and tax rate of the referenced year supports the budget of the subsequent year. For example, the assessed value of 2007 multiplied by the tax rate supports the budget of fiscal 2008. Excludes valuation of motor vehicles.

<sup>2</sup> Direct tax rates are per \$1,000 of assessed value.

Source: Sedgwick County Clerk and Sedgwick County Appraiser

# CITY OF WICHITA, KANSAS

## PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS For years ended December 31, 1998 through December 31, 2007

Year <sup>1</sup>	City of Wichita			Overlapping Rates				Total Direct & Overlapping Rates	
	Operating Millage	Debt Millage	Total Millage	State Levy	Wichita State University	Sedgwick County	Unified School District 259		Total Overlapping
1998	21.251	10.002	31.253	1.500	1.500	28.138	37.636	68.774	100.027
1999	21.355	10.051	31.406	1.500	1.500	27.199	37.526	67.725	99.131
2000	21.323	10.036	31.359	1.500	1.543	27.057	46.163	76.263	107.622
2001	21.437	10.037	31.474	1.500	1.500	27.154	54.926	85.080	116.554
2002	21.727	10.118	31.845	1.500	1.500	27.276	51.839	82.115	113.960
2003	21.886	10.019	31.905	1.500	1.500	27.317	51.408	81.725	113.630
2004	21.852	9.976	31.828	1.500	1.495	27.268	51.296	81.559	113.387
2005	21.876	10.022	31.898	1.500	1.500	27.258	51.300	81.558	113.456
2006	21.936	10.017	31.953	1.500	1.500	29.815	51.296	84.111	116.064
2007	21.971	10.008	31.979	1.500	1.500	31.333	53.238	87.571	119.550

<sup>1</sup> Represents the year taxes were levied to provide support for the subsequent budget year.

Source: Sedgwick County Clerk and Sedgwick County Appraiser

## CITY OF WICHITA, KANSAS

### PRINCIPAL PROPERTY TAXPAYERS

For years ended December 31, 1998 and December 31, 2007  
(dollars expressed in thousands)

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
<b>City of Wichita:</b>						
Southwestern Bell	\$ 39,006	1	1.30 %	\$ 50,568	1	2.43 %
Kansas Gas & Elec - A Western Resources	34,908	2	1.17	-	-	-
Wesley Medical Center LLC (HCA)	34,007	3	1.14	24,935	4	1.20
Simon Property Group	30,764	4	1.03	28,488	3	1.37
Kansas Gas Service-Div of Oneok	14,369	5	0.48	8,344	6	0.40
Target Corporation	11,645	6	0.39	-	-	-
Builders, Inc.	11,278	7	0.38	-	-	-
Wal-Mart Real Estate Business	10,675	8	0.36	-	-	-
Bradley Fair One LLC	8,797	9	0.29	-	-	-
Koch Real Estate Holdings	7,734	10	0.26	13,874	5	0.67
Western Resources	-	-	-	44,591	2	2.14
The Boeing Company	-	-	-	6,384	7	0.31
AT&T	-	-	-	5,489	8	0.26
Learjet	-	-	-	4,376	9	0.21
Corporate Hills Hotel Associates	-	-	-	4,325	10	0.21
	<u>\$ 203,183</u>		<u>6.79 %</u>	<u>\$ 191,374</u>		<u>9.20 %</u>

### Sedgwick County:

KS Gas & Electric-A Westar Energy Co.	\$ 63,504	1	1.58 %	\$ -	-	0.00 %
Southwestern Bell	49,372	2	1.23	62,120	3	2.14
Mid-Western Aircraft Systems, Inc.	44,478	3	1.11	-	-	-
The Boeing Company	41,494	4	1.03	80,363	2	2.77
Wesley Medical Center LLC	34,007	5	0.85	-	-	-
Spirit Aerosystems	33,245	6	0.83	-	-	-
Simon Property Group	30,764	7	0.77	28,488	4	0.99
Cessna Aircraft Company	27,223	8	0.68	19,152	6	0.66
Wesstar Energy-Elec Div	19,923	9	0.50	-	-	-
Kansas Gas Service-Div of Oneok	18,005	10	0.45	-	-	-
Western Resources	-	-	-	82,825	1	2.86
HCA Health Services of Kansas, Inc.	-	-	-	24,966	5	0.86
Vulcan Materials	-	-	-	16,384	7	0.56
Raytheon Aircraft Company	-	-	-	14,205	8	0.49
Koch Industries	-	-	-	13,969	9	0.48
ONEOK	-	-	-	11,247	10	0.39
	<u>\$ 362,015</u>		<u>9.01 %</u>	<u>\$ 353,719</u>		<u>12.20 %</u>

### PRINCIPAL EMPLOYERS, WICHITA AREA

December 31, 2007

Employer	2007			1998		
	Total full-time Wichita-area Employees	Rank	Percentage of Total City Employment	Total full-time Wichita-area Employees	Rank	Percentage of Total City Employment
<b>Company name</b>						
Cessna Aircraft Co.	11,300	1	3.89 %	10,100	2	3.58 %
Spirit AeroSystems Inc.	10,900	2	3.75	-	-	-
Hawker Beechcraft Corporation	6,767	3	2.33	-	-	0.00
USD 259 Wichita	5,391	4	1.86	4,445	5	1.58
Via Christi Health System	4,809	5	1.66	3,988	7	1.41
State of Kansas	4,094	6	1.41	5,096	4	1.81
City of Wichita	3,103	7	1.07	2,810	10	1.00
Boeing IDS Wichita	3,005	8	1.04	21,000	1	7.44
Sedgwick County	2,763	9	0.95	-	-	-
United States Government	2,524	10	0.87	4,100	6	1.45
Raytheon Aircraft Co.	-	-	-	8,100	3	2.87
Koch Industries	-	-	-	3,602	8	1.28
Bombardier Aerospace Learjet, Inc.	-	-	-	3,425	9	1.21
			<u>18.83 %</u>			<u>23.62 %</u>
Total employment	302,500			282,900		

Source: Wichita Business Journal; total employment U.S. Department of Labor, Bureau of Labor Statistics

## CITY OF WICHITA, KANSAS

### PROPERTY TAX LEVIES AND COLLECTIONS

#### General and Debt Service Funds

For years ended December 31, 1998 through December 31, 2007  
(dollars expressed in thousands)

Year Ended December 31 <sup>1</sup>	Current Year Collections			Collections in Subsequent Years	Total Tax Collections	
	Taxes Levied	Amount	Percentage Levy		Amount	Percentage of Levy
1998	\$ 52,357	\$ 50,553	96.55 %	\$ 893	\$ 51,446	98.26 %
1999	54,979	52,895	96.21	1,119	54,014	98.24
2000	59,641	56,957	95.50	1,050	58,007	97.26
2001	65,180	61,319	94.08	1,139	62,458	95.82
2002	68,935	65,483	94.99	1,509	66,992	97.18
2003	72,659	68,607	94.42	1,579	70,186	96.60
2004	78,450	74,180	94.56	2,863	77,043	98.21
2005	81,030	76,454	94.35	2,694	79,148	97.68
2006	85,103	80,692	94.82	2,031	82,723	97.20
2007	90,546	86,525	95.56	2,192	88,717	97.98

### PROPERTY TAX LEVIES AND COLLECTIONS

#### Tax Increment Financing Districts

For years ended December 31, 1998 through December 31, 2007  
(dollars expressed in thousands)  
(Includes Taxes on Real Property Only)

Year Ended December 31 <sup>1</sup>	Current Year Collections			Collections in Subsequent Years	Total Tax Collections	
	Taxes Levied	Amount	Percentage Levy		Amount	Percentage of Levy
1998	\$ 800	\$ 750	93.75 %	\$ 22	\$ 772	96.50 %
1999	1,896	1,376	72.57	22	1,398	73.73
2000	2,656	2,149	80.91	34	2,183	82.19
2001	4,422	3,823	86.45	52	3,875	87.63
2002	4,467	3,851	86.21	95	3,946	88.34
2003	4,138	4,280	103.43	141	4,421	106.84
2004	6,033	4,524	74.99	242	4,766	79.00
2005	6,163	5,361	86.99	303	5,664	91.90
2006	6,169	5,766	93.47	353	6,119	99.19
2007	6,580	6,087	92.51	194	6,281	95.46

### SPECIAL ASSESSMENT LEVIES AND COLLECTIONS

For Fiscal Years 1998 through 2007  
(dollars expressed in thousands)

Year Ended December 31 <sup>1</sup>	Assessments Certified to County <sup>2</sup>	Current Year Collections		Collections in Subsequent Years	Total Assessment Collections	
		Amount	Percentage of Assessment		Amount	Percentage of Assessment
1998	\$ 22,135	\$ 21,152	95.56 %	\$ 823	\$ 21,975	99.28 %
1999	21,625	20,815	96.25	989	21,804	100.83
2000	22,965	21,993	95.77	758	22,751	99.07
2001	24,538	23,290	94.91	751	24,041	97.97
2002	24,206	22,953	94.82	1,245	24,198	99.97
2003	23,788	22,645	95.20	1,084	23,729	99.75
2004	24,659	23,355	94.71	481	23,836	96.66
2005	25,034	23,958	95.70	1,258	25,216	100.73
2006	27,137	25,902	95.45	778	26,680	98.32
2007	28,797	27,282	94.74	860	28,142	97.73

<sup>1</sup> The year shown is the year in which the collections were received. The levy or assessment is certified to the county the previous year.

<sup>2</sup> Special assessments of proprietary funds and advance payments are not included.

## CITY OF WICHITA, KANSAS

### RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

For years ending December 31, 1998 through December 31, 2007

(dollars expressed thousands except per capita amounts)

Year	Assessed Value <sup>1</sup>	Gross Bonded Debt <sup>2</sup>	Debt Service Monies Available	Debt Payable From Local Sales Tax	Debt Payable from Transient Guest Tax
1998	\$ 2,079,606	\$ 293,130	\$ 10,599	\$ 40,000	\$ 17,408
1999	2,213,539	305,885	15,490	32,500	17,509
2000	2,384,871	314,685	25,037	25,000	16,203
2001	2,514,971	279,827	6,393	17,500	14,398
2002	2,624,262	327,649	20,079	56,000	12,520
2003	2,811,767	380,223	26,286	92,690	10,552
2004	2,981,652	458,232	65,958	122,180	10,110
2005	3,037,718	433,104	57,287	113,500	8,890
2006	3,213,623	418,305	40,945	104,505	6,717
2007	3,384,597	448,457	16,107	138,205	5,554

<sup>1</sup> Includes assessed value and motor vehicle valuations expressed in thousands

<sup>2</sup> Includes all long-term general obligation debt.

<u>Debt Payable from Proprietary Revenues</u>	<u>Debt payable from Special Assessments</u>	<u>Net Bonded Debt Payable</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>	<u>Year</u>
\$ 25,267	\$ 140,994	\$ 58,862	2.82	\$ 176.40	1998
19,098	149,115	72,173	2.83	215.08	1999
25,062	158,375	65,008	3.26	184.94	2000
21,278	149,255	71,003	2.73	201.57	2001
18,689	148,540	71,821	2.82	202.70	2002
18,822	160,865	71,008	2.53	200.51	2003
15,846	206,720	37,418	1.25	105.87	2004
12,771	210,370	30,286	1.00	85.31	2005
16,401	217,705	32,032	1.00	89.55	2006
14,484	218,545	55,562	1.64	153.41	2007

# CITY OF WICHITA, KANSAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

For years ended December 31, 1998 through December 31, 2007  
(dollars expressed in thousands except per capita amounts)

Fiscal Year	Governmental Activities		Proprietary Activities			
	General Obligation Bonds <sup>1</sup>	Water Utility Bonds	Sewer Utility Bonds	Airport Authority Bonds	General Obligation Bonds	
1998	\$ 267,863	\$ 61,142	\$ 55,078	\$ 26,809	\$ 25,268	
1999	286,787	92,865	65,380	27,567	19,098	
2000	289,623	91,604	61,921	36,568	25,062	
2001	258,549	91,868	58,292	31,093	21,278	
2002	148,540	86,921	54,585	75,116	18,689	
2003	361,401	129,914	122,999	77,570	18,822	
2004	442,386	124,032	118,471	74,166	15,846	
2005	420,333	145,759	129,887	77,825	12,771	
2006	401,905	167,473	146,810	76,557	16,401	
2007	433,973	159,292	140,604	75,198	14,484	

Fiscal Year	Total Primary Government	Per Capita <sup>2</sup>	Total Debt as a Percent of Personal Income	Component Unit
				Wichita Public Building Commission
1998	\$ 436,160	\$ 1,307	4.92 %	\$ 49,150
1999	491,697	1,465	5.52	49,260
2000	504,778	1,436	5.16	45,700
2001	461,080	1,309	4.38	41,620
2002	383,851	1,083	3.63	37,470
2003	710,706	2,007	6.65	33,505
2004	774,901	2,193	6.91	32,075
2005	786,575	2,216	6.58	29,315
2006	809,146	2,262	6.41	26,555
2007	823,551	2,274	6.27	24,230

<sup>1</sup> The source of funding for debt sold as general obligation debt is presented on page G-2 and G-3 in the Statistical Section.

<sup>2</sup> Population figures are presented on page H-16 of this section.

# CITY OF WICHITA, KANSAS

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

For years ended December 31, 1998 through December 31, 2007  
(dollars expressed in thousands except per capita amounts)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percent of Estimated Actual Value of Taxable Property <sup>1</sup>	Per Capita <sup>2</sup>
1998	\$ 293,130	\$ 10,599	\$ 282,531	2.57%	846.7
1999	305,885	15,490	290,395	2.42%	865.4
2000	314,685	25,037	289,648	2.19%	824.0
2001	279,827	6,393	273,434	1.95%	776.2
2002	327,649	20,079	307,570	2.10%	868.0
2003	380,223	26,286	353,937	2.24%	999.5
2004	458,232	65,958	392,274	2.38%	1,109.9
2005	433,104	57,287	375,817	2.17%	1,058.6
2006	418,200	40,945	377,255	2.05%	1,054.7
2007	448,457	16,107	432,350	2.21%	1,193.7

<sup>1</sup> Excludes estimated actual value of motor vehicles.

<sup>2</sup> Population figures provided on page H-16 of this section.

## RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GOVERNMENT EXPENDITURES

For years ended December 31, 1998 through December 31, 2007  
(dollars expressed in thousands)

Fiscal Year	Principal	Interest	Debt Service <sup>1</sup>	Total Government Expenditures <sup>2</sup>	Ratio of Debt Service to Government Expenditures
1998	\$ 30,965	\$ 12,624	\$ 43,589	\$ 313,044	13.92
1999	32,731	13,192	45,923	333,358	13.78
2000	35,299	14,104	49,403	326,480	15.13
2001	45,819	14,119	59,938	377,259	15.89
2002	38,000	13,925	51,925	434,424	11.95
2003	40,241	14,482	54,723	439,709	12.45
2004	38,570	16,473	55,043	433,078	12.71
2005	42,111	17,301	59,412	424,007	14.01
2006	41,002	17,176	58,178	477,191	12.19
2007	40,189	16,751	56,940	459,853	12.38

<sup>1</sup> Excludes debt service related to Section 108 loan.

<sup>2</sup> Includes expenditures of all government fund types.

# CITY OF WICHITA, KANSAS

## LEGAL DEBT MARGIN INFORMATION

For years ended December 31, 1998 through December 31, 2007  
(dollars expressed in thousands)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Debt limit	\$ 623,882	\$ 664,018	\$ 715,461	\$ 754,491
Total net debt applicable to limit	<u>212,638</u>	<u>217,675</u>	<u>216,533</u>	<u>266,213</u>
Legal debt margin	<u>\$ 411,244</u>	<u>\$ 446,343</u>	<u>\$ 498,928</u>	<u>\$ 488,278</u>
Total net debt applicable to limit as a percentage of debt limit	34.08%	32.78%	30.26%	35.28%

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 787,279	\$ 843,530	\$ 872,044	\$ 911,315	\$ 964,087	\$ 1,015,379
<u>287,304</u>	<u>270,190</u>	<u>252,320</u>	<u>227,053</u>	<u>232,818</u>	<u>197,179</u>
<u><u>\$ 499,975</u></u>	<u><u>\$ 573,340</u></u>	<u><u>\$ 619,724</u></u>	<u><u>\$ 684,262</u></u>	<u><u>\$ 731,269</u></u>	<u><u>\$ 818,200</u></u>
36.49%	32.03%	28.93%	24.91%	24.15%	19.42%

2007 Equalized assessed valuation of taxable tangible property	\$ 2,992,305
Add: 2007 Estimated tangible valuation of motor vehicles	<u>392,292</u>
Total assessed value	\$ 3,384,597
Debt limit (30% of equalized assessed value)	1,015,379
Total debt	748,353
Debt applicable to limit:	
General obligation bonds	213,286
Less: Amount set aside for repayment of general obligation debt	16,107
Total net debt applicable to limit	<u>197,179</u>
Legal debt margin	<u><u>\$ 818,200</u></u>

**CITY OF WICHITA, KANSAS**

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**

As of December 31, 2005, 2006 and 2007  
(dollars expressed in thousands)

	<u>December 31, 2005</u>		<u>December 31, 2006</u>		<u>December 31, 2007</u>	
	<u>Percent of debt applicable to City</u>	<u>City of Wichita share of debt</u>	<u>Percent of debt applicable to City</u>	<u>City of Wichita share of debt</u>	<u>Percent of debt applicable to City</u>	<u>City of Wichita share of debt</u>
Direct Debt:						
General obligation bonded debt						
Payable from ad valorem taxes		\$ 62,211		\$ 51,314		\$ 40,556
Temporary note debt		<u>66,180</u>		<u>58,845</u>		<u>65,140</u>
Total direct debt		128,391		110,159		105,696
Less - assets in debt service fund available for payment of principal		<u>32,113</u>		<u>24,911</u>		<u>16,020</u>
Total net direct debt		<u>96,278</u>		<u>85,248</u>		<u>89,676</u>
Overlapping debt:						
Sedgwick County	74.45	109,258	74.70	115,748	73.90	105,383
USD 259	64.59	194,148	65.41	192,464	62.76	173,754
Wichita Public Building Commission	100.00	<u>14,950</u>	100.00	<u>13,520</u>	100.00	<u>12,560</u>
Total overlapping debt		<u>318,356</u>		<u>321,732</u>		<u>291,697</u>
Total direct and overlapping debt		<u>\$ 414,634</u>		<u>\$ 406,980</u>		<u>\$ 381,373</u>

Note: Percentage of overlapping debt based on assessed valuation.

## CITY OF WICHITA, KANSAS

### PLEGDED-REVENUE COVERAGE

For years ended December 31, 1998 through December 31, 2007

(dollars expressed in thousands)

Water Revenue Bonds						
Fiscal Year	Gross Earnings	Less: Operating and Maintenance Expenses	Net Revenue Available for Debt Service	Principal	Interest	Coverage
1998	\$ 30,786	\$ 15,244	\$ 15,542	\$ 3,425	\$ 3,428	2.27
1999	27,342	15,426	11,916	3,677	3,577	1.64
2000	32,778	16,627	16,151	3,901	4,679	1.88
2001	36,729	17,480	19,249	4,357	4,710	2.12
2002	37,687	17,829	19,858	4,947	4,343	2.14
2003	36,427	17,911	18,516	5,122	5,770	1.70
2004	38,059	18,752	19,307	5,881	6,193	1.60
2005	42,081	21,014	21,067	6,279	5,321	1.82
2006	46,580	22,189	24,391	7,146	6,800	1.75
2007	43,901	22,924	20,977	8,181	7,588	1.33

Sewer Revenue Bonds						
Fiscal Year	Gross Earnings	Less: Operating and Maintenance Expenses	Net Revenue Available for Debt Service	Principal	Interest	Coverage
1998	\$ 23,776	\$ 12,744	\$ 11,032	\$ 2,781	\$ 3,109	1.87
1999	22,269	13,173	9,096	3,410	3,023	1.41
2000	25,015	13,494	11,521	3,470	3,309	1.70
2001	25,243	14,768	10,475	3,695	3,306	1.50
2002	27,053	15,938	11,115	3,707	2,800	1.71
2003	27,814	16,252	11,562	3,836	5,170	1.28
2004	28,198	16,487	11,711	4,528	5,876	1.13
2005	30,685	17,328	13,357	4,842	5,364	1.31
2006	31,607	18,851	12,756	5,358	6,164	1.11
2007	34,994	19,049	15,945	6,205	6,797	1.23

Combined Water and Sewer Revenue Bonds						
Fiscal Year	Gross Earnings	Less: Operating and Maintenance Expenses	Net Revenue Available for Debt Service	Principal	Interest	Coverage
1998	\$ 54,562	\$ 27,988	\$ 26,574	\$ 6,206	\$ 6,537	2.09
1999	49,611	28,599	21,012	7,087	6,600	1.54
2000	57,793	30,121	27,672	7,371	7,988	1.80
2001	61,972	32,248	29,724	8,052	8,016	1.85
2002	64,740	33,767	30,973	8,654	7,143	1.96
2003	64,241	34,163	30,078	8,958	10,940	1.51
2004	66,257	35,239	31,018	10,409	12,069	1.38
2005	72,766	38,342	34,424	11,121	10,685	1.58
2006	78,187	41,040	37,147	12,504	12,964	1.46
2007	78,895	41,973	36,922	14,386	14,385	1.28

**CITY OF WICHITA, KANSAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
For years 1998 through 2007

Fiscal Year	Population of Wichita <sup>1</sup>	Population of Wichita MSA <sup>2</sup>	Personal Income of Wichita MSA (amounts expressed in thousands) <sup>3</sup>
1998	333,680	565,914	\$ 15,026,598
1999	335,562	569,949	15,136,727
2000	351,510	572,015	15,918,139
2001	352,253	574,926	17,197,254
2002	354,325	579,645	17,297,382
2003	354,131	581,330	17,534,899
2004	353,424	583,530	18,519,359
2005	355,029	586,933	19,762,665
2006	357,698	589,279	19,762,665
2007	362,187	596,452	19,762,665

Fiscal Year	Per Capita Personal Income <sup>4</sup>	Median Age <sup>5</sup>	School Enrollment <sup>6</sup>
1998	\$ 26,553	33.1	48,454
1999	26,558	33.3	48,547
2000	27,828	33.4	49,100
2001	29,912	33.6	49,147
2002	29,841	34.4	48,962
2003	30,163	33.2	49,065
2004	31,737	35.4	48,818
2005	33,671	34.2	48,865
2006	35,283	34.8	48,451
2007	36,271	35.0	48,705

<sup>1</sup> 1997-2006 estimates, U. S. Bureau of Census; 2007 estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University

<sup>2</sup> 1997-2000, 2006 and 2007 estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University; 2001-2005 estimates, Bureau of Census, NAICS Series

<sup>3</sup> 1997-2000 estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University; 2001-2005 estimates, Bureau of Census, NAICS Series; 2006 and 2007 personal income estimates not available at publishing.

<sup>4</sup> 1998-2005, U. S. Bureau of Economic Analysis; 2006 and 2007 estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University

<sup>5</sup> 1998, 1999, 2001 and 2007 estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University; 2000 Bureau of Census; 2002-2006 estimated by the U.S. Census, American Community Survey.

<sup>6</sup> Wichita Public Schools, Unified School District 259

**CITY OF WICHITA, KANSAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**

For years ended December 31, 2002 through December 31, 2007

Function	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Public safety</b>						
Police stations	4	4	4	4	4	4
Police patrol units	175	175	175	175	175	175
Fire stations	18	18	18	18	18	19
<b>Highways and streets</b>						
Streets (miles)	1,710	1,725	1,745	1,760	1,795	1,830
Signalized intersections	518	523	526	541	547	553
<b>Culture and recreation</b>						
Parks acreage	4,273	4,273	4,273	4,327	4,458	5,281
Swimming pools	12	12	12	11	11	11
Interactive water features	2	2	3	5	5	6
Fishing ponds	11	11	11	12	13	13
Tennis courts	85	86	83	74	75	76
Exercise/fitness trails	13	13	12	12	12	12
Children's playgrounds	68	67	67	74	78	78
Community centers	10	10	10	10	10	10
Golf Courses	5	5	5	5	5	5
Libraries	12	10	9	9	9	9
<b>Water</b>						
Water mains (miles)	1,881	1,881	2,006	2,031	2,244	2,280
Maximum daily capacity (million gallons per day) <sup>1</sup>	91	95	100	106	119	108
<b>Sewer</b>						
Sanitary sewers (miles) <sup>2</sup>	1,904	1,904	1,919	1,925	1,935	1,986
Storm sewers (miles)	400	400	400	400	400	420
Maximum daily treatment capacity (million gallons per day)	55	59	59	61	61	59
<b>Airport</b>						
	2	2	2	2	2	2
<b>Transit</b>						
Bus and trolley fleet	56	56	56	56	56	53
Para-transit vans	27	27	27	22	22	20

<sup>1</sup> Estimated daily average

<sup>2</sup> Miles of sanitary sewers are estimates

Source: City of Wichita Finance and Operating Departments

**CITY OF WICHITA, KANSAS**  
**OPERATING INDICATORS BY FUNCTION**

For years ended December 31, 2002 through December 31, 2007

Function	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Public Safety						
Police						
Dispatched calls for 911 service <sup>1</sup>	240,000	242,000	247,233	243,166	245,200	206,453
Parking violations	20,250	25,365	20,915	19,816	20,500	30,885
Traffic violations	79,425	80,647	71,806	72,047	70,000	79,755
Fire						
Number of unit responses	50,263	53,999	52,971	60,830	60,012	67,170
Fires contained to room of origin	72%	73%	71%	41%	69%	68%
Inspections <sup>2</sup>	4,150	4,376	6,662	5,262	5,165	5,953
Highways and streets						
Street resurfacing (miles) <sup>3</sup>	48	66	62	36	36	33
Potholes repaired	40,000	55,000	70,000	55,000	42,000	96,731
Culture and recreation						
Parks and Recreation						
Golf rounds played	192,197	183,417	180,214	181,934	188,883	164,013
Trees planted	4,724	4,119	3,897	4,764	3,907	2,498
Swim Lessons	2,245	1,910	1,829	1,732	1,560	1,134
Botanica Garden visitors	99,906	101,416	114,529	102,691	111,289	94,865
Regional, state, and national conventions	32	29	29	39	29	25
Library						
Library circulation	1,851,696	1,864,047	1,905,435	1,949,241	1,992,052	2,057,722
Library program attendance	45,198	42,921	64,602	77,038	65,169	68,296
Water						
Water customers <sup>4</sup>	135,552	137,592	138,626	141,249	144,780	144,336
Main breaks per 1,000 miles of mains	391	307	254	263	311	280
Average daily consumption (million gallons per day) <sup>5</sup>	50	53	55	57	61	58
Sanitary Sewer (wastewater)						
Sewer customers <sup>6</sup>	125,995	127,990	127,314	130,496	133,759	131,235
Average daily sewage treated (million gallons per day)	37	37	39	38	35	36
Airport						
Number of passengers	1,337,270	1,431,610	1,498,749	1,486,590	1,460,331	1,596,229
Passenger enplanements	670,833	717,741	749,416	742,363	726,619	795,535
Number of daily flights	49	53	45	44	47	50
Transit						
Fixed route ridership	1,869,667	1,800,022	1,948,838	2,070,153	1,868,673	1,972,981
Para-transit ridership	287,439	320,767	330,891	327,781	326,303	318,122

<sup>1</sup> Dispatched calls for 911 service estimated for 2002 and 2003

<sup>2</sup> Number of inspections estimated for 2002

<sup>3</sup> Miles of streets resurfaced estimated for 2002

<sup>4</sup> Water customers estimated

<sup>5</sup> Average daily consumption estimated for 2002, 2003 and 2004

<sup>6</sup> Sewer customers estimated

Source: City of Wichita Finance and Operating Departments

**CITY OF WICHITA, KANSAS**  
**CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
For Years ended December 31, 1998 through December 31, 2007

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Government</b>										
City Council & City Manager	20	20	19	16	17	15	15	16	16	15
General Government Services	11	16	21	23	25	24	19	19	17	16
Economic Development	3	3	3	3	3	3	3	3	3	4
Financial Services	76	74	71	73	75	74	70	71	73	73
Legal Services	26	25	26	28	28	26	24	24	25	25
Municipal Court	112	118	104	101	101	101	106	109	105	111
Information Technology	21	23	27	32	40	50	49	52	55	56
Metropolitan Planning	30	32	36	30	29	40	30	32	32	38
Human Resources	16	16	17	17	17	17	17	17	18	18
<b>Public Safety</b>										
Police	784	827	850	830	852	839	834	841	856	857
Fire	388	388	385	383	393	404	397	397	407	439
Central Inspection	70	69	73	73	73	73	74	73	72	78
Flood Control	15	15	19	19	19	19	18	18	18	18
<b>Public Works</b>										
Administration	6	6	6	6	6	6	6	5	5	13
Maintenance	131	136	135	142	142	142	141	128	127	127
Fleet Services	58	58	58	58	58	55	60	61	61	61
Building Services	95	95	99	101	106	108	117	115	109	100
Engineering	95	95	95	95	94	93	92	102	102	98
<b>Sanitation</b>										
Landfill Operations	2	2	3	3	4	4	4	2	2	3
Street Cleaning	31	31	33	33	31	31	28	22	22	22
<b>Health and Welfare</b>										
Public Health	123	219	135	146	147	0	0	0	0	0
Housing & Community Services	97	121	91	110	111	76	75	75	79	74
Environmental Services	75	77	79	81	80	75	65	69	69	71
<b>Culture and recreation</b>										
Libraries	138	138	139	142	139	154	148	148	153	153
Art Museum	20	20	19	19	19	19	26	26	26	30
Parks & Recreation	771	806	783	856	853	741	840	273	188	198
Golf Courses	48	34	56	59	89	86	86	90	34	38
Community Facilities	43	45	47	40	40	39	39	37	34	29
<b>Water</b>	201	212	214	216	219	220	219	213	222	228
<b>Sewer</b>	145	143	143	143	152	157	159	159	159	159
<b>Airport</b>	109	109	109	109	96	114	114	116	116	115
<b>Storm Water</b>	37	37	37	37	37	37	37	37	37	33
<b>Public Transportation</b>	185	134	169	174	151	160	168	157	133	131
<b>Total</b>	<u>3,797</u>	<u>4,144</u>	<u>4,101</u>	<u>4,198</u>	<u>4,246</u>	<u>4,002</u>	<u>4,080</u>	<u>3,507</u>	<u>3,375</u>	<u>3,431</u>

Note: Numbers presented are authorized positions as reported in the Adopted Budget.

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## ***SINGLE AUDIT SECTION***

The Single Audit Section contains Independent Auditors' Reports, schedules, and exhibits reflecting Federal, State and local matching participation in various projects and programs of the City.



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

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Honorable Mayor and City Council Members  
City of Wichita, Kansas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

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

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated May 1, 2008.

This report is intended solely for the information and use of management, the City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

May 1, 2008  
Wichita, Kansas



Allen, Gibbs & Houlik, L.C.  
CPAs & Advisors

INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM,  
THE PASSENGER FACILITY CHARGE PROGRAM, AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB *CIRCULAR A-133* AND  
THE PASSENGER FACILITY CHARGE AUDIT GUIDE

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Honorable Mayor and City Council Members  
**City of Wichita, Kansas**

Compliance

We have audited the compliance of the City of Wichita, Kansas (City), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (Guide) for the year ended December 31, 2007. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and to its passenger facility charge program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the Guide. Those standards, OMB *Circular A-133*, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Wichita complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and to its passenger facility charge program for the year ended December 31, 2007.

## Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and the passenger facility charge program. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

*A material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, the City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

May 1, 2008  
Wichita, Kansas

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**CITY OF WICHITA, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2007

<u>Federal Grant or Program Title</u>	Federal CFDA Number	Revenue Recognized	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grants/ Entitlement Grants	14.218	\$ 2,641,884	\$ 3,032,365
Special Purpose Grant	14.225	-	194,875
Emergency Shelter Grants Program	14.231	179,262	169,455
Shelter Plus Care	14.238	543,259	543,259
HOME Investment Partnerships Program	14.239	1,577,299	1,660,279
Community Development Block Grants/ Economic Development Initiative	14.246	-	19,000
Public and Indian Housing	14.850	1,575,403	2,777,870
Resident Opportunity and Supportive Services	14.870	61,541	61,541
Section 8 Housing Choice Vouchers	14.871	13,016,287	13,037,577
Public Housing Capital Fund	14.872	<u>1,108,063</u>	<u>1,108,063</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 20,702,998</u>	<u>\$ 22,604,284</u>
<u>U. S. Department of the Interior</u>			
Historic Preservation Fund Grants-In-Aid (4)	15.904	\$ 19,800	\$ 15,950
Outdoor Recreation - Acquisition, Development and Planning	15.916	<u>-</u>	<u>486</u>
Total U.S. Department of the Interior		<u>\$ 19,800</u>	<u>\$ 16,436</u>
<u>U.S. Department of Justice</u>			
Crime Victim Assistance	16.575	\$ 93,048	\$ 97,041
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	641,186	674,854
Local Law Enforcement Block Grants Program	16.592	49,890	20,248
Bulletproof Vest Partnership Program	16.607	25,353	29,516
Public Safety Partnership and Community Policing Grants	16.710	38,465	32,350
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>139,022</u>	<u>142,498</u>
Total U.S. Department of Justice		<u>\$ 986,964</u>	<u>\$ 996,507</u>
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	\$ 1,228,615	\$ 1,013,172
Highway Planning and Construction (3)	20.205	36,207,822	31,323,360
Highway Educational Grants	20.216	183,298	89,790
Federal Transit - Formula Grants	20.507	5,167,951	5,167,545
Job Access Reverse Commute	20.516	138,328	124,379
State and Community Highway Safety	20.600	3,038	3,326
Child Safety & Child Booster Seats Incentive Grants	20.613	<u>52,515</u>	<u>46,334</u>
Total U.S. Department of Transportation		<u>\$ 42,981,567</u>	<u>\$ 37,767,906</u>

**CITY OF WICHITA, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2007

<u>Federal Grant or Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
 <u>Institute of Museum and Library Services</u>			
Grants to States (6)	45.310	\$ 84,297	\$ 83,505
 <u>U.S. Environmental Protection Agency</u>			
Air Pollution Control Program Support (1)	66.001	\$ 280,396	\$ 307,036
Water Pollution Control State, Interstate, and Tribal Program Support (1)	66.419	379,020	484,614
Capitalization Grants for Drinking Water State Revolving Funds (1)	66.468	<u>50,000</u>	<u>50,000</u>
Total U.S. Environmental Protection Agency		<u>\$ 709,416</u>	<u>\$ 841,650</u>
 <u>U.S. Department of Health and Human Services</u>			
Community Services Block Grant (2)	93.569	\$ 907,828	\$ 915,809
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (1)	93.596	<u>309,155</u>	<u>282,408</u>
Total U.S. Department of Health and Human Services		<u>\$ 1,216,983</u>	<u>\$ 1,198,217</u>
 <u>U.S. Department of Homeland Security</u>			
Assistance to Firefighters Grant (5)	97.044	<u>12,952</u>	<u>17,384</u>
Total U.S. Department of Homeland Security		<u>\$ 12,952</u>	<u>\$ 17,384</u>
Total revenue and expenditures of federal awards		<u>\$ 66,714,977</u>	<u>\$ 63,525,889</u>

Pass-through Agency

- (1) Federal assistance is passed through from the Kansas Department of Health and Environment
- (2) Federal assistance is passed through from the Kansas Housing Resources Corporation
- (3) Federal assistance is passed through from the Kansas Department of Transportation
- (4) Federal assistance is passed through from the Kansas Department of Administration
- (5) Federal assistance is passed through from the Kansas Adjutant General
- (6) Federal assistance is passed through from the Kansas State Library

**NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**CITY OF WICHITA KANSAS**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wichita and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Circular A-133, Audits of States Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**2. Subrecipients**

Of the federal expenditures presented in the schedule, the City of Wichita provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 648,335

**3. Community Services Block Grant**

The Community Services Block Grant (CSBG) is passed to the City of Wichita through the Kansas Housing Resources Corporation. Expenditures for the grant program years ending June 30, 2007 and June 30, 2008 are summarized in the following tables.

**CSBG Grant Program Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>			<u>Variance</u>
	July 1, 2006 to June 30, 2007	July 1 to Dec 31, 2006	January 1 to June 30, 2007	Total	
	Revenue	\$990,358	\$330,120	\$660,238	\$990,358
Expenditures:					
Personnel	\$274,294	\$ 94,449	\$213,627	\$308,076	\$(33,782)
Contractual	666,464	227,341	383,561	610,902	55,562
Commodities	49,600	6,345	61,303	67,648	(18,048)
Total expenditures	<u>\$990,358</u>	<u>\$328,135</u>	<u>\$658,491</u>	<u>\$986,626</u>	<u>\$ 3,732</u>

**CSBG Grant Program Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>
	July 1, 2007 to June 30, 2008	July 1 to December 31, 2007
Revenue	\$990,358	\$247,590
Expenditures:		
Personnel	\$291,376	\$ 73,255
Contractual	649,416	163,309
Commodities	49,566	20,754
Total expenditures	<u>\$990,358</u>	<u>\$ 257,318</u>

**4. Emergency Community Services for the Homeless**

The Emergency Community Services for the Homeless Grant is passed to the City of Wichita through the Kansas Housing Resources Corporation. Expenditures for the grant program years ending June 30, 2007 and June 30, 2008 are summarized in the following tables.

<b>Emergency Community Services for the Homeless Grant Year Ended June 30, 2007</b>					
	<b>Budget</b>	<b>Actual</b>			<b>Variance</b>
	July 1, 2006 to June 30, 2007	July 1 to Dec 31, 2006	January 1 to June 30, 2007	Total	
Revenue	\$58,500	\$15,554	\$42,946	\$58,500	\$ -
Expenditures:					
Personnel	\$18,153	\$ 9,650	\$ 8,700	\$18,350	(\$ 197)
Contractual	33,463	12,044	21,419	33,463	-
Commodities	6,884	2,148	4,539	6,687	197
Total expenditures	\$58,500	\$23,842	\$34,658	\$58,500	\$ -

<b>Emergency Community Services for the Homeless Grant Year Ended June 30, 2008</b>		
	<b>Budget</b>	<b>Actual</b>
	July 1, 2007 to June 30, 2008	July 1 to December 31, 2007
Revenue	\$59,500	\$9,699
Expenditures:		
Personnel	\$13,902	\$3,857
Contractual	41,692	9,673
Commodities	3,906	2,110
Total expenditures	\$59,500	\$15,640

**5. Passenger Facility Charges**

The accompanying schedule of Passenger Facility Charges is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

<b>Wichita Airport Authority Passenger Facility Charges (PFC)</b>				
Approved Application Project Number	Unliquidated PFC Beginning Balance	PFC Collected	PFC Expended	Unliquidated PFC Ending Balance
96-02-C-00	\$ 1,249,191	\$ -	\$ -	\$ 1,247,191
98-03-C-00	2,207,902	-	-	2,207,902
03-04-C-00	6,166,201	1,303,190	24,080	7,445,311
Total	\$ 9,621,294	\$3,288,052	\$ 1,709,955	\$ 11,199,391

**6. Federal Forfeited Property Program**

In 2007, the Narcotic Seizure program acquired \$95,612 in federal forfeited property and expended \$92,452 on the program.

CITY OF WICHITA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2007

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SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS

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FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB *Circular A-133*?  yes  no

CITY OF WICHITA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2007

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SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS (Continued)

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Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
14.871	<i>Section 8 Housing Choice Vouchers</i>
14.850	<i>Public and Indian Housing</i>

Dollar threshold used to distinguish  
between type A and type B programs:

\$ 1,905,777

Auditee qualified as low-risk auditee?

X yes         no

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SECTION II – FINANCIAL STATEMENT FINDINGS

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None were reported.

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SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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None were reported.

## ***WATER UTILITIES SECTION***

The Water Utilities Section contains schedules and exhibits that fulfill the requirements of the Water and Sewer bond covenants.



Wichita Water Utilities  
Director's Office  
City Hall – Eighth Floor  
455 North Main  
Wichita, Kansas 67202

May 7, 2008

To our Water and Sewer Bondholders:

On behalf of the City of Wichita and the Water Utilities, I am pleased to present our 2007 Annual Report.

Wichita continues to uphold its tradition of excellence. Our mission as the premier water and sewer utility in the region is to provide quality, reliable, customer convenient water and sewer services that represent extraordinary value. That mission is achieved by ensuring effectiveness, efficiency, fiscal responsibility, accountability, responsiveness, customer friendliness, and accessibility, while increasing productivity.

The Wichita Water Utilities treats and distributes potable water and collects and processes wastewater, for about 500,000 people in south central Kansas. Services include maintaining about 3,800 miles of sewer and water mains, with related facilities, and working with business, industry and developers to provide infrastructure for their continued success.

In 2007, operation of Phase I of the Equus Beds Aquifer Storage and Recovery (ASR) Project was initiated. While the project was constructed in 2006, a lack of rain did not allow for operation of the facilities until spring 2007. Since that time, a total of over 350 million gallons, or about 1,000 acre feet, have been recharged to the aquifer. An evaluation of the viability of using membrane technologies as part of the ASR project was completed, confirming that membranes could be utilized as the primary treatment of raw water from the Little Arkansas River.

Water Distribution began aggressively replacing remaining lead services in 2006. The Water Distribution Division was able to change 157 lead services in 2007 and plan on changing the remaining 245 by the end of 2008. A valve maintenance program was also initiated in 2007. The goal is to exercise critical valves annually and all other valves at least once every five years. In 2007, 21% of the critical valves and 8% of the other valves were exercised.

In 2004, the Utility initiated a program to systematically install automated meter reading (AMR) devices. The devices have enabled the Utility to read in a few hours what used to take about 50 hours, and with zero errors. In 2007, misreads decreased by over 23%. Automated meter reading installation continued in 2007 bringing the total amount of AMR devices to almost 40,000 or nearly one-third of our total meters. Other efficiencies in the Customer Service Division include an increase in the number of payments received electronically. Payment processing through the interactive voice response system and other automated services increased approximately 7% in 2007 with over 372,000 electronic payments received.

Sewage Treatment recently completed the Mid-Continent Treatment Plant design. This project will incorporate new technologies with several areas of the process designed to incorporate energy efficiency and environmental stewardship. A Pharmaceutical Disposal Education Program was initiated as an education and outreach program to educate customers on the hazards of improper disposal of pharmaceutical and other hygiene products into the sanitary sewer.

Sewer Maintenance completed the inspection of the 54"/60" sewer that lies beneath the northbound lanes of I-135. The sewer line was constructed in the 1970's and is accessed by 25 long manway tunnels from sealed openings along the canal wall. The inspection identified some replacement needs and has also provided information for the proper abandonment of the line.

2007 brought many improvements and innovations to the Utilities. As needs and technologies change, so too will the Utilities. I want to express my gratitude to our employees for making our operation successful. Without their continuous efforts, Wichita Water Utilities would be unable to provide our customers with quality, reliable water and sewer service.

David R. Warren, Director  
Wichita Water Utilities  
The City of Wichita, Kansas

# CITY OF WICHITA, KANSAS

## WATER UTILITIES COMBINED BALANCE SHEET

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	2007	2006
<b>ASSETS</b>		
Current assets:		
Cash and temporary investments	\$ 8,598,076	\$ 7,938,969
Receivables, net	7,350,222	7,880,034
Inventories	1,556,544	1,141,990
Prepaid items	1,054	1,054
Restricted assets:		
Cash and temporary investments	17,811,926	25,757,814
Total current assets	35,317,822	42,719,861
Noncurrent assets:		
Restricted assets:		
Cash and temporary investments	31,165,165	48,626,343
Capital assets:		
Land	12,587,199	12,285,476
Buildings	148,511,545	147,989,458
Improvements other than buildings	649,096,050	614,205,389
Machinery, equipment and other assets	62,860,610	61,263,161
Construction in progress	162,015,004	150,017,789
Less accumulated depreciation	(239,874,938)	(222,476,626)
Total capital assets (net of accumulated depreciation)	795,195,470	763,284,647
Other assets	3,816,879	4,091,066
Total noncurrent assets	830,177,514	816,002,056
Total assets	\$ 865,495,336	\$ 858,721,917
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,082,334	\$ 2,416,701
Accrued interest payable	401,143	334,550
Deposits	2,743,686	2,452,677
Current portion of long-term obligations:		
Compensated absences	755,625	757,006
Current liabilities payable from restricted assets:		
Accrued interest payable	3,612,128	3,371,370
Revenue bonds payable	14,199,798	14,386,444
Total current liabilities	23,794,714	23,718,748
Noncurrent liabilities:		
Revenue bonds	285,696,637	299,896,435
Unamortized deferred refunding	(2,115,933)	(2,410,617)
Unamortized revenue bond premium	11,668,677	12,525,212
Compensated absences	109,038	106,936
Total noncurrent liabilities	295,358,419	310,117,966
Total liabilities	319,153,133	333,836,714
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	497,000,838	450,191,714
Restricted for:		
Debt service	3,523,402	3,660,081
Revenue bond reserves	30,185,871	55,714,369
Unrestricted	15,632,092	15,319,039
Total net assets	546,342,203	524,885,203
Total liabilities and net assets	\$ 865,495,336	\$ 858,721,917

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

# CITY OF WICHITA, KANSAS

## WATER UTILITIES COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	2007	2006
<b>OPERATING REVENUES</b>		
Charges for services and sales	\$ 69,339,499	\$ 69,514,263
Rentals	21,449	11,265
Other	47,666	183,556
Total operating revenues	69,408,614	69,709,084
<b>OPERATING EXPENSES</b>		
Personal services	18,631,194	17,576,834
Contractual services	12,345,286	12,316,690
Materials and supplies	5,505,626	6,123,978
Administrative charges	1,289,400	1,171,480
Payments in lieu of franchise fees	4,200,970	3,851,010
Depreciation	18,329,914	18,139,166
Total operating expenses	60,302,390	59,179,158
Operating income (loss)	9,106,224	10,529,926
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest on investments	2,679,833	1,801,282
Other revenues (expenses)	8,425	(16,438)
Interest expense	(9,588,786)	(8,337,734)
Gain (Loss) from sale of assets	(69,692)	(83,155)
Bond discount amortization	582,348	522,431
Total nonoperating revenues (expenses)	(6,387,872)	(6,113,614)
Income (loss) before contributions and transfers	2,718,352	4,416,312
<b>CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS</b>		
Capital contributions - cash	6,208,444	6,120,457
Capital contributions - non cash	15,794,824	8,796,522
Transfers to other funds	(3,264,620)	(3,274,128)
Change in net assets	21,457,000	16,059,163
Net assets - beginning	524,885,203	508,826,040
Total net assets - ending	\$ 546,342,203	\$ 524,885,203

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

# CITY OF WICHITA, KANSAS

## WATER UTILITIES COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2007  
(with comparative totals for the year ended December 31, 2006)

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 70,104,521	\$ 70,401,508
Cash payments to suppliers for goods and services	(19,880,808)	(18,848,276)
Cash payments to employees for services	(18,630,473)	(17,531,285)
Franchise fees and payments in lieu of delinquent specials	(4,200,970)	(3,851,010)
Other operating revenues	47,666	183,556
Net cash provided by (used in) operating activities	27,439,936	30,354,493
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund loan	(3,264,620)	(3,274,128)
Net cash provided by (used in) noncapital financing activities	(3,264,620)	(3,274,128)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	-	51,140,000
Premiums from the sale of bonds	-	1,919,320
Accrued interest from the sale of bonds	-	82,569
Bond issuance costs paid	-	(290,675)
Additions to property, plant and equipment	(29,197,877)	(54,148,373)
Debt service - principal	(14,386,444)	(12,503,693)
Debt service - interest	(14,384,689)	(12,964,189)
Proceeds from sale of assets	157,458	103,518
Capital contributions	6,208,444	6,120,457
Net cash provided by (used in) capital and related financing activities	(51,603,108)	(20,541,066)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	2,679,833	1,801,282
Net cash provided by investing activities	2,679,833	1,801,282
Net increase (decrease) in cash and temporary investments	(24,747,959)	8,340,581
Cash and temporary investments - January 1	82,323,126	73,982,545
Cash and temporary investments - December 31	\$ 57,575,167	\$ 82,323,126
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 9,106,224	\$ 10,529,926
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	18,329,914	18,139,166
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	529,812	759,550
(Increase) decrease in inventory	(414,554)	22
(Decrease) increase in accounts payable/accrued expenses	(325,942)	763,850
(Decrease) increase in deposits	213,761	116,430
Increase in compensated absences	721	45,549
Total adjustments	18,333,712	19,824,567
Net cash provided by (used in) operating activities	\$ 27,439,936	\$ 30,354,493
<b><u>Supplemental Schedule of Non-Cash Investing and Financing Activities</u></b>		
Assets contributed by benefit districts	\$ 12,484,210	\$ 7,732,348
Capital contributed for capital purposes	-	980,196
Contribution of capital assets	3,310,614	83,978

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

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying combined financial statements represent the proprietary Water and Sewer Utility Funds of the municipal government. The Water Utility Fund accounts for the operation and maintenance of the water supply component of the combined utility. The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and the sewer mains and laterals.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The Water and Sewer Utility Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All users, including other City Departments, are charged for services. Uncollected sales, billed or unbilled, are recorded in the financial statements net of amounts estimated to be uncollectible as of December 31, 2007.

Operating revenues and expenses are distinguished 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 and the portion of tap fees intended for recovery of connecting new customers to the system. Operating expenses of the utilities include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses. Consistent with Governmental Accounting Standards Board Statement Number 33, capital contributions resulting from nonexchange transactions are included in nonoperating revenues.

**C. Pooled Cash and Temporary Investments**

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also, effectively, may withdraw cash at any time without prior notice or penalty. Cash and cash equivalents, as reported in the Statement of Cash Flows, is defined as all cash and temporary investments, both restricted and unrestricted. Temporary investments generally have an original maturity of 90 days or less.

**D. Inventories**

Inventories are stated at the lower of cost or market, cost being determined by the average unit cost method for both the Water Utility and Sewer Utility.

1. Summary of Significant Accounting Policies (continued)

E. Capital Assets

Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated fair market 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.

Depreciation of all exhaustible capital assets, including the depreciation of capital leased assets, is charged as an expense against the utility operations. Accumulated depreciation is reported on the proprietary funds' balance sheet. Capital assets of the utilities are depreciated using the straight line method over the following estimated useful lives:

<u>Assets Classification</u>	<u>Year</u>
Buildings and improvements	1-42
Improvements other than buildings	1-50
Equipment	1-33
Vehicles	1-20
Water/Sewer mains and drainage	75-85

F. Capitalized Interest

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. During 2006 and 2007, total interest cost of the combined Water and Sewer Utility Funds was \$13,370,799 and \$15,084,706 of which \$5,033,065 and \$5,495,920 respectively was capitalized.

G. Payment of Franchise Fees

Annually, the Water Utility and Sewer Utility pay franchise fees to the General Fund of the City an amount not to exceed five percent of gross revenues for the preceding year, which is included in the annual budget. The combined utility paid to the General Fund of the City \$3,866,470 in 2007 and paid to the General Fund of the City in 2006 a total of \$3,516,510. The payment of franchise fees is an operating expense passed through to the Utilities' customers.

H. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts to employees who separate from service with the government. All vacation pay is accrued when incurred in the financial statements.

All permanent full-time and permanent part-time employees of the reporting entity within six months of continuous employment are eligible for vacation benefits in varying amounts. City policy provides that exempt employees may accumulate and carry forward each year, not more than 30 days of vacation leave. Non-exempt employees may accumulate and carry forward each year, not more than 240 hours of vacation leave. Sick leave benefits accrue to full time employees at varying rates, depending on the employees length of service to the City. A limitation has not been placed on the amount of unused sick leave that may accumulate. Upon retirement, employees may apply unused sick leave benefits to increase the employee's retirement benefit.

**NOTES TO THE FINANCIAL STATEMENTS  
OF THE WATER UTILITIES  
FISCAL YEAR ENDED DECEMBER 31, 2007**

**CITY OF WICHITA KANSAS**

**1. Summary of Significant Accounting Policies (continued)**

I. Bond Issuance Costs

Bond issuance costs are being amortized using the straight-line method of amortization over the life of the bonds.

J. Estimates

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: [1] the reported amounts of assets and liabilities, [2] disclosures such as contingencies, and [3] the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

**2. Cash and Investments**

At December 31, 2007 and 2006, the combined Utility's cash and temporary investments in the amount of \$57,575,167 and \$82,323,126 respectively are included in the City's pooled cash and temporary investments.

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety, liquidity and yield. The standard of care to be used by investment officials shall be the "prudent person" standard as contemplated by K.S. A. 17-5004(1), and shall be applied in the context of managing an overall portfolio. Additional information on the City's investment policy and the pooled investments of the City is located in the Note 5 – Cash, Investments and Securities Lending located in the Financial Section, Notes to the Financial Statements of this publication.

**3. Capital Assets**

Capital asset activity of the of the Water and Sewer Utilities for the year ended December 31, 2007 is shown as follows (expressed in thousands of dollars):

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Capital assets, not being depreciated:				
Land	\$ 12,285	\$ 302	\$ (1)	\$ 12,586
Construction in progress	150,018	27,817	(15,820)	162,015
Total capital assets, not being depreciated	<u>162,303</u>	<u>28,119</u>	<u>(15,821)</u>	<u>174,601</u>
Capital assets, being depreciated:				
Buildings	147,989	606	(84)	148,511
Improvements other than buildings	614,205	35,306	(416)	649,095
Machinery, equipment and other assets	61,263	3,292	(1,694)	62,861
Total capital assets being depreciated	<u>823,457</u>	<u>39,204</u>	<u>(2,194)</u>	<u>860,467</u>
Less accumulated depreciation for:				
Buildings	(57,251)	(3,311)	-	(60,562)
Improvements other than buildings	(129,919)	(10,317)	-	(140,236)
Machinery, equipment and other assets	(35,307)	(4,702)	932	(35,077)
Total accumulated depreciation	<u>(222,477)</u>	<u>(18,330)</u>	<u>932</u>	<u>(239,875)</u>
Total capital assets, net	<u>\$ 763,283</u>	<u>\$ 48,993</u>	<u>\$ (17,083)</u>	<u>\$ 795,193</u>

**4. Retirement Funds**

The reporting entity contributes to a defined single-employer retirement benefit plan, the Wichita Employees' Retirement System (WERS) and a single-employer defined contribution plan, the Wichita Employees' Retirement System Plan 3. Both plans are governed by the Wichita Employees' Retirement System Board of Trustees. All full-time employees of the Utilities participate in one of the retirement plans. The payroll for the Utilities' employees covered by the systems for the years ended December 31, 2007 and December 31, 2006 was \$14,945,077 and \$14,535,531 respectively, which was also the total payroll for the utilities.

Additional information on the retirement systems is reported in the Notes to the Financial Statements for the City of Wichita, located in the Financial Section of this publication. The Wichita Retirement System also issues a publicly available financial report that includes financial statements and required supplementary information for WERS and Wichita Police and Fire Retirement System. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12<sup>th</sup> Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was also closed to new entrants with the establishment of Plan 3, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. The Utility's are required to contribute at an actuarially determined rate; the rate for 2007 was 4.7 percent of annual covered payroll for both Plans 1 and 2.

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2007, the Utility's annual pension cost of \$610,879 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2005 actuarial valuation using the individual entry age actuarial cost method. The actuarial accrued liability, as determined by the entry age normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the fourth year this smoothing method has been used.

The actuarial value of the entire WERS assets as of December 31, 2007 and December 31, 2006 were respectively \$545,880,881 and \$505,756,000 while the actuarially determined accrued liability was \$483,387,000 and \$459,062,000 respectively. Assets in excess of the actuarial accrued liability at the end of 2007 were \$50,524,000 and at the end of 2006 \$46,694,000.

For the year ending December 31, 2007, employee contributions to all pension plans for the Utility totaled \$637,907 and \$626,049 contributed in 2006.

**5. Self-Insurance Fund**

The City established a self-insurance fund in 1987 to account for self-insurance programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity.

Beginning in 2006, the City converted the flexi-funded life insurance program to a fully insured program. The contributions and premiums for this plan are accounted for in the Self Insurance Fund. For those funds paying insurance costs, the contributions are recorded as expenditures/expenses in the paying fund and revenues in the Self-Insurance Fund. The City records liabilities for known claims and estimated liabilities incurred but not reported at year-end. The claims are reflected under accounts payable and accrued liabilities in the internal service funds. The Utility participates in self insurance fund programs of workers' compensation, group life insurance, group health insurance, employee liability, property damage, auto liability and general liability.

Health Insurance. In 2006, the employee health insurance program was a partially insured program with health insurance offered to all full-time employees of the reporting entity and their dependants. The health insurance program was open to retirees and dependants up to 65 years of age. A monthly premium was paid to the Coventry Health Care of Kansas for payment of all medical costs. A self-insured prescription drug plan was included in the monthly premium paid to Coventry Health Care of Kansas.

Beginning on January 1, 2007, the City converted to a self-insured health insurance program with the City self-insuring health benefits up to \$400,000 per member and a stop-loss secondary coverage for costs above \$400,000. The self-insured prescription drug plan is included in the monthly premium paid to Coventry Health Care of Kansas. At December 31, 2007, the City recorded a liability of \$2,424,000 for estimated claims pending. Net assets at December 31, 2007 were \$6,570,806.

Worker's Compensation. The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, maintaining a 90 percent confidence level.

Group Life Insurance. Prior to 2006, the City maintained a flexi-funded life insurance program administered by Minnesota Mutual Life Insurance Company, which provided basic life, dependent life, and accidental death and dismemberment with conversion privileges to participants. Beginning in December 2005, the life insurance program was converted to a fully insured program offering the same benefits to employees. The cost of basic employee life insurance is funded approximately one third by the employee and two thirds by the City.

Benefit levels are based on employee compensation. The City offers additional supplemental, voluntary accidental death and dismemberment insurance for both employees and eligible dependents, the total cost of which is paid by the employee. Contributions (employee and employer), plus interest earned on investments, are used for premium payments. All full-time employees of the reporting entity are eligible to participate in the plans. Coverage is terminated, if the participant fails to make contributions toward the cost of insurance, if the participant terminates employment with the City and does not elect the conversion or portability option, or if the plan is terminated.

General Liability. The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. The program also includes vehicle liability and building and content insurance. The deductible portion of the building and content insurance coverage is paid from the self-insurance fund. The deductible is \$100,000 per occurrence with a \$1,000,000 deductible per occurrence for wind and hail.

Additional information on the insurance programs is located in the Notes to the Comprehensive Annual Financial Report, which begin on page A-36 of this publication.

NOTES TO THE FINANCIAL STATEMENTS  
OF THE WATER UTILITIES  
FISCAL YEAR ENDED DECEMBER 31, 2007

CITY OF WICHITA KANSAS

6. Long-Term Debt

A. Revenue Bonds

Revenue bonds are issued by the City of Wichita where income derived from the acquired or constructed assets is pledged to pay debt service. The bonds are payable solely from net revenues of the utilities. Revenue bonds outstanding at December 31, 2006 are as follows (expressed in thousands of dollars):

<u>Outstanding issue</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
1998-Water & Sewer	4.70%	2012	\$ 10,220
1999-Water & Sewer	4.00 - 5.00%	2018	7,380
2000A-Water	4.69%	2021	2,085
2000B-Water	4.69%	2021	3,591
2001-Water & Sewer	3.90 - 5.00%	2009	4,720
2003-Water & Sewer	2.70 - 5.25%	2028	116,365
2005A-Water & Sewer Refunding	3.00 - 5.00%	2016	36,665
2005B Water & Sewer Refunding	3.25 - 5.00%	2016	24,500
2005C Water & Sewer	3.25 - 5.00%	2030	44,550
2006-Water & Sewer	4.00 - 5.00%	2031	49,820
Total Water and Sewer Utility bonded debt			<u>\$ 299,896</u>

Changes in the long-term liability for the year ended December 31, 2007 are summarized in the following table:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
Revenue bonds	\$314,283	\$ -	\$(14,387)	\$299,896	\$14,200
Deferred amount on refunding	(2,411)	-	295	(2,116)	-
Unamortized premium	<u>12,525</u>	<u>-</u>	<u>(856)</u>	<u>11,669</u>	<u>-</u>
Total bonds payable	324,397	-	(14,948)	309,449	14,200
Compensated absences	<u>864</u>	<u>829</u>	<u>(828)</u>	<u>865</u>	<u>756</u>
Total long-term liabilities					
Water and Sewer Utility	<u>\$325,261</u>	<u>\$ 829</u>	<u>\$(15,776)</u>	<u>\$ 310,314</u>	<u>\$ 14,956</u>

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 14,200	\$ 14,219
2009	15,244	13,662
2010	15,013	13,009
2011	16,264	12,301
2012	17,505	11,531
2013 - 2017	84,943	45,367
2018 - 2022	67,362	26,259
2023 - 2027	50,560	10,947
2028 - 2031	18,805	1,699
Totals	<u>\$ 299,896</u>	<u>\$ 148,994</u>

6. Long-Term Debt (continued)

B. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2007, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond ordinances.

<u>Account</u>	<u>Amount</u>	<u>Expenses</u>
Unrestricted revenue	Amount deemed reasonable and necessary to pay expense of operation and maintenance for the ensuing 60 days	Expenses for operation, repair and maintenance for the Utility
Principal and Interest	An equal prorate portion of the next semi-annual interest payment plus the semiannual principal maturity on the first day of each month which is sufficient to meet the maturing bond and interest requirements.	Payment of principal and interest on revenue bonds
Bond Reserve	All Utility revenue bonds are guaranteed by an alternate credit facility. Therefore a bond reserve is not required.	
Depreciation and replacement	\$5,000 monthly, or the amount available after above allocations, until 15% of the operating revenues of the preceding year are accumulated.	To be used for the purpose of extraordinary maintenance and repairs, capital improvements, and if other funds are not available, for the cost of operating and maintaining the Utility.
Improvement	Amount remaining in the Revenue Fund on each January 1, which shall not be required for the operation and maintenance of the Utility or for the transfers required to the above accounts for a period of 90 days shall be credited to the account.	May be used for (1) operational and maintenance expenses of the Utility, (2) increase amounts in any of the other accounts to cover potential deficiencies, (3) improvements, repairs or extensions of the utility, (4) redemption of bonds issued under provisions of the ordinance prior to maturity, or (5) to make transfers to the Revenue Fund.

At December 31, 2007 and 2006, cash determined in accordance with the revenue requirements of the bond covenants was \$8,598,076 and \$7,938,970.

6. Long-Term Debt (continued)

B. Revenue Bond Ordinance Provisions and Reserve Requirements

<u>Water and Sewer Utility Restricted Assets</u>		
	<u>2007</u>	<u>2006</u>
Principal and Interest	\$18,791,220	\$18,669,788
Depreciation and Replacement	6,621,404	6,863,388
Improvements	23,564,467	48,850,980
	<u>\$48,977,091</u>	<u>\$74,384,156</u>

7. Segment Information

The Utility maintains separate funds for water and sewer services. Segment information for the year ended December 31, 2007 is located in the Financial Section of this publication.

**CITY OF WICHITA, KANSAS**  
**WATER UTILITIES**  
**NET REVENUES AVAILABLE FOR DEBT SERVICE AND**  
**CAPITAL EXPENDITURES MADE FROM OPERATING REVENUES**  
For the year ended December 31, 2007

**UNAUDITED**

	<u>Water</u>	<u>Sewer</u>	<u>Combined</u>
<b>REVENUES</b>			
Charges for services	\$ 37,464,628	\$ 31,874,871	\$ 69,339,499
Investment earnings	1,654,104	1,025,729	2,679,833
Capital contributions - cash	4,394,945	1,813,499	6,208,444
Bond discount amortization	320,820	261,528	582,348
Other	66,191	18,579	84,770
Gross earnings	<u>43,900,688</u>	<u>34,994,206</u>	<u>78,894,894</u>
<b>OPERATIONS AND MAINTENANCE</b>			
Personal services	8,959,024	9,672,170	18,631,194
Contractual services	7,504,381	4,840,905	12,345,286
Materials and supplies	2,994,813	2,510,813	5,505,626
Administrative charges	1,038,830	250,570	1,289,400
Contributions to the city	2,426,500	1,774,470	4,200,970
Total operations and maintenance	<u>22,923,548</u>	<u>19,048,928</u>	<u>41,972,476</u>
Net revenues available for debt service	<u>\$ 20,977,140</u>	<u>\$ 15,945,278</u>	<u>\$ 36,922,418</u>
<b>REVENUE BONDS DEBT SERVICE</b>	\$ 15,769,595	\$ 13,001,538	\$ 28,771,133
<b>DEBT SERVICE COVERAGE RATIO</b>	1.33	1.23	1.28
Gross earnings	\$ 43,900,688	\$ 34,994,206	\$ 78,894,894
Less: other non operating revenue	-	15,655	15,655
Less: investment earnings	1,654,104	1,025,729	2,679,833
Less: capital contributions	4,394,945	1,813,499	6,208,444
Less: bond discount amortization	320,820	261,528	582,348
Operating revenues	<u>\$ 37,530,819</u>	<u>\$ 31,877,795</u>	<u>\$ 69,408,614</u>
<b>CAPITAL EXPENDITURES FROM OPERATING REVENUES</b>	\$ 3,553,997	\$ 867,992	\$ 4,421,989

**PROPERTY INSURANCE**

Insurance Company	2007 Deductible	Period covered	Detail of Coverage
Travelers	\$100,000 per occurrence	1-07 to 1-08	* All risk coverage on real and personal property.
	\$1,000,000 per occurrence of wind and hail		
Travelers	\$10,000 per occurrence	1-07 to 1-08	*Comprehensive coverage for steam boilers, air conditioning and electric motors.

\*Property insurance for the Utility is included in the City's coverage. Limits shown are for the entire City.

# CITY OF WICHITA, KANSAS

## WATER UTILITIES STATISTICS BY CUSTOMER CLASS

For year ended December 31, 2007

(with comparative totals for the year ended December 31, 2006)

**UNAUDITED**

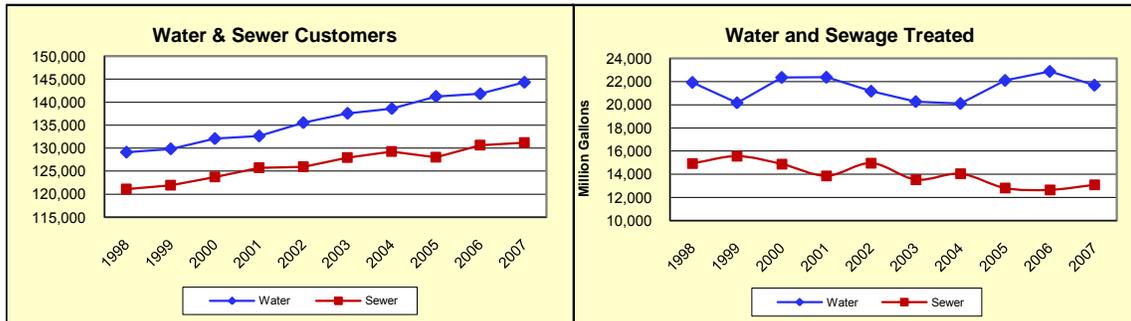
### WATER UTILITY STATISTICS BY CUSTOMER CLASS

CUSTOMER CLASS	Number of Customers		Water Revenues		Water Consumed (Million Gallons)	
	2007	2006	2007	2006	2007	2006
Residential	126,602	123,876	\$ 22,366,289	\$ 24,492,059	10,238	10,705
Commercial / Industrial	12,801	12,975	12,559,388	12,225,333	8,094	8,092
Wholesale	11	11	1,752,057	2,215,482	1,416	1,435
Lawn services	2,932	2,990	-	-	-	-
Fire protection	1,586	1,565	135,562	136,101	-	-
Contract	382	382	652,755	940,105	352	480
Backflow charges	-	-	213,609	180,949	-	-
Other sales	-	-	199,960	231,053	26	23
Estimated leaks	-	-	-	-	57	25
Water utility uses	22	22	-	-	262	318
Unaccounted for water	-	-	-	-	1,245	1,799
	<u>144,336</u>	<u>141,821</u>	<u>\$ 37,879,620</u>	<u>\$ 40,421,082</u>	<u>21,690</u>	<u>22,877</u>

### SEWER UTILITY STATISTICS BY CUSTOMER CLASS

CUSTOMER CLASS	Number of Customers		Sewer Revenues	
	2007	2006	2007	2006
Residential	119,536	118,762	\$ 16,035,207	\$ 15,835,903
Commercial	10,896	11,118	8,315,104	8,311,479
Industrial	20	22	3,397,435	2,951,683
Institutional	756	769	587,322	608,691
Wholesale	1	1	37,699	42,806
Other	-	-	26,896	30,695
Extra Strength	26	22	2,126,794	1,357,339
	<u>131,235</u>	<u>130,694</u>	<u>\$ 30,526,457</u>	<u>\$ 29,138,596</u>

### OTHER SUMMARY DATA



	2007	2006	CHANGE
Number of water customers	144,336	141,821	1.77%
Number of sewer customers	131,235	130,694	0.41%
Miles of water line	2,280	2,142	6.44%
Miles of sanitary sewer line	1,986	1,957	1.48%
Water produced (million gallons)	21,690	22,877	-5.19%
Wastewater treated (million gallons)	13,077	12,648	3.39%
Cost of treated, pressurized water per 1000 gallons	\$0.44	\$0.42	4.76%
Cost of treated wastewater per 1000 gallons	\$0.67	\$0.72	-6.94%

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