

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISSION, KANSAS

**Year Ended
December 31, 2008**

Prepared by the Finance and Administration Department

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CITY OF MISSION, KANSAS
Comprehensive Annual Financial Report
Year ended December 31, 2008

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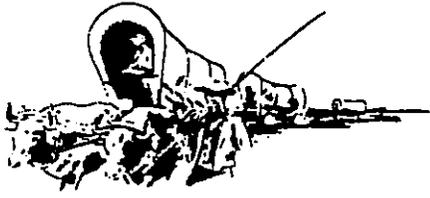
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INTRODUCTORY SECTION



City of MISSION

City Hall - 6090 Woodson Road - Mission, Kansas 66202

Administrative Offices (913) 676-8350

www.missionks.org

May 8, 2009

To the Citizens of the City of Mission, Kansas

The City of Mission is pleased to submit the comprehensive annual financial report for the fiscal year ending December 31, 2008. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. 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. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report includes all funds of the City. The City provides a range of services including police protection, trash services, the construction and maintenance of streets and infrastructure, and recreational and cultural activities. There are no other entities over which the City exercises financial accountability. Educational, fire protection, sanitary sewer and water services are provided by separate entities.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's discussion and analysis complements this letter of transmittal and should be read in conjunction with it.

ECONOMIC CONDITION AND OUTLOOK

The City is located in the northeast corner of Johnson County, which is ranked among the top five most affluent areas in the country. Mission lies along a major transportation corridor, making it accessible to the entire metropolitan area.

The City, incorporated in 1951, operates as a second-class city with a mayor-council form of government. The governing body is made up of eight council members, four of whom are elected in even numbered years to serve four-year terms. The Mayor is elected to a four-year term and serves as the chief executive officer of the City.

The City's population is 10,020 with a current annual budget of \$29,061,797. The City covers 2.87 square miles and is 95% developed.

The daytime population of the City increases to nearly 30,000, as a result of people who come into the City to work, conduct business, and shop. The Johnson Drive corridor is the cornerstone of Mission's commercial area, supported by retail hubs located at the City's east and west entrances. Other businesses within the City include car dealerships, health care facilities, laboratories, Shawnee Mission Main Post Office, Johnson County offices, State of Kansas Drivers License Bureau, a number of restaurants and fast food establishments, grocery chains and a variety of small retail operations.

The City has traditionally been viewed as a bedroom community, offering convenient services, a small town atmosphere, comfortable living conditions, a family environment, and a variety of outstanding residential neighborhoods. Residents enjoy an excellent standard of living as a result of the active community spirit, an award-winning school system, low crime rates and a low mill rate when compared to other cities throughout the state. The governing body proactively addresses quality of life issues to ensure that the current standard of living is not only maintained, but ultimately enhanced. The City, in cooperation with the Northeast Johnson Community Chamber of Commerce and Mission Convention and Visitors Bureau, pursues economic development and retention plans focused on both commercial and residential integrity and stability.

The City Council works to ensure that the needs of existing businesses are met, while simultaneously dedicating resources to attract new businesses. The sales tax revenues generated by the business community are vital to the City's financial stability. The mill levy remains one of the lowest in Johnson County and in the State of Kansas. Future financial planning efforts continue to explore revenue diversification and policies to protect cash reserves during a slow economy.

MAJOR CITY INITIATIVES

The City of Mission continues to address storm water improvements and redevelopment of the Rock Creek corridor, where the floodplain nearly tripled in size. With more than \$50 million in property affected, implementing solutions for this area will remain a top priority over the coming years. A financial advisor, bond counsel, appraisal firm and planning firm partnered with the Council, staff and community to fully explore all alternatives for financing construction and redevelopment along this critical commercial corridor.

The City completed several phases of construction on the Rock Creek project in 2008. The City created Drainage and Special Benefit Districts along the Rock Creek Corridor to ensure those benefiting from the improvements could share equitably in the costs.

In 2008, the City continued to negotiate with the developers of the former Mission Mall site. The project was modified to incorporate a 70,000 sq. ft. aquarium, intended to be a major tourist attraction for the metropolitan region, into the mixed used development valued at more than \$300 million. The project anticipates the use of STAR Bonds and remained the major focus of the City's redevelopment efforts in 2008.

The City continued to facilitate and encourage redevelopment and investment throughout the community, not only along the Rock Creek corridor, but also in the City's West Gateway and East Gateway areas. The goal is to create comprehensive and cohesive master plans to use in attracting and securing development that is consistent with the community's design guidelines and standards. The City has also partnered with a private developer to consider a 52-unit independent senior housing project adjacent to the Community Center with a scheduled ground-breaking in June, 2009.

The Mission Business Development Committee (MBDC) worked to assist and enhance existing businesses through an improvement grant program, providing grants totaling \$40,531 to ten local businesses. The MBDC also assisted in attracting people into the City through the annual Spirit of Mission, Arts & Eats Festival and Holiday Lights events.

The City continues to promote organizational efficiency and effectiveness through technology upgrades, management of a classification and compensation system, and on-going evaluation of employee benefits. A continued emphasis on workforce training and development provides employee's with the necessary skills to deliver quality services to the citizens of Mission.

FUTURE INITIATIVES

Completion of the Rock Creek Floodplain improvements remains a high priority for the City of Mission. Construction will continue in 2009 with floodplain and other public improvements that will shape the community for years to come. The City will continue to aggressively seek out new and diverse funding sources to support redevelopment efforts.

The City will seek redevelopment opportunities in the Rock Creek, West Gateway and East Gateway corridors. Work will continue to ensure redevelopment results in high quality, sustainable projects benefiting not only Mission but the entire region.

In addition to the Rock Creek storm water improvements, the City continues to refocus efforts on long-range, comprehensive capital infrastructure planning and budgeting. Refining strategies for the on-going maintenance, repair and replacement of these important assets will allow the City to ensure adequate and proper funding sources are available to finance the needs.

The City continues to evaluate Parks & Recreation services to develop sustainable operating plans for the expanded Community Center, the municipal swimming pool, and the 30+ acres of parks and recreational facilities maintained for the benefit of Mission residents. A feasibility study for the outdoor pool was completed in 2008 and will be used as the planning document for any future pool replacement.

In 2008 the City opened the Rock Creek Trail Phase I which is a trail connecting Squibb Road to Lamar through a portion of our West Gateway planning area. In 2009 Rock Creek Trail Phase II will be completed connecting with Phase I and will create an almost 1.5 mile trail along Rock Creek through the heart of our community.

In 2009 the City will see the construction of a new Capitol Federal Savings and Loan Bank at the corner of Johnson Drive and Nall. This will then free up their current facility located at 5251 Johnson Drive for the development of a transit or pedestrian center in the East Gateway. Commerce Bank will also be constructing a new facility that will replace the Taco Bell building at 5843 Johnson Drive.

The police department remains committed to improving the level of service to the community. Continued emphasis on traffic safety and enforcement contributes to the overall safety of both residents and visitors alike. The Mission Police Department will also maintain its focus on training, keeping personnel abreast of a variety of professional trends and development opportunities.

Sustainability will be key to all future redevelopment and planning efforts in the City. The City Council has taken a very active role in promoting a P3 Agenda. P3 stands for People, Planet and Prosperity that serves as the central slogan in our sustainability efforts. In 2009 the City of Mission will adopt a Climate Action Plan to begin the process of reducing our Greenhouse gas emissions.

FINANCIAL INFORMATION

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

Budgetary Controls

The City maintains various budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund, Special Revenue Funds, and Debt Service Funds are included in the annual appropriated budget. The legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts do not lapse at year-end. However, unencumbered

appropriations do lapse. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit

Kansas statutes require an annual audit of the City's financial statements. The audit for 2008 was conducted by Lowenthal, Singleton, Webb & Wilson, Professional Association, Certified Public Accountants and their report on the financial statements is included in the financial section of this report.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ending December 31, 2007. This was the fifteenth consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

ACKNOWLEDGEMENTS

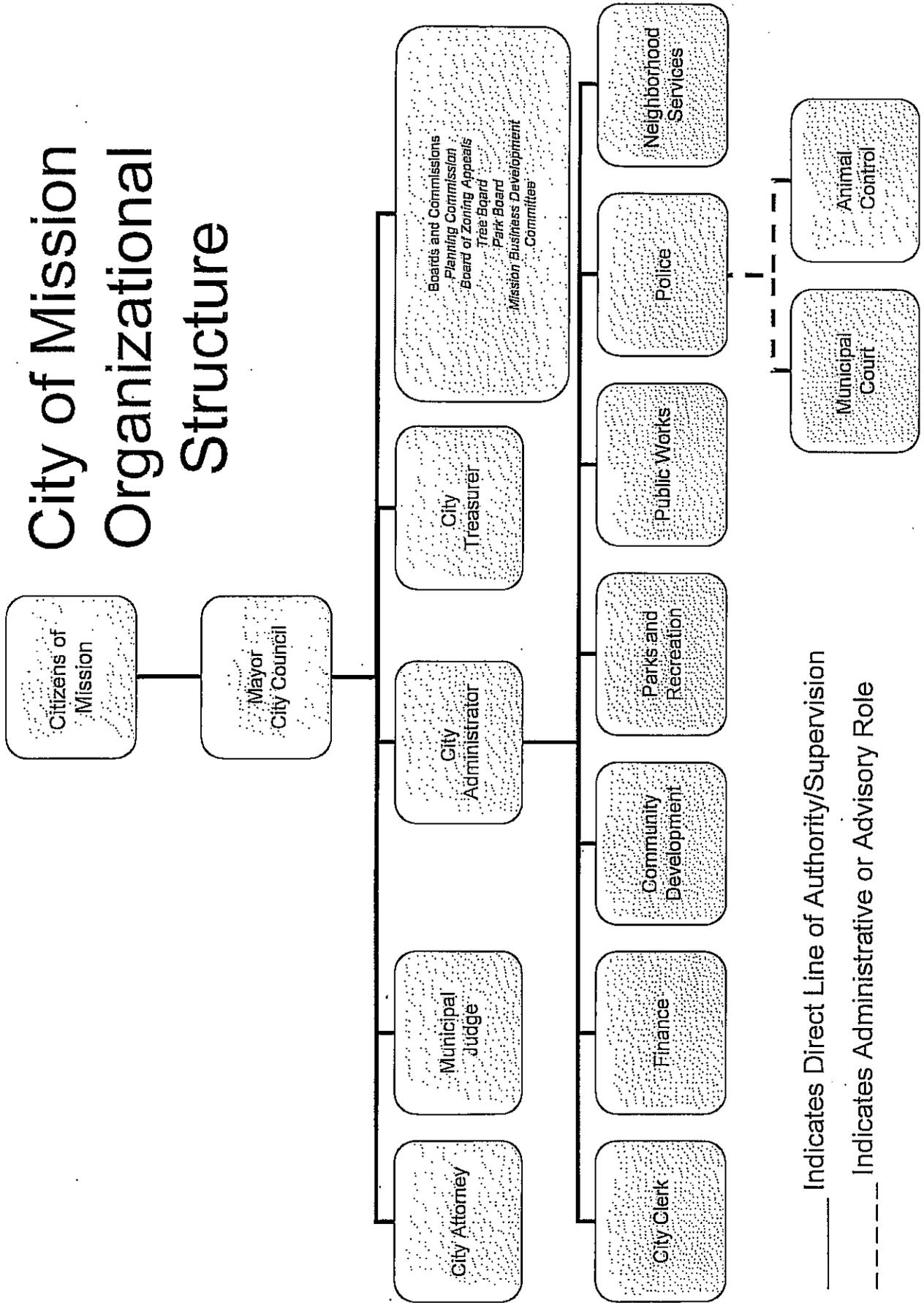
The preparation of this comprehensive annual financial report was made possible by the dedicated services of the staff of the Finance Department. Our sincere appreciation is extended to all members of the staff, whose efforts made this report possible.

Respectfully submitted,



Mike Scanlon
City Administrator

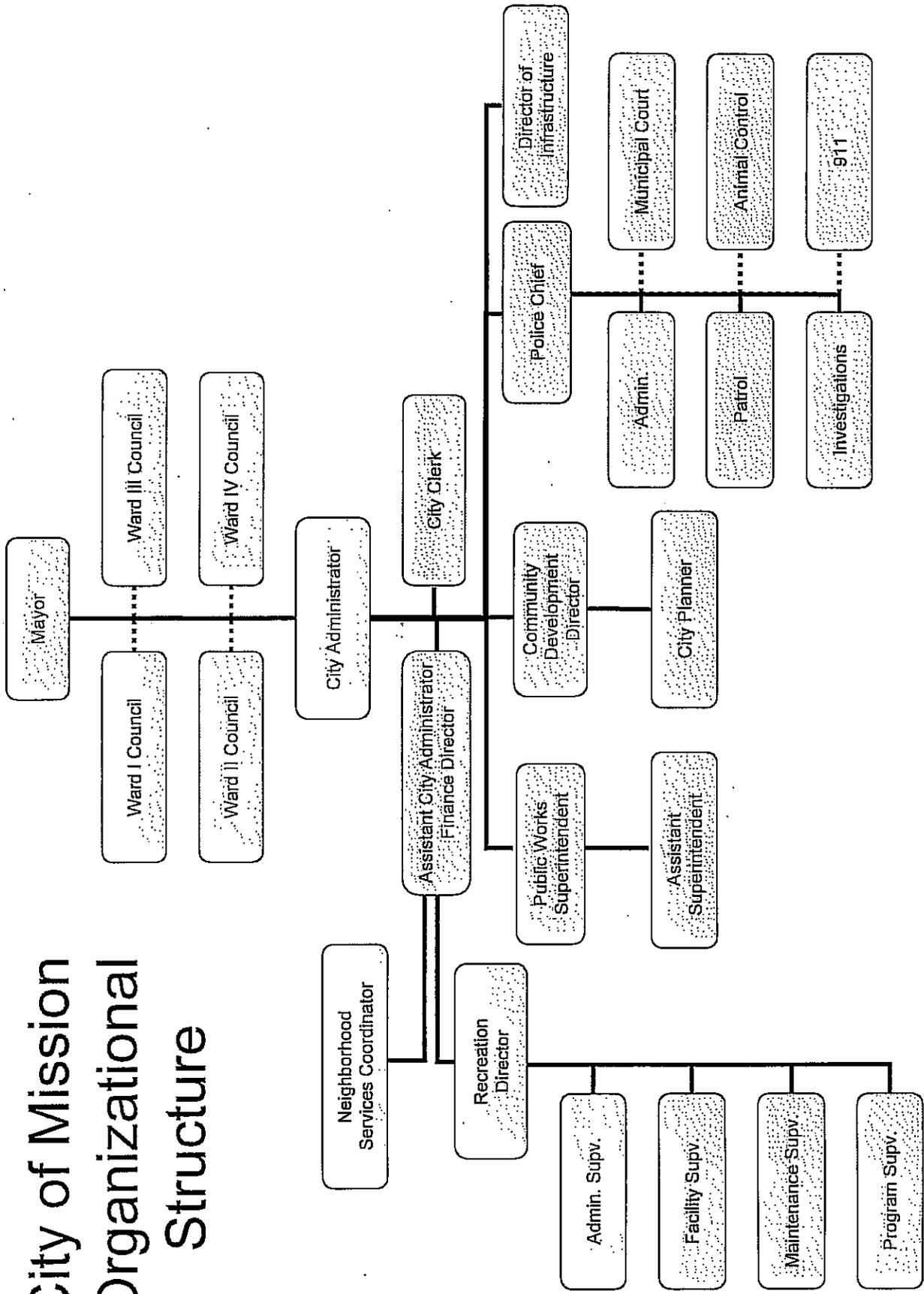
City of Mission Organizational Structure



_____ Indicates Direct Line of Authority/Supervision

----- Indicates Administrative or Advisory Role

City of Mission Organizational Structure



_____ Indicates Direct Line of Authority/Supervision
 - - - - - Indicates Administrative or Advisory Role

CITY OF MISSION, KANSAS
PRINCIPAL OFFICIALS - 2008

Mayor and City Council

Honorable Laura L. McConwell, Mayor
Honorable Sue A. Grosdidier - Ward 1
Honorable Phillip A. Perry - Ward 1
Honorable John Weber - Ward 2
Honorable Steven D. Schowengerdt - Ward 2
Honorable Connie Footlick - Ward 3
Honorable Debbie Kring - Ward 3
Honorable David Shepard - Ward 4
Honorable Suzanne Gibbs - Ward 4

Administration

City Administrator: Michael Scanlon
City Clerk: Martha Sumrall
Assistant City Administrator/Finance Director: Laura Smith
Treasurer: Donald C. Chamblin
Municipal Judge: Keith E. Drill
Police Chief: Randal Wilson
Community Development Director: Martin Rivarola
Parks and Recreation Director: Christy Humerickhouse
Neighborhood Services Director: Leslee Fonseca

Attorney

David K. Martin

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mission
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION

LOWENTHAL SINGLETON WEBB & WILSON
P R O F E S S I O N A L A S S O C I A T I O N

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and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS

Mayor and City Council
City of Mission, Kansas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mission, Kansas, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and the "Kansas Municipal Audit Guide." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the reports of other auditors 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, each major fund, and the aggregate remaining fund information of the City of Mission, Kansas, at December 31, 2008, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund, Storm Drain Fund and the Special Highway Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 8 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.

In accordance with "Government Auditing Standards," we have also issued our report dated May 8, 2009, 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, and grants 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.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audit of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and the combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in our 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. We did not audit the data included in the introductory and statistical sections of this report and therefore, we express no opinion on them.

Howenthal, Singleton, Webb & Wilson

Professional Association

May 8, 2009

CITY OF MISSION, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008
Unaudited

Our discussion and analysis of the City of Mission, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2008. This narrative should be read in conjunction with the City's letter of transmittal, which begins on page i.

Financial Highlights

- The Government-wide net assets totaled \$23 million at the end of the current fiscal year.
- Total capital assets, net of accumulated depreciation at December 31, 2008 totaled \$51.2 million.
- During the year ended December 31, 2008, the City's total revenue (which include charges for services, local taxes and state and federal aid) exceeded total expenses by \$4.9 million.
- The City's total indebtedness increased by \$9.3 million, primarily due to the issuance in the current year of new temporary notes.
- The City's net capital assets increased \$6.5 million in the current fiscal year.

Using This Financial Report

This annual report consists of two distinct series of financial statements: government-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The government-wide statements are designed to provide information about the City's activities as a whole and provide a longer-term view of the City's finances. The fund financial statements tell how the City's services for the governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds. The City also holds fiduciary funds on behalf of various parties. These funds are reported in a separate statement.

Reporting on the City as a Whole (Government Wide)

Statement of Net Assets and the Statement of Activities

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Assets and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's net assets and current year change in those net assets. The change in net assets is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund.

CITY OF MISSION, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008
Unaudited

In the Statement of Net Assets and the Statement of Activities, the City has one kind of activity:

Governmental Activities - Most of the City's programs and services are reported here including general government, public safety, public works and culture and recreation.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the City's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the City's non-major governmental funds.

Governmental Funds - Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of the funds and how balances left over at fiscal year end are available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader to decide whether there are more or fewer financial resources that can be spent in the near term to finance the City's programs. Major differences between the City's governmental activities as reported in the Statement of Net Assets and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

The City as a Whole

Government-Wide Assets

The Statement of Net Assets provides the financial position of the City as a whole. The overall financial position of the City was slightly better in 2008. The following is a summary of the City's Statement of Net Assets as of December 31, 2008 and 2007:

City of Mission
Condensed Statement of Net Assets

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Current assets	\$ 14,662,966	\$ 7,093,519
Net capital assets	<u>51,237,449</u>	<u>44,768,469</u>
Total assets	<u>\$ 65,900,415</u>	<u>\$ 51,861,988</u>
Current liabilities	\$ 8,942,496	\$ 12,390,553
Noncurrent liabilities	<u>33,922,574</u>	<u>21,268,285</u>
Total liabilities	<u>\$ 42,865,070</u>	<u>\$ 33,658,838</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 18,606,539	\$ 15,120,064
Restricted for:		
Debt Service	857,622	722,400
Unrestricted	<u>3,571,184</u>	<u>2,360,686</u>
Total net assets	<u>\$ 23,035,345</u>	<u>\$ 18,203,150</u>

CITY OF MISSION, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008
Unaudited

The assets of the City are classified as current assets and capital assets. Cash and investments and accounts receivable are the largest current assets. These are assets that are available to provide resources for the near-term operations of the City. Capital assets are used in the operations of the City. These assets include land, buildings, equipment and vehicles, and infrastructure.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued liabilities, interest payable and current portion of long-term obligations.

The City has \$38.8 million in long-term debt, consisting of general obligation bonds, capital improvement bonds, temporary notes and special assessment bonds payable, of which \$5.5 million is due within the next fiscal year.

The City had total assets at December 31, 2008, totaling \$65.9 million. The total assets of the City exceeded the total liabilities by \$23 million. Net assets invested in capital assets; net of related debt, totaled \$18.6 million, restricted net assets totaled \$.9 million and unrestricted net assets totaled \$3.5 million.

Government-Wide Activities

The following is a condensed statement of the City's change in net assets for the year ended December 31, 2008. Major items of program revenues, grants and general revenues are detailed. Government-wide activities increased the net assets of the City by \$4.9 million for the year ended December 31, 2008. The \$4.9 million increase can be attributed to the increase in intergovernmental revenue in the form of payments received from the County for various projects. The increase can also be attributed to the capitalization of multiple projects detailed in the capital asset section of the management discussion and analysis. A reconciliation of the total change in fund balances for the governmental funds to the Statement of Activities is located at page 14 of the basic financial statements. Major differences in the Statement of Activities and changes in the fund balances of governmental funds as expenditures in the funds statements include the repayment of long-term debt of \$8.3 million which is treated as expenditures in the funds statements, but is treated as a reduction of long term debt in the Government wide financial statements. Also, the bond and note proceeds of \$17.6 million are treated as a revenue source in the fund statements, but an increase of long term debt in the Government wide financial statements.

CITY OF MISSION, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008
Unaudited

In addition, the capital outlays of \$8 million are treated as expenditures in the fund statements, but are treated as an increase in capital assets in the Government wide financial statements.

City of Mission
Condensed Statement of Changes in Net Assets
For the Year Ended December 31, 2008 and 2007

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4,664,652	\$ 4,444,226
Operating grants	6,014,026	4,102,341
General revenues:		
Property taxes	1,930,893	1,739,008
Sales tax	4,323,982	4,542,950
Motor fuel tax	160,252	126,894
Franchise tax	1,022,445	986,991
Investment earnings	214,405	612,662
Miscellaneous	<u>253,637</u>	<u>281,947</u>
Total revenues	<u>18,584,292</u>	<u>16,837,019</u>
Program expenses:		
General government	3,534,363	1,892,510
Public safety	3,384,135	3,239,519
Public works	2,699,875	2,953,028
Culture and recreation	2,657,303	2,648,777
Interest on long term debt	<u>1,390,170</u>	<u>1,039,158</u>
Total expenses	<u>13,665,846</u>	<u>11,772,992</u>
Increase [decrease] in net assets	<u>\$ 4,918,446</u>	<u>\$ 5,064,027</u>

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the City provide information on near-term inflows, outflows and balances of spendable resources. Unreserved fund balances, in particular, measures the City's net resources available for spending at the end of the City's fiscal year.

Total fund balances at December 31, 2008 for the governmental funds totaled \$10.9 million. Total unreserved fund balances at December 31, 2008 totaled nearly \$9.8 million, of which \$2.5 million was attributable to General Fund.

CITY OF MISSION, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008
Unaudited

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2.5 million. The increase in the General Fund's fund balance was \$.3 million, resulting from an increase in licenses and permits and a decrease in transfers out to other funds.

The Special Highway Fund is used to account for monies sent quarterly from the State Treasurer's office which are the Special City and County Highway Fund distributed and computed in compliance with K.S.A. 79-3425C. The ending fund balance of the Special Highway Fund was approximately \$.3 million at December 31, 2008. The decrease in the Special Highway Fund's fund balance was \$.2 million. The decrease was due in part to completion of a streetscape design project for the East Gateway and for payment for a portion of the traffic signal at Lamar and Shawnee Mission that is shared with the City of Overland Park.

The Storm Drain Fund is used to account for storm water charges received based on an equivalent residential unit (ERU) to be used for storm water improvements city wide. The ending fund balance was \$1 million at December 31, 2008. The increase in the Storm Drain Fund's fund balance was \$.3 million. The increase was due in part to the addition of properties/parcels that had previously not been charged the storm water fees. In addition, work on projects was more focused on design than construction, reducing the expenses in the fund for 2008.

The Sales Tax Fund is used to account for revenues received from a one-quarter of one percent sales tax pledged to retire the Series 2002A General Obligation Bonds issued to expand the City's community center. The ending fund balance was \$.8 million at December 31, 2008. The increase in the fund balance was \$43,394. The fund increased slightly as the City did not experience the anticipated downturn in sale tax revenues.

The General Obligation Fund is used to account for resources to be used for the payment of principal, interest and related costs of the general obligation bonds other than the sales tax bonds, as well as certain other long-term obligations of the City. The ending fund balance was \$87,147 at December 31, 2008. The increase in the General Obligation Fund's fund balance was \$91,828. With the retirement of the 2002-B debt in 2007, the annual obligations for this fund decreased for 2008.

The Lamar Bridge Replacement Fund is used to account for the financing and construction of repairs to the Lamar Avenue Bridge. The ending fund balance was \$12 at December 31, 2008. The decrease in the Lamar Bridge Replacement Fund's fund balance was approximately \$4,114. The fund balance decrease was due to the transfer out of a large portion of remaining funds at December 31, 2008.

The Capital Improvement Fund is used to account for resources used to construct and maintain infrastructure city-wide. The ending fund balance was approximately \$5.9 million at December 31, 2008. The increase in the Capital Improvement Fund's fund balance was \$6.6 million. The increase in the fund balance can be attributed to the temporary note proceeds which were realized in September. Projects to be funded with the note proceeds are currently in both design and constructions phases.

General Fund Budgeting Highlights

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The City's final General Fund budget was \$12,105,606, the same as the original published budget. The revenues were more than budgetary estimates by \$.3 million and the expenditures were less than budgetary estimates by \$1.7 million.

Revenues in the taxes category exceeded budgeted figures as a result of higher than anticipated sales and use tax collections and increased franchise tax revenues. The police department continues to maintain a high level of traffic enforcement efforts in 2008, sustaining high collection rates for fine and forfeiture revenue for the year.

CITY OF MISSION, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008
Unaudited

Expenditures in the general government contractual category exceeded budgeted figures as a result of additional computer services. The public works expenditures exceeded budgeted figures as a result of additional salt purchases and building inspections fees which were off set with corresponding revenues.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental activities totaled \$51.2 million (net of accumulated depreciation) as of December 31, 2008.

The major capital asset event during the current fiscal year included the following:

- Gateway Public Improvements totaling \$1,934,731
- Johnson Drive Improvements (Roe to Nall) \$1,766,855
- Nall Ave Bridge Stormwater Improvements (Phase II) totaling \$821,557

Additional information on the City's capital assets can be found in Notes I and IV of the financial statements.

At December 31, 2008, the City had total debt outstanding of \$38.8 million, backed by the full faith and credit of the City. Total long-term debt increased for the fiscal year ended December 31, 2008, in the amount of \$9.3 million. This was a result of the issuance of temporary notes and general obligation bonds payable, coupled with the payment of bond and note principal in the current year.

Additional information on the City's general long term debt can be found in Note IV to the financial statements.

Contacting the City

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City's Finance and Administration Department at 6090 Woodson, Mission, Kansas 66202.

CITY OF MISSION, KANSAS
STATEMENT OF NET ASSETS
December 31, 2008

	Total Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 11,151,240
Restricted cash and investments	67,470
Receivables	3,257,283
Deferred charges	186,973
Total current assets	<u>14,662,966</u>
Capital assets:	
Capital assets not being depreciated:	
Land	9,613,354
Construction in progress	21,543,787
Capital assets being depreciated	26,764,957
Less: accumulated depreciation	6,684,649
Total net capital assets	<u>51,237,449</u>
Total assets	<u>\$ 65,900,415</u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 394,711
Accrued liabilities	300,539
Interest payable	496,603
Municipal court bonds payable	67,470
Unearned revenue	2,125,172
Current portion of compensated absences	103,000
Current portion of capital leases payable	118,216
Current portion of temporary notes payable	3,957,325
Current portion of capital improvement bonds payable	170,000
Current portion of special assessment bonds payable	15,000
Current portion of general obligation bonds payable	1,194,460
Total current liabilities (payable from current assets)	<u>8,942,496</u>
Noncurrent liabilities:	
Compensated absences	443,727
Capital lease payable	18,607
Capital improvement bonds payable	365,000
General obligation bonds payable	6,756,760
Special assessment bonds payable	30,000
Temporary notes payable	26,308,480
Total noncurrent liabilities	<u>33,922,574</u>
Total liabilities	<u>\$ 42,865,070</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 18,606,539
Restricted for:	
Debt service	857,622
Unrestricted	3,571,184
Total net assets	<u>\$ 23,035,345</u>

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

CITY OF MISSION, KANSAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

	Program Revenues			Net [Expenses] Revenue and Changes in in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities	
Governmental activities:				
General government	\$ 3,534,363	\$ 164,213	\$ -	\$ [3,370,150]
Public safety	3,384,135	1,850,795	68,313	[1,465,027]
Public works	2,699,875	777,603	5,945,713	4,023,441
Culture and recreation	2,657,303	1,872,041	-	[785,262]
Interest on long-term debt	1,390,170	-	-	[1,390,170]
Total governmental activities	\$ 13,665,846	\$ 4,664,652	\$ 6,014,026	[2,987,168]
General Revenues:				
Property taxes levied for:				
General purposes				1,676,205
Debt service				254,688
Sales tax				4,323,982
Motor fuel tax				160,252
Franchise tax				1,022,445
Investments earnings				214,405
Miscellaneous				253,637
Total general revenues				7,905,614
Change in net assets				4,918,446
Net assets - beginning				18,203,150
Prior period adjustment				[86,251]
Net assets - beginning, restated				18,116,899
Net assets - ending				\$ 23,035,345

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

CITY OF MISSION, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	<u>General</u>	<u>Special Highway</u>	<u>Storm Drain</u>	<u>Sales Tax</u>
ASSETS				
Cash and investments	\$ 2,373,667	\$ 260,043	\$ 1,013,803	\$ 725,215
Restricted cash and investments	67,470	-	-	-
Receivables				
Taxes	1,985,227	-	137,972	45,260
Other	29,993	-	-	-
Special assessments	-	-	-	-
Total assets	<u>\$ 4,456,357</u>	<u>\$ 260,043</u>	<u>\$ 1,151,775</u>	<u>\$ 770,475</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 51,413	\$ -	\$ -	\$ -
Accrued liabilities	152,948	2,186	7,380	-
Payable from restricted assets				
Municipal court bonds	67,470	-	-	-
Deferred revenue	<u>1,721,558</u>	<u>-</u>	<u>137,972</u>	<u>-</u>
Total liabilities	<u>1,993,389</u>	<u>2,186</u>	<u>145,352</u>	<u>-</u>
Fund balance:				
Reserved for encumbrances	3,000	6,496	-	-
Unreserved				
Undesignated, reported in:				
Special revenue funds	-	251,361	1,006,423	-
Debt service fund	-	-	-	770,475
Capital projects funds	-	-	-	-
General fund	<u>2,459,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>2,462,968</u>	<u>257,857</u>	<u>1,006,423</u>	<u>770,475</u>
Total liabilities and fund balances	<u>\$ 4,456,357</u>	<u>\$ 260,043</u>	<u>\$ 1,151,775</u>	<u>\$ 770,475</u>

<u>General Obligation</u>	<u>Lamar Bridge Replacement</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 87,147	\$ 12	\$ 6,302,938	\$ 388,415	\$ 11,151,240
-	-	-	-	67,470
141,439	-	-	-	2,309,898
-	-	-	-	29,993
122,942	-	-	-	122,942
<u>\$ 351,528</u>	<u>\$ 12</u>	<u>\$ 6,302,938</u>	<u>\$ 388,415</u>	<u>\$ 13,681,543</u>
\$ -	\$ -	\$ 343,298	\$ -	\$ 394,711
-	-	7,380	-	169,894
-	-	-	-	67,470
264,381	-	-	1,261	2,125,172
<u>264,381</u>	<u>-</u>	<u>350,678</u>	<u>1,261</u>	<u>2,757,247</u>
-	-	-	2,332	11,828
-	-	-	384,822	1,642,606
87,147	-	-	-	857,622
-	12	5,952,260	-	5,952,272
-	-	-	-	2,459,968
<u>87,147</u>	<u>12</u>	<u>5,952,260</u>	<u>387,154</u>	<u>10,924,296</u>
<u>\$ 351,528</u>	<u>\$ 12</u>	<u>\$ 6,302,938</u>	<u>\$ 388,415</u>	<u>\$ 13,681,543</u>

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

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CITY OF MISSION, KANSAS
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2008

Total Governmental Fund Balances		\$ 10,924,296
Amounts reported for governmental activities in the statement of net assets are different because		
Bond issuance costs are shown as current year expenditures in the funds.		
Bond issuance costs		186,973
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	57,922,098	
Accumulated depreciation is	<u>6,684,649</u>	51,237,449
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		794,450
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.		
Long term liabilities at year end consist of:		
General obligation bonds payable	7,951,220	
Capital improvement bonds payable	535,000	
Special assessment bonds payable	45,000	
Capital leases payable	136,823	
Temporary notes payable	30,265,805	
Note payable	130,645	
Interest payable	496,603	
Compensated absences payable	<u>546,727</u>	<u>[40,107,823]</u>
Net Assets of Governmental Activities		<u>\$ 23,035,345</u>

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

CITY OF MISSION, KANSAS
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	<u>General</u>	<u>Special Highway</u>	<u>Storm Drain</u>	<u>Sales Tax</u>
REVENUES:				
Taxes	\$ 6,506,179	\$ -	\$ 149,401	\$ 525,055
Special assessments	-	-	-	-
Intergovernmental	68,313	280,135	-	-
Licenses and permits	322,449	-	-	-
Charges for services	1,872,041	-	608,382	-
Fines and fees	1,861,780	-	-	-
Use of money and property	49,712	-	19,153	11,504
Miscellaneous	108,283	-	-	-
Total revenues	<u>10,788,757</u>	<u>280,135</u>	<u>776,936</u>	<u>536,559</u>
EXPENDITURES:				
Current				
General government	2,199,511	-	-	-
Public safety	3,326,584	-	-	-
Public works	1,535,463	221,656	210,472	-
Culture and recreation	2,387,785	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	405,000
Bond issuance costs	-	-	-	-
Interest and other charges	-	-	-	88,165
Total expenditures	<u>9,449,343</u>	<u>221,656</u>	<u>210,472</u>	<u>493,165</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,339,414</u>	<u>58,479</u>	<u>566,464</u>	<u>43,394</u>
OTHER FINANCING SOURCES [USES]				
Transfers in	-	-	-	-
Transfers out	[1,000,000]	[241,962]	[219,000]	-
Bond discount	-	-	-	-
Sale of bonds	-	-	-	-
Total other financing sources [uses]	<u>[1,000,000]</u>	<u>[241,962]</u>	<u>[219,000]</u>	<u>-</u>
Net change in fund balances	339,414	[183,483]	347,464	43,394
Fund balance - Beginning of year	<u>2,123,554</u>	<u>441,340</u>	<u>658,959</u>	<u>727,081</u>
Fund balance - End of year	<u>\$ 2,462,968</u>	<u>\$ 257,857</u>	<u>\$ 1,006,423</u>	<u>\$ 770,475</u>

<u>General Obligation</u>	<u>Lamar Bridge Replacement</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 153,125	\$ -	\$ -	\$ 2,249	\$ 7,336,009
101,563	-	-	-	101,563
-	-	5,502,724	162,854	6,014,026
-	-	-	-	322,449
-	-	-	-	2,480,423
-	-	-	-	1,861,780
2,038	11	92,790	-	175,208
-	-	165,956	848	275,087
<u>256,726</u>	<u>11</u>	<u>5,761,470</u>	<u>165,951</u>	<u>18,566,545</u>
-	-	-	-	2,199,511
-	-	-	-	3,326,584
-	-	-	279,414	2,247,005
-	-	-	-	2,387,785
-	-	9,219,468	-	9,219,468
135,000	-	7,805,000	-	8,345,000
-	-	59,190	-	59,190
<u>29,898</u>	<u>-</u>	<u>1,157,444</u>	<u>-</u>	<u>1,275,507</u>
<u>164,898</u>	<u>-</u>	<u>18,241,102</u>	<u>279,414</u>	<u>29,060,050</u>
<u>91,828</u>	<u>11</u>	<u>[12,479,632]</u>	<u>[113,463]</u>	<u>[10,493,505]</u>
-	-	1,512,547	-	1,512,547
-	[4,125]	-	[47,460]	[1,512,547]
-	-	[54,320]	-	[54,320]
-	-	17,650,000	-	17,650,000
-	<u>[4,125]</u>	<u>19,108,227</u>	<u>[47,460]</u>	<u>17,595,680</u>
91,828	[4,114]	6,628,595	[160,923]	7,102,175
<u>[4,681]</u>	<u>4,126</u>	<u>[676,335]</u>	<u>548,077</u>	<u>3,822,121</u>
<u>\$ 87,147</u>	<u>\$ 12</u>	<u>\$ 5,952,260</u>	<u>\$ 387,154</u>	<u>\$ 10,924,296</u>

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

CITY OF MISSION, KANSAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2008

Total Net Change In Fund Balances - Governmental Funds \$ 7,102,175

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

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Loss on sale of assets	[50,375]	
Capital outlays	7,973,483	
Depreciation expense	<u>[914,688]</u>	7,008,420

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest increased. [114,663]

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. [1,113]

Proceeds of bonds is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities. [17,620,556]

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 17,747

Bond issuance costs are recorded as expenditures in the fund financial statements. However, for the statement of net assets, these costs are shown as assets and amortized over the life of the bonds. 59,190

Repayment of capital leases is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 122,246

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 8,345,000

Changes in Net Assets of Governmental Activities \$ 4,918,446

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

CITY OF MISSION, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 6,506,179	\$ -	\$ 6,506,179	\$ 6,393,567	\$ 6,393,567	\$ 112,612
Intergovernmental	68,313	-	68,313	-	-	68,313
Licenses and permits	322,449	-	322,449	217,500	217,500	104,949
Charges for services	1,872,041	-	1,872,041	2,069,000	2,069,000	[196,959]
Fines and forfeitures	1,861,780	-	1,861,780	1,520,000	1,520,000	341,780
Interest	49,712	-	49,712	200,000	200,000	[150,288]
Other	108,283	-	108,283	41,500	41,500	66,783
Total revenues	10,788,757	-	10,788,757	10,441,567	10,441,567	347,190
General government						
Personal service	819,691	-	819,691	939,522	939,522	119,831
Contractual	1,307,766	-	1,307,766	1,106,775	1,106,775	[200,991]
Commodities	56,871	-	56,871	70,850	70,850	13,979
Capital outlay	14,410	-	14,410	21,250	21,250	6,840
Miscellaneous	773	-	773	2,000	2,000	1,227
	<u>2,199,511</u>	<u>-</u>	<u>2,199,511</u>	<u>2,140,397</u>	<u>2,140,397</u>	<u>[59,114]</u>
Public works and improvements						
Personal service	624,993	-	624,993	734,800	734,800	109,807
Contractual	666,979	-	666,979	548,800	548,800	[118,179]
Commodities	183,266	-	183,266	188,850	188,850	5,584
Capital outlay	58,861	-	58,861	102,850	102,850	43,989
Miscellaneous	1,364	-	1,364	-	-	[1,364]
	<u>1,535,463</u>	<u>-</u>	<u>1,535,463</u>	<u>1,575,300</u>	<u>1,575,300</u>	<u>39,837</u>
Public safety						
Personal service	2,705,198	-	2,705,198	2,881,550	2,881,550	176,352
Contractual	309,610	-	309,610	312,350	312,350	2,740
Commodities	119,346	-	119,346	125,400	125,400	6,054
Capital outlay	192,430	-	192,430	192,000	192,000	[430]
	<u>3,326,584</u>	<u>-</u>	<u>3,326,584</u>	<u>3,511,300</u>	<u>3,511,300</u>	<u>184,716</u>
Culture and recreation						
Personal service	1,319,757	-	1,319,757	1,378,800	1,378,800	59,043
Contractual	843,691	-	843,691	883,750	883,750	40,059
Commodities	156,101	-	156,101	200,300	200,300	44,199
Capital outlay	68,236	-	68,236	109,300	109,300	41,064
	<u>2,387,785</u>	<u>-</u>	<u>2,387,785</u>	<u>2,572,150</u>	<u>2,572,150</u>	<u>184,365</u>
Total expenditures	9,449,343	-	9,449,343	9,799,147	9,799,147	349,804
Excess [deficiency] of revenues over [under] expenditures	1,339,414	-	1,339,414	642,420	642,420	696,994
Other financing sources [uses]						
Transfers out	[1,000,000]	-	[1,000,000]	[2,306,459]	[2,306,459]	1,306,459
Total other financing sources [uses]	[1,000,000]	-	[1,000,000]	[2,306,459]	[2,306,459]	1,306,459
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	339,414	-	339,414	\$ [1,664,039]	\$ [1,664,039]	\$ 2,003,453
Fund balance, January 1	2,123,554	[3,000]	2,120,554			
Fund balance, December 31	\$ 2,462,968	\$ [3,000]	\$ 2,459,968			

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

CITY OF MISSION, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL HIGHWAY FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues						
Intergovernmental	\$ 280,135	\$ -	\$ 280,135	\$ 294,980	\$ 294,980	\$ [14,845]
Total revenues	<u>280,135</u>	<u>-</u>	<u>280,135</u>	<u>294,980</u>	<u>294,980</u>	<u>[14,845]</u>
Expenditures						
Public works and improvements	221,656	-	221,656	542,639	542,639	320,983
Total expenditures	<u>221,656</u>	<u>-</u>	<u>221,656</u>	<u>542,639</u>	<u>542,639</u>	<u>320,983</u>
Excess [deficiency] of revenues over [under] expenditures	<u>58,479</u>	<u>-</u>	<u>58,479</u>	<u>[247,659]</u>	<u>[247,659]</u>	<u>306,138</u>
Other financing sources [uses]						
Transfers out	[241,962]	-	[241,962]	-	-	[241,962]
Total other financing sources [uses]	<u>[241,962]</u>	<u>-</u>	<u>[241,962]</u>	<u>-</u>	<u>-</u>	<u>[241,962]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[183,483]</u>	<u>-</u>	<u>[183,483]</u>	<u>\$ [247,659]</u>	<u>\$ [247,659]</u>	<u>\$ 64,176</u>
Fund balance, January 1	<u>441,340</u>	<u>[6,496]</u>	<u>434,844</u>			
Fund balance, December 31	<u>\$ 257,857</u>	<u>\$ [6,496]</u>	<u>\$ 251,361</u>			

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

CITY OF MISSION, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
STORM DRAIN FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 149,401	\$ -	\$ 149,401	\$ 151,781	\$ 151,781	\$ [2,380]
Charges for services	608,382	-	608,382	590,000	590,000	18,382
Use of money and property	<u>19,153</u>	<u>-</u>	<u>19,153</u>	<u>28,219</u>	<u>28,219</u>	<u>[9,066]</u>
Total revenues	<u>776,936</u>	<u>-</u>	<u>776,936</u>	<u>770,000</u>	<u>770,000</u>	<u>6,936</u>
Expenditures						
Public works and improvements	<u>210,472</u>	<u>-</u>	<u>210,472</u>	<u>947,655</u>	<u>947,655</u>	<u>737,183</u>
Total expenditures	<u>210,472</u>	<u>-</u>	<u>210,472</u>	<u>947,655</u>	<u>947,655</u>	<u>737,183</u>
Excess [deficiency] of revenues over [under] expenditures	<u>566,464</u>	<u>-</u>	<u>566,464</u>	<u>[177,655]</u>	<u>[177,655]</u>	<u>744,119</u>
Other financing sources [uses]						
Transfers out	<u>[219,000]</u>	<u>-</u>	<u>[219,000]</u>	<u>[219,000]</u>	<u>[219,000]</u>	<u>-</u>
Total other financing sources [uses]	<u>[219,000]</u>	<u>-</u>	<u>[219,000]</u>	<u>[219,000]</u>	<u>[219,000]</u>	<u>-</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	347,464	-	347,464	<u>\$ [396,655]</u>	<u>\$ [396,655]</u>	<u>\$ 744,119</u>
Fund balance, January 1	<u>658,959</u>	<u>-</u>	<u>658,959</u>			
Fund balance, December 31	<u>\$1,006,423</u>	<u>\$ -</u>	<u>\$1,006,423</u>			

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2008

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 31,038
Total Assets	<u>\$ 31,038</u>
Liabilities	
Due to others	\$ 31,038
Total Liabilities	<u>\$ 31,038</u>

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

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Mission (the City) is a city of the second class with a mayor-council form of government with the addition of a City Administrator. The City was incorporated in 1951 and covers an area of approximately 2.87 square miles in Johnson County, Kansas. The City has approximately 10,020 residents. The City's organization consists of the general government departments of the City Clerk, Municipal Court, Treasurer and City Attorney, and the Public Works, Police, Parks and Recreation and Neighborhood Services Departments.

Under governmental accounting standards for defining the financial reporting entity and identifying entities to be included in basic financial statements, these financial statements include only the City. There are no other entities for which the City is financially accountable.

B. Government-wide and fund financial statements

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. All activities of the City are governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items, which are not classified as program revenues, are presented as general revenues of the city.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

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

The government-wide 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. 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 soon 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

The City reports the following major governmental funds:

The General Fund is used to account for resources traditionally associated with government, which are not required legally, or by sound financial management to be accounted for in another fund.

The Special Highway Fund is used to account for monies sent quarterly from the State Treasurer's office which are the Special City and County Highway Fund distributed and computed in compliance with K.S.A. 79-3425C.

The Storm Drain Fund is used to account for storm water utility charges received based on an equivalent residential unit (ERU) to be used for storm water improvements citywide.

The Sales Tax Fund is used to account for revenues received from a one-quarter of one percent sales tax pledged to retire the Series 2002A General Obligation Bonds issued to expand the City's community center.

The General Obligation Fund is used to account for resources to be used for the payment of principal, interest and related costs of the general obligation bonds other than the sales tax bonds, as well as certain other long-term obligations of the City.

The Lamar Bridge Replacement Fund is used to account for the financing and construction of repairs to the Lamar Avenue Bridge.

The Capital Improvement Fund is used to account for resources used to construct and maintain infrastructure citywide.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting. The following activities are accounted for in the agency funds:

License Reinstatement Fees Fund is used to account for amounts collected through the court for driver's license restatement fees due to the State of Kansas.

Alcohol and Drug Safety Fund is used to account for monies collected and paid for Driving Under the Influence evaluations.

Cafeteria Plan is used to account for monies collected for employee cafeteria plan contributions.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments (including certificates of deposit) with original maturities of three months or less from the date of acquisition.

The City reflects investments with a maturity of one year or longer at the time of purchase at fair value, and those maturing in less than one year at the time of purchase at amortized cost.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2009.

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

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the City, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

3. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

3. Capital Assets (Continued)

Property, plant and equipment of the government, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-75
Building improvements	20-75
Machinery and equipment	5-10
Office equipment	5-10
Infrastructure	20-75

4. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

5. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

6. Compensated Absences

Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. At the end of each calendar year, employees are allowed to carry over any unused vacation. In the event of termination, an employee is paid for any unused carryover plus all unused earned vacation through the date of separation not to exceed a total of 240 hours.

The City's sick leave policy is to pay employees 50% of unused sick leave upon retirement or termination without cause. A liability for compensated absences is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. All compensated absences are accrued when incurred in the government-wide financial statements.

The General Fund has been used to liquidate the governmental funds compensated absences in prior years. The amount of the liability due within one year is \$103,000.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

7. 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 a project revenue and those received after the issuance of general obligation bonds are recorded as revenue in the General Obligation Fund. Further, state statutes require levying additional general ad valorem property taxes in the General Obligation Fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable is accounted for within the General Obligation Fund. Special assessments are levied over the repayment period of the bonds and the annual installments are due and payable with annual ad valorem property taxes. Special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the General Obligation Fund with a corresponding amount recorded as deferred revenue. Special assessments receivable at December 31, 2008, in the fund financial statements totaled \$122,942.

8. Postemployment Benefits

In addition to the pension plan described in Note V.B., the City has a postemployment health care benefits plan which is available to all full time employees of the City who meet the requirements as established and authorized by K.S.A. 12-5040. Eligibility is determined based on age and years of service for retirees and until the time of receipt of Medicare benefits for disabled employees. Coverage under the plan ceases at age 65. For eligible employees, the City will provide coverage under its group health care benefit plan for the eligible employees and their spouses, with the City contributing 50% of the lowest rate plan amount toward the health insurance premium. Funding for these benefits will be made on a pay-as-you-go basis. At December 31, 2008, there were three employees who were eligible and received benefits from the health plan and \$9,681 in expenditures were recognized for postemployment health care benefits in 2008.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Deferred Revenue

The City reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized on the statement of revenues, expenditures and changes in fund balances.

11. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

CITY OF MISSION, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The 2008 budget was not amended.

The statutes permit management to transfer budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbered appropriations are carried forward.

A legal operating budget is not required for the Lamar Bridge Replacement Fund, Capital Improvement Fund, Special Law Enforcement Fund, Countryside Fund, School District Sales Tax Fund, Mission Business Development Fund, Donations and Gifts Fund, Rock Creek Drainage District #1 Fund, Solid Waste Fund and the capital project funds.

Spending in funds, which are not subject to the legal annual operating budget requirements, is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Actual exceeded budgeted expenditures in the Special Parks and Recreation Fund, which is a violation of KSA 79-2935.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	Major Governmental Funds						General Obligation	Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Highway	Storm Drain	Sales Tax	Lamar Bridge Replacement	Capital Improvement			
GAAP FUND BALANCE									
December 31, 2008	\$ 2,462,968	\$ 257,857	\$ 1,006,423	\$ 770,475	\$ 12	\$ 5,952,260	\$ 87,147	\$ 387,154	\$ 10,924,296
Adjustments:									
Unreserved fund balances not subject to the Kansas Budget Law:									
Lamar Bridge Replacement	-	-	-	-	[12]	-	-	-	[12]
Capital Improvement	-	-	-	-	-	[5,952,260]	-	-	[5,952,260]
Special Law Enforcement	-	-	-	-	-	-	[6,081]	-	[6,081]
Countryside	-	-	-	-	-	-	[44,995]	-	[44,995]
School District Sales Tax	-	-	-	-	-	-	[34,084]	-	[34,084]
Mission Business Development	-	-	-	-	-	-	[88,777]	-	[88,777]
Donations and Gifts	-	-	-	-	-	-	[6,273]	-	[6,273]
Solid Waste	-	-	-	-	-	-	[308]	-	[308]
Rock Creek Drainage District #1	-	-	-	-	-	-	[7,097]	-	[7,097]
Reserve for encumbrances	[3,000]	[6,496]	-	-	-	-	-	-	[9,496]
Total deductions	[3,000]	[6,496]	-	-	[12]	[5,952,260]	-	[187,595]	[6,149,363]
BUDGETARY FUND BALANCE									
December 31, 2008	\$ 2,459,968	\$ 251,361	\$ 1,006,423	\$ 770,475	\$ -	\$ -	\$ 87,147	\$ 199,559	\$ 4,774,933

III. RESTATEMENT OF NET ASSETS

During the 2007 year, one of the City's capital assets was sold and not accurately recorded. The following restatement is the net change related to that transaction.

	Net Assets
Net Assets, December 31, 2007	\$ 18,203,150
Prior period adjustment	[86,251]
Net Assets, December 31, 2007, Restated	\$ 18,116,899

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash is considered to be active funds by management and is invested according to KSA 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county or an adjacent county in which the City is located and the banks provide an acceptable rate for active funds.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

IV. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Various City investments are considered to be idle funds by management and are invested according to KSA 12-1675. The statute requires that at the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes, the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to KSA 10-131. This statute allows additional investment authority beyond that of KSA 12-1675. Investments of bond proceeds may follow KSA 12-1675 or include other investments such as the KMIP, direct obligations of the US government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in KSA 10-131.

At December 31, 2008, the City has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Maturity</u>		
			<u>Less Than 5 Years</u>	<u>5 - 10 Years</u>	<u>10 - 15 Years</u>
Kansas Municipal Investment Pool	\$ 8,469,838	S&P AAAf/S1+	\$ 8,469,838	\$ -	\$ -

The Kansas Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The fair value of the City's position in the municipal investment pool is substantially the same as the value of the pool shares.

The City does not have any formal investment policies that would further limit concentration of credit risk, interest rate, or custodial credit risks beyond state statutes.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402.

B. Accounts Receivable

Accounts receivable of the City, as of the year end, are as follows:

	<u>General</u>	<u>General Obligation</u>	<u>Other</u>	<u>Total</u>
			<u>Governmental Funds</u>	
Taxes	\$ 1,985,227	\$ 141,439	\$ 183,232	\$ 2,309,898
Special assessments	-	122,942	-	122,942
Other	29,993	-	-	29,993
Total	<u>\$ 2,015,220</u>	<u>\$ 264,381</u>	<u>\$ 183,232</u>	<u>\$ 2,462,833</u>

CITY OF MISSION, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance at <u>12/31/07</u>	Restatement	Restated Balance at <u>12/31/07</u>	<u>Additions</u>	<u>Retirements</u>	Balance at <u>12/31/08</u>
City governmental activities:						
Capital assets, not being depreciated						
Construction in progress	\$ 21,751,583	\$ -	\$ 21,751,583	\$ 7,555,437	\$ 7,763,233	\$ 21,543,787
Land	9,613,354	-	9,613,354	-	-	9,613,354
Capital assets, being depreciated						
Building	9,290,124	[875,725]	8,414,399	7,296	-	8,421,695
Equipment and vehicles	3,909,525	-	3,909,525	538,297	197,339	4,250,483
Infrastructure	6,133,579	-	6,133,579	7,959,200	-	14,092,779
Total capital assets	<u>50,698,165</u>	<u>[875,725]</u>	<u>49,822,440</u>	<u>16,060,230</u>	<u>7,960,572</u>	<u>57,922,098</u>
Less accumulated depreciation for:						
Building	2,033,385	[12,771]	2,020,614	177,576	-	2,198,190
Equipment and vehicles	2,576,505	-	2,576,505	451,754	146,964	2,881,295
Infrastructure	1,319,806	-	1,319,806	285,358	-	1,605,164
Total accumulated depreciation	<u>5,929,696</u>	<u>[12,771]</u>	<u>5,916,925</u>	<u>914,688</u>	<u>146,964</u>	<u>6,684,649</u>
Governmental activities capital assets, net	<u>\$ 44,768,469</u>	<u>\$ [862,954]</u>	<u>\$ 43,905,515</u>	<u>\$ 15,145,542</u>	<u>\$ 7,813,608</u>	<u>\$ 51,237,449</u>

The City's depreciation expense was charged to governmental functions as follows:

Governmental Activities:

General government	\$ 44,646
Public safety	161,615
Public works	443,792
Culture and recreation	<u>264,635</u>
Total depreciation	<u>\$ 914,688</u>

CITY OF MISSION, KANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2008

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt

During the year ended December 31, 2008, the following changes occurred in long term liabilities:

	Balance January 1, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2008</u>
General obligation debt	\$ 9,050,680	\$ -	\$ 1,099,460	\$ 7,951,220
Capital lease payable	66,200	192,869	122,246	136,823
Special assessment bonds	60,000	-	15,000	45,000
Capital improvement bonds	700,000	-	165,000	535,000
Temporary notes	19,771,525	17,595,680	7,101,400	30,265,805
Compensated absences	<u>545,616</u>	<u>104,048</u>	<u>102,937</u>	<u>546,727</u>
	<u>\$ 30,194,021</u>	<u>\$ 17,892,597</u>	<u>\$ 8,606,043</u>	<u>\$ 39,480,575</u>

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Series</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount</u>
Series 2002A - Community Center Sales Tax	6/15/2002	\$ 3,800,000	1.9%-5.0%	9/1/2012	\$ 1,790,000
Series 2004A - Capital Improvement	10/1/2004	1,235,000	1.4%-3.5%	9/1/2014	790,000
Series 2005A - Capital Improvement	12/14/2005	6,344,598	4.0%-5.0%	9/1/2015	4,621,220
Series 2007A - Capital Improvement	5/15/2007	751,114	5.0%-5.3%	9/1/2018	<u>750,000</u>
					<u>\$ 7,951,220</u>

Annual debt service requirements to maturity for the general obligation bonds are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,194,460	\$ 340,639
2010	1,239,460	294,474
2011	1,284,460	247,320
2012	1,334,460	197,588
2013	894,460	197,588
2014-2018	<u>2,003,921</u>	<u>179,032</u>
Total	<u>\$ 7,951,220</u>	<u>\$ 1,456,641</u>

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

In 2002, the City issued \$132,000 of General Obligation Bonds Series 2002C to finance storm sewer improvements in a newly created special benefit district. These bonds are to be fully repaid from the levying of special assessments on the property owners yet are also subject to an additional ad valorem tax levy to finance any delinquent special assessments receivable.

Special assessment bonds with governmental commitment outstanding at December 31, 2008 are as follows:

<u>Series</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>
Series 2002C - storm sewer	9/15/2002	\$ 132,000	2.25%-4.25%	9/1/2012	<u>\$ 45,000</u>

Debt services requirements to maturity to special assessment bonds with governmental commitment outstanding at December 31, 2008 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 15,000	\$ 1,725
2010	10,000	1,200
2011	10,000	825
2012	10,000	425
Total	<u>\$ 45,000</u>	<u>\$ 4,175</u>

The City has issued temporary notes that are currently outstanding as follows:

<u>Series</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>
Series 2006-1	3/8/2006	\$ 6,336,146	4.00%	3/1/2009	\$ 2,113,715
Series 2006-3	12/13/2006	3,123,546	3.75%	9/1/2009	1,067,849
Series 2007-1	5/1/2007	3,250,000	3.55-3.65%	3/1/2011	2,465,835
Series 2007-2	10/4/2007	7,011,113	3.55%	9/1/2008	7,010,000
Series 2008-1	1/25/2008	7,615,000	2.65%	9/1/2010	7,605,823
Series 2008-2	1/28/2008	3,235,000	3.87%	9/1/2010	3,226,678
Series 2008-3	9/2/2008	6,800,000	2.70%	9/1/2011	6,775,905
					<u>\$ 30,265,805</u>

Annual debt service requirements to maturity for temporary notes outstanding at December 31, 2008 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 3,957,325	\$ 916,301
2010	18,664,238	805,394
2011	7,644,242	15,513
	<u>\$ 30,265,805</u>	<u>\$ 1,737,208</u>

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

Capital improvement bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year. Capital improvement bonds currently outstanding are as follows:

<u>Series</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>
Series 2004 - B	10/13/2004	\$ 1,160,000	3.95%	9/1/2011	<u>\$ 535,000</u>

Annual debt service requirements to maturity for capital improvement bonds outstanding at December 31, 2008 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 170,000	\$ 21,133
2010	180,000	14,418
2011	<u>185,000</u>	<u>7,308</u>
Total	<u>\$ 535,000</u>	<u>\$ 42,858</u>

Outstanding long term debt of \$38,797,025 has been issued to acquire capital assets. Also, the outstanding capital lease of \$136,823 has been entered into to acquire capital assets.

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 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. Neither the City, the State of Kansas, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2008, there were five series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$26,010,000.

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

The City is a member of the Kansas Municipal Insurance Trust (KMIT), a not-for-profit corporation consisting of local governments and political subdivisions. KMIT was formed as a public entity risk retention pool to cover workers' compensation claims for its members. KMIT has been established as assessable pools and accounting records are maintained on a policy year basis. The City pays annual premiums to KMIT for worker's compensation coverage. The agreement with KMIT provides that KMIT will be self-sustaining through member premiums. KMIT has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, KMIT has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. KMIT has not had deficiencies in any of the past three fiscal years.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

V. OTHER INFORMATION (Continued)

B. Defined Benefit Pension Plan

Plan description - The City participates in the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Fireman's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by Kansas statutes (KSA 74-4901 et seq). KPERs and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law established and amends benefit provisions. KPERs and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to 611 South Kansas Ave., Suite 100, Topeka, Kansas 66603 or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. KSA 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provision of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates. The employer rate was 5.93% from January 1 to December 31, 2008. The City employer contributions to KPERs for the year ended December 31, 2008, 2007 and 2006 were \$105,384, \$91,906 and \$76,042, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2008 is 13.88%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2008, 2007 and 2006 were \$228,618, \$205,703 and \$179,907, respectively, equal to the retired contributions for each year.

C. Interfund Transfers

A reconciliation of all transfers by fund type for 2008 follows:

<u>Fund</u>	<u>To</u>	<u>From</u>
General	\$ -	\$ 1,000,000
Special Highway	-	241,962
Building Fund	-	3,668
Special Parks and Recreation	-	43,792
Lamar Bridge Replacement	-	4,125
Storm Drain	-	219,000
Capital Improvement	<u>1,512,547</u>	<u>-</u>
	<u>\$ 1,512,547</u>	<u>\$ 1,512,547</u>

The City uses interfund transfers to share administrative costs between funds.

D. Defined Contribution Plan

The City has established the City of Mission Money Purchase Plan, administered by the Principal Financial Group, available to employees other than those participating in KP&F. The City Council established and amends benefit provisions. Employees are eligible to participate after completing 1,000 or more hours of service. The City's contributions for each employee are 60% vested after five years of service and vest an additional 20% each year thereafter. The City makes annual contributions to the plan equal to 4% of covered employees' wages. Employees under the plan are allowed to make contributions to the plan of up to 10% of their wages. In addition to this employee contribution, the City will contribute 50% of the employee contributions up to a maximum of 2%. Employee contributions and the City's contribution for 2007 and 2008 were \$98,617 and \$101,930, respectively.

CITY OF MISSION, KANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2008

V. OTHER INFORMATION (Continued)

E. Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

	Governmental Activities <u>Assets</u>
Other equipment	\$ <u>381,005</u>

Minimum future lease payments under capital leases as of December 31, 2008 are:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2009	\$ 118,216	\$ 7,967	\$ 126,183
2010	<u>18,607</u>	<u>985</u>	<u>19,592</u>
Total	<u>\$ 136,823</u>	<u>\$ 8,952</u>	<u>\$ 145,775</u>

F. New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements which will or may affect the City:

Statement 43 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" which establishes new reporting standards for Other Post Employment Benefit Plans (OPEB). This statement would impact the City in the event that it should decide to fund its OPEB liability as reported under Statement 45. See below. Statement 43 would be effective immediately after the implementation of Statement 45 in the event that the OPEB were funded.

Statement 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" which requires that the cost of providing Other Post Employment Benefits (OPEB) be accounted for in basically the same way as pension benefits including the use of actuarial valuation methods. The liability reported under this standard may be funded as provided for by Statement 43 above. Statement 45 is effective for the fiscal year beginning January 1, 2009.

CITY OF MISSION, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

V. OTHER INFORMATION (Continued)

G. Subsequent Event

On April 15, 2009 the City adopted a resolution to issue General Obligation Refunding Bonds, Series 2009-A for the principal amount of \$22,975,000 to be sold on May 20, 2009. The purpose of this issuance is to refund the following issues and amounts:

<u>Series</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>12/31/2008 Outstanding</u>
Series 2007-1	5/1/2007	\$ 3,250,000	3.55-3.65%	3/1/2011	\$ 2,465,835
Series 2007-2	10/4/2007	7,011,113	3.55%	9/1/2008	7,010,000
Series 2008-1	1/25/2008	7,615,000	2.65%	9/1/2010	7,605,823
Series 2008-3	9/2/2008	6,800,000	2.70%	9/1/2011	6,775,905
					<u>\$ 23,857,563</u>

Debt service requirements to maturity for the Series 2009-A bonds is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,420,000	\$ 961,020
2011	1,605,000	770,073
2012	1,640,000	739,578
2013	1,670,000	704,317
2014	1,715,000	662,150
2015-2019	7,650,000	2,562,115
2020-2024	4,725,000	1,295,473
2025-2029	2,550,000	400,850
Total	<u>\$ 22,975,000</u>	<u>\$ 8,095,576</u>

The 2009-A issuance has early call provisions in the event that STAR bond proceeds or other revenues are available to retire the debt. STAR bonds will not be issued until such time as the Gateway Development is completed and collecting sales tax. This is anticipated to be sometime after the fiscal year 2012. The City plans to refund Series 2009-A to the extent possible with those proceeds at the earliest possible call date.

CITY OF MISSION, KANSAS
COMBINING STATEMENTS - NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

1. **Special Alcohol Fund** - established to account for one-third of the Alcohol Tax Funds sent to the City quarterly from the State Treasurer's office, and to disperse monies that are allocated yearly for distribution to agencies that are approved by the City Council in specified amounts on a yearly basis.
2. **Special Parks and Recreation Fund** - established to account for one-third of the Alcohol Tax Funds that are sent to the City quarterly by the State Treasurer's office which are computed in compliance with K.S.A. Supp. 79-41A04 et seq., representing tax receipts and adjustments processed by the Department of Revenue.
3. **Special Law Enforcement Fund** - established to provide a depository for monies forfeited to the police department pursuant to provisions of K.S.A. 65-4135 and 65-4156 relating to controlled substance investigation forfeitures. Expenditures from this fund are made only for authorized law enforcement purposes of the police department. Monies in the fund are not to be used for normal operating expenses of the City of its police department.
4. **Countryside Fund** - established to provide a tracking instrument for the remaining City of Countryside cash balances at the time of the consolidation.
5. **School District Sales Tax Fund** - established to account for the City's portion of sales tax monies received as a result of a 1/8th cent sales tax granted to schools by Johnson County voters in 2002.
6. **Mission Business Development Fund** - established to account for sales tax monies received for the development of the City's business district.
7. **Donations and Gifts Fund** - established to account for donations and gifts from businesses, groups and individuals.
8. **Solid Waste Fund** – established to account for solid waste charges for services.
9. **Rock Creek Drainage District #1** – established to account for the Rock Creek Drainage District #1.

NONMAJOR CAPITAL PROJECT FUND

Capital project funds are used to account for acquisition and construction of major capital facilities.

Building Fund - to account for monies collected by the transfer of sales tax and grants for use in building construction, land and building improvements.

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

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 388,415	\$ -	\$ 388,415
Total assets	<u>\$ 388,415</u>	<u>\$ -</u>	<u>\$ 388,415</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	\$ 1,261	\$ -	\$ 1,261
Total liabilities	<u>1,261</u>	<u>-</u>	<u>1,261</u>
Fund balance:			
Reserved for encumbrances	2,332	-	2,332
Unreserved			
Undesignated [deficit]	<u>384,822</u>	<u>-</u>	<u>384,822</u>
Total fund balance [deficit]	<u>387,154</u>	<u>-</u>	<u>387,154</u>
Total liabilities and fund balances	<u>\$ 388,415</u>	<u>\$ -</u>	<u>\$ 388,415</u>

See independent auditor's report on the financial statements.

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CITY OF MISSION, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 2,249	\$ -	\$ 2,249
Intergovernmental	162,854	-	162,854
Miscellaneous	848	-	848
Total Revenues	<u>165,951</u>	<u>-</u>	<u>165,951</u>
Expenditures			
Current			
Public works	279,414	-	279,414
Total Expenditures	<u>279,414</u>	<u>-</u>	<u>279,414</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[113,463]</u>	<u>-</u>	<u>[113,463]</u>
Other financing sources [uses]			
Transfers out	<u>[43,792]</u>	<u>[3,668]</u>	<u>[47,460]</u>
Total other financing sources [uses]	<u>[43,792]</u>	<u>[3,668]</u>	<u>[47,460]</u>
Net change in fund balances	[157,255]	[3,668]	[160,923]
Fund balance, beginning of year	<u>544,409</u>	<u>3,668</u>	<u>548,077</u>
Fund balance, end of year	<u>\$ 387,154</u>	<u>\$ -</u>	<u>\$ 387,154</u>

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2008

ASSETS	Special <u>Alcohol</u>	Special <u>Parks and Recreation</u>	Special <u>Law Enforcement</u>	<u>Countryside</u>
Cash and cash equivalents	\$ 37,204	\$ 162,355	\$ 6,081	\$ 44,995
Total assets	<u>\$ 37,204</u>	<u>\$ 162,355</u>	<u>\$ 6,081</u>	<u>\$ 44,995</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Deferred revenue	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances				
Reserved for encumbrances	-	-	-	-
Unreserved and undesignated	<u>37,204</u>	<u>162,355</u>	<u>6,081</u>	<u>44,995</u>
Total fund balances	<u>37,204</u>	<u>162,355</u>	<u>6,081</u>	<u>44,995</u>
Total liabilities and fund balances	<u>\$ 37,204</u>	<u>\$ 162,355</u>	<u>\$ 6,081</u>	<u>\$ 44,995</u>

<u>School District Sales Tax</u>	<u>Mission Business Development</u>	<u>Donations and Gifts</u>	<u>Solid Waste</u>	<u>Rock Creek Drainage District #1</u>	<u>Total</u>
\$ 34,064	\$ 88,777	\$ 7,534	\$ 308	\$ 7,097	\$ 388,415
<u>\$ 34,064</u>	<u>\$ 88,777</u>	<u>\$ 7,534</u>	<u>\$ 308</u>	<u>\$ 7,097</u>	<u>\$ 388,415</u>
\$ -	\$ -	\$ 1,261	\$ -	\$ -	\$ 1,261
-	-	1,261	-	-	1,261
-	-	2,332	-	-	2,332
34,064	88,777	3,941	308	7,097	384,822
<u>34,064</u>	<u>88,777</u>	<u>6,273</u>	<u>308</u>	<u>7,097</u>	<u>387,154</u>
<u>\$ 34,064</u>	<u>\$ 88,777</u>	<u>\$ 7,534</u>	<u>\$ 308</u>	<u>\$ 7,097</u>	<u>\$ 388,415</u>

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended December 31, 2008

	Special Alcohol	Special Parks and Recreation	Special Law Enforcement
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	48,273	48,274	-
Miscellaneous	-	-	540
	<u>48,273</u>	<u>48,274</u>	<u>540</u>
Total revenues	<u>48,273</u>	<u>48,274</u>	<u>540</u>
Expenditures			
Public works and improvements	<u>61,277</u>	<u>128,909</u>	<u>-</u>
Total expenditures	<u>61,277</u>	<u>128,909</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[13,004]</u>	<u>[80,635]</u>	<u>540</u>
Other financing sources [uses]			
Transfer out	<u>-</u>	<u>[43,792]</u>	<u>-</u>
Total other financing sources [uses]	<u>-</u>	<u>[43,792]</u>	<u>-</u>
Net change in fund balances	[13,004]	[124,427]	540
Fund balances, January 1	<u>50,208</u>	<u>286,782</u>	<u>5,541</u>
Fund balances, December 31	<u>\$ 37,204</u>	<u>\$ 162,355</u>	<u>\$ 6,081</u>

<u>Countryside</u>	<u>School District Sales Tax</u>	<u>Mission Business Development</u>	<u>Donations and Gifts</u>	<u>Solid Waste</u>	<u>Rock Creek Drainage District #1</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,249	\$ 2,249
623	-	65,684	-	-	-	162,854
-	-	-	-	308	-	848
<u>623</u>	<u>-</u>	<u>65,684</u>	<u>-</u>	<u>308</u>	<u>2,249</u>	<u>165,951</u>
-	23,766	65,462	-	-	-	279,414
-	23,766	65,462	-	-	-	279,414
<u>623</u>	<u>[23,766]</u>	<u>222</u>	<u>-</u>	<u>308</u>	<u>2,249</u>	<u>[113,463]</u>
-	-	-	-	-	-	[43,792]
-	-	-	-	-	-	[43,792]
623	[23,766]	222	-	308	2,249	[157,255]
<u>44,372</u>	<u>57,830</u>	<u>88,555</u>	<u>6,273</u>	<u>-</u>	<u>4,848</u>	<u>544,409</u>
<u>\$ 44,995</u>	<u>\$ 34,064</u>	<u>\$ 88,777</u>	<u>\$ 6,273</u>	<u>\$ 308</u>	<u>\$ 7,097</u>	<u>\$ 387,154</u>

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL ALCOHOL FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues						
Intergovernmental	\$ 48,273	\$ -	\$ 48,273	\$ 45,000	\$ 45,000	\$ 3,273
Total revenues	<u>48,273</u>	<u>-</u>	<u>48,273</u>	<u>45,000</u>	<u>45,000</u>	<u>3,273</u>
Expenditures						
Social services	<u>61,277</u>	<u>-</u>	<u>61,277</u>	<u>69,921</u>	<u>69,921</u>	<u>8,644</u>
Total expenditures	<u>61,277</u>	<u>-</u>	<u>61,277</u>	<u>69,921</u>	<u>69,921</u>	<u>8,644</u>
Excess [deficiency] of revenues over [under] expenditures	[13,004]	-	[13,004]	\$ [24,921]	\$ [24,921]	\$ 11,917
Fund balance, January 1	<u>50,208</u>	<u>-</u>	<u>50,208</u>			
Fund balance, December 31	<u>\$ 37,204</u>	<u>\$ -</u>	<u>\$ 37,204</u>			

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL PARKS AND RECREATION FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues						
Intergovernmental	\$ 48,273	\$ -	\$ 48,273	\$ 45,000	\$ 45,000	\$ 3,273
Total revenues	<u>48,273</u>	<u>-</u>	<u>48,273</u>	<u>45,000</u>	<u>45,000</u>	<u>3,273</u>
Expenditures						
Public works and improvements	<u>128,909</u>	<u>-</u>	<u>128,909</u>	<u>147,610</u>	<u>147,610</u>	<u>18,701</u>
Total expenditures	<u>128,909</u>	<u>-</u>	<u>128,909</u>	<u>147,610</u>	<u>147,610</u>	<u>18,701</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[80,636]</u>	<u>-</u>	<u>[80,636]</u>	<u>[102,610]</u>	<u>[102,610]</u>	<u>21,974</u>
Other financing sources [uses]						
Transfer out	<u>[43,791]</u>	<u>-</u>	<u>[43,791]</u>	<u>-</u>	<u>-</u>	<u>[43,791]</u>
Total other financing sources [uses]	<u>[43,791]</u>	<u>-</u>	<u>[43,791]</u>	<u>-</u>	<u>-</u>	<u>[43,791]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[124,427]</u>	<u>-</u>	<u>[124,427]</u>	<u>\$ [102,610]</u>	<u>\$ [102,610]</u>	<u>\$ [21,817]</u>
Fund balance, January 1	<u>286,782</u>	<u>-</u>	<u>286,782</u>			
Fund balance, December 31	<u>\$162,355</u>	<u>\$ -</u>	<u>\$ 162,355</u>			

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL OBLIGATION FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 153,125	\$ -	\$ 153,125	\$ 155,567	\$ 155,567	\$ [2,442]
Special assessments	101,563	-	101,563	115,000	115,000	[13,437]
Interest	<u>2,038</u>	<u>-</u>	<u>2,038</u>	<u>1,500</u>	<u>1,500</u>	<u>538</u>
Total revenues	<u>256,726</u>	<u>-</u>	<u>256,726</u>	<u>272,067</u>	<u>272,067</u>	<u>[15,341]</u>
Expenditures:						
Principal	135,000	-	135,000	164,898	164,898	29,898
Interest, issue cost and fiscal charges	<u>29,898</u>	<u>-</u>	<u>29,898</u>	<u>122,708</u>	<u>122,708</u>	<u>92,810</u>
Total expenditures	<u>164,898</u>	<u>-</u>	<u>164,898</u>	<u>287,606</u>	<u>287,606</u>	<u>122,708</u>
Excess [deficiency] of revenues over [under] expenditures	91,828	-	91,828	\$ [15,539]	\$ [15,539]	\$ <u>107,367</u>
Fund balance, January 1	<u>[4,681]</u>	<u>-</u>	<u>[4,681]</u>			
Fund balance, December 31	<u>\$ 87,147</u>	<u>\$ -</u>	<u>\$ 87,147</u>			

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
SALES TAX BOND FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 525,055	\$ -	\$ 525,055	\$ 495,000	\$ 495,000	\$ 30,055
Interest	<u>11,504</u>	<u>-</u>	<u>11,504</u>	<u>15,000</u>	<u>15,000</u>	<u>[3,496]</u>
Total revenues	<u>536,559</u>	<u>-</u>	<u>536,559</u>	<u>510,000</u>	<u>510,000</u>	<u>26,559</u>
Expenditures:						
Principal	405,000	-	405,000	494,605	494,605	89,605
Interest, issue cost and fiscal charges	<u>88,165</u>	<u>-</u>	<u>88,165</u>	<u>-</u>	<u>-</u>	<u>[88,165]</u>
Total expenditures	<u>493,165</u>	<u>-</u>	<u>493,165</u>	<u>494,605</u>	<u>494,605</u>	<u>1,440</u>
Excess [deficiency] of revenues over [under] expenditures	43,394	-	43,394	<u>\$ 15,395</u>	<u>\$ 15,395</u>	<u>\$ 27,999</u>
Fund balance, January 1	<u>727,081</u>	<u>-</u>	<u>727,081</u>			
Fund balance, December 31	<u>\$ 770,475</u>	<u>\$ -</u>	<u>\$ 770,475</u>			

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS

AGENCY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

1. **License Reinstatement Fees** - established to account for amounts collected through the court for driver's license restatement fees due to the State of Kansas.
2. **Alcohol and Drug Safety** - established to account for monies collected and paid for Driving Under the Influence evaluations.
3. **Cafeteria Plan** - established to account for monies collected for employee cafeteria plan contributions.

CITY OF MISSION, KANSAS
 COMBINING BALANCE SHEET
 AGENCY FUNDS
 December 31, 2008

ASSETS	<u>License Reinstatement Fees</u>	<u>Alcohol & Drug Safety</u>	<u>Cafeteria Plan</u>	<u>Totals</u>
Cash and cash equivalents	<u>\$ 1,250</u>	<u>\$ 19,955</u>	<u>\$ 9,833</u>	<u>\$ 31,038</u>
Total assets	<u>\$ 1,250</u>	<u>\$ 19,955</u>	<u>\$ 9,833</u>	<u>\$ 31,038</u>
 LIABILITIES				
Due to others	<u>\$ 1,250</u>	<u>\$ 19,955</u>	<u>\$ 9,833</u>	<u>\$ 31,038</u>
Total liabilities	<u>\$ 1,250</u>	<u>\$ 19,955</u>	<u>\$ 9,833</u>	<u>\$ 31,038</u>

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended December 31, 2008

<u>License Reinstatement Fees</u>	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
ASSETS				
Cash and cash equivalents	\$ 400	\$ 14,001	\$ 13,151	\$ 1,250
Total assets	<u>\$ 400</u>	<u>\$ 14,001</u>	<u>\$ 13,151</u>	<u>\$ 1,250</u>
LIABILITIES				
Due to others	\$ 400	\$ 14,001	\$ 13,151	\$ 1,250
Total liabilities	<u>\$ 400</u>	<u>\$ 14,001</u>	<u>\$ 13,151</u>	<u>\$ 1,250</u>
<u>Alcohol and Drug Safety</u>	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
ASSETS				
Cash and cash equivalents	\$ 13,715	\$ 27,840	\$ 21,600	\$ 19,955
Total assets	<u>\$ 13,715</u>	<u>\$ 27,840</u>	<u>\$ 21,600</u>	<u>\$ 19,955</u>
LIABILITIES				
Due to others	\$ 13,715	\$ 27,840	\$ 21,600	\$ 19,955
Total liabilities	<u>\$ 13,715</u>	<u>\$ 27,840</u>	<u>\$ 21,600</u>	<u>\$ 19,955</u>
<u>Cafeteria Plan</u>	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
ASSETS				
Cash and cash equivalents	\$ 8,101	\$ 37,385	\$ 35,653	\$ 9,833
Total assets	<u>\$ 8,101</u>	<u>\$ 37,385</u>	<u>\$ 35,653</u>	<u>\$ 9,833</u>
LIABILITIES				
Due to others	\$ 8,101	\$ 37,385	\$ 35,653	\$ 9,833
Total liabilities	<u>\$ 8,101</u>	<u>\$ 37,385</u>	<u>\$ 35,653</u>	<u>\$ 9,833</u>
<u>Total Agency Funds</u>	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
ASSETS				
Cash and cash equivalents	\$ 22,216	\$ 79,226	\$ 70,404	\$ 31,038
Total assets	<u>\$ 22,216</u>	<u>\$ 79,226</u>	<u>\$ 70,404</u>	<u>\$ 31,038</u>
LIABILITIES				
Due to others	\$ 22,216	\$ 79,226	\$ 70,404	\$ 31,038
Total liabilities	<u>\$ 22,216</u>	<u>\$ 79,226</u>	<u>\$ 70,404</u>	<u>\$ 31,038</u>

See independent auditor's report on the financial statements.

Statistical Section
(Unaudited)

This part of the City of Mission's *Comprehensive Annual Financial Report (CAFR)*, 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.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economical Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and the activities it performs.

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

TABLE 1
(UNAUDITED)

CITY OF MISSION, KANSAS
NET ASSETS BY COMPONENT
LAST TEN YEARS (1)
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities					
Invested in capital assets, net of related debt	\$ 6,511,170	\$ 4,560,491	\$ 8,129,556	\$ 15,120,064	\$ 18,606,539
Restricted	572,955	623,320	678,017	722,400	857,622
Unrestricted	<u>5,812,516</u>	<u>8,094,125</u>	<u>4,359,428</u>	<u>2,360,686</u>	<u>3,571,184</u>
Total Net Assets	<u>\$ 12,896,641</u>	<u>\$ 13,277,936</u>	<u>\$ 13,167,001</u>	<u>\$ 18,203,150</u>	<u>\$ 23,035,345</u>

(1) Data became available with the inception of GASB 34 during fiscal year 2004, therefore 10 years of data is unavailable.

Source: City of Mission, Kansas Basic Financial Statements.

TABLE 2
(UNAUDITED)

CITY OF MISSION, KANSAS
CHANGE IN NET ASSETS
LAST TEN YEARS (1)
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses					
Governmental Activities:					
General government	\$ 1,425,130	\$ 1,445,969	\$ 3,547,477	\$ 1,892,510	\$ 3,534,363
Public safety	2,508,144	2,862,597	2,903,379	3,239,519	3,384,135
Public works	2,929,595	3,188,033	2,657,277	2,953,028	2,699,875
Culture and recreation	2,813,867	2,866,291	2,813,443	2,648,777	2,657,303
Interest on Long-Term Debt	<u>241,768</u>	<u>304,078</u>	<u>617,069</u>	<u>1,039,158</u>	<u>1,390,170</u>
Total Primary Government Expenses	<u>9,918,504</u>	<u>10,666,968</u>	<u>12,538,645</u>	<u>11,772,992</u>	<u>13,665,846</u>
Program Revenues					
Governmental Activities:					
Charges for services					
General government	252,111	128,692	115,658	154,005	164,213
Public safety	976,526	1,204,794	1,568,089	1,897,595	1,850,795
Public works	14,069	514,303	372,141	574,455	777,603
Culture and recreation	1,499,413	1,704,874	1,758,012	1,818,171	1,872,041
Operating grants and contributions					
General government	5,675	815	1,300	-	-
Public safety	-	-	14,573	44,286	68,313
Public works	<u>619,889</u>	<u>429,843</u>	<u>756,870</u>	<u>4,058,055</u>	<u>5,945,713</u>
Total Primary Government Program Revenues	<u>3,367,683</u>	<u>3,983,321</u>	<u>4,586,643</u>	<u>8,546,567</u>	<u>10,678,678</u>
Total Primary Government Net [Expense]	<u>[6,550,821]</u>	<u>[6,683,647]</u>	<u>[7,952,002]</u>	<u>[3,226,425]</u>	<u>[2,987,168]</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	646,256	1,212,425	1,263,709	1,742,544	1,930,893
Sales and use tax	4,641,595	4,428,871	4,296,256	4,542,950	4,323,982
Motor vehicle tax	87,718	82,277	107,865	123,358	160,252
Franchise tax	749,315	853,066	929,185	986,991	1,022,445
Investment earnings	93,159	208,687	710,936	612,662	214,405
Miscellaneous	<u>117,421</u>	<u>282,229</u>	<u>392,427</u>	<u>281,947</u>	<u>253,637</u>
Total primary government	<u>6,335,464</u>	<u>7,067,555</u>	<u>7,700,378</u>	<u>8,290,452</u>	<u>7,905,614</u>
Change in Net Assets					
Governmental activities	<u>\$ [215,357]</u>	<u>\$ 383,908</u>	<u>\$ [251,624]</u>	<u>\$ 5,064,027</u>	<u>\$ 4,918,446</u>

(1) Data became available with the inception of GASB 34 during fiscal year 2004, therefore 10 years of data is unavailable.

Source: City of Mission, Kansas Basic Financial Statements.

TABLE 3
(UNAUDITED)

CITY OF MISSION, KANSAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund				
Reserved	\$ 167,600	\$ 30,091	\$ 130,592	\$ 72,720
Unreserved	<u>2,908,054</u>	<u>2,920,419</u>	<u>2,768,250</u>	<u>1,280,176</u>
Total General Fund	<u>\$ 3,075,654</u>	<u>\$ 2,950,510</u>	<u>\$ 2,898,842</u>	<u>\$ 1,352,896</u>
All Other Governmental Funds				
Reserved	\$ 7,750	\$ -	\$ 1,307,807	\$ 4,378,979
Unreserved, reported in:				
Special revenue funds	2,200,612	2,336,701	2,499,540	1,603,014
Debt service fund	794,533	392,730	149,553	179,028
Capital project funds	<u>4,386,497</u>	<u>4,399,212</u>	<u>2,465,878</u>	<u>2,490,730</u>
Total All Other Governmental Funds	<u>\$ 7,389,392</u>	<u>\$ 7,128,643</u>	<u>\$ 6,422,778</u>	<u>\$ 8,651,751</u>

Source: City of Mission, Kansas Basic Financial Statements.

TABLE 3
(UNAUDITED)

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 238,398	\$ 128,343	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
<u>2,188,070</u>	<u>2,598,676</u>	<u>2,694,436</u>	<u>1,923,372</u>	<u>2,120,554</u>	<u>2,459,968</u>
<u>\$ 2,426,468</u>	<u>\$ 2,727,019</u>	<u>\$ 2,697,436</u>	<u>\$ 1,926,372</u>	<u>\$ 2,123,554</u>	<u>\$ 2,462,968</u>
\$ 2,039,455	\$ 1,931,462	\$ 1,203,988	\$ 1,153,883	\$ 1,153,883	\$ 8,828
2,484,200	1,865,105	1,632,667	1,654,844	1,635,880	1,642,606
509,195	572,955	623,320	678,017	722,400	857,622
<u>422,093</u>	<u>910,339</u>	<u>7,435,624</u>	<u>9,970,696</u>	<u>[1,813,596]</u>	<u>5,952,272</u>
<u>\$ 5,454,943</u>	<u>\$ 5,279,861</u>	<u>\$ 10,895,599</u>	<u>\$ 13,457,440</u>	<u>\$ 1,698,567</u>	<u>\$ 8,461,328</u>

TABLE 4
(UNAUDITED)

CITY OF MISSION, KANSAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>
Revenues			
Taxes	\$ 4,124,288	\$ 3,607,004	\$ 3,457,382
Special assessments	142,544	135,388	130,810
Intergovernmental	1,794,657	2,162,061	2,374,333
Licenses and permits	154,022	136,799	152,264
Charges for services	554,761	1,171,532	1,358,459
Fines and fees	382,880	382,454	336,080
Use of money and property	462,771	638,333	409,675
Miscellaneous	47,157	219,661	80,993
Total revenues	<u>7,663,080</u>	<u>8,453,232</u>	<u>8,299,996</u>
Expenditures			
General government	507,514	1,360,987	694,109
Public safety	1,451,490	1,761,259	1,736,012
Public works	2,302,627	2,965,220	2,232,763
Culture and recreation	925,580	1,489,319	1,659,150
Capital outlay	1,649,758	683,739	2,557,958
Debt service			
Principal	360,000	380,000	400,000
Bond issuance costs	-	-	-
Interest and other charges	221,256	198,601	177,862
Total expenditures	<u>7,418,225</u>	<u>8,839,125</u>	<u>9,457,854</u>
Excess of revenues over [under] expenditures	<u>244,855</u>	<u>[385,893]</u>	<u>[1,157,858]</u>
Other financing sources [uses]			
Transfers in	500,000	-	1,135,000
Transfers out	[500,000]	-	[1,135,000]
Bond premium	-	-	-
Bond discount	-	-	-
Sale of refunding bonds	-	-	-
Payment to refunding bond escrow agent	-	-	-
Sale of bonds	-	-	-
Total other financing sources [uses]	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 244,855</u>	<u>\$ [385,893]</u>	<u>\$ [1,157,858]</u>
Debt service as a percentage of noncapital expenditures	10.08%	7.09%	8.37%

Source: City of Mission, Kansas Basic Financial Statements.

TABLE 4
(UNAUDITED)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 3,556,131	\$ 4,004,429	\$ 6,124,884	\$ 6,576,639	\$ 6,597,014	\$ 7,395,843	\$ 7,336,009
128,442	119,500	120,888	112,011	106,173	95,035	101,563
2,274,727	1,927,244	625,563	430,658	666,570	4,007,306	6,014,026
139,953	151,410	150,055	189,776	147,398	199,545	322,449
1,492,293	1,458,250	1,593,983	2,050,547	2,102,420	2,341,354	2,480,423
433,829	645,765	877,194	1,200,329	1,564,082	1,903,327	1,861,780
174,672	73,331	93,159	208,687	710,936	612,662	175,208
34,583	53,523	117,421	282,229	392,427	281,947	275,087
<u>8,234,630</u>	<u>8,433,452</u>	<u>9,703,147</u>	<u>11,050,876</u>	<u>12,287,020</u>	<u>16,837,019</u>	<u>18,566,545</u>
743,380	768,751	1,070,642	1,418,455	1,916,208	1,975,256	2,199,511
1,904,761	1,954,971	2,444,061	2,740,399	2,722,207	3,079,884	3,326,584
4,822,156	2,532,653	2,805,876	2,980,125	2,403,996	2,574,231	2,247,005
1,953,947	1,908,104	2,519,021	2,549,985	2,521,622	2,381,770	2,387,785
786,015	3,941,062	2,235,832	3,820,968	8,542,329	22,198,096	9,219,468
1,100,000	502,000	1,960,000	1,045,000	4,685,000	5,985,000	8,345,000
-	-	-	72,332	48,919	90,494	59,190
236,368	239,521	232,246	233,084	326,898	1,097,214	1,275,507
<u>11,546,627</u>	<u>11,847,062</u>	<u>13,267,678</u>	<u>14,860,348</u>	<u>23,167,179</u>	<u>39,381,945</u>	<u>29,060,050</u>
<u>[3,311,997]</u>	<u>[3,413,610]</u>	<u>[3,564,531]</u>	<u>[3,809,472]</u>	<u>[10,880,159]</u>	<u>[22,544,926]</u>	<u>[10,493,505]</u>
463,080	368,572	2,279,072	1,285,232	1,752,338	2,080,802	1,512,547
[463,080]	[368,572]	[2,279,072]	[1,285,232]	[1,752,338]	[2,080,802]	[1,512,547]
-	-	-	294,598	61,976	1,113	-
-	-	-	[3,971]	-	-	[54,320]
1,954,168	-	-	-	-	-	-
[1,925,000]	-	-	-	-	-	-
3,965,856	1,200,000	3,690,000	9,105,000	12,590,000	11,010,000	17,650,000
<u>3,995,024</u>	<u>1,200,000</u>	<u>3,690,000</u>	<u>9,395,627</u>	<u>12,651,976</u>	<u>11,011,113</u>	<u>17,595,680</u>
<u>\$ 683,027</u>	<u>\$ [2,213,610]</u>	<u>\$ 125,469</u>	<u>\$ 5,586,155</u>	<u>\$ 1,771,817</u>	<u>\$ [11,533,813]</u>	<u>\$ 7,102,175</u>
12.42%	9.38%	19.87%	12.23%	34.60%	41.87%	45.90%

TABLE 5
(UNAUDITED)

CITY OF MISSION, KANSAS
GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN YEARS

<u>Fiscal Year</u> <u>December 31,</u>	<u>Property</u> <u>Tax</u>	<u>City Sales</u> <u>Tax</u>	<u>Franchise</u> <u>Tax</u>	<u>Total</u>
1999	\$ 473,737	\$ 3,006,969	\$ 643,582	\$ 4,124,288
2000	519,599	2,404,129	683,276	3,607,004
2001	541,494	2,232,949	682,939	3,457,382
2002	596,860	2,465,389	493,882	3,556,131
2003	675,451	2,835,501	493,477	4,004,429
2004	733,974	4,641,595	749,315	6,124,884
2005	1,294,702	4,428,871	853,066	6,576,639
2006	1,371,573	4,296,256	929,185	6,597,014
2007	1,865,902	4,542,950	986,991	7,395,843
2008	1,989,582	4,323,982	1,022,445	7,336,009

Source: City of Mission, Kansas Basic Financial Statements.

TABLE 6
(UNAUDITED)

CITY OF MISSION
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY (1)
LAST TEN YEARS

Year Ended December 31, Assessment Year	Budget Year	Real Property		Personal Property		Total Assessed Value	Estimated Actual Value	Ratio of Assessed Value to Estimated Actual Value	Total Direct Tax Rate
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
1998	1999	\$ 81,857,588	\$ 612,650,278	\$ 10,925,117	\$ 43,700,468	\$ 92,782,705	\$ 656,350,746	0.14	5.104
1999	2000	89,174,566	636,009,683	12,113,353	47,645,855	101,287,919	683,655,538	0.15	5.073
2000	2001	94,836,107	609,773,749	16,008,281	62,965,905	110,844,388	672,739,654	0.16	5.124
2001	2002	97,587,479	636,773,160	16,526,153	65,002,868	114,113,632	701,776,028	0.16	5.124
2002	2003	117,414,721	795,044,473	14,220,866	55,935,406	131,635,587	850,979,879	0.15	5.041
2003	2004	116,464,078	821,908,020	9,316,714	36,645,742	125,780,792	858,553,762	0.14	9.935
2004	2005	119,809,159	849,677,095	9,023,996	35,494,384	128,833,155	885,171,479	0.14	9.962
2005	2006	122,948,049	880,351,925	8,749,943	29,166,477	131,697,992	909,518,402	0.14	13.176
2006	2007	128,267,489	923,590,639	9,862,567	32,875,223	138,130,056	956,465,862	0.14	13.198
2007	2008	130,722,893	936,033,240	6,713,836	22,379,453	137,436,729	958,412,693	0.14	13.215

(1) - Information provided by the Johnson County Office of the County Appraiser.

TABLE 7
(UNAUDITED)

CITY OF MISSION, KANSAS
PROPERTY TAX RATES PER \$1,000 OF ASSESSED VALUATION
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

Year Ended December 31,	City	Johnson County	Shawnee Mission School District	Johnson County Community College	Consolidated Fire District #2	Unified Johnson County Sewer District	Johnson County Library	Johnson County Parks and Recreation
1999	5.104	16.1120	41.2460	7.184	7.159	5.166	3.137	1.451
2000	5.073	15.6760	40.3270	7.646	7.197	4.647	2.981	1.322
2001	5.124	16.3330	38.6990	7.743	7.703	4.181	2.971	1.382
2002	5.124	16.2210	42.2380	9.428	8.008	0.000	2.948	1.602
2003	5.041	16.3810	37.7740	9.432	9.240	0.000	2.954	2.365
2004	9.935	16.0410	42.6550	9.438	9.241	0.000	2.956	2.367
2005	9.962	17.9220	49.7480	8.960	9.405	0.000	2.955	2.286
2006	13.176	17.9490	51.9800	8.872	9.335	0.000	2.960	2.290
2007	13.198	17.9850	52.0080	8.749	9.356	0.000	2.962	2.295
2008	13.215	17.7670	52.0940	8.768	8.992	0.000	3.057	2.341

Information provided by the Johnson County, Kansas County Clerk's Annual Abstract of Taxes.

TABLE 8
(UNAUDITED)

CITY OF MISSION, KANSAS
PRINCIPAL TAXPAYERS
December 31, 2008 and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2008 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>	<u>1999 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>
Scriptpro	Medical equipment manufacturer	\$ 5,990,330	1	4.36%	Not Available		
Target Corporation	Shopping center	2,676,831	2	1.95%			
Southwestern Bell Telephone	Telecommunications provider	2,510,580	3	1.83%			
SBC Internet Services, Inc	Telecommunications provider	2,436,635	4	1.77%			
Broadmoor Place Associates	Office building development	2,402,750	5	1.75%			
Mission Towers Properties	Property developer	2,321,501	6	1.69%			
Sixty Three West Investors	Property developer	2,213,476	7	1.61%			
Silverwood Apartments, LLC	Property developer	1,987,718	8	1.45%			
Tower Properties Company	Property developer	1,977,196	9	1.44%			
Bridges At Foxridge	Shopping center	<u>1,818,093</u>	10	1.32%			
Total		<u>\$ 26,335,110</u>		<u>19.16%</u>			

Source: Johnson County Clerks Office.

TABLE 9
(UNAUDITED)

CITY OF MISSION, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Taxes Collected</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Total Levy</u>
1999	\$ 474,862	\$ 468,950	98.8%	\$ 4,640	\$ 473,590	99.7%	\$ 28,283	6.0%
2000	516,974	515,575	99.7%	3,521	519,096	100.4%	26,161	5.1%
2001	562,622	537,527	95.5%	3,967	541,494	96.2%	47,289	8.4%
2002	614,100	591,283	96.3%	5,577	596,860	97.2%	64,529	10.5%
2003	614,437	647,533	105.4%	6,478	654,011	106.4%	24,955	4.1%
2004	613,444	606,489	98.9%	39,766	646,255	105.3%	-	0.0%
2005	1,245,425	1,200,892	96.4%	6,128	1,207,020	96.9%	38,405	3.1%
2006	1,280,090	1,232,030	96.2%	5,238	1,237,268	96.7%	81,227	6.3%
2007	1,733,032	1,705,570	98.4%	33,438	1,739,008	100.3%	75,251	4.3%
2008	1,821,495	1,757,650	96.5%	27,122	1,784,772	98.0%	111,974	6.1%

(1) - Debit balance due to adjustments to assessed values.

TABLE 10
(UNAUDITED)

CITY OF MISSION, KANSAS
OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Fiscal Year	General Obligation Bonds	Temporary Notes	Capital Improvement Bonds	Special Assessment Bonds	Capital Leases Payable	Total	City Population	Personal Income	Debt Per Capita	Debt As A Percentage of Personal Income
1999	\$2,855,000	\$ -	\$ -	\$ 950,000	\$ -	\$3,805,000	9,535	\$188,239,970	399	2.02%
2000	2,560,000	-	-	865,000	-	3,425,000	9,727	271,091,490	352	1.26%
2001	2,250,000	-	-	775,000	-	3,025,000	9,727	271,091,490	311	1.12%
2002	5,755,000	-	-	132,000	-	5,887,000	9,727	271,091,490	605	2.17%
2003	5,265,000	1,200,000	-	120,000	-	6,585,000	10,020	279,257,400	657	2.36%
2004	5,755,000	1,295,000	1,160,000	105,000	-	8,315,000	10,020	279,257,400	830	2.98%
2005	11,219,598	4,346,029	1,010,000	90,000	188,136	16,853,763	10,020	279,257,400	1,682	6.04%
2006	9,725,138	13,946,976	860,000	75,000	144,530	24,751,644	10,020	279,257,400	2,470	8.86%
2007	9,050,680	19,771,525	700,000	60,000	66,200	29,648,405	10,020	279,257,400	2,959	10.62%
2008	7,951,220	30,265,805	535,000	45,000	136,823	38,933,848	10,020	279,257,400	3,886	13.94%

Source: Johnson County Clerk and City of Mission Records.

TABLE 11
(UNAUDITED)

CITY OF MISSION, KANSAS
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA
LAST TEN YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Population(1)</u>	<u>Assessed</u> <u>Value</u>	<u>Gross</u> <u>Bonded</u> <u>Debt</u>	<u>Less</u> <u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Net</u> <u>Bonded</u> <u>Debt</u>	<u>Ratio of</u> <u>Net</u> <u>Bonded</u> <u>Debt to</u> <u>Assessed</u> <u>Value</u>	<u>Net</u> <u>Bonded</u> <u>Debt per</u> <u>Capita</u>
1999	9,535	\$ 92,782,705	\$ 3,805,000	\$ 794,533	\$ 3,010,467	3.24%	\$ 315.73
2000	9,727	101,287,919	3,425,000	392,730	3,032,270	2.99%	311.74
2001	9,727	110,844,388	3,025,000	149,553	2,875,447	2.59%	295.61
2002	9,727	114,113,632	5,887,000	179,028	5,707,972	5.00%	586.82
2003	10,020	131,635,587	6,585,000	509,195	6,075,805	4.62%	606.37
2004	10,020	125,780,792	5,860,000	572,955	5,287,045	4.20%	527.65
2005	10,020	128,833,155	11,309,598	623,320	10,686,278	8.29%	1,066.49
2006	10,020	131,697,992	9,800,138	678,017	9,122,121	6.93%	910.39
2007	10,020	138,130,056	9,110,680	722,400	8,388,280	6.07%	837.15
2008	10,020	137,436,729	7,996,220	857,622	7,138,598	5.19%	712.43

(1) Information provided by the Johnson County Economic Research Institute.

TABLE 12
(UNAUDITED)

CITY OF MISSION, KANSAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2008

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Mission</u>	<u>Amount Applicable to City of Mission</u>
Direct debt:			
City of Mission, Kansas	\$ 38,933,848	100.00%	\$ 38,933,848
Overlapping debt: (1)			
Johnson County	233,180,000	1.66%	3,870,788
Shawnee Mission School (U.S.D. 512)	260,075,000	4.24%	11,027,180
Fire District #2	1,595,000	17.86%	284,867
Johnson County Community College	3,495,000	1.66%	58,017
Johnson County Parks and Recreation	4,305,000	1.66%	71,463
Total overlapping debt	502,650,000		15,312,315
Total direct and overlapping debt	\$ 541,583,848		\$ 54,246,163

(1) Information provided by Johnson County Clerk's Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the overlapping debt of those overlapping governments that is borne by the resident and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also applied to the other debt of the overlapping governmental units.

TABLE 13
(UNAUDITED)

CITY OF MISSION, KANSAS
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Total Assessed Valuation of Taxable Property	\$ 92,782,705	\$ 101,287,919	\$ 110,844,388	\$ 114,113,632
Debt Limit Percent of Assessed Value	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>
Debt Limit	27,834,812	30,386,376	33,253,316	34,234,090
Total net debt applicable to limit	<u>3,805,000</u>	<u>3,425,000</u>	<u>3,025,000</u>	<u>5,887,000</u>
Legal Debt Margin	<u>\$ 24,029,812</u>	<u>\$ 26,961,376</u>	<u>\$ 30,228,316</u>	<u>\$ 28,347,090</u>
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	13.67%	11.27%	9.10%	17.20%

Note: Under State finance law, the City's outstanding general obligation debt should not exceed 30 percent of the total assessed property value.

Source: Assessed valuation from Johnson County Clerk.

TABLE 13
(UNAUDITED)

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 131,635,587	\$ 125,780,792	\$ 128,833,155	\$ 131,697,992	\$ 138,130,056	\$ 137,436,729
30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
39,490,676	37,734,238	38,649,947	39,509,398	41,439,017	41,231,019
<u>6,585,000</u>	<u>5,860,000</u>	<u>11,309,598</u>	<u>9,800,138</u>	<u>9,110,680</u>	<u>7,996,220</u>
<u>\$ 32,905,676</u>	<u>\$ 31,874,238</u>	<u>\$ 27,340,349</u>	<u>\$ 29,709,260</u>	<u>\$ 32,328,337</u>	<u>\$ 33,234,799</u>
16.67%	15.53%	29.26%	24.80%	21.99%	19.39%

TABLE 14
(UNAUDITED)

CITY OF MISSION, KANSAS
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
December 31, 2008

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income</u>
1999	9,535	1.1%	\$ 19,742	\$ 188,239,970
2000	9,727	1.5%	27,870	271,091,490
2001	9,727	3.7%	27,870	271,091,490
2002	9,727	4.3%	27,870	271,091,490
2003	10,020	3.9%	27,870	279,257,400
2004	10,020	4.3%	27,870	279,257,400
2005	10,020	4.5%	27,870	279,257,400
2006	10,020	4.1%	27,870	279,257,400
2007	10,020	3.9%	27,870	279,257,400
2008	10,020	4.4%	27,870	279,257,400

(1) Obtained from Johnson County Economic Research Institute and Bureau of Census. Unemployment rates are for Johnson County.

(2) Information compiled every ten years.

TABLE 15
(UNAUDITED)

CITY OF MISSION, KANSAS
PRINCIPAL EMPLOYERS
December 31, 2008 and Nine Years Ago

<u>Employer</u>	<u>December 31, 2008</u>			<u>December 31, 1999</u>		
	Employees	Rank	Percentage of Total Employment	Employees (1)	Rank	Percentage of Total Employment
ScriptPro	500	1	4.99%	Not Available		0.00%
AT&T Telecommunications	400	2	3.99%	Not Available		0.00%
Skillpath, Inc.	250	3	2.50%	Not Available		0.00%
U.S. Post Office	250	4	2.50%	Not Available		0.00%
HyVee Food Stores	250	5	2.50%	Not Available		0.00%
City of Mission (2)	195	6	1.95%	Not Available		0.00%
National Seminars Group	165	7	1.65%	Not Available		0.00%
Target	140	8	1.40%	Not Available		0.00%
Entercom	100	9	1.00%	Not Available		0.00%
CGI CommuniGroup	100	10	1.00%	Not Available		0.00%
cGMP Validation LLC	100	10	1.00%	Not Available		0.00%
Medical Staffing Network	100	10	1.00%	Not Available		0.00%
Cumulus Broadcasting (3)	100	10	1.00%	Not Available		0.00%
Total	<u>2,650</u>		<u>26.45%</u>	<u>-</u>		<u>0.00%</u>

- (1) Information not available.
(2) Includes full and part time.
(3) Formerly Susquehanna, Inc.

Source: Northeast Johnson County Economic Development Council.

TABLE 16
(UNAUDITED)

CITY OF MISSION, KANSAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST THREE YEARS (1)
December 31, 2008

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public Safety/Municipal Justice			
911 Calls Received	9,003	10,756	9,128
DUI Arrests	213	363	335
Traffic/Parking Complaints	16,858	17,964	17,350
Accidents	316	351	287
Investigations Cases	714	744	702
Total Court Cases Processed	17,690	19,027	17,574
Public Works			
Curb Miles Swept (lane miles)	296	222	797
Streets Milled and Overlaid (Linear Feet)	1,200	2,850	9,386
Sidewalk Replaced (Square Yards)	550	550	1,330
Curb and Gutter Replaced (Linear Feet)	2,900	6,499	4,920
Acres of Lawn Mowed	4,224	1,056	1,056
Urban Management and Planning			
Building Permits Processed	36	60	130
Plan Reviews Performed	20	18	20
Leisure and Recreation			
Annual Memberships Sold	937	2,294	2,314
Annual Membership Revenue	1,054,374	1,028,942	1,022,691
Facility Reservations Processed	1,960	1,111	735
Facility Reservation Revenue	168,119	172,469	189,378
Pool Memberships Sold	261	230	232
Pool Revenue	53,504	54,425	57,265

(1) Data not maintained by specific function prior to 2006.

Source: City of Mission, Kansas.

TABLE 17
(UNAUDITED)

CITY OF MISSION, KANSAS
FULL TIME CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST FOUR YEARS

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government				
Administration/Finance*	7.0	6.0	6.0	6.0
Community Development*	3.0	2.0	2.0	2.0
Municipal Court*	4.0	3.0	3.0	3.0
Public Works*	12.0	14.0	14.0	14.0
Police	30.0	30.0	30.0	29.0
Parks & Recreation*	<u>13.0</u>	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>
Total	69.0	69.0	69.0	68.0

*Data not maintained by specific function prior to 2005.

Source: City of Mission, Kansas.

TABLE 18
(UNAUDITED)

CITY OF MISSION, KANSAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Police										
Stations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works										
Miles of streets	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7
Streetlights	850.0	850.0	850.0	850.0	850.0	850.0	819.0	819.0	819.0	819.0
Parks & Recreation										
Parks	7.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0
Park acreage	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Pools	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Tennis Courts	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Community Center	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

Source: City of Mission, Kansas.

CITY OF MISSION, KANSAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2008

Federal Grantor/Pass-Through <u>Grantor/Program Title</u>	Federal CFDA <u>Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u> Economic Development Initiative	14.246	\$ <u>495,000</u>
Total U.S. Department of Housing and Urban Development		<u>495,000</u>
<u>U.S. Department of Justice</u> Passed Through Kansas Governor's Office Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>8,321</u>
Total U.S. Department of Justice		<u>8,321</u>
<u>U.S. Department of Transportation</u> Passed Through Kansas Department of Transportation: Highway Planning and Construction	20.205	427,600
State and Community Highway Safety	20.600	<u>6,037</u>
Total U.S. Department of Transportation		<u>433,637</u>
Total Expenditures of Federal Awards		<u>\$ 936,958</u>

The accompanying notes are an integral part of this schedule.

CITY OF MISSION, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2008

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of the City of Mission, Kansas. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with accounting principles generally accepted in the United States of America.

CITY OF MISSION, KANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended December 31, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor's 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 Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.246	Economic Development Initiative
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes X No

CITY OF MISSION, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended December 31, 2008

Section II - Financial Statement Findings

Current Year

<u>Program</u>	<u>Finding</u>	<u>Condition</u>	<u>Criteria</u>	<u>Questioned Costs</u>	<u>Recommendation</u>	<u>Management Response</u>
Not applicable	2008-1	Business license receipting lacks adequate separation of physical and accounting control over cash.	Recommended Practices	Not determined	A staff member independent of business licensing should review a reconciliation of business licenses issued to the cash collected.	Agrees

Section III - Federal Award Findings and Questioned Costs

None Noted

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**INDEPENDENT AUDITOR'S 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"**

Mayor and City Council
City of Mission, Kansas

We have audited the financial statements of the governmental activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the City of Mission, Kansas (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 8, 2009. 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 opinion 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 City'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 City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting.

The City currently lacks adequate separation of physical control over cash and accounting control over cash in dealing with business licenses. One person can enter the billing information into the computerized system, collect cash and record the cash receipt into the system. Proper cash controls provide that separate individuals be assigned to physical control and accounting control of cash receipt transactions. In addition, we recommend that a staff member independent of business licensing review a reconciliation of businesses licenses issued to the cash collected. We also recommend that this individual review a list of new and closed business license accounts periodically.

The City's response to the significant deficiency identified in our audit are described in the accompanying schedule of findings and questioned costs and have not been audited by us and accordingly, we express no opinion on them.

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 City's internal control.

Our consideration of 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 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."

However, we noted certain other matters that we have reported to management in a separate letter dated May 8, 2009.

This communication is intended solely for the information and use of the Mayor and City Council, management and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

Lowenthal, Singleton, Webb & Wilson
Professional Association

May 8, 2009

LOWENTHAL SINGLETON WEBB & WILSON
P R O F E S S I O N A L A S S O C I A T I O N

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and City Council
City of Mission, Kansas

Compliance

We have audited the compliance of City of Mission, Kansas 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 for the year ended December 31, 2008. City of Mission, Kansas's major federal programs are identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 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 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, City of Mission, Kansas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of City of Mission, Kansas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Mission, Kansas's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. 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 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 compliance that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of the Mayor and City Council, management and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

Lowenthal, Singleton, Webb & Wilson

Professional Association

May 8, 2009