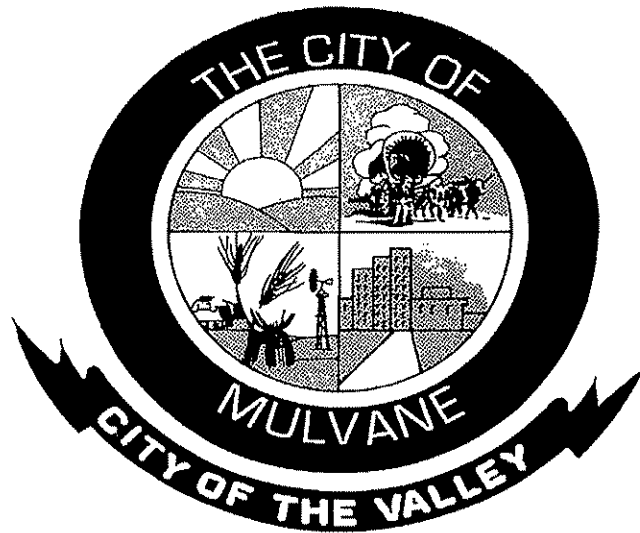


**CITY OF
MULVANE, KANSAS**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL
YEAR ENDED
DECEMBER 31, 2011**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF MULVANE, KANSAS

FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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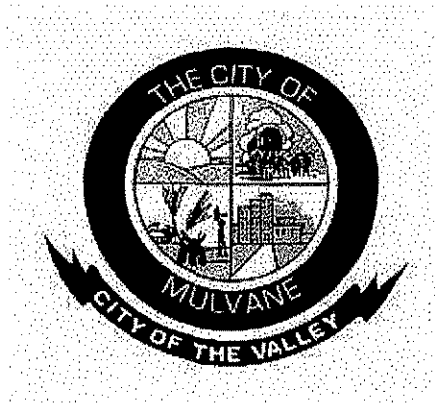
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INTRODUCTORY SECTION



June 25, 2012

To the Citizens of the City of Mulvane, Kansas

The Comprehensive Annual Financial Report of the City of Mulvane, Kansas for the year ended December 31, 2011 is respectfully submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. City staff believes the data as presented is accurate in all respects and that the information is profiled in a manner designed to fairly set forth the financial position and results of operations of the City and the component units measured by the financial activity of its various funds. All disclosures necessary to empower the reader to gain an understanding of the City's financial activities have been included.

Financial Information

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

All internal control evaluations occur within this framework. City staff believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurances of proper recording of financial transactions.

Expenditures are authorized by a budget approved by the City Council as required by State statute. City staff and Council continually review and approve all deviations from budget authorizations. The Kansas cash basis and budget laws require (1) cash is on hand before expenditure is authorized, (2) that all expenditures be budgeted (unless specifically

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

Financial Polices & Planning

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

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

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

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

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

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

An indicator of the positive impact of these financial policies and practices is that the City has been given an A+ rating by Standard and Poor on a recent bond refunding and a \$14 million dollar General Obligation Bond issue. Mulvane is the smallest city in Kansas to achieve an A+ rating.

The Reporting Entity and Its Services

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

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

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

The Report

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

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

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Mulvane as legally defined) as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations and are included as part of the primary government. Accordingly, the Mulvane Public Building Commission is reported as a special revenue fund of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Mulvane Public Library and the Mulvane Housing Authority are reported as discretely presented component units.

Generally accepted accounting principles require that management provide a narrative introduction overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of

Mulvane's MD&A can be found immediately following the report of the independent auditors.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Mulvane, Kansas for its Comprehensive Annual Financial Report for the year ended December 31, 2010.

A governmental unit must publish a comprehensive financial report that is well organized. The contents of that financial report should conform to Certificate program standards to be considered for the GFOA award. These reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. City staff believes our current report continues to conform to Certificate Program requirements and we are submitting it to GFOA to determine its eligibility for an award. The City of Mulvane established a program to meet these required standards in 1995. The City of Mulvane has been awarded the Certificate of Achievement for the past sixteen years.

Economic Outlook

The Wichita area economy lags behind much of the nation. It is slow to feel the recession and slow to recover from it. Boeing announced it will close its plant in 2013 taking 2,000 aircraft industry jobs out of this area. The other aircraft companies seem to be stable but not thriving. That critical sector of the local economy is slow to recover if it does at all. The recession is ending in Kansas but the labor market remains very weak. Most firms remain extremely hesitant to add to their payrolls, particularly in the manufacturing industry. Unlike most states, there has been little improvement in residential construction over the last year. The State of Kansas experienced a significant decrease in revenues as the recession took hold. The economy is slow to recover and economic outlook for the area economy is stable but not improving and that causes much anxiety about the future. One bright spot for our area is the construction of a new destination-casino development in Mulvane. The casino has created hundreds of construction related jobs. Over 900 employees will be needed to staff the casino once constructed. This large commercial development should expand the City's tax base and generate revenues that can be used in the General Fund to the benefit of the community.

Construction Activity

With the exception of casino related construction, 2011 was another sluggish year with a total of 55 building permits being issued. This consisted of all construction activity including additions, remodel and new construction. This is approximately a 30% increase from 2010 but is down from the 20 year average of 72 permits. The average construction

value prior to 2011 was \$7.3 million. Due to the new casino, the total construction value for 2011 was \$80,800,000.

Financial Picture

The assessed valuation of Mulvane did increase slightly in 2011. The Ad Valorem tax levy revenue in 2011 was \$1,643,752 compared to 2010 which was \$1,648,189. The mill levy decreased from 53.7 in 2010 to 53.6 in 2011.

Cash Management

The City of Mulvane employs a cash management policy adopted by the Council in 1995. The policy, which provides for the basis of the investment of public funds, is conservative, with the goal to protect principal while avoiding undue risk for return. Cash temporarily idle throughout the year was invested in the City's Money Market Accounts and certificate of deposits. A Now Account is utilized for a checking account that allows the City to capitalize on the use of all idle funds. The 2011 average interest rate for the City's Now Account, Money Market Account, and CD's has decreased to .35%. In 2010, the average interest rate was 0.32%. The previous year of 2009, it was 0.81%. Total interest earned from the Now Account and Money Market Accounts in 2011 was \$11,776, down from \$17,395 in 2010, due to the City placing most of its idle money in the money market accounts, which were paying a higher interest rate, instead of certificate of deposits.

The City's 2011 total average cash balance was \$12,458,901 compared to \$8,466,134 in 2010. The 2011 total average invested cash balance was \$4,800,000. The 2010 total average invested cash balance was \$7,746,666 up from \$7,001,076 in 2009.

Risk Management

It is a priority of the City to maintain a safe working environment for our employees and protect the citizens. The Health and Safety Committee consists of the City Administrator and all the department heads. This committee meets every two weeks to review accidents or injuries to employees and any property damage (public or private). The committee discusses training materials and methods that can be used to help employees reduce the potential for accidents, injuries or prevent property damage. In addition, on an annual basis, the Fire Department does an inspection of all City buildings and property to identify and remedy potential problems. The City participates in the Kansas Municipal Utilities Safety Training Program.

This program provides for a qualified safety trainer to come to Mulvane once each month to instruct City employees in a class on a wide variety of safety and risk related topics.

While some City staff are required to attend (dependent upon the topic) all City staff are invited to attend.

In the even numbered years, the loss control agent for the City's property, casualty and Workers Compensation insurance carrier conducts an extensive risk and safety audit of all City property and operations.

The result of these intensive safety and risk management efforts was very few incidents of injury or property damage. The City's Workers Compensation Experience Modification Factor for 2011 dropped to .91 down from .98 in 2010. By insurance industry standards, an Experience Modification Factor below 1.00 is good.

Independent Audit

State statutes require an annual audit of the books of accounts, financial records and transactions of all administrative departments of the City by an independent certified public accountant appointed by the City Council. To meet this requirement, George, Bowerman & Noel, P.A. was retained and their opinion is included in the Financial Section of this report.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the City Treasurer, Sharon Phipps and Accounting Clerk, Cathy Walker. Employees in several City departments also contributed information to this report that makes it truly a cooperative, team effort. Gary George and his staff were very helpful and supportive in assisting in the compilation of this document.

Respectfully submitted,



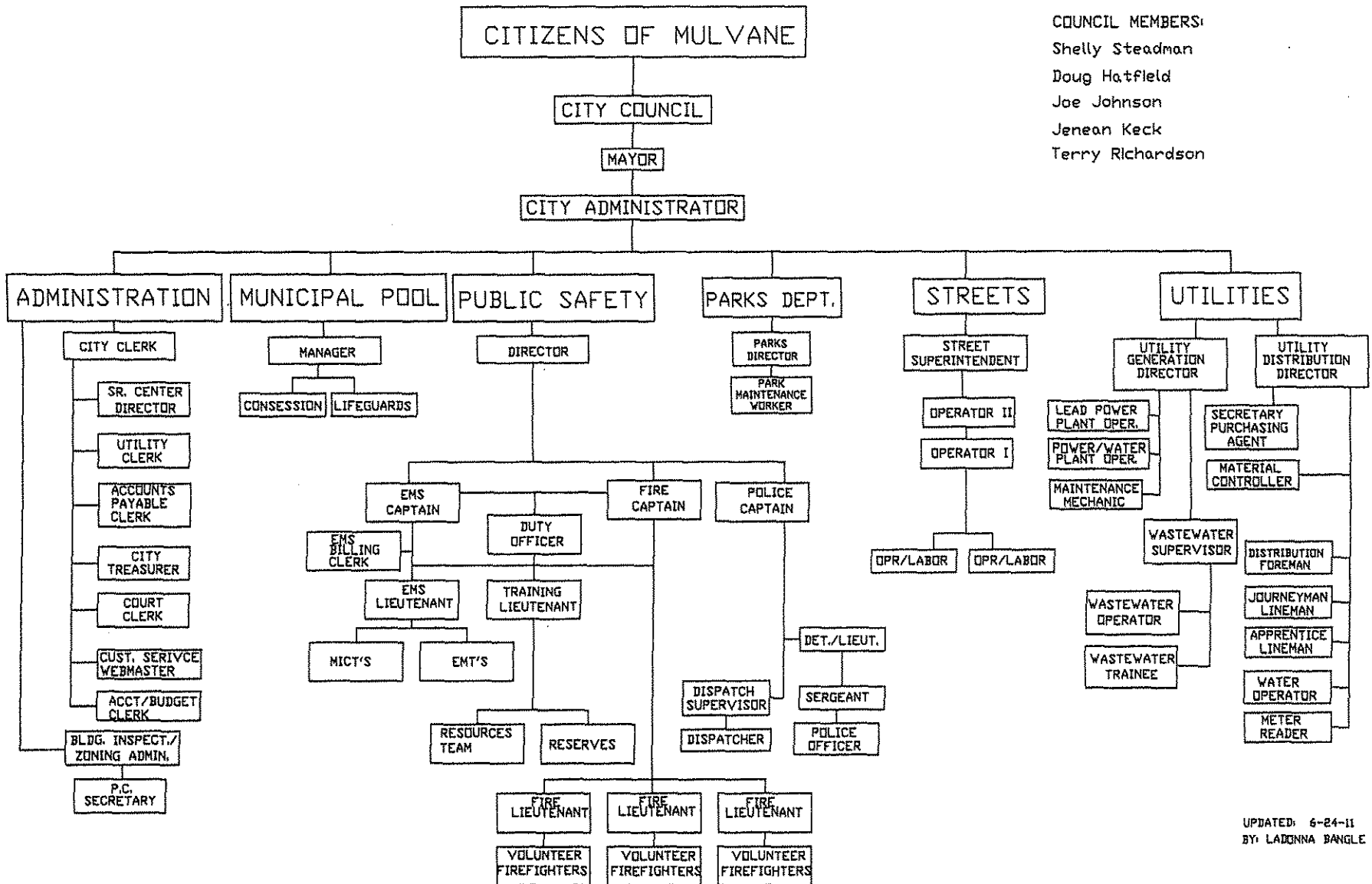
Kent Hixson – City Administrator

CITY OF MULVANE, KANSAS
LIST OF PRINCIPAL OFFICIALS
December 31, 2011

<u>Title</u>	<u>Name</u>
Mayor	James P. Ford
Council Member	Doug Hatfield
Council Member	Joe Johnson
Council Member	Jenean Keck
Council Member	Terry Richardson
Council Member	Shelly Steadman
City Administrator	Kent Hixson
City Clerk	Patty Gerwick
City Treasurer	Sharon Phipps
Utilities Distribution Director	Brad Modlin
Utilities Generation Director	Galen Cummins
Public Safety Director	David Williams
Street Superintendent	Kevin Baker
Park Superintendent	Kendra Walls
City Attorney	J.T. Klaus
Municipal Judge	Duane Brown
City Prosecutor	Larry Linn

ORGANIZATIONAL CHART

MAYOR: James P. Ford
 COUNCIL MEMBERS:
 Shelly Steadman
 Doug Hatfield
 Joe Johnson
 Jenean Keck
 Terry Richardson



UPDATED: 6-24-11
 BY: LADONNA BANGLE

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mulvane
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

George, Bowerman & Noel, P.A.

*Certified Public Accountants
Management Consultants
Tax Advisors*

Paul R. Bowerman
Gary L. George

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Council
Mulvane, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mulvane, Kansas (City) as of and for the year ended December 31, 2011, 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 of Mulvane's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mulvane, Kansas, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited

procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because of the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mulvane's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mulvane's basic financial statements. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

George, Bowerman & Noel, P.A.

Wichita, Kansas
June 20, 2012

CITY OF MULVANE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2011

As management of the City of Mulvane, Kansas, (City) we offer readers of the City's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the City's basic financial statements, which immediately follow this section, and the Comprehensive Annual Financial Report transmittal letter in the preceding Introductory Section.

FINANCIAL HIGHLIGHTS

- The total assets of the City for its governmental and business-type activities exceeded its liabilities at the close of the most recent fiscal year by \$35,776,040. Of this amount, \$37,166,805 is capital assets, net of related debt and \$7,362,294 is for restricted uses, leaving \$8,753,059 of an unrestricted deficit.
- The City's total net assets increased by \$1,241,200 during the current fiscal year. The net assets of the City's business-type activities increased by \$13,461,794 and the governmental activities assets decreased by \$12,220,594.
- At the end of the current fiscal year, the fund balance for the General Fund was \$1,606,922 or 58% of the total General Fund expenditures and transfers out incurred in the current fiscal year.
- The City's total bonded debt decreased by \$1,709,000 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in the future fiscal periods (e.g., earned but not used compensated absences).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety (police, fire and emergency

medical services), streets, recreation, parks, planning and zoning, community development and general administrative support. The business-type activities of the City include electric, water and wastewater services.

Component units are included in the basic financial statements and consist of legally separate entities for which the City is financially accountable and that have either the same governing board as the City or a governing board appointed by the City Council. The blended component unit includes the Mulvane Public Building Commission of the City of Mulvane. The discretely presented component units are the Mulvane Public Library and the Mulvane Housing Authority.

The government-wide financial statements can be found on pages 20 and 21 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating an entity's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 28 individual governmental funds for financial reporting purposes. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Debt Service, Secondary EMS Facility & Equipment, Casino Water Improvements, Casino Sewer Improvements, and Wastewater Treatment Plant Improvement funds, which are considered major funds. Data for the remaining 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

The City adopts an annual appropriated budget for its General Fund, 13 of its 17 special revenue funds, and its Debt Service Fund. A budgetary comparison statement has been provided for the General Fund in the basic financial statements and for the special revenue and debt service funds in the supplementary information.

The basic governmental fund financial statements can be found on pages 22 through 28 of this report.

Proprietary Funds – Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer operations, which are considered to be major funds of the City. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its machinery and equipment repair and maintenance operations. This operation primarily benefits business-type activities and are included with business-type activities in the government-wide financial statements.

The proprietary funds financial statements can be found on pages 29 through 33 of this report.

Fiduciary Funds – Fiduciary funds, which consist only of agency funds, are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not included in the government-wide financial statements because the resources are not available to support the City's operations.

The fiduciary funds financial statement can be found at page 34 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 63 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the City, assets exceeded liabilities by \$35,776,040 as of December 31, 2011.

The largest portion of the City's net assets(\$37,166,805) reflects its investments in capital assets, net of accumulated depreciation, (e.g., land, buildings and improvements, machinery and equipment, infrastructure and construction work in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF MULVANE'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 9,910,232	\$ 8,444,775	\$ 5,315,509	\$ 5,636,392	\$ 15,225,741	\$ 14,081,167
Capital assets	<u>26,234,276</u>	<u>26,706,510</u>	<u>29,447,664</u>	<u>16,570,072</u>	<u>55,681,940</u>	<u>43,276,582</u>
Total assets	<u>36,144,508</u>	<u>35,151,285</u>	<u>34,763,173</u>	<u>22,206,464</u>	<u>70,907,681</u>	<u>57,357,749</u>
Long-term liabilities	7,991,038	8,815,508	10,967,062	11,839,695	18,958,100	20,655,203
Other liabilities	<u>5,888,698</u>	<u>1,850,411</u>	<u>284,843</u>	<u>317,295</u>	<u>6,173,541</u>	<u>2,167,706</u>
Total liabilities	<u>13,879,736</u>	<u>10,665,919</u>	<u>11,251,905</u>	<u>12,156,990</u>	<u>25,131,641</u>	<u>22,822,909</u>
Net assets:						
Invested in capital assets,						
Net of related debt	\$ 18,417,687	\$ 18,060,089	\$ 18,749,118	\$ 4,974,701	\$ 37,166,805	\$ 23,034,790
Restricted	5,124,858	3,145,384	2,237,436	2,305,666	7,362,294	5,451,050
Unrestricted	<u>(11,277,773)</u>	<u>3,279,893</u>	<u>2,524,714</u>	<u>2,769,107</u>	<u>(8,753,059)</u>	<u>6,049,000</u>
Total net assets	<u>\$ 12,264,772</u>	<u>\$ 24,485,366</u>	<u>\$ 23,511,268</u>	<u>\$ 10,049,474</u>	<u>\$ 35,776,040</u>	<u>\$ 34,534,840</u>

An additional portion of the City's net assets (21%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is a deficit of

\$8,753,059. This deficit is the result of \$10,000,000 of short term debt financing on capital projects at year-end.

Analysis of the City's operations – The following table provides a summary of the City's operations for the years ended December 31, 2011 and 2010. The City's net assets increased by \$1,241,200, or approximately 4%.

CITY OF MULVANE'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 718,801	\$ 491,913	\$ 6,712,490	\$ 6,345,999	\$ 7,431,291	\$ 6,837,912
Operating grants and contributions	686,986	769,505	-	-	686,986	769,505
Capital grants and contributions	2,312,499	175,986	-	-	2,312,499	175,986
General revenues:						
Property taxes	1,975,129	1,975,010	-	-	1,975,129	1,975,010
Sales taxes	691,642	661,759	-	-	691,642	661,759
Franchise taxes	425,525	388,190	-	-	425,525	388,190
Investment earnings	21,932	16,795	14,490	17,548	36,422	34,343
Total revenues	<u>6,832,514</u>	<u>4,479,158</u>	<u>6,726,980</u>	<u>6,363,547</u>	<u>13,559,494</u>	<u>10,842,705</u>
Expenses:						
General government	367,607	388,764	-	-	367,607	388,764
Public safety	2,214,923	1,967,491	-	-	2,214,923	1,967,491
Highways and streets	1,620,242	1,402,712	-	-	1,620,242	1,402,712
Culture and recreation	732,029	818,353	-	-	732,029	818,353
Economic development	91,345	11,358	-	-	91,345	11,358
Environmental protection	414	1,600	-	-	414	1,600
Electric system	-	-	4,561,418	4,264,535	4,561,418	4,264,535
Water system	-	-	954,799	798,895	954,799	798,895
Sewer system	-	-	1,431,809	1,195,183	1,431,809	1,195,183
Interest on long-term indebtedness	343,708	372,438	-	-	343,708	372,438
Total expenses	<u>5,370,268</u>	<u>4,962,716</u>	<u>6,948,026</u>	<u>6,258,613</u>	<u>12,318,294</u>	<u>11,221,329</u>
Increases (decreases) in net assets before transfers	1,462,246	(483,558)	(221,046)	104,934	1,241,200	(378,624)
Transfers in (out)	<u>(13,682,840)</u>	<u>(18,745)</u>	<u>13,682,840</u>	<u>18,745</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(12,220,594)	(502,303)	13,461,794	123,679	1,241,200	(378,624)
Net assets, beginning of year	<u>24,485,366</u>	<u>4,987,669</u>	<u>10,049,474</u>	<u>9,925,795</u>	<u>34,534,840</u>	<u>34,913,464</u>
Net assets, end of year	<u>\$ 12,264,772</u>	<u>\$ 24,485,366</u>	<u>\$ 23,511,268</u>	<u>\$ 10,049,474</u>	<u>\$ 35,776,040</u>	<u>\$ 34,534,840</u>

Governmental Activities – Governmental activities decreased the City's net assets by \$12,220,594 for the current fiscal year. Total governmental activity revenues increased by \$2,353,356 with capital grants and contributions comprising an increase of \$2,136,513 for the current year and can be attributed to casino developer contributions received of \$2,187,923. Further, charges for services include a significant increase that is directly related to building permits for the new casino site. Sales tax and franchise fee revenues reflected very slight increases indicating that any local economic recovery was negligible for 2011. EMS incurred reductions in both charges for service calls and in the subsidies received from Sedgwick and Sumner Counties.

Total governmental activity expenses increased by \$407,552 for 2011, or approximately 8%. Salaries and benefits continue to be a significant portion of the operating expenses for many functional areas and comprise approximately 46% of total operating costs for governmental activities. Total salaries and wages increased 4% for 2011; however, benefit costs actually decreased due to health insurance cost reductions. Public safety and street functional activities continue to incur high petroleum product costs, which is a significant factor in their operations. Overall, inflation effected the City's operating expenses by approximately 3.2%, which is reflected in most all operating expenses such as supplies, utilities, insurance, and other contractual services.

Business-type Activities – Business-type activities increased the City's net assets by \$13,461,794 for the current fiscal year. Significantly all of this increase can be attributed to contributions of water and sewer improvements to provide services to the new casino site. Total business-type activity revenues increased \$363,433, or approximately 6% for 2011. During 2011, the full impact of a 25% sewer rate increase, initiated in April 2010, was received. The unusually hot summer months for 2011 are reflected in both the Electric System and Water System revenues and related expenditures.

Expenses for the business-type activities increased by \$689,413, or about 11%, for 2011, with production costs for the Electric Utility and Water Utility comprising \$452,787 of this increase. The remaining increase in the Sewer Utility costs of \$236,626 is principally attributed to increased depreciation of facilities for 2011 of \$226,887.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds – The focus of the City's funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance deficit of \$8,439,274. This deficit is attributed to the short-term debt financing incurred for water and sewer system improvement projects to provide service to the casino site. Fund balance deficits in these funds totaled \$13,470,454.

General Fund

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$699,690, while the total fund balance was \$1,606,922, which was \$24,869 less than the prior year's General Fund total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25% of total General Fund expenditures and transfers out for the current year. The total fund balance of the General Fund represents 58% of total General Fund expenditures and transfers out for the current year.

The City Council has restricted \$160,605 of the fund balance for future self-insurance requirements. In addition, the City Council has committed \$746,627 to carryover to fund the 2012 General Fund budget.

Debt Service Fund

The Debt Service Fund of the City services most all of the City's general obligation bonded debt. The fund balance of the Debt Service Fund at the end of the current year was \$241,212, which was an

increase of \$2,525 from 2010. Resources for this fund are generated from property taxes, special assessment taxes and interest earnings and decreased by \$12,572 for 2011 and debt service requirements increased by \$180,729 for 2011.

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

The total net assets of the proprietary funds increased by \$13,461,794 for 2011. The change in net assets by fund includes a decrease in the Electric System Fund of \$230,985, and increases in the Water System Fund and Sewer System Fund of \$2,356,665 and \$11,328,858, respectively. Significant contributions of water and sewer capital assets to provide utility services to the new casino site comprise significantly all of the water and sewer system increase.

The internal service fund had total net assets at year-end of \$12,386. Total net assets increased by \$9,692 over 2010, however, interfund charges for services have not been sufficient to cover the operating expenses. The fund incurred an operating loss of \$22,308 for 2011; however, transfers in of \$32,000 covered the operating deficit.

Electric System Fund

Total net assets of the Electric System Fund decreased by \$230,985. Customer consumption for 2011 increased approximately 6% and operating revenues and expenses are generally reflective of that situation as operating revenues increased \$249,019 and operating expenses increased \$331,132.

Water System Fund

Total net assets of the Water System Fund increased by \$2,356,665, largely due to the contribution of infrastructure needed to accommodate the new casino located in the City. Operating revenues increased by \$57,721 during 2011 as consumption increased due to the construction and opening of the temporary casino in December, 2011. Operating expenses increased \$156,351 for 2011.

Sewer System Fund

The total net assets of the Sewer System Fund increased by \$11,328,858 and can be attributed to the infrastructure and addition to the treatment plant needed to accommodate the new casino. Operating revenues increased \$52,045, or approximately 4%, with operating expenses increasing \$304,425, or approximately 35%. Depreciation expense increased \$226,887 for 2011 due to capital assets placed in service.

General Fund Budgetary Highlights – The General Fund total actual revenues were 112% of the total amount anticipated in the 2011 budget and exceeded the total anticipated revenues by \$296,976. The significant composition of this excess can be attributed to intergovernmental shared revenues and grant revenues.

General Fund budgetary revenues were \$2,832,154 for 2011 and represented 112% of the budgeted revenues. General Fund budgetary expenditures totaled \$2,771,115, which represented only 84% of the budgeted expenditures for 2011. Accordingly, the General Fund incurred a favorable variance from its budgeted expenditures of \$538,612. The Administration Department incurred a favorable budgetary variance of \$467,274 mainly due to contingency reserves not being utilized.

CAPITAL ASSETS

The City's investment in capital assets as of December 31, 2011 amounts to \$55,681,940 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, utility plant in service, machinery and equipment, and construction work in progress. The total net decrease in the City's investment in capital assets for the current fiscal year was 3%. Asset additions for 2011 totaled \$14,726,547. Major capital asset events during the current fiscal year included the following:

- A new pickup for the Street Department at a cost of \$19,986.
- A new backhoe for the Street Department at a cost of \$78,595.
- A new street sweeper costing \$175,400.
- Two new pickups for the Parks Department totaling \$48,452.
- Plaza Lane street overlay costing \$55,000.
- Three Ambulance cots costing \$34,440.
- EMS communications equipment upgrades totaling \$50,573.
- Water system improvements accumulating to \$325,256.
- Transformers for Wastewater Treatment Plant costing \$59,582.
- Water system improvements to the casino site totaling \$2,299,483.
- Sewer system improvements to the casino site totaling \$2,314,297.
- Wastewater Treatment Plant Phase I improvements totaling \$9,069,060.

Capital Assets at Year-End Net of Accumulated Depreciation

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 256,617	\$ 256,617	\$ 758,117	\$ 758,117	\$ 1,014,734	\$ 1,014,734
Buildings	1,521,137	1,578,697	-	-	1,521,137	1,578,697
Utility plant	-	-	17,727,648	9,195,991	17,727,648	9,195,991
Improvements other than buildings	3,194,535	3,283,134	10,563,553	6,183,797	13,758,088	9,466,931
Infrastructure	19,553,624	20,327,834	-	-	19,553,624	20,327,834
Machinery and equipment	1,383,107	1,260,228	398,346	432,167	1,781,453	1,692,395
Construction work in progress	<u>325,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 26,234,276</u>	<u>\$ 26,706,510</u>	<u>\$ 29,447,664</u>	<u>\$ 16,570,072</u>	<u>\$ 55,681,940</u>	<u>\$ 43,276,582</u>

Additional information on the City's capital assets can be found in Note 3 on pages 48 through 50 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City's total long-term debt obligations outstanding are \$18,958,100. This amount was comprised of \$12,710,000 of general obligation bonds secured by future tax revenues from governmental activities with \$6,008,546 of such bonds being committed from resources generated by business-type revenues, \$4,690,000 of revenue bonds which are secured by business-type revenue sources, \$55,135 of notes payable secured by the future revenue sources from governmental activities, and \$1,060,000 of revenue bonds secured by future revenue sources from governmental activities via lease revenues from the City to the Mulvane Public Building Commission. The remaining long-term debt obligations totaling \$442,965 of the City pertains to accrued compensated

absences and will be liquidated from future resources of governmental activities and business-type activities.

The City's long-term debt decreased by \$1,697,103, or about 8% during the current fiscal year. This decrease is due to limited new debt issuances of \$4,680,000 for the advanced refunding of revenue bonds. Repayment of long-term debt was \$5,730,364 in 2011.

Due to a continuation of favorable long-term debt interest rates during 2011, the City entered into a current refunding transaction related to general obligation bonds and electric, waterworks, and sewer utility revenue bonds. The City issued \$4,690,000 of general obligation refunding bonds to advance refund \$4,970,000 of outstanding Electric, Waterworks, and Sewer Utility System Refunding and Improvement Revenue Bonds. The City entered into the current refunding transaction to reduce its total debt service payments over the next 11 years by \$807,907, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$778,388.

Additional information on the City's long-term debt can be found in Note 4 on pages 51 through 57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget is developed to provide efficient, effective and economical uses of the City's resources. The budget is the most important annual policy statement the elected officials can make. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The elected officials and appointed staff considered many factors when setting the fiscal year 2012 budget which impacts the property tax rate and fees that will be charged for business-type activities. Those factors include the following:

- Maintaining competitive employee salaries and benefits, but facing increasing costs for employer paid health insurance and retirement contributions.
- Increases in debt service requirements for both general obligation bonds and revenue bonds.
- Property tax revenues are budgeted to increase in 2012 by only \$11,449, or approximately 1%. Assessed valuations increased about 3%, resulting in a decreased mill levy of .994 mills.

The General Fund's largest single revenue source is property taxes. The property tax rate for FY 2011 was \$.053753 per \$1,000 of assessed valuation. Of this tax rate, 41%, or \$.022197 was utilized for General Fund activities. 23% or \$.012194 was used for debt service, and 28%, or \$.014997 was used for employee benefits. The General Fund's portion of property tax revenue for FY 2012 is estimated to be \$.022288, or 42% of the total tax revenues. Sedgwick County has a 1% sales tax and the City's portion of the sales tax revenue is estimated at \$625,000 as compared to the 2011 actual amount of \$677,332. 2011 sales tax revenues were \$28,876 more than the actual for 2010.

With unemployment remaining relatively high and sales tax revenues remaining flat, the City Council undertook a very cautious approach to revenue estimating and expenditure appropriation in the 2012 annual budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Mulvane Treasurer, 211 North Second Street, Mulvane, Kansas 67110, call (316) 777-1143 or visit the City's web site at www.mulvanekansas.com.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MULVANE, KANSAS

STATEMENT OF NET ASSETS

December 31, 2011

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority
<u>ASSETS</u>					
Cash and investments	\$ 5,665,509	\$ 1,205,513	\$ 6,871,022	\$ 83,933	\$ 24,276
Receivables:					
Property taxes	1,653,710	--	1,653,710	--	--
Special assessment taxes	2,521,756	--	2,521,756	--	--
Sales taxes	60,444	--	60,444	--	--
Franchise fees	38,829	--	38,829	--	--
Trade accounts, net	110,827	925,285	1,036,112	--	--
Internal balances	(171,266)	171,266	--	--	--
Prepaid items	27,732	20,800	48,532	--	--
Restricted assets	2,691	2,489,354	2,492,045	--	11,314
Unamortized debt issuance costs	--	503,291	503,291	--	--
Capital assets:					
Land	256,617	758,117	1,014,734	--	16,000
Buildings	2,362,453	22,696,514	25,058,967	--	577,073
Improvements other than buildings	3,719,499	15,287,522	19,007,021	--	--
Infrastructure	34,147,455	--	34,147,455	--	--
Machinery and equipment	4,186,816	1,822,062	6,008,878	32,675	95,906
Less accumulated depreciation	(18,763,820)	(11,116,551)	(29,880,371)	(16,623)	(446,115)
Construction work in progress	325,256	--	325,256	--	--
Total assets	<u>36,144,508</u>	<u>34,763,173</u>	<u>70,907,681</u>	<u>99,985</u>	<u>278,454</u>
<u>LIABILITIES</u>					
Accounts payable	3,983,015	200,010	4,183,025	4,871	1,900
Accrued payroll payable	--	462	462	--	--
Accrued interest payable	147,643	84,371	232,014	--	--
Matured bonds and coupons payable	1,316	--	1,316	--	--
Unearned revenue	1,756,724	--	1,756,724	--	--
Noncurrent liabilities:					
Due within one year	949,909	406,266	1,356,175	--	18,414
Due in more than one year	7,041,129	10,560,796	17,601,925	--	205,407
Total liabilities	<u>13,879,736</u>	<u>11,251,905</u>	<u>25,131,641</u>	<u>4,871</u>	<u>225,721</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	18,417,687	18,749,118	37,166,805	16,052	19,043
Restricted for:					
Debt service	2,762,968	2,237,436	5,000,404	--	--
Capital improvements	1,801,919	--	1,801,919	--	11,314
Employee Benefits	306,581	--	306,581	--	--
Parks and recreation	60,261	--	60,261	--	--
Economic development	153,253	--	153,253	--	--
Street maintenance and improvement	31,173	--	31,173	--	--
Public safety	1,873	--	1,873	--	--
Health and welfare	6,830	--	6,830	--	--
Unrestricted	<u>(11,277,773)</u>	<u>2,524,714</u>	<u>(8,753,059)</u>	<u>79,062</u>	<u>22,376</u>
	<u>\$ 12,264,772</u>	<u>\$ 23,511,268</u>	<u>\$ 35,776,040</u>	<u>\$ 95,114</u>	<u>\$ 52,733</u>

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

CITY OF MULVANE, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	Component Units Mulvane Public Library	Mulvane Housing Authority
Governmental Activities:									
General government	\$ 367,607	\$ 215,240	\$ 6,830	\$ --	\$ (145,537)	\$ --	\$ (145,537)	\$ --	\$ --
Public safety	2,214,923	384,999	278,725	1,919,547	368,348	--	368,348	--	--
Highways and streets	1,620,242	39,840	243,385	--	(1,337,017)	--	(1,337,017)	--	--
Culture and recreation	732,029	78,722	29,862	5,029	(618,416)	--	(618,416)	--	--
Economic development	91,345	--	--	387,923	296,578	--	296,578	--	--
Environmental protection	414	--	--	--	(414)	--	(414)	--	--
Interest on long-term debt	343,708	--	128,184	--	(215,524)	--	(215,524)	--	--
Total Governmental Activities	\$ 5,370,268	\$ 718,801	\$ 686,986	\$ 2,312,499	(1,651,982)	--	(1,651,982)	--	--
Business-Type Activities:									
Electric Utility	\$ 4,561,418	\$ 4,325,273	\$ --	\$ --	--	(236,145)	(236,145)	--	--
Water Utility	954,799	1,013,865	--	--	--	59,066	59,066	--	--
Sewer Utility	1,431,809	1,373,352	--	--	--	(58,457)	(58,457)	--	--
Total Business-Type Activities	\$ 6,948,026	\$ 6,712,490	\$ --	\$ --	--	(235,536)	(235,536)	--	--
Component Units:									
Mulvane Public Library	\$ 166,537	\$ 3,768	\$ 21,917	\$ --	--	--	--	(140,852)	--
Mulvane Housing Authority	84,642	72,289	10,763	15,419	--	--	--	--	13,829
Total Component Units	\$ 251,179	\$ 76,057	\$ 32,680	\$ 15,419	--	--	--	(140,852)	13,829
General Revenues and Transfers:									
General Revenues:									
Property taxes levied for:									
General purposes					1,519,802	--	1,519,802	--	--
Debt service					455,327	--	455,327	--	--
Sales taxes					691,642	--	691,642	--	--
Franchise taxes					425,525	--	425,525	--	--
Payment from City of Mulvane					--	--	--	145,815	--
Investment earnings					21,932	14,490	36,422	1,267	30
Transfers in (out)					(13,682,840)	13,682,840	--	--	--
Total general revenues and transfers					(10,568,612)	13,697,330	3,128,718	147,082	30
Change in net assets					(12,220,594)	13,461,794	1,241,200	6,230	13,859
Net assets at beginning of year					24,485,366	10,049,474	34,534,840	88,884	38,874
Net assets at end of year					\$ 12,264,772	\$ 23,511,268	\$ 35,776,040	\$ 95,114	\$ 52,733

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

FUND FINANCIAL STATEMENTS

CITY OF MULVANE, KANSAS

BALANCE SHEET – GOVERNMENTAL FUNDS
(continued on next page)

December 31, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Secondary EMS Facility & Equipment</u>	<u>Casino Water Improvements</u>	<u>Casino Sewer Improvements</u>	<u>Wastewater Treatment Plant Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>								
Cash and short-term investments	\$ 1,272,674	\$ 241,212	\$ 1,801,919	\$ –	\$ 434,804	\$ 213,125	\$ 1,691,912	\$ 5,655,646
Cash with fiscal agent	–	1,316	–	–	–	–	–	1,316
Cash held for appearance bonds	1,375	–	–	–	–	–	–	1,375
Property taxes receivable	703,664	290,123	–	–	–	–	659,923	1,653,710
Special assessment taxes receivable	–	2,521,756	–	–	–	–	–	2,521,756
Due from other funds	403,775	–	–	–	–	–	–	403,775
Accounts receivable, net	105,114	–	–	–	–	–	5,713	110,827
Franchise fees receivable	38,829	–	–	–	–	–	–	38,829
Sales tax receivable	<u>60,444</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>60,444</u>
Total assets	<u>\$ 2,585,875</u>	<u>\$ 3,054,407</u>	<u>\$ 1,801,919</u>	<u>\$ –</u>	<u>\$ 434,804</u>	<u>\$ 213,125</u>	<u>\$ 2,357,548</u>	<u>\$10,447,678</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ 8,838	\$ –	\$ –	\$ 593,731	\$ 176,846	\$ 3,144,486	\$ 57,739	\$ 3,981,640
Due to other funds	162,062	–	–	145,016	–	–	258,759	565,837
Accrued interest payable	–	–	–	11,307	18,853	28,144	–	58,304
Matured bonds and coupons payable	–	1,316	–	–	–	–	–	1,316
Municipal Court appearance bonds payable	1,375	–	–	–	–	–	–	1,375
Temporary notes payable	–	–	–	1,514,596	2,525,404	5,960,000	–	10,000,000
Deferred revenue	<u>806,678</u>	<u>2,811,879</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>659,923</u>	<u>4,278,480</u>
Total liabilities	<u>978,953</u>	<u>2,813,195</u>	<u>–</u>	<u>2,264,650</u>	<u>2,721,103</u>	<u>9,132,630</u>	<u>976,421</u>	<u>18,886,952</u>

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

December 31, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Secondary EMS Facility & Equipment</u>	<u>Casino Water Improvements</u>	<u>Casino Sewer Improvements</u>	<u>Wastewater Treatment Plant Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:								
Restricted:								
Insurance claims	\$ 160,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,605
Debt service	-	241,212	-	-	-	-	-	241,212
EMS facility and equipment	-	-	1,801,919	-	-	-	-	1,801,919
General government	-	-	-	-	-	-	306,581	306,581
Recreation	-	-	-	-	-	-	60,261	60,261
Health and welfare	-	-	-	-	-	-	6,830	6,830
Economic development	-	-	-	-	-	-	153,253	153,253
Street improvements	-	-	-	-	-	-	31,173	31,173
Public Safety	-	-	-	-	-	-	1,873	1,873
Committed:								
Street improvements	-	-	-	-	-	-	430,201	430,201
Parks and recreation	-	-	-	-	-	-	54,512	54,512
Capital improvements	-	-	-	-	-	-	274,326	274,326
Assigned:								
General government	746,627	-	-	-	-	-	-	746,627
Culture and recreation	-	-	-	-	-	-	4,987	4,987
Capital outlay	-	-	-	-	-	-	373,628	373,628
Unassigned	<u>699,690</u>	<u>-</u>	<u>-</u>	<u>(2,264,650)</u>	<u>(2,286,299)</u>	<u>(8,919,505)</u>	<u>(316,498)</u>	<u>(13,087,262)</u>
Total fund balances	<u>1,606,922</u>	<u>241,212</u>	<u>1,801,919</u>	<u>(2,264,650)</u>	<u>(2,286,299)</u>	<u>(8,919,505)</u>	<u>1,381,127</u>	<u>(8,439,274)</u>
Total liabilities and fund balances	<u>\$ 2,585,875</u>	<u>\$ 3,054,407</u>	<u>\$ 1,801,919</u>	<u>\$ -</u>	<u>\$ 434,804</u>	<u>\$ 213,125</u>	<u>\$ 2,357,548</u>	<u>\$10,447,678</u>

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

CITY OF MULVANE, KANSAS

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

December 31, 2011

Total Governmental Fund Balances (deficit)	\$ (8,439,274)
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (capital assets net of accumulated depreciation):

Cost	\$ 44,998,096	
Accumulated depreciation	<u>(18,763,820)</u>	26,234,276

Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:

Special assessments receivable	2,521,756	
Prepaid expenses	27,732	

Internal Service Funds are used by management to charge the costs of machinery and equipment repairs to individual funds. Certain assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets

501

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued interest payable on general obligation and Mulvane Public Building Commission revenue bonds	89,339	
Compensated absences payable	174,291	
Note payable to Mulvane Firemen's Relief Association	55,135	
General obligation bonds payable	6,701,454	
Mulvane Public Building Commission revenue bonds payable	<u>1,060,000</u>	<u>(8,080,219)</u>

Net Assets of Governmental Activities	\$ <u>12,264,772</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2011

	General	Debt Service	Secondary EMS Facility & Equipment	Casino Water Improvements	Casino Sewer Improvements	Wastewater Treatment Plant Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 1,511,535	\$ 451,030	\$ -	\$ -	\$ -	\$ -	\$ 714,403	\$ 2,676,968
Special assessment taxes	-	517,422	-	-	-	-	-	517,422
Intergovernmental	305,119	-	-	-	-	-	358,736	663,855
Licenses and permits	597,864	-	-	-	-	-	141,880	739,744
Charges for services	157,585	-	-	-	-	-	103,335	260,920
Fines and forfeitures	98,534	-	-	-	-	-	-	98,534
Use of money and property	31,775	1,797	4,204	859	1,684	364	4,733	45,416
Miscellaneous	14,617	-	1,800,000	-	-	-	399,979	2,214,596
Total revenues	2,717,029	970,249	1,804,204	859	1,684	364	1,723,066	7,217,455
Expenditures:								
Current:								
General government	252,510	-	-	-	-	-	91,049	343,559
Public safety	1,647,323	-	-	-	-	-	414,112	2,061,435
Highways and streets	380,962	-	-	-	-	-	339,762	720,724
Culture and recreation	270,947	-	-	-	-	-	394,313	665,260
Environmental protection	414	-	-	-	-	-	-	414
Economic development	10,741	-	-	-	-	-	80,604	91,345
Capital improvements	-	-	2,285	2,254,202	2,269,130	8,891,725	932,375	14,349,717
Debt Service	18,981	967,724	-	11,307	18,853	28,144	128,880	1,173,889
Total expenditures	2,581,878	967,724	2,285	2,265,509	2,287,983	8,919,869	2,381,095	19,406,343
Revenues over (under) expenditures	135,151	2,525	1,801,919	(2,264,650)	(2,286,299)	(8,919,505)	(658,029)	(12,188,888)
Other financing sources (uses):								
Transfers in	37,974	-	-	-	-	-	197,995	235,969
Transfers out	(197,994)	-	-	-	-	-	(37,975)	(235,969)
Total other financing sources (uses)	(160,020)	-	-	-	-	-	160,020	-
Net change in fund balance	(24,869)	2,525	1,801,919	(2,264,650)	(2,286,299)	(8,919,505)	(498,009)	(12,188,888)
Fund balances, beginning of year	1,631,791	238,687	-	-	-	-	1,879,136	3,749,614
Fund balances (deficit), end of year	\$1,606,922	\$ 241,212	\$ 1,801,919	\$(2,264,650)	\$(2,286,299)	\$(8,919,505)	\$1,381,127	\$(8,439,274)

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

CITY OF MULVANE, KANSAS

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES**

Year Ended December 31, 2011

Net Change in Fund Balances – Total Governmental Funds \$(12,188,888)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. In the current period, these
amounts are:

Capital outlays	\$ 834,060
Depreciation	<u>(1,307,983)</u>

Excess of depreciation over capital outlays	(473,923)
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In the statement of activities, interest is accrued on outstanding
debt, whereas in governmental funds, an interest expenditure
is reported when due

349

Repayment of debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets:

General obligation bond payment	717,175
Mulvane Public Building Commission revenue bond payment	95,000
Mulvane Firemen's Relief Association loan payment	<u>17,657</u>

Total payments on long-term liabilities	829,832
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Internal service funds are used by management to charge
the cost of machinery and equipment repairs to individual funds.
The net revenue (expense) of the internal service fund
is reported with governmental activities

2,436

Special assessments are not considered available to liquidate
liabilities of the current period. However, they are recognized
as revenue in the statement of activities as soon as the related
improvement is completed and the special assessments are levied

(384,941)

Some expenses reported in the statement of activities do
not require the use of current financial resources and
therefore are not reported as expenditures in the funds:

Prepaid items	(255)
Compensated absences payable	<u>(5,204)</u>

Total	<u>(5,459)</u>
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Change in Net Assets of Governmental Activities \$(12,220,594)

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

CITY OF MULVANE, KANSAS

GENERAL FUND

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

(continued on next page)

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$1,463,178	\$1,463,178	\$1,497,225	\$ 34,047
Intergovernmental	250,000	250,000	305,119	55,119
Licenses, fees and permits	245,000	245,000	331,869	86,869
Charges for services	200,000	200,000	157,585	(42,415)
Fines and forfeitures	106,500	106,500	98,534	(7,966)
Use of money and property	13,500	13,500	164,306	150,806
Miscellaneous	1,000	1,000	14,617	13,617
Transfers in	<u>256,000</u>	<u>256,000</u>	<u>262,899</u>	<u>6,899</u>
 Total revenues and other sources	 <u>2,535,178</u>	 <u>2,535,178</u>	 <u>2,832,154</u>	 <u>296,976</u>
 Expenditures, encumbrances and other uses:				
General government:				
Administration department	617,757	617,757	150,483	467,274
Inspection department	<u>73,200</u>	<u>73,200</u>	<u>68,981</u>	<u>4,219</u>
 Total general government	 <u>690,957</u>	 <u>690,957</u>	 <u>219,464</u>	 <u>471,493</u>
 Public safety:				
Police department	880,233	880,233	862,691	17,542
Fire department	206,876	206,876	170,640	36,236
EMS department	416,520	416,520	389,205	27,315
Municipal Court	103,150	103,150	82,289	20,861
Fire District No. 12	<u>23,000</u>	<u>23,000</u>	<u>16,379</u>	<u>6,621</u>
 Total public safety	 <u>1,629,779</u>	 <u>1,629,779</u>	 <u>1,521,204</u>	 <u>108,575</u>
 Highways and streets:				
Street department	<u>260,341</u>	<u>260,341</u>	<u>380,962</u>	<u>(120,621)</u>

CITY OF MULVANE, KANSAS

GENERAL FUND

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

(continued from previous page)

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Culture and recreation:				
Parks department	\$ 235,606	\$ 235,606	\$ 182,181	\$ 53,425
Sports Complex	<u>162,460</u>	<u>162,460</u>	<u>110,294</u>	<u>52,166</u>
Total culture and recreation	<u>398,066</u>	<u>398,066</u>	<u>292,475</u>	<u>105,591</u>
Economic development:				
Planning department	<u>10,500</u>	<u>10,500</u>	<u>10,741</u>	<u>(241)</u>
Environmental protection:				
Bindweed department	<u>1,000</u>	<u>1,000</u>	<u>414</u>	<u>586</u>
Other:				
Debt service	147,861	147,861	147,861	–
Operating transfers out	<u>171,223</u>	<u>171,223</u>	<u>197,994</u>	<u>(26,771)</u>
Total other	<u>319,084</u>	<u>319,084</u>	<u>345,855</u>	<u>(26,771)</u>
Total expenditures, encumbrances and other uses	<u>3,309,727</u>	<u>3,309,727</u>	<u>2,771,115</u>	<u>538,612</u>
Revenues and other sources over (under) expenditures, encumbrances and other uses	(774,549)	(774,549)	61,039	835,588
Fund balance, beginning of year	<u>774,549</u>	<u>774,549</u>	<u>1,423,779</u>	<u>649,230</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$1,484,818</u>	<u>\$1,484,818</u>

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

CITY OF MULVANE, KANSAS

STATEMENT OF NET ASSETS – PROPRIETARY FUNDS

December 31, 2011

	Business-Type Activities – Enterprise Funds				Governmental
	Electric System	Water System	Sewer System	Total Enterprise Funds	Activities Internal Service Fund (Shop Maintenance Fund)
ASSETS					
Current assets:					
Cash and investments	\$ 743,793	\$ 273,387	\$ 188,333	\$ 1,205,513	\$ 9,863
Trade accounts receivable	570,171	129,508	225,606	925,285	–
Prepaid expenses	14,461	2,141	4,198	20,800	580
Due from other funds	39,073	–	44,330	83,403	–
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	85,003	–	31,739	116,742	–
Customer deposits	135,609	48,362	–	183,971	–
Total current assets	1,588,110	453,398	494,206	2,535,714	10,443
Noncurrent assets:					
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	119,833	–	243,597	363,430	–
Revenue bond reserve	185,630	–	368,819	554,449	–
Revenue bond surplus reserve	716,623	–	183,197	899,820	–
Replacement reserve	370,942	–	–	370,942	–
Total restricted assets	1,393,028	–	795,613	2,188,641	–
Property, plant and equipment:					
Land	419,856	–	338,261	758,117	–
Utility plant	5,392,249	779,500	16,524,765	22,696,514	–
Improvements other than buildings	5,124,565	5,004,961	5,157,996	15,287,522	–
Machinery and equipment	1,147,139	237,290	437,633	1,822,062	17,195
	12,083,809	6,021,751	22,458,655	40,564,215	17,195
Less accumulated depreciation	(6,367,833)	(1,880,300)	(2,868,418)	(11,116,551)	(15,094)
Property, plant and equipment, net	5,715,976	4,141,451	19,590,237	29,447,664	2,101
Other assets:					
Long-term portion of due from other funds	42,573	–	88,659	131,232	–
Unamortized bond issue costs	134,222	10,848	228,204	373,274	–
Unamortized deferred cost on refunding	53,670	–	76,347	130,017	–
Total other assets	230,465	10,848	393,210	634,523	–
Total noncurrent assets	7,339,469	4,152,299	20,779,060	32,270,828	2,101
Total assets	8,927,579	4,605,697	21,273,266	34,806,542	12,544

Governmental
Activities
Internal
Service Fund
(Shop Maintenance Fund)

Business-Type Activities – Enterprise Funds

	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Total Enterprise Funds</u>
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LIABILITIES

Current liabilities:					
Salaries and wages payable	\$ 135	\$ 87	\$ 240	\$ 462	\$ –
Accounts payable	6,160	–	9,879	16,039	–
Compensated absences payable	102,963	31,209	38,079	172,251	158
Current portion of due to other funds	–	10,000	–	10,000	–
Current portion of general obligation bonds payable	34,384	60,228	71,456	166,068	–
Accrued interest payable	13,394	4,544	31,739	49,677	–
Current liabilities payable from restricted assets:					
Accrued revenue bond interest payable	17,056	–	17,638	34,694	–
Current portion of:					
Revenue bonds payable	67,947	–	–	67,947	–
Customer deposits payable	<u>135,609</u>	<u>48,362</u>	<u>–</u>	<u>183,971</u>	<u>–</u>
Total current liabilities	<u>377,648</u>	<u>154,430</u>	<u>169,031</u>	<u>701,109</u>	<u>158</u>
Noncurrent liabilities:					
Long-term portion of due to other funds	–	42,573	–	42,573	–
Long-term portion of compensated absences payable	57,543	17,441	21,281	96,265	–
Long-term portion of general obligation bonds payable	2,433,736	421,598	2,987,144	5,842,478	–
Long-term portion of revenue bonds payable	<u>1,415,172</u>	<u>–</u>	<u>3,206,881</u>	<u>4,622,053</u>	<u>–</u>
Total noncurrent liabilities	<u>3,906,451</u>	<u>481,612</u>	<u>6,215,306</u>	<u>10,603,369</u>	<u>–</u>
Total liabilities	<u>4,284,099</u>	<u>636,042</u>	<u>6,384,337</u>	<u>11,304,478</u>	<u>158</u>

NET ASSETS

Net assets:					
Invested in capital assets, net of related debt	1,764,737	3,659,625	13,324,756	18,749,118	2,101
Restricted for debt service	1,410,084	–	827,352	2,237,436	–
Unrestricted	<u>1,468,659</u>	<u>310,030</u>	<u>736,821</u>	<u>2,515,510</u>	<u>10,285</u>
Total net assets	<u>\$ 4,643,480</u>	<u>\$ 3,969,655</u>	<u>\$14,888,929</u>	<u>\$ 23,502,064</u>	<u>\$ 12,386</u>

Total net assets \$ 23,502,064

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities 9,204

Net assets of business-type activities \$ 23,511,268

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

CITY OF MULVANE, KANSAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS

Year ended December 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>				Governmental
	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Total Enterprise Funds</u>	<u>Activities Internal Service Fund (Shop Maintenance Fund)</u>
Operating revenues:					
Charges for services	\$ 4,290,923	\$ 996,786	\$ 1,354,995	\$ 6,642,704	\$ 60,724
Miscellaneous	19,978	6,150	17,696	43,824	-
Rents and royalties	<u>10,270</u>	<u>7,986</u>	<u>-</u>	<u>18,256</u>	<u>-</u>
Total operating revenues	<u>4,321,171</u>	<u>1,010,922</u>	<u>1,372,691</u>	<u>6,704,784</u>	<u>60,724</u>
Operating expenses:					
Production	3,188,472	-	-	3,188,472	-
Treatment	-	819,086	449,393	1,268,479	-
Distribution and maintenance	731,359	-	-	731,359	82,609
Collection	-	-	263,727	263,727	-
Depreciation	<u>440,662</u>	<u>118,532</u>	<u>453,589</u>	<u>1,012,783</u>	<u>423</u>
Total operating expenses	<u>4,360,493</u>	<u>937,618</u>	<u>1,166,709</u>	<u>6,464,820</u>	<u>83,032</u>
Operating income (loss)	<u>(39,322)</u>	<u>73,304</u>	<u>205,982</u>	<u>239,964</u>	<u>(22,308)</u>
Nonoperating revenues (expense):					
Interest income	8,812	1,059	4,619	14,490	-
Gain on sale of capital assets	450	-	-	450	-
Interest expense	(145,426)	(14,399)	(227,989)	(387,814)	-
Amortization of bond costs	<u>(23,499)</u>	<u>(2,782)</u>	<u>(37,111)</u>	<u>(63,392)</u>	<u>-</u>
Total nonoperating revenue (expense)	<u>(159,663)</u>	<u>(16,122)</u>	<u>(260,481)</u>	<u>(436,266)</u>	<u>-</u>
Income (loss) before contributions and transfers	(198,985)	57,182	(54,499)	(196,302)	(22,308)
Contributed capital	-	2,299,483	11,383,357	13,682,840	-
Transfers from other funds	-	-	-	-	32,000
Transfers to other funds	<u>(32,000)</u>	<u>-</u>	<u>-</u>	<u>(32,000)</u>	<u>-</u>
Change in net assets	(230,985)	2,356,665	11,328,858	13,454,538	9,692
Net assets, beginning of year	<u>4,874,465</u>	<u>1,612,990</u>	<u>3,560,071</u>	<u>10,047,526</u>	<u>2,694</u>
Net assets, end of year	<u>\$ 4,643,480</u>	<u>\$ 3,969,655</u>	<u>\$14,888,929</u>	<u>\$ 23,502,064</u>	<u>\$ 12,386</u>
				\$ 13,454,538	
				7,256	
				<u>\$ 13,461,794</u>	

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

CITY OF MULVANE, KANSAS

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
(continued on next page)

Year ended December 31, 2011

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Fund (Shop Mainte- nance Fund)
	Electric System	Water System	Sewer System		
Cash flows from operating activities:					
Cash received from customers	\$ 4,297,782	\$ 997,216	\$ 1,350,860	\$ 6,645,858	\$ 60,724
Cash payments for materials and services	(2,958,181)	(499,783)	(242,684)	(3,700,648)	(66,205)
Cash payments to employees for services	(922,025)	(326,051)	(448,898)	(1,696,974)	(14,997)
Other cash receipts	<u>30,248</u>	<u>14,136</u>	<u>17,696</u>	<u>62,080</u>	<u>—</u>
Net cash provided by (used for) operating activities	<u>447,824</u>	<u>185,518</u>	<u>676,974</u>	<u>1,310,316</u>	<u>(20,478)</u>
Cash flows from capital and related financing activities:					
Principal paid on revenue bonds	(2,495,210)	—	(2,894,790)	(5,390,000)	—
Proceeds from refunding general obligation bonds	2,193,048	—	2,486,952	4,680,000	—
Principal paid on general obligation bonds	(38,682)	(67,755)	(80,388)	(186,825)	—
Interest paid on debt	(179,906)	(14,783)	(263,532)	(458,221)	—
Bond issuance costs paid	(59,289)	—	(67,234)	(126,523)	—
Payment to refunding bond escrow agent	—	—	—	—	—
Proceeds from the sale of capital assets	450	—	—	450	—
Acquisition and construction of capital assets	<u>(120,065)</u>	<u>(76,724)</u>	<u>(10,746)</u>	<u>(207,535)</u>	<u>(2,112)</u>
Net cash provided (used) by capital and related financing activities	<u>(699,654)</u>	<u>(159,262)</u>	<u>(829,738)</u>	<u>(1,688,654)</u>	<u>(2,112)</u>
Cash flows from noncapital financing activities:					
Receipts on loans to other funds	47,974	—	—	47,974	—
Payments on loans from other funds	—	(10,000)	—	(10,000)	—
Loans to other funds	—	—	(132,989)	(132,989)	—
Transfers from other funds	—	—	—	—	32,000
Transfers to other funds	<u>(32,000)</u>	<u>—</u>	<u>—</u>	<u>(32,000)</u>	<u>—</u>
Net cash provided (used) by noncapital financing activities	<u>15,974</u>	<u>(10,000)</u>	<u>(132,989)</u>	<u>(127,015)</u>	<u>32,000</u>
Cash flows from investing activities:					
Interest received	<u>8,812</u>	<u>1,059</u>	<u>4,619</u>	<u>14,490</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	(227,044)	17,315	(281,134)	(490,863)	9,410
Cash and cash equivalents, beginning of year	<u>2,584,477</u>	<u>304,434</u>	<u>1,296,819</u>	<u>4,185,730</u>	<u>453</u>
Cash and cash equivalents, end of year	<u>\$ 2,357,433</u>	<u>\$ 321,749</u>	<u>\$ 1,015,685</u>	<u>\$ 3,694,867</u>	<u>\$ 9,863</u>
Cash and cash equivalents	\$ 743,793	\$ 273,387	\$ 188,333	\$ 1,205,513	\$ 9,863
Restricted cash and cash equivalents included in restricted cash and investments	<u>1,613,640</u>	<u>48,362</u>	<u>827,352</u>	<u>2,489,354</u>	<u>—</u>
Cash and cash equivalents, end of year	<u>\$ 2,357,433</u>	<u>\$ 321,749</u>	<u>\$ 1,015,685</u>	<u>\$ 3,694,867</u>	<u>\$ 9,863</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2011

	<u>Business-Type Activities – Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund (Shop Maintenance Fund)</u>
	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (39,322)	\$ 73,304	\$ 205,982	\$ 239,964	\$ (22,308)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	440,662	118,532	453,589	1,012,783	423
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	1,854	(1,389)	(4,135)	(3,670)	–
Decrease (increase) in prepaid expenses	26,890	4,570	8,600	40,060	1,249
Increase in salaries and wages payable	135	87	240	462	–
Decrease in accounts payable	(2,446)	(14,732)	6,879	(10,299)	–
Increase in compensated absences payable	15,046	3,327	5,819	24,192	158
Increase (decrease) in customer deposits payable	<u>5,005</u>	<u>1,819</u>	<u>–</u>	<u>6,824</u>	<u>–</u>
Net cash provided by (used for) operating activities	<u>\$ 447,824</u>	<u>\$ 185,518</u>	<u>\$ 676,974</u>	<u>\$ 1,310,316</u>	<u>\$ (20,478)</u>

Noncash capital and related financing activities:

The Water and Sewer System Funds received noncash contributions of assets from the municipality for facility improvements during 2011 in the amounts of \$2,299,483 and \$11,383,357, respectively.

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

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

December 31, 2011

	<u>Agency Funds</u>
Assets:	
Cash including investments	\$150,586
Liabilities:	
Accounts payable	<u>150,586</u>
Net assets	<u>\$ <u> -</u></u>

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

CITY OF MULVANE, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Reporting entity

The City operates under a Mayor-Council form of government consisting of a Mayor and five council persons and provides services to its citizens in the areas of highways and streets, electric, water and sewer utilities, public improvement, public safety, planning and zoning and general administrative services.

As required by generally accepted accounting principles, these financial statements present the City of Mulvane, Kansas (primary government) and its component units, entities for which the City is considered to be financially accountable. The component units discussed in the following paragraphs are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely presented component unit

The component unit columns in the financial statements include the financial data of the City's component units, the Mulvane Public Library and the Mulvane Housing Authority. They are reported in a separate column to emphasize that they are legally separate from the City, however, the governing body of the component unit is appointed by the City Council. The Mulvane Public Library is accounted for using the same principles as the governmental fund types of the City and the Mulvane Housing Authority is accounted for using the same principles as the business-type funds of the City.

The Mulvane Public Library operates the public library in the City. The Library Board may not purchase or lease a site or erect a building for use of the library without the approval of the City Council. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs. The Library Board does not issue separate audited financial statements.

The Mulvane Housing Authority manages Quad County Manor, a 23 unit housing facility that was financed by a forty-year United States Department of Agriculture, Rural Development loan. Occupants of the facility pay rent as a percentage of their annual income. The Mulvane Housing Authority hires a management agent to perform administrative functions including the selection of tenants, collection of rents, payment of expenses and performs or contracts for maintenance of the property. The City provides

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

financial assistance to the Mulvane Housing Authority through the uncharged utility services for common areas of the facility and the City serves as a guarantor for the Rural Development loan on the facility. Additional financial statement information can be obtained from the Quad County Manor management agent at Quad County Manor, 605 E. Main, Mulvane, Kansas 67110.

Blended component unit

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

Basis of presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental activities provided they do not conflict with or contradict GASB pronouncements.

The City's basic financial statements include both government-wide, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net assets and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component units for which the primary government is financially accountable. The statement of net assets presents the financial condition of the City and its component units at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the City.

Fund financial statements

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

Measurement focus and basis of accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Agency funds are custodial in nature and report only assets and liabilities. Accordingly, agency funds do not measure results of operations however, they use the accrual basis of accounting to recognize assets and payables.

The City reports the following major governmental funds:

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

Debt Service Fund – The debt service fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt general obligation debt of governmental funds.

Secondary EMS Facility & Equipment Fund – This project fund is used to account for and report the resources provided by the local Casino developer which are restricted to provide a new EMS facility and related equipment in the casino development area.

Casino Water Improvements Fund – This project fund is used to account for and report the costs incurred related to the extension of water service to the casino facility site.

Casino Sewer Improvements Fund – This project fund is used to account for and report the costs incurred related to the extension of sewer service to the casino facility site.

Wastewater Treatment Plant Improvements Fund – This project fund is used to account for and report the costs incurred related to the expansion of the wastewater treatment plant related to anticipated demands for additional wastewater treatment capacity as the result of the new casino facility.

The City reports the following major proprietary funds:

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

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

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

The City also reports the following fund types:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

Capital Project Funds – The capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds.

Internal Service Fund – The internal service fund is used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. This fund accounts for the City's repair and maintenance of vehicles and equipment.

Agency Funds – The agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The only agency fund maintained by the City is a payroll clearing fund to account for moneys held on behalf of City employees payroll for related payroll taxes, retirement contributions, insurance and other authorized withholdings by City employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for franchise fees and other charges between the City's enterprise funds and various other functions of government and the costs of the City's self-insurance program reported in the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Cash and short-term investments

Cash and short-term investments include amounts in demand deposit, money market accounts and certificates of deposit. Investments are carried at fair value. Deposits are reported at their cost, which approximates fair value. For purposes of the statement of with a maturity date of three months or less when purchased to be cash equivalents. Interest income is credited to the investing fund based on their average monthly balances.

Property taxes and other receivables

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as unearned revenue on the balance sheets of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized State-shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and state grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special assessments receivable

As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City and are retired from the City's debt service fund. Further, State statutes permit levying additional general ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate construction project. Special assessments received after the issuance of bonds are recorded as revenue in the debt service fund. Special assessment taxes are levied over a ten or fifteen-year period and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund and accrued as revenues in the statement of net assets. Since they are not considered available spendable resources for the funds statement, the special assessment receivable are reported as unearned revenue in the funds statement.

Revenue recognition for utility funds

Revenue is recorded as billed to customers on a cycle basis. Residential and commercial customers are billed monthly. The uncollected portion of billed services through December 31 is reflected as accounts receivable and estimates of unbilled service at December 31 are reflected as unbilled receivables in the financial statements.

Inventories and prepaid expenditures

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased. The inventory of consumable supplies is not considered significant to the City's financial statements.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the governmental fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$500. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). The historical cost, or estimates of historical cost, for the City's infrastructure assets include only those assets acquired subsequent to January 1, 1980. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Property, plant and equipment of the primary government and its component unit is depreciated using the straight line method over the following estimated useful lives:

Utility plant in service	28 – 50 years
Improvements other than buildings	28 – 50 years
Infrastructure (streets)	20 years
Machinery and equipment	5 to 20 years

Compensated absences

The City's policies regarding vacation permits full-time employees with one year of service to earn 1 week of vacation pay, two to nine years of service earn 2 weeks of vacation pay, ten to fourteen years of service earn 3 weeks of vacation pay, fifteen to nineteen years of service earn 4 weeks of vacation pay, twenty to twenty-nine years of service earn 5 weeks of vacation pay and thirty or more years of service earn 6 weeks of vacation pay per year. One week of vacation pay may be carried over into the next year. Accumulated vacation pay is limited to one week. At termination, an employee shall be compensated for all accumulated vacation pay. All permanent full-time employees earn one-half day of sick leave for every full two-week pay period of continuous employment with 120 days as the maximum amount of sick leave that can be accumulated. Any unused sick leave over the maximum is paid to the employee on the last check of the year at a rate of 50% of the normal rate of pay for the employee. Upon retirement, an employee in good standing shall be paid for any accumulated sick leave up to the maximum at the rate of 50% of the normal rate of pay for the employee. The liabilities are based on current salary costs and the vested portion of accumulated benefits. The liability for accrued compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee termination or retirement.

Accrued liabilities and long-term debt

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Bond costs are being amortized by the interest method over the life of the related revenue bonds in the enterprise funds.

Long-term liabilities for revenue bond obligations and certain general obligation bonds payable are recorded as liabilities in the enterprise funds. Principal payments are deducted from the liability as made.

Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a cost sharing multi-employer statewide-defined benefit pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City. This credit is collateralized with security deposits from new and slow paying customers.

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. In accordance with Governmental Accounting Board Statement No. 10, the City currently reports all its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include payments to cover deductibles and other liabilities related to the City's risk of loss and include an estimate of claims that have been incurred but not reported. At December 31, 2011, there were no outstanding or accrued liabilities. Changes in the reported liability since December 31, 2009 is as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year End</u>
2010	\$5,327	\$87,169	\$92,496	\$ -
2011	-	33,047	33,047	-

At December 31, 2011, General Fund cash and short-term investments of \$160,605 were held for purposes of funding the City's future claims liabilities. As a result, \$160,605 of the General Fund balance is restricted for payment of future claims liabilities.

Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the governing body or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

Equity Classifications

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

- Invested in capital assets, net of related debt – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted net assets – consisting of net assets with constraints place on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.
- Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2011, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (see Note 15). The new statement changes how fund balances are classified and reported, and clarified the definitions of existing governmental fund types. In the governmental funds financial statements, equity is classified into potential five components:

- Nonspendable – the nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.
- Restricted – that portion of fund balance that has constraints that are (1) external imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
- Committed – that portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- Assigned – fund balance that is constrained by the government's intent to be used for specified purposes, but are neither restricted or committed.
- Unassigned – this represents the residual classification for the General Fund.

Estimates

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

Budgetary principles

The City is required by state statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute), debt service fund, enterprise funds and internal service fund. The Capital Improvement Reserve, Municipal Equipment Replacement and Special Highway Improvement special revenue fund types are exempted from a legally adopted budget. In addition, the Mulvane Public Building Commission is not required to prepare annual budgets. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During 2011, the governing body amended the following funds:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
Sewer System	\$ 1,494,503	\$ 4,556,500
Maintenance Shop	92,111	98,461

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Management has the authority to revise line items within a department however, changes to total appropriations at the department level must be approved by the City Council.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year. In addition, revenues for sales taxes and franchise fees are not recognized as revenues until their date of receipt. Also, interfund receivables and payable transactions are recognized as revenues and expenditures in the respective funds for budgetary purposes.

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

2. DEPOSITS AND INVESTMENTS

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories which may be used by governmental entities in Kansas. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an

2. DEPOSITS AND INVESTMENTS (continued)

adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The City has no other policies that would further limit interest rate risk.

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

Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of cash and investments as of December 31, 2011, is as follows:

Carson Bank	33%
Emprise Bank	67%

Custodial credit risk – deposits

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

At year-end, the carrying amount of the City's deposits was \$9,361,351, with the bank balances of such accounts being \$9,934,826. Of the bank balances, \$538,636 was covered by federal depository insurance and the remaining balance of \$9,396,190 was covered by collateral held by the City's custodial banks in joint custody in the name of the City and its banks. The fair value of those pledged securities held by the City's custodial investment agencies was \$20,814,848 at December 31, 2011.

The remaining carrying amount of the City's cash and investments at December 31, 2011 consisted of cash on hand and cash held by the City's fiscal agent in the amounts of \$400 and \$1,316, respectively.

The Mulvane Public Library's cash and investments at December 31, 2011 consisted of demand deposit and money market checking accounts. At year-end, the carrying amount of the Library's deposits was \$83,933 with the bank balances of such accounts being \$83,933. The bank balances were entirely secured by FDIC insurance at December 31, 2011.

2. DEPOSITS AND INVESTMENTS (continued)

The Mulvane Housing Authority's cash and investments at December 31, 2011 consisted of savings and money market checking accounts. At year-end, the carrying amount of the Authority's deposits was \$35,590 with the bank balances of such accounts being \$36,298. The bank balances were entirely secured by FDIC insurance at December 31, 2011.

3. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2011</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 256,617	\$ -	\$ -	\$ 256,617
Construction work in progress	<u>-</u>	<u>325,256</u>	<u>-</u>	<u>325,256</u>
	<u>256,617</u>	<u>325,256</u>	<u>-</u>	<u>581,873</u>
Capital assets being depreciated:				
Buildings	2,362,453	-	-	2,362,453
Improvements other than buildings	3,712,837	6,662	-	3,719,499
Infrastructure	34,092,455	55,000	-	34,147,455
Machinery and equipment	<u>3,957,110</u>	<u>449,254</u>	<u>219,548</u>	<u>4,186,816</u>
Total capital assets being depreciated	<u>44,124,855</u>	<u>510,916</u>	<u>219,548</u>	<u>44,416,223</u>
Less accumulated depreciation for:				
Buildings	783,756	57,560	-	841,316

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2011</u>
Improvements other than buildings	\$ 429,703	\$ 95,261	\$ —	\$ 524,964
Infrastructure	13,764,621	829,210	—	14,593,831
Machinery and equipment	<u>2,696,882</u>	<u>326,375</u>	<u>219,548</u>	<u>2,803,709</u>
Total accumu- lated depreciation	<u>17,674,962</u>	<u>1,308,406</u>	<u>219,548</u>	<u>18,763,820</u>
Total capital assets being deprec- iated, net	<u>26,449,893</u>	<u>(797,490)</u>	<u>—</u>	<u>25,652,403</u>
Governmental activities capital assets, net	<u>\$ 26,706,510</u>	<u>\$ (472,234)</u>	<u>\$ —</u>	<u>\$ 26,234,276</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated				
Land	<u>\$ 758,117</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 758,117</u>
Capital assets being depreciated:				
Utility plant	13,627,454	9,069,060	—	22,696,514
Improvements other than buildings	10,512,751	4,774,770	—	15,287,521
Machinery and equipment	<u>1,775,518</u>	<u>46,545</u>	<u>—</u>	<u>1,822,063</u>
Total capital assets being depreciated	<u>25,915,723</u>	<u>13,890,375</u>	<u>—</u>	<u>39,806,098</u>

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2011</u>
Less accumulated depreciation for:				
Utility plant	\$ 4,431,463	\$ 537,403	\$ —	\$ 4,968,866
Improvements other than buildings	4,328,954	395,014	—	4,723,968
Machinery and equipment	<u>1,343,351</u>	<u>80,366</u>	<u>—</u>	<u>1,423,717</u>
 Total accumulated depreciation	 <u>10,103,768</u>	 <u>1,012,783</u>	 <u>—</u>	 <u>11,116,551</u>
 Total capital assets being depreciated, net	 <u>15,811,955</u>	 <u>12,877,592</u>	 <u>—</u>	 <u>28,689,547</u>
 Business-type activities capital assets, net	 <u>\$ 16,570,072</u>	 <u>\$ 12,877,592</u>	 <u>\$ —</u>	 <u>\$ 29,447,664</u>

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

Governmental activities:	
General government	\$ 26,362
Public safety	225,404
Highways and streets (including depreciation of infrastructure assets)	917,932
Culture and recreation	138,285
Capital assets held by the City's internal service fund is charged to the various functions based on their usage	<u>423</u>
Total depreciation expense – governmental activities	<u>\$ 1,308,406</u>
Business-type activities:	
Electric System	\$ 440,662
Water System	118,532
Sewer System	<u>453,589</u>
Total depreciation expense – business-type activities	<u>\$ 1,012,783</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions of the City for the year ended December 31, 2011:

	Outstanding January 1, <u>2011</u>	Additions	Deletions	Outstanding December 31, <u>2011</u>	Due Within <u>One Year</u>
<u>Governmental activities</u>					
General obligation bonds	\$ 7,418,629	\$ -	\$ 717,175	\$ 6,701,454	\$ 724,932
Mulvane Public Building Commission Revenue bonds	1,155,000	-	95,000	1,060,000	95,000
Note payable to Mulvane Firemen's Relief Association	72,792	-	17,657	55,135	18,013
Compensated absences	<u>169,087</u>	<u>117,023</u>	<u>111,660</u>	<u>174,449</u>	<u>111,964</u>
Total long-term liabilities – Governmental activities	<u>\$ 8,815,508</u>	<u>\$ 117,023</u>	<u>\$ 941,492</u>	<u>\$ 7,991,038</u>	<u>\$ 949,909</u>
<u>Business-type activities</u>					
Revenue bonds	\$10,080,000	\$ -	\$5,390,000	\$ 4,690,000	\$ 67,947
General obligation bonds	1,515,371	4,680,000	186,825	6,008,546	166,068
Compensated absences	<u>244,324</u>	<u>177,731</u>	<u>153,539</u>	<u>268,516</u>	<u>172,251</u>
Total long-term liabilities – Business-Type activities	<u>\$11,839,695</u>	<u>\$ 4,857,731</u>	<u>\$5,730,364</u>	<u>\$ 10,967,062</u>	<u>\$ 406,266</u>

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2027. At December 31, 2011 the bonds consist of the following:

	Interest <u>rates</u>	Bonds <u>outstanding</u>
General Obligation Internal Improvement Bonds, Series B, 2003	2.00 – 5.00	\$ 18,000
General Obligation Internal Improvement Bonds, Series A, 2004	2.75 – 5.40	535,000
General Obligation Internal Improvement Bonds, Series A, 2006	4.25 – 4.50	47,000
General Obligation Internal Improvement Bonds, Series B, 2006	4.45 – 5.50	2,715,000
General Obligation Bonds, Series A, 2007	3.90 – 4.35	190,000

4. LONG-TERM DEBT (continued)

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Refunding Bonds, Series A, 2009	1.20 – 3.60	\$ 2,240,000
General Obligation Refunding Bonds, Series A, 2010	2.00 – 3.00	1,500,000
General Obligation Refunding and Improvement Bonds, Series B, 2010	1.00 – 3.60	785,000
General Obligation Refunding Bonds, Series A, 2011	1.00 – 3.35	<u>4,680,000</u>
Total general obligation bonds outstanding		12,710,000
Less debt service from enterprise funds		<u>(6,008,546)</u>
Total general obligation bonds payable from debt service fund		<u>\$ 6,701,454</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 724,932	\$ 237,557	\$ 962,489
2013	764,932	221,043	985,975
2014	551,035	202,719	753,754
2015	576,035	187,388	763,423
2016	544,070	169,847	713,917
2017	487,035	151,053	638,088
2018	440,070	132,649	572,719
2019	422,345	115,819	538,164
2020	285,000	98,885	383,885
2021	216,000	87,148	303,148
2022	230,000	77,410	307,410
2023	235,000	67,032	302,032
2024	265,000	56,388	321,388
2025	295,000	44,297	339,297
2026	315,000	30,756	345,756
2027	<u>350,000</u>	<u>16,188</u>	<u>366,188</u>
	<u>\$ 6,701,454</u>	<u>\$ 1,896,179</u>	<u>\$ 8,597,633</u>

4. LONG-TERM DEBT (continued)

Note payable

The City's outstanding note payable consists of a \$55,135 note payable to the Mulvane Firemen's Relief Association with a stated interest rate of 2%. The note requires quarterly payments in the amount of \$4,745, including interest, and is secured by a fire truck. The debt payments are made from the City's General Fund. Annual debt service requirements to maturity for the note payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 18,013	\$ 967	\$ 18,980
2013	18,376	604	18,980
2014	<u>18,746</u>	<u>234</u>	<u>18,980</u>
	<u>\$ 55,135</u>	<u>\$ 1,805</u>	<u>\$ 56,940</u>

General obligation bonds payable from enterprise funds

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

<u>Year</u>	<u>Electric Utility</u>			<u>Water Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 34,384	\$ 68,123	\$ 102,507	\$ 60,228	\$ 13,631	\$ 73,859
2013	102,331	59,599	161,930	60,228	12,486	72,714
2014	254,125	58,163	312,288	63,455	11,162	74,617
2015	256,468	54,497	310,965	63,455	9,512	72,967
2016	261,768	50,179	311,947	64,530	7,735	72,265
2017	263,497	45,138	308,635	63,455	5,799	69,254
2018	271,140	39,092	310,232	64,530	3,769	68,299
2019	262,932	31,945	294,877	41,945	1,510	43,455
2020	246,015	24,392	270,407	—	—	—
2021	253,044	16,888	269,932	—	—	—
2022	<u>262,416</u>	<u>8,791</u>	<u>271,207</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>\$ 2,468,120</u>	<u>\$ 456,807</u>	<u>\$ 2,924,927</u>	<u>\$ 481,826</u>	<u>\$ 65,604</u>	<u>\$ 547,430</u>

<u>Year</u>	<u>Sewer Utility</u>			<u>Total Utilities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 71,456	\$ 84,599	\$ 156,055	\$ 166,068	\$ 166,353	\$ 332,421
2013	148,509	74,317	222,826	311,068	146,402	457,470
2014	322,385	71,974	394,359	639,965	141,299	781,264

4. LONG-TERM DEBT (continued)

Year	Sewer Utility			Total Utilities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 325,042	\$ 66,928	\$ 391,970	\$ 644,965	\$ 130,937	\$ 775,902
2016	331,632	61,074	392,706	657,930	118,988	776,918
2017	333,013	54,313	387,326	659,965	105,250	765,215
2018	342,260	46,363	388,623	677,930	89,224	767,154
2019	320,778	37,041	357,819	625,655	70,496	696,151
2020	278,985	27,661	306,646	525,000	52,053	577,053
2021	286,956	19,152	306,108	540,000	36,040	576,040
2022	297,584	9,969	307,553	560,000	18,760	578,760
	<u>\$3,058,600</u>	<u>\$ 553,391</u>	<u>\$3,611,991</u>	<u>\$ 6,008,546</u>	<u>\$1,075,802</u>	<u>\$ 7,084,348</u>

Revenue bonds

Outstanding revenue bonds, secured by revenues derived from the operations of the Electric, Water and Sewer Utility funds, consist of \$3,165,000 of outstanding Series 2005, 3.00% – 4.60%, Electric, Waterworks and Sewer Utility System Refunding and Improvement Revenue Bonds and \$1,525,000 of outstanding Series 2010, 1.25% – 4.00%, Electric, Waterworks and Sewer Utility System Refunding Revenue Bonds. The proceeds of the Series 2010 issue were utilized to refund \$1,470,000 of outstanding Electric, Waterworks and Sewer Utility Revenue Bonds, Series 2006. Proceeds from the General Obligation Refunding Bonds, Series A 2011, were utilized to refund \$4,690,000 of the outstanding Series 2005 Electric, Waterworks and Sewer Utility System Refunding and Improvement Bonds. Annual debt service requirements for the outstanding revenue bonds to be paid from the Electric and Sewer System Funds are as follows:

Year	Electric Utility			Sewer Utility		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ –	\$ 68,223	\$ 68,223	\$ 70,000	\$ 126,954	\$ 196,954
2013	–	68,223	68,223	85,000	125,904	210,904
2014	–	68,223	68,223	85,000	124,417	209,417
2015	–	68,223	68,223	85,000	122,717	207,717
2016	–	68,223	68,223	85,000	120,804	205,804
2017	–	68,223	68,223	90,000	118,679	208,679
2018	–	68,223	68,223	95,000	116,204	211,204
2019	–	68,223	68,223	95,000	113,354	208,354
2020	–	68,223	68,223	100,000	110,267	210,267
2021	–	68,223	68,223	100,000	106,767	206,767
2022	–	68,223	68,223	105,000	102,766	207,766
2023	271,788	68,223	340,011	408,212	98,567	506,779
2024	281,160	55,721	336,881	428,840	80,389	509,229
2025	297,561	42,788	340,349	452,439	61,322	513,761

4. LONG-TERM DEBT (continued)

Year	Electric Utility			Sewer Utility		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 309,276	\$29,100	\$ 338,376	\$ 450,724	\$ 41,200	\$ 491,924
2027	<u>323,334</u>	<u>14,873</u>	<u>338,207</u>	<u>471,666</u>	<u>21,067</u>	<u>492,733</u>
	<u>\$ 1,483,119</u>	<u>\$ 961,158</u>	<u>\$ 2,444,277</u>	<u>\$ 3,206,881</u>	<u>\$ 1,591,378</u>	<u>\$ 4,798,259</u>

Year	Totals		
	Principal	Interest	Total
2012	\$ 70,000	\$ 195,177	\$ 265,177
2013	85,000	194,127	279,127
2014	85,000	192,640	277,640
2015	85,000	190,940	275,940
2016	85,000	189,027	274,027
2017	90,000	186,902	276,902
2018	95,000	184,427	279,427
2019	95,000	181,577	276,577
2020	100,000	178,490	278,490
2021	100,000	174,990	274,990
2022	105,000	170,989	275,989
2023	680,000	166,790	846,790
2024	710,000	136,110	846,110
2025	750,000	104,110	854,110
2026	760,000	70,300	830,300
2027	<u>795,000</u>	<u>35,940</u>	<u>830,940</u>
	<u>\$ 4,690,000</u>	<u>\$ 2,552,536</u>	<u>\$ 7,242,536</u>

The Revenue bond resolution provides for deposits to: (a) principal and interest account each month to provide for the payment of principal and interest on the bonds as they become due and payable, (b) bond reserve account to accumulate to a maximum stated amount to be used solely and exclusively for payments of principal and interest of such bonds for which funds might not otherwise be available or may be used to call the bonds for redemption and payment prior to their maturity, with a maximum accumulation of \$554,449, and (c) surplus account to accumulate moneys not required in (a) or (b) above and not required for the operation and maintenance of the plant and system for a period of sixty days to be used to pay the cost of operation, maintenance and repair, improving, extending or enlarging the system or to redeem prior to maturity outstanding bonds of the system. The revenue bond ordinance provides for user rates to be established at a level which will generate net operating income at an amount not to be less than 125% of the debt service requirements to be paid by the City in such fiscal year. The net operating income provision applies to the Electric System, Water System and Sewer System funds collectively. At December 31, 2011, the City was in compliance with the reserve requirements of the revenue bond resolution.

4. LONG-TERM DEBT (continued)

Mulvane Public Building Commission revenue bonds

The Mulvane Public Building Commission revenue bonds are serial bonds to be retired through calendar year 2021. At December 31, 2011 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
Mulvane Public Building Commission Refunding Revenue Bonds, Series 2009 (Fire/EMS Facility)	1.25 – 4.00	\$ 1,060,000

Remaining debt service requirements for the Mulvane Public Building Commission revenue bonds will be paid by the Mulvane Public Building Commission from the lease payments received from the City of Mulvane, which are provided with future property tax revenues to be levied in the General Fund and other resources available to the City. Annual debt service requirements to maturity for the revenue bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 95,000	\$ 32,455	\$ 127,455
2013	95,000	30,745	125,745
2014	95,000	28,750	123,750
2015	100,000	26,470	126,470
2016	100,000	23,770	123,770
2017	105,000	20,770	125,770
2018	115,000	17,410	132,410
2019	115,000	13,500	128,500
2020	120,000	9,360	129,360
2021	<u>120,000</u>	<u>4,800</u>	<u>124,800</u>
	<u>\$ 1,060,000</u>	<u>\$ 208,030</u>	<u>\$ 1,268,030</u>

Conduit debt

The City has issued limited obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligations bear the name of the City, they are payable solely from resources provided by leases or loans with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith or credit of the City of Mulvane, and accordingly, are not included as liabilities in the accompanying financial statements. The following is a summary of conduit debt transactions for the year ended December 31, 2011:

4. LONG-TERM DEBT (continued)

	Outstanding January 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2011</u>
Villa Maria, Inc. Health Care Facility Refunding Revenue Bonds, Bonds, Series 2004	\$ 3,240,000	\$ -	\$ 215,000	\$ 3,025,000

Compensated absences

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

5. TEMPORARY NOTES

Kansas statutes permit the issuance of temporary notes to finance certain capital improvement projects which will be refinanced with general obligation bonds or paid through other resources available to the City. Prior to the issuance of the temporary notes, the governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance. During 2011, the City issued \$10,000,000 of temporary notes. At December 31, 2011 the City had the following outstanding temporary notes:

	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
Casino Water Improvements Fund: Temporary Improvement Notes, Series A, 2011	1.25%	\$ 4,040,000	5-26-12
Casino Sewer Improvements Fund: Temporary Improvement Notes, Series A, 2011	1.25%	<u>5,960,000</u>	5-26-12
Total		<u>\$ 10,000,000</u>	

During 2011, the temporary note activity for the various capital improvement projects were as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ -	\$ 10,000,000	\$ -	\$ 10,000,000

6. CAPITAL PROJECT FUND AUTHORIZATIONS

At December 31, 2011, individual project authorizations compared with project expenditures from inception which are reported within the Capital Projects Fund are as follows:

<u>Project</u>	<u>Project authorizations</u>	<u>Expenditures project inception to December 31, 2011</u>
103rd Street Bike/Pedestrian Path	\$ 143,000	\$ 121,980
Safe Routes To School	250,000	25,000
Casino Project	387,923	387,923
Secondary EMS Facility & Equipment	1,800,000	2,285
Casino Water Improvements	2,685,768	2,285,517
Casino Sewer Improvements	2,510,782	2,279,318
Wastewater Treatment Plant Improvements	10,001,862	9,007,188
Water Tower Project	2,300,500	302
Water System Improvements	568,658	473,651

7. PENSION PLAN

Plan description

The City participates in the Kansas Public Employees Retirement System (KPERs), a cost sharing multiple employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803.

Funding policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary for participants employed prior to July 1, 2009 and 6% for new participants employed July 1, 2009 and thereafter. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate established by statute for the period from January 1, 2011 to December 31, 2011 was 7.74%. Included in this rate is the contribution for Group Death and Disability Insurance of 1%. There was a moratorium on the collection of Group Death and Disability premium from April 1, 2011 through June 30,

7. PENSION PLAN (continued)

2011. The City's contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$205,659, \$180,037 and \$145,532, respectively, equal to the statutory required contributions for each year.

8. BUDGETARY DATA

As described in Note 1, the actual data presented in the budgetary comparison statements differ from data presented in accordance with generally accepted accounting principles (GAAP) for the governmental fund types. The following reconciliation's are presented to provide a correlation between the different bases of reporting:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Nonmajor Special Revenue Funds</u>
GAAP Fund Balance at December 31, 2011	\$ 1,606,922	\$ 241,212	\$1,049,671
Adjustments:			
Reserved for self-insurance	(160,605)	-	-
Accrued sales tax revenues	(60,444)	-	-
Accrued franchise fee revenues	(38,829)	-	-
Accrued unbilled receivables	-	-	(2,583)
Due to other funds	162,062	-	-
Reserved for encumbrances – budgeted funds	(24,288)	-	(1,873)
Fund balances of funds not subject to the Kansas budget law	-	-	(6,830)
Budgetary Fund Balance at December 31, 2011	<u>\$ 1,484,818</u>	<u>\$ 241,212</u>	<u>\$1,038,385</u>

9. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables (due to/due from other funds) at December 31, 2011 were as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General	\$ 403,775	\$ 162,062
Casino Water Improvements	-	145,016
Safe Routes To School	-	328

9. INTERFUND RECEIVABLES AND PAYABLES (continued)

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
Water Tower Project	\$ -	\$ 302
Water System Improvements	-	258,129
Electric System	81,646	-
Water System	-	52,573
Sewer System	<u>132,989</u>	<u>-</u>
	<u>\$ 618,410</u>	<u>\$ 618,410</u>

The outstanding balances due to the Electric System and Sewer System Funds are the result of equipment and other improvements financing loans that will be repaid in subsequent years. The amounts due to the General Fund are the result of cash deficiencies incurred at year-end by other funds.

10. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund for 2011 are as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General	\$ 37,974	\$ 197,994
Electric System	<u>-</u>	<u>32,000</u>
	<u>37,974</u>	<u>229,994</u>
Nonmajor Funds:		
Senior Citizen	7,500	-
Special Highway	-	29,073
Transportation Impact Fee	-	-
Swimming Pool	78,953	-
Municipal Equipment Replacement	111,542	8,902
Shop Maintenance	<u>32,000</u>	<u>-</u>
	<u>229,995</u>	<u>37,975</u>
	<u>\$ 267,969</u>	<u>\$ 267,969</u>

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. Transfers from the General Fund (\$111,542) to the Municipal Equipment Replacement Fund are routinely made to fund future equipment replacement for

10. INTERFUND TRANSFERS (continued)

the various departments within the General Fund. The General Fund also routinely makes transfers to the Swimming Pool Fund (\$78,953) and also to the Senior Citizens Fund (\$7,500) to support operations. The Electric System Fund transfers to the Shop Maintenance Fund (\$32,000) on a routine basis to alleviate operating deficits.

The routine transfers from the Special Highway Fund and the Municipal Equipment Replacement Fund to the General Fund reflect the debt service payments on the interfund loan originally made to the General Fund from the Electric Utility Fund for equipment related to these functional areas of operation.

11. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the City is required to allow retirees to participate in its group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy, if any, has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured and there is no cost to the City under this program.

12. ADVANCE REFUNDING

On September 7, 2012, the City entered into a current refunding transaction whereby it issued \$4,680,000 of General Obligation Refunding Bonds, Series A 2011, with interest rates from 1.00% to 3.35%, to currently refund \$4,970,000 of outstanding Electric, Waterworks and Sewer Utility System Refunding and Improvement Revenue Bonds, Series 2005 with interest rates from 3.70% to 4.40%. Proceeds from the Series A 2011 Bonds in the amount of \$4,547,753 and \$422,247 of funds from the Bond Reserve Fund for the Series 2005 Revenue Bonds were placed with the City's paying agent, the Kansas State Treasurer, to provide for the principal amount and interest to the call date, November 1, 2011, to currently refund the Series 2005 Refunding and Improvement Revenue Bonds maturing on November 1, 2012 to November 1, 2022.

The City entered into the refunding transaction for the Series 2005 Refunding and Improvement Revenue Bonds to reduce its total debt service payments over the next 11 years by \$807,907 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$778,388.

13. COMMITMENTS AND CONTINGENCIES

In 2007, the State of Kansas enacted legislation authorizing casino gaming in Kansas and established four gaming zones. One gaming zone was established for south central Kansas encompassing Sedgwick and Sumner Counties and allowing for the construction of one single facility. In August 2007, voters of Sedgwick County chose not to allow a casino to be built in the County leaving only certain sites in Sumner County.

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

The proposed facility will be constructed in phases with a temporary casino being opened in December 2011. The Second phase of the development will include an expanded gaming center, a 300-room hotel, a 40-space recreational vehicle park, a 4,200-seat events center, and a 24-acre Equine Center. Under the terms of the Developer's Agreement, the City contracted for an architectural and engineering firm to perform a utility needs assessment to provide the City with recommendations concerning the modifications and necessary additions to the current utilities being operated by the City. The City has installed sanitary sewer, water and electrical improvements as requested by the Kansas Star Casino, LLC with the entire cost of such improvements being assessed against the Kansas Star site.

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

At December 31, 2011, the City had outstanding commitments for engineering and construction services related to its capital improvement projects of \$199,285.

14. SUBSEQUENT EVENTS

Subsequent to December 31, 2011, the City Council authorized the issuance and sale of Temporary Improvement Notes, Series A 2012, in the principal amount of \$4,000,000 with an interest rate of 0.40%. The proceeds of the temporary notes were utilized to provide temporary financing for various capital improvement projects.

On May 1, 2012, the City Council authorized the issuance and sale of General Obligation Bonds, Series A, 2012, in the principal amount of \$14,430,000 with interest rates from 2.00% to 3.50%. The proceeds of the Series A 2012 bonds were to provide permanent financing for various capital improvement projects.

15. FUND RECLASSIFICATIONS

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, became effective for periods beginning after June 15, 2010. GASB Statement No. 54 provides for clarification of the definitions of the general, special revenue, capital projects and permanent fund types. As a result, the Capital Improvement Reserve and Municipal Equipment Reserve Funds have been reclassified from a special revenue fund type to a capital project fund type for 2011. These funds were reported as nonmajor funds for 2010 and 2011 and, accordingly, there was no affect on the City's total reported fund balance or changes in fund balances.

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

Employee Benefit – to account for the City's portion of social security, retirement, workmen's compensation and unemployment insurance contributions applicable to governmental funds' payrolls. Financing is provided by taxes.

Library – to account for the City's tax levy funding of the operation of the municipal library. Financing is provided by a specific tax levy.

Industrial Development – to account for the promotion of industrial development. Financing is provided through a specific tax levy.

Senior Citizen – to account for the operations of the Senior Center activities. Financing is provided from appropriations from the City's general fund.

Special Highway – to account for street maintenance operations. Financing is provided through motor fuel taxes distributed from the State of Kansas Special City and County Highway Fund.

Nine One One – to account for telephone tax revenue and other financing sources used to purchase and maintain emergency communications equipment and systems.

Special Park and Recreation – to account for park and recreation services for City residents. Financing is provided through a statewide alcohol liquor tax.

Transportation Impact Fee – to account for the assessments on new home construction for use in construction or improvement of the City's streets.

Storm Sewer Fee – to account for the assessments on all sewer utility customers for use in construction or improvement of the City's storm sewer drainage system.

Park Impact Fee – to account for the assessments on new home construction for use in construction or improvement of the City's parks.

Swimming Pool – to account for the operations of the municipal swimming pool.

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

D. Nelson Beautification Grant Fund – to account for the private grant proceeds designated for City beautification improvements.

FEMA Grant Fund – to account for grant proceeds utilized for improvement of public safety communications equipment.

FEMA Radio Grant Fund – to account for grant proceeds utilized for radio purchases for public safety purposes.

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

NONMAJOR CAPITAL PROJECT FUNDS

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

Capital Improvement Reserve – to account for public facility improvements performed in conjunction with the City's multi-year capital improvement plan. Financing is provided from tax levy and other resources available to the City for such purposes.

Municipal Equipment Replacement – to accumulate resources to be used for new or replacement equipment. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

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

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

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

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

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

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2011

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash including short-term investments	\$ 1,043,958	\$647,954	\$ 1,691,912
Property tax receivable	654,842	5,081	659,923
Accounts receivable	<u>5,713</u>	<u>—</u>	<u>5,713</u>
 Total	 <u>\$ 1,704,513</u>	 <u>\$653,035</u>	 <u>\$ 2,357,548</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ —	\$ 57,739	\$ 57,739
Due to other funds	—	258,759	258,759
Deferred revenues	<u>654,842</u>	<u>5,081</u>	<u>659,923</u>
 Total liabilities	 <u>654,842</u>	 <u>321,579</u>	 <u>976,421</u>
Fund Balances:			
Restricted:			
General government	306,581	—	306,581
Recreation	60,261	—	60,261
Health and welfare	6,830	—	6,830
Economic development	153,253	—	153,253
Street improvements	31,173	—	31,173
Public safety	1,873	—	1,873
Committed:			
Street improvements	430,201	—	430,201
Parks and recreation	54,512	—	54,512
Capital improvements	—	274,326	274,326
Assigned:			
Culture and recreation	4,987	—	4,987
Capital outlay	—	373,628	373,628
Unassigned	<u>—</u>	<u>(316,498)</u>	<u>(316,498)</u>
 Total fund balances	 <u>1,049,671</u>	 <u>331,456</u>	 <u>1,381,127</u>
 Total liabilities and fund balances	 <u>\$ 1,704,513</u>	 <u>\$653,035</u>	 <u>\$ 2,357,548</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2011

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:			
Taxes	\$ 707,883	\$ 6,520	\$ 714,403
Intergovernmental	358,736	-	358,736
Licenses, fee and permits	141,880	-	141,880
Charges for services	103,335	-	103,335
Use of money and property	2,691	2,042	4,733
Miscellaneous	<u>12,056</u>	<u>387,923</u>	<u>399,979</u>
 Total revenues	 <u>1,326,581</u>	 <u>396,485</u>	 <u>1,723,066</u>
 Expenditures:			
Current:			
General government	91,049	-	91,049
Public Safety	414,112	-	414,112
Highways and streets	339,762	-	339,762
Culture and recreation	394,313	-	394,313
Economic development	80,604	-	80,604
Capital improvements	-	932,375	932,375
Debt service:			
Principal	95,000	-	95,000
Interest and fiscal charges	<u>33,880</u>	<u>-</u>	<u>33,880</u>
 Total expenditures	 <u>1,448,720</u>	 <u>932,375</u>	 <u>2,381,095</u>
 Expenditures over revenues	 <u>(122,139)</u>	 <u>(535,890)</u>	 <u>(658,029)</u>
 Other financing sources (uses):			
Transfers in	86,453	111,542	197,995
Transfers out	<u>(29,073)</u>	<u>(8,902)</u>	<u>(37,975)</u>
 Total other financing sources (uses)	 <u>57,380</u>	 <u>102,640</u>	 <u>160,020</u>
 Net change in fund balances	 (64,759)	 (433,250)	 (498,009)
Fund balances, beginning of year	<u>1,114,430</u>	<u>764,706</u>	<u>1,879,136</u>
 Fund balances, end of year	 <u>\$ 1,049,671</u>	 <u>\$ 331,456</u>	 <u>\$ 1,381,127</u>

CITY OF MULVANE, KANSAS

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

December 31, 2011

	Employee Benefits	Library	Industrial Develop- ment	Senior Citizens	Special Highway	Nine One One	Special Park and Recreation	Trans- portation Impact Fee	Storm Sewer
<u>ASSETS</u>									
Cash and short-term investments	\$ 306,167	\$ 3,091	\$ 153,253	\$ 4,987	\$ 31,173	\$ 1,873	\$ 57,170	\$ 164,381	\$ 260,521
Accounts receivable	414	-	-	-	-	-	-	-	5,299
Taxes receivable	<u>521,296</u>	<u>128,465</u>	<u>5,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 827,877</u>	<u>\$ 131,556</u>	<u>\$ 158,334</u>	<u>\$ 4,987</u>	<u>\$ 31,173</u>	<u>\$ 1,873</u>	<u>\$ 57,170</u>	<u>\$ 164,381</u>	<u>\$ 265,820</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and taxes	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Deferred revenue	<u>521,296</u>	<u>128,465</u>	<u>5,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>521,296</u>	<u>128,465</u>	<u>5,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:									
Restricted:									
General government	306,581	-	-	-	-	-	-	-	-
Recreation	-	3,091	-	-	-	-	57,170	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Economic development	-	-	153,253	-	-	-	-	-	-
Street improvements	-	-	-	-	31,173	-	-	-	-
Public safety	-	-	-	-	-	1,873	-	-	-
Committed:									
Street improvements	-	-	-	-	-	-	-	164,381	265,820
Parks and recreation	-	-	-	-	-	-	-	-	-
Assigned:									
Culture and recreation	-	-	-	4,987	-	-	-	-	-
Total fund balances	<u>306,581</u>	<u>3,091</u>	<u>153,253</u>	<u>4,987</u>	<u>31,173</u>	<u>1,873</u>	<u>57,170</u>	<u>164,381</u>	<u>265,820</u>
Total liabilities and fund balances	<u>\$ 827,877</u>	<u>\$ 131,556</u>	<u>\$ 158,334</u>	<u>\$ 4,987</u>	<u>\$ 31,173</u>	<u>\$ 1,873</u>	<u>\$ 57,170</u>	<u>\$ 164,381</u>	<u>\$ 265,820</u>

CITY OF MULVANE, KANSAS

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

December 31, 2011

	Park Impact Fee	Swimming Pool	Special Alcohol	D. Nelson Beautification Grant	FEMA Grant	FEMA Radio Grant	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
ASSETS								
Cash and short-term investments	\$ 54,347	\$ 165	\$ 6,830	\$ --	\$ --	\$ --	\$ --	\$ 1,043,958
Accounts receivable	--	--	--	--	--	--	--	5,713
Taxes receivable	--	--	--	--	--	--	--	654,842
Total assets	<u>\$ 54,347</u>	<u>\$ 165</u>	<u>\$ 6,830</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,704,513</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Accrued payroll and taxes	--	--	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	--	--	--
Deferred revenue	--	--	--	--	--	--	--	654,842
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>654,842</u>
Fund balances:								
Restricted								
General government	--	--	--	--	--	--	--	306,581
Recreation	--	--	--	--	--	--	--	60,261
Health and welfare	--	--	6,830	--	--	--	--	6,830
Economic development	--	--	--	--	--	--	--	153,253
Street improvements	--	--	--	--	--	--	--	31,173
Public safety	--	--	--	--	--	--	--	1,873
Committed:								
Street improvements	--	--	--	--	--	--	--	430,201
Parks and recreation	54,347	165	--	--	--	--	--	54,512
Assigned:								
Culture and recreation	--	--	--	--	--	--	--	4,987
Total fund balances	<u>54,347</u>	<u>165</u>	<u>6,830</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,049,671</u>
Total liabilities and fund balances	<u>\$ 54,347</u>	<u>\$ 165</u>	<u>\$ 6,830</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,704,513</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2011

	Employee Benefits	Library	Industrial Develop- ment	Senior Citizens	Special Highway	Nine One One	Special Park and Recreation	Trans- portation Impact Fee	Storm Sewer
Revenues:									
Taxes	\$544,311	\$ 143,697	\$ 5,381	\$ --	\$ --	\$ 834	\$ 6,830	\$ --	\$ --
Intergovernmental revenues	--	--	--	23,032	216,157	--	--	--	--
Licenses, fees and permits	--	--	--	--	--	--	--	9,100	--
Charges for services	--	--	--	3,204	--	--	--	--	30,740
Use of money and property	773	17	533	3	195	--	127	407	507
Miscellaneous	4,800	--	--	2,227	--	--	--	--	--
Total revenues	<u>549,884</u>	<u>143,714</u>	<u>5,914</u>	<u>28,466</u>	<u>216,352</u>	<u>834</u>	<u>6,957</u>	<u>9,507</u>	<u>31,247</u>
Expenditures:									
Current:									
General government	91,049	--	--	--	--	--	--	--	--
Public safety	292,430	--	--	--	--	2,135	--	--	--
Highway and streets	73,244	--	--	--	266,518	--	--	--	--
Culture and recreation	50,244	148,088	--	35,143	--	--	7,465	--	--
Economic development	--	--	80,604	--	--	--	--	--	--
Debt service:									
Principal	--	--	--	--	--	--	--	--	--
Interest and fiscal charges	--	--	--	--	--	--	--	--	--
Total expenditures	<u>506,967</u>	<u>148,088</u>	<u>80,604</u>	<u>35,143</u>	<u>266,518</u>	<u>2,135</u>	<u>7,465</u>	<u>--</u>	<u>--</u>
Revenues over (under) expenditures	<u>42,917</u>	<u>(4,374)</u>	<u>(74,690)</u>	<u>(6,677)</u>	<u>(50,166)</u>	<u>(1,301)</u>	<u>(508)</u>	<u>9,507</u>	<u>31,247</u>
Other financing sources (uses):									
Operating transfers in	--	--	--	7,500	--	--	--	--	--
Operating transfers out	--	--	--	--	(29,073)	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>7,500</u>	<u>(29,073)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balance	42,917	(4,374)	(74,690)	823	(79,239)	(1,301)	(508)	9,507	31,247
Fund balances, beginning of year	<u>263,664</u>	<u>7,465</u>	<u>227,943</u>	<u>4,164</u>	<u>110,412</u>	<u>3,174</u>	<u>57,678</u>	<u>154,874</u>	<u>234,573</u>
Fund balances, end of year	<u>\$306,581</u>	<u>\$ 3,091</u>	<u>\$ 153,253</u>	<u>\$ 4,987</u>	<u>\$ 31,173</u>	<u>\$ 1,873</u>	<u>\$ 57,170</u>	<u>\$164,381</u>	<u>\$265,820</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2011

	Park Impact Fee	Swimming Pool	Special Alcohol	D. Nelson Beautification Grant	FEMA Grant	FEMA Radio Grant	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
Revenues:								
Taxes	\$ -	\$ -	\$ 6,830	\$ -	\$ -	\$ -	\$ -	\$ 707,883
Intergovernmental revenues	-	-	-	-	95,150	24,397	-	358,736
Licenses, fees and permits	3,900	-	-	-	-	-	128,880	141,880
Charges for services	-	69,391	-	-	-	-	-	103,335
Use of money and property	129	-	-	-	-	-	-	2,691
Miscellaneous	-	-	-	5,029	-	-	-	12,056
Total revenues	<u>4,029</u>	<u>69,391</u>	<u>6,830</u>	<u>5,029</u>	<u>95,150</u>	<u>24,397</u>	<u>128,880</u>	<u>1,326,581</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	91,049
Public safety	-	-	-	-	95,150	24,397	-	414,112
Highway and streets	-	-	-	-	-	-	-	339,762
Culture and recreation	-	148,344	-	5,029	-	-	-	394,313
Economic Development	-	-	-	-	-	-	-	80,604
Debt service:								
Principal	-	-	-	-	-	-	95,000	95,000
Interest and fiscal charges	-	-	-	-	-	-	33,880	33,880
Total expenditures	<u>-</u>	<u>148,344</u>	<u>-</u>	<u>5,029</u>	<u>95,150</u>	<u>24,397</u>	<u>128,880</u>	<u>1,448,720</u>
Revenues over (under) expenditures	<u>4,029</u>	<u>(78,953)</u>	<u>6,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(122,139)</u>
Other financing sources (uses):								
Operating transfers in	-	78,953	-	-	-	-	-	86,453
Operating transfers out	-	-	-	-	-	-	-	(29,073)
Total other financing sources (uses)	<u>-</u>	<u>78,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,380</u>
Net change in fund balance	4,029	-	6,830	-	-	-	-	(64,759)
Fund balances, beginning of year	<u>50,318</u>	<u>165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,114,430</u>
Fund balances, end of year	<u>\$ 54,347</u>	<u>\$ 165</u>	<u>\$ 6,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,049,671</u>

CITY OF MULVANE, KANSAS

EMPLOYEE BENEFITS FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 547,000	\$ 547,000	\$ 544,311	\$ (2,689)
Use of money and property	4,000	4,000	773	(3,227)
Miscellaneous	<u>–</u>	<u>–</u>	<u>4,800</u>	<u>4,800</u>
Total revenues	<u>551,000</u>	<u>551,000</u>	<u>549,884</u>	<u>(1,116)</u>
Expenditures:				
Administration department	159,067	159,067	91,049	68,018
Street department	81,400	81,400	73,244	8,156
Police department	276,000	276,000	215,722	60,278
Emergency services department	91,300	91,300	76,708	14,592
Park department	<u>74,800</u>	<u>74,800</u>	<u>50,244</u>	<u>24,556</u>
Total expenditures	<u>682,567</u>	<u>682,567</u>	<u>506,967</u>	<u>175,600</u>
Revenues over (under) expenditures	(131,567)	(131,567)	42,917	174,484
Fund balance, beginning of year	<u>131,567</u>	<u>131,567</u>	<u>263,664</u>	<u>132,097</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 306,581</u>	<u>\$ 306,581</u>

CITY OF MULVANE, KANSAS

LIBRARY FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 143,815	\$ 143,815	\$ 143,697	\$ (118)
Use of money and property	<u>10</u>	<u>10</u>	<u>17</u>	<u>7</u>
Total revenues	<u>143,825</u>	<u>143,825</u>	<u>143,714</u>	<u>(111)</u>
Expenditures:				
Appropriations to				
Library Board	150,919	150,919	145,815	5,104
Other	<u>1,441</u>	<u>1,441</u>	<u>2,273</u>	<u>(832)</u>
Total expenditures	<u>152,360</u>	<u>152,360</u>	<u>148,088</u>	<u>4,272</u>
Revenues over (under)				
expenditures	(8,535)	(8,535)	(4,374)	4,161
Fund balance,				
beginning of year	<u>8,535</u>	<u>8,535</u>	<u>7,465</u>	<u>(1,070)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,091</u>	<u>\$ 3,091</u>

CITY OF MULVANE, KANSAS

INDUSTRIAL DEVELOPMENT FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 5,110	\$ 5,110	\$ 5,381	\$ 271
Use of money and property	<u>1,000</u>	<u>1,000</u>	<u>533</u>	<u>(467)</u>
Total revenues	6,110	6,110	5,914	(196)
Expenditures:				
Industrial development	<u>103,344</u>	<u>103,344</u>	<u>80,604</u>	<u>22,740</u>
Revenues over (under)				
expenditures	(97,234)	(97,234)	(74,690)	22,544
Fund balance,				
beginning of year	<u>97,234</u>	<u>97,234</u>	<u>227,943</u>	<u>130,709</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 153,253</u>	<u>\$ 153,253</u>

CITY OF MULVANE, KANSAS

SENIOR CITIZENS FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Intergovernmental	\$ 21,000	\$ 21,000	\$ 23,032	\$ 2,032
Charges for services	3,500	3,500	3,204	(296)
Use of money and property	20	20	3	(17)
Miscellaneous	500	500	2,227	1,727
Transfers in	<u>19,280</u>	<u>19,280</u>	<u>7,500</u>	<u>(11,780)</u>
Total revenues and other sources	44,300	44,300	35,966	(8,334)
Expenditures:				
Operating expenditures	<u>40,904</u>	<u>40,904</u>	<u>35,143</u>	<u>5,761</u>
Revenues and other sources over (under) expenditures	3,396	3,396	823	(2,573)
Fund balance, beginning of year	<u>1,604</u>	<u>1,604</u>	<u>4,164</u>	<u>2,560</u>
Fund balance, end of year	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 4,987</u>	<u>\$ (13)</u>

CITY OF MULVANE, KANSAS

SPECIAL HIGHWAY FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 222,520	\$ 222,520	\$ 216,157	\$ (6,363)
Use of money and property	<u>150</u>	<u>150</u>	<u>195</u>	<u>45</u>
Total revenues	<u>222,670</u>	<u>222,670</u>	<u>216,352</u>	<u>(6,318)</u>
Expenditures:				
Street operations	200,219	200,219	198,386	1,833
Debt service	<u>29,073</u>	<u>29,073</u>	<u>29,073</u>	<u>-</u>
Total expenditures	<u>229,292</u>	<u>229,292</u>	<u>227,459</u>	<u>1,833</u>
Revenues over (under) expenditures	(6,622)	(6,622)	(11,107)	(4,485)
Fund balance, beginning of year	<u>37,549</u>	<u>37,549</u>	<u>42,280</u>	<u>4,731</u>
Fund balance, end of year	<u>\$ 30,927</u>	<u>\$ 30,927</u>	<u>\$ 31,173</u>	<u>\$ 246</u>

CITY OF MULVANE, KANSAS

NINE ONE ONE FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 15,000	\$ 15,000	\$ 3,374	\$ (11,626)
Use of money and property	<u>50</u>	<u>50</u>	<u>–</u>	<u>(50)</u>
Total revenues	<u>15,050</u>	<u>15,050</u>	<u>3,374</u>	<u>(11,676)</u>
Expenditures:				
Operating expenditures	7,610	7,610	1,916	5,694
Capital outlay	2,110	2,110	2,092	18
Debt service	<u>9,000</u>	<u>9,000</u>	<u>–</u>	<u>9,000</u>
Total expenditures	<u>18,720</u>	<u>18,720</u>	<u>4,008</u>	<u>14,712</u>
Revenues over (under) expenditures	(3,670)	(3,670)	(634)	3,036
Fund balance, beginning of year	<u>3,670</u>	<u>3,670</u>	<u>634</u>	<u>(3,036)</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>

CITY OF MULVANE, KANSAS

SPECIAL PARK AND RECREATION FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Liquor tax	\$ –	\$ –	\$ 6,830	\$ 6,830
Use of money and property	<u> –</u>	<u> –</u>	<u> 127</u>	<u> 127</u>
Total revenues	–	–	6,957	6,957
Expenditures:				
Capital outlay	<u>25,514</u>	<u>25,514</u>	<u>7,465</u>	<u>18,049</u>
Revenues over (under) expenditures	(25,514)	(25,514)	(508)	25,006
Fund balance, beginning of year	<u>25,514</u>	<u>25,514</u>	<u>57,678</u>	<u>32,164</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 57,170</u>	<u>\$ 57,170</u>

CITY OF MULVANE, KANSAS

TRANSPORTATION IMPACT FEE FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 3,000	\$ 3,000	\$ 9,100	\$ 6,100
Use of money and property	<u>1,000</u>	<u>1,000</u>	<u>407</u>	<u>(593)</u>
Total revenues	4,000	4,000	9,507	5,507
Expenditures and other uses:				
Capital outlay	<u>100,951</u>	<u>100,951</u>	<u>—</u>	<u>100,951</u>
Revenues over (under)				
expenditures and other uses	(96,951)	(96,951)	9,507	106,458
Fund balance,				
beginning of year	<u>96,951</u>	<u>96,951</u>	<u>154,874</u>	<u>57,923</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$164,381</u>	<u>\$ 164,381</u>

CITY OF MULVANE, KANSAS

STORM SEWER FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 27,000	\$ 27,000	\$ 28,165	\$ 1,165
Use of money and property	<u>1,000</u>	<u>1,000</u>	<u>507</u>	<u>(493)</u>
Total revenues	28,000	28,000	28,672	672
Expenditures:				
Capital Outlay	<u>77,301</u>	<u>77,301</u>	<u>—</u>	<u>77,301</u>
Revenues over (under) expenditures	(49,301)	(49,301)	28,672	77,973
Fund balance, beginning of year	<u>49,301</u>	<u>49,301</u>	<u>234,565</u>	<u>185,264</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$263,237</u>	<u>\$ 263,237</u>

CITY OF MULVANE, KANSAS

PARK IMPACT FEE FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 1,000	\$ 1,000	\$ 3,900	\$ 2,900
Use of money and property	<u>500</u>	<u>500</u>	<u>129</u>	<u>(371)</u>
Total revenues	1,500	1,500	4,029	2,529
Expenditures:				
Capital outlay	<u>42,504</u>	<u>42,504</u>	<u>–</u>	<u>42,504</u>
Revenues over (under)				
expenditures	(41,004)	(41,004)	4,029	45,033
Fund balance,				
beginning of year	<u>41,004</u>	<u>41,004</u>	<u>50,318</u>	<u>9,314</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 54,347</u>	<u>\$ 54,347</u>

CITY OF MULVANE, KANSAS

SWIMMING POOL FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$68,000	\$68,000	\$ 69,391	\$ 1,391
Transfers in	<u>131,943</u>	<u>131,943</u>	<u>78,953</u>	<u>(52,990)</u>
Total revenues	199,943	199,943	148,344	(51,599)
Expenditures:				
Swimming pool operations	<u>200,402</u>	<u>200,402</u>	<u>148,344</u>	<u>52,058</u>
Expenditures over revenues	459	459	–	459
Fund balance, beginning of year	<u>459</u>	<u>459</u>	<u>165</u>	<u>(294)</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 165</u>	<u>\$ 165</u>

CITY OF MULVANE, KANSAS

DEBT SERVICE FUND

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

Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 455,301	\$ 455,301	\$ 451,030	\$ (4,271)
Special assessments	452,000	452,000	517,422	65,422
Use of money and property	<u>1,000</u>	<u>1,000</u>	<u>1,797</u>	<u>797</u>
Total revenues	<u>908,301</u>	<u>908,301</u>	<u>970,249</u>	<u>61,948</u>
Expenditures and other uses:				
Bond Principal	664,175	664,175	717,175	(53,000)
Bond interest and commission	308,574	308,574	250,549	58,025
Miscellaneous	4,538	4,538	-	4,538
Cash basis reserve	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures and other uses	<u>987,287</u>	<u>987,287</u>	<u>967,724</u>	<u>19,563</u>
Revenues over (under) Expenditures and other uses	(78,986)	(78,986)	2,525	81,511
Fund balance, beginning of year	<u>78,986</u>	<u>78,986</u>	<u>238,687</u>	<u>159,701</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,212</u>	<u>\$ 241,212</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2011

	Capital Improvement Reserve	Municipal Equipment Reserve	103 rd Street Bike Path	Safe Routes To School	Casino Project	Water Tower Project	Water System Improvements	Totals
Revenues:								
Taxes	\$ 6,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,520
Use of money and property	1,360	682	-	-	-	-	-	2,042
Miscellaneous	-	-	-	-	387,923	-	-	387,923
Total revenues	7,880	682	-	-	387,923	-	-	396,485
Expenditures:								
Capital outlay	92,892	134,562	500	328	387,923	302	315,868	932,375
Expenditures over revenues	(85,012)	(133,880)	(500)	(328)	-	(302)	(315,868)	(535,890)
Other financing sources (uses):								
Transfers in	-	111,542	-	-	-	-	-	111,542
Transfers out	-	(8,902)	-	-	-	-	-	(8,902)
Total other financing sources (uses)	-	102,640	-	-	-	-	-	102,640
Net change in fund balance	(85,012)	(31,240)	(500)	(328)	-	(302)	(315,868)	(433,250)
Fund balances, beginning of year	359,338	404,868	500	-	-	-	-	764,706
Fund balances (deficit), end of year	\$ 274,326	\$ 373,628	\$ -	\$ (328)	\$ -	\$ (302)	\$ (315,868)	\$ 331,456

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measure focus is upon determination of net income, financial position and change in financial position. The following major Enterprise Funds are reported:

Electric System - to account for the maintenance of the electric distribution system. Financing is provided by user charges.

Water System - to account for the maintenance of the water distribution system. Financing is provided by user charges.

Sewer System - to account for the operation and maintenance of the sewer system and sewage treatment plant. Financing is provided by user charges.

CITY OF MULVANE, KANSAS

ELECTRIC SYSTEM FUND

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

Year Ended December 31, 2011

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$6,189,074	\$6,189,074	\$4,033,592	\$(2,155,482)
Use of money and property	36,500	36,500	67,506	31,006
Miscellaneous	200	200	19,978	19,778
Proceeds from refunding bonds	<u>—</u>	<u>—</u>	<u>2,193,048</u>	<u>2,193,048</u>
Total revenues	<u>6,225,774</u>	<u>6,225,774</u>	<u>6,314,124</u>	<u>88,350</u>
Expenditures, encumbrances and other uses:				
Operations	5,508,156	5,508,156	3,650,864	1,857,291
Nonoperating	220,000	220,000	128,114	91,887
Debt service	385,151	385,151	2,773,086	(2,387,935)
Transfers out	<u>216,000</u>	<u>216,000</u>	<u>234,899</u>	<u>(18,899)</u>
Total expenditures, encumbrances and other uses	<u>6,329,307</u>	<u>6,329,307</u>	<u>6,786,963</u>	<u>(457,656) *</u>
Revenues over (under) expenditures, encumbrances and other uses	(103,533)	(103,533)	(472,839)	(369,306)
Fund balance, beginning of year	<u>2,664,796</u>	<u>2,664,796</u>	<u>2,968,148</u>	<u>303,352</u>
Fund balance, end of year	<u>\$2,561,263</u>	<u>\$2,561,263</u>	<u>\$2,495,309</u>	<u>\$ (65,954)</u>

* – Per K.S.A. 79-2935 the creation of indebtedness in excess of the adopted budget may be exceeded when provision has been made for payment by the issuance of bonds. During 2011 the City issued \$2,193,048 of bonded indebtedness and incurred expenditures of \$2,193,048 related to a bond refunding transaction.

CITY OF MULVANE, KANSAS

WATER SYSTEM FUND

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

Year Ended December 31, 2011

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,228,460	\$1,228,460	\$ 932,955	\$(295,505)
Use of money and property	2,420	2,420	9,045	6,625
Miscellaneous	<u>200</u>	<u>200</u>	<u>6,150</u>	<u>5,950</u>
 Total revenues	 <u>1,231,080</u>	 <u>1,231,080</u>	 <u>948,150</u>	 <u>(282,930)</u>
 Expenditures, encumbrances and other uses:				
Operations	1,002,210	1,002,210	759,339	242,871
Nonoperating	40,000	40,000	89,055	(49,055)
Debt service	92,539	92,539	92,538	1
Transfers out	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
 Total expenditures, encumbrances and other uses	 <u>1,164,749</u>	 <u>1,164,749</u>	 <u>970,932</u>	 <u>193,817</u>
 Revenues over expenditures, encumbrances and other uses	 66,331	 66,331	 (22,782)	 (89,113)
Fund balance, beginning of year	<u>244,905</u>	<u>244,905</u>	<u>358,196</u>	<u>113,291</u>
 Fund balance, end of year	 <u>\$ 311,236</u>	 <u>\$ 311,236</u>	 <u>\$ 335,414</u>	 <u>\$ 24,178</u>

CITY OF MULVANE, KANSAS

SEWER SYSTEM FUND

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

Year Ended December 31, 2011

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,337,500	\$1,367,500	\$1,259,652	\$ (107,848)
Use of money and property	15,300	15,300	4,620	(10,680)
Proceeds from refunding bonds	–	2,790,965	2,486,952	(304,013)
Miscellaneous	–	17,696	17,696	–
Total revenues	<u>1,352,800</u>	<u>4,191,461</u>	<u>3,768,920</u>	<u>(422,541)</u>
Expenditures, encumbrances and other uses:				
Operations	809,403	850,000	627,991	222,009
Nonoperating	40,000	40,000	75,483	(35,483)
Debt service	615,100	3,636,500	3,371,699	264,801
Transfers out	30,000	30,000	30,000	–
Total expenditures, encumbrances and other uses	<u>1,494,503</u>	<u>4,556,500</u>	<u>4,105,173</u>	<u>451,327</u>
Revenues over (under) expenditures, encumbrances and other uses	(141,703)	(365,039)	(336,253)	28,786
Fund balance, beginning of year	<u>1,289,399</u>	<u>1,289,399</u>	<u>1,456,712</u>	<u>167,313</u>
Fund balance, end of year	<u>\$1,147,696</u>	<u>\$ 924,360</u>	<u>\$1,120,459</u>	<u>\$ 196,099</u>

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing and administration of general services rendered to the various departments of the City. The following Internal Service Fund is reported:

Maintenance Shop - to account for the central maintenance facility for all City vehicles. Financing is provided by charges to the respective users on a cost reimbursement basis.

CITY OF MULVANE, KANSAS

MAINTENANCE SHOP FUND

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

Year Ended December 31, 2011

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues and other sources:				
Charges for services	\$ 81,758	\$ 76,000	\$ 60,724	\$ (15,276)
Miscellaneous	-	108	-	(108)
Transfers in	<u>20,000</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
 Total revenues and other sources	 101,758	 108,108	 92,724	 (15,384)
 Expenditures:				
Operating expenditures	<u>92,111</u>	<u>98,461</u>	<u>83,314</u>	<u>15,147</u>
 Revenues and other sources over (under) expenditures	 9,647	 9,647	 9,410	 (237)
Fund balance, beginning of year	<u>2,821</u>	<u>2,821</u>	<u>453</u>	<u>(2,368)</u>
 Fund balance, end of year	 <u>\$ 12,468</u>	 <u>\$ 12,468</u>	 <u>\$ 9,863</u>	 <u>\$ (2,605)</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs. The following Fiduciary Fund is reported:

AGENCY FUNDS:

Payroll Clearing - to account for moneys held on behalf of City employees' payroll for related payroll taxes, retirement contributions, insurance and other authorized withholdings by City employees.

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

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2011

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2011</u>
<u>PAYROLL CLEARING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$126,941</u>	<u>\$ 3,587,467</u>	<u>\$ 3,574,398</u>	<u>\$140,010</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$126,941</u>	<u>\$ 3,587,467</u>	<u>\$ 3,574,398</u>	<u>\$140,010</u>
 <u>EMPLOYEE FLEXIBLE SPENDING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$ 3,316</u>	<u>\$ 171,547</u>	<u>\$ 164,287</u>	<u>\$ 10,576</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$ 3,316</u>	<u>\$ 171,547</u>	<u>\$ 164,287</u>	<u>\$ 10,576</u>
 <u>TOTALS</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$130,257</u>	<u>\$ 3,759,014</u>	<u>\$ 3,738,685</u>	<u>\$150,586</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$130,257</u>	<u>\$ 3,759,014</u>	<u>\$ 3,738,685</u>	<u>\$150,586</u>

COMPONENT UNIT

The Mulvane Public Library is reported as a discretely presented component unit within the financial statements of the City of Mulvane (the reporting entity) to emphasize its separate legal status. The Mulvane Public Library Board is appointed by the City Council and operates the public library of the City. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs, fines and donations from the public. The following funds are used to account for the operations of the Mulvane Public Library:

General Fund – to account for all operating activities of the public library that are not required to be accounted for in another fund.

Special Grants – to account for grant proceeds received from the State of Kansas and other governmental units.

Capital Development Reserve Fund – to account for capital equipment and improvement expenditures. Financing is provided through transfers from the General Fund.

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – MULVANE PUBLIC LIBRARY

December 31, 2011

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	<u>\$15,037</u>	<u>\$ 28,865</u>	<u>\$ 40,031</u>	<u>\$ 83,933</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	<u>\$ 4,746</u>	<u>\$ 125</u>	<u>\$ –</u>	<u>\$ 4,871</u>
Fund balances:				
Committed	<u>–</u>	<u>28,740</u>	<u>40,031</u>	<u>68,771</u>
Unassigned	<u>10,291</u>	<u>–</u>	<u>–</u>	<u>10,291</u>
Total fund balances	<u>10,291</u>	<u>28,740</u>	<u>40,031</u>	<u>79,062</u>
Total liabilities and fund balances	<u>\$15,037</u>	<u>\$ 28,865</u>	<u>\$ 40,031</u>	<u>\$ 83,933</u>
Reconciliation to total net assets:				
Fund balance per above				\$ 79,062
Add long-term capital assets				32,675
Less accumulated depreciation on long-term capital assets				<u>(16,623)</u>
Total net assets				<u>\$ 95,114</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2011

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
Revenues:				
Appropriations from City of Mulvane	\$ 145,815	\$ -	\$ -	\$ 145,815
Intergovernmental	-	21,917	-	21,917
Fines and fees	-	3,758	-	3,758
Use of money and property	19	1,159	89	1,267
Miscellaneous	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>
Total revenues	<u>145,834</u>	<u>26,844</u>	<u>89</u>	<u>172,767</u>
Expenditures:				
Personal services	92,179	-	-	92,179
Contractual services	26,449	104	2	26,555
Commodities	<u>26,212</u>	<u>16,478</u>	<u>-</u>	<u>42,690</u>
Total expenditures	<u>144,840</u>	<u>16,582</u>	<u>2</u>	<u>161,424</u>
Revenues over (under) expenditures	<u>994</u>	<u>10,262</u>	<u>87</u>	<u>11,343</u>
Other financing sources (uses):				
Transfers in	-	-	2,640	2,640
Transfers out	<u>(2,640)</u>	<u>-</u>	<u>-</u>	<u>(2,640)</u>
Total other financing sources (uses)	<u>(2,640)</u>	<u>-</u>	<u>2,640</u>	<u>-</u>
Net change in fund balance	(1,646)	10,262	2,727	11,343
Fund balances, beginning of year	<u>11,937</u>	<u>18,478</u>	<u>37,304</u>	<u>67,719</u>
Fund balances, end of year	<u>\$ 10,291</u>	<u>\$ 28,740</u>	<u>\$ 40,031</u>	<u>\$ 79,062</u>
Reconciliation of change in net assets:				
Net change in fund balance per above				\$ 11,343
Less current year depreciation on capital assets				<u>(5,113)</u>
Change in net assets				<u>\$ 6,230</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Mulvane's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	91
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source.	96
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.	100
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	110
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	102

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

City of Mulvane, Kansas
Net Assets by Component
Last Eight Fiscal Years
(Accrual Basis of Accounting)

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Governmental Activities	2004	2005	2006	2007	2008	2009	2010	2011
Invested in Capital Assets <i>(Net of related debt)</i>	\$ 18,708,248	\$ 18,636,326	\$ 17,062,117	\$ 18,844,700	\$ 18,604,024	\$ 18,441,345	\$ 18,060,089	\$ 18,417,687
Restricted for:	4,906,779	4,584,125	4,239,542	4,128,356	3,799,446	3,386,328	3,145,384	
Debt Service	--	--	--	--	--	--	--	2,762,968
Capital Improvements	--	--	--	--	--	--	--	1,801,919
Employee Benefits	--	--	--	--	--	--	--	306,581
Parks and Recreation	--	--	--	--	--	--	--	60,261
Economic Development	--	--	--	--	--	--	--	153,253
Street Maintenance	--	--	--	--	--	--	--	31,173
Public Safety	--	--	--	--	--	--	--	1,873
Health and Welfare	--	--	--	--	--	--	--	6,830
Unrestricted	2,432,431	2,868,866	4,516,792	2,908,285	3,063,950	3,159,996	3,279,893	(11,277,773)
Total Governmental Activities Net Assets	\$ 26,047,458	\$ 26,089,317	\$ 25,818,451	\$ 25,881,341	\$ 25,467,420	\$ 24,987,669	\$ 24,485,366	\$ 12,264,772
Business-type Activities								
Invested in Capital Assets <i>(Net of related debt)</i>	\$ 4,986,635	\$ 5,013,568	\$ 4,468,193	\$ 4,934,556	\$ 5,016,061	\$ 4,934,176	\$ 4,974,701	\$ 18,749,118
Restricted for Debt Service	1,935,519	1,692,958	3,084,039	2,390,773	2,662,906	2,482,221	2,305,666	2,237,436
Unrestricted	1,633,048	2,485,306	2,371,740	2,860,860	2,446,519	2,509,398	2,769,107	2,524,714
Total Business-type Activities Net Assets	\$ 8,555,202	\$ 9,191,832	\$ 9,923,972	\$ 10,186,189	\$ 10,125,486	\$ 9,925,795	\$ 10,049,474	\$ 23,511,268
Primary Government								
Invested in Capital Assets <i>(Net of related debt)</i>	\$ 23,694,883	\$ 23,649,894	\$ 21,530,310	\$ 23,779,256	\$ 23,620,085	\$ 23,375,521	\$ 23,034,790	\$ 37,166,805
Restricted	6,845,298	6,277,083	7,323,581	6,519,129	6,462,352	5,868,549	5,451,050	7,362,294
Unrestricted	4,065,479	5,354,172	6,888,532	5,769,145	5,510,469	5,669,394	6,049,000	(8,753,059)
Total Primary Government Net Assets	\$ 34,605,660	\$ 35,281,149	\$ 35,742,423	\$ 36,067,530	\$ 35,592,906	\$ 34,913,464	\$ 34,534,840	\$ 35,776,040

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses								
Governmental Activities								
General Government	\$ 265,602	\$ 261,623	\$ 259,065	\$ 299,958	\$ 319,914	\$ 345,662	\$ 388,764	\$ 367,607
Public Safety	1,463,226	1,550,103	1,653,301	1,830,363	1,895,463	1,972,712	1,967,491	2,214,923
Highways and Streets	1,446,783	1,256,670	1,262,543	1,287,818	1,356,127	1,326,646	1,402,712	1,620,242
Health and Sanitation	1,047,430	—	—	—	—	—	—	—
Culture and Recreation	473,546	512,808	486,649	807,939	731,410	711,336	818,353	732,029
Economic Development	7,211	91,012	5,077	7,657	42,781	9,396	11,358	91,345
Environmental Protection	4,040	1,571	3,653	734	1,791	704	1,600	414
Interest on Long Term Debt	415,754	373,617	458,743	508,057	450,311	552,841	372,438	343,708
Total Governmental Activities Expenses	<u>\$ 5,123,592</u>	<u>\$ 4,047,404</u>	<u>\$ 4,129,031</u>	<u>\$ 4,742,526</u>	<u>\$ 4,797,797</u>	<u>\$ 4,919,297</u>	<u>\$ 4,962,716</u>	<u>\$ 5,370,268</u>
Business-type Activities								
Electric Utility	\$ 2,837,530	\$ 3,695,828	\$ 4,087,728	\$ 4,142,178	\$ 4,444,773	\$ 3,998,986	\$ 4,264,535	\$ 4,561,418
Water Utility	763,905	745,859	868,180	841,616	805,636	797,814	798,895	954,799
Wastewater Utility	456,304	487,222	859,697	1,033,413	1,125,643	1,149,896	1,195,183	1,431,809
Total Business-type Activities	<u>\$ 4,057,739</u>	<u>\$ 4,928,909</u>	<u>\$ 5,815,605</u>	<u>\$ 6,017,207</u>	<u>\$ 6,376,052</u>	<u>\$ 5,946,696</u>	<u>\$ 6,258,613</u>	<u>\$ 6,948,026</u>
Total Primary Government Expenses	<u>\$ 9,181,331</u>	<u>\$ 8,976,313</u>	<u>\$ 9,944,636</u>	<u>\$ 10,759,733</u>	<u>\$ 11,173,849</u>	<u>\$ 10,865,993</u>	<u>\$ 11,221,329</u>	<u>\$ 12,318,294</u>
Program Revenues								
Governmental Activities								
Charges for Services								
General Government	\$ 71,912	\$ 21,306	\$ 121,343	\$ 106,040	\$ 106,069	\$ 83,793	\$ 104,906	\$ 215,240
Public Safety	268,234	257,556	247,644	239,674	269,079	316,185	283,306	384,999
Highway & Streets	182,567	66,428	58,224	34,004	35,636	35,496	32,053	39,840
Culture and Recreation	11,100	16,165	16,688	53,048	64,488	66,874	71,648	78,722
Operating Grants and Contributions	331,730	586,839	833,775	1,108,237	751,318	771,910	769,505	686,986
Capital Grants and Contributions	—	82,930	75,043	70,406	18,941	95,443	175,986	2,312,499
Total Governmental Activities Program Revenues	<u>\$ 865,543</u>	<u>\$ 1,031,224</u>	<u>\$ 1,352,717</u>	<u>\$ 1,611,409</u>	<u>\$ 1,245,531</u>	<u>\$ 1,369,701</u>	<u>\$ 1,437,404</u>	<u>\$ 3,718,286</u>
Business-type Activities								
Charges for Services								
Electric Utility	\$ 2,857,306	\$ 3,532,445	\$ 3,987,772	\$ 3,989,314	\$ 4,247,909	\$ 3,739,283	\$ 4,072,152	\$ 4,325,273
Water Utility	735,081	837,255	895,647	837,418	792,857	793,216	953,201	1,013,865
Wastewater Utility	490,919	802,381	1,163,147	1,172,076	1,156,679	1,148,151	1,320,646	1,373,352
Capital Grants and Contributions	1,584,048	430,061	9,452	—	—	9,710	—	—
Total Business-type Activities Program Revenues	<u>\$ 5,667,354</u>	<u>\$ 5,602,142</u>	<u>\$ 6,056,018</u>	<u>\$ 5,998,808</u>	<u>\$ 6,197,445</u>	<u>\$ 5,690,360</u>	<u>\$ 6,345,999</u>	<u>\$ 6,712,490</u>
Total Primary Government Program Revenues	<u>\$ 6,532,897</u>	<u>\$ 6,633,366</u>	<u>\$ 7,408,735</u>	<u>\$ 7,610,217</u>	<u>\$ 7,442,976</u>	<u>\$ 7,060,061</u>	<u>\$ 7,783,403</u>	<u>\$ 10,430,776</u>

Continued on the next page

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

Continued from the previous page

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net (Expense) Revenue								
Governmental Activities	\$ (4,258,049)	\$ (3,016,180)	\$ (2,776,314)	\$ (3,131,117)	\$ (3,552,266)	\$ (3,549,596)	\$ (3,525,312)	\$ (1,651,982)
Business-type Activities	1,609,615	673,233	240,414	(18,399)	(178,607)	(256,336)	87,386	(235,536)
Total Primary Government Net Expenses	<u>\$ (2,648,434)</u>	<u>\$ (2,342,947)</u>	<u>\$ (2,535,900)</u>	<u>\$ (3,149,516)</u>	<u>\$ (3,730,873)</u>	<u>\$ (3,805,932)</u>	<u>\$ (3,437,926)</u>	<u>\$ (1,887,518)</u>
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Taxes								
Property Taxes								
General Purposes	\$ 1,376,871	\$ 1,487,332	\$ 1,381,460	\$ 1,600,292	\$ 1,444,462	\$ 1,651,051	\$ 1,519,683	\$ 1,519,802
Debt Service	2,103,139	398,856	169,390	364,678	441,259	336,907	455,327	455,327
Sales Taxes	614,082	603,723	639,973	679,351	703,376	658,940	661,759	691,642
Franchise Taxes	290,505	346,273	390,475	365,885	379,968	380,254	388,190	425,525
Investment Earnings	64,938	96,666	178,040	240,599	130,280	45,034	16,795	21,932
Transfers	467,076	125,189	(253,890)	(56,798)	39,000	-	(18,745)	(13,682,840)
Total Governmental Activities	<u>\$ 4,916,611</u>	<u>\$ 3,058,039</u>	<u>\$ 2,505,448</u>	<u>\$ 3,194,007</u>	<u>\$ 3,138,345</u>	<u>\$ 3,072,186</u>	<u>\$ 3,023,009</u>	<u>\$ (10,568,612)</u>
Business Type Activities								
Investment Earnings	\$ 61,654	\$ 85,586	\$ 237,836	\$ 223,818	\$ 156,904	\$ 54,304	\$ 17,548	\$ 14,490
Transfers	(467,076)	(125,189)	253,890	56,798	(39,000)	-	18,745	13,682,840
Total Business-type Activities	<u>\$ (405,422)</u>	<u>\$ (39,603)</u>	<u>\$ 491,726</u>	<u>\$ 280,616</u>	<u>\$ 117,904</u>	<u>\$ 54,304</u>	<u>\$ 36,293</u>	<u>\$ 13,697,330</u>
Total Primary Government	<u>\$ 4,511,189</u>	<u>\$ 3,018,436</u>	<u>\$ 2,997,174</u>	<u>\$ 3,474,623</u>	<u>\$ 3,256,249</u>	<u>\$ 3,126,490</u>	<u>\$ 3,059,302</u>	<u>\$ 3,128,718</u>
Change In Net Assets								
Governmental Activities	\$ 658,562	\$ 41,859	\$ (270,866)	\$ 62,890	\$ (413,921)	\$ (477,410)	\$ (502,303)	\$ (12,220,594)
Business-type Activities	1,204,193	633,630	732,140	262,217	(60,703)	(202,032)	123,679	13,461,794
Total Primary Government	<u>\$ 1,862,755</u>	<u>\$ 675,489</u>	<u>\$ 461,274</u>	<u>\$ 325,107</u>	<u>\$ (474,624)</u>	<u>\$ (679,442)</u>	<u>\$ (378,624)</u>	<u>\$ 1,241,200</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund										
Reserved	\$ 23,287	\$ 108,293	\$ 27,849	\$ 3,052	\$ 97,085	\$ 130,488	\$ -	\$ -	\$ -	\$ -
Restricted: Insurance Claims	-	-	-	-	-	-	-	-	-	\$ 160,605
Assigned: General Government	-	-	-	-	-	-	-	-	-	\$ 746,627
Unreserved	904,869	813,184	818,966	1,127,764	1,305,430	1,484,786	1,662,840	1,729,665	1,631,791	-
Unassigned	-	-	-	-	-	-	-	-	-	699,690
Total General Fund	<u>\$ 904,869</u>	<u>\$ 813,184</u>	<u>\$ 818,966</u>	<u>\$ 1,127,764</u>	<u>\$ 1,305,430</u>	<u>\$ 1,484,786</u>	<u>\$ 1,662,840</u>	<u>\$ 1,729,665</u>	<u>\$ 1,631,791</u>	<u>\$ 1,606,922</u>
All Other Governmental Funds										
Reserved	\$ 390,452	\$ 331,000	\$ 165,719	\$ 682,690	\$ 2,035,192	\$ 27,596	\$ 7,735	\$ 179,765	\$ 131,643	\$ -
Restricted: Debt Service	-	-	-	-	-	-	-	-	-	\$ 241,212
EMS Facility & Equipment	-	-	-	-	-	-	-	-	-	\$ 1,801,919
General Government	-	-	-	-	-	-	-	-	-	\$ 306,581
Recreation	-	-	-	-	-	-	-	-	-	\$ 60,261
Health and Welfare	-	-	-	-	-	-	-	-	-	\$ 6,830
Economic Development	-	-	-	-	-	-	-	-	-	\$ 153,253
Street Improvements	-	-	-	-	-	-	-	-	-	\$ 31,173
Public Safety	-	-	-	-	-	-	-	-	-	\$ 1,873
Committed: Street Improvements	-	-	-	-	-	-	-	-	-	\$ 430,201
Parks & Recreation	-	-	-	-	-	-	-	-	-	\$ 54,512
Capital Improvements	-	-	-	-	-	-	-	-	-	\$ 274,326
Assigned Culture & Recreation	-	-	-	-	-	-	-	-	-	\$ 4,987
Capital Outlay	-	-	-	-	-	-	-	-	-	\$ 373,628
Unassigned	-	-	-	-	-	-	-	-	-	\$(13,786,952)
Unreserved, reported in:										
Capital Project Funds	(942,762)	(2,010,406)	(52,949)	(691,860)	(193,001)	-	(7,735)	(168,215)	500	-
Debt Service Funds	192,183	334,464	297,602	274,231	208,429	160,646	180,792	109,690	238,687	-
Special Revenue Funds	742,453	1,425,989	1,691,789	1,843,044	1,340,582	1,482,099	1,595,728	1,645,787	1,746,993	-
Total all other Governmental Funds	<u>\$ (8,126)</u>	<u>\$ (249,953)</u>	<u>\$ 1,936,442</u>	<u>\$ 1,425,415</u>	<u>\$ 1,356,010</u>	<u>\$ 1,642,745</u>	<u>\$ 1,768,785</u>	<u>\$ 1,587,262</u>	<u>\$ 1,986,180</u>	<u>\$(10,046,196)</u>

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

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 1,439,907	\$ 1,488,083	\$ 1,493,925	\$ 2,297,761	\$ 2,210,858	\$ 2,665,558	\$ 2,604,534	\$ 2,660,984	\$ 2,649,199	\$ 2,676,968
Special Assessment Taxes	357,714	508,409	405,931	507,847	571,809	511,027	533,632	536,508	524,968	517,422
Intergovernmental	892,096	1,101,314	899,667	492,299	583,138	590,415	540,637	651,998	778,034	663,855
Licenses and Permits	384,473	387,962	429,598	521,008	513,623	415,595	439,513	440,573	455,860	739,744
Charges for Services	224,170	189,542	240,934	95,986	148,677	205,939	234,373	290,487	274,776	260,920
Fines and Forfeitures	118,766	122,836	153,786	166,353	129,191	113,179	120,373	116,773	101,296	98,534
Use of Money & Property	113,459	57,920	63,171	97,310	187,442	245,005	135,575	54,231	24,457	45,416
Other Revenues	77,788	69,937	104,670	51,100	46,098	178,899	85,295	32,349	40,509	2,214,596
Total Revenues	\$ 3,608,373	\$ 3,926,003	\$ 3,791,682	\$ 4,229,664	\$ 4,390,836	\$ 4,925,617	\$ 4,693,932	\$ 4,783,903	\$ 4,849,099	\$ 7,217,455
Expenditures										
General Government	\$ 648,972	\$ 627,086	\$ 324,312	\$ 237,027	\$ 258,648	\$ 405,872	\$ 350,611	\$ 322,713	\$ 348,987	\$ 343,559
Public Safety	2,028,739	1,131,717	1,489,850	1,475,330	1,801,589	1,854,597	1,804,548	2,001,478	1,819,700	2,061,435
Highways and Streets	517,513	514,779	562,142	385,580	455,360	452,096	628,741	449,734	601,551	720,724
Culture and Recreation	307,624	288,196	520,391	489,771	552,655	793,733	624,406	705,892	619,363	665,260
Economic Protection	1,557	1,998	4,040	1,571	3,653	734	1,791	704	1,600	414
Environmental Development	10,586	8,069	7,211	91,012	5,077	7,657	42,781	9,396	11,358	91,345
Capital Outlay	1,170,470	2,253,684	379,723	491,061	1,739,579	2,075,717	1,365	148,432	285,772	14,349,717
Debt Service										
Principal	494,126	1,096,935	586,908	599,934	652,971	600,493	647,428	669,967	569,447	829,832
Interest	221,987	235,582	249,633	293,622	333,178	505,686	477,516	500,830	370,293	344,057
Total Expenditures	\$ 5,401,574	\$ 6,158,046	\$ 4,124,210	\$ 4,064,908	\$ 5,802,710	\$ 6,696,585	\$ 4,579,187	\$ 4,809,146	\$ 4,628,071	\$ 19,406,343
Revenues over (under) Expenditures	\$ (1,793,201)	\$ (2,232,043)	\$ (332,528)	\$ 164,756	\$ (1,411,874)	\$ (1,770,968)	\$ 114,745	\$ (25,243)	\$ 221,028	\$ (12,188,888)
Other Financing Sources (Uses)										
Bond Proceeds	\$ 906,000	\$ 1,953,843	\$ 1,764,037	\$ -	\$ 2,863,193	\$ 245,960	\$ -	\$ 2,538,769	\$ 2,938,000	\$ -
Notes Payable	-	-	-	-	140,000	-	-	-	-	-
Payment to Escrow Agent	-	-	-	-	-	-	-	(2,467,744)	(2,894,556)	-
Transfers in	1,036,845	917,732	670,068	736,473	1,005,881	578,740	406,383	520,455	455,178	235,969
Transfers Out	(1,076,808)	(947,490)	(202,992)	(611,284)	(1,042,404)	(561,834)	(367,383)	(520,455)	(455,178)	(235,969)
Total Other Financing Sources (Uses)	\$ 866,037	\$ 1,924,085	\$ 2,231,113	\$ 125,189	\$ 2,966,670	\$ 262,866	\$ 39,000	\$ 71,025	\$ 43,444	\$ -
Net Change in Fund Balance	\$ (927,164)	\$ (307,958)	\$ 1,898,585	\$ 289,945	\$ 1,554,796	\$ (1,508,102)	\$ 153,745	\$ 45,782	\$ 264,472	\$ (12,188,888)
Debt Service as a Percentage of Non-capital Expenditures	16.50%	33.20%	29.70%	26.30%	27.70%	26.97%	36.31%	38.33%	28.96%	6.75%

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

Fiscal Year	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>		Total Direct Tax Rate	Assessed Value as a % of Estimated Actual Value
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>		
2002	21,786,634	166,933,830	1,901,335	6,061,603	23,687,969	172,995,433	49.969	13.69%
2003	23,882,832	190,793,969	1,095,049	4,271,391	24,977,881	195,065,360	47.390	12.80%
2004	24,343,115	201,309,085	1,913,609	6,949,833	26,256,724	208,258,918	49.811	12.61%
2005	24,796,820	210,168,700	2,068,702	7,290,903	26,865,522	217,459,603	48.633	12.35%
2006	26,533,827	224,350,150	2,307,289	4,785,413	28,841,116	229,135,563	48.411	12.59%
2007	29,573,414	246,748,199	901,582	3,465,932	30,474,996	250,214,131	56.664	12.18%
2008	30,134,110	245,156,390	821,554	3,642,460	30,955,664	248,798,850	53.331	12.44%
2009	30,234,063	251,950,525	724,089	2,955,465	30,958,152	254,905,990	53.414	12.14%
2010	31,431,189	261,926,575	659,428	2,181,211	32,090,617	264,107,786	53.753	12.15%
2011	32,911,846	274,265,383	6,458,564	21,528,547	39,370,410	295,793,930	52.759	13.31%

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

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

Sedgwick County

Fiscal Year	City Rates								Overlapping Government Rates					Total
	General	Debt Service	Employee Benefits	Library	Industrial Development	Capital Improvements	Special Liability	Total City	State	County	School	Cemetery	Township	
2002	28.891	8.940	8.527	3.611	0.000	0.000	0.000	49.969	1.500	28.654	44.186	0.904	0.000	125.213
2003	17.223	7.978	15.164	3.489	1.033	2.503	0.000	47.390	1.500	28.776	44.028	0.992	0.000	122.686
2004	22.283	5.834	13.687	4.016	1.155	2.836	0.000	49.811	1.500	28.817	45.010	0.989	0.000	126.127
2005	20.593	5.976	10.374	3.653	0.954	6.121	0.962	48.633	1.500	28.763	52.129	1.001	0.000	132.026
2006	22.893	4.915	13.172	3.904	0.780	1.932	0.815	48.411	1.500	28.758	55.947	1.304	0.000	135.920
2007	27.368	11.843	11.911	3.638	0.412	0.725	0.767	56.664	1.500	31.315	51.296	1.301	0.000	142.076
2008	22.545	12.429	11.003	3.715	0.364	2.607	0.668	53.331	1.500	30.377	56.768	1.391	0.000	143.367
2009	22.413	12.785	13.829	4.088	0.000	0.000	0.299	53.414	1.500	29.868	55.806	1.198	0.000	141.786
2010	22.197	12.194	14.997	3.873	0.164	0.164	0.164	53.753	1.500	29.359	56.204	1.198	0.000	142.014
2011	22.288	9.256	16.631	4.098	0.162	0.162	0.162	52.759	1.500	29.428	56.849	1.459	0.000	141.995

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Sumner County

2002	28.891	8.940	8.527	3.611	0.000	0.000	0.000	49.969	1.500	56.265	44.186	0.904	0.000	152.824
2003	17.223	7.978	15.164	3.489	1.033	2.503	0.000	47.390	1.500	57.747	44.028	0.992	0.000	151.657
2004	22.283	5.834	13.687	4.016	1.155	2.836	0.000	49.811	1.500	57.644	45.010	0.989	0.000	154.954
2005	20.593	5.976	10.374	3.653	0.954	6.121	0.962	48.633	1.500	58.493	52.129	1.001	0.000	161.756
2006	22.893	4.915	13.172	3.904	0.780	1.932	0.815	48.411	1.500	55.899	55.947	1.304	0.000	163.061
2007	27.368	11.843	11.911	3.638	0.412	0.725	0.767	56.664	1.500	56.439	51.296	1.301	0.000	167.200
2008	22.545	12.429	11.003	3.715	0.364	2.607	0.668	53.331	1.500	58.026	56.768	1.391	0.000	171.016
2009	22.413	12.785	13.829	4.088	0.000	0.000	0.299	53.414	1.500	58.517	55.806	1.198	0.000	170.435
2010	22.197	12.194	14.997	3.873	0.164	0.164	0.164	53.753	1.500	62.444	56.205	1.198	0.000	175.100
2011	22.288	9.256	16.631	4.098	0.162	0.162	0.162	52.759	1.500	61.270	56.847	1.459	0.000	173.835

Source: Sedgwick County Clerk
 Sumner County Clerk

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

2011			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sedgwick County:			
Kansas Gas Service	\$ 309,370	1	0.79%
Mulvane Housing Associated LP	252,701	2	0.64%
Fugate J. Larry	231,098	3	0.59%
Casey's Retail Company	163,875	4	0.42%
Prairie State Bank	162,270	5	0.41%
Branine Gary E.	136,426	6	0.35%
Carr Properties	126,400	7	0.32%
BNSF	117,579	8	0.30%
Carro Antonio L MD	117,325	9	0.30%
Westfall Ray W & Sharron	112,975	10	0.29%
	<u>\$ 1,730,019</u>		<u>4.39%</u>

Sumner County:			
Brewer, John A	\$ 241,480	1	0.61%
Ratzlaff Properties, LLC	209,806	2	0.53%
Mulvane State Bank	151,502	3	0.38%
Mulvane Coop Union	135,562	4	0.34%
Pearl St Duplex	114,496	5	0.29%
BNSF	113,823	6	0.29%
Pendergraft Properties	111,832	7	0.28%
Wolfe, R. E. LLC	108,198	8	0.27%
Union Pacific	105,880	9	0.27%
Gilbert, Dennis	88,523	10	0.22%
	<u>\$ 1,381,102</u>		<u>3.51%</u>

2003			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sedgwick County:			
Congleton LLC	\$ 190,460	1	0.941%
Brews, LTD	168,375	2	0.831%
Mulvane Housing Associated LP	164,796	3	0.814%
Branine, Gary E.	132,576	4	0.655%
Kansas Gas Service	131,611	5	0.650%
Westfall, Ray @ & Sharron K.	110,648	6	0.546%
Cox Communications Inc.	108,595	7	0.536%
BNSF	101,399	8	0.501%
Country Walk Apartments, LLC	97,884	9	0.483%
Carro, Antonio L. MD PA	87,375	10	0.431%
	<u>\$ 1,293,719</u>		<u>6.388%</u>
Sumner County:			
Southwestern Bell	\$ 223,278	1	0.473%
Mulvane Coop Union	211,851	2	0.448%
Mulvane State Bank	85,090	3	0.180%
Raco Machine Inc	80,471	4	0.170%
Wolfe Machine Inc	75,768	5	0.160%
Pendergraft, Gordon	69,704	6	0.148%
Union Pacific	59,309	7	0.126%
Wolfe, Mary A. Rev.	55,868	8	0.118%
BNSF	54,594	9	0.116%
Voicestream PCS	51,206	10	0.108%
	<u>\$ 967,139</u>		<u>2.047%</u>

Source: Sumner County Clerk
Sedgwick County Clerk

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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years *</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2002	\$ 1,093,631	\$ 1,063,407	97.24%	\$ 13,635	\$ 1,077,042	98.48%
2003	1,122,547	1,052,684	93.78%	21,435	1,074,119	95.69%
2004	1,244,152	1,184,614	95.21%	23,489	1,208,103	97.10%
2005	1,240,518	1,214,079	97.87%	43,878	1,257,957	101.41%
2006	1,300,555	1,256,587	96.62%	21,820	1,278,407	98.30%
2007	1,623,079	1,584,413	97.62%	25,298	1,609,711	99.18%
2008	1,647,716	1,601,399	97.19%	34,052	1,635,451	99.26%
2009	1,699,468	1,636,482	96.29%	20,431	1,656,913	97.50%
2010	1,703,441	1,648,189	96.76%	46,813	1,695,002	99.50%
2011	1,736,417	1,643,752	94.66%	31,191	1,674,943	96.46%

Source: City Revenue Report
Sedgwick County Clerk
Sumner County Clerk

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

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

Fiscal Year	Governmental Activities				Business Type Activities			Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Public Building Commission Revenue Bonds	Temporary Notes	Notes Payable	Revenue Bonds	G.O. Bonds Secured by Enterprise Funds	Capital Leases			
2002	\$ 4,832,839	\$ 1,555,000	\$ 1,030,000	\$ 49,134	\$ 7,180,000	\$ 233,161	-	\$14,880,134	N/A	\$ 2,837
2003	5,883,843	1,505,000	1,750,000	37,034	4,635,000	2,739,009	-	16,549,886	14.53%	3,016
2004	7,255,627	1,450,000	-	24,812	4,410,000	2,544,262	-	15,684,701	13.42%	2,833
2005	6,814,218	1,395,000	-	12,468	10,000,000	2,345,584	-	20,567,270	17.24%	3,694
2006	9,184,217	1,335,000	-	140,000	11,475,000	2,140,976	-	24,275,193	19.60%	4,358
2007	8,915,216	1,275,000	-	123,697	11,115,000	1,989,744	-	23,418,657	18.30%	4,069
2008	8,349,419	1,210,000	-	107,066	10,745,000	1,832,581	-	22,244,066	17.73%	3,745
2009	9,467,000	1,255,000	-	90,100	10,360,000	1,699,232	-	22,871,332	16.22%	3,920
2010	8,934,000	1,155,000	-	72,792	10,080,000	1,515,371	-	21,757,163	18.24%	3,560
2011	6,701,454	1,060,000	10,000,000	55,135	4,690,000	6,008,546	-	28,515,135	18.13%	4,666

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**City of Mulvane, Kansas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Property</u>	<u>Net Bonded Debt Per Capita</u>
2002	\$ 4,832,839	\$ 192,183	\$ 4,640,656	2.68%	\$ 885
2003	5,883,843	334,464	5,549,379	2.84%	1,011
2004	7,255,627	297,602	6,958,025	3.34%	1,257
2005	6,814,218	274,231	6,539,987	3.01%	1,175
2006	9,184,217	208,429	8,975,788	3.92%	1,611
2007	8,915,216	160,646	8,754,570	3.50%	1,521
2008	8,349,419	180,792	8,168,627	3.28%	1,375
2009	9,467,000	109,690	9,357,310	3.67%	1,604
2010	8,934,000	238,687	8,695,313	3.29%	1,423
2011	12,710,000	241,212	12,468,788	4.22%	2,040

Source: City's Financials
Sedgwick County Clerk
Sumner County Clerk

City of Mulvane, Kansas
Direct and Estimated Overlapping Governmental Activities Debt
As of December 31, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>City's % Applicable</u>	<u>City's Amount of Overlapping Debt</u>
Estimated Overlapping Debt:			
Sedgwick County	\$ 77,925,000	0.63%	\$ 490,928
Sumner County	2,299,137	3.13%	\$ 71,963
School District #263	<u>10,410,000</u>	<u>53.43%</u>	<u>\$ 5,562,063</u>
Total Estimated Overlapping Debt	90,634,137	6.76%	6,124,954
City's Direct Debt	<u>22,710,000</u>	<u>100.00%</u>	<u>22,710,000</u>
Total Direct and Overlapping Debt	<u>\$113,344,137</u>	<u>25.44%</u>	<u>\$ 28,834,954</u>

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

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

Note: City's Direct Debt includes outstanding temporary notes of \$10,000,000.

Source: Triplet, Woolf & Garretson, LLC

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$8,824,786	\$9,199,136	\$9,582,789	\$9,865,747	\$10,615,716	\$11,405,953	\$11,673,038	\$11,371,226	\$11,621,406	\$11,811,123
Total Net Debt Applicable to Limit	2,899,339	4,936,631	3,277,955	3,080,158	5,682,971	5,409,727	5,109,494	4,816,119	4,701,264	4,353,656
Legal Debt Margin	5,925,447	4,262,505	6,304,834	6,785,589	4,932,745	5,996,226	6,563,544	6,555,107	6,920,142	7,457,467
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	33%	54%	34%	31%	54%	47%	44%	42%	40%	37%

Legal Debt Margin Calculation for 2011

Assessed Value	\$32,911,846
Motor-Vehicle K.S.A. 79-5113	6,458,564
Total Assessed Value	<u>\$39,370,410</u>
Debt Limit-Approximately 30% of Assessed Value (K.S.A. 10-308)	\$11,811,123
Bonded Indebtedness	22,710,000
Less Exempt Debt	<u>18,356,344</u>
Total Amount Applicable to Debt Limit	<u>4,353,656</u>
Legal Debt Margin	<u>\$ 7,457,467</u>

Source: City Financials
 Triplett, Woolf & Garretson, LLC

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

Electric Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage (2)
2002	2,981,319	2,353,643	627,676	20,240	137,503	157,743	3.98
2003	3,043,558	2,545,475	498,083	110,000	216,090	326,090	1.53
2004	2,914,427	2,425,213	489,214	115,000	213,890	328,890	1.49
2005	4,032,385	3,054,738	977,647	115,000	211,015	326,015	3.00
2006	4,106,914	3,397,481	709,433	96,063	195,071	291,134	2.44
2007	4,132,963	3,465,207	667,756	145,266	192,189	337,455	1.98
2008	4,349,097	3,761,407	587,690	149,952	187,541	337,493	1.74
2009	3,775,570	3,327,394	448,176	154,638	182,592	337,230	1.33
2010	4,083,306	3,587,632	495,674	161,667	177,335	339,002	1.46
2011	4,330,433	3,919,831	410,602	166,353	171,676	338,029	1.21

Source: City's Financial Statements

- (1) Total Operating Expenses exclusive of Depreciation and Amortization Expense
- (2) Bond coverage for Electric, Waterworks, and Wastewater Utility System Refunding Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2011 was 1.55. The revenue bond resolution requirement is 1.25.

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

Water Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage (2)
2002	741,636	690,794	50,842	35,472	51,629	87,101	0.58
2003	760,189	704,887	55,302	---	---	---	---
2004	737,460	666,066	71,394	---	---	---	---
2005	840,364	644,166	196,198	---	---	---	---
2006	911,041	835,863	75,178	---	---	---	---
2007	847,595	734,771	112,824	---	---	---	---
2008	800,447	698,378	102,069	---	---	---	---
2009	795,752	691,736	104,016	---	---	---	---
2010	954,273	709,475	244,798	---	---	---	---
2010	1,011,981	819,086	192,895	---	---	---	---

Source: City's Financial Statements

- (1) Total Operating Expenses exclusive of Depreciation and Amortization Expense
- (2) Bond coverage for Electric, Waterworks, and Wastewater Utility System Refunding Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2011 was 1.55. The revenue bond resolution requirement is 1.25.

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

Wastewater Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage (2)
2002	489,705	292,778	196,927	49,905	84,193	134,098	1.47
2003	481,653	333,622	148,031	---	---	---	---
2004	493,073	339,430	153,643	---	---	---	---
2005	814,979	319,401	495,578	---	---	---	---
2006	1,495,193	428,752	1,066,441	108,937	221,214	330,151	3.23
2007	1,242,068	468,586	773,482	214,734	300,513	515,247	1.50
2008	1,204,805	563,789	641,016	220,048	293,242	513,290	1.25
2009	1,163,632	604,931	558,701	230,362	285,580	515,942	1.08
2010	1,325,968	635,582	690,386	238,333	277,308	515,641	1.34
2011	1,377,310	713,120	664,190	253,647	245,784	499,431	1.33

Source: City's Financial Statements

- (1) Total Operating Expenses exclusive of Depreciation and Amortization Expense
- (2) Bond coverage for Electric, Waterworks, and Wastewater Utility System Refunding Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2011 was 1.55. The revenue bond resolution requirement is 1.25.

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

Storm Water Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage (2)
2002	28,707	0	28,707	---	---	---	---
2003	29,214	0	29,214	---	---	---	---
2004	29,337	0	29,337	---	---	---	---
2005	33,608	0	33,608	---	---	---	---
2006	35,523	0	35,523	---	---	---	---
2007	36,038	0	36,038	---	---	---	---
2008	35,640	0	35,640	---	---	---	---
2009	32,301	0	32,301	---	---	---	---
2010	31,769	0	31,769	---	---	---	---
2011	31,247	0	31,247	---	---	---	---

Source: City's Financial Statements

- (1) Total Operating Expenses exclusive of Depreciation and Amortization Expense
- (2) Bond coverage for Electric, Waterworks, and Wastewater Utility System Refunding Bonds, Series 2010 is computed for the combined utility systems per covenants of the revenue bond resolution. Coverage for the combined utility systems for 2011 was 1.55. The revenue bond resolution requirement is 1.25.

**City of Mulvane, Kansas
Demographic and Economic Statistics
Last Ten Calendar Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>	
						<u>Sedgwick County</u>	<u>Sumner County</u>
2002	5,245	Not Available	Not Available	Not Available	1,972	6.50%	7.40%
2003	5,488	\$ 113,887	\$ 20,752	35	1,934	7.30%	7.70%
2004	5,536	\$ 116,843	\$ 21,106	35	1,935	6.20%	6.40%
2005	5,568	\$ 119,311	\$ 21,428	35	1,924	5.60%	6.10%
2006	5,570	\$ 123,860	\$ 22,237	35	1,920	4.86%	4.85%
2007	5,755	\$ 127,973	\$ 22,237	35	1,902	4.20%	4.20%
2008	5,940	\$ 125,488	\$ 21,126	35	1,878	4.27%	4.31%
2009	5,835	\$ 141,020	\$ 24,168	34.5	1,940	9.90%	8.20%
2010	6,111	\$ 119,305	\$ 19,523	34.5	2,209	8.50%	7.90%
2011	6,111	\$ 157,315	\$ 25,743	34.5	2,203	7.30%	6.20%

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

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

<u>Employer</u>	<u>2011</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Population</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Population</u>
USD #263	324	1	5.30%	300	1	5.72%
Villa Maria Inc	102	2	1.67%	Not Available		
City of Mulvane	55	3	0.90%	51	2	0.97%
Cowley County College	50	4	0.82%	Not Available		
Dillons	45	5	0.74%	20	4	0.38%
Carson Bank	39	6	0.64%	Not Available		
Maria Court	25	7	0.41%	Not Available		
Wolfe Machine	24	8	0.39%	8	6	0.15%
Mulvane Coop	20	9	0.33%	22	3	0.42%
Ledford Gage	20	10	0.33%	16	5	0.31%
	<u>704</u>		<u>11.52%</u>	<u>417</u>		<u>7.95%</u>

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

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

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Administration	9	9	9	9	9	9	9	9	9	9
Police Officers	11	11	15	12	12	12	12	12	11	11
Police Dispatchers	5	5	5	5	5	5	5	5	6	6
Emergency Services	3	3	3	3	3	3	3	3	3	3
Parks & Recreation	4	4	4	4	4	4	4	4	4	5
Streets	5	5	5	5	5	5	5	5	5	5
Electric	8	6	8	8	8	8	8	8	8	8
Water	4	4	4	4	4	4	4	4	4	4
Wastewater	4	4	4	4	4	4	4	4	4	4
Total	<u>53</u>	<u>51</u>	<u>57</u>	<u>54</u>	<u>54</u>	<u>54</u>	<u>54</u>	<u>54</u>	<u>54</u>	<u>55</u>

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

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

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police										
Calls for Service	2,709	3,033	3,202	3,133	3,561	4,398	4,182	3,856	3,669	3,508
Moving Citations	827	947	1,208	1,284	864	752	733	639	517	623
DUI Arrests	32	25	26	71	20	22	18	25	17	15
Arrests	178	179	325	314	200	236	224	229	214	213
Emergency Services										
Fire & Rescue Calls	310	258	275	325	311	387	389	383	350	389
Ambulance Calls	555	570	439	481	530	707	743	787	710	705
Electric										
New Connections	37	37	31	21	96	19	11	6	5	4
Average Daily Usage (mWh/Day)	105	107	108	115	116	120	116	117	119	120
Peak Daily Usage (kW)	10,700	11,746	10,846	11,718	12,959	12,556	12,500	11,900	12,700	13,100
Water										
New Connections	48	8	31	41	73	10	1	6	1	8
Average Daily Consumption (Gallons)	491,375	517,047	481,614	482,093	519,060	442,496	470,847	469,288	483,110	494,129
Peak Daily Consumption (Gallons)	762,000	973,000	803,000	1,025,000	969,000	925,000	786,000	1,000,000	835,000	916,000
Wastewater										
Average Daily Sewage Treatment	N/A	376,000	380,000	385,000	400,000	421,000	474,000	461,392	417,164	377,487

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

**City of Mulvane, Kansas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police										
Station/City Hall	1	1	1	1	1	1	1	1	1	1
Patrol Units	11	11	11	11	11	11	11	11	11	11
Fire/EMS										
Fire Station	1	1	1	1	1	1	1	1	1	1
Fire & Rescue Trucks	10	10	11	11	11	11	11	11	11	11
Ambulances	2	2	2	2	2	2	2	2	2	2
Parks & Recreation										
Acreage	64.8	64.8	66.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3
Neighborhood Parks	14	14	15	16	16	16	16	16	16	16
Sports Complex	1	1	1	1	1	1	1	1	1	1
Swimming Pool	1	1	1	0	0	1	1	1	1	1
Sr. Center	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Streets										
Streets (Miles)	35	36	38	38	38	38	38	38	38	38
Traffic Signals	3	3	3	3	3	3	3	3	3	3
Electric										
Power Plant	2	2	2	2	2	2	2	2	2	2
Miles of Line	32	32	33	33	33	33	33	33	33	33
Generating Capacity (kw)	15600	15600	15600	16600	16600	16600	16600	16600	16600	16600
Water										
Water Mains (Miles)	34	34	35	35	35	35	35	35	35	39
Fire Hydrants	215	215	215	220	221	221	221	221	221	221
Storage Capacity (kgal)	800	800	800	800	800	800	800	800	800	800
Wastewater										
Sanitary Sewers (Miles)	24	24	25	26	26	26	26	26	26	34
Storm Sewers (Miles)	1	1	1	1	1	1	1	1	1	1
Treatment Capacity (mgd)	0.5	0.05	0.05	0.05	1	1	1	1	1	1
Lift Stations	5	5	4	4	4	5	5	5	5	5

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