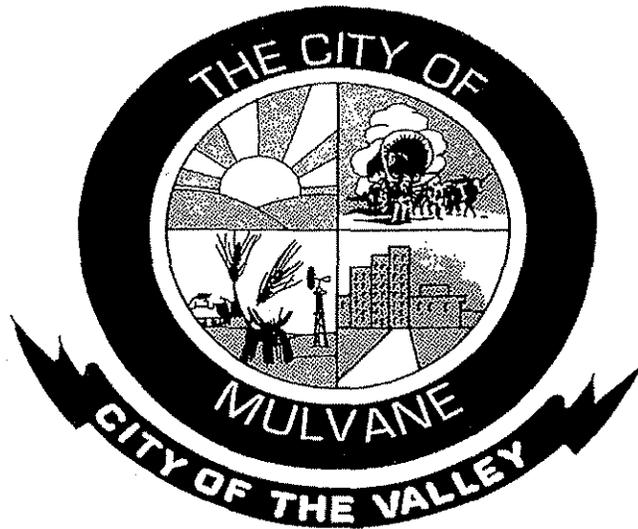


**CITY OF
MULVANE, KANSAS**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL
YEAR ENDED
DECEMBER 31, 2012**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF MULVANE, KANSAS

FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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INTRODUCTORY SECTION



June 25, 2013

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, 2012 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 addition, the City follows GFOA recommendations that general purpose governments maintain unrestricted fund balances in the General Fund of no less than 5% of regular General Fund operating revenues or no less than one month of regular General Fund operating fund expenditures. The City Council's policy is to maintain an unrestricted fund balance of no less than three months General Fund operating expenditures and transfers.

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

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

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

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

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

An indicator of the positive impact of these financial policies and practices is that the City has been given an 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 unmodified opinion from its independent auditor retained by the City Council. The financial report is segregated into three sections:

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

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

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Mulvane, Kansas for its Comprehensive Annual Financial Report for the year ended December 31, 2011.

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 seventeen years.

Economic Outlook

The economic outlook remains unchanged from 2011. The labor market remains very weak. Most firms remain extremely hesitant to add to their payrolls, particularly in the manufacturing industry. There has been little improvement in residential construction over the last year. The Wichita area economy lags behind much of the nation. It is slow to feel the recession and slow to recover from it. Boeing announced it will close its doors 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 State of Kansas experienced a significant decrease in revenues as the recession took hold. The Governor's tax plan will further reduce State revenues. The economy is slow to recover and economic outlook for the area economy is stable but not improving and that causes much anxiety about the future. One bright spot for our area is the destination-casino development in Mulvane. The casino has created hundreds of construction related jobs. At the end of 2012 the casino employed over 950 staff (waitresses, card dealers, security, etc.). This large commercial development has expanded the City's tax base and generated revenues that will be used in the General Fund to benefit the community.

Construction Activity

The number of building permits issued in 2012 was down from 55 in 2011 to 52. This consisted of all construction activity including additions, remodel and new construction. In 2012, six permits were issued for single family dwellings. In 2011, seven permits were issued. The average size of single family dwellings remained about the same as previous years at 1,600 square feet.

The total construction value for 2012 was \$8.8 million. The 2012 valuation of \$8.8 million reflects a 20% increase in valuation of the average per year post casino permits. Seven million dollars of that was for renovating an event center at the casino. This is approximately a 30% increase in building permits from 2010.

Financial Picture

The assessed valuation of Mulvane increased slightly in 2012 from \$32 million to \$32.9 million. The Ad Valorem tax revenue collected in 2012 was \$1,647,302 compared to 2011 which was \$1,643,752. The mill levy decreased from 53.7 in 2011 to 52.8 in 2012.

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. The 2012 average interest rate for the City's Now Account, Money Market Account, and CD's has decreased to 0.28%. In 2011, the average interest rate was 0.35%. The previous year of 2010, it was 0.32%. Total interest earned from the Now Account and Money Market Accounts in 2012 was \$5,612, down from \$11,776 in 2011. Most of the City's idle money is in the money market accounts, which are paying a higher interest rate than certificate of deposits.

The City's 2012 total average cash balance was \$10,559,094.00 compared to \$12,458,901 in 2011. The 2012 total average invested cash balance was \$4 million down from \$4.8 million in 2011.

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 2012 dropped to .74 down from .91 in 2011. 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,

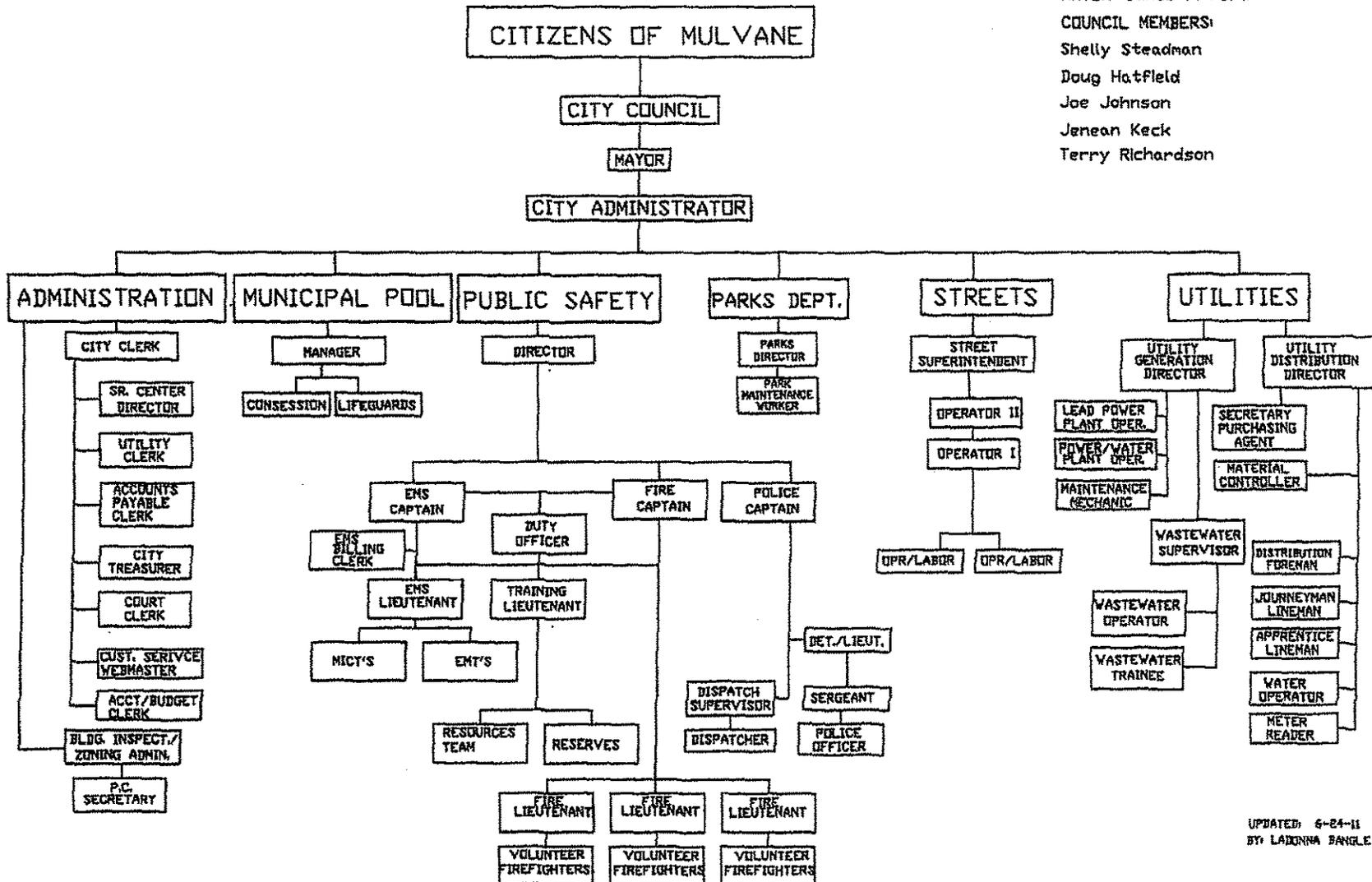

Kent Hixson - City Administrator

CITY OF MULVANE, KANSAS
LIST OF PRINCIPAL OFFICIALS
December 31, 2012

<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, 2011

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.



Christopher P. Mouill

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Mulvane, Kansas, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

George, Bowerman & Noel, P.A.

Wichita, Kansas
June 17, 2013

CITY OF MULVANE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2012

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, 2012. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the City's basic financial statements, which immediately follow this section, and the Comprehensive Annual Financial Report transmittal letter in the preceding Introductory Section.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City for its governmental and business-type activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$54,387,452. Of this amount, \$21,987,013 is capital assets, net of related debt and \$26,005,711 is for restricted uses, leaving \$6,394,728 unrestricted.
- The City's total net position increased by \$18,984,687 during the current fiscal year. The net position of the City's business-type activities increased by \$703,419 and the governmental activities net position increased by \$18,281,268.
- At the end of the current fiscal year, the fund balance for the General Fund was \$2,939,355 or 90% of the total General Fund expenditures and transfers out incurred in the current fiscal year.
- The City's total bonded debt increased by \$17,739,000 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended

to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety (police, fire and emergency medical services), streets, recreation, parks, planning and zoning, community development and general administrative support. The business-type activities of the City include electric, water and wastewater services.

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

The government-wide financial statements can be found on pages 22 and 23 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 27 individual governmental funds for financial reporting purposes. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Debt Service, and Wastewater Treatment Plant Improvement funds, which are considered major funds. Data for the remaining 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

The City adopts an annual appropriated budget for its General Fund, 11 of its 13 special revenue funds, and its Debt Service Fund. A budgetary comparison statement has been provided for the General Fund in the basic financial statements and for the special revenue and debt service funds in the supplementary information.

The basic governmental fund financial statements can be found on pages 24 through 30 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 31 through 35 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 36 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 37 through 65 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the City, assets exceeded liabilities and deferred inflows by \$54,387,452 as of December 31, 2012.

A large portion of the City's net position (\$21,987,013) reflects its investments in capital assets, net of accumulated depreciation, (e.g., land, buildings and improvements, machinery and equipment, infrastructure and construction work in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF MULVANE'S NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 30,412,393	\$ 9,910,232	\$ 5,666,247	\$ 5,185,492	\$ 36,078,640	\$ 15,095,724
Capital assets	<u>29,152,741</u>	<u>26,234,276</u>	<u>29,130,622</u>	<u>29,447,664</u>	<u>58,283,363</u>	<u>55,681,940</u>
Total assets	<u>59,565,134</u>	<u>36,144,508</u>	<u>34,796,869</u>	<u>34,633,156</u>	<u>94,362,003</u>	<u>70,777,664</u>
Deferred outflows of resources	-	-	114,590	130,017	114,590	130,017
Long-term liabilities	25,978,169	7,991,038	10,752,527	10,967,062	36,730,696	18,958,100
Other liabilities	<u>539,615</u>	<u>11,713,232</u>	<u>317,520</u>	<u>284,843</u>	<u>857,135</u>	<u>11,998,075</u>
Total liabilities	<u>26,517,784</u>	<u>19,704,270</u>	<u>11,070,047</u>	<u>11,251,905</u>	<u>37,587,831</u>	<u>30,956,175</u>
Deferred inflows of resources	<u>2,501,310</u>	<u>4,175,466</u>	-	-	<u>2,510,310</u>	<u>4,175,466</u>
Net Position:						
Invested in capital assets,						
Net of related debt	3,379,097	18,417,687	18,607,916	8,749,118	21,987,013	37,166,805
Restricted	23,344,582	5,124,858	2,661,129	2,237,436	26,005,711	7,362,294

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Unrestricted	\$ 3,822,361	\$ (11,277,773)	\$ 2,572,367	\$ 2,524,714	\$ 6,394,728	\$ (8,753,059)
Total net position	\$ 30,546,040	\$ 12,264,772	\$ 23,841,412	\$ 23,511,268	\$ 54,387,452	\$ 35,776,040

An additional portion of the City's net position (48%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$6,394,728.

Analysis of the City's operations – The following table provides a summary of the City's operations for the years ended December 31, 2012 and 2011. The City's net position increased by \$18,984,687, or approximately 54%.

CITY OF MULVANE'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 827,447	\$ 718,801	\$ 6,749,056	\$ 6,712,490	\$ 7,576,503	\$ 7,431,291
Operating grants and contributions	19,532,368	686,986	–	–	19,532,368	686,986
Capital grants and contributions	58,364	2,312,499	–	–	58,364	2,312,499
General revenues:						
Property taxes	2,009,315	1,975,129	–	–	2,009,315	1,975,129
Gaming Facility	1,892,058	–	–	–	1,892,058	–
Sales taxes	725,464	691,642	–	–	725,464	691,642
Franchise taxes	193,496	425,525	–	–	193,496	425,525
Investment earnings	12,171	21,932	7,303	14,490	19,474	36,422
Total revenues	<u>25,250,683</u>	<u>6,832,514</u>	<u>6,756,359</u>	<u>6,726,980</u>	<u>32,007,042</u>	<u>13,559,494</u>
Expenses:						
General government	898,033	367,607	–	–	898,033	367,607
Public safety	2,465,933	2,214,923	–	–	2,465,933	2,214,923
Highways and streets	1,436,490	1,620,242	–	–	1,436,490	1,620,242
Culture and recreation	924,244	732,029	–	–	924,244	732,029
Economic development	26,008	91,345	–	–	26,008	91,345
Environmental protection	829	414	–	–	829	414
Electric system	–	–	4,258,246	4,561,418	4,258,246	4,561,418
Water system	–	–	982,341	954,799	982,341	954,799
Sewer system	–	–	1,483,160	1,431,809	1,483,160	1,431,809
Interest on long-term indebtedness	547,071	343,708	–	–	547,071	343,708
Total expenses	<u>6,298,608</u>	<u>5,370,268</u>	<u>6,723,747</u>	<u>6,948,026</u>	<u>13,022,355</u>	<u>12,318,294</u>
Increases (decreases) in net position before transfers						
Transfers in (out)	18,952,075 (670,807)	1,462,246 (13,682,840)	32,612 670,807	(221,046) 13,682,840	18,984,687 –	1,241,200 –
Increase (decrease) in net position	18,281,268	(12,220,594)	703,419	13,461,794	18,984,687	1,241,200
Net position, beginning of year	12,264,772	24,485,366	23,511,268	10,049,474	35,776,040	34,534,840
Adjustment for Change in Accounting Principle	–	–	(373,275)	–	(373,275)	–
Net position, end of year	<u>\$ 30,546,040</u>	<u>\$ 12,264,772</u>	<u>\$ 23,841,412</u>	<u>\$ 23,511,268</u>	<u>\$ 54,387,452</u>	<u>\$ 35,776,040</u>

Governmental Activities – Governmental activities increased the City’s net position by \$18,281,268 for the current fiscal year. Total governmental activity revenues increased by \$18,418,169 with capital and operating grants and contributions comprising an increase of \$16,591,247 for the current year and can be attributed to special assessments for casino water and sewer improvements in the amount of \$18,783,000, but casino developer capital contributions were reduced for 2012 by about \$2,254,000. Sales tax revenues increased by \$33,822, or approximately 5%. This increase would indicate some local economic recovery from the downturn of the last few years. Franchise fees reflect a significant reduction for 2012 of \$232,029 of which \$202,899 can be attributed to the Electric System Utility. EMS operations again incurred reductions in subsidies for 2012 of \$21,141, however, charges for service calls increased by \$26,155 to offset the subsidy reductions. The gaming facility shared revenues received of \$1,892,058 created a positive significant impact on total general revenues. Property taxes increased by only \$34,186 or less than 2% from the 2011 level.

Total governmental activity expenses increased by \$928,340 for 2012, or approximately 17%. General government expenses comprised \$530,426 of the increase and can be attributed to one-time expenses for bond issuance costs of approximately \$602,000. Salaries and benefits continue to be a significant portion of the operating expenses for many functional areas and comprise approximately 42% of total operating expenses for governmental activities. Total wages and benefits increased approximately \$301,000 for 2012 with benefit costs comprising about 50% of the total increase. Public safety expenses increased due to numerous factors including increases for additional personnel by adding a police officer, ongoing costs for fuel, insurance, depreciation and other consumable items. The street department total expenses decreased by \$183,752 due to capitalized costs versus maintenance incurred costs. Culture and recreations expenses increased \$192,215 for 2012. This increase was anticipated for 2012 with additional appropriations being added to the Parks Department, Sports Complex, and Swimming Pool operations. Debt service costs added \$203,363 to the increased governmental activity expenses for 2012.

Business-type Activities – Business-type activities increased the City’s net position by \$703,419 for the current fiscal year. Total business-type activity revenues increased \$29,379, or approximately .5% for 2012. The unusually hot summer months for 2012, as was the case for 2011, are reflected in both the Electric System and Water System revenues and related expenditures.

Expenses for the business-type activities decreased by \$224,279, or about 3%, for 2012. Purchased electricity for 2012 was reduced by \$181,703 and water purchases also reflected a reduction of \$8,535 for 2012. The utilities operations also incurred the personnel and benefit increased costs, as previously discussed for the governmental activities. Further, increase in depreciation expense of about \$16,000 was incurred for facilities and equipment.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

At the end of the current fiscal year, the City’s governmental funds reported a combined ending fund balance of \$6,716,471. This combined ending fund balance is a \$15,155,745 increase from 2011 and is directly related to bond issues totaling \$19,275,000 during 2012.

General Fund

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$-0-, while the total fund balance was \$2,939,355, which was \$1,332,433 more 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 85% of total General Fund expenditures and transfers out for the current year. The total fund balance of the General Fund represents 90% of total General Fund expenditures and transfers out for the current year.

The City Council has restricted \$139,632 of the fund balance for future self-insurance requirements. In addition, the City Council has committed \$2,799,723 to carryover to fund the 2013 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 \$130,802, which is a decrease of \$110,410 from 2011. Resources for this fund are generated from property taxes, special assessment taxes and interest earnings and decreased by \$110,006 for 2012 and debt service requirements increased by \$492,051 for 2012. The Debt Service Fund also reflects \$486,438 of refunding bond proceeds during 2012.

Wastewater Treatment Plant Improvements Fund

The Wastewater Treatment Plant Improvements Fund reflects expenditures of \$3,932,915 for facility improvements. Permanent financing for these improvements was provided via the issuance of \$4,358,562 in general obligation bonds.

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

The total net position of the proprietary funds increased by \$711,207 for 2012. The change in net position by fund includes a decrease in the Electric System Fund of \$196,542, an increase in the Water System Fund of \$740,439, and an increase in the Sewer System Fund of \$167,310.

The internal service fund had a net position at year-end of \$2,163. Total net position decreased by \$10,223 from 2011. Interfund charges for services have not been sufficient to cover the operating expenses. The fund incurred an operating loss of \$26,339 for 2012.

Electric System Fund

Total net position of the Electric System Fund decreased by \$330,764. Customer consumption for 2012 decreased approximately 6% and operating revenues and expenses are generally reflective of that situation as operating revenues decreased \$267,705 and operating expenses decreased \$267,850. Implementation of GASB Statement No. 65 resulted in a change to net position of \$134,222, to write-off unamortized bond issuance costs at January 1, 2012.

Water System Fund

Total net position of the Water System Fund increased by \$729,591. Operating revenues increased by \$127,532 during 2012. Operating expenses increased \$30,328 for 2012. Unamortized bond issuance costs of \$10,848 were also written off.

Sewer System Fund

The total net position of the Sewer System Fund decreased by \$60,895. Operating revenues increased \$184,455, or approximately 13%, with operating expenses increasing \$89,154, or approximately 7%. The implementation of GASB Statement No. 65 resulted in the write-off of unamortized bond issue cost in the amount of \$228,205.

General Fund Budgetary Highlights – The General Fund total actual revenues were 140.5% of the total amount anticipated in the 2012 budget and exceeded the total anticipated revenues by \$1,275,013. The significant composition of this excess can be attributed to intergovernmental revenues.

General Fund budgetary revenues were \$4,419,834 for 2012 and represented 141% of the budgeted revenues. The General Fund revenues were augmented with the collection of \$1,733,900 of gaming facility revenue sharing representing the City's 1% of the gaming facility revenues. General Fund budgetary expenditures totaled \$3,416,920, which represented only 88% of the budgeted expenditures for 2012. Accordingly, the General Fund incurred a favorable variance from its budgeted expenditures of \$474,528. The Administration Department incurred a favorable budgetary variance of \$609,201 mainly due to contingency reserves not being utilized.

CAPITAL ASSETS

The City's investment in capital assets as of December 31, 2012 amounts to \$56,283,363 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, utility plant in service, machinery and equipment, and construction work in progress. The total net increase in the City's investment in capital assets for the current fiscal year was 5%. Asset additions for 2012 totaled \$5,448,828. Major capital asset events during the current fiscal year included the following:

- A new Chevrolet Tahoe for the Emergency Services at a cost of \$32,725.
- A new Osage Ambulance and equipment for Emergency Services at a cost of \$195,072.
- Two new Chevrolet Tahoes for the Police Department totaling \$68,959.
- Two new John Deere commercial mowers for Parks Department totaling \$21,528.
- A new Kubota Tractor for the Parks Department at a cost of \$20,125.
- A new Kubota mower for the Parks Department at a cost of \$8,300.
- EMS outdoor sirens at a cost of \$16,640.
- Sidewalk improvements costing \$12,092.
- New Water Treatment Plant improvements totaling \$206,447.
- Construction in progress for a new EMS Facility totaling \$88,510.
- Construction in progress for a new Water Tower totaling 89,726.
- Improvements to City Hall \$16,740.
- Wastewater Treatment Plant Phase II improvements totaling \$3,931,022.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 256,617	\$ 256,617	\$ 758,117	\$ 758,117	\$ 1,014,734	\$ 1,014,734
Buildings	1,463,577	1,521,137	-	-	1,463,577	1,521,137
Utility plant	-	-	17,280,750	17,727,648	17,280,750	17,727,648
Improvements other than buildings	3,099,325	3,194,535	10,728,299	10,563,553	13,827,624	13,758,088
Infrastructure	18,735,447	19,553,624	-	-	18,735,447	19,553,624
Machinery and equipment	1,462,638	1,383,107	363,456	398,346	1,826,094	1,781,453
Construction work in progress	4,135,137	325,256	-	-	4,135,137	325,256
Total	<u>\$ 29,152,741</u>	<u>\$ 26,234,276</u>	<u>\$ 29,130,622</u>	<u>\$ 29,447,664</u>	<u>\$ 58,283,363</u>	<u>\$ 55,681,940</u>

Additional information on the City's capital assets can be found in Note 3 on pages 50 through 53 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City's total long-term debt obligations outstanding are \$36,730,696. This amount was comprised of \$30,614,000 of general obligation bonds secured by future tax revenues from governmental activities with \$5,842,478 of such bonds being committed from resources generated by business-type revenues, \$4,620,000 of revenue bonds which are secured by business-type revenue sources, \$37,122 of notes payable secured by the future revenue sources from governmental activities, and \$965,000 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 \$494,574 of the City pertains to accrued compensated absences and will be liquidated from future resources of governmental activities and business-type activities.

The City's long-term debt increased by \$17,772,596, or about 94% during the current year. This increase was the result of new general obligation bond issues totaling \$19,275,000 principally for water and wastewater facility improvements related to the new casino facility. Due to favorable long-term interest rates, the City included \$48,428 of proceeds in the bond issues for refunding certain general obligation bonds. The City repaid or refunded \$1,850,301 of long-term debt during 2012.

Additional information on the City's long-term debt can be found in Note 4 on pages 53 through 59 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget is developed to provide efficient, effective and economical uses of the City's resources. The budget is the most important annual policy statement the elected officials can make. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The elected officials and appointed staff considered many factors when setting the fiscal year 2013 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 2013 by \$839,932, or approximately 48%. Assessed valuations increased about 68%, resulting in a decreased mill levy of 6.228 mills.

The gaming facility revenue for 2013 has been estimated at \$1,600,000 and comprises approximately 30% of the General Fund's 2013 total resources. The other significant resources for the General Fund are the carryover balance from 2012, the 1% county-wide sales tax for Sedgwick County, and property taxes, which comprise 29%, 12% and 12% respectively, of the total General Fund resources for the 2013 budget.

The City's total property tax rate for the 2013 budget is 46.531 mills with the General Fund's levy at 9.703 mills. The Debt Service Fund and Employee Benefits Fund levies comprise 11.863 mills and 20.403 mills, respectively, of the total City levy rate. The City's total assessed valuation for the 2013 budget was \$55,368,743, which reflects an increase from 2012 budget of \$22,456,897 as the result of the Kansas Star Casino facilities. The total City mill levy was reduced by 6.228 mills for the 2013 budget representing a 12% decrease.

With unemployment remaining relatively high, sales tax revenues only increasing slightly, and without any past history to estimate the future gaming facility revenue sharing, the City Council continued to take a very cautious approach to revenue estimating and expenditure appropriations in the 2013 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MULVANE, KANSAS

STATEMENT OF NET POSITION

December 31, 2012

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority
<u>ASSETS</u>					
Cash and investments	\$ 6,514,249	\$ 1,668,836	\$ 8,183,085	\$ 87,896	\$ 29,381
Receivables:					
Property taxes	2,501,310	-	2,501,310	-	-
Special assessment taxes	20,949,840	-	20,949,840	-	-
Sales taxes	63,087	-	63,087	-	-
Franchise fees	43,295	-	43,295	-	-
Gaming facility revenue receivable	158,158	-	158,158	-	-
Trade accounts, net	147,470	951,936	1,099,406	-	-
Internal balances	(1,416)	1,416	-	-	-
Prepaid items	28,409	26,011	54,420	-	-
Restricted assets	7,991	3,018,048	3,026,039	-	3,599
Capital assets:					
Land	256,617	758,117	1,014,734	-	16,000
Buildings	2,362,453	22,788,867	25,151,320	-	597,492
Improvements other than buildings	3,719,499	15,868,176	19,587,675	-	-
Infrastructure	34,159,546	-	34,159,546	-	-
Machinery and equipment	4,568,143	1,860,851	6,428,994	35,329	100,059
Less accumulated depreciation	(20,048,654)	(12,145,389)	(32,194,043)	(19,257)	(466,300)
Construction work in progress	4,135,137	-	4,135,137	-	-
Total assets	<u>59,565,134</u>	<u>34,796,869</u>	<u>94,362,003</u>	<u>103,968</u>	<u>280,231</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Unamortized deferred costs on bond refunding	-	114,590	114,590	-	-
<u>LIABILITIES</u>					
Accounts payable	76,967	219,106	296,073	5,413	2,400
Accrued payroll payable	88	7,609	7,697	-	-
Accrued interest payable	321,836	90,805	412,641	-	-
Matured bonds and coupons payable	1,316	-	1,316	-	-
Unearned revenue	139,408	-	139,408	-	-
Noncurrent liabilities:					
Due within one year	1,685,110	604,241	2,289,351	-	19,038
Due in more than one year	24,293,059	10,148,286	34,441,345	-	194,032
Total liabilities	<u>26,517,784</u>	<u>11,070,047</u>	<u>37,587,831</u>	<u>5,413</u>	<u>215,470</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Property taxes receivable	2,501,310	-	2,501,310	-	-
<u>NET POSITION</u>					
Net investment in capital assets	3,379,097	18,607,916	21,987,013	16,072	34,181
Restricted for:					
Debt service	21,080,642	2,661,129	23,741,771	-	-
Capital improvements	1,525,762	-	1,525,762	-	1,199
General government	285,909	-	285,909	-	-
Employee Benefits	139,632	-	139,632	-	-
Parks and recreation	85,430	-	85,430	-	-
Economic development	159,646	-	159,646	-	-
Street maintenance and improvement	27,925	-	27,925	-	-
Health and welfare	39,636	-	39,636	-	-
Unrestricted	3,822,361	2,572,367	6,394,728	82,483	29,381
Total net position	<u>\$ 30,546,040</u>	<u>\$ 23,841,412</u>	<u>\$ 54,387,452</u>	<u>\$ 98,555</u>	<u>\$ 64,761</u>

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

CITY OF MULVANE, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Governmental Activities	Business- Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority
Governmental Activities:									
General government	\$ 898,033	\$ 293,070	\$ 1,938	\$ --	\$ (603,025)	\$ --	\$ (603,025)	\$ --	\$ --
Public safety	2,465,933	425,312	315,530	--	(1,725,091)	--	(1,725,091)	--	--
Highways and streets	1,436,490	33,448	244,581	--	(1,158,461)	--	(1,158,461)	--	--
Culture and recreation	924,244	75,617	54,015	--	(794,612)	--	(794,612)	--	--
Economic development	26,008	--	--	58,364	32,356	--	32,356	--	--
Environmental protection	829	--	--	--	(829)	--	(829)	--	--
Interest on long-term debt	547,071	--	18,916,304	--	18,369,233	--	18,369,233	--	--
Total Governmental Activities	\$ 6,298,608	\$ 827,447	\$ 19,532,368	\$ 58,364	14,119,571	--	14,119,571	--	--
Business-Type Activities:									
Electric Utility	\$ 4,258,246	\$ 4,053,466	\$ --	\$ --	--	(204,780)	(204,780)	--	--
Water Utility	982,341	1,138,454	--	--	--	156,113	156,113	--	--
Sewer Utility	1,483,160	1,557,136	--	--	--	73,976	73,976	--	--
Total Business-Type Activities	\$ 6,723,747	\$ 6,749,056	\$ --	\$ --	--	25,309	25,309	--	--
Component Units:									
Mulvane Public Library	\$ 174,855	\$ 4,291	\$ 18,970	\$ 1,745	--	--	--	(149,849)	--
Mulvane Housing Authority	79,260	82,879	8,379	--	--	--	--	--	11,998
Total Component Units	\$ 254,115	\$ 87,170	\$ 27,349	\$ 1,745	--	--	--	(149,849)	11,998
General Revenues and Transfers:									
General Revenues:									
Property taxes levied for:									
General purposes					1,637,634	--	1,637,634	--	--
Debt service					371,681	--	371,681	--	--
Gaming facility revenue sharing					1,892,058	--	1,892,058	--	--
Sales taxes					725,464	--	725,464	--	--
Franchise taxes					193,496	--	193,496	--	--
Payment from City of Mulvane					--	--	--	153,183	--
Investment earnings					12,171	7,303	19,474	107	30
Transfers in (out)					(670,807)	670,807	--	--	--
Total general revenues and transfers					4,161,697	678,110	4,839,807	153,290	30
Change in net position					18,281,268	703,419	18,984,687	3,441	12,028
Net position at beginning of year:									
As previously reported					12,264,772	23,511,268	35,776,040	95,114	52,733
Adjustment for change in accounting principle					--	(373,275)	(373,275)	--	--
As restated					12,264,772	23,137,993	35,402,765	95,114	52,733
Net position at end of year					\$ 30,546,040	\$ 23,841,412	\$ 54,387,452	\$ 98,555	\$ 64,761

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, 2012

	<u>General</u>	<u>Debt Service</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	\$ 2,590,202	\$ 130,802	\$ 428,280	\$ 3,364,877	\$ 6,514,161
Cash with fiscal agent	-	1,316	-	-	1,316
Cash held for appearance bonds	6,675	-	-	-	6,675
Property taxes receivable	530,342	637,733	-	1,333,235	2,501,310
Special assessment taxes receivable	-	20,949,840	-	-	20,949,840
Due from other funds	99,734	-	-	-	99,734
Accounts receivable, net	141,845	-	-	5,625	147,470
Gaming facility revenue receivable	158,158	-	-	-	158,158
Franchise fees receivable	43,295	-	-	-	43,295
Sales tax receivable	<u>63,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,087</u>
 Total assets	 <u>\$ 3,633,338</u>	 <u>\$21,719,691</u>	 <u>\$ 428,280</u>	 <u>\$ 4,703,737</u>	 <u>\$30,485,046</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 17,558	\$ -	\$ 2,563	\$ 50,171	\$ 70,292
Due to other funds	-	-	-	99,734	99,734
Matured bonds and coupons payable	-	1,316	-	-	1,316
Municipal Court appearance bonds payable	6,675	-	-	-	6,675
Deferred revenue	<u>139,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,408</u>
 Total liabilities	 <u>163,641</u>	 <u>1,316</u>	 <u>2,563</u>	 <u>149,905</u>	 <u>317,425</u>
Deferred inflows of resources:					
Property taxes receivable	530,342	637,733	-	1,333,235	2,501,310
Special assessment taxes receivable	<u>-</u>	<u>20,949,840</u>	<u>-</u>	<u>-</u>	<u>20,949,840</u>
 Total deferred inflows of resources	 <u>530,342</u>	 <u>21,587,573</u>	 <u>-</u>	 <u>1,333,235</u>	 <u>23,451,150</u>

CITY OF MULVANE, KANSAS

BALANCE SHEET – GOVERNMENTAL FUNDS
(continued from previous page)

December 31, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Wastewater Treatment Plant Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:					
Restricted:					
Insurance claims	\$ 139,632	\$ -	\$ -	\$ -	\$ 139,632
Debt service	-	130,802	-	-	130,802
EMS facility and equipment	-	-	-	1,504,299	1,504,299
General government	-	-	-	285,909	285,909
Recreation	-	-	-	85,430	85,430
Health and welfare	-	-	-	39,636	39,636
Economic development	-	-	-	159,646	159,646
Street improvements	-	-	-	27,925	27,925
Capital improvements	-	-	21,463	-	21,463
Committed:					
Street improvements	-	-	-	461,980	461,980
Parks and recreation	-	-	-	56,452	56,452
Capital improvements	-	-	404,254	272,447	676,701
Assigned:					
General government	2,799,723	-	-	-	2,799,723
Culture and recreation	-	-	-	79	79
Capital outlay	-	-	-	468,071	468,071
Unassigned	-	-	-	(141,277)	(141,277)
 Total fund balances	 <u>2,939,355</u>	 <u>130,802</u>	 <u>425,717</u>	 <u>3,220,597</u>	 <u>6,716,471</u>
 Total liabilities, deferred inflows and fund balances	 <u>\$ 3,633,338</u>	 <u>\$21,719,691</u>	 <u>\$ 428,280</u>	 <u>\$ 4,703,737</u>	 <u>\$30,485,046</u>

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

CITY OF MULVANE, KANSAS

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

December 31, 2012

Total Governmental Fund Balances		\$ 6,716,471
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (capital assets net of accumulated depreciation):		
Cost	\$ 49,201,395	
Accumulated depreciation	<u>(20,048,654)</u>	29,152,741
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:		
Special assessments receivable		20,949,840
Prepaid expenses		28,409
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 Position		
		(1,670)
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	321,836	
Compensated absences payable	204,271	
Note payable to Mulvane Firemen's Relief Association	37,122	
General obligation bonds payable	24,771,522	
Mulvane Public Building Commission revenue bonds payable	<u>965,000</u>	<u>(26,299,751)</u>
Net Position of Governmental Activities		<u>\$ 30,546,040</u>

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

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2012

	General	Debt Service	Wastewater Treatment Plant Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 1,574,294	\$ 371,681	\$ –	\$ 854,413	\$ 2,800,388
Special assessment taxes	–	488,220	–	–	488,220
Intergovernmental	2,203,968	–	–	238,545	2,442,513
Licenses and permits	273,208	–	–	3,000	276,208
Charges for services	397,859	–	–	106,065	503,924
Fines and forfeitures	88,368	–	–	–	88,368
Use of money and property	10,938	342	70	133,122	144,472
Miscellaneous	15,342	–	–	63,164	78,506
Total revenues	<u>4,563,977</u>	<u>860,243</u>	<u>70</u>	<u>1,398,309</u>	<u>6,822,599</u>
Expenditures:					
Current:					
General government	294,847	–	–	125,737	420,584
Public safety	1,834,659	–	–	364,445	2,199,104
Highways and streets	219,497	–	–	309,539	529,036
Culture and recreation	349,786	–	–	446,144	795,930
Environmental protection	829	–	–	–	829
Economic development	26,008	–	–	–	26,008
Capital improvements	–	–	3,932,915	1,381,511	5,314,426
Debt Service	18,981	1,459,775	–	164,608	1,643,364
Total expenditures	<u>2,744,607</u>	<u>1,459,775</u>	<u>3,932,915</u>	<u>2,791,984</u>	<u>10,929,281</u>
Revenues over (under) expenditures	<u>1,819,370</u>	<u>(599,532)</u>	<u>(3,932,845)</u>	<u>(1,393,675)</u>	<u>(4,106,682)</u>
Other financing sources (uses):					
Issuance of general obligation bonds	–	–	4,358,562	14,430,000	18,788,562
Issuance of refunding bonds	–	486,438	–	–	486,438
Transfers in	30,000	2,684	–	474,364	507,048
Transfers out	(516,937)	–	–	(2,684)	(519,621)
Total other financing sources (uses)	<u>(486,937)</u>	<u>489,122</u>	<u>4,358,562</u>	<u>14,901,680</u>	<u>19,262,427</u>
Net change in fund balance	1,332,433	(110,410)	425,717	13,508,005	15,155,745
Fund balances, beginning of year	<u>1,606,922</u>	<u>241,212</u>	<u>–</u>	<u>(10,287,408)</u>	<u>(8,439,274)</u>
Fund balances (deficit), end of year	<u>\$2,939,355</u>	<u>\$ 130,802</u>	<u>\$ 425,717</u>	<u>\$ 3,220,597</u>	<u>\$ 6,716,471</u>

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

CITY OF MULVANE, KANSAS

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

Year Ended December 31, 2012

Net Change in Fund Balances – Total Governmental Funds \$ 15,155,745

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	\$ 4,251,527
Depreciation	<u>(1,332,639)</u>

Excess capital outlays over depreciation	2,918,888
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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 (232,497)

The issuance of general obligation bonds provides current financial
Resources in the governmental funds but represent an increase in
Long-term liabilities in the statement of activities (19,275,000)

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

General obligation bond payment	1,204,932
Mulvane Public Building Commission revenue bond payment	95,000
Mulvane Firemen's Relief Association loan payment	<u>18,013</u>

Total payments on long-term liabilities	1,317,945
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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 (2,435)

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 18,428,084

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	518
Compensated absences payable	<u>(29,980)</u>

Total	<u>(29,462)</u>
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Change in Net Position of Governmental Activities \$ 18,281,268

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$1,458,539	\$1,458,539	\$1,565,232	\$ 106,693
Intergovernmental	827,532	827,532	2,045,810	1,218,278
Licenses, fees and permits	281,000	281,000	268,742	(12,258)
Charges for services	210,000	210,000	397,859	187,859
Fines and forfeitures	109,250	109,250	88,368	(20,882)
Use of money and property	9,500	9,500	10,919	1,419
Miscellaneous	1,000	1,000	12,904	11,904
Transfers in	<u>248,000</u>	<u>248,000</u>	<u>30,000</u>	<u>(218,000)</u>
Total revenues and other sources	<u>3,144,821</u>	<u>3,144,821</u>	<u>4,419,834</u>	<u>1,275,013</u>
Expenditures, encumbrances and other uses:				
General government:				
Administration department	927,696	927,696	318,495	609,201
Inspection department	<u>109,600</u>	<u>109,600</u>	<u>95,062</u>	<u>14,538</u>
Total general government	<u>1,037,296</u>	<u>1,037,296</u>	<u>413,557</u>	<u>623,739</u>
Public safety:				
Police department	987,076	987,076	1,018,356	(31,280)
Fire department	188,162	188,162	168,789	19,373
EMS department	426,506	426,506	415,740	10,766
Municipal Court	95,050	95,050	88,840	6,210
Fire District No. 12	<u>16,900</u>	<u>16,900</u>	<u>12,718</u>	<u>4,182</u>
Total public safety	<u>1,713,694</u>	<u>1,713,694</u>	<u>1,704,443</u>	<u>9,251</u>
Highways and streets:				
Street department	<u>227,707</u>	<u>227,707</u>	<u>219,497</u>	<u>8,210</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Culture and recreation:				
Parks department	\$ 271,285	\$ 271,285	\$ 201,195	\$ 70,090
Sports Complex	<u>190,204</u>	<u>190,204</u>	<u>127,063</u>	<u>63,141</u>
Total culture and recreation	<u>461,489</u>	<u>461,489</u>	<u>328,258</u>	<u>133,231</u>
Economic development:				
Planning department	<u>35,500</u>	<u>35,500</u>	<u>56,133</u>	<u>(20,633)</u>
Environmental protection:				
Bindweed department	<u>1,000</u>	<u>1,000</u>	<u>829</u>	<u>171</u>
Other:				
Debt service	221,436	221,436	219,839	1,597
Operating transfers out	<u>193,326</u>	<u>193,326</u>	<u>474,364</u>	<u>(281,038)</u>
Total other	<u>414,762</u>	<u>414,762</u>	<u>694,203</u>	<u>(279,441)</u>
Total expenditures, encumbrances and other uses	<u>3,891,448</u>	<u>3,891,448</u>	<u>3,416,920</u>	<u>474,528</u>
Revenues and other sources over (under) expenditures, encumbrances and other uses	(746,627)	(746,627)	1,002,914	1,749,541
Fund balance, beginning of year	<u>746,627</u>	<u>746,627</u>	<u>1,484,818</u>	<u>738,191</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$2,487,732</u>	<u>\$2,487,732</u>

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

CITY OF MULVANE, KANSAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2012

	Business-Type Activities – Enterprise Funds				Governmental Activities Internal Service Fund (Shop Maintenance Fund)
	Electric System	Water System	Sewer System	Total Enterprise Funds	
<u>ASSETS</u>					
Current assets:					
Cash and investments	\$ 966,101	\$ 481,614	\$ 221,121	\$ 1,668,836	\$ 88
Trade accounts receivable	575,246	137,629	239,061	951,936	-
Prepaid expenses	14,993	2,689	8,329	26,011	739
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	22,742	-	137,091	159,833	-
Customer deposits	<u>142,373</u>	<u>54,712</u>	<u>-</u>	<u>197,085</u>	<u>-</u>
Total current assets	<u>1,721,455</u>	<u>676,644</u>	<u>605,602</u>	<u>3,003,701</u>	<u>827</u>
Noncurrent assets:					
Restricted assets:					
Cash and investments restricted for:					
Revenue bond principal and interest	12,654	-	144,596	157,250	-
Revenue bond reserve	198,005	-	383,442	581,447	-
Revenue bond surplus reserve	944,924	-	606,229	1,551,153	-
Replacement reserve	<u>371,280</u>	<u>-</u>	<u>-</u>	<u>371,280</u>	<u>-</u>
Total restricted assets	<u>1,526,863</u>	<u>-</u>	<u>1,134,267</u>	<u>2,661,130</u>	<u>-</u>
Property, plant and equipment:					
Land	419,856	-	338,261	758,117	-
Utility plant	5,392,250	779,500	16,617,117	22,788,867	-
Improvements other than buildings	5,139,337	5,544,869	5,183,970	15,868,176	-
Machinery and equipment	<u>1,156,812</u>	<u>245,574</u>	<u>458,465</u>	<u>1,860,851</u>	<u>17,195</u>
	12,108,255	6,569,943	22,597,813	41,276,011	17,195
Less accumulated depreciation	<u>(6,813,423)</u>	<u>(2,010,596)</u>	<u>(3,321,370)</u>	<u>(12,145,389)</u>	<u>(15,517)</u>
Property, plant and equipment, net	<u>5,294,832</u>	<u>4,559,347</u>	<u>19,276,443</u>	<u>29,130,622</u>	<u>1,678</u>
Total assets	<u>8,543,150</u>	<u>5,235,991</u>	<u>21,016,312</u>	<u>34,795,453</u>	<u>-</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred outflows of resources					
Unamortized deferred cost on refunding	<u>47,344</u>	<u>-</u>	<u>67,246</u>	<u>114,590</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>8,590,494</u>	<u>5,235,991</u>	<u>21,083,558</u>	<u>34,910,043</u>	<u>2,505</u>

	<u>Business-Type Activities – Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund (Shop Maintenance Fund)</u>
	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Total Enterprise Funds</u>	
<u>LIABILITIES</u>					
Current liabilities:					
Salaries and wages payable	\$ 3,341	\$ 1,320	\$ 2,948	\$ 7,609	\$ 88
Accounts payable	10,458	2,212	9,351	22,021	–
Compensated absences payable	114,303	35,277	44,426	194,006	170
Current portion of general obligation bonds payable	102,331	60,228	148,509	311,068	–
Accrued interest payable	11,121	4,162	14,855	30,138	–
Current liabilities payable from restricted assets:					
Accrued revenue bond interest payable	22,742	–	37,925	60,667	–
Current portion of:					
Revenue bonds payable	–	–	99,167	99,167	–
Customer deposits payable	<u>142,373</u>	<u>54,712</u>	<u>–</u>	<u>197,085</u>	<u>–</u>
Total current liabilities	<u>406,669</u>	<u>157,911</u>	<u>357,181</u>	<u>921,761</u>	<u>258</u>
Noncurrent liabilities:					
Long-term portion of compensated absences payable	56,585	17,464	21,994	96,043	84
Long-term portion of general obligation bonds payable	2,331,405	361,370	2,838,635	5,531,410	–
Long-term portion of revenue bonds payable	<u>1,483,119</u>	<u>–</u>	<u>3,037,714</u>	<u>4,520,833</u>	<u>–</u>
Total noncurrent liabilities	<u>3,871,109</u>	<u>378,834</u>	<u>5,898,343</u>	<u>10,148,286</u>	<u>84</u>
Total liabilities	<u>4,277,778</u>	<u>536,745</u>	<u>6,255,524</u>	<u>11,070,047</u>	<u>342</u>
<u>NET POSITION</u>					
Net position:					
Net investment in capital assets	1,377,977	4,077,521	13,152,418	18,607,916	1,678
Restricted for debt service	1,526,863	–	1,134,266	2,661,129	–
Unrestricted	<u>1,407,876</u>	<u>621,725</u>	<u>541,350</u>	<u>2,570,951</u>	<u>485</u>
Total net position	<u>\$ 4,312,716</u>	<u>\$ 4,699,246</u>	<u>\$14,828,034</u>	<u>\$ 23,839,996</u>	<u>\$ 2,163</u>
Total net position				\$ 23,839,996	
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities				<u>1,416</u>	
Net position of business-type activities				<u>\$ 23,841,412</u>	

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

CITY OF MULVANE, KANSAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS

Year ended December 31, 2012

	Business-Type Activities – Enterprise Funds				Governmental Activities Internal Service Fund (Shop Maintenance Fund)
	Electric System	Water System	Sewer System	Total Enterprise Funds	
Operating revenues:					
Charges for services	\$ 4,029,726	\$ 1,125,770	\$ 1,553,767	\$ 6,709,263	\$ 80,889
Miscellaneous	13,470	4,698	3,369	21,537	250
Rents and royalties	10,270	7,986	–	18,256	–
Total operating revenues	4,053,466	1,138,454	1,557,136	6,749,056	81,139
Operating expenses:					
Production	2,864,307	–	–	2,864,307	–
Treatment	–	837,650	526,366	1,364,016	–
Distribution and maintenance	782,746	–	–	782,746	107,055
Collection	–	–	276,545	276,545	–
Depreciation	445,590	130,296	452,952	1,028,838	423
Total operating expenses	4,092,643	967,946	1,255,863	6,316,452	107,478
Operating income (loss)	(39,177)	170,508	301,273	432,604	(26,339)
Nonoperating revenues (expense):					
Interest income	4,836	699	1,768	7,303	–
Interest expense	(139,760)	(13,249)	(214,956)	(367,965)	–
Amortization of deferred refunding costs	(6,325)	–	(9,101)	(15,426)	–
Total nonoperating revenue (expense)	(141,249)	(12,550)	(222,289)	(376,088)	–
Income (loss) before contributions and transfers	(180,426)	157,958	78,984	56,516	(26,339)
Contributed capital	–	539,908	118,326	658,234	–
Transfers from other funds	–	42,573	–	42,573	16,116
Transfers to other funds	(16,116)	–	(30,000)	(46,116)	–
Change in net position	(196,542)	740,439	167,310	711,207	(10,223)
Net position, beginning of year:					
As previously reported	4,643,480	3,969,655	14,888,929	23,502,064	12,386
Adjustment for change in accounting principle	(134,222)	(10,848)	(228,205)	(373,275)	–
As restated	4,509,258	3,958,807	14,660,724	23,128,789	–
Net position, end of year	\$ 4,312,716	\$ 4,699,246	\$14,828,034	\$ 23,839,996	\$ 2,163
Increase in net position per fund statements				\$ 711,207	
Some amount reported for business-type activities in the statement of activities are different because the net revenue (expense) of the internal service fund is reported with business-type activities				(7,788)	
Change in net position of business-type activities				\$ 703,419	

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, 2012

	Business-Type Activities – Enterprise Funds				Governmental Activities Internal Service Fund (Shop Maintenance Fund)
	Electric System	Water System	Sewer System	Total Enterprise Funds	
Cash flows from operating activities:					
Cash received from customers	\$ 4,031,416	\$1,123,999	\$ 1,540,313	\$ 6,695,728	\$ 81,139
Cash payments for materials and services	(2,616,390)	(477,526)	(283,871)	(3,377,787)	(85,495)
Cash payments to employees for services	(1,013,310)	(353,136)	(513,932)	(1,880,378)	(21,535)
Other cash receipts	23,740	12,684	3,369	39,793	—
Net cash provided by (used for) operating activities	<u>425,456</u>	<u>306,021</u>	<u>745,879</u>	<u>1,477,356</u>	<u>(25,891)</u>
Cash flows from capital and related financing activities:					
Principal paid on revenue bonds	—	—	(70,000)	(70,000)	—
Principal paid on general obligation bonds	(34,384)	(60,228)	(71,456)	(166,068)	—
Interest paid on debt	(136,346)	(13,631)	(211,554)	(361,531)	—
Acquisition and construction of capital assets	(24,446)	(8,284)	(20,832)	(53,562)	—
Net cash provided (used) by capital and related financing activities	<u>(195,176)</u>	<u>(82,143)</u>	<u>(373,842)</u>	<u>(651,161)</u>	<u>—</u>
Cash flows from noncapital financing activities:					
Receipts on loans to other funds	81,646	—	132,989	214,635	—
Payments on loans from other funds	—	(52,573)	—	(52,573)	—
Transfers from other funds	—	42,573	—	42,573	16,116
Transfers to other funds	(16,116)	—	(30,000)	(46,116)	—
Net cash provided (used) by noncapital financing activities	<u>65,530</u>	<u>(10,000)</u>	<u>102,989</u>	<u>158,519</u>	<u>16,116</u>
Cash flows from investing activities:					
Interest received	4,836	699	1,768	7,303	—
Net increase (decrease) in cash and cash equivalents	300,646	214,577	476,794	992,017	(9,775)
Cash and cash equivalents, beginning 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, end of year	<u>\$ 2,658,079</u>	<u>\$ 536,326</u>	<u>\$ 1,492,479</u>	<u>\$ 4,686,884</u>	<u>\$ 88</u>
Cash and cash equivalents	\$ 966,101	\$ 481,614	\$ 221,121	\$ 1,668,836	\$ 88
Restricted cash and cash equivalents included in restricted cash and investments	<u>1,691,978</u>	<u>54,712</u>	<u>1,271,358</u>	<u>3,018,048</u>	<u>—</u>
Cash and cash equivalents, end of year	<u>\$ 2,658,079</u>	<u>\$ 536,326</u>	<u>\$ 1,492,479</u>	<u>\$ 4,686,884</u>	<u>\$ 88</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2012

	Business-Type Activities – Enterprise Funds				Governmental Activities Internal Service Fund (Shop Maintenance Fund)
	Electric System	Water System	Sewer System	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (39,177)	\$ 170,508	\$ 301,273	\$ 432,604	\$ (26,339)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	445,590	130,296	452,952	1,028,838	423
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	(5,075)	(8,121)	(13,455)	(26,651)	-
Decrease (increase) in prepaid expenses	(532)	(548)	(4,131)	(5,211)	(159)
Increase in salaries and wages payable	3,206	1,233	2,708	7,147	88
Decrease in accounts payable	4,298	2,212	(528)	5,982	-
Increase in compensated absences payable	10,382	4,091	7,060	21,533	96
Increase (decrease) in customer deposits payable	<u>6,764</u>	<u>6,350</u>	<u>-</u>	<u>13,114</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ 425,456</u>	<u>\$ 306,021</u>	<u>\$ 745,879</u>	<u>\$ 1,477,356</u>	<u>\$ (25,891)</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 2012 in the amounts of \$539,908 and \$118,326, respectively.

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

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

December 31, 2012

	<u>Agency Funds</u>
Assets:	
Cash including investments	\$169,822
Liabilities:	
Accounts payable	<u>169,822</u>
Net position	<u>\$ –</u>

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

CITY OF MULVANE, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Reporting entity

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

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

Discretely presented component units

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Blended component unit

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

Basis of presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The *Governmental Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

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

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component units for which the primary government is financially accountable. The statement of net position presents the financial condition of the City and its component units at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund financial statements

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

Measurement focus and basis of accounting

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

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

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

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

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

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

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

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

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

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

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

Cash and short-term investments

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

reported at their cost, which approximates fair value. For purposes of the statement of with a maturity date of three months or less when purchased to be cash equivalents. Interest income is credited to the investing fund based on their average monthly balances.

Property taxes and other receivables

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

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

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

Special assessments receivable

As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City and are retired from the City's debt service fund. Further, State statutes permit levying additional general ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate construction project. Special assessments received after the issuance of bonds are recorded as revenue in the debt service fund. Special assessment taxes are levied over a ten or fifteen-year period and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

service fund and accrued as revenues in the statement of net assets. Since they are not considered available spendable resources for the funds statement, the special assessment receivable are reported as unearned revenue in the funds statement.

Revenue recognition for utility funds

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

Inventories and prepaid expenditures

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

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

Capital Assets

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Utility plant in service	28 – 50 years
Buildings	15 – 40 years
Improvements other than buildings	28 – 50 years
Infrastructure (streets)	20 years
Machinery and equipment	5 to 20 years

Compensated absences

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

Accrued liabilities and long-term debt

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Pension plan

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

Concentration of credit risk

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

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. In accordance with Governmental Accounting Board Statement No. 10, the City currently reports all its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include payments to cover deductibles and other liabilities related to the City's risk of loss and include an estimate of claims that have been incurred but not reported. At December 31, 2012, there were no outstanding or accrued liabilities. Changes in the reported liability since December 31, 2011 is as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year End</u>
2011	\$ -	\$ -	\$ -	\$ -
2012	-	27,410	27,410	-

At December 31, 2012, General Fund cash and short-term investments of \$139,632 were held for purposes of funding the City's future claims liabilities. As a result, \$139,632 of the General Fund balance is restricted for payment of future claims liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows of Resources/Deferred Outflows of Resources

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

Prior Period Adjustment

In addition, to the reclassifications described above, GASB Statement No. 65 requires bond issuance costs to be expensed when incurred rather than being reported as deferred charges and amortized over the term of the related debt. This adjustment resulted in a \$373,275 decrease to net position as of January 1, 2012. In addition, \$602,216 of debt issuance costs incurred for the year ended December 31, 2012 was recorded as expense rather than being deferred.

Equity Classifications

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- Nonspendable – Assets that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.
- Restricted – Assets with externally imposed constraints such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.
- Committed – Assets with a purpose formally imposed by resolution or ordinance by the City Council, binding unless modified or rescinded by the City Council.
- Assigned – Comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Council or (2) a body or official to whom the City Council has delegated the authority to assign amounts to be used for specific purposes as prescribed by the City's policies.
- Unassigned – All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

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

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

Estimates

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Nine One One Fund was discontinued effective January 1, 2012 and there were no budgetary basis expenditures incurred for that fund during 2012. The Wastewater Treatment Plant Improvements, Capital Improvement Reserve, Municipal Equipment Reserve, Safe Routes to School, Casino Project, Secondary EMS Facility and Equipment Project, Casino Water Improvements, Casino Sewer Improvements, Wastewater Treatment Plant Phase I Project, Water Tower Project, and Water System Improvements Project funds are exempted from a legally adopted budget. In addition, the Mulvane Public Building Commission is not required to prepare annual budgets. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During 2012, the governing body amended the following funds:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
Debt Service	\$ 975,315	\$ 1,473,315
Maintenance Shop	101,938	131,938

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

2. DEPOSITS AND INVESTMENTS

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

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

Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of cash and investments as of December 31, 2012, is as follows:

Carson Bank	35%
Emprise Bank	65%

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

2. DEPOSITS AND INVESTMENTS (continued)

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 \$11,377,230, with the bank balances of such accounts being \$11,851,994. Of the bank balances, \$559,152 was covered by federal depository insurance and the remaining balance of \$11,292,842 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 \$13,655,936 at December 31, 2012.

The remaining carrying amount of the City's cash and investments at December 31, 2012 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, 2012 consisted of demand deposit and money market checking accounts. At year-end, the carrying amount of the Library's deposits was \$87,896 with the bank balances of such accounts being \$91,491. The bank balances were entirely secured by FDIC insurance at December 31, 2012.

The Mulvane Housing Authority's cash and investments at December 31, 2012 consisted of savings and money market checking accounts. At year-end, the carrying amount of the Authority's deposits was \$29,381 with the bank balances of such accounts being \$33,693. The bank balances were entirely secured by FDIC insurance at December 31, 2012.

3. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2012</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 256,617	\$ -	\$ -	\$ 256,617
Construction work in progress	<u>325,256</u>	<u>4,295,386</u>	<u>485,505</u>	<u>4,135,137</u>
	<u>581,873</u>	<u>4,295,386</u>	<u>485,505</u>	<u>4,391,754</u>

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2012</u>
Capital assets being depreciated:				
Buildings	\$ 2,362,453	\$ —	\$ —	\$ 2,362,453
Improvements other than buildings	3,719,499	—	—	3,719,499
Infrastructure	34,147,455	12,091	—	34,159,546
Machinery and equipment	<u>4,186,816</u>	<u>429,555</u>	<u>48,228</u>	<u>4,568,143</u>
Total capital assets being depreciated	<u>44,416,223</u>	<u>441,646</u>	<u>48,228</u>	<u>44,809,641</u>
Less accumulated depreciation for:				
Buildings	841,316	57,560	—	898,876
Improvements other than buildings	524,964	95,210	—	620,174
Infrastructure	14,593,831	830,268	—	15,424,099
Machinery and equipment	<u>2,803,709</u>	<u>350,024</u>	<u>48,228</u>	<u>3,105,505</u>
Total accumulated depreciation	<u>18,763,820</u>	<u>1,333,062</u>	<u>48,228</u>	<u>20,048,654</u>
Total capital assets being depreciated, net	<u>25,652,403</u>	<u>(891,416)</u>	<u>—</u>	<u>24,760,987</u>
Governmental activities capital assets, net	<u>\$ 26,234,276</u>	<u>\$ 3,403,970</u>	<u>\$ 485,505</u>	<u>\$ 29,152,741</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated				
Land	<u>758,117</u>	<u>—</u>	<u>—</u>	<u>758,117</u>

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2012</u>
Capital assets being depreciated:				
Utility plant	\$ 22,696,514	\$ 92,352	\$ —	\$ 22,788,866
Capital assets being depreciated:				
Utility plant	22,696,514	92,352	—	22,788,866
Improvements other than buildings	15,287,521	580,655	—	15,868,176
Machinery and equipment	<u>1,822,063</u>	<u>38,789</u>	<u>—</u>	<u>1,860,852</u>
Total capital assets being depreciated	<u>39,806,098</u>	<u>711,796</u>	<u>—</u>	<u>40,517,894</u>
Less accumulated depreciation for:				
Utility plant	4,968,866	539,250	—	5,508,116
Improvements other than buildings	4,723,968	415,909	—	5,139,877
Machinery and equipment	<u>1,423,717</u>	<u>73,679</u>	<u>—</u>	<u>1,497,396</u>
Total accumulated depreciation	<u>11,116,551</u>	<u>1,028,838</u>	<u>—</u>	<u>12,145,389</u>
Total capital assets being depreciated, net	<u>28,689,547</u>	<u>(317,042)</u>	<u>—</u>	<u>28,372,505</u>
Business-type activities capital assets, net	<u>\$ 29,447,664</u>	<u>\$ (317,042)</u>	<u>\$ —</u>	<u>\$ 29,130,622</u>

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

3. CHANGES IN CAPITAL ASSETS (continued)

Governmental activities:	
General government	\$ 29,520
Public safety	257,340
Highways and streets (including depreciation of infrastructure assets)	917,914
Culture and recreation	127,865
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>\$ 1,333,062</u>
Business-type activities:	
Electric System	\$ 445,590
Water System	130,296
Sewer System	<u>452,952</u>
Total depreciation expense – business-type activities	<u>\$ 1,028,838</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, 2012:

	Outstanding January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2012</u>	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 6,701,454	\$19,275,000	\$1,204,932	\$ 24,771,522	\$1,434,932
Mulvane Public Building Commission Revenue bonds	1,060,000	–	95,000	965,000	95,000
Note payable to Mulvane Firemen's Relief Association	55,135	–	18,013	37,122	18,376
Compensated absences	<u>174,449</u>	<u>143,869</u>	<u>113,793</u>	<u>204,525</u>	<u>136,802</u>
Total long-term liabilities – Governmental activities	<u>\$ 7,991,038</u>	<u>\$19,418,869</u>	<u>\$1,431,738</u>	<u>\$ 25,978,169</u>	<u>\$1,685,110</u>
<u>Business-type activities</u>					
Revenue bonds	\$ 4,690,000	\$ –	\$ 70,000	\$ 4,620,000	\$ 99,167
General obligation bonds	6,008,546	–	166,068	5,842,478	311,068
Compensated absences	<u>268,516</u>	<u>204,028</u>	<u>182,495</u>	<u>290,049</u>	<u>194,006</u>

4. LONG-TERM DEBT (continued)

	Outstanding January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2012</u>	Due Within <u>One Year</u>
Total long-term liabilities – Business-Type activities	<u>\$10,967,062</u>	<u>\$ 204,028</u>	<u>\$ 418,563</u>	<u>\$ 10,752,527</u>	<u>\$ 604,241</u>

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2028. At December 31, 2012 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Internal Improvement Bonds, Series B, 2003	2.00 – 5.00	\$ 16,000
General Obligation Internal Improvement Bonds, Series A, 2006	4.25 – 4.50	43,000
General Obligation Internal Improvement Bonds, Series B, 2006	4.45 – 5.50	2,670,000
General Obligation Bonds, Series A, 2007	3.90 – 4.35	175,000
General Obligation Refunding Bonds, Series A, 2009	1.20 – 3.60	1,960,000
General Obligation Refunding Bonds, Series A, 2010	2.00 – 3.00	1,080,000
General Obligation Refunding and Improvement Bonds, Series B, 2010	1.00 – 3.60	715,000
General Obligation Refunding Bonds, Series A, 2011	1.00 – 3.35	4,680,000
General Obligation Bonds, Series A, 2011	2.00 – 3.50	14,430,000
General Obligation Refunding and Improvement Bonds, Series B, 2012	1.00 – 2.75	<u>4,845,000</u>
Total general obligation bonds outstanding		30,614,000
Less debt service from enterprise funds		<u>(5,842,478)</u>
Total general obligation bonds payable from debt service fund		<u>\$ 24,771,522</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:

4. LONG-TERM DEBT (continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,434,932	\$ 873,715	\$ 2,308,647
2014	1,681,035	654,392	2,335,427
2015	1,756,035	620,591	2,376,626
2016	1,729,070	584,250	2,313,320
2017	1,692,035	546,810	2,238,845
2018	1,665,070	508,653	2,173,723
2019	1,667,345	471,974	2,139,319
2020	1,515,000	429,495	1,944,495
2021	1,466,000	384,433	1,850,433
2022	1,510,000	339,995	1,849,995
2023	1,540,000	293,538	1,833,538
2024	1,605,000	241,821	1,846,821
2025	1,670,000	190,031	1,860,031
2026	1,720,000	134,090	1,854,090
2027	1,790,000	73,103	1,863,103
2028	<u>330,000</u>	<u>9,075</u>	<u>339,075</u>
	<u>\$24,771,522</u>	<u>\$ 6,355,966</u>	<u>\$ 31,127,488</u>

Note payable

The City's outstanding note payable consists of a \$37,122 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>
2013	\$ 18,376	\$ 604	\$ 18,980
2014	<u>18,746</u>	<u>234</u>	<u>18,980</u>
	<u>\$ 37,122</u>	<u>\$ 838</u>	<u>\$ 37,960</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>
2013	\$ 102,331	\$ 59,599	\$ 161,930	\$ 60,228	\$ 12,486	\$ 72,714

4. LONG-TERM DEBT (continued)

Year	Electric Utility			Water Utility		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 254,125	\$ 58,163	\$ 312,288	\$ 63,455	\$ 11,162	\$ 74,617
2015	256,468	54,497	310,965	63,455	9,512	72,967
2016	261,768	50,179	311,947	64,530	7,735	72,265
2017	263,497	45,138	308,635	63,455	5,799	69,254
2018	271,140	39,092	310,232	64,530	3,769	68,299
2019	262,932	31,945	294,877	41,945	1,510	43,455
2020	246,015	24,392	270,407	-	-	-
2021	253,044	16,888	269,932	-	-	-
2022	262,416	8,791	271,207	-	-	-
	<u>\$ 2,433,736</u>	<u>\$ 388,684</u>	<u>\$ 2,822,420</u>	<u>\$ 421,598</u>	<u>\$ 51,973</u>	<u>\$ 473,571</u>

Year	Sewer Utility			Total Utilities		
	Principal	Interest	Total	Principal	Interest	Total
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
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>\$2,987,144</u>	<u>\$ 468,792</u>	<u>\$3,455,936</u>	<u>\$ 5,842,478</u>	<u>\$ 909,449</u>	<u>\$ 6,751,927</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 \$1,455,000 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:

4. LONG-TERM DEBT (continued)

Year	Electric Utility			Sewer Utility		
	Principal	Interest	Total	Principal	Interest	Total
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
2026	309,276	29,100	338,376	450,724	41,200	491,924
2027	323,334	14,873	338,207	471,666	21,067	492,733
	<u>\$ 1,483,119</u>	<u>\$ 892,935</u>	<u>\$ 2,376,054</u>	<u>\$ 3,136,881</u>	<u>\$ 1,464,424</u>	<u>\$ 4,601,305</u>

Year	Totals		
	Principal	Interest	Total
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	795,000	35,940	830,940
	<u>\$ 4,620,000</u>	<u>\$ 2,357,359</u>	<u>\$ 6,977,359</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

4. LONG-TERM DEBT (continued)

amount to be used solely and exclusively for payments of principal and interest of such bonds for which funds might not otherwise be available or may be used to call the bonds for redemption and payment prior to their maturity, with a maximum accumulation of \$581,447, and (c) surplus account to accumulate moneys not required in (a) or (b) above and not required for the operation and maintenance of the plant and system for a period of sixty days to be used to pay the cost of operation, maintenance and repair, improving, extending or enlarging the system or to redeem prior to maturity outstanding bonds of the system. The revenue bond 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, 2012, the City was in compliance with the reserve requirements of the revenue bond resolution.

Mulvane Public Building Commission revenue bonds

The Mulvane Public Building Commission revenue bonds are serial bonds to be retired through calendar year 2021. At December 31, 2012 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	\$ 965,000

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>
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>\$ 965,000</u>	<u>\$ 175,575</u>	<u>\$ 1,140,575</u>

4. LONG-TERM DEBT (continued)

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, 2012:

	Outstanding January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2012</u>
Villa Maria, Inc. Health Care Facility Refunding Revenue Bonds, Bonds, Series 2004	\$ 3,025,000	\$ -	\$ 225,000	\$ 2,800,000

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 2012, the City retired \$10,000,000 of temporary notes. At December 31, 2012 the City had no outstanding temporary notes.

During 2012, 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, 2012, 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, 2012</u>
Safe Routes To School	\$ 250,000	\$ 25,000
Casino Project	411,719	411,719
Secondary EMS Facility & Equipment	1,800,000	324,507
Casino Water Improvements	2,760,372	2,372,516
Casino Sewer Improvements	2,580,526	2,370,589
Wastewater Treatment Plant Improvements	10,282,289	9,358,840
Water Tower Project	2,365,000	232,883
Water System Improvements	584,062	494,364
Wastewater Treatment Plant Improvements Phase 2	4,730,000	4,337,169
Water Treatment Plant	7,000,000	6,521,471

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

7. PENSION PLAN (continued)

period from January 1, 2012 to December 31, 2012 was 8.34%. 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, 2012 through June 30, 2012. The City's contributions to KPERs for the years ending December 31, 2012, 2011 and 2010 were \$243,976, \$205,659 and \$180,037, 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, 2012	\$ 2,939,355	\$ 130,802	\$ 1,117,057
Adjustments:			
Reserved for self-insurance	(139,632)	-	-
Accrued sales tax revenues	(63,087)	-	-
Accrued franchise fee revenues	(43,295)	-	-
Accrued gaming facility revenues	(158,158)	-	-
Other receivables	(2,437)	-	-
Accrued unbilled receivables	-	-	(2,643)
Reserved for encumbrances – budgeted funds	<u>(45,014)</u>	<u>-</u>	<u>-</u>
Budgetary Fund Balance at December 31, 2012	<u>\$ 2,487,732</u>	<u>\$ 130,802</u>	<u>\$ 1,114,414</u>

9. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables (due to/due from other funds) at December 31, 2012 were as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General	\$ 99,734	\$ -

9. INTERFUND RECEIVABLES AND PAYABLES (continued)

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
Water Tower Project	\$ —	\$ 32,606
Water Treatment Plant Project	<u>—</u>	<u>67,128</u>
	<u>\$ 99,734</u>	<u>\$ 99,734</u>

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 2012 is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General	\$ 30,000	\$ 516,937
Debt Service	2,684	—
Electric System	—	16,116
Water System	42,573	—
Sewer System	<u>—</u>	<u>30,000</u>
	<u>75,257</u>	<u>563,053</u>
Nonmajor Funds:		
Senior Citizen	6,500	—
Swimming Pool	105,000	—
Municipal Equipment Replacement	227,239	—
Safe Routes To School	25,000	—
Water Tower Project	36,875	—
Water System Improvements	—	2,684
Water Treatment Plant	73,750	—
Shop Maintenance	<u>16,116</u>	<u>—</u>
	<u>490,480</u>	<u>2,684</u>
	<u>\$ 565,737</u>	<u>\$ 565,737</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 (\$227,239) 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 (\$105,000) and also to the Senior Citizens Fund (\$6,500) to support operations. The Electric System Fund transfers to the Shop Maintenance Fund (\$16,116) on a routine basis to alleviate operating deficits. The Sewer System Fund transfer to the General Fund of \$30,000 represents a reoccurring budgeted transfer for administrative services.

The non-routine transfers from the General Fund to the Water Tower Project and Water Treatment Plant Project funds in the amounts of \$36,875 and \$73,750, respectively, reflect municipality commitments to the projects. The non-routine transfer from the General Fund to the Safe Routes To Schools project in the amount of \$25,000 represents the City's obligation to the grant-funded project. The General Fund also transferred \$42,573 to the Water System Fund to fully repay the outstanding interfund loan from the Water System Fund to the Sewer System Fund. The transfer from the Water System Improvements Project Fund to the Debt Service Fund in the amount of \$2,684 represents excess resources at the completion of the project.

11. FUND DEFICITS

At December 31, 2012, the Water Tower Project Fund and Water Treatment Plant Project Fund had incurred fund deficits in the amount of \$48,028 and \$93,249, respectively. These fund deficits will be financed through the sale of bonds authorized by the City Council, not yet sold at December 31, 2012, or through other revenue sources available to the City.

12. OTHER POST EMPLOYMENT BENEFITS

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

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

13. ADVANCE REFUNDING

On November 15, 2012, the City entered into a current refunding transaction whereby it issued \$4,845,000 of General Obligation Refunding and Improvement Bonds, Series B 2012, with interest rates from 1.00% to 2.75%, of which \$486,436 was utilized to currently

13. ADVANCE REFUNDING (continued)

refund \$480,000 of outstanding General Obligation Bonds, Series A 2004 with interest rates from 3.60% to 4.60%. Proceeds from the Series B 2012 Bonds in the amount of \$486,436 were placed with the City's paying agent, the Kansas State Treasurer, to provide for the principal amount and interest to the call date, December 27, 2012, to currently refund the General Obligation Internal Improvement Bonds, Series A 2004 maturing on September 1, 2013 to September 1, 2018 and bonds maturing on August 1, 2019.

The City entered into the refunding transaction for the Series A 2004 General Obligation Bonds to reduce its total debt service payments over the next 7 years by \$37,436 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$36,199.

14. COMMITMENTS AND CONTINGENCIES

Casino Operations and Commitments

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

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

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

14. COMMITMENTS AND CONTINGENCIES (continued)

The Developer's Agreement also provided that the developer shall pay to the City a one-time emergency services fee of \$1,800,000, which was received by the City in March 2011. The City shall be solely responsible for the design, construction, outfitting and operation of a fire protection and emergency services facility that is reasonably sufficient to serve the Kansas Star and improve the emergency services capabilities currently serving the surrounding area. The City has determined that land identified on the Kansas Star Planned Unit Development, and provided at no cost to the City, shall be the location of the facility. The City has solicited bids for construction of the emergency services facility with construction to begin in 2013. The City had outstanding commitments for engineering services related to the project at December 31, 2012 of \$21,973.

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

Water Treatment Plant Commitments

The City Council approved certain water system improvements including a 1.5 MGD reverse osmosis water treatment plant and other system improvements by authorizing the City to issue general obligation bonds not to exceed \$7,000,000 for such improvements. At December 31, 2012 the City had outstanding commitments for engineering services related to this project of \$311,531.

In connection with the water system improvements, the City Council has approved the design and construction of a new water tower facility with an estimated cost of approximately \$2,300,000. The City had outstanding commitments for engineering services of \$147,980 related to this project at December 31, 2012.

Wastewater Treatment Plant Commitments

Phase 2 of the wastewater treatment plant improvements was completed during 2012 however, commitments for engineering and construction services remained outstanding at December 31, 2012 in the amount of \$404,254.

Other Commitments

At December 31, 2012, the City had outstanding commitments for the purchase of electric system equipment in the amount of \$166,610.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 17, 2013, the date on which the financial statements were available to be issued.

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

Employee 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.

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

NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

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

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

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

Casino Water Improvements – to account for and report the costs incurred related to the extension of water service to the casino facility site.

Casino Sewer Improvements – to account for and report the costs incurred related to the extension of sewer service to the casino facility site.

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

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.

Water Treatment Plant – to account for the costs of constructing a new water treatment facility.

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CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2012

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash including short-term investments	\$ 1,114,565	\$ 2,250,312	\$ 3,364,877
Property tax receivable	1,322,133	11,102	1,333,235
Accounts receivable	<u>5,625</u>	<u>—</u>	<u>5,625</u>
 Total	 <u>\$ 2,442,323</u>	 <u>\$ 2,261,414</u>	 <u>\$ 4,703,737</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,133	\$ 47,038	\$ 50,171
Due to other funds	<u>—</u>	<u>99,734</u>	<u>99,734</u>
 Total liabilities	 <u>3,133</u>	 <u>146,772</u>	 <u>149,905</u>
Deferred inflows of resources:			
Property taxes receivable	<u>1,322,133</u>	<u>11,102</u>	<u>1,333,235</u>
Fund Balances:			
Restricted:			
General government	285,909	—	285,909
EMS facility and equipment	—	1,504,299	1,504,299
Recreation	85,430	—	85,430
Health and welfare	39,636	—	39,636
Economic development	159,646	—	159,646
Street improvements	27,925	—	27,925
Committed:			
Street improvements	461,980	—	461,980
Parks and recreation	56,452	—	56,452
Capital improvements	—	272,447	272,447
Assigned:			
Culture and recreation	79	—	79
Capital outlay	—	468,071	468,071
Unassigned	<u>—</u>	<u>(141,277)</u>	<u>(141,277)</u>
 Total fund balances	 <u>1,117,057</u>	 <u>2,103,540</u>	 <u>3,220,597</u>
 Total liabilities, deferred inflows and fund balances	 <u>\$ 2,442,323</u>	 <u>\$ 2,261,414</u>	 <u>\$ 4,703,737</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2012

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:			
Taxes	\$ 847,917	\$ 6,496	\$ 854,413
Intergovernmental	238,545	-	238,545
Licenses, fees and permits	3,000	-	3,000
Charges for services	106,065	-	106,065
Use of money and property	128,879	4,243	133,122
Miscellaneous	<u>4,800</u>	<u>58,364</u>	<u>63,164</u>
 Total revenues	 <u>1,329,206</u>	 <u>69,103</u>	 <u>1,398,309</u>
Expenditures:			
Current:			
General government	125,737	-	125,737
Public Safety	364,445	-	364,445
Highways and streets	309,539	-	309,539
Culture and recreation	446,144	-	446,144
Economic development	-	-	-
Capital improvements	-	1,381,511	1,381,511
Debt service:			
Principal	95,000	-	95,000
Interest and fiscal charges	<u>32,455</u>	<u>37,153</u>	<u>69,608</u>
 Total expenditures	 <u>1,373,320</u>	 <u>1,418,664</u>	 <u>2,791,984</u>
 Expenditures over revenues	 <u>(44,114)</u>	 <u>(1,349,561)</u>	 <u>(1,393,675)</u>
Other financing sources (uses):			
General obligation bonds issued	-	14,430,000	14,430,000
Transfers in	111,500	362,864	474,364
Transfers out	<u>-</u>	<u>(2,684)</u>	<u>(2,684)</u>
 Total other financing sources (uses)	 <u>111,500</u>	 <u>14,790,180</u>	 <u>14,901,680</u>
 Net change in fund balances	 67,386	 13,440,619	 13,508,005
Fund balances, beginning of year	<u>1,049,671</u>	<u>(11,337,079)</u>	<u>(10,287,408)</u>
 Fund balances, end of year	 <u>\$ 1,117,057</u>	 <u>\$ 2,103,540</u>	 <u>\$ 3,220,597</u>

CITY OF MULVANE, KANSAS

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

December 31, 2012

	Employee Benefits	Library	Industrial Develop- ment	Senior Citizens	Special Highway	Nine One One	Special Park and Recreation	Trans- portation Impact Fee	Storm Sewer
ASSETS									
Cash and short-term investments	\$ 285,495	\$ 4,559	\$ 159,646	\$ 158	\$ 30,979	\$ --	\$ 80,871	\$ 166,619	\$ 290,150
Accounts receivable	414	--	--	--	--	--	--	--	5,211
Taxes receivable	<u>1,096,785</u>	<u>216,605</u>	<u>8,743</u>	--	--	--	--	--	--
Total assets	<u>\$1,382,694</u>	<u>\$ 221,164</u>	<u>\$ 168,389</u>	<u>\$ 158</u>	<u>\$ 30,979</u>	<u>\$ --</u>	<u>\$ 80,871</u>	<u>\$ 166,619</u>	<u>\$ 295,361</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ --	\$ --	\$ --	\$ 79	\$ 2,107	\$ --	\$ --	\$ --	\$ --
Accrued payroll and taxes	--	--	--	--	947	--	--	--	--
Total liabilities	--	--	--	79	3,054	--	--	--	--
Deferred inflows of resources:									
Property taxes receivable	<u>1,096,785</u>	<u>216,605</u>	<u>8,743</u>	--	--	--	--	--	--
Fund balances:									
Restricted:									
General government	285,909	--	--	--	--	--	--	--	--
Recreation	--	4,559	--	--	--	--	80,871	--	--
Health and welfare	--	--	--	--	--	--	--	--	--
Economic development	--	--	159,646	--	--	--	--	--	--
Street improvements	--	--	--	--	27,925	--	--	--	--
Committed:									
Street improvements	--	--	--	--	--	--	--	166,619	295,361
Parks and recreation	--	--	--	--	--	--	--	--	--
Assigned:									
Culture and recreation	--	--	--	79	--	--	--	--	--
Total fund balances	<u>285,909</u>	<u>4,559</u>	<u>159,646</u>	<u>79</u>	<u>27,925</u>	<u>--</u>	<u>80,871</u>	<u>166,619</u>	<u>295,361</u>
Total liabilities, deferred inflows and fund balances	<u>\$1,382,694</u>	<u>\$ 221,164</u>	<u>\$ 168,389</u>	<u>\$ 158</u>	<u>\$ 30,979</u>	<u>\$ --</u>	<u>\$ 80,871</u>	<u>\$ 166,619</u>	<u>\$ 295,361</u>

CITY OF MULVANE, KANSAS

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

December 31, 2012

	<u>Park Impact Fee</u>	<u>Swimming Pool</u>	<u>Special Alcohol</u>	<u>Mulvane Public Building Commission</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>ASSETS</u>					
Cash and short-term investments	\$ 55,301	\$ 1,151	\$ 39,636	\$ –	\$ 1,114,565
Accounts receivable	–	–	–	–	5,625
Taxes receivable	–	–	–	–	1,322,133
Total assets	<u>\$ 55,301</u>	<u>\$ 1,151</u>	<u>\$ 39,636</u>	<u>\$ –</u>	<u>\$ 2,442,323</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ –	\$ –	\$ –	\$ –	\$ 2,186
Accrued payroll and taxes	–	–	–	–	947
Total liabilities	–	–	–	–	3,133
Deferred inflows of resources:					
Property taxes receivable	–	–	–	–	1,322,133
Fund balances:					
Restricted					
General government	–	–	–	–	285,909
Recreation	–	–	–	–	85,430
Health and welfare	–	–	39,636	–	39,636
Economic development	–	–	–	–	159,646
Street improvements	–	–	–	–	27,925
Committed:					
Street improvements	–	–	–	–	461,980
Parks and recreation	55,301	1,151	–	–	56,452
Assigned:					
Culture and recreation	–	–	–	–	79
Total fund balances	<u>55,301</u>	<u>1,151</u>	<u>39,636</u>	<u>–</u>	<u>1,117,057</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 55,301</u>	<u>\$ 1,151</u>	<u>\$ 39,636</u>	<u>\$ –</u>	<u>\$ 2,442,323</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, 2012

	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	\$621,399	\$ 154,650	\$ 6,259	\$ -	\$ -	\$ -	\$ 32,804	\$ -	\$ -
Intergovernmental revenues	-	-	-	21,211	217,334	-	-	-	-
Licenses, fees and permits	-	-	-	-	-	-	-	2,100	-
Charges for services	-	-	-	2,601	-	-	-	-	31,348
Use of money and property	342	1	134	471	59	-	41	138	183
Miscellaneous	4,800	-	-	-	-	-	-	-	-
Total revenues	<u>626,541</u>	<u>154,651</u>	<u>6,393</u>	<u>24,283</u>	<u>217,393</u>	<u>-</u>	<u>32,845</u>	<u>2,238</u>	<u>31,531</u>
Expenditures:									
Current:									
General government	125,737	-	-	-	-	-	-	-	-
Public safety	362,572	-	-	-	-	1,873	-	-	-
Highway and streets	86,908	-	-	-	220,641	-	-	-	1,990
Culture and recreation	71,996	153,183	-	35,691	-	-	9,144	-	-
Economic development	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>647,213</u>	<u>153,183</u>	<u>-</u>	<u>35,691</u>	<u>220,641</u>	<u>1,873</u>	<u>9,144</u>	<u>-</u>	<u>1,990</u>
Revenues over (under) expenditures	<u>(20,672)</u>	<u>1,468</u>	<u>6,393</u>	<u>(11,408)</u>	<u>(3,248)</u>	<u>(1,873)</u>	<u>23,701</u>	<u>2,238</u>	<u>29,541</u>
Other financing sources (uses):									
Operating transfers in	-	-	-	6,500	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(20,672)	1,468	6,393	(4,908)	(3,248)	(1,873)	23,701	2,238	29,541
Fund balances, beginning 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>
Fund balances, end of year	<u>\$285,909</u>	<u>\$ 4,559</u>	<u>\$ 159,646</u>	<u>\$ 79</u>	<u>\$ 27,925</u>	<u>\$ -</u>	<u>\$ 80,871</u>	<u>\$166,619</u>	<u>\$295,361</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, 2012

	Park Impact Fee	Swimming Pool	Special Alcohol	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
Revenues:					
Taxes	\$ -	\$ -	\$ 32,805	\$ -	\$ 847,917
Intergovernmental revenues	-	-	-	-	238,545
Licenses, fees and permits	900	-	-	-	3,000
Charges for services	-	72,116	-	-	106,065
Use of money and property	54	-	1	127,455	128,879
Miscellaneous	-	-	-	-	4,800
Total revenues	<u>954</u>	<u>72,116</u>	<u>32,806</u>	<u>127,455</u>	<u>1,329,206</u>
Expenditures:					
Current:					
General government	-	-	-	-	125,737
Public safety	-	-	-	-	364,445
Highway and streets	-	-	-	-	309,539
Culture and recreation	-	176,130	-	-	446,144
Economic Development	-	-	-	-	-
Debt service:					
Principal	-	-	-	95,000	95,000
Interest and fiscal charges	-	-	-	32,455	32,455
Total expenditures	<u>-</u>	<u>176,130</u>	<u>-</u>	<u>127,455</u>	<u>1,373,320</u>
Revenues over (under) expenditures	<u>954</u>	<u>(104,014)</u>	<u>32,806</u>	<u>-</u>	<u>(44,114)</u>
Other financing sources (uses):					
Operating transfers in	-	105,000	-	-	111,500
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>111,500</u>
Net change in fund balance	954	986	32,806	-	67,386
Fund balances, beginning of year	<u>54,347</u>	<u>165</u>	<u>6,830</u>	<u>-</u>	<u>1,049,671</u>
Fund balances, end of year	<u>\$ 55,301</u>	<u>\$ 1,151</u>	<u>\$ 39,636</u>	<u>\$ -</u>	<u>\$1,117,057</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, 2012

	<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	\$ 609,056	\$ 609,056	\$ 621,399	\$ 12,343
Use of money and property	2,000	2,000	342	(1,658)
Miscellaneous	<u>—</u>	<u>—</u>	<u>4,800</u>	<u>4,800</u>
Total revenues	<u>611,056</u>	<u>611,056</u>	<u>626,541</u>	<u>15,485</u>
Expenditures:				
Administration department	262,713	262,713	125,737	136,976
Street department	87,500	87,500	86,908	592
Police department	249,000	249,000	275,550	(26,550)
Emergency services department	86,250	86,250	87,022	(772)
Park department	<u>76,200</u>	<u>76,200</u>	<u>71,996</u>	<u>4,204</u>
Total expenditures	<u>761,663</u>	<u>761,663</u>	<u>647,213</u>	<u>114,450</u>
Revenues over (under) expenditures	(150,607)	(150,607)	(20,672)	129,935
Fund balance, beginning of year	<u>150,607</u>	<u>150,607</u>	<u>306,581</u>	<u>155,974</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 285,909</u>	<u>\$ 285,909</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, 2012

	<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	\$ 150,612	\$ 150,612	\$ 154,650	\$ 4,038
Use of money and property	<u> –</u>	<u> –</u>	<u> 1</u>	<u> 1</u>
Total revenues	<u>150,612</u>	<u>150,612</u>	<u>154,651</u>	<u>4,039</u>
Expenditures:				
Appropriations to				
Library Board	153,183	153,183	153,183	–
Other	<u>1,139</u>	<u>1,139</u>	<u> –</u>	<u>1,139</u>
Total expenditures	<u>154,322</u>	<u>154,322</u>	<u>153,183</u>	<u>1,139</u>
Revenues over (under)				
expenditures	(3,710)	(3,710)	1,468	5,178
Fund balance,				
beginning of year	<u>3,710</u>	<u>3,710</u>	<u>3,091</u>	<u>(619)</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 4,559</u>	<u>\$ 4,559</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 6,019	\$ 6,019	\$ 6,259	\$ 240
Use of money and property	<u>—</u>	<u>—</u>	<u>134</u>	<u>134</u>
Total revenues	6,019	6,019	6,393	374
Expenditures:				
Industrial development	<u>150,214</u>	<u>150,214</u>	<u>—</u>	<u>150,214</u>
Revenues over (under) expenditures	(144,195)	(144,195)	6,393	150,588
Fund balance, beginning of year	<u>144,195</u>	<u>144,195</u>	<u>153,253</u>	<u>9,058</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 159,646</u>	<u>\$ 159,646</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Intergovernmental	\$ 21,600	\$ 21,600	\$ 21,211	\$ (389)
Charges for services	4,000	4,000	2,601	(1,399)
Use of money and property	–	–	471	471
Transfers in	<u>34,324</u>	<u>34,324</u>	<u>6,500</u>	<u>(27,824)</u>
Total revenues and other sources	59,924	59,924	30,783	(29,141)
Expenditures:				
Operating expenditures	<u>67,484</u>	<u>67,484</u>	<u>35,691</u>	<u>31,793</u>
Revenues and other sources over (under) expenditures	(7,560)	(7,560)	(4,908)	2,652
Fund balance, beginning of year	<u>7,560</u>	<u>7,560</u>	<u>4,987</u>	<u>(2,573)</u>
Fund balance, end of year	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 79</u>	<u>\$ 79</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 218,630	\$ 218,630	\$ 217,334	\$ (1,296)
Use of money and property	<u>220</u>	<u>220</u>	<u>59</u>	<u>(161)</u>
Total revenues	218,850	218,850	217,393	(1,457)
Expenditures:				
Street operations	<u>249,718</u>	<u>249,718</u>	<u>220,641</u>	<u>29,077</u>
Revenues over (under)				
expenditures	(30,868)	(30,868)	(3,248)	27,620
Fund balance,				
beginning of year	<u>30,868</u>	<u>30,868</u>	<u>31,173</u>	<u>305</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 27,925</u>	<u>\$ 27,925</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Liquor tax	\$ 7,532	\$ 7,532	\$ 32,804	\$ 25,272
Use of money and property	<u>—</u>	<u>—</u>	<u>41</u>	<u>41</u>
Total revenues	7,532	7,532	32,845	25,313
Expenditures:				
Capital outlay	<u>39,787</u>	<u>39,787</u>	<u>9,144</u>	<u>30,643</u>
Revenues over (under) expenditures	(32,255)	(32,255)	23,701	55,956
Fund balance, beginning of year	<u>32,255</u>	<u>32,255</u>	<u>57,170</u>	<u>24,915</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 80,871</u>	<u>\$ 80,871</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 3,000	\$ 3,000	\$ 2,100	\$ (900)
Use of money and property	<u>1,000</u>	<u>1,000</u>	<u>138</u>	<u>(862)</u>
Total revenues	4,000	4,000	2,238	(1,762)
Expenditures and other uses:				
Capital outlay	<u>102,874</u>	<u>102,874</u>	<u>—</u>	<u>102,874</u>
Revenues over (under)				
expenditures and other uses	(98,874)	(98,874)	2,238	101,112
Fund balance,				
beginning of year	<u>98,874</u>	<u>98,874</u>	<u>164,381</u>	<u>65,507</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$166,619</u>	<u>\$ 166,619</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 27,000	\$ 27,000	\$ 31,288	\$ 4,288
Use of money and property	<u>1,000</u>	<u>1,000</u>	<u>183</u>	<u>(817)</u>
Total revenues	28,000	28,000	31,471	3,471
Expenditures:				
Capital Outlay	<u>213,264</u>	<u>213,264</u>	<u>1,990</u>	<u>211,274</u>
Revenues over (under)				
expenditures	(185,264)	(185,264)	29,481	214,745
Fund balance,				
beginning of year	<u>185,264</u>	<u>185,264</u>	<u>263,237</u>	<u>77,973</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$292,718</u>	<u>\$ 292,718</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 1,000	\$ 1,000	\$ 900	\$ (100)
Use of money and property	<u>500</u>	<u>500</u>	<u>54</u>	<u>(446)</u>
Total revenues	1,500	1,500	954	(546)
Expenditures:				
Capital outlay	<u>10,814</u>	<u>10,814</u>	<u>—</u>	<u>10,814</u>
Revenues over (under) expenditures	(9,314)	(9,314)	954	10,268
Fund balance, beginning of year	<u>9,314</u>	<u>9,314</u>	<u>54,347</u>	<u>45,033</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 55,301</u>	<u>\$ 55,301</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 68,000	\$ 68,000	\$ 72,116	\$ 4,116
Transfers in	<u>132,902</u>	<u>132,902</u>	<u>105,000</u>	<u>(27,902)</u>
Total revenues	200,902	200,902	177,116	(23,786)
Expenditures:				
Swimming pool operations	<u>200,902</u>	<u>200,902</u>	<u>176,130</u>	<u>24,772</u>
Revenues over (under) expenditures	-	-	986	986
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>165</u>	<u>165</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,151</u>	<u>\$ 1,151</u>

CITY OF MULVANE, KANSAS

SPECIAL ALCOHOL FUND

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

Year Ended December 31, 2012

	<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	\$ 7,532	\$ 7,532	\$ 32,805	\$ 25,273
Use of money and property	<u> –</u>	<u> –</u>	<u> 1</u>	<u> 1</u>
Total revenues	7,532	7,532	32,806	25,274
Expenditures:				
Awareness programs	<u>14,526</u>	<u>14,526</u>	<u> –</u>	<u>14,526</u>
Revenues over (under)				
expenditures	(6,994)	(6,994)	32,806	39,800
Fund balance,				
beginning of year	<u>7,994</u>	<u>7,994</u>	<u>6,830</u>	<u>(1,164)</u>
Fund balance, end of year	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 39,636</u>	<u>\$ 38,636</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 362,854	\$ 362,854	\$ 371,681	\$ 8,827
Special assessments	426,709	426,709	488,220	61,511
Use of money and property	1,000	1,000	342	(658)
Transfers in	—	—	2,684	2,684
Proceeds of bonds	<u>—</u>	<u>498,000</u>	<u>486,438</u>	<u>(11,562)</u>
Total revenues	<u>790,563</u>	<u>1,288,563</u>	<u>1,349,365</u>	<u>60,802</u>
Expenditures and other uses:				
Bond Principal	724,932	1,204,932	1,204,932	—
Bond interest and commission	237,810	244,246	243,998	248
Miscellaneous	2,573	14,137	10,845	3,292
Cash basis reserve	<u>10,000</u>	<u>10,000</u>	<u>—</u>	<u>10,000</u>
Total expenditures and other uses	<u>975,315</u>	<u>1,473,315</u>	<u>1,459,775</u>	<u>13,540</u>
Revenues over (under) Expenditures and other uses	(184,752)	(184,752)	(110,410)	74,342
Fund balance, beginning of year	<u>184,752</u>	<u>184,752</u>	<u>241,212</u>	<u>56,460</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 130,802</u>	<u>\$ 130,802</u>

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2012

	Capital Improvement Reserve	Municipal Equipment Reserve	Safe Routes To School	Casino Project	Secondary EMS Facility And Equipment	Casino Water Improvements	Casino Sewer Improvements	Wastewater Treatment Plant Phase I	Water Tower Project	Water System Improvements	Water Treatment Plant	Totals
ASSETS												
Cash and short-term investments	\$ 250,544	\$ 471,161	\$ 24,293	\$ --	\$ 1,504,314	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,250,312
Taxes receivable	11,102	--	--	--	--	--	--	--	--	--	--	11,102
Total assets	\$ 261,646	\$ 471,161	\$ 24,293	\$ --	\$ 1,504,314	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,261,414
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ --	\$ 3,090	\$ 2,320	\$ --	\$ 85	\$ --	\$ --	\$ --	\$ 15,422	\$ --	\$ 26,121	\$ 47,038
Due to other funds	--	--	--	--	--	--	--	--	32,606	--	67,128	99,734
Total liabilities	--	3,090	2,320	--	85	--	--	--	48,028	--	93,249	146,772
Deferred inflows of resources:												
Property taxes receivable	11,102	--	--	--	--	--	--	--	--	--	--	11,102
Fund balances (deficit):												
Restricted:												
EMS facility and equipment	--	--	--	--	1,504,229	--	--	--	--	--	--	1,504,229
Committed:												
Capital improvements	250,544	--	21,973	--	--	--	--	--	--	--	--	272,517
Assigned:												
Capital outlay	--	468,071	--	--	--	--	--	--	--	--	--	468,071
Unassigned	--	--	--	--	--	--	--	--	(48,028)	--	(93,249)	(141,277)
Total fund balance	250,544	468,071	21,973	--	1,504,229	--	--	--	(48,028)	--	(93,249)	2,103,540
Total liabilities and fund balances	\$ 261,646	\$ 471,161	\$ 24,293	\$ --	\$ 1,504,314	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,261,414

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2012

	Capital Improvement Reserve	Municipal Equipment Reserve	Safe Routes To School	Casino Project	Secondary EMS Facility and Equipment	Casino Water Improvements	Casino Sewer Improvements	Wastewater Treatment Plant Phase I	Water Tower Project	Water System Improvements	Water Treatment Plant	Totals
Revenues:												
Taxes	\$ 6,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,496
Use of money and property	446	354	-	-	2,853	25	449	18	-	98	-	4,243
Miscellaneous	-	-	-	23,796	-	25,582	8,986	-	-	-	-	58,364
Total revenues	6,942	354	-	23,796	2,853	25,607	9,435	18	-	98	-	69,103
Expenditures:												
Capital outlay	30,724	133,150	2,699	23,796	300,543	103,367	74,455	291,864	84,601	169,313	166,999	1,381,511
Debt service	-	-	-	-	-	3,640	-	31,645	-	1,868	-	37,153
Total expenditures	30,724	133,150	2,699	23,796	300,543	107,007	74,455	323,509	84,601	171,181	166,999	1,418,664
Expenditures over revenues	(23,782)	(132,796)	(2,699)	-	(297,690)	(81,400)	(65,020)	(323,491)	(84,601)	(171,083)	(166,999)	(1,349,561)
Other financing sources (uses):												
General obligation bonds issued	-	-	-	-	-	2,346,050	2,351,319	9,242,996	-	489,635	-	14,430,000
Transfers in	-	227,239	25,000	-	-	-	-	-	36,875	-	73,750	362,864
Transfers out	-	-	-	-	-	-	-	-	-	(2,684)	-	(2,684)
Total other financing sources (uses)	-	227,239	25,000	-	-	2,346,050	2,351,319	9,242,996	36,875	486,951	73,750	14,790,180
Net change in fund balance	(23,782)	94,443	22,301	-	(297,690)	2,264,650	2,286,299	8,919,505	(47,726)	315,868	(93,249)	13,440,619
Fund balances, beginning of year	274,326	373,628	(328)	-	1,801,919	(2,264,650)	(2,286,299)	(8,919,505)	(302)	(315,868)	-	(11,337,079)
Fund balances (deficit), end of year	\$ 250,544	\$ 468,071	\$ 21,973	\$ -	\$ 1,504,229	\$ -	\$ -	\$ -	\$ (48,028)	\$ -	\$ (93,249)	\$ 2,103,540

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, 2012

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$6,576,173	\$6,576,173	\$4,011,776	\$(2,564,397)
Use of money and property	10,200	10,200	96,752	86,552
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>13,470</u>	<u>8,470</u>
 Total revenues	 <u>6,591,373</u>	 <u>6,591,373</u>	 <u>4,121,998</u>	 <u>(2,469,375)</u>
 Expenditures, encumbrances and other uses:				
Operations	6,315,234	6,315,234	3,640,431	2,674,803
Nonoperating	200,000	200,000	197,213	2,787
Debt service	381,235	381,235	170,730	210,505
Transfers out	<u>208,000</u>	<u>208,000</u>	<u>16,116</u>	<u>191,884</u>
 Total expenditures, encumbrances and other uses	 <u>7,104,469</u>	 <u>7,104,469</u>	 <u>4,024,490</u>	 <u>3,079,979</u>
 Revenues over (under) expenditures, encumbrances and other uses	 (513,096)	 (513,096)	 97,508	 610,604
Fund balance, beginning of year	<u>2,884,615</u>	<u>2,884,615</u>	<u>2,495,309</u>	<u>(389,306)</u>
 Fund balance, end of year	 <u>\$2,371,519</u>	 <u>\$2,371,519</u>	 <u>\$2,592,817</u>	 <u>\$ 221,298</u>

CITY OF MULVANE, KANSAS

WATER SYSTEM FUND

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

Year Ended December 31, 2012

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,268,986	\$1,268,986	\$1,111,769	\$(157,217)
Use of money and property	1,090	1,090	8,686	7,596
Miscellaneous	<u>200</u>	<u>200</u>	<u>4,697</u>	<u>4,497</u>
 Total revenues	 <u>1,270,276</u>	 <u>1,270,276</u>	 <u>1,125,152</u>	 <u>(145,124)</u>
 Expenditures, encumbrances and other uses:				
Operations	1,187,333	1,187,333	834,384	352,949
Nonoperating	40,000	40,000	26,132	13,868
Debt service	83,859	83,859	73,859	10,000
Transfers out	<u>30,000</u>	<u>30,000</u>	<u>10,000</u>	<u>20,000</u>
 Total expenditures, encumbrances and other uses	 <u>1,341,192</u>	 <u>1,341,192</u>	 <u>944,375</u>	 <u>396,817</u>
 Revenues over expenditures, encumbrances and other uses	 (70,916)	 (70,916)	 180,777	 251,693
Fund balance, beginning of year	<u>424,527</u>	<u>424,527</u>	<u>335,414</u>	<u>(89,113)</u>
 Fund balance, end of year	 <u>\$ 353,611</u>	 <u>\$ 353,611</u>	 <u>\$ 516,191</u>	 <u>\$ 162,580</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, 2012

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$2,002,600	\$2,002,600	\$1,534,155	\$ (468,445)
Use of money and property	177	177	134,757	134,580
Miscellaneous	<u>—</u>	<u>—</u>	<u>3,369</u>	<u>3,369</u>
Total revenues	<u>2,002,777</u>	<u>2,002,777</u>	<u>1,672,281</u>	<u>(330,496)</u>
Expenditures, encumbrances and other uses:				
Operations	1,436,943	1,436,943	820,166	616,777
Nonoperating	40,000	40,000	4,231	35,769
Debt service	603,341	603,341	353,010	250,331
Transfers out	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>—</u>
Total expenditures, encumbrances and other uses	<u>2,110,284</u>	<u>2,110,284</u>	<u>1,207,407</u>	<u>902,877</u>
Revenues over (under) expenditures, encumbrances and other uses	(107,507)	(107,507)	464,874	572,381
Fund balance, beginning of year	<u>1,315,009</u>	<u>1,315,009</u>	<u>1,120,459</u>	<u>(194,550)</u>
Fund balance, end of year	<u>\$1,207,502</u>	<u>\$1,207,502</u>	<u>\$1,585,333</u>	<u>\$ 377,831</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, 2012

	<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	\$ 81,838	\$ 81,838	\$ 80,889	\$ (949)
Miscellaneous	-	-	250	250
Transfers in	<u>10,000</u>	<u>40,000</u>	<u>16,116</u>	<u>(23,884)</u>
Total revenues and other sources	91,838	121,838	97,255	(24,583)
Expenditures:				
Operating expenditures	<u>101,938</u>	<u>131,938</u>	<u>107,118</u>	<u>24,820</u>
Revenues and other sources over (under) expenditures	(10,100)	(10,100)	(9,863)	237
Fund balance, beginning of year	<u>10,100</u>	<u>10,100</u>	<u>9,863</u>	<u>(237)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2012

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2012</u>
 <u>PAYROLL CLEARING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$140,010</u>	<u>\$ 3,931,852</u>	<u>\$ 3,920,782</u>	<u>\$151,080</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$140,010</u>	<u>\$ 3,931,852</u>	<u>\$ 3,920,782</u>	<u>\$151,080</u>
 <u>EMPLOYEE FLEXIBLE SPENDING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$ 10,576</u>	<u>\$ 283,475</u>	<u>\$ 275,309</u>	<u>\$ 18,742</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$ 10,576</u>	<u>\$ 283,475</u>	<u>\$ 275,309</u>	<u>\$ 18,742</u>
 <u>TOTALS</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$150,586</u>	<u>\$ 4,215,327</u>	<u>\$ 4,196,091</u>	<u>\$169,822</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$150,586</u>	<u>\$ 4,215,327</u>	<u>\$ 4,196,091</u>	<u>\$169,822</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, 2012

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	<u>\$ 17,320</u>	<u>\$ 27,177</u>	<u>\$ 43,399</u>	<u>\$ 87,896</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	<u>\$ 5,413</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,413</u>
Fund balances:				
Committed	<u>—</u>	<u>27,177</u>	<u>43,399</u>	<u>70,576</u>
Unassigned	<u>11,907</u>	<u>—</u>	<u>—</u>	<u>11,907</u>
Total fund balances	<u>11,907</u>	<u>27,177</u>	<u>43,399</u>	<u>82,483</u>
Total liabilities and fund balances	<u>\$ 17,320</u>	<u>\$ 27,177</u>	<u>\$ 43,399</u>	<u>\$ 87,896</u>
Reconciliation to total net position:				
Fund balance per above				\$ 82,483
Add long-term capital assets				35,329
Less accumulated depreciation on long-term capital assets				<u>(19,257)</u>
Total net position				<u>\$ 98,555</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2012

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
Revenues:				
Appropriations from City of Mulvane	\$ 153,183	\$ -	\$ -	\$ 153,183
Intergovernmental	-	20,715	-	20,715
Fines and fees	-	3,546	-	3,546
Use of money and property	20	14	73	107
Miscellaneous	<u>-</u>	<u>745</u>	<u>-</u>	<u>745</u>
 Total revenues	 <u>153,203</u>	 <u>25,020</u>	 <u>73</u>	 <u>178,296</u>
Expenditures:				
Personal services	100,603	-	-	100,603
Contractual services	22,253	8,174	472	30,899
Commodities	24,964	16,169	-	41,133
Commodities	<u>-</u>	<u>2,240</u>	<u>-</u>	<u>2,240</u>
 Total expenditures	 <u>147,820</u>	 <u>26,583</u>	 <u>472</u>	 <u>174,875</u>
 Revenues over (under) expenditures	 <u>5,383</u>	 <u>(1,563)</u>	 <u>(399)</u>	 <u>3,421</u>
Other financing sources (uses):				
Transfers in	-	-	3,767	3,767
Transfers out	<u>(3,767)</u>	<u>-</u>	<u>-</u>	<u>(3,767)</u>
 Total other financing sources (uses)	 <u>(3,767)</u>	 <u>-</u>	 <u>3,767</u>	 <u>-</u>
 Net change in fund balance	 1,616	 (1,563)	 3,368	 3,421
Fund balances, beginning of year	<u>10,291</u>	<u>28,740</u>	<u>40,031</u>	<u>79,062</u>
 Fund balances, end of year	 <u>\$ 11,907</u>	 <u>\$ 27,177</u>	 <u>\$ 43,399</u>	 <u>\$ 82,483</u>
 Reconciliation of change in net position:				
Net change in fund balance per above				\$ 3,421
Add current year capitalized assets				2,654
Less current year depreciation on capital assets				<u>(2,634)</u>
 Change in net position				 <u>\$ 3,441</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.	93
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source.	98
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.	102
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.	112

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

City of Mulvane, Kansas
Net Position by Component
Last Nine 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>	<u>2012</u>
Governmental Activities									
Invested in Capital Assets <i>(Net of related debt)</i>	\$ 18,708,248	\$ 18,636,326	\$ 17,062,117	\$ 18,844,700	\$ 18,604,024	\$ 18,441,345	\$ 18,060,089	\$ 18,417,687	\$ 3,379,097
Restricted for:	4,906,779	4,584,125	4,239,542	4,128,356	3,799,446	3,386,328	3,145,384		
Debt Service	-	-	-	-	-	-	-	2,762,968	21,080,642
Capital Improvements	-	-	-	-	-	-	-	1,801,919	1,525,762
Employee Benefits	-	-	-	-	-	-	-	306,581	285,909
Parks and Recreation	-	-	-	-	-	-	-	60,261	139,632
Economic Development	-	-	-	-	-	-	-	153,253	85,430
Street Maintenance	-	-	-	-	-	-	-	31,173	159,646
Public Safety	-	-	-	-	-	-	-	1,873	27,925
Health and Welfare	-	-	-	-	-	-	-	6,830	39,636
Unrestricted	<u>2,432,431</u>	<u>2,868,866</u>	<u>4,516,792</u>	<u>2,908,285</u>	<u>3,063,950</u>	<u>3,159,996</u>	<u>3,279,893</u>	<u>(11,277,773)</u>	<u>3,822,361</u>
Total Governmental Activities Net Position	<u>\$ 26,047,458</u>	<u>\$ 26,089,317</u>	<u>\$ 25,818,451</u>	<u>\$ 25,881,341</u>	<u>\$ 25,467,420</u>	<u>\$ 24,987,669</u>	<u>\$ 24,485,366</u>	<u>\$ 12,264,772</u>	<u>\$ 30,546,040</u>
Business-type Activities									
Invested in Capital Assets <i>(Net of related debt)</i>	\$ 4,986,635	\$ 5,013,568	\$ 4,468,193	\$ 4,934,556	\$ 5,016,061	\$ 4,934,176	\$ 4,974,701	\$ 18,749,118	\$ 18,607,916
Restricted for Debt Service	1,935,519	1,692,958	3,084,039	2,390,773	2,662,906	2,482,221	2,305,666	2,237,436	2,661,129
Unrestricted	<u>1,633,048</u>	<u>2,485,306</u>	<u>2,371,740</u>	<u>2,860,860</u>	<u>2,446,519</u>	<u>2,509,398</u>	<u>2,769,107</u>	<u>2,524,714</u>	<u>2,572,367</u>
Total Business-type Activities Net Position	<u>\$ 8,555,202</u>	<u>\$ 9,191,832</u>	<u>\$ 9,923,972</u>	<u>\$ 10,186,189</u>	<u>\$ 10,125,486</u>	<u>\$ 9,925,795</u>	<u>\$ 10,049,474</u>	<u>\$ 23,511,268</u>	<u>\$ 23,841,412</u>
Primary Government									
Invested in Capital Assets <i>(Net of related debt)</i>	\$ 23,694,883	\$ 23,649,894	\$ 21,530,310	\$ 23,779,256	\$ 23,620,085	\$ 23,375,521	\$ 23,034,790	\$ 37,166,805	\$ 21,987,013
Restricted	6,845,298	6,277,083	7,323,581	6,519,129	6,462,352	5,868,549	5,451,050	7,362,294	26,005,711
Unrestricted	<u>4,065,479</u>	<u>5,354,172</u>	<u>6,888,532</u>	<u>5,769,145</u>	<u>5,510,469</u>	<u>5,669,394</u>	<u>6,049,000</u>	<u>(8,753,059)</u>	<u>6,394,728</u>
Total Primary Government Net Position	<u>\$ 34,605,660</u>	<u>\$ 35,281,149</u>	<u>\$ 35,742,423</u>	<u>\$ 36,067,530</u>	<u>\$ 35,592,906</u>	<u>\$ 34,913,464</u>	<u>\$ 34,534,840</u>	<u>\$ 35,776,040</u>	<u>\$ 54,387,452</u>

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental Activities									
General Government	\$ 265,602	\$ 261,623	\$ 259,065	\$ 299,958	\$ 319,914	\$ 345,662	\$ 388,764	\$ 367,607	\$ 898,033
Public Safety	1,463,226	1,550,103	1,653,301	1,830,363	1,895,463	1,972,712	1,967,491	2,214,923	2,465,933
Highways and Streets	1,446,783	1,256,670	1,262,543	1,287,818	1,356,127	1,326,646	1,402,712	1,620,242	1,436,490
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	924,244
Economic Development	7,211	91,012	5,077	7,657	42,781	9,396	11,358	91,345	26,008
Environmental Protection	4,040	1,571	3,653	734	1,791	704	1,600	414	829
Interest on Long Term Debt	415,754	373,617	458,743	508,057	450,311	552,841	372,438	343,708	547,071
Total Governmental Activities Expenses	\$ 5,123,592	\$ 4,047,404	\$ 4,129,031	\$ 4,742,526	\$ 4,797,797	\$ 4,919,297	\$ 4,962,716	\$ 5,370,268	\$ 6,298,608
Business-type Activities									
Electric Utility	\$ 2,837,530	\$ 3,695,828	\$ 4,087,728	\$ 4,142,178	\$ 4,444,773	\$ 3,998,986	\$ 4,264,535	\$ 4,561,418	\$ 4,258,246
Water Utility	763,905	745,859	868,180	841,616	805,636	797,814	798,895	954,799	982,341
Wastewater Utility	456,304	487,222	859,697	1,033,413	1,125,643	1,149,896	1,195,183	1,431,809	1,483,160
Total Business-type Activities	\$ 4,057,739	\$ 4,928,909	\$ 5,815,605	\$ 6,017,207	\$ 6,376,052	\$ 5,946,696	\$ 6,258,613	\$ 6,948,026	\$ 6,723,747
Total Primary Government Expenses	\$ 9,181,331	\$ 8,976,313	\$ 9,944,636	\$ 10,759,733	\$ 11,173,849	\$ 10,865,993	\$ 11,221,329	\$ 12,318,294	\$ 13,022,355
Program Revenues									
Governmental Activities									
Charges for Services									
General Government	\$ 71,912	\$ 21,306	\$ 121,343	\$ 106,040	\$ 106,069	\$ 83,793	\$ 104,906	\$ 215,240	\$ 293,070
Public Safety	268,234	257,556	247,644	239,674	269,079	316,185	283,306	384,999	425,312
Highway & Streets	182,567	66,428	58,224	34,004	35,636	35,496	32,053	39,840	33,448
Culture and Recreation	11,100	16,165	16,688	53,048	64,488	66,874	71,648	78,722	75,617
Operating Grants and Contributions	331,730	586,839	833,775	1,108,237	751,318	771,910	769,505	686,986	19,532,368
Capital Grants and Contributions	-	82,930	75,043	70,406	18,941	95,443	175,986	2,312,499	58,364
Total Governmental Activities Program Revenues	\$ 865,543	\$ 1,031,224	\$ 1,352,717	\$ 1,611,409	\$ 1,245,531	\$ 1,369,701	\$ 1,437,404	\$ 3,718,286	\$ 20,418,179
Business-type Activities									
Charges for Services									
Electric Utility	\$ 2,857,306	\$ 3,532,445	\$ 3,987,772	\$ 3,989,314	\$ 4,247,909	\$ 3,739,283	\$ 4,072,152	\$ 4,325,273	\$ 4,053,466
Water Utility	735,081	837,255	895,647	837,418	792,857	793,216	953,201	1,013,865	1,138,454
Wastewater Utility	490,919	802,381	1,163,147	1,172,076	1,156,679	1,148,151	1,320,646	1,373,352	1,557,136
Capital Grants and Contributions	1,584,048	430,061	9,452	-	-	9,710	-	-	-
Total Business-type Activities Program Revenues	\$ 5,667,354	\$ 5,602,142	\$ 6,056,018	\$ 5,998,808	\$ 6,197,445	\$ 5,690,360	\$ 6,345,999	\$ 6,712,490	\$ 6,749,066
Total Primary Government Program Revenues	\$ 6,532,897	\$ 6,633,366	\$ 7,408,735	\$ 7,610,217	\$ 7,442,976	\$ 7,060,061	\$ 7,783,403	\$ 10,430,776	\$ 27,167,235

Continued on the next page

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

Continued from the previous page

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense) Revenue									
Governmental Activities	\$ (4,258,049)	\$ (3,016,180)	\$ (2,776,314)	\$ (3,131,117)	\$ (3,552,266)	\$ (3,549,596)	\$ (3,525,312)	\$ (1,651,982)	\$ 14,119,571
Business-type Activities	1,609,615	673,233	240,414	(18,399)	(178,607)	(256,336)	87,386	(235,536)	25,309
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>	<u>\$ 14,144,880</u>
General Revenues and Other Changes In Net Position									
Governmental Activities									
Taxes									
Property Taxes									
General Purposes	\$ 1,376,871	\$ 1,487,332	\$ 1,381,460	\$ 1,600,292	\$ 1,444,462	\$ 1,651,051	\$ 1,519,683	\$ 1,519,802	\$ 1,637,634
Debt Service	2,103,139	398,856	169,390	364,678	441,259	336,907	455,327	455,327	371,681
Gaming Facility Revenue Sharing	-	-	-	-	-	-	-	-	1,892,058
Sales Taxes	614,082	603,723	639,973	679,351	703,376	658,940	661,759	691,642	725,464
Franchise Taxes	290,505	346,273	390,475	365,885	379,968	380,254	388,190	425,525	193,496
Investment Earnings	64,938	96,666	178,040	240,599	130,280	45,034	16,795	21,932	12,171
Transfers	467,076	125,189	(253,890)	(56,798)	39,000	-	(18,745)	(13,682,840)	(670,807)
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>	<u>\$ 4,161,697</u>
Business Type Activities									
Investment Earnings	\$ 61,654	\$ 85,586	\$ 237,836	\$ 223,818	\$ 156,904	\$ 54,304	\$ 17,548	\$ 14,490	\$ 7,303
Transfers	(467,076)	(125,189)	253,890	56,798	(39,000)	-	18,745	13,682,840	670,807
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>	<u>\$ 678,110</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>	<u>\$ 4,839,807</u>
Change in Net Position									
Governmental Activities	\$ 658,562	\$ 41,859	\$ (270,866)	\$ 62,890	\$ (413,921)	\$ (477,410)	\$ (502,303)	\$ (12,220,594)	\$ 18,281,268
Business-type Activities	1,204,193	633,630	732,140	262,217	(60,703)	(202,032)	123,679	13,461,794	703,419
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>	<u>\$ 18,984,687</u>

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

	<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>	<u>2012</u>
General Fund										
Reserved	108,293	27,849	3,052	97,085	130,488	-	-	-	-	-
Restricted: Insurance Claims	-	-	-	-	-	-	-	-	160,605	139,632
Assigned: General Government	-	-	-	-	-	-	-	-	746,627	2,799,723
Unreserved	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>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>	<u>2,939,355</u>
All Other Governmental Funds										
Reserved	331,000	165,719	682,690	2,035,192	27,596	7,735	179,765	131,643	-	-
Restricted: Debt Service	-	-	-	-	-	-	-	-	241,212	130,802
EMS Facility & Equipment	-	-	-	-	-	-	-	-	1,801,919	1,504,299
General Government	-	-	-	-	-	-	-	-	306,581	285,909
Recreation	-	-	-	-	-	-	-	-	60,261	85,430
Health and Welfare	-	-	-	-	-	-	-	-	6,830	39,636
Economic Development	-	-	-	-	-	-	-	-	153,253	159,646
Street Improvements	-	-	-	-	-	-	-	-	31,173	27,925
Capital Improvements	-	-	-	-	-	-	-	-	1,873	21,463
Committed: Street Improvements	-	-	-	-	-	-	-	-	430,201	461,980
Parks & Recreation	-	-	-	-	-	-	-	-	54,512	56,452
Capital Improvements	-	-	-	-	-	-	-	-	274,326	676,701
Assigned: General Government	-	-	-	-	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-	-	-	4,987	79
Capital Outlay	-	-	-	-	-	-	-	-	373,628	468,071
Unassigned	-	-	-	-	-	-	-	-	(13,786,952)	(141,277)
Unreserved, reported in:										
Capital Project Funds	(2,010,406)	(52,949)	(691,860)	(193,001)	-	(7,735)	(168,215)	500	-	-
Debt Service Funds	334,464	297,602	274,231	208,429	160,646	180,792	109,690	238,687	-	-
Special Revenue Funds	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>(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>	<u>3,777,116</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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 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	\$ 2,800,388
Special Assessment Taxes	508,409	405,931	507,847	571,809	511,027	533,632	536,508	524,968	517,422	488,220
Intergovernmental	1,101,314	899,667	492,299	583,138	590,415	540,637	651,998	778,034	663,855	2,442,513
Licenses and Permits	387,962	429,598	521,008	513,623	415,595	439,513	440,573	455,860	739,744	276,208
Charges for Services	189,542	240,934	95,986	148,677	205,939	234,373	290,487	274,776	260,920	503,924
Fines and Forfeitures	122,836	153,786	166,353	129,191	113,179	120,373	116,773	101,296	98,534	88,368
Use of Money & Property	57,920	63,171	97,310	187,442	245,005	135,575	54,231	24,457	45,416	144,472
Other Revenues	69,937	104,670	51,100	46,098	178,899	85,295	32,349	40,509	2,214,596	78,506
Total Revenues	\$ 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	\$ 6,822,599
Expenditures										
General Government	\$ 627,086	\$ 324,312	\$ 237,027	\$ 258,648	\$ 405,872	\$ 350,611	\$ 322,713	\$ 348,987	\$ 343,559	\$ 420,584
Public Safety	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	2,199,104
Highways and Streets	514,779	562,142	385,580	455,360	452,096	628,741	449,734	601,551	720,724	529,036
Culture and Recreation	288,196	520,391	489,771	552,655	793,733	624,406	705,892	619,363	665,260	795,930
Economic Protection	1,998	4,040	1,571	3,653	734	1,791	704	1,600	414	829
Environmental Development	8,069	7,211	91,012	5,077	7,657	42,781	9,396	11,358	91,345	26,008
Capital Outlay	2,253,684	379,723	491,061	1,739,579	2,075,717	1,365	148,432	285,772	14,349,717	5,314,426
Debt Service										
Principal	1,096,935	586,908	599,934	652,971	600,493	647,428	669,967	569,447	829,832	1,317,945
Interest	235,582	249,633	293,622	333,178	505,686	477,516	500,830	370,293	344,057	325,419
Total Expenditures	\$ 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	\$ 10,929,281
Revenues over (under) Expenditures	\$ (2,232,043)	\$ (332,528)	\$ 164,756	\$ (1,411,874)	\$ (1,770,968)	\$ 114,745	\$ (25,243)	\$ 221,028	\$ (12,188,888)	\$ (4,106,682)
Other Financing Sources (Uses)										
Bond Proceeds	\$ 1,953,843	\$ 1,764,037	\$ -	\$ 2,863,193	\$ 245,960	\$ -	\$ 2,538,769	\$ 2,938,000	\$ -	\$ 19,275,000
Notes Payable	-	-	-	140,000	-	-	-	-	-	-
Payment to Escrow Agent	-	-	-	-	-	-	\$ (2,467,744)	\$ (2,894,556)	-	-
Transfers In	917,732	670,068	736,473	1,005,881	578,740	406,383	520,455	455,178	235,969	507,048
Transfers Out	(947,490)	(202,992)	(611,284)	(1,042,404)	(561,834)	(367,383)	(520,455)	(455,178)	(235,969)	(519,621)
Total Other Financing Sources (Uses)	\$ 1,924,085	\$ 2,231,113	\$ 125,189	\$ 2,966,670	\$ 262,866	\$ 39,000	\$ 71,025	\$ 43,444	\$ -	\$ 19,262,427
Net Change in Fund Balance	\$ (307,958)	\$ 1,898,585	\$ 289,945	\$ 1,554,796	\$ (1,508,102)	\$ 153,745	\$ 45,782	\$ 264,472	\$ (12,188,888)	\$ 15,155,745
Debt Service as a Percentage of Non-capital Expenditures	33.20%	29.70%	26.30%	27.70%	26.97%	36.31%	38.33%	28.96%	6.32%	24.61%

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>		
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%
2012	\$53,799,211	\$448,326,758	\$610,836	\$2,036,120	\$54,410,047	\$450,362,878	46.531	12.08%

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	
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
2012	9.703	11.863	20.403	4.029	0.163	0.207	0.163	46.531	1.500	29.447	52.862	1.459	0.000	131.799

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Sumner County

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
2012	9.703	11.863	20.403	4.029	0.163	0.207	0.163	46.531	1.500	42.660	52.862	1.462	0.000	145.015

Source: Sedgwick County Clerk
 Sumner County Clerk

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

2012			
<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	\$ 279,239	1	0.51%
Mulvane Housing Associated LP	252,701	2	0.46%
Fugate J. Larry	229,673	3	0.42%
Casey's Retail Company	163,875	4	0.30%
Prairie State Bank	162,270	5	0.30%
BNSF	126,974	6	0.23%
Carr Properties	126,400	7	0.23%
Carro Antonio L MD	117,325	8	0.22%
Westfall Ray W & Sharron	112,975	9	0.21%
Congleton LLC	106,749	10	0.20%
	<u>\$ 1,678,181</u>		<u>3.08%</u>

Sumner County:			
Kansas Star Casino	\$ 22,750,000	1	41.81%
Brewer, John A	\$ 241,579	2	0.44%
Ratzlaff Properties, LLC	209,806	3	0.39%
Mulvane State Bank	150,977	4	0.28%
Mulvane Coop Union	135,467	5	0.25%
BNSF	122,537	6	0.23%
Pearl St Duplex	114,496	7	0.21%
Union Pacific	112,082	8	0.21%
Pendergraft Properties	111,671	9	0.21%
Wolfe, R. E. LLC	108,198	10	0.20%
	<u>\$ 24,056,813</u>		<u>44.21%</u>

2004			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sedgwick County:			
Congleton LLC	\$ 181,203	1	0.843%
ABR Enterprises NO 2 LLC	172,600	2	0.803%
Mulvane Housing Associated LP	167,095	3	0.777%
Kansas Gas Service	162,767	4	0.757%
Prairie State Bank	161,693	5	0.752%
Branine, Gary F.	115,846	6	0.539%
Westfall, Ray W. & Sharron K.	112,948	7	0.526%
BNSF	104,718	8	0.487%
Schmidt, Dan B & Kathy R. Etal	100,585	9	0.468%
Carro, Antonio L. MD PA	96,355	10	0.448%
	<u>\$ 1,375,810</u>		<u>6.400%</u>
Sumner County:			
Southwestern Bell	\$ 213,967	1	4.506%
Mulvane Coop Union	211,851	2	4.462%
Mulvane State Bank	84,543	3	1.781%
Wolfe Machine Inc	76,724	4	1.616%
Pendergraft, Gordon	76,367	5	1.609%
Union Pacific	62,401	6	1.315%
BNSF	56,348	7	1.187%
Wolfe, Mary A. Rev.	56,315	8	1.186%
Via Christi, Prope Allen & Karen	49,983	9	1.053%
Raco Machine Inc	47,478	10	1.000%
	<u>\$ 935,977</u>		<u>19.715%</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>
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	\$1,278,885	\$1,214,079	94.93%	\$43,878	\$1,257,957	98.36%
2006	\$1,300,555	\$1,256,587	96.62%	\$21,820	\$1,278,407	98.30%
2007	\$1,623,079	\$1,584,413	97.62%	\$25,298	\$1,609,711	99.18%
2008	\$1,647,716	\$1,601,399	97.19%	\$34,052	\$1,635,451	99.26%
2009	\$1,703,440	\$1,636,482	96.07%	\$20,431	\$1,656,913	97.27%
2010	\$1,705,517	\$1,648,189	96.64%	\$46,813	\$1,695,002	99.38%
2011	\$1,724,968	\$1,643,752	95.29%	\$31,191	\$1,674,943	97.10%
2012	\$1,736,417	\$1,647,302	94.87%	\$78,429	\$1,725,731	99.38%

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			
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
2012	\$24,771,522	\$965,000	-	\$37,122	\$4,620,000	\$5,842,478	-	\$36,236,122	22.97%	\$5,914

**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>
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
2012	\$30,614,000	\$130,802	\$30,483,198	6.77%	\$4,975

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, 2012

<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	0.66%	\$ 514,305
Sumner County	2,999,137	13.16%	\$ 394,686
School District #263	<u>24,635,000</u>	<u>64.85%</u>	<u>\$ 15,975,798</u>
Total Estimated Overlapping Debt	105,559,137	16.00%	16,884,789
City's Direct Debt	<u>30,614,000</u>	<u>100.00%</u>	<u>30,614,000</u>
Total Direct and Overlapping Debt	<u>\$ 136,173,137</u>	<u>34.88%</u>	<u>\$ 47,498,789</u>

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

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

Source: Triplett, Woolf & Garretson, LLC

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

	<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>	<u>2012</u>
Debt Limit	\$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	\$18,406,794
Total Net Debt Applicable to Limit	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	4,002,291
Legal Debt Margin	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	14,404,503
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	54%	34%	31%	54%	47%	44%	42%	40%	37%	22%

Legal Debt Margin Calculation for 2012

Assessed Value	\$54,410,047
Motor-Vehicle K.S.A. 79-5113	<u>6,945,933</u>
Total Assessed Value	<u>\$61,355,980</u>
Debt Limit-Approximately 30% of Assessed Value (K.S.A. 10-308)	\$18,406,794
Bonded Indebtedness	30,614,000
Less Exempt Debt	<u>26,611,709</u>
Total Amount Applicable to Debt Limit	<u>4,002,291</u>
Legal Debt Margin	<u>\$14,404,503</u>

Source: City Financials
Triplett, Woolf & Garretson, LLC

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

Electric Revenue Bonds							
<u>Year</u>	<u>Gross Revenues</u>	<u>Less Operating Expenses (1)</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (2)</u>
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
2012	\$4,058,302	\$3,647,053	\$411,249	-	\$68,223	\$68,223	6.03

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 2012 was 5.65. 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)
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	---	---	---	---
2011	\$1,011,981	\$819,086	\$192,895	---	---	---	---
2012	\$1,139,153	\$837,650	\$301,503	---	---	---	---

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 2012 was 5.65. 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)
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
2012	\$1,558,904	\$802,911	\$755,993	\$70,000	\$126,954	\$196,954	3.84

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 2012 was 5.65. 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)
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	---	---	---	---
2012	\$31,531	\$1,990	\$29,541	---	---	---	---

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 2012 was 5.65. 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>
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%
2012	6,127	\$ 157,727	\$ 25,743	35.1	1,920	6.10%	5.60%

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

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

<u>Employer</u>	<u>2012</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Population</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Population</u>
Kansas Star Casino	969	1	15.82%	Not Available	0	
USD #263	323	2	5.27%	300	1	5.42%
Villa Maria Inc	102	3	1.66%	Not Available		
City of Mulvane	55	4	0.90%	51	2	0.92%
Cowley County College	50	5	0.82%	Not Available		
Dillons	45	6	0.73%	20	4	0.36%
Carson Bank	39	7	0.64%	Not Available		
Maria Court	25	8	0.41%	Not Available		
Wolfe Machine	24	9	0.39%	8	5	0.15%
Mulvane Coop	20	10	0.33%	22	3	0.40%
	<u>1652</u>		<u>26.96%</u>	<u>401</u>		<u>7.25%</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>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>	<u>2012</u>
Administration	9	9	9	9	9	9	9	9	9	9
Police Officers	11	15	12	12	12	12	12	11	11	12
Police Dispatchers	5	5	5	5	5	5	5	6	6	6
Emergency Services	3	3	3	3	3	3	3	3	3	3
Parks & Recreation	4	4	4	4	4	4	4	4	5	5
Streets	5	5	5	5	5	5	5	5	5	5
Electric	6	8	8	8	8	8	8	8	8	8
Water	4	4	4	4	4	4	4	4	4	4
Wastewater	4	4	4	4	4	4	4	4	4	4
Total	51	57	54	54	54	54	54	54	55	56

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>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>	<u>2012</u>
Police										
Calls for Service	3,033	3,202	3,133	3,561	4,398	4,182	3,856	3,669	3,508	3,072
Moving Citations	947	1,208	1,284	864	752	733	639	517	623	658
DUI Arrests	25	26	71	20	22	18	25	17	15	68
Arrests	179	325	314	200	236	224	229	214	213	316
Emergency Services										
Fire & Rescue Calls	258	275	325	311	387	389	383	350	389	436
Ambulance Calls	594	645	569	606	707	743	787	762	736	793
Electric										
New Connections	37	31	21	96	19	11	6	5	4	39
Average Daily Usage (mWh/Day)	107	108	115	116	120	116	117	119	120	117
Peak Daily Usage (kW)	11,746	10,846	11,718	12,959	12,556	12,500	11,900	12,700	13,100	13,100
Water										
New Connections	8	31	41	73	10	1	6	1	8	32
Average Daily Consumption (Gallons)	517,047	481,614	482,093	519,060	442,496	470,847	469,288	483,110	494,129	561,377
Peak Daily Consumption (Gallons)	973,000	803,000	#####	969,000	925,000	786,000	#####	835,000	916,000	1,110,000
Wastewater										
Average Daily Sewage Treatment	376,000	380,000	385,000	400,000	421,000	474,000	461,392	417,164	377,487	401,639

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>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>	<u>2012</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	11	11	11	11	11	11	11	11	11
Ambulances	2	2	2	2	2	2	2	2	2	3
Parks & Recreation										
Acreage	64.8	66.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3
Neighborhood Parks	14	15	16	16	16	16	16	16	16	16
Sports Complex	1	1	1	1	1	1	1	1	1	1
Swimming Pool	1	1	0	0	1	1	1	1	1	1
Sr. Center	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Streets										
Streets (Miles)	36	38	38	38	38	38	38	38	38	38
Traffic Signals	3	3	3	3	3	3	3	3	3	3
Electric										
Power Plant	2	2	2	2	2	2	2	2	2	2
Miles of Line	32	33	33	33	33	33	33	33	33	33
Generating Capacity (kw)	15600	15600	16600	16600	16600	16600	16600	16600	16600	16600
Water										
Water Mains (Miles)	34	35	35	35	35	35	35	35	39	39
Fire Hydrants	215	215	220	221	221	221	221	221	221	221
Storage Capacity (kgal)	800	800	800	800	800	800	800	800	800	800
Wastewater										
Sanitary Sewers (Miles)	24	25	26	26	26	26	26	26	34	34
Storm Sewers (Miles)	1	1	1	1	1	1	1	1	1	1
Treatment Capacity (mgd)	0.05	0.05	0.05	1	1	1	1	1	1	1
Lift Stations	5	4	4	4	5	5	5	5	5	5

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