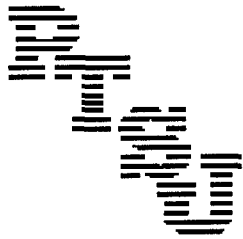


CITY OF ARKANSAS CITY, KANSAS  
ANNUAL FINANCIAL STATEMENTS

December 31, 2008



**Parman, Tanner,  
Soule & Jackson,  
CPAs RLLP**

110 South First Street  
Arkansas City, KS 67005

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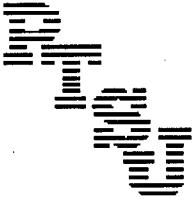
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**PARMAN, TANNER, SOULE & JACKSON**  
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Partners

Elliott R. Jackson, CPA  
Jon P. Parman, CPA

Independent Auditor's Report

Board of City Commissioners  
Arkansas City, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Arkansas City, Kansas, as of and for the year ended December 31, 2008 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of South Central Kansas Regional Medical Center which represent 98.6 percent, 98.5 percent and 97.5 percent of the assets, net assets and revenues of the discreetly presented component units. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for South Central Kansas Regional Medical Center, is based on the report of other auditors. The prior year summarized comparative information has been derived from the City's 2007 financial statements and, in our report dated August 25, 2008, except for the omission of component data and inventories, the financial statements presented fairly in all material respects the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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

As described in Notes 1-G and 2 the financial statements referred to above do not include inventories. In addition, not all infrastructure is capitalized.

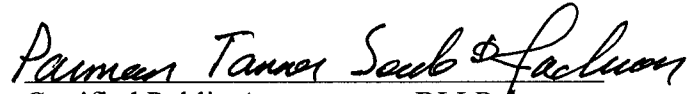
In our opinion, based on our audit and the report of other auditors, except for the omissions referred to above, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-

PARMAN, TANNER, SOULE & JACKSON, CPA'S

type activities, the aggregate discretely presented component units, each major fund and the remaining fund information of the City of Arkansas City, Kansas, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Arkansas City, Kansas basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements, and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Certified Public Accountants, RLLP

June 26, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the City of Arkansas City annual financial report is provided for readers of the financial statements for the fiscal year ended December 31, 2008.

### Overview of the Financial Statements

The basic financial statements include three components: City wide financial statements, fund financial statements, notes to the financial statements and required supplementary information such as budgets.

The first statement included is the Statement of Net Assets. This statement is divided into the following three columns:

**Governmental activities** – The main operating fund of the city. This fund is used to account for all financial resources not accounted for in other funds.

**Business-Type Activities** – Proprietary activities that operate as stand-alone businesses in support of city operations. This includes the Water, Sewer, Sanitation and Storm Water funds.

**Total** – Combines the Governmental and Business-type activities.

This statement in summary lists the assets owned by the City, the liabilities for which the City is responsible, and the net of the two. The combined statement is supported by the Balance Sheet for Governmental Funds (page 7) and the Statement of Net Assets Proprietary Funds (page 3).

The second statement is the Statement of Activities; this statement is also divided up by the three columns listed above. This statement shows direct expenditures and revenues for each activity type and the net of the two. Below are listed the indirect revenue sources for each activity, which includes all revenues from state and local sources. This statement is supported by the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds (page 8) and the Statement of Revenues, Expenses and Changes in Net Assets Proprietary Funds (page 12). The most definitive line to determine how a particular fund performed during the year is the Net Changes in Fund Balance line for the Governmental Funds and the Change in Net Assets line for the Proprietary Funds.

In reviewing this information, it is important to remember that the function of local government is not to maximize profits but to provide an adequate level of services to our citizens at lowest possible cost while maintaining stable fund balances.

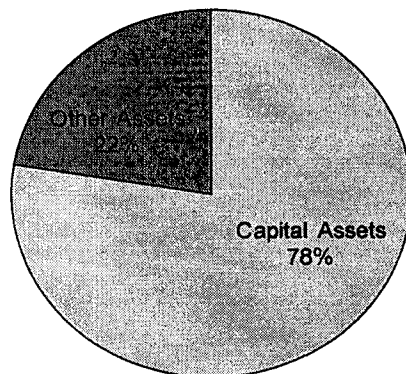
Net Assets

Combined net assets of the City at December 31 were:

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Current and other assets	\$ 9,103,668	\$ 6,456,239	\$ 4,535,590	\$ 3,932,027	\$ 13,639,258	\$ 10,388,266
Capital assets	\$ 31,579,843	\$ 31,368,537	\$ 5,175,001	\$ 4,663,485	\$ 36,754,844	\$ 36,032,022
Total Assets	<u>\$ 40,683,511</u>	<u>\$ 37,824,776</u>	<u>\$ 9,710,591</u>	<u>\$ 8,595,512</u>	<u>\$ 50,394,102</u>	<u>\$ 46,420,288</u>
Long-term liabilities	\$ 8,161,948	\$ 7,881,326	\$ 943,306	\$ 679,082	\$ 9,105,254	\$ 8,560,408
Other liabilities	\$ 7,693,826	\$ 3,885,257	\$ 463,909	\$ 474,955	\$ 8,157,735	\$ 4,360,212
Total liabilities	<u>\$ 15,855,774</u>	<u>\$ 11,766,583</u>	<u>\$ 1,407,215</u>	<u>\$ 1,154,037</u>	<u>\$ 17,262,989</u>	<u>\$ 12,920,620</u>
Net assets:						
Invested in capital assets, net of debt	\$ 17,744,097	\$ 21,763,763	\$ 4,275,025	\$ 4,009,623	\$ 22,019,122	\$ 25,773,386
Restricted for other purposes	\$ 3,796,682	\$ 3,684,641	\$ 218,674	\$ 217,772	\$ 4,015,356	\$ 3,902,413
Unrestricted	\$ 3,286,958	\$ 609,789	\$ 3,809,677	\$ 3,214,080	\$ 7,096,635	\$ 3,823,869
Total Net Assets	<u>\$ 24,827,737</u>	<u>\$ 26,058,193</u>	<u>\$ 8,303,376</u>	<u>\$ 7,441,475</u>	<u>\$ 33,131,113</u>	<u>\$ 33,499,668</u>

A review of the government-wide financial statement of net assets reveals the following: The City ended 2007 with positive net assets. Total assets for the City are \$46,420,288. Of these total assets, \$36,032,022 is capital assets and \$10,388,266 is other assets.

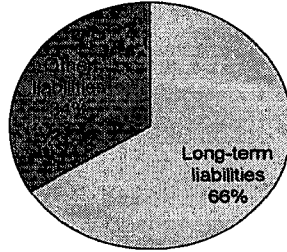
**Total Assets**



Total liabilities for the City are \$12,920,620. Of this total, \$8,560,408 is for long-term liabilities and \$4,360,212 is other liabilities. The majority of the long-term liabilities are for debt issued for major capital projects. City policy states that we will not issue debt with a maturity period greater than 10 years.

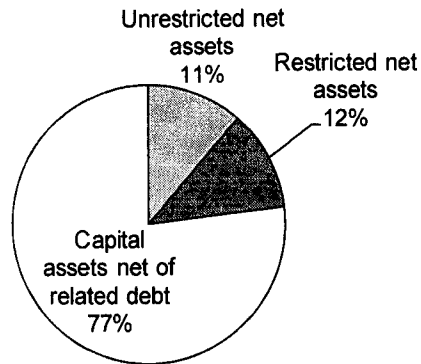


**Total Liabilities**



Total net assets for the City are \$33,499,668. Of these total net assets, \$3,823,869 is for unrestricted net assets and \$3,902,413 is for restricted net assets. Net assets invested in capital assets net of related debt are \$25,773,386.

**Total net assets**



## Statement of Activities

The table below shows the condensed revenue, expenses and the change in net assets for 2006 and 2007.

	<b>Governmental activities</b>		<b>Business-type Activities</b>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for services	\$ 1,295,257	\$ 753,575	\$ 6,098,321	\$ 6,158,357
Operating grants/contributions	13,094	4,740	-	-
Capital grants/contributions	2,571,838	821,347	-	-
<b>General Revenues:</b>				
Property taxes	6,286,574	6,283,370	-	-
Public services taxes	1,364,227	1,207,113	-	-
Other taxes	190,413	203,302	-	-
Other	838,153	768,872	(100,231)	(100,432)
<b>Total revenues</b>	<b>12,559,556</b>	<b>10,042,319</b>	<b>5,998,090</b>	<b>6,057,925</b>
<b>Expenses:</b>				
General government	\$ 2,194,645	\$ 2,794,582	-	-
Public safety	4,393,176	4,571,558	-	-
Public works	787,956	895,897	-	-
Cultural and recreation	953,378	1,100,329	-	-
Personal services	127,403	87,891	-	-
Contractual	492,039	286,655	-	-
Outside services	282,128	306,598	-	-
Commodities	316,836	278,057	-	-
Water	-	-	2,225,689	2,339,350
Sewer	-	-	1,391,678	1,394,695
Sanitation	-	-	1,232,047	1,303,034
Storm Water	-	-	94,522	174,941
Miscellaneous	-	-	-	-
Interest on long-term debt	472,293	496,862	-	-
<b>Total Expenses</b>	<b>10,019,854</b>	<b>10,818,429</b>	<b>4,943,936</b>	<b>5,212,020</b>
Excess (deficiency) before	2,539,702	(776,110)	1,054,154	845,905
Reimbursements	34,707	298,760	44,753	-
Transfers	710,000	1,707,806	(710,000)	(1,707,806)
Increase in net assets	3,284,409	1,230,456	388,907	(861,901)
Net assets January 1	21,543,328	24,827,737	7,914,469	8,303,376
<b>Net assets December 31</b>	<b>\$ 24,827,737</b>	<b>\$ 26,058,193</b>	<b>\$ 8,303,376</b>	<b>\$ 7,441,475</b>

## Governmental Activities

Several of the revenue and expense categories fluctuated between 2007 and 2008, as explained below.

- Capital Grants/Contributions – Federal, State and local government Grants and reimbursements decreased in 2008 due to several large infrastructure improvements being completed in 2007.

- Sales Tax – This revenue category was 11.5% higher in 2007 due to an increase in sales because the local economy improved.
- Public Safety Expenses – This expense category was higher in 2008 due to changes in personal and execution of various public safety grants that were received.
- Public Works Expense – This expense category was lower in 2007 due to weather related decreases in work completed in 2007.

### Business-type Activities

Several of the revenue and expense categories fluctuated between 2007 and 2008, as explained below.

- Charges for Services – This revenue category remained relatively steady in 2008.
- Water, Sewer & Sanitation Expense – Water expenses increased in 2008, while Sewer remained steady and Sanitation increased by \$70,987.

### Analysis of the Fund Financial Statements

#### Government Funds

The City's governmental fund statements can be found on pages 7 and 8 of the basic financial statements. The fund balances of the Governmental Funds increased in fiscal year 2007 due to an increase in funds for scheduled capital projects. The fund balance decreased in 2008 due to a reduction in scheduled capital projects.

The General Fund is the chief operating fund of the City. The fund balance of the General Fund at December 31, 2008 was \$11,000. This represents a slight increase over 2007.

The Debt Service Fund balance decreased from \$138,754 as of December 31, 2007 to \$149,888 as of December 31, 2008. All of the Debt Service Fund balance is reserved for payment of debt service.

#### Proprietary Funds

The Internal Service Funds information is included with the governmental activities information on the government-wide statements. Any asset, revenue, and/or expense fluctuations have been discussed in the government-wide statement section.

Enterprise fund information for Water, Sewer, and Sanitation Funds is included in the discussion of the Government-wide financial Statements.

#### Capital Assets

The City has not recorded depreciation expense in the past. However, after implementing GASB 34 under the transition provision in 2004, the City has made accumulated depreciation adjustments based upon estimated remaining useful life of fixed assets recorded at December 31, 2004. The governmental funds' infrastructure assets recorded in 2004 are expected to have a useful life of ten years. The equipment is estimated to have a ten-year useful life. Management has determined that the useful life of business entities facilities is 20 years and equipment is 10 years. Business entity assets remaining at

December 31, 2004 were estimated to have one-half of their useful life remaining. New infrastructure is estimated to have a useful life of 40 years. The remaining basis of traded assets is added to the cost of new assets and gains or losses have not been recognized which would be material.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	January 1, 2008	December 31, 2008	January 1, 2008	December 31, 2008
Land, infrastructure and buildings	\$ 32,441,582	\$ 32,998,700	\$ 5,283,441	\$ 5,283,441
Equipment	3,306,428	3,688,941	3,052,336	3,281,655
Meter, mains and service lines	-	-	3,551,812	3,573,995
Accumulated depreciation	(4,168,167)	(5,319,104)	(6,712,588)	(7,475,606)
<b>Totals</b>	<b>\$ 31,579,843</b>	<b>\$ 31,368,537</b>	<b>\$ 5,175,001</b>	<b>\$ 4,663,485</b>

### Long-term Debt

At December 31, 2008, the City had a number of debt issues outstanding.

	<b>2008</b>	<b>2007</b>
General obligation bonds	\$ 7,765,000	\$ 6,685,000
Revenue Bonds	-	-
Temporary notes	960,000	5,928,000
Lease Purchase	646,302	753,040
Certificate of participation	233,473	285,467
Community development block grant and Kansas department of health and environment loans	653,861	1,084,215
<b>Total long-term liabilities</b>	<b>\$ 10,258,636</b>	<b>\$14,735,722</b>

The City has established the following policy in regards to long-term debt. First, we do not issue long-term debt with a maturity period greater than 10 years. Second we issue debt so that it is tiered as one issue matures, we issue any required additional debt. This keeps the debt service payments relatively steady and allows us to manage our outstanding debt. Additional information regarding the City's debt can be found in note 3, page 25.

### Request for information

This financial report is intended to give the reader a general overview of the City's finances. Questions about information contained in this report or request for additional information should be addressed to the Director of Administration, 118 West Central Avenue, Arkansas City, KS 67005.

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2008 Total</u>	<u>2007 Total</u>
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and cash equivalents	\$ 2,523,326	\$ 2,863,539	\$ 5,386,865	\$ 8,123,338
Taxes receivable	3,202,266	-	3,202,266	3,208,640
Accounts receivable	248,272	850,716	1,098,988	1,500,564
Other receivables	-	-	-	-
Supplies	-	-	-	-
Prepaid expenses	-	-	-	-
Total current assets	<u>5,973,864</u>	<u>3,714,255</u>	<u>9,688,119</u>	<u>12,832,542</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	\$ 111,941	\$ 217,772	\$ 329,713	\$ 349,460
Special assessments	370,434	-	370,434	457,256
Capital assets, net	<u>31,368,537</u>	<u>4,663,485</u>	<u>36,032,022</u>	<u>36,754,844</u>
Total noncurrent assets	<u>\$ 31,850,912</u>	<u>\$ 4,881,257</u>	<u>\$ 36,732,169</u>	<u>\$37,561,560</u>
Total assets	<u>\$ 37,824,776</u>	<u>\$ 8,595,512</u>	<u>\$ 46,420,288</u>	<u>\$50,394,102</u>
<b><u>LIABILITIES</u></b>				
Current Liabilities:				
Accounts and contracts payable	\$ 531,787	\$ 168,593	\$ 700,380	\$ 718,554
Contracts payable-related party	106,200	-	106,200	-
Accrued expenses	561,601	20,616	582,217	539,125
Other current liabilities	137,126	-	137,126	129,648
Current portion of long-term obligations	2,466,033	254,778	2,720,811	6,675,930
Current portion of compensated absences	<u>82,510</u>	<u>30,968</u>	<u>113,478</u>	<u>94,478</u>
Total current liabilities	<u>\$ 3,885,257</u>	<u>\$ 474,955</u>	<u>\$ 4,360,212</u>	<u>\$ 8,157,735</u>
<u>Noncurrent Liabilities:</u>				
Long-term debt	\$ 7,138,741	\$ 399,084	\$ 7,537,825	\$ 8,059,792
Compensated absences	<u>742,585</u>	<u>279,998</u>	<u>1,022,583</u>	<u>1,045,462</u>
Total noncurrent liabilities	<u>\$ 7,881,326</u>	<u>\$ 679,082</u>	<u>\$ 8,560,408</u>	<u>\$ 9,105,254</u>
Total liabilities	<u>\$ 11,766,583</u>	<u>\$ 1,154,037</u>	<u>\$ 12,920,620</u>	<u>\$17,262,989</u>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	\$ 21,763,763	\$ 4,009,623	\$ 25,773,386	\$22,019,122
Restricted for:				
Debt	\$ 1,260,891	\$ -	\$ 1,260,891	\$ 1,307,256
General Government	2,126,074	217,772	2,343,846	2,398,080
Cultural	23,453	-	23,453	35,716
Outside organizations	<u>274,223</u>	<u>-</u>	<u>274,223</u>	<u>274,304</u>
Total restricted net assets	<u>\$ 3,684,641</u>	<u>\$ 217,772</u>	<u>\$ 3,902,413</u>	<u>\$ 4,015,356</u>
Unrestricted	<u>\$ 609,789</u>	<u>\$ 3,214,080</u>	<u>\$ 3,823,869</u>	<u>\$ 7,096,635</u>
Total net assets	<u>\$ 26,058,193</u>	<u>\$ 7,441,475</u>	<u>\$ 33,499,668</u>	<u>\$33,131,113</u>

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

CITY OF ARKANSAS CITY, KANSAS  
STATEMENT OF NET ASSETS  
12/31/2008

Component Units <u>2008 Total</u>	Component Units <u>2007 Total</u>
\$ 5,818,975	\$ 5,597,167
-	-
1,510,063	1,377,077
8,421	15,677
681,687	529,602
<u>165,623</u>	<u>124,598</u>
<u>8,184,769</u>	<u>7,644,121</u>
\$ -	\$ -
-	-
<u>3,874,384</u>	<u>3,522,703</u>
<u>\$ 3,874,384</u>	<u>\$ 3,522,703</u>
<u>\$12,059,153</u>	<u>\$11,166,824</u>
\$ 486,269	\$ 377,684
-	-
472,825	478,963
187,072	187,072
385,030	370,613
-	-
<u>\$ 1,531,196</u>	<u>\$ 1,414,332</u>
\$ 448,899	\$ 833,929
-	-
<u>\$ 448,899</u>	<u>\$ 833,929</u>
<u>\$ 1,980,095</u>	<u>\$ 2,248,261</u>
\$ 2,930,754	\$ 2,318,161
\$ -	\$ -
815	-
140,258	148,419
-	-
<u>\$ 141,073</u>	<u>\$ 148,419</u>
<u>\$ 7,007,231</u>	<u>\$ 6,452,343</u>
<u>\$10,079,058</u>	<u>\$ 8,918,923</u>

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

CITY OF ARKANSAS CITY, KANSAS  
STATEMENT OF ACTIVITIES  
December 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>
..... Program Revenue .....				
<u>Primary Government</u>				
Governmental activities:				
General government	\$ 2,794,582	\$ 134,154	\$ -	\$ 821,347
Public safety	4,571,558	451,752	-	-
Public works	895,897	167,669	4,740	-
Cultural and recreation	1,100,329	-	-	-
Personal services	87,891	-	-	-
Contractual	286,655	-	-	-
Outside services	306,598	-	-	-
Commodities	278,057	-	-	-
Interest on long-term debt	<u>496,862</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 10,818,429</u>	<u>\$ 753,575</u>	<u>\$ 4,740</u>	<u>\$ 821,347</u>
Business-type activities:				
Water	\$ 2,339,350	\$ 2,980,129	\$ -	\$ -
Sewer	1,394,695	1,767,128	-	-
Sanitation	1,303,034	1,215,990	-	-
Storm sewer	<u>174,941</u>	<u>195,110</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 5,212,020</u>	<u>\$ 6,158,357</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 16,030,449</u>	<u>\$ 6,911,932</u>	<u>\$ 4,740</u>	<u>\$ 821,347</u>
Component units				
SCKRMC	\$ 13,140,143	\$ 13,974,604	\$ 10,554	\$ -
Library	<u>371,325</u>	<u>11,496</u>	<u>39,523</u>	<u>-</u>
Total component units	<u>\$ 13,511,468</u>	<u>\$ 13,986,100</u>	<u>\$ 50,077</u>	<u>\$ -</u>

General Revenues

Taxes:

- Property taxes levied for general purposes
- Property taxes levied for debt service
- Franchise taxes
- Public service taxes
- Investment earnings
- Miscellaneous
- Other entities portion of certificate of participation
- Accrued interest on bond sale
- Transfers
- Reimbursements
- Business entries retirement of G.O. Bonds
- Total general revenues and transfers
- Change in net assets
- Net assets at beginning of year
- Net assets at end of year

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

CITY OF ARKANSAS CITY, KANSAS  
STATEMENT OF ACTIVITIES (CONTINUED)  
December 31, 2008

... Net (Expense) Revenue and Changes in Net Assets. . .

Governmental Activities	Primary Government		Component Units		
	Business-Type Activities	2008 Total	2007 Total	2008 Total	2007 Total
\$ (1,839,081)	\$ -	\$ (1,839,081)	\$ 921,356	\$ -	\$ -
(4,119,806)	-	(4,119,806)	(3,911,063)	-	-
(723,488)	-	(723,488)	(512,092)	-	-
(1,100,329)	-	(1,100,329)	(953,378)	-	-
(87,891)	-	(87,891)	(127,403)	-	-
(286,655)	-	(286,655)	(492,039)	-	-
(306,598)	-	(306,598)	(282,128)	-	-
(278,057)	-	(278,057)	(310,625)	-	-
(496,862)	-	(496,862)	(472,293)	-	-
<u>\$ (9,238,767)</u>	<u>\$ -</u>	<u>\$ (9,238,767)</u>	<u>\$ (6,139,665)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 640,779	\$ 640,779	\$ 616,518	\$ -	\$ -
-	372,433	372,433	492,328	-	-
-	(87,044)	(87,044)	(54,613)	-	-
<u>-</u>	<u>20,169</u>	<u>20,169</u>	<u>100,152</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 946,337</u>	<u>\$ 946,337</u>	<u>\$ 1,154,385</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (9,238,767)</u>	<u>\$ 946,337</u>	<u>\$ (8,292,430)</u>	<u>\$ (4,985,280)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 845,015	\$ 888,361
-	-	-	-	(320,306)	(302,863)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,709</u>	<u>\$ 585,498</u>
\$ 4,989,084	\$ -	\$ 4,989,084	\$ 4,993,690	\$ 306,598	\$ 282,127
1,294,286	-	1,294,286	1,292,884	-	-
203,302	-	203,302	190,413	-	-
1,207,113	-	1,207,113	1,364,227	-	-
273,437	122,842	396,279	476,408	185,371	247,767
267,718	-	267,718	261,514	143,457	198,539
-	-	-	-	-	-
4,443	-	4,443	-	-	-
1,707,806	(1,707,806)	-	-	-	-
298,760	-	298,760	79,460	-	-
223,274	(223,274)	-	-	-	-
<u>\$ 10,469,223</u>	<u>\$ (1,808,238)</u>	<u>\$ 8,660,985</u>	<u>\$ 8,658,596</u>	<u>\$ 635,426</u>	<u>\$ 728,433</u>
\$ 1,230,456	\$ (861,901)	\$ 368,555	\$ 3,673,316	\$ 1,160,135	\$ 1,313,931
<u>24,827,737</u>	<u>8,303,376</u>	<u>33,131,113</u>	<u>29,457,797</u>	<u>8,918,923</u>	<u>7,604,992</u>
<u>\$ 26,058,193</u>	<u>\$ 7,441,475</u>	<u>\$ 33,499,668</u>	<u>\$ 33,131,113</u>	<u>\$ 10,079,058</u>	<u>\$ 8,918,923</u>

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



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

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>2008 Total</u>	<u>2007 Total</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 301,008	\$ 982,618	\$ 1,125,558	\$ 2,409,184	\$ 4,700,147
Accounts receivable (net)	248,272	-	-	248,272	616,113
Taxes receivable	2,115,074	-	1,087,192	3,202,266	3,208,640
Deposits with fiscal agent	-	-	-	-	-
Special assessments	-	-	370,434	370,434	457,256
Total assets	<u>\$ 2,664,354</u>	<u>\$ 982,618</u>	<u>\$ 2,583,184</u>	<u>\$ 6,230,156</u>	<u>\$ 8,982,156</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
Liabilities:					
Accounts payable	\$ 290,008	\$ -	\$ 89,732	\$ 379,740	\$ 312,364
Contracts payable	-	258,247	-	258,247	239,255
Deferred revenue	2,363,346	-	1,457,626	3,820,972	4,282,009
Due to other agencies	-	-	137,126	137,126	129,648
Total liabilities	<u>\$ 2,653,354</u>	<u>\$ 258,247</u>	<u>\$ 1,684,484</u>	<u>\$ 4,596,085</u>	<u>\$ 4,963,276</u>
Fund balance:					
Reserved	\$ 11,000	\$ -	\$ 100,941	\$ 111,941	\$ 130,786
Unreserved, reported in:					
General fund	-	-	-	-	-
Capital projects	-	724,371	-	724,371	3,205,074
Debt service	-	-	-	-	138,754
Special revenue funds	-	-	797,759	797,759	544,266
Total fund balance	<u>\$ 11,000</u>	<u>\$ 724,371</u>	<u>\$ 898,700</u>	\$ 1,634,071	\$ 4,018,880
Total liabilities and fund balance	<u>\$ 2,664,354</u>	<u>\$ 982,618</u>	<u>\$ 2,583,184</u>		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	31,368,537	31,579,843
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	226,083	120,480
Long-term liabilities, including bonds payable and accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds. (Net of related receivables.)	(10,429,869)	(14,663,630)
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.	3,820,972	4,282,009
Interest payable on current debt does not require current financial resources; therefore, interest payable is not reported as a liability in governmental fund balance sheets.	<u>(561,601)</u>	<u>(509,845)</u>
Net assets of governmental activities	<u>\$ 26,058,193</u>	<u>\$ 24,827,737</u>

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

CITY OF ARKANSAS CITY, KANSAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For The Year Ended December 31, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>2008 Total</u>	<u>2007 Total</u>
<b><u>REVENUES</u></b>					
Taxes	\$ 4,738,651	\$ -	\$ 1,637,915	\$ 6,376,566	\$ 6,126,848
Intergovernmental	715,932	-	401,842	1,117,774	980,019
Franchise taxes	-	-	203,302	203,302	190,413
Transient guest tax	-	-	89,339	89,339	77,087
Licenses, fees, permits	42,435	-	-	42,435	60,980
Charges for services	396,392	-	-	396,392	398,856
Fines, forfeitures, penalties	451,752	-	-	451,752	482,113
Miscellaneous	266,460	843	306,058	573,361	687,312
Rent and H.U.D. payments	-	-	118,351	118,351	130,914
Grants	-	821,347	-	821,347	2,571,838
Interest	207,725	64,365	1,347	273,437	358,731
Donations	-	-	4,740	4,740	6,211
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total revenues	<u>\$ 6,819,347</u>	<u>\$ 886,555</u>	<u>\$ 2,762,894</u>	<u>\$ 10,468,796</u>	<u>\$ 12,071,322</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	\$ 880,638	\$ 744,904	\$ -	\$ 1,625,542	\$ 1,060,214
Public safety	4,571,558	-	-	4,571,558	4,393,176
Public works	791,520	104,377	-	895,897	1,004,739
Culture and recreation	1,100,329	-	-	1,100,329	953,378
Personal services	-	-	87,891	87,891	127,403
Contractual	-	-	286,655	286,655	275,256
Outside organizations	-	-	306,598	306,598	282,128
Commodities	-	-	278,057	278,057	316,836
Debt service:					
Principal	52,250	4,968,000	1,386,607	6,406,857	1,362,597
Interest	1,775	193,445	249,572	444,792	502,526
Capital outlay	<u>243,292</u>	<u>786,421</u>	<u>76,965</u>	<u>1,106,678</u>	<u>2,664,542</u>
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total expenditures	<u>\$ 7,641,362</u>	<u>\$ 6,797,147</u>	<u>\$ 2,672,345</u>	<u>\$ 17,110,854</u>	<u>\$ 12,942,795</u>
Revenues over (under) expenditures	<u>\$ (822,015)</u>	<u>\$ (5,910,592)</u>	<u>\$ 90,549</u>	<u>\$ (6,642,058)</u>	<u>\$ (871,473)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Proceeds of long-term capital related debt	\$ -	\$ 2,545,000	\$ -	\$ 2,545,000	\$ 153,422
Accrued interest on bond sale	-	-	4,443	4,443	-
Operating transfer in (out)	822,917	884,889	-	1,707,806	710,000
Equity transfer in (out)	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total other financing sources (uses)	<u>\$ 822,917</u>	<u>\$ 3,429,889</u>	<u>\$ 4,443</u>	<u>\$ 4,257,249</u>	<u>\$ 863,422</u>
Net change in fund balances	\$ 902	\$ (2,480,703)	\$ 94,992	\$ (2,384,809)	\$ (8,051)
Fund balances beginning	<u>10,098</u>	<u>3,205,074</u>	<u>803,708</u>	<u>4,018,880</u>	<u>4,026,931</u>
Fund balances ending	<u>\$ 11,000</u>	<u>\$ 724,371</u>	<u>\$ 898,700</u>	<u>\$ 1,634,071</u>	<u>\$ 4,018,880</u>

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

CITY OF ARKANSAS CITY, KANSAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2008

	<u>2008</u>	<u>2007</u>
Net change in fund balances-total governmental funds	\$(2,384,809)	\$ (8,051)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	1,106,678	2,664,542
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(1,171,829)	(1,123,374)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bond proceeds	\$ (2,545,000)	
Bond principal retirement	1,555,079	
Temporary note retirement	4,968,000	
Lease purchase retirement	106,738	
	4,084,817	2,068,989
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds. The actual change from 2007 to 2008 was a decrease.	2,789	78,698
Some property tax will not be collected for several months after the City's fiscal year-end. They are not considered "available" revenues in the governmental funds. This also includes other accounts receivable. The actual change from 2007 to 2008 was a decrease.	(461,037)	(345,619)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. The actual change from 2007 to 2008 was a decrease.	(51,756)	38,979
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities activities net of amount allocated to business-type activities and depreciation expense.		
Change in net assets	\$ 82,539	
Net amount eliminated to governmental funds	<u>23,064</u>	<u>(89,755)</u>
Change in net assets of governmental activities	<u>\$ 1,230,456</u>	<u>\$ 3,284,409</u>

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

CITY OF ARKANSAS CITY, KANSAS  
STATEMENTS OF NET ASSETS  
PROPRIETARY FUNDS  
For Year Ended December 31, 2008

	Business-type Activities Enterprise Funds			
	<u>Major Water</u>	<u>Major Sewage</u>	<u>Major Sanitation</u>	<u>Non-Major Storm Sewer</u>
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and cash equivalents	\$ 1,193,604	\$ 1,181,592	\$ 111,672	\$ 376,671
Receivables, net	<u>503,364</u>	<u>188,004</u>	<u>137,585</u>	<u>21,763</u>
Total current assets	<u>\$ 1,696,968</u>	<u>\$ 1,369,596</u>	<u>\$ 249,257</u>	<u>\$ 398,434</u>
Noncurrent assets:				
Restricted cash and cash equivalents	\$ 217,772	\$ -	\$ -	\$ -
Capital assets				
Land	160,375	-	-	-
Buildings and improvements	94,769	4,838,136	173,983	16,178
Meters, mains & service lines	3,573,995	-	-	-
Vehicles and equipment	1,804,729	281,411	1,195,515	-
Less: accumulated depreciation	<u>(4,157,430)</u>	<u>(2,207,267)</u>	<u>(1,098,775)</u>	<u>(12,134)</u>
Total noncurrent assets	<u>\$ 1,694,210</u>	<u>\$ 2,912,280</u>	<u>\$ 270,723</u>	<u>\$ 4,044</u>
Total assets	<u>\$ 3,391,178</u>	<u>\$ 4,281,876</u>	<u>\$ 519,980</u>	<u>\$ 402,478</u>
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable	\$ 88,533	\$ 45,603	\$ 34,457	\$ -
Bonds, notes & loans payable	-	254,778	-	-
Accrued interest payable	-	20,616	-	-
Current portion/comp.absences	<u>12,912</u>	<u>7,790</u>	<u>10,266</u>	<u>-</u>
Total current liabilities	<u>\$ 101,445</u>	<u>\$ 328,787</u>	<u>\$ 44,723</u>	<u>\$ -</u>
Noncurrent liabilities:				
Bonds, notes & loans payable	\$ -	\$ 399,084	\$ -	\$ -
Compensated absences	<u>116,211</u>	<u>71,390</u>	<u>92,397</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 116,211</u>	<u>\$ 470,474</u>	<u>\$ 92,397</u>	<u>\$ -</u>
Total liabilities	<u>\$ 217,656</u>	<u>\$ 799,261</u>	<u>\$ 137,120</u>	<u>\$ -</u>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	\$ 1,476,438	\$ 2,258,418	\$ 270,723	\$ 4,044
Restricted for self insurance	171,737	-	-	-
Restricted for improvements	46,035	-	-	-
Unrestricted	<u>1,479,312</u>	<u>1,224,197</u>	<u>112,137</u>	<u>398,434</u>
Total net assets	<u>\$ 3,173,522</u>	<u>\$ 3,482,615</u>	<u>\$ 382,860</u>	<u>\$ 402,478</u>

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

CITY OF ARKANSAS CITY, KANSAS  
STATEMENTS OF NET ASSETS (CONTINUED)  
PROPRIETARY FUNDS  
For Year Ended December 31, 2008

2008 Total	2008 Governmental Activities Internal Service Funds	2007 Total	2007 Governmental Activities Internal Service Funds
\$ 2,863,539	\$ 226,083	\$ 3,432,465	\$ 121,512
<u>850,716</u>	<u>-</u>	<u>884,451</u>	<u>-</u>
<u>\$ 3,714,255</u>	<u>\$ 226,083</u>	<u>\$ 4,316,916</u>	<u>\$ 121,512</u>
\$ 217,772	\$ -	\$ 218,674	\$ -
160,375	-	160,375	-
5,123,066	-	5,123,066	-
3,573,995	-	3,551,812	-
3,281,655	1,006,640	3,052,336	929,040
<u>(7,475,606)</u>	<u>(390,750)</u>	<u>(6,712,588)</u>	<u>(290,086)</u>
<u>\$ 4,881,257</u>	<u>\$ 615,890</u>	<u>\$ 5,393,675</u>	<u>\$ 638,954</u>
<u>\$ 8,595,512</u>	<u>\$ 841,973</u>	<u>\$ 9,710,591</u>	<u>\$ 760,466</u>
\$ 168,593	\$ -	\$ 165,903	\$ 1,032
254,778	-	246,114	-
20,616	-	29,280	-
<u>30,968</u>	<u>-</u>	<u>22,612</u>	<u>-</u>
<u>\$ 474,955</u>	<u>\$ -</u>	<u>\$ 463,909</u>	<u>\$ 1,032</u>
\$ 399,084	\$ -	\$ 653,862	\$ -
<u>279,998</u>	<u>-</u>	<u>289,444</u>	<u>-</u>
<u>\$ 679,082</u>	<u>\$ -</u>	<u>\$ 943,306</u>	<u>\$ -</u>
<u>\$ 1,154,037</u>	<u>\$ -</u>	<u>\$ 1,407,215</u>	<u>\$ 1,032</u>
\$ 4,009,623	\$ 615,890	\$ 4,275,025	\$ 638,954
171,737	-	172,639	-
46,035	-	46,035	-
<u>3,214,080</u>	<u>226,083</u>	<u>3,809,677</u>	<u>120,480</u>
<u>\$ 7,441,475</u>	<u>\$ 841,973</u>	<u>\$ 8,303,376</u>	<u>\$ 759,434</u>

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

CITY OF ARKANSAS CITY, KANSAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2008

	Business-Type Activities Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Storm Sewer</u>
Operating revenues:				
Charges for services	\$ 2,754,024	\$ 1,767,128	\$ 1,211,028	\$ 195,110
Miscellaneous	193,122	-	4,962	-
Penalties	<u>32,983</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>\$ 2,980,129</u>	<u>\$ 1,767,128</u>	<u>\$ 1,215,990</u>	<u>\$ 195,110</u>
Operating expenses:				
General government	\$ 361,241	\$ 370,907	\$ 224,529	\$ 174,132
Supervision	178,108	90,449	60,827	-
Pumping and supply	828,951	-	-	-
Meter reading	132,786	-	-	-
Distribution	453,391	-	-	-
Reimbursed expense	(458)	(80)	(487)	-
Disposal and treatment	-	454,503	-	-
Collection	-	165,250	-	-
Contractual	-	-	-	-
Sanitation	-	-	889,915	-
Depreciation	<u>363,911</u>	<u>270,048</u>	<u>128,250</u>	<u>809</u>
Total operating expenses	<u>\$ 2,317,930</u>	<u>\$ 1,351,077</u>	<u>\$ 1,303,034</u>	<u>\$ 174,941</u>
Operating income (loss)	\$ 662,199	\$ 416,051	\$ (87,044)	\$ 20,169
Nonoperating revenues (expenses):				
Proceeds from lease obligation	\$ -	\$ -	\$ -	\$ -
Interest revenue	39,195	71,991	2,795	8,861
Interest expense	<u>(21,420)</u>	<u>(43,618)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>\$ 17,775</u>	<u>\$ 28,373</u>	<u>\$ 2,795</u>	<u>\$ 8,861</u>
Income (loss) before contributions and transfers	\$ 679,974	\$ 444,424	\$ (84,249)	\$ 29,030
Capital contribution G.O. bonds	(112,487)	(110,787)	-	-
Transfers out	<u>(497,917)</u>	<u>(1,209,889)</u>	<u>-</u>	<u>-</u>
Change in net assets	\$ 69,570	\$ (876,252)	\$ (84,249)	\$ 29,030
Total net assets - beginning	<u>3,103,952</u>	<u>4,358,867</u>	<u>467,109</u>	<u>373,448</u>
Total net assets - ending	<u>\$ 3,173,522</u>	<u>\$ 3,482,615</u>	<u>\$ 382,860</u>	<u>\$ 402,478</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS (CONTINUED)  
 PROPRIETARY FUNDS  
 For The Year Ended December 31, 2008

2008 <u>Total</u>	2008 Governmental Activities Internal Service <u>Funds</u>	2007 <u>Total</u>	2007 Governmental Activities Internal Service <u>Funds</u>
\$ 5,927,290	\$ 1,434,372	\$ 6,006,079	\$ 1,295,740
198,084	271,832	60,052	260,486
<u>32,983</u>	<u>-</u>	<u>32,190</u>	<u>-</u>
<u>\$ 6,158,357</u>	<u>\$ 1,706,204</u>	<u>\$ 6,098,321</u>	<u>\$ 1,556,226</u>
\$ 1,130,809	\$ -	\$ 1,070,842	\$ -
329,384	-	290,153	-
828,951	-	664,194	-
132,786	-	120,795	-
453,391	-	435,538	-
(1,025)	-	(44,753)	(42,963)
454,503	-	460,141	-
165,250	-	233,575	-
-	1,746,710	-	1,606,172
889,915	-	847,365	-
<u>763,018</u>	<u>100,664</u>	<u>738,978</u>	<u>92,905</u>
<u>\$ 5,146,982</u>	<u>\$ 1,847,374</u>	<u>\$ 4,816,828</u>	<u>\$ 1,656,114</u>
\$ 1,011,375	\$ (141,170)	\$ 1,281,493	\$ (99,888)
\$ -	\$ 220,509	\$ -	\$ 102,615
122,842	3,200	117,677	1,410
<u>(65,038)</u>	<u>-</u>	<u>(82,355)</u>	<u>-</u>
<u>\$ 57,804</u>	<u>\$ 223,709</u>	<u>\$ 35,322</u>	<u>\$ 4,137</u>
\$ 1,069,179	\$ 82,539	\$ 1,316,815	\$ 4,137
(223,274)	-	(217,908)	-
<u>(1,707,806)</u>	<u>-</u>	<u>710,000</u>	<u>-</u>
\$ (861,901)	\$ 82,539	\$ 388,907	\$ 4,137
<u>8,303,376</u>	<u>759,434</u>	<u>7,914,469</u>	<u>755,297</u>
<u>\$ 7,441,475</u>	<u>\$ 841,973</u>	<u>\$ 8,303,376</u>	<u>\$ 759,434</u>

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

CITY OF ARKANSAS CITY, KANSAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2008

	Business-Type Activities Enterprise Funds	
	Major Water	Major Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 3,027,092	\$ 1,763,504
Payments to suppliers	(1,145,786)	(561,874)
Payments to employees	<u>(826,386)</u>	<u>(519,319)</u>
Net cash provided by operating activities	\$ <u>1,054,920</u>	\$ <u>682,311</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating transfers in (out)	\$ <u>(497,917)</u>	\$ <u>(1,209,889)</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	\$ (114,659)	\$ (84,099)
Principal paid on capital debt	(112,487)	(356,901)
Interest and fees paid on capital debt	<u>(21,420)</u>	<u>(52,282)</u>
Net cash used by capital and related financing activities	\$ <u>(248,566)</u>	\$ <u>(493,282)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	\$ 39,195	\$ 71,991
Other	<u>-</u>	<u>-</u>
Net cash provided by investing activities	\$ <u>39,195</u>	\$ <u>71,991</u>
Net increase (decrease) in cash and cash equivalents	\$ 347,632	\$ (948,869)
Cash and cash equivalents at beginning of year	<u>1,063,744</u>	<u>2,130,461</u>
Cash and cash equivalents at end of year	\$ <u>1,411,376</u>	\$ <u>1,181,592</u>
<b>SUPPLEMENTAL SCHEDULE - COMPOSITION OF CASH</b>		
Current cash and cash equivalents	\$ 1,193,604	\$ 1,181,592
Restricted cash:		
Improvements	46,035	-
Self insurance	<u>171,737</u>	<u>-</u>
Total cash and cash equivalents	\$ <u>1,411,376</u>	\$ <u>1,181,592</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 662,199	\$ 416,051
(Increase) decrease in accounts receivable	46,505	(3,624)
Increase (decrease) in accounts payable	(17,695)	(164)
Depreciation	<u>363,911</u>	<u>270,048</u>
	\$ <u>1,054,920</u>	\$ <u>682,311</u>

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



CITY OF ARKANSAS CITY, KANSAS  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2008

Business-Type Activities Enterprise Funds (Continued)		2008 Governmental Activities			2007 Governmental Activities	
Major Sanitation	Storm Sewer	2008 Total	Internal Service Funds	2007 Total	Internal Service Funds	
\$ 1,206,662	\$ 195,292	\$ 6,192,550	\$ 1,706,204	\$ 6,214,938	\$ 1,599,189	
(691,960)	(160,592)	(2,560,212)	(1,747,742)	(2,462,406)	(1,649,376)	
<u>(460,824)</u>	<u>(16,081)</u>	<u>(1,822,610)</u>	<u>-</u>	<u>(1,657,609)</u>	<u>-</u>	
\$ 53,878	\$ 18,619	\$ 1,809,728	\$ (41,538)	\$ 2,094,923	\$ (50,187)	
\$ -	\$ -	\$ (1,707,806)	\$ -	\$ (710,000)	\$ -	
\$ (52,744)	\$ -	\$ (251,502)	\$ (77,600)	\$ (172,871)	\$ (186,797)	
-	-	(469,388)	-	(479,652)	-	
<u>-</u>	<u>-</u>	<u>(73,702)</u>	<u>-</u>	<u>(91,925)</u>	<u>-</u>	
\$ (52,744)	\$ -	\$ (794,592)	\$ (77,600)	\$ (744,448)	\$ (186,797)	
\$ 2,795	\$ 8,861	\$ 122,842	\$ 3,200	\$ 117,677	\$ 1,410	
<u>-</u>	<u>-</u>	<u>-</u>	<u>220,509</u>	<u>-</u>	<u>102,615</u>	
\$ 2,795	\$ 8,861	\$ 122,842	\$ 223,709	\$ 117,677	\$ 104,025	
\$ 3,929	\$ 27,480	\$ (569,828)	\$ 104,571	\$ 758,152	\$ (132,959)	
<u>107,743</u>	<u>349,191</u>	<u>3,651,139</u>	<u>121,512</u>	<u>2,892,987</u>	<u>254,471</u>	
\$ 111,672	\$ 376,671	\$ 3,081,311	\$ 226,083	\$ 3,651,139	\$ 121,512	
\$ 111,672	\$ 376,671	\$ 2,863,539	\$ 226,083	\$ 3,432,465	\$ 121,512	
-	-	46,035	-	46,035	-	
<u>-</u>	<u>-</u>	<u>171,737</u>	<u>-</u>	<u>172,639</u>	<u>-</u>	
\$ 111,672	\$ 376,671	\$ 3,081,311	\$ 226,083	\$ 3,651,139	\$ 121,512	
\$ (87,044)	\$ 20,169	\$ 1,011,375	\$ (141,170)	\$ 1,281,493	\$ (99,888)	
(9,328)	182	33,735	-	116,617	-	
22,000	(2,541)	1,600	(1,032)	(42,165)	(43,204)	
<u>128,250</u>	<u>809</u>	<u>763,018</u>	<u>100,664</u>	<u>738,978</u>	<u>92,905</u>	
\$ 53,878	\$ 18,619	\$ 1,809,728	\$ (41,538)	\$ 2,094,923	\$ (50,187)	

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

CITY OF ARKANSAS CITY, KANSAS  
 COMBINING STATEMENT OF NET ASSETS  
 COMPONENT UNITS  
 December 31, 2008

	<u>SCKRMC</u>	<u>Public Library</u>	<u>2008 Total</u>	<u>2007 Total</u>
<u>ASSETS</u>				
Current Assets:				
Cash and investments	\$ 5,660,185	\$ 158,790	\$ 5,818,975	\$ 5,597,167
Patient receivables	1,510,063	-	1,510,063	1,377,077
Other receivables	8,421	-	8,421	15,677
Supplies	681,687	-	681,687	529,602
Prepaid expenses	<u>165,623</u>	<u>-</u>	<u>165,623</u>	<u>124,598</u>
Total current assets	<u>\$ 8,025,979</u>	<u>\$ 158,790</u>	<u>\$ 8,184,769</u>	<u>\$ 7,644,121</u>
Capital assets, net	<u>3,874,384</u>	<u>-</u>	<u>3,874,384</u>	<u>3,522,703</u>
Total assets	<u>\$11,900,363</u>	<u>\$ 158,790</u>	<u>\$12,059,153</u>	<u>\$11,166,824</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 483,552	\$ 2,717	\$ 486,269	\$ 377,684
Accrued expenses	472,825	-	472,825	478,963
Estimated amt due to 3rd parties	100,000	-	100,000	100,000
Deferred revenues	87,072	-	87,072	87,072
Current portion of long-term debt	<u>385,030</u>	<u>-</u>	<u>385,030</u>	<u>370,613</u>
Total current liabilities	<u>\$ 1,528,479</u>	<u>\$ 2,717</u>	<u>\$ 1,531,196</u>	<u>\$ 1,414,332</u>
Long-term debt	<u>448,899</u>	<u>-</u>	<u>448,899</u>	<u>833,929</u>
Total liabilities	<u>\$ 1,977,378</u>	<u>\$ 2,717</u>	<u>\$ 1,980,095</u>	<u>\$ 2,248,261</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 2,930,754	\$ -	\$ 2,930,754	\$ 2,318,161
Restricted for employee benefits	-	815	815	-
Restricted for capital improvements	-	140,258	140,258	148,419
Unrestricted	<u>6,992,231</u>	<u>15,000</u>	<u>7,007,231</u>	<u>6,452,343</u>
Total net assets	<u>\$ 9,922,985</u>	<u>\$ 156,073</u>	<u>\$10,079,058</u>	<u>\$ 8,918,923</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 COMBINING STATEMENT OF ACTIVITIES  
 COMPONENT UNITS  
 For the Years Ended December 31, 2008 and 2007

	<u>SCKRMC</u>	<u>Public Library</u>	<u>2008 Total</u>	<u>2007 Total</u>
Expenses				
Public services				
Hospital	\$ 13,140,143	\$ -	\$ 13,140,143	\$ 11,993,848
Culture and recreation				
Library	<u>-</u>	<u>371,325</u>	<u>371,325</u>	<u>354,705</u>
Total expenses	<u>\$ 13,140,143</u>	<u>\$ 371,325</u>	<u>\$ 13,511,468</u>	<u>\$ 12,348,553</u>
Program revenue				
Charges for services	\$ 13,974,604	\$ -	\$ 13,974,604	\$ 12,865,523
Operating grants	-	32,529	32,529	33,423
Noncapital gifts and contributions	10,554	6,994	17,548	20,181
Fines	<u>-</u>	<u>11,496</u>	<u>11,496</u>	<u>14,924</u>
Total program revenue	<u>\$ 13,985,158</u>	<u>\$ 51,019</u>	<u>\$ 14,036,177</u>	<u>\$ 12,934,051</u>
Net (expense) revenue	\$ 845,015	\$ (320,306)	\$ 524,709	\$ 585,498
General revenue				
Taxes	\$ -	\$ 306,598	\$ 306,598	\$ 282,127
Investment income	179,520	5,851	185,371	247,767
Miscellaneous	<u>142,946</u>	<u>511</u>	<u>143,457</u>	<u>198,539</u>
Total net assets	<u>\$ 322,466</u>	<u>\$ 312,960</u>	<u>\$ 635,426</u>	<u>\$ 728,433</u>
Change in net assets	\$ 1,167,481	\$ (7,346)	\$ 1,160,135	\$ 1,313,931
Net assets, beginning	<u>8,755,504</u>	<u>163,419</u>	<u>8,918,923</u>	<u>7,604,992</u>
Net assets, ending	<u>\$ 9,922,985</u>	<u>\$ 156,073</u>	<u>\$ 10,079,058</u>	<u>\$ 8,918,923</u>

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

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2008

I. Summary of Significant Accounting Policies

A. General Statement

The City of Arkansas City, Kansas (the City) is a municipal corporation operating under an elected five-member Commissioner-Manager form of government and provides the following services: public safety, development services, public health and welfare, culture, recreational and utilities.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principals generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principals for local governments include those principals prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units, the Financial Accounting Standards Board (when applicable) and in accordance with the Kansas Municipal Audit Guide. Qualification or exceptions from generally accepted accounting principals are explained in the notes.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Standards, includes whether:

- the organization is legally separate (can sue or be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organizations board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City.

Based on the aforementioned criteria, the City of Arkansas City, Kansas has two component units. The component units are the City Library and the South Central Regional Medical Center. The accounting for these organizations is included in the City's basic financial statements.

South Central Kansas Regional Medical Center is an acute care hospital located in Arkansas City, Kansas. The Board of City Commissioners appoints members to the Board of Trustees of the Hospital. The Hospital primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in South Central Kansas. The Hospital also operates a home health agency in the same geographic area.

The Arkansas City Public Library was formed to provide a public library. The City of Arkansas City levies taxes on behalf of the Library. The City receives the tax distributions from the county and transfers the tax revenue to the Library.

Copies of component unit audit reports may be obtained from the City's Administration Division at 118 West Central, Arkansas City, Kansas.

C. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, 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.

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

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2008

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund

General fund is the main operating fund of the City. The fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

Capital Projects Fund

Capital projects fund is used to account for funds received and expended for the construction and renovation of all major construction projects.

Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the statement of net assets. The City has shown all proprietary funds as major.

Water, Sewer, Sanitation and Storm Water Funds

The water, sewer, sanitation and storm water funds are used to account for the provision of water, sewer, sanitation and storm water services to the residents of the City. Activities of the fund include administration, operations and maintenance of the systems and billing and collection of activities. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Additionally, the City reports the internal service funds which are used to account for equipment and insurance provided to departments of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services and supplies. All revenues and expenses not meeting this definition are reported on as nonoperating revenues and expenses.

**D. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2008

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Government fund financial statements are reported using the current financial resources measurement focus and accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty-day availability period is used for recognition of all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, further modified by the encumbrance method of accounting; that is, commitments such as purchase orders and contracts in addition to disbursements and accounts payable are recorded as expenditures. Although generally accepted accounting principals do not recognize encumbrances as expenditures, any differences between accounts payable and encumbrance are deemed immaterial. However, debt service expenditures are recorded only when payment is due.

The revenues subject to accrual are property taxes and charges for services. However, collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, which is in conformity with governing state statutes. Consequently, current year property taxes are not available as a resource that can be used to finance the current year operations of the City and therefore are not subject to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2009. 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 of the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 20 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.

It is not practical to apportion delinquent taxes held by the County Treasurer at the end of the audit period and the amounts are not material to the financial statements.

Accounts receivable of the general fund and certain special revenue funds are not available as resources that can be used to finance the current year operations of the City, and consequently, are offset for control purposes.

Amounts owing on open account from governmental units are not included in budgetary accounts so these accounts may show compliance or noncompliance with the State Budget and Cash-Basis Law by inspection.

Projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City and are retired from the City bond and interest fund. Special assessments receivable are accounted for within the City bond and interest fund. Special assessment taxes are levied over the life consistent with the maturity of the bond and the annual installments are due and payable with annual ad valorem property taxes. At December 31, the total amount remaining of special assessment costs as levied are recorded as special assessments receivable in the bond and interest fund with a corresponding amount recorded as deferred revenue. The amount reported includes both principal and interest to be received.

CITY OF ARKANSAS CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For The Year Ended December 31, 2008

In the government-wide statement of net assets the taxes receivable, accounts receivable, and special assessments are shown as revenue. Therefore, the offset to deferred revenue is not recorded.

The current year change is reflected in the statement of activities. The following schedule shows the changes in receivables from December 31, 2007 to December 31, 2008. The City had a receivable due at December 31, 2007 in the amount of \$374,131 for excess sanitation. The City and company made an agreement that if the company put in their own system the City would write the receivable off. Although not complete the receivable is not shown at December 31, 2008.

Government Fund Receivables	Balance December 31, 2007	Increase (Decrease)	Balance December 31, 2008
Taxes receivable	\$3,208,640	\$ (6,374)	\$ 3,202,266
Accounts receivable	616,113	(367,841)	248,272
Special assessments	<u>457,256</u>	<u>(86,822)</u>	<u>370,434</u>
	<u>\$4,282,009</u>	<u>\$ (461,037)</u>	<u>\$ 3,820,972</u>

The following schedule shows the change in accrued interest payable with the change reflected in the statement of activities.

	Balance December 31, 2007	Increase (Decrease)	Balance December 31, 2008
Governmental activities	\$ 509,845	\$ 51,756	\$ 561,601
Business activities	<u>29,280</u>	<u>(8,664)</u>	<u>20,616</u>
	<u>\$ 539,125</u>	<u>\$ 43,092</u>	<u>\$ 582,217</u>

E. Budgets

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in 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 15, 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. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were three amendments to the original 2008 budget. The Tourism Fund increased expenditure authorization from \$55,000 to \$75,000, the Water Fund from \$2,895,363 to \$2,995,363 and the Sewer Fund was increased from \$2,310,343 to \$3,245,232.

The 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. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

CITY OF ARKANSAS CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For The Year Ended December 31, 2008

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

A legal operating budget is not required for capital projects funds, trust funds, and certain other funds.

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

F. Cash and Investments

Cash balances pooled from all funds are considered in determining the amount to be invested and all investment income is credited to the proper designated funds. All investments were in compliance with K.S.A. 12-1675. The carrying amount is equal to the market value of all items of cash and investments. At 12-31-2008, cash and investments included certificates of deposit and interest bearing checking accounts. See Schedule 1. At December 31, 2008 the City's carrying amount of deposits was \$5,714,828 and the bank balance was \$5,929,331. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance \$500,000 was covered by federal depository insurance, and \$5,429,331 was collateralized with securities held by the pledging financial institution agents in the City's name.

<u>Cash and Investments</u>	<u>Carrying Amount</u>	<u>Total Per Schedule 1</u>
<u>Deposits (Cash)</u>		
Home National Bank:		
Insured FDIC	\$ 250,000	
(Secured with 3rd party joint custody receipts)	<u>3,436,140</u>	
Sub-total for Home National Bank	<u>\$ 3,686,140</u>	<u>\$ 3,686,140</u>
Union State Bank:		
Insured FDIC	\$ 250,000	
(Secured with 3rd party joint custody receipts)	<u>1,778,688</u>	
Sub-total for Union State Bank	<u>\$ 2,028,688</u>	<u>\$ 2,028,688</u>
Total deposits	<u>\$ 5,714,828</u>	
<u>Cash</u>		
Petty cash on hand	\$ 1,750	<u>\$ 1,750</u>
Total cash deposits and cash on hand	<u>\$ 5,716,578</u>	<u>\$ 5,716,578</u>

Deposits at Home National Bank include CD #37122 for \$182,737. This CD is held by Home National Bank as the Escrow Agent to comply with an escrow agreement to guarantee payment in lieu of contributions to the Kansas Department of Human Resources, Division of Employment Security. (See Note 7)

G. Inventories

Inventory is not accounted for in the proprietary funds. This is a departure from generally accepted accounting principals.



CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2008

H. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

Operating Transfers

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
Waterworks	General	12-825d	\$ 497,917
Sewer	General	12-825d	325,000
Sewer	Capital Projects	12-825d	<u>884,889</u>
Total operating transfers			<u>\$1,707,806</u>

I. Compensated Absences

Generally accepted accounting principles for governmental entities require recording compensated absences in all funds. The funds should record the liability as current and noncurrent based upon whether or not the related expense is estimated to be paid within the next year. The schedule below shows the balances by fund at December 31, 2007 and December 31, 2008.

<u>Fund</u>	<u>Balance December 31, 2007</u>	<u>Increase (Decrease)</u>	<u>Balance December 31, 2008</u>
General	\$ 804,727	\$ 7,227	\$ 811,954
Special Street & Highway	<u>23,157</u>	<u>(10,016)</u>	<u>13,141</u>
Total governmental funds	<u>\$ 827,884</u>	<u>\$ (2,789)</u>	<u>\$ 825,095</u>
Water	\$ 139,856	\$ (10,733)	\$ 129,123
Sewer	77,903	1,277	79,180
Sanitation	<u>94,297</u>	<u>8,366</u>	<u>102,663</u>
Total business-type funds	<u>\$ 312,056</u>	<u>\$ (1,090)</u>	<u>\$ 310,966</u>
Total compensated absences	<u>\$ 1,139,940</u>	<u>\$ (3,879)</u>	<u>\$ 1,136,061</u>

J. Capital Assets

Capital assets, which includes property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during any construction period on property, plant and equipment.

K. Net Assets

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

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2008

2. Capital Assets

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

	Balance January 1, 2008	Additions/ Completions	Retirements/ Adjustments	Balance December 31, 2008
<b>Governmental Activities</b>				
Land	\$ 2,221,851	\$ 26,100	\$ -	\$ 2,247,951
Infrastructure and buildings	30,219,731	698,065	(167,047)	30,750,749
Equipment	3,306,428	382,513	-	3,688,941
Accumulated depreciation	<u>(4,168,167)</u>	<u>(1,171,829)</u>	<u>20,892</u>	<u>(5,319,104)</u>
<b>Total governmental activities</b>	<b><u>\$ 31,579,843</u></b>	<b><u>\$ (65,151)</u></b>	<b><u>\$ (146,155)</u></b>	<b><u>\$ 31,368,537</u></b>
<b>Business-type Activities</b>				
Land	\$ 160,375	\$ -	\$ -	\$ 160,375
Buildings and improvements	5,123,066	-	-	5,123,066
Meters, mains and service lines	3,551,812	22,183	-	3,573,995
Vehicles and equipment	3,052,336	229,319	-	3,281,655
Accumulated depreciation	<u>(6,712,588)</u>	<u>(763,018)</u>	<u>-</u>	<u>(7,475,606)</u>
<b>Total business-type activities</b>	<b><u>\$ 5,175,001</u></b>	<b><u>\$ (511,516)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,663,485</u></b>
<b>Total capital assets</b>	<b><u>\$ 36,754,844</u></b>	<b><u>\$ (576,667)</u></b>	<b><u>\$ (146,155)</u></b>	<b><u>\$ 36,032,022</u></b>

The City did not record depreciation expense prior to 2004. However, after implementing GASB 34 under the transition provision in 2004, the City has made accumulated depreciation adjustments based upon estimated remaining useful life of capital assets recorded at December 31, 2004. The governmental funds' infrastructure assets recorded in 2004 were expected to have a useful life of forty years. The equipment is estimated to have a ten year useful life. Management has determined that the useful life of business entities facilities are 20 years and equipment is 10 years. Business entity assets remaining at December 31, 2004 were estimated to have one half of their useful life remaining. New infrastructure is estimated to have a useful life of 40 years. The remaining basis of traded assets is added to the cost of new assets and gains or losses have not been recognized which would be immaterial. The State cancelled CDBG debt in the amount of \$146,155 during the 2008 year. This amount represented a portion of the infrastructure amount recorded during the GASB 34 implementation. The asset and accumulated depreciation have been taken off as an adjustment.

The schedule below shows accumulated depreciation at December 31, 2007 and December 31, 2008 based upon these estimates.

	Accumulated Depreciation January 1, 2008	2008 Depreciation	2008 Adjustments	Accumulated Depreciation December 31, 2008
Governmental funds	\$ 4,168,167	\$ 1,171,829	\$ (20,892)	\$ 5,319,104
Business type activities	6,712,588	763,018	-	7,475,606
<b>Total accumulated depreciation</b>	<b><u>\$ 10,880,755</u></b>	<b><u>\$ 1,934,847</u></b>	<b><u>\$ (20,892)</u></b>	<b><u>\$ 12,794,710</u></b>

The assets capitalized in the governmental activities to originally comply with GASB 34 were equal to the original amount of the bonds that had not matured as of January 1, 2004. Therefore, some City assets are not shown on the financial statements, as the historical cost is unknown.

In the business-type activities, assets were already being capitalized using historical cost or estimated historical cost for assets placed in service prior to 1979.

CITY OF ARKANSAS CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For The Year Ended December 31, 2008

3. Long-term Debt

The City has the following issues of long-term debt:

	<u>Series Number</u>	<u>Date of Issue</u>
<u>General Obligation Bonds</u>		
Internal improvements	2000	05/01/00
Internal improvements	2001	10/01/01
Internal improvements	2002	10/01/02
Internal improvements	2003	08/01/03
Internal improvements	2005	12/01/05
Internal improvements	2008	9/1/2008
<u>Temporary Notes</u>		
Internal improvements	2005-1	08/01/05
<u>Lease Purchases</u>		
Firetruck	2007	08/18/06
Ambulance	2008	10/30/07
<u>Certificates of Participation</u>		
Humane society	2002	12/01/02
<u>KDHE Revolving Loan</u>		
Sanitation	2000	01/10/00
CDBG	2001	01/01/01

The following is a summary of debt transactions of the City for the year ended December 31, 2008:

	<u>General Obligations</u>	<u>Temporary Notes</u>	<u>Lease Purchase</u>
Bonds and notes payable			
January 1, 2008	\$ 6,685,000	\$ 5,928,000	\$ 753,040
New issues	2,545,000	-	-
Bonds retired			
tax levy revenue	(1,230,469)	(4,968,000)	-
utility revenue	(223,274)	-	-
special revenue	(11,257)	-	-
Notes retired			
utility revenue	-	-	-
tax levy revenue	-	-	-
state writedown	-	-	-
Cert. of part. retired			
tax levy revenue	-	-	-
Lease purchase retired			
tax levy revenue	-	-	(106,738)
Long-term debt outstand.			
December 31, 2008	<u>\$ 7,765,000</u>	<u>\$ 960,000</u>	<u>\$ 646,302</u>

CITY OF ARKANSAS CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For The Year Ended December 31, 2008

<u>Interest Rate</u>	<u>Original Amount</u>	<u>Maturity</u>
5.00% to 6.50 %	1,790,000	12/01/09
3.15% to 4.25 %	1,175,000	12/01/11
3.50% to 5.30 %	2,200,000	04/01/12
2.50% to 3.75%	3,685,000	12/01/13
3.60% to 5.50%	2,095,000	12/01/15
2.10% to 4.00%	2,545,000	12/1/2018
3.28%	960,000	08/01/09
4.89%	668,665	02/01/16
4.43%	153,422	02/01/10
4.59%	350,000	12/01/12
3.49%	2,990,300	03/01/11
2.00%	375,000	07/01/11
<u>Certificates of Participation</u>	<u>CBDG &amp; KDHE Loans</u>	<u>Total</u>
\$ 285,467	\$ 1,084,215	\$ 14,735,722
-	-	2,545,000
-	-	(6,198,469)
-	-	(223,274)
-	-	(11,257)
-	(246,114)	(246,114)
-	(38,085)	(38,085)
-	(146,155)	(146,155)
(51,994)	-	(51,994)
-	-	(106,738)
<u>\$ 233,473</u>	<u>\$ 653,861</u>	<u>\$ 10,258,636</u>

CITY OF ARKANSAS CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For The Year Ended December 31, 2008

The annual requirements to amortize the bonds outstanding as of December 31, 2008, including interest are as follows:

Year	.. General Obligation ..		.... Lease Purchase .....		Certificates of Participation .....		CDBG & KDHE Loans .....	
	Bonds Outstanding	Interest	Principal Outstanding	Interest	Principal Outstanding	Interest	Principal Outstanding	Interest and Fees
2009	1,345,000	481,030	106,584	31,658	54,450	10,865	254,778	20,616
2010	1,195,000	446,485	111,723	26,518	56,984	8,331	263,748	11,647
2011	1,250,000	415,884	62,996	21,220	59,636	5,679	135,335	2,361
2012	1,145,000	381,317	66,120	18,096	62,403	2,913	-	-
2013	920,000	355,490	69,357	14,859	-	-	-	-
2014-2018	<u>1,910,000</u>	<u>1,615,613</u>	<u>229,522</u>	<u>23,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,765,000</u>	<u>\$ 3,695,819</u>	<u>\$ 646,302</u>	<u>\$ 135,476</u>	<u>\$ 233,473</u>	<u>\$ 27,788</u>	<u>\$ 653,861</u>	<u>\$ 34,624</u>

Temporary note series 2005-1 in the amount of \$960,000 is still outstanding.

Series	Amount	Issue Date	Maturity Date
2005-1	\$ 960,000	8/1/2005	8/1/2009

At the option of the City, the notes may be called for redemption and payment prior to maturity dates, in whole or in part at the redemption price of 100% plus accrued interest thereafter to the date of redemption.

4. Compliance with Kansas Statutes and Other Finance-related Legal Matters

Management is not aware of any other material statutory violations for the period covered by the audit.

5. Lease of Hospital Facilities

The South Central Regional Medical Center, formerly known as Arkansas City Memorial Hospital entered into a lease agreement as of May 1, 1981, with the City of Arkansas City, Kansas in order to lease the real property and hospital facilities together with furniture, fixtures and equipment located within the hospital facilities. The lease was for a period of ten years and eight months, commencing on the first day of May, 1981, and terminating on the 31st day of December 1991, or such later date upon the exercise of any option extending the terms of the lease. During May of 1991, the City entered into an agreement with the Hospital to extend the termination date to the 31st day of December 2001, and to obtain an additional option to extend the Lease Agreement to December 31, 2011. In December of 2001 the City extended the agreement for five years. The agreement is essentially the same as the previous one except it is for a shorter term in anticipation that the Hospital Board will approve and develop a new facility; the lease does allow for a time extension.

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2008

6. Contingent Liability - Pending Litigation

- A. In July of 2005 a sub-contractor working in the northern part of the City damaged a water line. The interruption in water caused a local Company \$39,012 in damages. The company presented the City with an invoice for this amount as its "Business Interruption Claim." The City believes they will recover all damages from the contractor and any potential loss by the City is minimal.
- B. A building in downtown Arkansas City was declared a dangerous structure by the City of Arkansas City. At the time the building was demolished, the wall separating it from the adjacent building was exposed and required renovation to transform it from an interior wall to an exterior wall. The landowner filed a counter-claim against the City claiming that the City failed to act in a reasonable and prudent manner in removing the original structure. The landowner seeks judgment against the City for an amount in excess of seventy-five thousand dollars (\$75,000) plus pre-judgment and post-judgment interests, the cost of the action, reasonable attorney's fees, and such other relief as may be just and equitable. The City has denied the counterclaim and has replied in the affirmative, citing the immunity conferred unto the City by Kansas Tort Claims Act as contained in K.S.A. 75-6104, et seq.

The City, through counsel appointed by its insurance carrier, rigorously defended this action. The City's maximum exposure is approximately \$130,000 but City liability is unlikely.

7. Contingent Liability - Self-insurance

Effective January 1, 1993, the City switched from a governmental employer to the reimbursable employer plan for state unemployment purposes. The City has established an escrow fund to insure coverage for claims filed. The City has reserved \$11,000 in the General fund and \$171,737 in the Water Fund.

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2008

8. Proprietary Segment Information

The City maintains four proprietary funds which provide water, sewer, sanitation and storm sewer services. Segment information for the year ended December 31, 2008 was as follows:

	Waterworks Fund	Sewer Fund	Sanitation Fund	Storm Sewer Fund	Total Proprietary Funds
Operating revenues	\$ 2,980,129	\$ 1,767,128	\$ 1,414,990	\$ 195,110	\$ 6,357,357
Operating income (loss)	662,199	416,051	111,956	20,169	1,210,375
Operating transfers in (out)	(497,917)	(1,209,889)	-	-	(1,707,806)
Non-operating revenue	17,775	28,373	2,795	8,861	57,804
Tax revenues	-	-	-	-	-
Net income	69,570	(876,252)	114,751	29,030	(662,901)
Capital asset additions	114,659	84,099	52,744	-	251,502
Depreciation	363,911	270,048	128,250	809	763,018
Net working capital	1,595,523	1,040,809	403,534	398,434	3,438,300
Total assets	3,391,178	4,281,876	718,980	402,478	8,794,512
Revenue bonds outstanding	-	-	-	-	-
Loans outstanding	-	653,862	-	-	653,862
Total net assets	\$ 3,173,522	\$ 3,482,615	\$ 5,181,860	\$ 402,478	\$ 7,640,475

9. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

10. Levee Project - Corp of Engineers - Escrow

On September 6, 1996, the City of Arkansas City and The Department of The Army - Corps of Engineers entered into a Project Cooperation Agreement for construction of the Arkansas City Local Flood Protection Project. Article VI of the Agreement requires the City to provide a proportionate share of the project costs in the form of cash contributions. Specifically, the agreement requires the City to deposit funds in an escrow account payable to the Department of The Army. The interest accrued on this account is payable to the City of Arkansas City.

The amount deposited to the escrow account during 2008 was \$0, and \$0 was withdrawn payable to the Corps of Engineers. Interest earned was \$1,477 for 2006, \$2,486 for 2007 and \$6,490 for 2008. A separate bank account was established at the Home National Bank to account for the cash contribution, drawing and interest earned. At December 31, 2008, the balance on hand was \$334,967. The City of Arkansas City has not recorded the escrow account as an asset of the City. It is anticipated the total amount of the account plus additional cash contributions will be required of the City in order to satisfy the cost sharing of this project.

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2008

11. Capital Projects

The City has several capital projects to modify or improve certain City assets. The total authorization for all projects still active at December 31, 2008 is \$15,824,476. Total expenditures to date equal \$11,909,939. Several projects have reimbursements coming back to the City for amounts in excess of amounts authorized.

12. Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity service by the bond issuance. Neither the City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2009, there were seven series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$6,018,200.

13. Other - Kansas Veteran's Home - City of Winfield

A Kansas Veteran's Home has been established on the vacant Winfield (Kansas) State Hospital campus. The City of Winfield has committed to the Kansas State legislature local support of the project in the amount of \$1,250,000. In turn, the City of Winfield asked the City of Arkansas City to share in the local support in the amount of \$15,000 per year for ten years. The City of Arkansas City has entered into an interlocal cooperation agreement by and between the City of Arkansas City, the City of Winfield and Cowley County, Kansas. The City of Arkansas City has agreed to pay \$15,000 per year for ten consecutive years, with the initial payment to be made on or before March 1, 1999, and successive payments to be made on or before March 1 of each year thereafter. The parties acknowledged that the obligation of the City of Arkansas City under the agreement is subject to K.S.A. 10-1101 et seq., and as such the City is obligated only to the extent that it has funds actually on hand in its treasury at the time for such purpose. Therefore, there has not been an accrual recorded on the financial statements of the City. In addition, the City has not encumbered any funds of the City for the year ended December 31, 2008. The City paid \$15,000 during 2008.



CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2008

14. Interlocal Cooperation Agreement - Strother Field

The City has adopted Ordinance No. 98-11-3793 providing for an interlocal cooperation agreement between the City of Arkansas City, the City of Winfield and Strother Field to provide financing of water system improvements at Strother Field. The agreement provides for \$500,000 in G.O. bonds to be issued by the City of Winfield to finance the improvements. If Strother Field defaults on the bond issue, the cities of Arkansas City and Winfield would each be responsible for 50% of the remaining liability. The agreement acknowledges that the obligations of Arkansas City are subject to K.S.A. 10-1101 et seq., and as such, Arkansas City is obligated only to the extent that it has funds actually on hand in its treasury at the time for such purpose.

15. Temporary Notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. 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 of such temporary notes. Temporary notes outstanding are retired from the proceeds of the sale of new temporary notes and general obligation bonds.

16. Defined Benefit Pension Plan

*Plan description.* The City of Arkansas City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple employer defined benefit pension plan as provided by K.S.A.74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 888-275-5737.

*Funding policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% and 8% of covered salary. The employer collects and remits member-employer contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for calendar year 2008 is 5.93%. The City of Arkansas City contributions to KPERS for the years ending December 31, 2008, 2007 and 2006 were \$174,068, \$130,503 and \$108,141 respectively, equal of the statutory required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning 2008 is 13.88%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City of Arkansas City contributions to KP&F for the years ending December 31, 2008, 2007 and 2006 were, \$328,264, \$338,499 and \$333,695, respectively, equal to the statutory required contributions for each year.

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2008

17. Related Organizations

Strother Field Airport and Industrial Park is defined as a related organization of the City. The transactions of this entity have not been included in the financial statements of the City.

18. Other Post Employee Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. Each retiree pays the full amount of the applicable premium so there is no obligation to the City.

19. Related Party

The City paid \$91,185 to Kuhn Mechanical in 2008. The company is owned by Mell Kuhn who served as City Commissioner in the year 2008. Management believes the transactions were arm's length.

Contracts payable shown on the Statement of Net Assets includes amounts due Kuhn Mechanical of \$106,200 at December 31, 2008.

CITY OF ARKANSAS CITY, KANSAS  
GENERAL FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ 290,008	\$ 214,093
Receivables (net of allowance for uncollectibles):		
Taxes	2,115,074	2,084,336
Accounts Receivable - Refuse and others	248,272	616,113
Due from other funds	-	-
Restricted assets:		
Restricted cash (Note 7)	<u>11,000</u>	<u>10,098</u>
 Total assets	 <u>\$ 2,664,354</u>	 <u>\$2,924,640</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
 <u>Liabilities</u>		
Accounts payable	\$ 290,008	\$ 214,093
Deferred revenue	<u>2,363,346</u>	<u>2,700,449</u>
 Total liabilities	 <u>\$ 2,653,354</u>	 <u>\$2,914,542</u>
 <u>Fund balance</u>		
Unreserved:		
Undesignated	\$ -	\$ -
Reserved	<u>11,000</u>	<u>10,098</u>
 Total fund balance	 <u>\$ 11,000</u>	 <u>\$ 10,098</u>
 Total liabilities and fund balance	 <u>\$ 2,664,354</u>	 <u>\$2,924,640</u>

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

CITY OF ARKANSAS CITY, KANSAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

	2008 <u>Actual</u>	2008 <u>Budget</u>	Variance- Favorable (Unfavorable)	2007 <u>Actual</u>
<u>Revenues</u>				
Taxes	\$ 4,738,651	\$ 4,894,037	\$ (155,386)	\$4,558,968
Intergovernmental revenue	715,932	577,000	138,932	579,484
Licenses, fees and permits	42,435	36,800	5,635	60,980
Charges for services	396,392	410,100	(13,708)	398,856
Fines, forfeitures and penalties	451,752	473,000	(21,248)	482,113
Use of money and property	207,725	190,150	17,575	264,855
Miscellaneous	<u>266,460</u>	<u>260,500</u>	<u>5,960</u>	<u>260,514</u>
Total revenues	<u>\$ 6,819,347</u>	<u>\$ 6,841,587</u>	<u>\$ (22,240)</u>	<u>\$6,605,770</u>
<u>Expenditures</u>				
General government:				
City commission	\$ 39,430	\$ 48,510	\$ 9,080	\$ 42,951
City manager	53,343	78,040	24,697	91,002
Community support	36,138	35,600	(538)	39,602
Legal council	145,268	114,128	(31,140)	139,450
Administration	303,300	295,035	(8,265)	322,731
Code enforcement	263,549	321,265	57,716	296,439
Non-departmental	71,537	373,499	301,962	72,278
Planning	53	-	(53)	109
Animal control - Humane Society	<u>93</u>	<u>66,790</u>	<u>66,697</u>	<u>70,852</u>
Total general government	<u>\$ 912,711</u>	<u>\$ 1,332,867</u>	<u>\$ 420,156</u>	<u>\$1,075,414</u>
Public safety:				
Law enforcement	\$ 1,964,379	\$ 2,517,670	\$ 553,291	\$2,571,113
Fire fighting	2,794,459	1,939,334	(855,125)	1,972,844
Civil defense	<u>42,086</u>	<u>49,400</u>	<u>7,314</u>	<u>40,472</u>
Total public safety	<u>\$ 4,800,924</u>	<u>\$ 4,506,404</u>	<u>\$ (294,520)</u>	<u>\$4,584,429</u>
Public works:				
Supervision	\$ 82,522	\$ 99,755	\$ 17,233	\$ 91,618
Street repair	317,431	354,610	37,179	304,684
Street lighting	133,776	150,000	16,224	129,029
Cemetery	146,460	165,315	18,855	149,195
Public buildings	<u>122,381</u>	<u>146,330</u>	<u>23,949</u>	<u>128,182</u>
Total public works	<u>\$ 802,570</u>	<u>\$ 916,010</u>	<u>\$ 113,440</u>	<u>\$ 802,708</u>

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

CITY OF ARKANSAS CITY, KANSAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET (CONTINUED)  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2007</u> <u>Actual</u>
<u>Expenditures (continued)</u>				
Culture and recreation:				
Park	\$ 555,137	\$ 553,900	\$ (1,237)	\$ 488,456
Baseball park	6,216	21,030	14,814	8,032
Swimming pool	99,369	71,280	(28,089)	74,117
NW Community Center	51,077	61,430	10,353	49,204
Senior Citizen	233,644	207,350	(26,294)	201,659
Museum	151,805	135,180	(16,625)	140,679
Teen Center	26,604	29,140	2,536	24,994
Human Relations Council	<u>1,305</u>	<u>4,120</u>	<u>2,815</u>	<u>4,328</u>
Total culture and recreation	<u>\$ 1,125,157</u>	<u>\$ 1,083,430</u>	<u>\$ (41,727)</u>	<u>\$ 991,469</u>
Total expenditures	<u>\$ 7,641,362</u>	<u>\$ 7,838,711</u>	<u>\$ 197,349</u>	<u>\$ 7,454,020</u>
Revenues over (under) expenditures	<u>\$ (822,015)</u>	<u>\$ (997,124)</u>	<u>\$ 175,109</u>	<u>\$ (848,250)</u>
<u>Other financing sources (uses)</u>				
Transfers in	\$ 822,917	\$ 710,000	\$ 112,917	\$ 710,000
Transfers (out)	-	-	-	-
Equity transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ 822,917</u>	<u>\$ 710,000</u>	<u>\$ 112,917</u>	<u>\$ 710,000</u>
Excess of revenues and other sources over expenditures and other uses	\$ 902	\$ (287,124)	\$ 288,026	\$ (138,250)
Fund balance, beginning	<u>10,098</u>	<u>287,124</u>	<u>(277,026)</u>	<u>148,348</u>
Fund balance, ending	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 10,098</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 December 31, 2008

	Special Revenue Service Funds	Debt Service Fund	Trust & Agency Funds	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 777,355	\$ 149,888	\$ 198,315	\$ 1,125,558
Receivables - taxes	274,223	812,969	-	1,087,192
Cash with fiscal agent	-	-	-	-
Special assessments	<u>-</u>	<u>370,434</u>	<u>-</u>	<u>370,434</u>
 Total assets	 <u>\$ 1,051,578</u>	 <u>\$ 1,333,291</u>	 <u>\$ 198,315</u>	 <u>\$ 2,583,184</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<u>Liabilities</u>				
Accounts payable	\$ 28,543	\$ -	\$ 61,189	\$ 89,732
Deferred revenue	274,223	1,183,403	-	1,457,626
Matured coupons	-	-	-	-
Due to other agencies	<u>-</u>	<u>-</u>	<u>137,126</u>	<u>137,126</u>
 Total liabilities	 <u>\$ 302,766</u>	 <u>\$ 1,183,403</u>	 <u>\$ 198,315</u>	 <u>\$ 1,684,484</u>
 <u>Fund balance</u>				
Reserved	\$ 100,941	\$ -	\$ -	\$ 100,941
Undesignated	<u>647,871</u>	<u>149,888</u>	<u>-</u>	<u>797,759</u>
 Total fund balance	 <u>\$ 748,812</u>	 <u>\$ 149,888</u>	 <u>\$ -</u>	 <u>\$ 898,700</u>
 Total liabilities and fund balance	 <u>\$ 1,051,578</u>	 <u>\$ 1,333,291</u>	 <u>\$ 198,315</u>	 <u>\$ 2,583,184</u>

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

CITY OF ARKANSAS CITY, KANSAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ACTUAL AND BUDGET  
Year Ended December 31, 2008

<u>Revenues</u>	Special Revenue Funds	Debt Service Fund	<u>Total</u>
Taxes	\$ 599,239	\$ 1,629,234	\$ 2,228,473
Intergovernmental	401,842	-	401,842
Interest	1,347	-	1,347
Miscellaneous	<u>131,232</u>	<u>-</u>	<u>131,232</u>
 Total revenues	 <u>\$ 1,133,660</u>	 <u>\$ 1,629,234</u>	 <u>\$ 2,762,894</u>
 <u>Expenditures</u>			
Current:			
General government	\$ 5,700	\$ -	\$ 5,700
Public Safety	17,234	-	17,234
Public Works	618,066	-	618,066
Culture and recreation	318,198	-	318,198
Debt service:			
Principal	11,257	1,375,350	1,386,607
Interest and fees	2,382	247,193	249,575
Capital outlay	<u>76,965</u>	<u>-</u>	<u>76,965</u>
 Total expenditures	 <u>\$ 1,049,802</u>	 <u>\$ 1,622,543</u>	 <u>\$ 2,672,345</u>
 Revenues over (under) expenditures	 <u>\$ 83,858</u>	 <u>\$ 6,691</u>	 <u>\$ 90,549</u>
 Other financing sources (uses)			
Transfer in	\$ -	\$ -	\$ -
Accrued interest on bond sale	-	4,443	4,443
Equity transfer out	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	 <u>\$ -</u>	 <u>\$ 4,443</u>	 <u>\$ 4,443</u>
 Revenues and other sources over (under) expenditures and other uses	 <u>\$ 83,858</u>	 <u>\$ 11,134</u>	 <u>\$ 94,992</u>
 Fund balance beginning of year	 <u>664,954</u>	 <u>138,754</u>	 <u>803,708</u>
 Fund balance end of year	 <u>\$ 748,812</u>	 <u>\$ 149,888</u>	 <u>\$ 898,700</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 COMBINING BALANCE SHEET  
 ALL SPECIAL REVENUE FUNDS  
 December 31, 2008 and 2007

	Employee Benefits Library Fund	Convention Center Fund	Public Library Fund	Special Street and Highway Fund	Street Main- tenance Fund	Alcohol Program Fund
<u>ASSETS</u>						
Cash and investments	\$ -	\$ 21,556	\$ -	\$ 175,458	\$ 154,082	\$ 15,980
Receivables (net of allowance for uncollectibles):						
Taxes	-	-	274,223	-	-	-
Other	-	-	-	-	-	-
Federal grant	-	-	-	-	-	-
Restricted cash	<u>-</u>	<u>23,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ -</u>	 <u>\$ 45,009</u>	 <u>\$ 274,223</u>	 <u>\$ 175,458</u>	 <u>\$ 154,082</u>	 <u>\$ 15,980</u>
<u>LIABILITIES &amp; FUND BALANCE</u>						
<u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ 14,449	\$ 9,142	\$ -
Due to other fund	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>274,223</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 274,223</u>	 <u>\$ 14,449</u>	 <u>\$ 9,142</u>	 <u>\$ -</u>
<u>Fund balance</u>						
Undesignated	\$ -	\$ 21,556	\$ -	\$ 161,009	\$ 144,940	\$ 15,980
Reserve	<u>-</u>	<u>23,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balance	 <u>\$ -</u>	 <u>\$ 45,009</u>	 <u>\$ -</u>	 <u>\$ 161,009</u>	 <u>\$ 144,940</u>	 <u>\$ 15,980</u>
 Total liabilities and fund balance	 <u>\$ -</u>	 <u>\$ 45,009</u>	 <u>\$ 274,223</u>	 <u>\$ 175,458</u>	 <u>\$ 154,082</u>	 <u>\$ 15,980</u>

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



CITY OF ARKANSAS CITY, KANSAS  
 COMBINING BALANCE SHEET  
 ALL SPECIAL REVENUE FUNDS (Continued)  
 December 31, 2008 and 2007

<u>Grant Fund</u>	<u>Special Recreation and Park Fund</u>	<u>Memorial Hospital Fund</u>	<u>Tourism Fund</u>	<u>Project Independence Fund</u>	<u>DARE Program Fund</u>	<u>Economic Development Fund</u>	..... Total .....	
							<u>December 31,</u>	
							<u>2008</u>	<u>2007</u>
\$ -	\$ 17,036	\$ 14,552	\$ 59,906	\$ 71,786	\$ 9,159	\$ 136,899	\$ 676,414	\$ 581,215
-	-	-	-	-	-	-	274,223	274,304
-	-	-	-	-	-	-	-	-
-	-	-	-	77,488	-	-	100,941	120,688
<u>\$ -</u>	<u>\$ 17,036</u>	<u>\$ 14,552</u>	<u>\$ 59,906</u>	<u>\$ 149,274</u>	<u>\$ 9,159</u>	<u>\$ 136,899</u>	<u>\$ 1,051,578</u>	<u>\$ 976,207</u>
\$ -	\$ -	\$ 146	\$ -	\$ 4,754	\$ 52	\$ -	\$ 28,543	\$ 36,949
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	274,223	274,304
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146</u>	<u>\$ -</u>	<u>\$ 4,754</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 302,766</u>	<u>\$ 311,253</u>
\$ -	\$ 17,036	\$ 14,406	\$ 59,906	\$ 67,032	\$ 9,107	\$ 136,899	\$ 647,871	\$ 544,266
-	-	-	-	77,488	-	-	100,941	120,688
<u>\$ -</u>	<u>\$ 17,036</u>	<u>\$ 14,406</u>	<u>\$ 59,906</u>	<u>\$ 144,520</u>	<u>\$ 9,107</u>	<u>\$ 136,899</u>	<u>\$ 748,812</u>	<u>\$ 664,954</u>
<u>\$ -</u>	<u>\$ 17,036</u>	<u>\$ 14,552</u>	<u>\$ 59,906</u>	<u>\$ 149,274</u>	<u>\$ 9,159</u>	<u>\$ 136,899</u>	<u>\$ 1,051,578</u>	<u>\$ 976,207</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS  
 Years Ended December 31, 2008 and 2007

	Employee Benefits Library Fund	Convention Center Fund	Public Library Fund	Special Street and Highway Fund	Street Main- tenance Fund	Alcohol Program Fund	Grant Fund
<u>Revenues</u>							
Taxes	\$ 41,159	\$ -	\$ 265,439	\$ -	\$ 101,651	\$ -	\$ -
Intergovernmental revenue	-	-	-	376,376	-	12,733	-
Use of money and property	-	926	-	-	-	-	-
Miscellaneous	-	6,883	-	100	-	-	-
Total revenues	<u>\$ 41,159</u>	<u>\$ 7,809</u>	<u>\$ 265,439</u>	<u>\$ 376,476</u>	<u>\$ 101,651</u>	<u>\$ 12,733</u>	<u>\$ -</u>
<u>Expenditures</u>							
Current:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,700	\$ -
Public safety	-	-	-	-	-	-	-
Public works	-	19,150	-	242,812	92,684	-	-
Culture and recreation	41,159	-	265,439	-	-	-	-
Debt service-principal & interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	70,200	-	-	-
Total expenditures	<u>\$ 41,159</u>	<u>\$ 19,150</u>	<u>\$ 265,439</u>	<u>\$ 313,012</u>	<u>\$ 92,684</u>	<u>\$ 5,700</u>	<u>\$ -</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ (11,341)</u>	<u>\$ -</u>	<u>\$ 63,464</u>	<u>\$ 8,967</u>	<u>\$ 7,033</u>	<u>\$ -</u>
<u>Other financing sources (uses)</u>							
Transfers in (out)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenue over expenditures and other financing sources	\$ -	\$ (11,341)	\$ -	\$ 63,464	\$ 8,967	\$ 7,033	\$ -
Fund balance, beginning	-	56,350	-	97,545	135,973	8,947	-
Fund balance, ending	<u>\$ -</u>	<u>\$ 45,009</u>	<u>\$ -</u>	<u>\$ 161,009</u>	<u>\$ 144,940</u>	<u>\$ 15,980</u>	<u>\$ -</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS  
 Years Ended December 31, 2008 and 2007

Special Recrea- tion And Park Fund	Memorial Hospital Fund	Tourism Fund	Project Indepen- dence Fund	DARE Program Fund	Economic Develop- ment Fund	..... Total .....	
						December 31,	
						<u>2008</u>	<u>2007</u>
\$ -	\$ -	\$ 89,339	\$ -	\$ -	\$ 101,651	\$ 599,239	\$ 544,496
12,733	-	-	-	-	-	401,842	433,785
-	421	-	-	-	-	1,347	1,421
<u>-</u>	<u>-</u>	<u>-</u>	<u>119,509</u>	<u>4,740</u>	<u>-</u>	<u>131,232</u>	<u>145,008</u>
<u>\$ 12,733</u>	<u>\$ 421</u>	<u>\$ 89,339</u>	<u>\$ 119,509</u>	<u>\$ 4,740</u>	<u>\$ 101,651</u>	<u>\$ 1,133,660</u>	<u>\$ 1,124,710</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,700	\$ 5,250
-	-	-	-	17,234	-	17,234	20,224
-	146	74,494	104,516	-	84,264	618,066	680,110
11,600	-	-	-	-	-	318,198	296,028
-	-	-	13,639	-	-	13,639	13,816
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,765</u>	<u>-</u>	<u>-</u>	<u>76,965</u>	<u>149,293</u>
<u>\$ 11,600</u>	<u>\$ 146</u>	<u>\$ 74,494</u>	<u>\$ 124,920</u>	<u>\$ 17,234</u>	<u>\$ 84,264</u>	<u>\$ 1,049,802</u>	<u>\$ 1,164,721</u>
<u>\$ 1,133</u>	<u>\$ 275</u>	<u>\$ 14,845</u>	<u>\$ (5,411)</u>	<u>\$ (12,494)</u>	<u>\$ 17,387</u>	<u>\$ 83,858</u>	<u>\$ (40,011)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,133	\$ 275	\$ 14,845	\$ (5,411)	\$ (12,494)	\$ 17,387	\$ 83,858	\$ (40,011)
<u>15,903</u>	<u>14,131</u>	<u>45,061</u>	<u>149,931</u>	<u>21,601</u>	<u>119,512</u>	<u>664,954</u>	<u>704,965</u>
<u>\$ 17,036</u>	<u>\$ 14,406</u>	<u>\$ 59,906</u>	<u>\$ 144,520</u>	<u>\$ 9,107</u>	<u>\$ 136,899</u>	<u>\$ 748,812</u>	<u>\$ 664,954</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
LIBRARY EMPLOYEE BENEFITS FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ -	\$ -
Receivables (net of allowance for uncollectibles):		
Taxes receivable	-	39,304
Total assets	<u>\$ -</u>	<u>\$ 39,304</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Deferred revenue	-	39,304
Total liabilities	<u>\$ -</u>	<u>\$ 39,304</u>
<u>Fund balance</u>		
Undesignated	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 39,304</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2007</u> <u>Actual</u>
<u>Revenues</u>				
Taxes	\$ 41,159	\$ 43,200	\$ (2,041)	\$ 25,196
Refund of expenditure	-	-	-	-
Total revenues	<u>\$ 41,159</u>	<u>\$ 43,200</u>	<u>\$ (2,041)</u>	<u>\$ 25,196</u>
<u>Expenditures</u>				
Personal services	<u>\$ 41,159</u>	<u>\$ 43,200</u>	<u>\$ 2,041</u>	<u>\$ 25,196</u>
Total expenditures	<u>\$ 41,159</u>	<u>\$ 43,200</u>	<u>\$ 2,041</u>	<u>\$ 25,196</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
CONVENTION CENTER FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ 21,556	\$ 20,634
Restricted cash	<u>23,453</u>	<u>35,716</u>
Total assets	<u>\$ 45,009</u>	<u>\$ 56,350</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Deferred revenue	\$ -	\$ -
Fund balance		
Undesignated	\$ 21,556	\$ 20,634
Reserved for maintenance	<u>23,453</u>	<u>35,716</u>
Total fund balance	<u>\$ 45,009</u>	<u>\$ 56,350</u>
Total liabilities and fund balance	<u>\$ 45,009</u>	<u>\$ 56,350</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>
<u>Revenues</u>		
Sales	\$ 6,883	\$ 6,883
Use of money and property	<u>926</u>	<u>1,015</u>
Total revenues	<u>\$ 7,809</u>	<u>\$ 7,898</u>
<u>Expenditures</u>		
Contractual services	\$ 19,150	\$ 600
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 19,150</u>	<u>\$ 600</u>
Revenues over (under) expenditures	\$ (11,341)	\$ 7,298
Fund balance, beginning	<u>56,350</u>	<u>49,052</u>
Fund balance, ending	<u>\$ 45,009</u>	<u>\$ 56,350</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
PUBLIC LIBRARY FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ -	\$ -
Receivables (net of allowance for uncollectibles):		
Taxes receivable	<u>274,223</u>	<u>235,000</u>
Total assets	<u>\$ 274,223</u>	<u>\$ 235,000</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Deferred revenue	<u>\$ 274,223</u>	<u>\$ 235,000</u>
 <u>Fund balance</u>		
Undesignated	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 274,223</u>	<u>\$ 235,000</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2007</u> <u>Actual</u>
<u>Revenues</u>				
Taxes	\$ 265,439	\$ 279,000	\$ (13,561)	\$ 251,800
Use of money and property	-	-	-	-
Reimbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 265,439</u>	<u>\$ 279,000</u>	<u>\$ (13,561)</u>	<u>\$ 251,800</u>
 <u>Expenditures</u>				
Outside organizations	<u>\$ 265,439</u>	<u>\$ 279,000</u>	<u>\$ 13,561</u>	<u>\$ 256,932</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ (5,132)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,132</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
SPECIAL STREET AND HIGHWAY FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ <u>175,458</u>	\$ <u>124,691</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ <u>14,449</u>	\$ <u>27,146</u>
 <u>Fund balance</u>		
Undesignated	\$ <u>161,009</u>	\$ <u>97,545</u>
 Total liabilities and fund balance	 \$ <u>175,458</u>	 \$ <u>124,691</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2007</u> <u>Actual</u>
<u>Revenues</u>				
Intergovernmental:				
County gas tax	\$ 51,627	\$ -	\$ 51,627	\$ 43,669
State gas tax	324,749	405,000	(80,251)	338,215
Refund of expenditure	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total revenues	\$ <u>376,476</u>	\$ <u>405,000</u>	\$ <u>(28,524)</u>	\$ <u>381,884</u>
 <u>Expenditures</u>				
Personal services	\$ 46,981	\$ -	\$ (46,981)	\$ 85,600
Contractual services	68,563	-	(68,563)	49,957
Commodities	127,268	422,364	295,096	177,355
Capital outlay	<u>70,200</u>	<u>-</u>	<u>(70,200)</u>	<u>108,908</u>
Total expenditures	\$ <u>313,012</u>	\$ <u>422,364</u>	\$ <u>109,352</u>	\$ <u>421,820</u>
Revenues over (under) expenditures	\$ 63,464	\$ (17,364)	\$ 80,828	\$ (39,936)
Fund balance, beginning	<u>97,545</u>	<u>67,651</u>	<u>29,894</u>	<u>137,481</u>
Fund balance, ending	\$ <u>161,009</u>	\$ <u>50,287</u>	\$ <u>110,722</u>	\$ <u>97,545</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
STREET MAINTENANCE FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ <u>154,082</u>	\$ <u>141,119</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ <u>9,142</u>	\$ <u>5,146</u>
 <u>Fund balance</u>		
Undesignated	\$ <u>144,940</u>	\$ <u>135,973</u>
 Total liabilities and fund balance	 \$ <u>154,082</u>	 \$ <u>141,119</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u>	Variance- Favorable <u>(Unfavorable)</u>	<u>2007</u> <u>Actual</u>
<u>Revenues</u>				
Taxes:				
Franchise tax	\$ <u>101,651</u>	\$ <u>100,000</u>	\$ <u>1,651</u>	\$ <u>95,207</u>
 <u>Expenditures</u>				
Commodities	\$ 92,684	\$ 100,000	\$ 7,316	\$ 98,779
Capital outlay	-	-	-	-
 Total expenditures	 \$ <u>92,684</u>	 \$ <u>100,000</u>	 \$ <u>7,316</u>	 \$ <u>98,779</u>
 Revenues over (under) expenditures	 \$ 8,967	 \$ -	 \$ 8,967	 \$ (3,572)
 Fund balance, beginning	 <u>135,973</u>	 <u>139,544</u>	 <u>(3,571)</u>	 <u>139,545</u>
 Fund balance, ending	 <u>\$ 144,940</u>	 <u>\$ 139,544</u>	 <u>\$ 5,396</u>	 <u>\$ 135,973</u>

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



CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
ALCOHOL PROGRAM FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ <u>15,980</u>	\$ <u>8,947</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
 <u>Fund balance</u>		
Undesignated	\$ <u>15,980</u>	\$ <u>8,947</u>
 Total liabilities and fund balance	 \$ <u>15,980</u>	 \$ <u>8,947</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2007</u> <u>Actual</u>
<u>Revenues</u>				
Intergovernmental:				
State	\$ 12,733	\$ 8,000	\$ 4,733	\$ 9,325
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
 Total revenues	 \$ <u>12,733</u>	 \$ <u>8,000</u>	 \$ <u>4,733</u>	 \$ <u>9,325</u>
 <u>Expenditures</u>				
Contractual services	\$ 5,700	\$ 8,000	\$ 2,300	\$ 5,250
Commodities	-	-	-	-
 Total expenditures	 \$ <u>5,700</u>	 \$ <u>8,000</u>	 \$ <u>2,300</u>	 \$ <u>5,250</u>
 Revenues over (under) expenditures	 \$ 7,033	 \$ -	 \$ 7,033	 \$ 4,075
 Fund balance, beginning	 <u>8,947</u>	 <u>4,872</u>	 <u>4,075</u>	 <u>4,872</u>
 Fund balance, ending	 \$ <u>15,980</u>	 \$ <u>4,872</u>	 \$ <u>11,108</u>	 \$ <u>8,947</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
SPECIAL RECREATION AND PARK FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ <u>17,036</u>	\$ <u>15,903</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ _____ -	\$ _____ -
 <u>Fund balance</u>		
Undesignated	\$ <u>17,036</u>	\$ <u>15,903</u>
 Total liabilities and fund balance	 \$ <u>17,036</u>	 \$ <u>15,903</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u>	Variance- Favorable <u>(Unfavorable)</u>	<u>2007</u> <u>Actual</u>
<u>Revenues</u>				
Intergovernmental:				
State	\$ <u>12,733</u>	\$ <u>8,000</u>	\$ <u>4,733</u>	\$ <u>9,326</u>
 <u>Expenditures</u>				
Contractual services	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Commodities	1,600	1,600	-	3,900
Capital outlay	_____ -	_____ -	_____ -	_____ -
 Total expenditures	 \$ <u>11,600</u>	 \$ <u>11,600</u>	 \$ _____ -	 \$ <u>13,900</u>
 Revenues over (under) expenditures	 \$ 1,133	 \$ (3,600)	 \$ 4,733	 \$ (4,574)
 Fund balance, beginning	 _____ <u>15,903</u>	 _____ <u>7,477</u>	 _____ <u>8,426</u>	 _____ <u>20,477</u>
 Fund balance, ending	 \$ <u>17,036</u>	 \$ <u>3,877</u>	 \$ <u>13,159</u>	 \$ <u>15,903</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
MEMORIAL HOSPITAL FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ <u>14,552</u>	\$ <u>14,131</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ <u>146</u>	\$ <u>-</u>
 <u>Fund balance</u>		
Undesignated	\$ <u>14,406</u>	\$ <u>14,131</u>
 Total liabilities and fund balance	 \$ <u>14,552</u>	 \$ <u>14,131</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>
<u>Revenues</u>		
Taxes	\$ -	\$ -
Temporary note reimbursement	-	-
Use of money and property	421	406
Other	<u>-</u>	<u>-</u>
 Total revenues	 \$ <u>421</u>	 \$ <u>406</u>
 <u>Expenditures</u>		
Temporary note	\$ -	\$ -
Temporary note interest	-	-
Contractual services	<u>146</u>	<u>-</u>
 Total expenditures	 \$ <u>146</u>	 \$ <u>-</u>
 Revenues over (under) expenditures	 \$ <u>275</u>	 \$ <u>406</u>
 Fund balance, beginning	 <u>14,131</u>	 <u>13,725</u>
 Fund balance, ending	 \$ <u>14,406</u>	 \$ <u>14,131</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
TOURISM FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ 59,906	\$ 45,061
Accounts receivables		
Other entity	_____ -	_____ -
 Total assets	 <u>\$ 59,906</u>	 <u>\$ 45,061</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Deferred revenue	_____ -	_____ -
 Total liabilities	 <u>\$ -</u>	 <u>\$ -</u>
 <u>Fund balance</u>		
Undesignated	\$ 59,906	\$ 45,061
 Total liabilities and fund balance	 <u>\$ 59,906</u>	 <u>\$ 45,061</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2007</u> <u>Actual</u>
<u>Revenues</u>				
Transient guest tax	\$ 89,339	\$ 60,000	\$ 29,339	\$ 77,087
Reimbursements and donations	_____ -	_____ -	_____ -	_____ -
 Total revenues	 <u>\$ 89,339</u>	 <u>\$ 60,000</u>	 <u>\$ 29,339</u>	 <u>\$ 77,087</u>
 <u>Expenditures</u>				
Contractual services	\$ 49,960	\$ 75,000	\$ 25,040	\$ 53,780
Commodities	24,534	_____ -	(24,534)	1,219
 Total expenditures	 <u>\$ 74,494</u>	 <u>\$ 75,000</u>	 <u>\$ 506</u>	 <u>\$ 54,999</u>
Revenues over (under) expenditures	\$ 14,845	\$ (15,000)	\$ 29,845	\$ 22,088
Fund balance, beginning	45,061	27,973	17,088	22,973
Fund balance, ending	<u>\$ 59,906</u>	<u>\$ 12,973</u>	<u>\$ 46,933</u>	<u>\$ 45,061</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
PROJECT INDEPENDENCE FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ 71,786	\$ 68,912
Reserved cash and investments	<u>77,488</u>	<u>84,972</u>
Total assets	<u>\$ 149,274</u>	<u>\$ 153,884</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ 4,754	\$ 3,953
 <u>Fund balance</u>		
Undesignated	\$ 67,032	\$ 64,959
Reserved for deposits and debt	<u>77,488</u>	<u>84,972</u>
Total fund balance	<u>\$ 144,520</u>	<u>\$ 149,931</u>
Total liabilities and fund balance	<u>\$ 149,274</u>	<u>\$ 153,884</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2007</u> <u>Actual</u>
<u>Revenues</u>				
Rent	\$ 97,080	\$ 80,000	\$ 17,080	\$ 91,082
Deposits and service charges	1,098	250	848	993
H.U.D. voucher payments	21,271	40,000	(18,729)	39,832
Reimbursed expense	60	-	60	7
Grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 119,509</u>	<u>\$ 120,250</u>	<u>\$ (741)</u>	<u>\$ 131,914</u>
 <u>Expenditures</u>				
Personnel	\$ 40,910	\$ -	\$ (40,910)	\$ 41,803
Contractual services	49,015	127,100	78,085	56,120
Commodities	14,591	-	(14,591)	15,359
Capital outlay	6,765	-	(6,765)	7,135
G.O. principal	11,257	11,258	1	11,002
Interest	<u>2,382</u>	<u>2,383</u>	<u>1</u>	<u>2,814</u>
Total expenditures	<u>\$ 124,920</u>	<u>\$ 140,741</u>	<u>\$ 15,821</u>	<u>\$ 134,233</u>
Revenues over (under) expenditures	\$ (5,411)	\$ (20,491)	\$ 15,080	\$ (2,319)
Fund balance, beginning	<u>149,931</u>	<u>157,004</u>	<u>7,073</u>	<u>152,250</u>
Fund balance, ending	<u>\$ 144,520</u>	<u>\$ 136,513</u>	<u>\$ 8,007</u>	<u>\$ 149,931</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
DARE PROGRAM FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ <u>9,159</u>	\$ <u>22,305</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ <u>52</u>	\$ <u>704</u>
 <u>Fund balance</u>		
Undesignated	\$ <u>9,107</u>	\$ <u>21,601</u>
 Total liabilities and fund balance	 \$ <u>9,159</u>	 \$ <u>22,305</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>
<u>Revenues</u>		
Donations	\$ 4,690	\$ 6,211
Other	<u>50</u>	<u>-</u>
 Total revenues	 \$ <u>4,740</u>	 \$ <u>6,211</u>
 <u>Expenditures</u>		
Commodities	\$ 17,234	\$ 20,224
Contractual services	<u>-</u>	<u>-</u>
 Total expenditures	 \$ <u>17,234</u>	 \$ <u>20,224</u>
 Revenues over (under) expenditures	 \$ (12,494)	 \$ (14,013)
 Fund balance, beginning	 <u>21,601</u>	 <u>35,614</u>
 Fund balance, ending	 \$ <u>9,107</u>	 \$ <u>21,601</u>

Not subject to budget law per K.S.A. 12-1663.

Not subject to cash basis law per K.S.A. 12-1664.

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
ECONOMIC DEVELOPMENT FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	<u>\$ 136,899</u>	<u>\$ 119,512</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ _____ -	\$ _____ -
 <u>Fund balance</u>		
Undesignated	<u>\$ 136,899</u>	<u>\$ 119,512</u>
Total liabilities and fund balance	<u>\$ 136,899</u>	<u>\$ 119,512</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2007</u> <u>Actual</u>
<u>Revenues</u>				
Taxes:				
Franchise tax	\$ 101,651	\$ 100,000	\$ 1,651	\$ 95,206
Reimbursements	_____ -	_____ -	_____ -	_____ -
Total revenues	<u>\$ 101,651</u>	<u>\$ 100,000</u>	<u>\$ 1,651</u>	<u>\$ 95,206</u>
 <u>Expenditures</u>				
Contractual services	\$ 84,264	\$ 100,000	\$ 15,736	\$ 99,538
Capital outlay	_____ -	_____ -	_____ -	_____ -
Total expenditures	<u>\$ 84,264</u>	<u>\$ 100,000</u>	<u>\$ 15,736</u>	<u>\$ 99,538</u>
Revenues over (under) expenditures	\$ 17,387	\$ -	\$ 17,387	\$ (4,332)
Fund balance, beginning	<u>119,512</u>	<u>123,844</u>	<u>(4,332)</u>	<u>123,844</u>
Fund balance, ending	<u>\$ 136,899</u>	<u>\$ 123,844</u>	<u>\$ 13,055</u>	<u>\$ 119,512</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
COMMUNITY DEVELOPMENT GRANTS  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ <u>          -</u>	\$ <u>          -</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$           -	\$           -
Deferred revenue	<u>                  -</u>	<u>                  -</u>
Total liabilities	\$ <u>                  -</u>	\$ <u>                  -</u>
 <u>Fund balance</u>		
Undesignated	\$ <u>                  -</u>	\$ <u>                  -</u>
Total liabilities and fund balances	\$ <u>                  -</u>	\$ <u>                  -</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE-ACTUAL  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>
<u>Revenues</u>		
Federal grants	\$           -	\$ 33,250
State grants	<u>                  -</u>	<u>                  -</u>
Total revenues	\$ <u>                  -</u>	\$ <u>33,250</u>
 <u>Expenditures</u>		
Contractual	\$           -	\$           -
Capital outlay	<u>                  -</u>	<u>33,250</u>
Total expenditures	\$ <u>                  -</u>	\$ <u>33,250</u>
Revenues over (under) expenditures	\$           -	\$           -
Fund balance, beginning	<u>                  -</u>	<u>                  -</u>
Fund balance, ending	\$ <u>                  -</u>	\$ <u>                  -</u>

Not subject to budget law per K.S.A. 12-1663.

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



CITY OF ARKANSAS CITY, KANSAS  
DEBT SERVICE FUND  
BOND AND INTEREST FUND  
BALANCE SHEETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and investments	\$ 149,888	\$ 138,754
Cash with fiscal agent	-	-
Receivables (net of allowance for doubtful accounts):		
Taxes	812,969	850,000
Special assessments	<u>370,434</u>	<u>457,256</u>
Total assets	<u>\$ 1,333,291</u>	<u>\$ 1,446,010</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Matured bonds and coupons payable	-	-
Deferred revenue	<u>1,183,403</u>	<u>1,307,256</u>
Total liabilities	<u>\$ 1,183,403</u>	<u>\$ 1,307,256</u>
 <u>Fund balance</u>		
Undesignated	<u>\$ 149,888</u>	<u>\$ 138,754</u>
Total liabilities and fund balance	<u>\$ 1,333,291</u>	<u>\$ 1,446,010</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2007</u> <u>Actual</u>
<u>Revenues</u>				
Ad valorem taxes	\$ 787,238	\$ 850,000	\$ (62,762)	\$ 760,819
Special assessments	125,268	265,203	(139,935)	126,556
Motor vehicle tax	145,601	143,660	1,941	165,152
Reimbursements	297,917	-	297,917	384,208
Delinquent taxes	33,210	20,597	12,613	18,357
In lieu of tax	<u>240,000</u>	<u>240,000</u>	<u>-</u>	<u>220,000</u>
Total revenues	<u>\$ 1,629,234</u>	<u>\$ 1,519,460</u>	<u>\$ 109,774</u>	<u>\$ 1,675,092</u>
<u>Expenditures</u>				
Debt service:				
Principal	\$ 1,375,350	\$ 1,385,033	\$ 9,683	\$ 1,347,189
Interest	247,190	247,497	307	284,110
Commission and postage	<u>3</u>	<u>100</u>	<u>97</u>	<u>11</u>
Total expenditures	<u>\$ 1,622,543</u>	<u>\$ 1,632,630</u>	<u>\$ 10,087</u>	<u>\$ 1,631,310</u>
<u>Other financing sources</u>				
Accrued interest on bond sale	\$ 4,443	\$ -	\$ 4,443	\$ -
Total other financing sources	<u>\$ 4,443</u>	<u>\$ -</u>	<u>\$ 4,443</u>	<u>\$ -</u>
Total revenue and other financing sources	<u>\$ 1,633,677</u>	<u>\$ 1,519,460</u>	<u>\$ 114,217</u>	<u>\$ 1,675,092</u>
Revenues and other financing sources over (under) expenditures	\$ 11,134	\$ (113,170)	\$ 124,304	\$ 43,782
Fund balance, beginning	<u>138,754</u>	<u>113,170</u>	<u>25,584</u>	<u>94,972</u>
Fund balance, ending	<u>\$ 149,888</u>	<u>\$ -</u>	<u>\$ 149,888</u>	<u>\$ 138,754</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 CAPITAL PROJECT FUND  
 BALANCE SHEETS  
 December 31, 2008 and 2007

	Construction Fund <u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and investments	\$ 982,618	\$ 3,444,329
Accounts receivable	-	-
Total assets	<u>\$ 982,618</u>	<u>\$ 3,444,329</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Contracts payable	\$ 258,247	\$ 239,255
Deferred revenue	-	-
Total liabilities	<u>\$ 258,247</u>	<u>\$ 239,255</u>
<u>Fund balance</u>		
Unreserved:		
Undesignated	<u>\$ 724,371</u>	<u>\$ 3,205,074</u>
Total liabilities and fund balance	<u>\$ 982,618</u>	<u>\$ 3,444,329</u>

COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 Years Ended December 31, 2008 and 2007

	Construction Fund <u>2008</u>	<u>2007</u>
<u>Revenues</u>		
Interest on investments	\$ 64,365	\$ 92,455
State revenue	821,347	2,241,156
Reimbursements	843	34,707
Federal grant	-	297,432
Other	-	-
Total revenues	<u>\$ 886,555</u>	<u>\$ 2,665,750</u>
<u>Expenditures</u>		
Payments to contractors	\$ 564,615	\$ 1,276,935
Engineering	133,450	212,591
Interest	193,445	220,008
Other construction costs and repair	744,904	163,325
Equipment & land	88,356	766,427
Other entity contributions	104,377	53,458
Total expenditures	<u>\$ 1,829,147</u>	<u>\$ 2,692,744</u>
Excess of revenues over (under) expenditures	\$ (942,592)	\$ (26,994)
<u>Other financing resources (uses)</u>		
Lease purchase of funds	\$ -	\$ 153,422
Sale of bonds	2,545,000	-
Sale of temporary notes	-	-
Retirement of temporary notes	(4,968,000)	-
Transfer from Sanitation Fund	884,889	-
CDBG reimbursement	-	647,954
CDBG principal & interest	-	(647,954)
Total sources (uses)	<u>\$ (1,538,111)</u>	<u>\$ 153,422</u>
Revenues over (under) expenditures and other sources (uses)	\$ (2,480,703)	\$ 126,428
Fund balance, beginning	<u>3,205,074</u>	<u>3,078,646</u>
Fund balance, ending	<u>\$ 724,371</u>	<u>\$ 3,205,074</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
WATERWORKS FUND  
STATEMENTS OF NET ASSETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<u>Current assets</u>		
Cash and investments	\$ 1,193,604	\$ 845,070
Accounts receivable (net of allowance for uncollectibles \$548,659):		
Trade	<u>503,364</u>	<u>549,869</u>
Total current assets	<u>\$ 1,696,968</u>	<u>\$ 1,394,939</u>
<u>Restricted assets</u>		
Revenue bond debt service: cash and investments	\$ -	\$ -
Revenue bond reserve: cash and investments	-	-
Reserved - Improvements	46,035	46,035
Reserved - Self insurance (Note 7)	<u>171,737</u>	<u>172,639</u>
Total restricted assets	<u>\$ 217,772</u>	<u>\$ 218,674</u>
<u>Capital assets</u>		
Buildings and improvements	\$ 94,769	\$ 94,769
Meters, mains and service lines	1,823,140	1,800,957
Vehicles and equipment	1,804,729	1,712,253
Land	160,375	160,375
Water system update	1,750,855	1,750,855
Less: Accumulated depreciation	<u>(4,157,430)</u>	<u>(3,793,519)</u>
Total utility plant in service	<u>\$ 1,476,438</u>	<u>\$ 1,725,690</u>
Total assets	<u>\$ 3,391,178</u>	<u>\$ 3,339,303</u>
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 88,533	\$ 95,495
Accrued interest	-	-
Current portion of revenue bonds payable - 1977C	-	-
Current portion of compensated absences	<u>12,912</u>	<u>11,967</u>
Total current liabilities	<u>\$ 101,445</u>	<u>\$ 107,462</u>
<u>Non-current liabilities</u>		
Long-term portion of water revenue bonds payable, 5% interest payable semi-annually, due 1978-2008 - 1977C	\$ -	\$ -
Accrued compensated absences	<u>116,211</u>	<u>127,889</u>
Total non-current liabilities	<u>\$ 116,211</u>	<u>\$ 127,889</u>
Total liabilities	<u>\$ 217,656</u>	<u>\$ 235,351</u>
<u>NET ASSETS</u>		
Restricted:		
Debt service	\$ -	\$ -
Bond retirement	-	-
Water system improvements	46,035	46,035
Self insurance	<u>171,737</u>	<u>172,639</u>
Total restricted	<u>\$ 217,772</u>	<u>\$ 218,674</u>
Invested in capital assets, net of related debt	1,476,438	1,725,690
Unrestricted	<u>1,479,312</u>	<u>1,159,588</u>
Total net assets	<u>\$ 3,173,522</u>	<u>\$ 3,103,952</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
WATERWORKS FUND  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Operating revenues</u>		
Water sales	\$ 2,754,024	\$ 2,681,033
Connection fees	60,793	70,888
Permits	2,621	1,679
Penalties and credits	32,983	32,190
Other revenue	<u>129,708</u>	<u>56,417</u>
Total operating revenues	<u>\$ 2,980,129</u>	<u>\$ 2,842,207</u>
 <u>Operating expenses</u>		
General government	\$ 361,241	\$ 456,022
Supervision	178,108	169,830
Pumping and supply	828,951	664,194
Meter reading	132,786	120,795
Distribution	453,391	435,538
Reimbursed expense	(458)	(1,883)
Depreciation	<u>363,911</u>	<u>353,554</u>
Total operating expense	<u>\$ 2,317,930</u>	<u>\$ 2,198,050</u>
 Income from operations	 <u>\$ 662,199</u>	 <u>\$ 644,157</u>
 <u>Non-operating revenues (expense)</u>		
Interest earned	\$ 39,195	\$ 40,228
Interest expense and fees	(21,420)	(25,756)
Payment of G.O. Bonds	<u>(112,487)</u>	<u>(109,958)</u>
Total non-operating revenues (expense)	<u>\$ (94,712)</u>	<u>\$ (95,486)</u>
 Income before operating transfers	 567,487	 548,671
 Operating transfers in (out)	 <u>\$ (497,917)</u>	 <u>\$ (360,000)</u>
 Change in net assets	 \$ 69,570	 \$ 188,671
 Net assets at beginning of year	 <u>3,103,952</u>	 <u>2,915,281</u>
 Net assets at end of year	 <u>\$ 3,173,522</u>	 <u>\$ 3,103,952</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
WATERWORKS FUND  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 3,027,092	\$ 2,925,445
Payments to suppliers	(1,145,786)	(1,103,966)
Payments to employees	<u>(826,386)</u>	<u>(750,605)</u>
Net cash provided by operating activities	<u>\$ 1,054,920</u>	<u>\$ 1,070,874</u>
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers in (out)	<u>\$ (497,917)</u>	<u>\$ (360,000)</u>
Net cash used by noncapital financing activities	<u>\$ (497,917)</u>	<u>\$ (360,000)</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	\$ (114,659)	\$ (63,540)
Principal paid on bonds	(112,487)	(133,958)
Interest and fees paid on bonds	<u>(21,420)</u>	<u>(26,956)</u>
Net cash used by capital and related financing activities	<u>\$ (248,566)</u>	<u>\$ (224,454)</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	\$ 39,195	\$ 40,228
Other	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>\$ 39,195</u>	<u>\$ 40,228</u>
Net increase (decrease) in cash	\$ 347,632	\$ 526,648
Cash at beginning of year	<u>1,063,744</u>	<u>537,096</u>
Cash at end of year	<u>\$ 1,411,376</u>	<u>\$ 1,063,744</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ 1,193,604	\$ 845,070
Restricted cash - Improvements	46,035	46,035
Restricted cash - Self insurance	<u>171,737</u>	<u>172,639</u>
Total cash and investments	<u>\$ 1,411,376</u>	<u>\$ 1,063,744</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 662,199	\$ 644,157
(Increase) decrease in accounts receivable	46,505	83,238
Increase (decrease) in accounts payable	(17,695)	(10,075)
Depreciation	<u>363,911</u>	<u>353,554</u>
Net cash provided by operating activities	<u>\$ 1,054,920</u>	<u>\$ 1,070,874</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
WATERWORKS FUND  
BUDGETARY ACCOUNTS  
Years Ended December 31, 2008 and 2007

	2008 <u>Actual</u>	2008 <u>Budget</u>	Variance- Favorable (Unfavorable)	2007 <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Water sales	\$ 2,800,529	\$ 2,600,000	\$ 200,529	\$ 2,674,565
Connect and disconnect	60,793	45,000	15,793	70,888
Non-metered sales	<u>1,034</u>	<u>1,150</u>	<u>(116)</u>	<u>34,616</u>
Total charge for services	<u>\$ 2,862,356</u>	<u>\$ 2,646,150</u>	<u>\$ 216,206</u>	<u>\$ 2,780,069</u>
License and permits:				
Plumbing permits	<u>\$ 2,621</u>	<u>\$ 2,000</u>	<u>\$ 621</u>	<u>\$ 1,679</u>
Fines and forfeits:				
Penalties	<u>\$ 32,983</u>	<u>\$ 20,000</u>	<u>\$ 12,983</u>	<u>\$ 32,190</u>
Use of money and property:				
Interest income	<u>\$ 39,195</u>	<u>\$ 30,000</u>	<u>\$ 9,195</u>	<u>\$ 40,228</u>
Miscellaneous:				
Sales tax	\$ 30,040	\$ 25,000	\$ 5,040	\$ 33,962
State fee	20,359	19,000	1,359	21,128
Miscellaneous	78,275	41,900	36,375	56,417
Reimbursements	<u>458</u>	<u>1,000</u>	<u>(542)</u>	<u>1,883</u>
Total miscellaneous	<u>\$ 129,132</u>	<u>\$ 86,900</u>	<u>\$ 42,232</u>	<u>\$ 113,390</u>
Total revenues	<u>\$ 3,066,287</u>	<u>\$ 2,785,050</u>	<u>\$ 281,237</u>	<u>\$ 2,967,556</u>
<u>Expenditures</u>				
General government	\$ 371,974	\$ 392,573	\$ 20,599	\$ 469,110
Supervision	178,108	178,258	150	169,830
Pumping and supply	828,951	929,532	100,581	664,194
Meter reading	132,786	139,727	6,941	120,795
Distribution	453,391	562,347	108,956	435,538
Capital outlay	<u>114,659</u>	<u>199,000</u>	<u>84,341</u>	<u>63,540</u>
subtotal	<u>\$ 2,079,869</u>	<u>\$ 2,401,437</u>	<u>\$ 321,568</u>	<u>\$ 1,923,007</u>
Debt service:				
Principal	\$ 112,487	\$ 112,490	\$ 3	\$ 133,958
Interest and fees	<u>21,420</u>	<u>21,436</u>	<u>16</u>	<u>26,956</u>
Total debt service	<u>\$ 133,907</u>	<u>\$ 133,926</u>	<u>\$ 19</u>	<u>\$ 160,914</u>
Total expenditures	<u>\$ 2,213,776</u>	<u>\$ 2,535,363</u>	<u>\$ 321,587</u>	<u>\$ 2,083,921</u>
Revenues over (under) expenditures	\$ 852,511	\$ 249,687	\$ 602,824	\$ 883,635
Other financing sources:				
Operating transfer in (out) (Note 1-H)	<u>(497,917)</u>	<u>(460,000)</u>	<u>\$ (37,917)</u>	<u>(360,000)</u>
Revenues and other sources over (under) expenditures	\$ 354,594	\$ (210,313)	\$ 564,907	\$ 523,635
Fund balance, beginning	<u>1,067,305</u>	<u>704,106</u>	<u>363,199</u>	<u>543,670</u>
Fund balance, ending	<u>\$ 1,421,899</u>	<u>\$ 493,793</u>	<u>\$ 928,106</u>	<u>\$ 1,067,305</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
SEWAGE DISPOSAL AND TREATMENT PLANT FUND  
STATEMENTS OF NET ASSETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<u>Current assets</u>		
Cash and investments	\$ 1,181,592	\$ 2,130,461
Receivables (net of allowance for uncollectibles)	<u>188,004</u>	<u>184,380</u>
Total current assets	<u>\$ 1,369,596</u>	<u>\$ 2,314,841</u>
<u>Restricted assets</u>		
Debt service:		
Cash and investments	\$ _____	\$ _____
<u>Capital assets</u>		
Utility plant in service	\$ 4,838,136	\$ 4,838,136
Other equipment	281,411	197,312
Less accumulated depreciation	<u>(2,207,267)</u>	<u>(1,937,219)</u>
Total other assets	<u>\$ 2,912,280</u>	<u>\$ 3,098,229</u>
Total assets	<u>\$ 4,281,876</u>	<u>\$ 5,413,070</u>
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 45,603	\$ 47,044
Accrued interest	20,616	29,280
Current portion of KDHE loan	254,778	246,114
Current portion of compensated absences	<u>7,790</u>	<u>6,836</u>
Total current liabilities	<u>\$ 328,787</u>	<u>\$ 329,274</u>
<u>Non-current liabilities</u>		
Long-term portion of KDHE loan	\$ 399,084	\$ 653,862
Accrued compensated absences	<u>71,390</u>	<u>71,067</u>
Total non-current liabilities	<u>\$ 470,474</u>	<u>\$ 724,929</u>
Total liabilities	<u>\$ 799,261</u>	<u>\$ 1,054,203</u>
 <u>NET ASSETS</u>		
Contributed capital	\$ 349,070	\$ 349,070
Invested in capital assets, net of related debt	2,258,418	2,198,253
Unrestricted	<u>875,127</u>	<u>1,811,544</u>
Total net assets	<u>\$ 3,482,615</u>	<u>\$ 4,358,867</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
SEWAGE DISPOSAL AND TREATMENT PLANT FUND  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Operating revenues</u>		
Sewer service charges	\$ 1,767,128	\$ 1,884,006
Taps	<u>                  -</u>	<u>                  -</u>
Total operating revenues	<u>\$ 1,767,128</u>	<u>\$ 1,884,006</u>
<u>Operating expenses</u>		
General government	\$ 370,907	\$ 300,191
Supervision	90,449	79,534
Disposal and treatment	454,503	460,141
Collection	165,250	233,575
Reimbursed expenses	(80)	(101)
Depreciation	<u>270,048</u>	<u>261,638</u>
Total operating expenses	<u>\$ 1,351,077</u>	<u>\$ 1,334,978</u>
Operating income (loss)	<u>\$ 416,051</u>	<u>\$ 549,028</u>
<u>Non-operating revenues (expenses)</u>		
Interest earned	\$ 71,991	\$ 67,971
Interest expense and fees	(43,618)	(56,599)
Payment of G.O. bond	(110,787)	(107,950)
Noncash reduction of KDHE loan	<u>                  -</u>	<u>                  -</u>
Total non-operating revenues (expenses)	<u>\$ (82,414)</u>	<u>\$ (96,578)</u>
Income before operating transfers	\$ 333,637	\$ 452,450
Operating transfers in (out) (Note 1-H)	<u>(1,209,889)</u>	<u>(275,000)</u>
Change in net assets	\$ (876,252)	\$ 177,450
Net assets at beginning of year	<u>4,358,867</u>	<u>4,181,417</u>
Net assets at end of year	<u>\$ 3,482,615</u>	<u>\$ 4,358,867</u>

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



CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
SEWAGE DISPOSAL AND TREATMENT PLANT FUND  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 1,763,504	\$ 1,912,945
Payments to suppliers	(561,874)	(602,423)
Payments to employees	<u>(519,319)</u>	<u>(463,454)</u>
Net cash provided by operating activities	<u>\$ 682,311</u>	<u>\$ 847,068</u>
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers in (out)	<u>\$ (1,209,889)</u>	<u>\$ (275,000)</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	\$ (84,099)	\$ (38,228)
Principal paid on bonds	(110,787)	(107,950)
Interest and fees paid on bonds	(22,998)	(27,317)
KDHE loan principal	(246,114)	(237,744)
KDHE loan interest	<u>(29,284)</u>	<u>(37,652)</u>
Net cash provided by capital and related financing activities	<u>\$ (493,282)</u>	<u>\$ (448,891)</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	<u>\$ 71,991</u>	<u>\$ 67,971</u>
Net cash used by investing activities	<u>\$ 71,991</u>	<u>\$ 67,971</u>
Net increase (decrease) in cash	\$ (948,869)	\$ 191,148
Cash at beginning of year	<u>2,130,461</u>	<u>1,939,313</u>
Cash at end of year	<u>\$ 1,181,592</u>	<u>\$ 2,130,461</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	<u>\$ 1,181,592</u>	<u>\$ 2,130,461</u>
Total cash and investments	<u>\$ 1,181,592</u>	<u>\$ 2,130,461</u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>		
Operating income	\$ 416,051	\$ 549,028
(Increase) decrease in accounts receivable	(3,624)	28,939
Increase (decrease) in accounts payable	(164)	7,463
Depreciation	<u>270,048</u>	<u>261,638</u>
Net cash provided by operating activities	<u>\$ 682,311</u>	<u>\$ 847,068</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
SEWAGE DISPOSAL AND TREATMENT PLANT FUND  
BUDGETARY ACCOUNTS  
Years Ended December 31, 2008 and 2007

	2008 <u>Actual</u>	2008 <u>Budget</u>	Variance- Favorable (Unfavorable)	2007 <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Sewer service	\$ 1,763,504	\$ 1,800,000	\$ (36,496)	\$ 1,912,945
Sewer taps	<u>                  -</u>	<u>                  350</u>	<u>                  (350)</u>	<u>                  -</u>
Total charge for services	<u>\$ 1,763,504</u>	<u>\$ 1,800,350</u>	<u>\$ (36,846)</u>	<u>\$ 1,912,945</u>
Use of money and property:				
Interest	<u>\$ 71,991</u>	<u>\$ 50,000</u>	<u>\$ 21,991</u>	<u>\$ 67,971</u>
Miscellaneous:				
Reimbursements	<u>\$ 80</u>	<u>\$ 2,000</u>	<u>\$ (1,920)</u>	<u>\$ 101</u>
Total revenues	<u>\$ 1,835,575</u>	<u>\$ 1,852,350</u>	<u>\$ (16,775)</u>	<u>\$ 1,981,017</u>
<u>Expenditures</u>				
General government	\$ 369,630	\$ 389,148	\$ 19,518	\$ 307,685
Supervision	90,449	90,291	(158)	79,534
Disposal and treatment	454,503	566,286	111,783	460,141
Collection	165,250	228,738	63,488	233,575
Capital outlay	<u>84,099</u>	<u>351,700</u>	<u>267,601</u>	<u>38,228</u>
	<u>\$ 1,163,931</u>	<u>\$ 1,626,163</u>	<u>\$ 462,232</u>	<u>\$ 1,119,163</u>
Debt service:				
Principal	\$ 110,787	\$ 110,787	\$ -	\$ 107,950
Interest	22,998	22,998	-	27,317
State revolving loan principal	246,114	246,114	-	237,744
State revolving loan interest	27,183	27,183	-	34,954
Fiscal agency fees	<u>2,101</u>	<u>2,098</u>	<u>(3)</u>	<u>2,698</u>
Total debt service	<u>\$ 409,183</u>	<u>\$ 409,180</u>	<u>\$ (3)</u>	<u>\$ 410,663</u>
Total expenditures	<u>\$ 1,573,114</u>	<u>\$ 2,035,343</u>	<u>\$ 462,229</u>	<u>\$ 1,529,826</u>
Revenues over (under) expenditures	<u>\$ 262,461</u>	<u>\$ (182,993)</u>	<u>\$ 445,454</u>	<u>\$ 451,191</u>
<u>Other financing sources (uses)</u>				
Operating transfer in (out) (Note 1-H)	<u>\$(1,209,889)</u>	<u>\$(1,209,889)</u>	<u>\$ -</u>	<u>\$ (275,000)</u>
Total other financing sources (uses)	<u>\$(1,209,889)</u>	<u>\$(1,209,889)</u>	<u>\$ -</u>	<u>\$ (275,000)</u>
Revenues and other sources over expenditures	\$ (947,428)	\$(1,392,882)	\$ 445,454	\$ 176,191
Fund balance, beginning	<u>2,083,417</u>	<u>1,927,697</u>	<u>155,720</u>	<u>1,907,226</u>
Fund balance, ending	<u>\$ 1,135,989</u>	<u>\$ 534,815</u>	<u>\$ 601,174</u>	<u>\$ 2,083,417</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
SANITATION FUND  
STATEMENTS OF NET ASSETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<u>Current assets</u>		
Cash and investments	\$ 111,672	\$ 107,743
Receivables (net of allowance for uncollectibles)	<u>137,585</u>	<u>128,257</u>
Total current assets	<u>\$ 249,257</u>	<u>\$ 236,000</u>
<u>Capital assets</u>		
Building and improvements	\$ 173,983	\$ 173,983
Motor vehicles and equipment	1,195,515	1,142,771
Less accumulated depreciation	<u>(1,098,775)</u>	<u>(970,525)</u>
Total capital assets	<u>\$ 270,723</u>	<u>\$ 346,229</u>
Total assets	<u>\$ 519,980</u>	<u>\$ 582,229</u>
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 34,457	\$ 20,823
Current portion of compensated absences	<u>10,266</u>	<u>3,809</u>
Total current liabilities	<u>\$ 44,723</u>	<u>\$ 24,632</u>
<u>Non-current liabilities</u>		
Accrued compensated absences	<u>\$ 92,397</u>	<u>\$ 90,488</u>
Total non-current liabilities	<u>\$ 92,397</u>	<u>\$ 90,488</u>
Total liabilities	<u>\$ 137,120</u>	<u>\$ 115,120</u>
 <u>NET ASSETS</u>		
Contributed capital	\$ 120,875	\$ 120,875
Invested in capital assets, net of related debt	270,723	346,229
Unrestricted	<u>(8,738)</u>	<u>5</u>
Total net assets	<u>\$ 382,860</u>	<u>\$ 467,109</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
SANITATION FUND  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
For Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Operating revenues</u>		
Collections	\$ 1,211,028	\$ 1,173,799
Miscellaneous	<u>4,962</u>	<u>3,635</u>
Total operating revenues	<u>\$ 1,215,990</u>	<u>\$ 1,177,434</u>
<u>Operating expenses</u>		
General government	\$ 224,529	\$ 220,916
Supervision	60,827	40,789
Sanitation	889,915	847,365
Reimbursed expenses	(487)	(464)
Depreciation	<u>128,250</u>	<u>122,977</u>
Total operating expenses	<u>\$ 1,303,034</u>	<u>\$ 1,231,583</u>
Operating income (loss)	<u>\$ (87,044)</u>	<u>\$ (54,149)</u>
<u>Non-operating revenues (expense)</u>		
Interest earned	\$ 2,795	\$ 3,733
Certificates of participation	-	-
Interest expense and fees	<u>-</u>	<u>-</u>
Total non-operating revenues (expense)	<u>\$ 2,795</u>	<u>\$ 3,733</u>
Income before operating transfers	\$ (84,249)	\$ (50,416)
Operating transfers in (out) (Note 1-H)	<u>-</u>	<u>(75,000)</u>
Change in net assets	\$ (84,249)	\$ (125,416)
Net assets, beginning of year	<u>467,109</u>	<u>592,525</u>
Net assets, end of year	<u>\$ 382,860</u>	<u>\$ 467,109</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
SANITATION FUND  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 1,206,662	\$ 1,180,294
Payments to suppliers	(691,960)	(657,695)
Payments to employees	<u>(460,824)</u>	<u>(443,550)</u>
Net cash provided by operating activities	\$ <u>53,878</u>	\$ <u>79,049</u>
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers in (out)	\$ <u>-</u>	\$ <u>(75,000)</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchase of capital assets	\$ (52,744)	\$ (71,103)
Certificates of participation	-	-
Interest paid - Certificates of participation	-	-
Principal paid - Certificates of participation	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	\$ <u>(52,744)</u>	\$ <u>(71,103)</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	\$ <u>2,795</u>	\$ <u>3,733</u>
Net cash provided by investing activities	\$ <u>2,795</u>	\$ <u>-</u>
Net increase (decrease) in cash	\$ 3,929	\$ (63,321)
Cash at beginning of year	<u>107,743</u>	<u>171,064</u>
Cash at end of year	\$ <u>111,672</u>	\$ <u>107,743</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ 111,672	\$ 107,743
Restricted cash - Revenue bond debt service	-	-
Restricted cash - Revenue bond reserve	<u>-</u>	<u>-</u>
Total cash and investments	\$ <u>111,672</u>	\$ <u>107,743</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (87,044)	\$ (54,149)
(Increase) decrease in accounts receivable	(9,328)	2,860
Increase (decrease) in accounts payable	22,000	7,361
Depreciation	<u>128,250</u>	<u>122,977</u>
Net cash provided by operating activities	\$ <u>53,878</u>	\$ <u>79,049</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
SANITATION FUND  
BUDGETARY ACCOUNTS  
Years Ended December 31, 2008 and 2007

	2008 <u>Actual</u>	2008 <u>Budget</u>	Variance- Favorable (Unfavorable)	2007 <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Collections	\$ 1,201,700	\$ 1,280,000	\$ (78,300)	\$ 1,176,659
Use of money and property:				
Interest income	\$ 2,795	\$ 6,000	\$ (3,205)	\$ 3,733
Miscellaneous:				
Reimbursements	\$ 487	\$ 1,000	\$ (513)	\$ 464
Other	4,962	7,000	(2,038)	3,635
Total miscellaneous	\$ 5,449	\$ 8,000	\$ (2,551)	\$ 4,099
Total revenues	\$ 1,209,944	\$ 1,294,000	\$ (84,056)	\$ 1,184,491
<u>Expenditures</u>				
General government	\$ 216,163	\$ 270,628	\$ 54,465	\$ 217,255
Supervision	60,827	-	(60,827)	40,789
Sanitation	889,915	965,560	75,645	847,365
Capital outlay	52,744	-	(52,744)	71,103
Subtotal	\$ 1,219,649	\$ 1,236,188	\$ 16,539	\$ 1,176,512
Debt service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest and fees	-	-	-	-
Total debt service	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ 1,219,649	\$ 1,236,188	\$ 16,539	\$ 1,176,512
Revenues over (under) expenditures	\$ (9,705)	\$ 57,812	\$ (67,517)	\$ 7,979
<u>Other financing sources (uses)</u>				
Operating transfer in (out) (Note 1-H)	\$ -	\$ (75,000)	\$ 75,000	\$ (75,000)
Revenues and other sources over (under) expenditures	\$ (9,705)	\$ (17,188)	\$ 7,483	\$ (67,021)
Fund balance, beginning	86,920	141,568	(54,648)	153,941
Fund balance, ending	\$ 77,215	\$ 124,380	\$ (47,165)	\$ 86,920

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
STORM SEWER FUND  
STATEMENTS OF NET ASSETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<u>Current assets</u>		
Cash and investments	\$ 376,671	\$ 349,191
Receivables (net of allowance for uncollectibles)	<u>21,763</u>	<u>21,945</u>
Total current assets	<u>\$ 398,434</u>	<u>\$ 371,136</u>
<u>Restricted assets</u>		
Debt service:		
Cash and investments	<u>\$ -</u>	<u>\$ -</u>
<u>Capital assets</u>		
Utility plant in service	\$ 16,178	\$ 16,178
Less accumulated depreciation	<u>(12,134)</u>	<u>(11,325)</u>
Total capital assets	<u>\$ 4,044</u>	<u>\$ 4,853</u>
Total assets	<u>\$ 402,478</u>	<u>\$ 375,989</u>
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	<u>\$ -</u>	<u>\$ 2,541</u>
Total liabilities	<u>\$ -</u>	<u>\$ 2,541</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	\$ 4,044	\$ 4,853
Unrestricted	<u>398,434</u>	<u>368,595</u>
Total net assets	<u>\$ 402,478</u>	<u>\$ 373,448</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
For Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Operating revenues</u>		
Service charge	<u>\$ 195,110</u>	<u>\$ 194,674</u>
<u>Operating expenses</u>		
Public works	\$ 174,132	\$ 93,713
Reimbursed expenses	-	(42,305)
Depreciation	<u>809</u>	<u>809</u>
Total operating expenses	<u>\$ 174,941</u>	<u>\$ 52,217</u>
Operating income (loss)	<u>\$ 20,169</u>	<u>\$ 142,457</u>
<u>Non-operating revenues (expense)</u>		
Interest earned	\$ 8,861	\$ 5,745
Interest expense and fees	-	-
Total non-operating revenues (expenses)	<u>\$ 8,861</u>	<u>\$ 5,745</u>
Income before operating transfers	\$ 29,030	\$ 148,202
Operating transfers in (out)	-	-
Change in net assets	\$ 29,030	\$ 148,202
Net assets beginning of year	<u>373,448</u>	<u>225,246</u>
Net assets end of year	<u>\$ 402,478</u>	<u>\$ 373,448</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
STORM SEWER FUND  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 195,292	\$ 196,254
Payments to suppliers	(160,592)	(98,322)
Payments to employees	<u>(16,081)</u>	
Net cash provided by operating activities	<u>\$ 18,619</u>	<u>\$ 97,932</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	\$ -	\$ -
Principal paid on bonds	-	-
Interest and fees paid on bonds	-	-
Other	<u>-</u>	<u>-</u>
Net cash provided by capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>
Interest on investments	\$ 8,861	\$ 5,745
Other	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>\$ 8,861</u>	<u>\$ 5,745</u>
Net increase (decrease) in cash	\$ 27,480	\$ 103,677
Cash at beginning of year	<u>349,191</u>	<u>245,514</u>
Cash at end of year	<u>\$ 376,671</u>	<u>\$ 349,191</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ 376,671	\$ 349,191
Restricted cash - Revenue bond debt service	<u>-</u>	<u>-</u>
Total cash and investments	<u>\$ 376,671</u>	<u>\$ 349,191</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 20,169	\$ 142,457
(Increase) decrease in accounts receivable	182	1,580
Increase (decrease) in accounts payable	(2,541)	(46,914)
Depreciation	<u>809</u>	<u>809</u>
Net cash provided by operating activities	<u>\$ 18,619</u>	<u>\$ 97,932</u>

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



CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
STORM SEWER FUND  
BUDGETARY ACCOUNTS  
For The Years Ended December 31, 2008 and 2007

	2008 <u>Actual</u>	2008 <u>Budget</u>	Variance- Favorable (Unfavorable)	2007 <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Service charges	\$ 195,292	\$ 200,000	\$ (4,708)	\$ 196,254
Use of money and property:				
Interest	8,861	4,000	4,861	5,745
Miscellaneous:				
Reimbursements	-	-	-	42,305
Total revenues	<u>\$ 204,153</u>	<u>\$ 204,000</u>	<u>\$ 153</u>	<u>\$ 244,304</u>
<u>Expenditures</u>				
Public works	\$ 174,132	\$ 190,850	\$ 16,718	\$ 93,713
Revenues over (under) expenditures	\$ 30,021	\$ 13,150	\$ 16,871	\$ 150,591
Fund balance, beginning	<u>346,650</u>	<u>220,059</u>	<u>126,591</u>	<u>196,059</u>
Fund balance, ending	<u>\$ 376,671</u>	<u>\$ 233,209</u>	<u>\$ 143,462</u>	<u>\$ 346,650</u>

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

CITY OF ARKANSAS CITY, KANSAS  
ENTERPRISE FUND  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF NET ASSETS  
December 31, 2008 and 2007

	<u>Insurance Fund</u>	<u>Equipment Reserve Fund</u>	<u>Total 2008</u>	<u>Total 2007</u>
<u>ASSETS</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 62,454	\$ 163,629	\$ 226,083	\$ 121,512
<u>Capital Assets</u>				
Equipment	\$ -	\$ 1,006,640	\$ 1,006,640	\$ 929,040
Less accumulated depreciation	-	(390,750)	(390,750)	(290,086)
Total Capital assets	\$ -	\$ 615,890	\$ 615,890	\$ 638,954
Total assets	<u>\$ 62,454</u>	<u>\$ 779,519</u>	<u>\$ 841,973</u>	<u>\$ 760,466</u>
<u>LIABILITIES</u>				
<u>Current Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,032
<u>NET ASSETS</u>				
Invested in capital assets	\$ -	\$ 615,890	\$ 615,890	\$ 638,954
Unrestricted	<u>62,454</u>	<u>163,629</u>	<u>226,083</u>	<u>120,480</u>
Total net assets	<u>\$ 62,454</u>	<u>\$ 779,519</u>	<u>\$ 841,973</u>	<u>\$ 759,434</u>

COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
For The Years Ending December 31, 2008 and 2007

	<u>Insurance Fund</u>	<u>Equipment Reserve Fund</u>	<u>Total 2008</u>	<u>Total 2007</u>
<u>Operating revenues</u>				
Charge for service	\$ 1,434,372	\$ -	\$ 1,434,372	\$ 1,295,740
Insurance	<u>271,832</u>	<u>-</u>	<u>271,832</u>	<u>260,486</u>
Total operating revenues	<u>\$ 1,706,204</u>	<u>\$ -</u>	<u>\$ 1,706,204</u>	<u>\$ 1,556,226</u>
<u>Operating expenses</u>				
Contractual services	\$ 1,746,710	\$ -	\$ 1,746,710	\$ 1,606,172
Depreciation	-	100,664	100,664	92,905
Reimbursed expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,963)</u>
Total operating expenses	<u>\$ 1,746,710</u>	<u>\$ 100,664</u>	<u>\$ 1,847,374</u>	<u>\$ 1,656,114</u>
Revenues over (under) expenses	<u>\$ (40,506)</u>	<u>\$ (100,664)</u>	<u>\$ (141,170)</u>	<u>\$ (99,888)</u>
<u>Non-operating revenues (expenses)</u>				
Operating transfer out	\$ -	\$ -	\$ -	\$ -
Interest	-	3,200	3,200	1,410
Proceeds from lease obligation	<u>-</u>	<u>220,509</u>	<u>220,509</u>	<u>102,615</u>
Non-operating revenues over (under) expenses	<u>\$ -</u>	<u>\$ 223,709</u>	<u>\$ 223,709</u>	<u>\$ 104,025</u>
Change in net assets	\$ (40,506)	\$ 123,045	\$ 82,539	\$ 4,137
Net assets at beginning of year	<u>102,960</u>	<u>656,474</u>	<u>759,434</u>	<u>755,297</u>
Net assets at end of year	<u>\$ 62,454</u>	<u>\$ 779,519</u>	<u>\$ 841,973</u>	<u>\$ 759,434</u>

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

CITY OF ARKANSAS CITY, KANSAS  
INTERNAL SERVICES FUND  
INSURANCE FUND  
STATEMENTS OF NET ASSETS  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<u>Current assets</u>		
Cash and investments	\$ <u>62,454</u>	\$ <u>103,992</u>
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ <u>-</u>	\$ <u>1,032</u>
 <u>NET ASSETS</u>		
Unrestricted	\$ <u>62,454</u>	\$ <u>102,960</u>
Total net assets	\$ <u>62,454</u>	\$ <u>102,960</u>

AND CHANGES IN FUND NET ASSETS  
For Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Operating revenues</u>		
Charge for services	\$ 1,434,372	\$ 1,295,740
Insurance	<u>271,832</u>	<u>260,486</u>
Total operating revenues	\$ <u>1,706,204</u>	\$ <u>1,556,226</u>
 <u>Operating expenses</u>		
Contractual services	\$ <u>1,746,710</u>	\$ <u>1,606,172</u>
Income before operating transfers	\$ (40,506)	\$ (49,946)
Operating transfers in (out)	<u>-</u>	<u>-</u>
Change in net assets	\$ (40,506)	\$ (49,946)
Net assets at beginning of year	<u>102,960</u>	<u>152,906</u>
Net assets at end of year	\$ <u>62,454</u>	\$ <u>102,960</u>

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

CITY OF ARKANSAS CITY, KANSAS  
INTERNAL SERVICES  
INSURANCE FUND  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 1,706,204	\$ 1,556,226
Payments to suppliers	(1,747,742)	(1,606,413)
Payments to employees	<u>          -</u>	<u>          -</u>
Net cash provided by operating activities	<u>\$ (41,538)</u>	<u>\$ (50,187)</u>
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers in (out)	<u>\$          -</u>	<u>\$          -</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	\$          -	\$          -
Principal paid on bonds	-	-
Interest and fees paid on bonds	-	-
Other	<u>          -</u>	<u>          -</u>
Net cash provided by capital and related financing activities	<u>\$          -</u>	<u>\$          -</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	\$          -	\$          -
Other	<u>          -</u>	<u>          -</u>
Net cash provided by investing activities	<u>\$          -</u>	<u>\$          -</u>
Net increase (decrease) in cash	\$ (41,538)	\$ (50,187)
Cash at beginning of year	<u>103,992</u>	<u>154,179</u>
Cash at end of year	<u>\$ 62,454</u>	<u>\$ 103,992</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	<u>\$ 62,454</u>	<u>\$ 103,992</u>
Total cash and investments	<u>\$ 62,454</u>	<u>\$ 103,992</u>

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

CITY OF ARKANSAS CITY, KANSAS  
INTERNAL SERVICES FUND  
EQUIPMENT RESERVE FUND  
STATEMENTS OF NET ASSETS  
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 163,629	\$ 17,520
<u>Capital Assets</u>		
Equipment	\$ 1,006,640	\$ 929,040
Less accumulated depreciation	<u>(390,750)</u>	<u>(290,086)</u>
Total Capital assets	<u>\$ 615,890</u>	<u>\$ 638,954</u>
Total assets	<u>\$ 779,519</u>	<u>\$ 656,474</u>
<u>LIABILITIES</u>		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
<u>NET ASSETS</u>		
Invested in capital assets	\$ 615,890	\$ 638,954
Unrestricted	<u>163,629</u>	<u>17,520</u>
Total net assets	<u>\$ 779,519</u>	<u>\$ 656,474</u>

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
For The Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Operating Expenses</u>		
Reimbursed expenses	\$ -	\$ (42,963)
Depreciation	<u>100,664</u>	<u>92,905</u>
Total operating expenses	<u>\$ 100,664</u>	<u>\$ 49,942</u>
Operating income	<u>\$ (100,664)</u>	<u>\$ (49,942)</u>
<u>Non-operating revenues (expenses)</u>		
Interest	\$ 3,200	\$ 1,410
Proceeds from lease obligation	<u>220,509</u>	<u>102,615</u>
Total non-operating revenues (expenses)	<u>\$ 223,709</u>	<u>\$ 104,025</u>
Change in net assets	\$ 123,045	\$ 54,083
Net assets at beginning of year	<u>656,474</u>	<u>602,391</u>
Net assets at end of year	<u>\$ 779,519</u>	<u>\$ 656,474</u>

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

CITY OF ARKANSAS CITY, KANSAS  
INTERNAL SERVICES  
EQUIPMENT RESERVE FUND  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ -	\$ 42,963
Payments to suppliers	-	(42,963)
Payments to employees	-	-
Net cash provided by operating activities	\$ -	\$ -
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers in (out)	\$ -	\$ -
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	\$ (77,600)	\$ (186,797)
Principal paid on bonds	-	-
Interest and fees paid on bonds	-	-
Other	-	-
Net cash provided by capital and related financing activities	\$ (77,600)	\$ (186,797)
<u>Cash flows from investing activities:</u>		
Interest on investments	\$ 3,200	\$ 1,410
Other	220,509	102,615
Net cash provided by investing activities	\$ 223,709	\$ 104,025
Net increase (decrease) in cash	\$ 146,109	\$ (82,772)
Cash at beginning of year	17,520	100,292
Cash at end of year	<u>\$ 163,629</u>	<u>\$ 17,520</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	<u>\$ 163,629</u>	<u>\$ 17,520</u>
Total cash and investments	<u>\$ 163,629</u>	<u>\$ 17,520</u>

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

CITY OF ARKANSAS CITY, KANSAS  
TRUST AND AGENCY FUNDS  
STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES  
Year Ended December 31, 2008

<u>Municipal Court</u>	<u>Balance</u> <u>1/1/2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2008</u>
<u>ASSETS</u>				
Cash	\$ 56,858	\$ 607,747	\$ 580,490	\$ 84,115
<u>LIABILITIES</u>				
Accounts payable	\$ 40,001	\$ 61,147	\$ 40,001	\$ 61,147
Due to agency	<u>16,857</u>	<u>546,600</u>	<u>540,489</u>	<u>22,968</u>
Total liabilities	<u>\$ 56,858</u>	<u>\$ 607,747</u>	<u>\$ 580,490</u>	<u>\$ 84,115</u>
<u>Community Contribution</u>				
<u>ASSETS</u>				
Cash	\$ 134,112	\$ 68,243	\$ 88,155	\$ 114,200
Federal grant cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 134,112</u>	<u>\$ 68,243</u>	<u>\$ 88,155</u>	<u>\$ 114,200</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 21,321	\$ 42	\$ 21,321	\$ 42
Due to agency	<u>112,791</u>	<u>68,201</u>	<u>66,834</u>	<u>114,158</u>
Total liabilities	<u>\$ 134,112</u>	<u>\$ 68,243</u>	<u>\$ 88,155</u>	<u>\$ 114,200</u>
<u>Total Trust and Agency Fund</u>				
<u>ASSETS</u>				
Cash	\$ 190,970	\$ 675,990	\$ 668,645	\$ 198,315
Federal cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 190,970</u>	<u>\$ 675,990</u>	<u>\$ 668,645</u>	<u>\$ 198,315</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 61,322	\$ 61,189	\$ 61,322	\$ 61,189
Due to agencies	<u>129,648</u>	<u>614,801</u>	<u>607,323</u>	<u>137,126</u>
Total liabilities	<u>\$ 190,970</u>	<u>\$ 675,990</u>	<u>\$ 668,645</u>	<u>\$ 198,315</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 COMPONENT UNIT  
 SOUTH CENTRAL KANSAS REGIONAL MEDICAL CENTER  
 BALANCE SHEETS  
 December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<u>Current assets</u>		
Cash and investments	\$ 5,660,185	\$ 5,433,598
Patient receivable (net of allowance \$1,610,000):	1,510,063	1,377,077
Other receivables	8,421	15,677
Supplies	681,687	529,602
Prepaid expenses	<u>165,623</u>	<u>124,958</u>
Total current assets	\$ 8,025,979	\$ 7,480,912
Capital assets, net	<u>3,874,384</u>	<u>3,522,703</u>
Total assets	<u>\$ 11,900,363</u>	<u>\$ 11,003,615</u>
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 483,552	\$ 377,534
Accrued expenses	472,825	478,963
Estimated amounts due to third party payers	100,000	100,000
Deferred revenues	87,072	87,072
Current portion of long-term debt	<u>385,030</u>	<u>370,613</u>
Total current liabilities	\$ 1,528,479	\$ 1,414,182
Long-term debt	<u>448,899</u>	<u>833,929</u>
Total liabilities	<u>\$ 1,977,378</u>	<u>\$ 2,248,111</u>
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	\$ 2,930,754	\$ 2,318,161
Unrestricted	<u>6,992,231</u>	<u>6,437,343</u>
Total net assets	<u>\$ 9,922,985</u>	<u>\$ 8,755,504</u>
Total liabilities and net assets	<u>\$ 11,900,363</u>	<u>\$ 11,003,615</u>

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



CITY OF ARKANSAS CITY, KANSAS  
 COMPONENT UNIT  
 SOUTH CENTRAL KANSAS REGIONAL MEDICAL CENTER  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 For The Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Net patient service revenue	\$ 13,974,604	\$ 12,865,523
Other	<u>142,946</u>	<u>194,515</u>
Total operating revenues	<u>\$ 14,117,550</u>	<u>\$ 13,060,038</u>
Operating expenses:		
Salaries and wages	\$ 6,425,319	\$ 5,617,220
Employee benefits	1,109,687	1,004,409
Purchased services and professional fees	1,535,528	1,493,516
Supplies and other	3,330,368	3,262,730
Depreciation and amortization	<u>697,876</u>	<u>580,524</u>
Total operating expenses	<u>\$ 13,098,778</u>	<u>\$ 11,958,399</u>
Operating income (loss)	\$ 1,018,772	\$ 1,101,639
Nonoperating revenues (expenses):		
Investment income	\$ 179,520	\$ 240,674
Interest expense	(41,365)	(35,449)
Noncapital grants and gifts	<u>10,554</u>	<u>16,686</u>
Total nonoperating revenues (expenses)	<u>\$ 148,709</u>	<u>\$ 221,911</u>
Increase in net assets	\$ 1,167,481	\$ 1,323,550
Net assets at beginning of year	<u>8,755,504</u>	<u>7,431,954</u>
Net assets at end of year	<u>\$ 9,922,985</u>	<u>\$ 8,755,504</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 COMPONENT UNIT  
 ARKANSAS CITY PUBLIC LIBRARY  
 BALANCE SHEETS  
 December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<u>Current assets</u>		
Cash and investments	\$ <u>158,790</u>	\$ <u>163,569</u>
Total current assets	\$ <u>158,790</u>	\$ <u>163,569</u>
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ <u>2,717</u>	\$ <u>150</u>
Total current liabilities	\$ <u>2,717</u>	\$ <u>150</u>
 <u>NET ASSETS</u>		
Restricted for employee benefits	\$ 815	\$ -
Restricted for capital improvements	\$ 140,258	\$ 148,419
Unrestricted	<u>15,000</u>	<u>15,000</u>
Total net assets	\$ <u>156,073</u>	\$ <u>163,419</u>
Total liabilities and net assets	\$ <u>158,790</u>	\$ <u>163,569</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 COMPONENT UNIT  
 ARKANSAS CITY PUBLIC LIBRARY  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 For The Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Taxes	\$ 306,598	\$ 282,127
Grants	32,529	33,423
Fines	11,496	14,924
Miscellaneous	<u>511</u>	<u>4,024</u>
Total operating revenues	<u>\$ 351,134</u>	<u>\$ 334,498</u>
Operating expenses:		
Salaries and wages	\$ 172,673	\$ 171,766
Employee benefits	40,345	33,771
Purchased services and professional fees	73,036	49,956
Supplies and other	<u>85,271</u>	<u>99,212</u>
Total operating expenses	<u>\$ 371,325</u>	<u>\$ 354,705</u>
Operating income (loss)	\$ (20,191)	\$ (20,207)
Nonoperating revenues (expenses):		
Investment income	\$ 5,851	\$ 7,093
Noncapital gifts	<u>6,994</u>	<u>3,495</u>
Total nonoperating revenues (expenses)	<u>\$ 12,845</u>	<u>\$ 10,588</u>
Increase in net assets	\$ (7,346)	\$ (9,619)
Net assets at beginning of year	<u>163,419</u>	<u>173,038</u>
Net assets at end of year	<u>\$ 156,073</u>	<u>\$ 163,419</u>

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

CITY OF ARKANSAS CITY, KANSAS  
COMPOSITION OF CASH BALANCES  
December 31, 2008

Cash Balances Per Statement of Net Assets

Unrestricted cash and investments	<u>\$ 5,386,865</u>
Restricted cash and investments	
Convention center	\$ 23,453
Project independence	77,488
General fund - Unemployment insurance	11,000
Water fund - Unemployment insurance	171,737
Water fund - Improvements	<u>46,035</u>
Total restricted cash	<u>\$ 329,713</u>
Total cash and investments	<u>\$ 5,716,578</u>

	Cash Per Bank 12/31/2008	Plus Deposit In Transit	Less Outstanding Warrants	Cash Balances 12/31/2008
Home National Bank: #7332869	\$ 2,318,403	\$ 16,400	\$ 231,400	\$ 2,103,403
Union State Bank #121010	28,191	497	-	28,688
Certificates of deposit-				
Home National Bank - # 17584	400,000			400,000
# 15670	182,737			182,737
# 15349	1,000,000			1,000,000
Union State Bank - # 22139	500,000			500,000
# 22206	500,000			500,000
# 22231	500,000			500,000
# 22728	500,000			500,000
Change funds and undeposited cash on hand				<u>1,750</u>
Total cash and investments				<u>\$ 5,716,578</u>

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

CITY OF ARKANSAS CITY, KANSAS  
GENERAL FUND  
DETAIL STATEMENTS OF REVENUES AND EXPENDITURES  
ACTUAL AND BUDGET  
Years Ended December 31, 2008 and 2007

<u>Revenues</u>	2008 <u>Actual</u>	2008 <u>Budget</u>	Variance- Favorable (Unfavorable)	2007 <u>Actual</u>
Taxes:				
Ad valorem	\$ 1,926,956	\$ 2,084,336	\$ (157,380)	\$ 1,809,561
Back taxes	72,026	64,000	8,026	40,229
In lieu of taxes	30,000	30,000	-	33,500
Sales tax	1,523,269	1,550,000	(26,731)	1,492,930
RV tax	3,878	4,358	(480)	4,015
Animal redemptions	3,107	2,000	1,107	3,745
Liquor tax	12,733	8,000	4,733	9,325
Motor vehicle tax	340,682	337,343	3,339	339,327
Franchise tax	<u>826,000</u>	<u>814,000</u>	<u>12,000</u>	<u>826,336</u>
 Total taxes	 <u>\$ 4,738,651</u>	 <u>\$ 4,894,037</u>	 <u>\$ (155,386)</u>	 <u>\$ 4,558,968</u>
 Intergovernmental revenues:				
State highway (links)	\$ 13,611	\$ 8,000	\$ 5,611	\$ 13,602
County ambulance payment	158,420	140,000	18,420	96,808
Rural fire contract	287,951	230,000	57,951	188,817
State grant	62,204	-	62,204	63,379
County radio payment	19,000	19,000	-	19,000
Use tax	174,746	180,000	(5,254)	197,878
Federal grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total intergovernmental revenues	 <u>\$ 715,932</u>	 <u>\$ 577,000</u>	 <u>\$ 138,932</u>	 <u>\$ 579,484</u>
 Licenses, fees and permits:				
Liquor store licenses	\$ 1,800	\$ 2,000	\$ (200)	\$ 1,500
Beer sales licenses	1,650	2,000	(350)	1,650
Other licenses	14,930	5,800	9,130	18,370
Private club licenses	1,400	1,200	200	1,400
Electrician licenses	2,995	2,600	395	3,205
Plumbing permit	2,550	2,500	50	2,590
Electrical permit	2,133	2,000	133	2,765
Building permit	11,588	15,000	(3,412)	26,664
Mechanics permit	<u>3,389</u>	<u>3,700</u>	<u>(311)</u>	<u>2,836</u>
 Total licenses, fees & permits	 <u>\$ 42,435</u>	 <u>\$ 36,800</u>	 <u>\$ 5,635</u>	 <u>\$ 60,980</u>
 Charge for services:				
Funeral service charge	\$ 11,550	\$ 14,500	\$ (2,950)	\$ 12,985
Cemetery lot sales	4,050	5,000	(950)	4,850
Move and set stone	570	600	(30)	750
Ambulance charges	360,548	335,000	25,548	319,071
Humane Society	<u>19,674</u>	<u>55,000</u>	<u>(35,326)</u>	<u>61,200</u>
 Total charge for services	 <u>\$ 396,392</u>	 <u>\$ 410,100</u>	 <u>\$ (13,708)</u>	 <u>\$ 398,856</u>

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

CITY OF ARKANSAS CITY, KANSAS  
GENERAL FUND  
DETAIL STATEMENTS OF REVENUES AND EXPENDITURES  
ACTUAL AND BUDGET (CONTINUED)  
Years Ended December 31, 2008 and 2007

<u>Revenues (continued)</u>	2008 <u>Actual</u>	2008 <u>Budget</u>	Variance- Favorable (Unfavorable)	2007 <u>Actual</u>
Fines, forfeitures and penalties:				
Police court fines and parking fines	\$ 451,752	\$ 473,000	\$ (21,248)	\$ 482,113
Use of money and property:				
Rentals - Other	\$ 11,868	\$ 13,000	\$ (1,132)	\$ 11,666
Royalties and farmland	9,441	5,000	4,441	8,667
NW Community Center rental	8,120	10,000	(1,880)	8,980
Agri-business Building rental	6,115	7,000	(885)	6,177
Cherokee Strip Museum	76,900	55,000	21,900	54,761
Miscellaneous park income	287	150	137	35
Interest on investments	94,994	100,000	(5,006)	174,569
Total use of money and property	<u>\$ 207,725</u>	<u>\$ 190,150</u>	<u>\$ 17,575</u>	<u>\$ 264,855</u>
Miscellaneous:				
Miscellaneous general income	\$ 15,557	\$ 80,000	\$ (64,443)	\$ 17,715
Zoning applications	650	500	150	825
Donation	8,362	6,000	2,362	9,381
Refund of expenditures	180,207	150,000	30,207	179,798
Sale of property and materials	2,110	2,000	110	1,006
Current special assessments	38,118	10,000	28,118	25,086
Insurance recovery	14,989	-	14,989	19,354
Teen Center	6,467	12,000	(5,533)	7,349
Total miscellaneous	<u>\$ 266,460</u>	<u>\$ 260,500</u>	<u>\$ 5,960</u>	<u>\$ 260,514</u>
Total revenues	<u>\$ 6,819,347</u>	<u>\$ 6,841,587</u>	<u>\$ (22,240)</u>	<u>\$ 6,605,770</u>
<u>Expenditures</u>				
City Commission:				
Personal services	\$ 4,476	\$ 5,300	\$ 824	\$ 4,550
Contractual services	27,948	37,164	9,216	30,608
Commodities	7,006	6,046	(960)	7,793
Capital outlay	-	-	-	-
Total city commission	<u>\$ 39,430</u>	<u>\$ 48,510</u>	<u>\$ 9,080</u>	<u>\$ 42,951</u>
City Manager:				
Personal services	\$ 36,839	\$ 51,890	\$ 15,051	\$ 66,818
Contractual services	10,893	15,400	4,507	15,842
Commodities	4,707	6,750	2,043	5,924
Capital outlay	904	4,000	3,096	2,418
Total city manager	<u>\$ 53,343</u>	<u>\$ 78,040</u>	<u>\$ 24,697</u>	<u>\$ 91,002</u>
City Attorney:				
Personal services	\$ 16,066	\$ 15,398	\$ (668)	\$ 16,397
Contractual services	128,916	87,730	(41,186)	122,585
Commodities	286	11,000	10,714	468
Capital outlay	-	-	-	-
Total city attorney	<u>\$ 145,268</u>	<u>\$ 114,128</u>	<u>\$ (31,140)</u>	<u>\$ 139,450</u>

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

CITY OF ARKANSAS CITY, KANSAS  
GENERAL FUND  
DETAIL STATEMENTS OF REVENUES AND EXPENDITURES  
ACTUAL AND BUDGET (CONTINUED)  
Years Ended December 31, 2008 and 2007

<u>Expenditures (continued)</u>	2008 <u>Actual</u>	2008 <u>Budget</u>	Variance- Favorable (Unfavorable)	2007 <u>Actual</u>
Planning:				
Contractual services	\$ -	\$ -	\$ -	\$ 109
Commodities	53	-	(53)	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total planning	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ (53)</u>	<u>\$ 109</u>
Code Enforcement:				
Personal services	\$ 218,942	\$ 249,695	\$ 30,753	\$ 236,142
Contractual services	28,632	44,475	15,843	36,515
Commodities	10,117	12,595	2,478	11,000
Capital outlay	<u>5,858</u>	<u>14,500</u>	<u>8,642</u>	<u>12,782</u>
Total code enforcement	<u>\$ 263,549</u>	<u>\$ 321,265</u>	<u>\$ 57,716</u>	<u>\$ 296,439</u>
Administration:				
Personal services	\$ 156,238	\$ 157,855	\$ 1,617	\$ 206,306
Contractual services	135,943	126,120	(9,823)	103,848
Commodities	10,303	11,060	757	12,577
Capital outlay	<u>816</u>	<u>-</u>	<u>(816)</u>	<u>-</u>
Total administration	<u>\$ 303,300</u>	<u>\$ 295,035</u>	<u>\$ (8,265)</u>	<u>\$ 322,731</u>
Community Support:				
Contractual services	<u>\$ 36,138</u>	<u>\$ 35,600</u>	<u>\$ (538)</u>	<u>\$ 39,602</u>
Humane Society Administration				
Personal services	\$ 11	\$ 64,790	\$ 64,779	\$ 67,180
Contractual services	82	2,000	1,918	3,672
Commodities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Humane Society	<u>\$ 93</u>	<u>\$ 66,790</u>	<u>\$ 66,697</u>	<u>\$ 70,852</u>
Non-Departmental:				
Personal services	\$ -	\$ -	\$ -	\$ -
Contractual services	42,646	326,434	283,788	71,852
Commodities	4,396	25,000	20,604	426
Capital outlay	<u>24,495</u>	<u>22,065</u>	<u>(2,430)</u>	<u>-</u>
Total non-departmental	<u>\$ 71,537</u>	<u>\$ 373,499</u>	<u>\$ 301,962</u>	<u>\$ 72,278</u>
Law Enforcement:				
Personal services	\$ 1,697,623	\$ 2,074,695	\$ 377,072	\$ 2,220,199
Contractual services	76,532	143,650	67,118	117,707
Commodities	94,776	172,075	77,299	157,797
Capital outlay	<u>95,448</u>	<u>127,250</u>	<u>31,802</u>	<u>75,410</u>
Total law enforcement	<u>\$ 1,964,379</u>	<u>\$ 2,517,670</u>	<u>\$ 553,291</u>	<u>\$ 2,571,113</u>
Fire Fighting:				
Personal services	\$ 2,389,679	\$ 1,605,609	\$ (784,070)	\$ 1,711,247
Contractual services	131,233	94,225	(37,008)	64,116
Commodities	155,670	109,500	(46,170)	96,523
Capital outlay	63,852	130,000	66,148	100,958
Principal	52,250	-	(52,250)	-
Interest	<u>1,775</u>	<u>-</u>	<u>(1,775)</u>	<u>-</u>
Total firefighting	<u>\$ 2,794,459</u>	<u>\$ 1,939,334</u>	<u>\$ (855,125)</u>	<u>\$ 1,972,844</u>

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

CITY OF ARKANSAS CITY, KANSAS  
GENERAL FUND  
DETAIL STATEMENTS OF REVENUES AND EXPENDITURES  
ACTUAL AND BUDGET (CONTINUED)  
Years Ended December 31, 2008 and 2007

<u>Expenditures (continued)</u>	2008 <u>Actual</u>	2008 <u>Budget</u>	Variance- Favorable (Unfavorable)	2007 <u>Actual</u>
Civil Defense:				
Contractual services	\$ 23,168	\$ 29,000	\$ 5,832	\$ 22,661
Commodities	2,877	3,400	523	2,926
Capital outlay	<u>16,041</u>	<u>17,000</u>	<u>959</u>	<u>14,885</u>
Total civil defense	<u>\$ 42,086</u>	<u>\$ 49,400</u>	<u>\$ 7,314</u>	<u>\$ 40,472</u>
Cemetery:				
Personal services	\$ 108,774	\$ 118,100	\$ 9,326	\$ 112,743
Contractual services	14,345	16,765	2,420	11,474
Commodities	17,990	19,950	1,960	17,978
Capital outlay	<u>5,351</u>	<u>10,500</u>	<u>5,149</u>	<u>7,000</u>
Total cemetery	<u>\$ 146,460</u>	<u>\$ 165,315</u>	<u>\$ 18,855</u>	<u>\$ 149,195</u>
Public Service Supervision:				
Personal services	\$ 82,423	\$ 98,755	\$ 16,332	\$ 91,514
Contractual services	99	1,000	901	71
Commodities	-	-	-	33
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public service supervision	<u>\$ 82,522</u>	<u>\$ 99,755</u>	<u>\$ 17,233</u>	<u>\$ 91,618</u>
Street Maintenance and Repair:				
Personal services	\$ 311,649	\$ 346,570	\$ 34,921	\$ 303,659
Contractual services	5,346	2,300	(3,046)	500
Commodities	436	5,740	5,304	525
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total street maintenance & repair	<u>\$ 317,431</u>	<u>\$ 354,610</u>	<u>\$ 37,179</u>	<u>\$ 304,684</u>
Street Lighting:				
Contractual services	\$ 133,776	\$ 150,000	\$ 16,224	\$ 129,029
Commodities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total street lighting	<u>\$ 133,776</u>	<u>\$ 150,000</u>	<u>\$ 16,224</u>	<u>\$ 129,029</u>
Park:				
Personal services	\$ 335,205	\$ 353,950	\$ 18,745	\$ 323,755
Contractual services	35,661	39,300	3,639	28,624
Commodities	160,671	126,150	(34,521)	100,556
Capital outlay	<u>23,600</u>	<u>34,500</u>	<u>10,900</u>	<u>35,521</u>
Total park	<u>\$ 555,137</u>	<u>\$ 553,900</u>	<u>\$ (1,237)</u>	<u>\$ 488,456</u>
Baseball Park:				
Contractual services	\$ 5,396	\$ 13,500	\$ 8,104	\$ 5,788
Commodities	<u>820</u>	<u>7,530</u>	<u>6,710</u>	<u>2,244</u>
Total baseball park	<u>\$ 6,216</u>	<u>\$ 21,030</u>	<u>\$ 14,814</u>	<u>\$ 8,032</u>

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



CITY OF ARKANSAS CITY, KANSAS  
GENERAL FUND  
DETAIL STATEMENTS OF REVENUES AND EXPENDITURES  
ACTUAL AND BUDGET (CONTINUED)  
Years Ended December 31, 2008 and 2007

<u>Expenditures (continued)</u>	2008 <u>Actual</u>	2008 <u>Budget</u>	Variance- Favorable (Unfavorable)	2007 <u>Actual</u>
Swimming Pool:				
Personal services	\$ -	\$ -	\$ -	\$ -
Contractual services	68,948	45,830	(23,118)	47,971
Commodities	30,421	25,450	(4,971)	26,146
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total swimming pool	<u>\$ 99,369</u>	<u>\$ 71,280</u>	<u>\$ (28,089)</u>	<u>\$ 74,117</u>
Public Buildings:				
Personal services	\$ 43,490	\$ 43,155	\$ (335)	\$ 42,205
Contractual services	58,607	73,800	15,193	60,046
Commodities	14,585	21,875	7,290	18,179
Capital outlay	<u>5,699</u>	<u>7,500</u>	<u>1,801</u>	<u>7,752</u>
Total public buildings	<u>\$ 122,381</u>	<u>\$ 146,330</u>	<u>\$ 23,949</u>	<u>\$ 128,182</u>
NW Community Center:				
Personal services	\$ 30,052	\$ 25,530	\$ (4,522)	\$ 25,446
Contractual services	19,193	29,100	9,907	20,093
Commodities	1,832	5,800	3,968	3,068
Capital outlay	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>597</u>
Total NW Community Center	<u>\$ 51,077</u>	<u>\$ 61,430</u>	<u>\$ 10,353</u>	<u>\$ 49,204</u>
Senior Citizens:				
Personal services	\$ 180,645	\$ 158,700	\$ (21,945)	\$ 158,972
Contractual services	38,574	36,500	(2,074)	30,275
Commodities	<u>14,425</u>	<u>12,150</u>	<u>(2,275)</u>	<u>12,412</u>
Total senior citizens	<u>\$ 233,644</u>	<u>\$ 207,350</u>	<u>\$ (26,294)</u>	<u>\$ 201,659</u>
Human Relations Council				
Contractual services	<u>\$ 1,305</u>	<u>\$ 4,120</u>	<u>\$ 2,815</u>	<u>\$ 4,328</u>
Museum:				
Personal services	\$ 68,324	\$ 67,080	\$ (1,244)	\$ 65,232
Contractual services	57,824	45,200	(12,624)	49,212
Commodities	24,429	19,700	(4,729)	24,635
Capital outlay	<u>1,228</u>	<u>3,200</u>	<u>1,972</u>	<u>1,600</u>
Total museum	<u>\$ 151,805</u>	<u>\$ 135,180</u>	<u>\$ (16,625)</u>	<u>\$ 140,679</u>
Teen Center:				
Personal services	\$ 9,949	\$ 11,250	\$ 1,301	\$ 10,046
Contractual services	10,658	11,490	832	9,057
Commodities	5,997	5,900	(97)	5,518
Capital outlay	<u>-</u>	<u>500</u>	<u>500</u>	<u>373</u>
Total teen center	<u>\$ 26,604</u>	<u>\$ 29,140</u>	<u>\$ 2,536</u>	<u>\$ 24,994</u>
Total expenditures	<u>\$ 7,641,362</u>	<u>\$ 7,838,711</u>	<u>\$ 197,349</u>	<u>\$ 7,454,020</u>

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

CITY OF ARKANSAS CITY, KANSAS  
INSURANCE COVERAGE  
December 31, 2008

Property

Various municipal buildings and contents	Fire and extended coverage	\$31,032,586
Automobile fleet coverage	Bodily injury: Each occurrence	500,000
	Uninsured motorist: Each occurrence	500,000
Automobile - specific vehicles	Comprehensive, collision and specified perils	Various
City property - General liability	General - Aggregate	1,000,000
	Products completed liability	1,000,000
	Personal and/or advertising injury - Each occurrence/aggregate	1,000,000
	Fire damage limit	100,000
	Medical expense limit	5,000
	Legal liability and loss reimbursement - Each occurrence	500,000
	- Aggregate	1,000,000
All employees	Workmen's compensation - Employee's liability	Statutory
	Bodily injury - Accident - Each occurrence	500,000
	Bodily injury - Disease - Each occurrence	500,000
	Bodily injury - Disease - Policy limit	500,000
Ambulance attendants	Operation of ambulances - Each occurrence	500,000
	- Aggregate	1,000,000
Data processing equipment	General - Aggregate	25,000
Contactors equipment	General - Aggregate	1,005,089
Radio, TV, broadcast equipment and towers	General - Aggregate	60,000

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

CITY OF ARKANSAS CITY, KANSAS  
 FIDELITY BONDS  
 December 31, 2008

	<u>Expiration Date</u>	<u>Bond Amount</u>
Public Employee's Blanket	01/01/09	\$ 100,000
City Commission:		
Dotty Smith	04/25/09	5,000
Patrick McDonald	04/25/09	5,000
Mell Kuhn	04/25/09	5,000
Joel Hockenbury	04/25/09	5,000
Scott Margolius	04/25/09	5,000
Judge of Municipal Court - N. M. Iverson, Jr.	04/25/09	5,000
City Manager - Steve Archer	09/01/09	50,000
City Treasurer - Kathy Braungardt	09/01/09	50,000
Director of Administration - Lane Massey	09/01/09	50,000

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

CITY OF ARKANSAS CITY, KANSAS  
SCHEDULE OF INDEBTEDNESS  
December 31, 2008

<u>General obligation bonds</u>	<u>Series Number</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Original Amount</u>
Internal improvements	1993	10/01/93	3.20% to 6.20%	\$ 1,600,000
Internal improvements	1998-A	05/01/98	4.15% to 6.125%	\$ 1,200,000
Internal improvements	1999	01/01/99	3.60% to 4.50%	\$ 1,261,000
Internal improvements	2000	05/01/00	5.00% to 6.50%	\$ 1,790,000
Internal improvements	2001	10/01/01	3.15% to 4.25%	\$ 1,175,000
Internal improvements	2002	04/01/02	3.50% to 5.30%	\$ 2,200,000
Internal improvements	2003	08/01/03	2.50% to 3.75%	\$ 3,685,000
Internal improvements	2005	12/01/05	3.60% to 5.50%	\$ 2,095,000
Internal improvements	2008	09/01/08	2.10% to 4.00%	\$ 2,545,000
Total general obligation bonds				
 <u>Temporary notes</u>				
Internal improvements	2005-1	08/01/05	3.28%	\$ 1,160,000
Internal improvements	2005-2	11/01/05	3.50%	\$ 168,000
Internal improvements	2006-1	11/01/06	3.70%	\$ 4,600,000
Total temporary notes				
 <u>Capital Leases</u>				
Fire truck		08/18/06	4.89%	\$ 668,665
Ambulance		10/30/07	4.43%	153,422
Total capital leases				
 <u>KDHE &amp; CDBG loans</u>				
KDHE revolving loan		01/10/00	3.49%	\$ 2,990,300
CDBG loan		01/01/01	2.00%	\$ 375,000
Total loans				
 <u>Certificates of participation</u>				
Humane Society	2002	12/01/02	4.59%	\$ 350,000
Total certificates of participation				
Total indebtedness				

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

CITY OF ARKANSAS CITY, KANSAS  
SCHEDULE OF INDEBTEDNESS (CONTINUED)  
December 31, 2008

Date of Maturity	Outstanding <u>12/31/2007</u>	<u>Issued</u>	<u>Retired</u>	Outstanding <u>12/31/2008</u>
12/01/08	\$ 110,000	\$ -	\$ 110,000	\$ -
12/01/08	120,000	-	120,000	-
12/01/08	130,000	-	130,000	-
12/01/09	425,000	-	205,000	220,000
12/01/11	535,000	-	125,000	410,000
04/01/12	1,220,000	-	220,000	1,000,000
12/01/13	2,400,000	-	365,000	2,035,000
12/01/15	1,745,000	-	190,000	1,555,000
12/01/18	<u>-</u>	<u>2,545,000</u>	<u>-</u>	<u>2,545,000</u>
	<u>\$ 6,685,000</u>	<u>\$ 2,545,000</u>	<u>\$ 1,465,000</u>	<u>\$ 7,765,000</u>
08/01/09	\$ 1,160,000	\$ -	\$ 200,000	\$ 960,000
11/01/08	168,000	-	168,000	-
11/01/08	<u>4,600,000</u>	<u>-</u>	<u>4,600,000</u>	<u>-</u>
	<u>\$ 5,928,000</u>	<u>\$ -</u>	<u>\$ 4,968,000</u>	<u>\$ 960,000</u>
02/01/16	\$ 599,618	\$ -	\$ 54,487	\$ 545,131
02/01/10	<u>153,422</u>	<u>-</u>	<u>52,251</u>	<u>101,171</u>
	<u>\$ 753,040</u>	<u>\$ -</u>	<u>\$ 106,738</u>	<u>\$ 646,302</u>
09/01/21	\$ 899,975	\$ -	\$ 246,114	\$ 653,861
07/01/11	<u>184,240</u>	<u>-</u>	<u>184,240</u>	<u>-</u>
	<u>\$ 1,084,215</u>	<u>\$ -</u>	<u>\$ 430,354</u>	<u>\$ 653,861</u>
12/01/12	\$ 285,467	\$ -	\$ 51,994	\$ 233,473
	<u>\$ 285,467</u>	<u>\$ -</u>	<u>\$ 51,994</u>	<u>\$ 233,473</u>
	<u>\$ 14,735,722</u>	<u>\$ 2,545,000</u>	<u>\$ 7,022,086</u>	<u>\$ 10,258,636</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 SUPPLEMENT TO SCHEDULE OF INDEBTEDNESS  
 December 31, 2008

	<u>Issued</u>	<u>Retired</u>
Totals per Page 1 of Schedule 5	<u>\$ 2,545,000</u>	<u>\$ 7,022,085</u>
Per individual fund statements:		
Bond and interest	\$ -	\$ 1,375,350
Capital projects	2,545,000	4,968,000
Waterworks	-	112,487
Sanitation	-	-
Sewage disposal and treatment	-	356,901
Project independence	-	11,257
General	<u>-</u>	<u>52,251</u>
Sub-total	<u>\$ 2,545,000</u>	<u>\$ 6,876,246</u>
CDBG loan - state cancelled debt and timing adjustments	<u>\$ -</u>	<u>\$ 145,840</u>
Total	<u>\$ 2,545,000</u>	<u>\$ 7,022,086</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SCHEDULE OF MATURITY OF LONG-TERM DEBT  
For The Year Ended December 31, 2008

	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Principal</u>			
General obligation bond	\$ 1,345,000	\$ 1,195,000	\$ 1,250,000
Certificates of participation	54,450	56,984	59,636
Lease purchase	106,584	111,723	62,996
Temporary notes	960,000	-	-
KDHE & CDBG loans	<u>254,778</u>	<u>263,748</u>	<u>135,335</u>
Total principal	<u>\$ 2,720,812</u>	<u>\$ 1,627,455</u>	<u>\$ 1,507,967</u>
<u>Interest and Fees</u>			
General obligation bonds	\$ 481,030	\$ 446,485	\$ 415,884
Certificates of participation	10,865	8,331	5,679
Lease purchase	31,658	26,518	21,220
Temporary notes	38,048	-	-
KDHE & CDBG loans	<u>20,616</u>	<u>11,647</u>	<u>2,361</u>
Total interest	<u>\$ 582,217</u>	<u>\$ 492,981</u>	<u>\$ 445,144</u>
Total principal and interest	<u>\$ 3,303,029</u>	<u>\$ 2,120,436</u>	<u>\$ 1,953,111</u>

The accompanying notes are an integral part of the financial statements

CITY OF ARKANSAS CITY, KANSAS  
SCHEDULE OF MATURITY OF LONG-TERM DEBT (CONTINUED)  
For The Year Ended December 31, 2008

<u>2012</u>	<u>2013</u>	<u>2014-2018</u>	<u>Total</u>
\$ 1,145,000	\$ 920,000	\$ 1,910,000	\$ 7,765,000
62,403	-	-	233,473
66,120	69,357	229,522	646,302
-	-	-	960,000
-	-	-	<u>653,861</u>
<u>\$ 1,273,523</u>	<u>\$ 989,357</u>	<u>\$ 2,139,522</u>	<u>\$ 10,258,636</u>
\$ 381,317	\$ 355,490	\$ 1,615,613	\$ 3,695,819
2,913	-	-	27,788
18,096	14,859	23,125	135,476
-	-	-	38,048
-	-	-	<u>34,624</u>
<u>\$ 402,326</u>	<u>\$ 370,349</u>	<u>\$ 1,638,738</u>	<u>\$ 3,931,755</u>
<u>\$ 1,675,849</u>	<u>\$ 1,359,706</u>	<u>\$ 3,778,260</u>	<u>\$ 14,190,391</u>

The accompanying notes are an integral part of the financial statements