

CITY OF ARKANSAS CITY, KANSAS
ANNUAL FINANCIAL STATEMENTS

December 31, 2009



**Parman, Tanner,
Soule & Jackson,
CPA's, RLLP**

**110 South First Street
Arkansas City, KS 67005**

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 FINANCIAL STATEMENTS
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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, 2009 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 99.5 percent, 98.6 percent and 97.6 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 2008 financial statements and, in our report dated June 26, 2009 except for the omission of 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

PARMAN, TANNER, SOULE & JACKSON, CPA'S

material respects, the respective financial position of the governmental activities, the business-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, 2009, 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

September 30, 2010

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, 2009.

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.

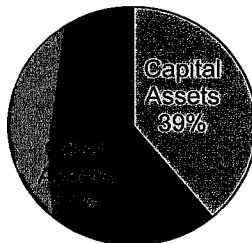
Net Assets

Combined net assets of the City at December 31 were:

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$ 6,456,239	\$ 52,103,898	\$ 3,932,027	\$ 4,457,273	\$ 10,388,266	\$ 56,561,171
Capital assets	\$ 31,368,537	\$ 31,643,825	\$ 4,663,485	\$ 4,406,236	\$ 36,032,022	\$ 36,050,061
Total Assets	<u>\$ 37,824,776</u>	<u>\$ 83,747,723</u>	<u>\$ 8,595,512</u>	<u>\$ 8,863,509</u>	<u>\$ 46,420,288</u>	<u>\$ 92,611,232</u>
Long-term liabilities	\$ 7,881,326	\$ 31,642,554	\$ 679,082	\$ 416,364	\$ 8,560,408	\$ 32,058,918
Other liabilities	\$ 3,885,257	\$ -	\$ 474,955	\$ 487,098	\$ 4,360,212	\$ 487,098
Total liabilities	<u>\$ 11,766,583</u>	<u>\$ 31,642,554</u>	<u>\$ 1,154,037</u>	<u>\$ 903,462</u>	<u>\$ 12,920,620</u>	<u>\$ 32,546,016</u>
Net assets:						
Invested in capital assets, net of debt	\$ 21,763,763	\$ 22,555,083	\$ 4,009,623	\$ 4,007,152	\$ 25,773,386	\$ 26,562,235
Restricted for other purposes	\$ 3,684,641	\$ 4,158,058	\$ 217,772	\$ 79,708	\$ 3,902,413	\$ 4,237,766
Unrestricted	\$ 609,789	\$ 512,820	\$ 3,214,080	\$ 3,873,187	\$ 3,823,869	\$ 4,386,007
Total Net Assets	<u>\$ 26,058,193</u>	<u>\$ 27,225,961</u>	<u>\$ 7,441,475</u>	<u>\$ 7,960,047</u>	<u>\$ 33,499,668</u>	<u>\$ 35,186,008</u>

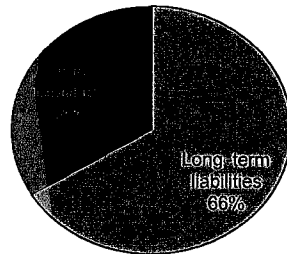
A review of the government-wide financial statement of net assets reveals the following: The City ended 2009 with positive net assets. Total assets for the City are \$92,611,232. Of these total assets, \$36,050,061 is capital assets and \$56,561,171 is other assets.

Total Assets



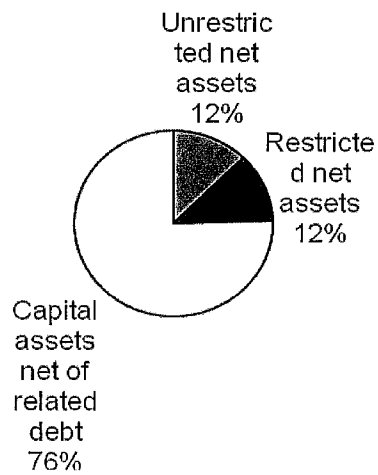
Total liabilities for the City are \$32,546,016. Of this total, \$32,058,918 is for long-term liabilities and \$487,098 is other liabilities. The majority of the long-term liabilities are for debt issued for major capital projects. City policy states that we will not issue debt with a maturity period greater than 10 years unless there is a clear need or benefit.

Total Liabilities



Total net assets for the City are \$35,186,008. Of these total net assets, \$4,386,007 is for unrestricted net assets and \$4,237,766 is for restricted net assets. Net assets invested in capital assets net of related debt are \$26,562,235.

Total net assets



Statement of Activities

The table below shows the condensed revenue, expenses and the change in net assets for 2008 and 2009.

	Governmental activities		Business-type Activities	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Revenues:				
Program Revenues:				
Charges for services	\$ 753,575	\$ 1,048,732	\$ 6,158,357	\$ 6,455,767
Operating grants/contributions	4,740	13,719	-	-
Capital grants/contributions	821,347	74,498	-	-
General Revenues:				
Property taxes	6,283,370	6,024,816	-	-
Public services taxes	1,207,113	1,959,145	-	-
Other taxes	203,302	232,410	-	-
Other	768,872	894,792	(100,432)	(227,451)
Total revenues	<u>10,042,319</u>	<u>10,248,112</u>	<u>6,057,925</u>	<u>6,228,316</u>
Expenses:				
General government	\$ 2,794,582	\$ 2,369,582	-	-
Public safety	4,571,558	4,630,649	-	-
Public works	895,897	932,068	-	-
Cultural and recreation	1,100,329	926,049	-	-
Personal services	87,891	51,434	-	-
Contractual	286,655	359,057	-	-
Outside services	306,598	317,619	-	-
Commodities	278,057	296,214	-	-
Water	-	-	2,339,350	2,287,736
Sewer	-	-	1,394,695	1,398,923
Sanitation	-	-	1,303,034	1,167,067
Storm Water	-	-	174,941	204,288
Miscellaneous	-	-	-	-
Interest on long-term debt	496,862	75,939	-	-
Total Expenses	<u>10,818,429</u>	<u>9,958,611</u>	<u>5,212,020</u>	<u>5,058,014</u>
Excess (deficiency) before	(776,110)	289,501	845,905	1,170,302
Reimbursements	298,760	208,267	-	18,270
Transfers	1,707,806	670,000	(1,707,806)	(670,000)
Increase in net assets	<u>1,230,456</u>	<u>1,167,768</u>	<u>(861,901)</u>	<u>518,572</u>
Net assets January 1	24,827,737	26,058,193	8,303,376	7,441,475
Net assets December 31	<u>\$ 26,058,193</u>	<u>\$ 27,225,961</u>	<u>\$ 7,441,475</u>	<u>\$ 7,960,047</u>

Governmental Activities

Several of the revenue and expense categories fluctuated between 2008 and 2009, as explained below.

- Capital Grants/Contributions – Federal, State and local government Grants and reimbursements decreased in 2009 due to several large infrastructure improvements being completed in 2008.

- Property Tax – This revenue category was 5% higher in 2008. This could be due to a continued decline in the local economy.
- Public Safety Expenses – This expense category continues to be slightly higher in 2009 due to changes in personnel and execution of various public safety grants that have been received.
- Public Works Expense – This expense category was slightly lower in 2008 due to weather related decreases in work completed in 2008.

Business-type Activities

Several of the revenue and expense categories fluctuated between 2008 and 2009, as explained below.

- Charges for Services – This revenue category increased from \$6,158,357 (2008) to \$6,455,767 in 2009.
- Water, Sewer & Sanitation Expense – Water and Sanitation expenses decreased in 2009, while Sewer remained steady and Storm Water increased by \$29,347.

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 2009 due to an increase in funds for scheduled capital projects. The fund balance increased in 2009 due to an increase 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, 2009 was \$177,064. This represents a slight increase over 2008.

The Debt Service Fund balance increased from \$0 as of December 31, 2008 to \$308,367 as of December 31, 2009. 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.

	Governmental Activities		Business-type Activities	
	January 1, 2009	December 31, 2009	January 1, 2009	December 31, 2009
Land, infrastructure and buildings	\$ 32,998,700	\$ 34,360,659	\$ 5,283,441	\$ 5,316,437
Equipment	3,688,941	3,829,258	3,281,655	3,479,542
Meter, mains and service lines	-	-	3,573,995	3,627,172
Accumulated depreciation	(5,319,104)	(6,546,092)	(7,475,606)	(8,016,915)
Totals	\$ 31,368,537	\$ 31,643,825	\$ 4,663,485	\$ 4,406,236

Long-term Debt

At December 31, 2009, the City had a number of debt issues outstanding.

	2009	2008
General obligation bonds	\$ 8,370,000	\$ 7,765,000
Revenue Bonds	23,205,000	-
Temporary notes	-	960,000
Lease Purchase	539,718	646,302
Certificate of participation	179,023	233,473
Community development block grant and Kansas department of health and environment loans	399,083	653,861
Total long-term liabilities	\$ 32,692,824	\$ 10,258,636

The City has established the following policy in regards to long-term debt. First, we do not issue general obligation 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 on page 30-33.

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. Separately issued financial statements for component units are also available at this address.

CITY OF ARKANSAS CITY, KANSAS
STATEMENT OF NET ASSETS
December 31, 2009

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	2009 <u>Total</u>	2008 <u>Total</u>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 24,969,850	\$ 3,664,355	\$ 28,634,205	\$ 5,716,578
Taxes receivable	3,165,761	-	3,165,761	3,202,266
Accounts receivable	229,333	792,918	1,022,251	1,098,988
Hospital capital lease	<u>333,338</u>	<u>-</u>	<u>333,338</u>	<u>-</u>
Prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>28,698,282</u>	<u>4,457,273</u>	<u>33,155,555</u>	<u>10,017,832</u>
Noncurrent Assets:				
Hospital capital lease	\$ 23,118,939	\$ -	\$ 23,118,939	\$ -
Special assessments	286,677	-	286,677	370,434
Other noncurrent assets	-	-	-	-
Capital lease interest in Unexpended bond proceeds	-	-	-	-
Cash held under bond indenture	-	-	-	-
Capital assets, net	<u>31,643,825</u>	<u>4,406,236</u>	<u>36,050,061</u>	<u>36,032,022</u>
Total noncurrent assets	<u>\$ 55,049,441</u>	<u>\$ 4,406,236</u>	<u>\$ 59,455,677</u>	<u>\$ 36,402,456</u>
Total assets	<u>\$ 83,747,723</u>	<u>\$ 8,863,509</u>	<u>\$ 92,611,232</u>	<u>\$ 46,420,288</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts and contracts payable	\$ 16,059,760	\$ 180,621	\$ 16,240,381	\$ 700,380
Contracts payable-related party	-	-	-	106,200
Accrued expenses	847,687	11,647	859,334	582,217
Deferred Hospital funds	6,343,611	-	6,343,611	-
Due to other agencies	100,830	-	100,830	137,126
Current portion of long-term obligations	1,493,747	263,748	1,757,495	2,720,811
Current portion of compensated absences	<u>87,613</u>	<u>31,082</u>	<u>118,695</u>	<u>113,478</u>
Total current liabilities	<u>\$ 24,933,248</u>	<u>\$ 487,098</u>	<u>\$ 25,420,346</u>	<u>\$ 4,360,212</u>
Noncurrent Liabilities:				
Long-term debt	\$ 30,799,993	\$ 135,336	\$ 30,935,329	\$ 7,537,825
Compensated absences	<u>788,521</u>	<u>281,028</u>	<u>1,069,549</u>	<u>1,022,583</u>
Total noncurrent liabilities	<u>\$ 31,588,514</u>	<u>\$ 416,364</u>	<u>\$ 32,004,878</u>	<u>\$ 8,560,408</u>
Total liabilities	<u>\$ 56,521,762</u>	<u>\$ 903,462</u>	<u>\$ 57,425,224</u>	<u>\$ 12,920,620</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 22,555,083	\$ 4,007,152	\$ 26,562,235	\$ 25,773,386
Restricted for:				
Debt	\$ 1,514,344	\$ -	\$ 1,514,344	\$ 1,260,891
General Government	2,345,568	79,708	2,425,276	2,343,846
Cultural	30,336	-	30,336	23,453
Outside organizations	<u>267,810</u>	<u>-</u>	<u>267,810</u>	<u>274,223</u>
Total restricted net assets	<u>\$ 4,158,058</u>	<u>\$ 79,708</u>	<u>\$ 4,237,766</u>	<u>\$ 3,902,413</u>
Unrestricted	<u>\$ 512,820</u>	<u>\$ 3,873,187</u>	<u>\$ 4,386,007</u>	<u>\$ 3,823,869</u>
Total net assets	<u>\$ 27,225,961</u>	<u>\$ 7,960,047</u>	<u>\$ 35,186,008</u>	<u>\$ 33,499,668</u>

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

CITY OF ARKANSAS CITY, KANSAS
STATEMENT OF NET ASSETS
12/31/2009

Component Units <u>2009 Total</u>	Component Units <u>2008 Total</u>
\$ 5,644,187	\$ 5,818,975
442,190	-
1,650,291	1,510,063
<u>-</u>	<u>-</u>
<u>1,045,408</u>	<u>855,731</u>
<u>8,782,076</u>	<u>8,184,769</u>
\$ -	\$ -
-	-
400,684	-
21,648,266	-
100,000	-
<u>4,993,822</u>	<u>3,874,384</u>
<u>\$ 27,142,772</u>	<u>\$ 3,874,384</u>
<u>\$ 35,924,848</u>	<u>\$ 12,059,153</u>
\$ 271,264	\$ 486,269
-	-
1,009,533	472,825
177,072	187,072
333,338	385,030
<u>-</u>	<u>-</u>
<u>\$ 1,791,207</u>	<u>\$ 1,531,196</u>
\$ 23,118,939	\$ 448,899
<u>-</u>	<u>-</u>
<u>\$ 23,118,939</u>	<u>\$ 448,899</u>
<u>\$ 24,910,146</u>	<u>\$ 1,980,095</u>
\$ 3,083,302	\$ 2,930,754
\$ 504,849	\$ -
100,000	815
145,623	140,258
<u>-</u>	<u>-</u>
<u>\$ 750,472</u>	<u>\$ 141,073</u>
<u>\$ 7,180,928</u>	<u>\$ 7,007,231</u>
<u>\$ 11,014,702</u>	<u>\$ 10,079,058</u>

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

CITY OF ARKANSAS CITY, KANSAS
STATEMENT OF ACTIVITIES
December 31, 2009

<u>Functions/Programs</u>	<u>Expenses</u> Program Revenue		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
<u>Primary Government</u>				
Governmental activities:				
General government	\$ 2,369,582	\$ 508,702	\$ -	\$ -
Public safety	4,630,649	462,514	-	-
Public works	932,068	77,516	6,622	74,498
Cultural and recreation	926,049	-	7,097	-
Personal services	51,434	-	-	-
Contractual	359,057	-	-	-
Outside services	317,619	-	-	-
Commodities	296,214	-	-	-
Interest on long-term debt	<u>75,939</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 9,958,611</u>	<u>\$ 1,048,732</u>	<u>\$ 13,719</u>	<u>\$ 74,498</u>
Business-type activities:				
Water	\$ 2,287,736	\$ 3,112,752	\$ -	\$ -
Sewer	1,398,923	1,767,138	-	-
Sanitation	1,167,067	1,380,924	-	-
Storm sewer	<u>204,288</u>	<u>194,953</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 5,058,014</u>	<u>\$ 6,455,767</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 15,016,625</u>	<u>\$ 7,504,499</u>	<u>\$ 13,719</u>	<u>\$ 74,498</u>
Component units				
SCKRMC	\$ 14,085,125	\$ 14,204,010	\$ 12,957	\$ -
Library	<u>378,876</u>	<u>8,886</u>	<u>44,124</u>	<u>-</u>
Total component units	<u>\$ 14,464,001</u>	<u>\$ 14,212,896</u>	<u>\$ 57,081</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, 2009

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Primary Government		Component Units		
	Business-Type Activities	2009 Total	2008 Total	2009 Total	2008 Total
\$ (1,860,880)	\$ -	\$ (1,860,880)	\$ (1,839,081)	\$ -	\$ -
(4,168,135)	-	(4,168,135)	(4,119,806)	-	-
(773,432)	-	(773,432)	(723,488)	-	-
(918,952)	-	(918,952)	(1,100,329)	-	-
(51,434)	-	(51,434)	(87,891)	-	-
(359,057)	-	(359,057)	(286,655)	-	-
(317,619)	-	(317,619)	(306,598)	-	-
(296,214)	-	(296,214)	(278,057)	-	-
(75,939)	-	(75,939)	(496,862)	-	-
<u>\$ (8,821,662)</u>	<u>\$ -</u>	<u>\$ (8,821,662)</u>	<u>\$ (9,238,767)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 825,016	\$ 825,016	\$ 640,779	\$ -	\$ -
-	368,215	368,215	372,433	-	-
-	213,857	213,857	(87,044)	-	-
-	(9,335)	(9,335)	20,169	-	-
<u>\$ -</u>	<u>\$ 1,397,753</u>	<u>\$ 1,397,753</u>	<u>\$ 946,337</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (8,821,662)</u>	<u>\$ 1,397,753</u>	<u>\$ (7,423,909)</u>	<u>\$ (8,292,430)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 131,842	\$ 845,015
-	-	-	-	(325,866)	(320,306)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (194,024)</u>	<u>\$ 524,709</u>
\$ 4,924,991	\$ -	\$ 4,924,991	\$ 4,989,084	\$ 317,645	\$ 306,598
1,099,825	-	1,099,825	1,294,286	-	-
232,410	-	232,410	203,302	-	-
1,959,145	-	1,959,145	1,207,113	564,424	-
171,220	53,262	224,482	396,279	102,077	185,371
438,029	-	438,029	267,718	145,522	143,457
-	-	-	-	-	-
4,830	-	4,830	4,443	-	-
670,000	(670,000)	-	-	-	-
208,267	18,270	226,537	298,760	-	-
280,713	(280,713)	-	-	-	-
<u>\$ 9,989,430</u>	<u>\$ (879,181)</u>	<u>\$ 9,110,249</u>	<u>\$ 8,660,985</u>	<u>\$ 1,129,668</u>	<u>\$ 635,426</u>
\$ 1,167,768	\$ 518,572	\$ 1,686,340	\$ 368,555	\$ 935,644	\$ 1,160,135
<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>
<u>\$ 27,225,961</u>	<u>\$ 7,960,047</u>	<u>\$ 35,186,008</u>	<u>\$ 33,499,668</u>	<u>\$ 11,014,702</u>	<u>\$ 10,079,058</u>

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

CITY OF ARKANSAS CITY, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Public Building Commisson</u>	<u>Other Governmental Funds</u>	<u>2009 Total</u>	<u>2008 Total</u>
ASSETS						
Cash and cash equivalents	\$ 484,906	\$ 520,294	\$ 21,648,266	\$ 2,158,588	\$ 24,812,054	\$ 2,409,184
Accounts receivable (net)	229,333	-	-	-	229,333	248,272
Taxes receivable	2,168,584	-	-	997,177	3,165,761	3,202,266
Deposits with fiscal agent	-	-	-	-	-	-
Special assessments	-	-	-	286,677	286,677	370,434
Total assets	<u>\$ 2,882,823</u>	<u>\$ 520,294</u>	<u>\$ 21,648,266</u>	<u>\$ 3,442,442</u>	<u>\$ 28,493,825</u>	<u>\$ 6,230,156</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 307,842	\$ -	\$ -	\$ 51,541	\$ 359,383	\$ 379,740
Contracts payable	-	148,977	15,489,273	-	15,638,250	258,247
Deferred revenue	2,397,917	-	-	1,283,854	3,681,771	3,820,972
Due to other agencies	-	-	-	100,829	100,829	137,126
Total liabilities	<u>\$ 2,705,759</u>	<u>\$ 148,977</u>	<u>\$ 15,489,273</u>	<u>\$ 1,436,224</u>	<u>\$ 19,780,233</u>	<u>\$ 4,596,085</u>
Fund balance:						
Reserved	\$ 177,064	\$ -	\$ 6,158,993	\$ 470,767	\$ 6,806,824	\$ 111,941
Unreserved, reported in:						
General fund	-	-	-	-	-	-
Capital projects	-	371,317	-	-	371,317	724,371
Debt service	-	-	-	308,367	308,367	-
Special revenue funds	-	-	-	1,227,084	1,227,084	797,759
Total fund balance	<u>\$ 177,064</u>	<u>\$ 371,317</u>	<u>\$ 6,158,993</u>	<u>\$ 2,006,218</u>	<u>\$ 8,713,592</u>	<u>\$ 1,634,071</u>
Total liabilities and fund balar	<u>\$ 2,882,823</u>	<u>\$ 520,294</u>	<u>\$ 21,648,266</u>	<u>\$ 3,442,442</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.	31,643,825	31,368,537
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.	95,668	226,083
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.)	(39,513,485)	(10,429,869)
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.	27,134,048	3,820,972
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>(847,687)</u>	<u>(561,601)</u>
Net assets of governmental activities	<u>\$ 27,225,961</u>	<u>\$ 26,058,193</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, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Public Bldg Commission</u>	<u>Other Governmental Funds</u>	<u>2009 Total</u>	<u>2008 Total</u>
REVENUES						
Taxes	\$ 4,871,481	\$ -	\$ -	\$ 2,465,665	\$ 7,337,146	\$ 6,376,566
Intergovernmental	771,510	-	-	364,146	1,135,656	1,117,774
Franchise taxes	-	-	-	232,410	232,410	203,302
Transient guest tax	-	-	-	71,852	71,852	89,339
Licenses, fees, permits	146,587	-	-	-	146,587	42,435
Charges for services	381,054	-	-	-	381,054	396,392
Fines, forfeitures, penalties	462,514	-	-	-	462,514	451,752
Miscellaneous	323,794	175,498	-	453,771	953,063	573,361
Rent and H.U.D. payments	-	-	-	6,622	6,622	118,351
Grants	-	-	-	-	-	821,347
Interest	151,584	18,986	-	2,409	172,979	273,437
Donations	-	-	-	7,097	7,097	4,740
Total revenues	<u>\$ 7,108,524</u>	<u>\$ 194,484</u>	<u>\$ -</u>	<u>\$ 3,603,972</u>	<u>\$ 10,906,980</u>	<u>\$ 10,468,796</u>
EXPENDITURES						
Current:						
General government	\$ 953,777	\$ -	\$ -	\$ -	\$ 953,777	\$ 1,625,542
Public safety	4,630,649	-	-	-	4,630,649	4,571,558
Public works	911,825	20,243	-	-	932,068	895,897
Culture and recreation	926,049	-	-	-	926,049	1,100,329
Personal services	-	-	-	51,434	51,434	87,891
Contractual	-	-	-	359,057	359,057	286,655
Outside organizations	-	-	16,612,853	317,619	16,930,472	306,598
Commodities	-	-	-	296,214	296,214	278,057
Debt service:						
Principal	49,469	-	-	1,175,852	1,225,321	6,406,857
Interest	4,556	31,488	-	258,658	294,702	444,792
Capital outlay	<u>136,135</u>	<u>1,485,807</u>	<u>-</u>	<u>42,450</u>	<u>1,664,392</u>	<u>1,106,678</u>
Total expenditures	<u>\$ 7,612,460</u>	<u>\$ 1,537,538</u>	<u>\$ 16,612,853</u>	<u>\$ 2,501,284</u>	<u>\$ 28,264,135</u>	<u>\$ 17,110,854</u>
Revenues over (under) expenditures	<u>\$ (503,936)</u>	<u>\$ (1,343,054)</u>	<u>\$ (16,612,853)</u>	<u>\$ 1,102,688</u>	<u>\$ (17,357,155)</u>	<u>\$ (6,642,058)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds of long-term capital related debt	\$ -	\$ 990,000	\$ 22,699,369	\$ -	\$ 23,689,369	\$ 2,545,000
Accrued interest on bond sale	-	-	72,477	4,830	77,307	4,443
Operating transfer in (out)	670,000	-	-	-	670,000	1,707,806
Equity transfer in (out)	-	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 670,000</u>	<u>\$ 990,000</u>	<u>\$ 22,771,846</u>	<u>\$ 4,830</u>	<u>\$ 24,436,676</u>	<u>\$ 4,257,249</u>
Net change in fund balances	\$ 166,064	\$ (353,054)	\$ 6,158,993	\$ 1,107,518	\$ 7,079,521	\$ (2,384,809)
Fund balances beginning	<u>11,000</u>	<u>724,371</u>	<u>-</u>	<u>898,700</u>	<u>1,634,071</u>	<u>4,018,880</u>
Fund balances ending	<u>\$ 177,064</u>	<u>\$ 371,317</u>	<u>\$ 6,158,993</u>	<u>\$ 2,006,218</u>	<u>\$ 8,713,592</u>	<u>\$ 1,634,071</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, 2009

	<u>2009</u>	<u>2008</u>
Net change in fund balances-total governmental funds	\$ 7,079,521	\$ (2,384,809)
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 net of disposals.	1,502,276	1,106,678
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 net of disposals.	(1,226,988)	(1,171,829)
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	\$ (25,155,000)	
Bond principal retirement	1,345,001	
Temporary note retirement	960,000	
Lease purchase and certificates retirement	<u>161,033</u>	
	(22,688,966)	4,084,817
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 2008 to 2009 was an increase.	(6,394,650)	2,789
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 2008 to 2009 was an increase.	23,313,076	(461,037)
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 2008 to 2009 was an increase.	(286,086)	(51,756)
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 net of amount allocated to business-type activities and depreciation expense.		
Change in net assets	\$ (117,975)	
Net amount eliminated to governmental funds	<u>(12,440)</u>	
Change in net assets of governmental activities	<u>\$ 1,167,768</u>	<u>\$ 1,230,456</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, 2009

	Business-type Activities Enterprise Funds			
	Major Water	Major Sewage	Major Sanitation	Non-Major Storm Sewer
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 1,884,878	\$ 1,086,427	\$ 259,743	\$ 353,599
Receivables, net	<u>463,505</u>	<u>177,509</u>	<u>132,000</u>	<u>19,904</u>
Total current assets	<u>\$ 2,348,383</u>	<u>\$ 1,263,936</u>	<u>\$ 391,743</u>	<u>\$ 373,503</u>
Noncurrent assets:				
Restricted cash and cash equivalents	\$ 79,708	\$ -	\$ -	\$ -
Capital assets				
Land	160,375	-	-	32,996
Buildings and improvements	94,769	4,838,136	173,983	16,178
Meters, mains & service lines	3,627,172	-	-	-
Vehicles and equipment	1,838,789	405,857	1,234,896	-
Less: accumulated depreciation	<u>(4,365,286)</u>	<u>(2,490,686)</u>	<u>(1,148,000)</u>	<u>(12,943)</u>
Total noncurrent assets	<u>\$ 1,435,527</u>	<u>\$ 2,753,307</u>	<u>\$ 260,879</u>	<u>\$ 36,231</u>
Total assets	<u>\$ 3,783,910</u>	<u>\$ 4,017,243</u>	<u>\$ 652,622</u>	<u>\$ 409,734</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 80,062	\$ 37,862	\$ 59,238	\$ 3,459
Bonds, notes & loans payable	-	263,748	-	-
Accrued interest payable	-	11,647	-	-
Current portion/comp.absences	<u>14,019</u>	<u>8,266</u>	<u>8,797</u>	<u>-</u>
Total current liabilities	<u>\$ 94,081</u>	<u>\$ 321,523</u>	<u>\$ 68,035</u>	<u>\$ 3,459</u>
Noncurrent liabilities:				
Bonds, notes & loans payable	\$ -	\$ 135,336	\$ -	\$ -
Compensated absences	<u>126,099</u>	<u>75,755</u>	<u>79,174</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 126,099</u>	<u>\$ 211,091</u>	<u>\$ 79,174</u>	<u>\$ -</u>
Total liabilities	<u>\$ 220,180</u>	<u>\$ 532,614</u>	<u>\$ 147,209</u>	<u>\$ 3,459</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 1,355,819	\$ 2,354,223	\$ 260,879	\$ 36,231
Restricted for self insurance	5,673	-	-	-
Restricted for improvements	74,035	-	-	-
Unrestricted	<u>2,128,203</u>	<u>1,130,406</u>	<u>244,534</u>	<u>370,044</u>
Total net assets	<u>\$ 3,563,730</u>	<u>\$ 3,484,629</u>	<u>\$ 505,413</u>	<u>\$ 406,275</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, 2009

2009 <u>Total</u>	2009 Governmental Activities Internal Service Funds	2008 <u>Total</u>	2008 Governmental Activities Internal Service Funds
\$ 3,584,647	\$ 157,795	\$ 2,863,539	\$ 226,083
<u>792,918</u>	<u>-</u>	<u>850,716</u>	<u>-</u>
<u>\$ 4,377,565</u>	<u>\$ 157,795</u>	<u>\$ 3,714,255</u>	<u>\$ 226,083</u>
\$ 79,708	\$ -	\$ 217,772	\$ -
193,371	-	160,375	-
5,123,066	-	5,123,066	-
3,627,172	-	3,573,995	-
3,479,542	1,140,255	3,281,655	1,006,640
<u>(8,016,915)</u>	<u>(511,925)</u>	<u>(7,475,606)</u>	<u>(390,750)</u>
<u>\$ 4,485,944</u>	<u>\$ 628,330</u>	<u>\$ 4,881,257</u>	<u>\$ 615,890</u>
<u>\$ 8,863,509</u>	<u>\$ 786,125</u>	<u>\$ 8,595,512</u>	<u>\$ 841,973</u>
\$ 180,621	\$ 62,127	\$ 168,593	\$ -
263,748	-	254,778	-
11,647	-	20,616	-
<u>31,082</u>	<u>-</u>	<u>30,968</u>	<u>-</u>
<u>\$ 487,098</u>	<u>\$ 62,127</u>	<u>\$ 474,955</u>	<u>\$ -</u>
\$ 135,336	\$ -	\$ 399,084	\$ -
<u>281,028</u>	<u>-</u>	<u>279,998</u>	<u>-</u>
<u>\$ 416,364</u>	<u>\$ -</u>	<u>\$ 679,082</u>	<u>\$ -</u>
<u>\$ 903,462</u>	<u>\$ -</u>	<u>\$ 1,154,037</u>	<u>\$ -</u>
\$ 4,007,152	\$ 628,330	\$ 4,009,623	\$ 615,890
5,673	-	171,737	-
74,035	-	46,035	-
<u>3,873,187</u>	<u>95,668</u>	<u>3,214,080</u>	<u>226,083</u>
<u>\$ 7,960,047</u>	<u>\$ 723,998</u>	<u>\$ 7,441,475</u>	<u>\$ 841,973</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, 2009

	Business-Type Activities Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Storm Sewer</u>
Operating revenues:				
Charges for services	\$ 2,882,595	\$ 1,767,138	\$ 1,377,504	\$ 194,953
Miscellaneous	201,916	-	3,420	-
Penalties	<u>28,241</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>\$ 3,112,752</u>	<u>\$ 1,767,138</u>	<u>\$ 1,380,924</u>	<u>\$ 194,953</u>
Operating expenses:				
General government	\$ 449,201	\$ 408,845	\$ 162,010	\$ 203,479
Supervision	195,816	93,081	84,246	-
Pumping and supply	833,253	-	-	-
Meter reading	113,215	-	-	-
Distribution	438,026	-	-	-
Reimbursed expense	(7,203)	(2,364)	(843)	(7,860)
Disposal and treatment	-	377,132	-	-
Collection	-	199,829	-	-
Contractual	-	-	-	-
Sanitation	-	-	871,586	-
Depreciation	<u>207,856</u>	<u>283,419</u>	<u>49,225</u>	<u>809</u>
Total operating expenses	<u>\$ 2,230,164</u>	<u>\$ 1,359,942</u>	<u>\$ 1,166,224</u>	<u>\$ 196,428</u>
Operating income (loss)	\$ 882,588	\$ 407,196	\$ 214,700	\$ (1,475)
Nonoperating revenues (expenses):				
Proceeds from lease obligation	\$ -	\$ -	\$ -	\$ -
Interest revenue	23,346	21,791	2,853	5,272
Interest expense	<u>(50,369)</u>	<u>(36,617)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>\$ (27,023)</u>	<u>\$ (14,826)</u>	<u>\$ 2,853</u>	<u>\$ 5,272</u>
Income (loss) before contributions and transfers	\$ 855,565	\$ 392,370	\$ 217,553	\$ 3,797
Capital contribution G.O. bonds	(165,357)	(115,356)	-	-
Transfers out	<u>(300,000)</u>	<u>(275,000)</u>	<u>(95,000)</u>	<u>-</u>
Change in net assets	\$ 390,208	\$ 2,014	\$ 122,553	\$ 3,797
Total net assets - beginning	<u>3,173,522</u>	<u>3,482,615</u>	<u>382,860</u>	<u>402,478</u>
Total net assets - ending	<u>\$ 3,563,730</u>	<u>\$ 3,484,629</u>	<u>\$ 505,413</u>	<u>\$ 406,275</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, 2009

2009 <u>Total</u>	2009 Governmental Activities Internal Service Funds	2008 <u>Total</u>	2008 Governmental Activities Internal Service Funds
\$ 6,222,190	\$ 1,411,774	\$ 5,927,290	\$ 1,434,372
205,336	265,465	198,084	271,832
<u>28,241</u>	<u>-</u>	<u>32,983</u>	<u>-</u>
<u>\$ 6,455,767</u>	<u>\$ 1,677,239</u>	<u>\$ 6,158,357</u>	<u>\$ 1,706,204</u>
\$ 1,223,535	\$ -	\$ 1,130,809	\$ -
373,143	-	329,384	-
833,253	-	828,951	-
113,215	-	132,786	-
438,026	-	453,391	-
(18,270)	(1,795)	(1,025)	-
377,132	-	454,503	-
199,829	-	165,250	-
-	1,741,488	-	1,746,710
871,586	-	889,915	-
<u>541,309</u>	<u>121,175</u>	<u>763,018</u>	<u>100,664</u>
<u>\$ 4,952,758</u>	<u>\$ 1,860,868</u>	<u>\$ 5,146,982</u>	<u>\$ 1,847,374</u>
\$ 1,503,009	\$ (183,629)	\$ 1,011,375	\$ (141,170)
\$ -	\$ 63,539	\$ -	\$ 220,509
53,262	2,115	122,842	3,200
<u>(86,986)</u>	<u>-</u>	<u>(65,038)</u>	<u>-</u>
<u>\$ (33,724)</u>	<u>\$ 65,654</u>	<u>\$ 57,804</u>	<u>\$ 223,709</u>
\$ 1,469,285	\$ (117,975)	\$ 1,069,179	\$ 82,539
(280,713)	-	(223,274)	-
<u>(670,000)</u>	<u>-</u>	<u>(1,707,806)</u>	<u>-</u>
\$ 518,572	\$ (117,975)	\$ (861,901)	\$ 82,539
<u>7,441,475</u>	<u>841,973</u>	<u>8,303,376</u>	<u>759,434</u>
<u>\$ 7,960,047</u>	<u>\$ 723,998</u>	<u>\$ 7,441,475</u>	<u>\$ 841,973</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, 2009

	Business-Type Activities Enterprise Funds	
	Major Water	Major Sewer
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 3,159,814	\$ 1,777,633
Payments to suppliers	(1,200,779)	(566,254)
Payments to employees	<u>(826,208)</u>	<u>(513,168)</u>
Net cash provided by operating activities	<u>\$ 1,132,827</u>	<u>\$ 698,211</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in (out)	<u>\$ (300,000)</u>	<u>\$ (275,000)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Purchases of capital assets	\$ (87,237)	\$ (124,446)
Principal paid on capital debt	(165,357)	(370,134)
Interest and fees paid on capital debt	<u>(50,369)</u>	<u>(45,587)</u>
Net cash used by capital and related financing activities	<u>\$ (302,963)</u>	<u>\$ (540,167)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	\$ 23,346	\$ 21,791
Other	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>\$ 23,346</u>	<u>\$ 21,791</u>
Net increase (decrease) in cash and cash equivalents	\$ 553,210	\$ (95,165)
Cash and cash equivalents at beginning of year	<u>1,411,376</u>	<u>1,181,592</u>
Cash and cash equivalents at end of year	<u>\$ 1,964,586</u>	<u>\$ 1,086,427</u>
SUPPLEMENTAL SCHEDULE - COMPOSITION OF CASH		
Current cash and cash equivalents	\$ 1,884,878	\$ 1,086,427
Restricted cash:		
Improvements	74,035	-
Self insurance	<u>5,673</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 1,964,586</u>	<u>\$ 1,086,427</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 882,588	\$ 407,196
(Increase) decrease in accounts receivable	39,859	10,495
Increase (decrease) in accounts payable	2,524	(2,899)
Depreciation	<u>207,856</u>	<u>283,419</u>
	<u>\$ 1,132,827</u>	<u>\$ 698,211</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, 2009

Business-Type Activities Enterprise Funds (Continued)		2009 Governmental Activities			2008 Governmental Activities	
Major Sanitation	Storm Sewer	2009 Total	Internal Service Funds	2008 Total	Internal Service Funds	
\$ 1,387,352	\$ 196,812	\$ 6,521,611	\$ 1,677,239	\$ 6,192,550	\$ 1,706,204	
(677,440)	(132,148)	(2,576,621)	(1,739,693)	(2,560,212)	(1,747,742)	
<u>(430,313)</u>	<u>(60,012)</u>	<u>(1,829,701)</u>	<u>-</u>	<u>(1,822,610)</u>	<u>-</u>	
\$ 279,599	\$ 4,652	\$ 2,115,289	\$ (62,454)	\$ 1,809,728	\$ (41,538)	
\$ (95,000)	\$ -	\$ (670,000)	\$ -	\$ (1,707,806)	\$ -	
\$ (39,381)	\$ (32,996)	\$ (284,060)	\$ (71,488)	\$ (251,502)	\$ (77,600)	
-	-	(535,491)	-	(469,338)	-	
<u>-</u>	<u>-</u>	<u>(95,956)</u>	<u>-</u>	<u>(73,702)</u>	<u>-</u>	
\$ (39,381)	\$ (32,996)	\$ (915,507)	\$ (71,488)	\$ (794,542)	\$ (77,600)	
\$ 2,853	\$ 5,272	\$ 53,262	\$ 2,115	\$ 122,842	\$ 3,200	
-	-	-	63,539	-	220,509	
\$ 2,853	\$ 5,272	\$ 53,262	\$ 65,654	\$ 122,842	\$ 223,709	
\$ 148,071	\$ (23,072)	\$ 583,044	\$ (68,288)	\$ (569,828)	\$ 104,571	
111,672	376,671	3,081,311	226,083	3,651,139	121,512	
<u>\$ 259,743</u>	<u>\$ 353,599</u>	<u>\$ 3,664,355</u>	<u>\$ 157,795</u>	<u>\$ 3,081,311</u>	<u>\$ 226,083</u>	
\$ 259,743	\$ 353,599	\$ 3,584,647	\$ 157,795	\$ 2,863,539	\$ 226,083	
-	-	74,035	-	46,035	-	
<u>-</u>	<u>-</u>	<u>5,673</u>	<u>-</u>	<u>171,737</u>	<u>-</u>	
<u>\$ 259,743</u>	<u>\$ 353,599</u>	<u>\$ 3,664,355</u>	<u>\$ 157,795</u>	<u>\$ 3,081,311</u>	<u>\$ 226,083</u>	
\$ 214,700	\$ (1,475)	\$ 1,503,009	\$ (183,629)	\$ 1,011,375	\$ (141,170)	
5,585	1,859	57,798	-	33,735	-	
10,089	3,459	13,173	-	1,600	(1,032)	
<u>49,225</u>	<u>809</u>	<u>541,309</u>	<u>121,175</u>	<u>763,018</u>	<u>100,664</u>	
\$ 279,599	\$ 4,652	\$ 2,115,289	\$ (62,454)	\$ 1,809,728	\$ (41,538)	

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, 2009

	<u>SCKRMC</u>	<u>Public Library</u>	<u>2009 Total</u>	<u>2008 Total</u>
<u>ASSETS</u>				
Current Assets:				
Cash and investments	\$ 5,483,930	\$ 160,257	\$ 5,644,187	\$ 5,818,975
Patient receivables	1,650,291	-	1,650,291	1,510,063
Sales tax receivable	442,190	-	442,190	-
Prepaid expenses	<u>1,045,408</u>	<u>-</u>	<u>1,045,408</u>	<u>855,731</u>
Total current assets	\$ 8,621,819	\$ 160,257	\$ 8,782,076	\$ 8,184,769
Noncurrent Assets:				
Other noncurrent assets	\$ 400,684	\$ -	\$ 400,684	\$ -
Capital lease interest in unexpended bond proceeds	\$ 21,648,266	\$ -	\$ 21,648,266	\$ -
Cash held under bond indenture	100,000	-	100,000	-
Capital assets, net	<u>4,993,822</u>	<u>-</u>	<u>4,993,822</u>	<u>3,874,384</u>
Total noncurrent assets	<u>\$ 27,142,772</u>	<u>\$ -</u>	<u>\$ 27,142,772</u>	<u>\$ 3,874,384</u>
Total assets	<u>\$ 35,764,591</u>	<u>\$ 160,257</u>	<u>\$ 35,924,848</u>	<u>\$ 12,059,153</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 264,547	\$ 6,717	\$ 271,264	\$ 486,269
Accrued expenses	1,009,533	-	1,009,533	472,825
Estimated amt due to 3rd parties	90,000	-	90,000	100,000
Deferred revenues	87,072	-	87,072	87,072
Current portion of long-term debt	<u>333,338</u>	<u>-</u>	<u>333,338</u>	<u>385,030</u>
Total current liabilities	\$ 1,784,490	\$ 6,717	\$ 1,791,207	\$ 1,531,196
Long-term debt	<u>23,118,939</u>	<u>-</u>	<u>23,118,939</u>	<u>448,899</u>
Total liabilities	<u>\$ 24,903,429</u>	<u>\$ 6,717</u>	<u>\$ 24,910,146</u>	<u>\$ 1,980,095</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 3,083,302	\$ -	\$ 3,083,302	\$ 2,930,754
Restricted for employee benefits	-	-	-	815
Debt service	504,849	-	504,849	-
Restricted for capital acquisitions	100,000	145,623	245,623	140,258
Unrestricted	<u>7,173,011</u>	<u>7,917</u>	<u>7,180,928</u>	<u>7,007,231</u>
Total net assets	<u>\$ 10,861,162</u>	<u>\$ 153,540</u>	<u>\$ 11,014,702</u>	<u>\$ 10,079,058</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, 2009 and 2008

	<u>SCKRMC</u>	<u>Public Library</u>	<u>2009 Total</u>	<u>2008 Total</u>
Expenses				
Public services				
Hospital	\$ 14,085,125	\$ -	\$ 14,085,125	\$ 13,140,143
Culture and recreation				
Library	<u>-</u>	<u>378,876</u>	<u>378,876</u>	<u>371,325</u>
Total expenses	<u>\$ 14,085,125</u>	<u>\$ 378,876</u>	<u>\$ 14,464,001</u>	<u>\$ 13,511,468</u>
Program revenue				
Charges for services	\$ 14,204,010	\$ -	\$ 14,204,010	\$ 13,974,604
Operating grants	-	33,464	33,464	32,529
Noncapital gifts and contributions	12,957	10,660	23,617	17,548
Fines	<u>-</u>	<u>8,886</u>	<u>8,886</u>	<u>11,496</u>
Total program revenue	<u>\$ 14,216,967</u>	<u>\$ 53,010</u>	<u>\$ 14,269,977</u>	<u>\$ 14,036,177</u>
Net (expense) revenue	\$ 131,842	\$ (325,866)	\$ (194,024)	\$ 524,709
General revenue				
Taxes	\$ -	\$ 317,645	\$ 317,645	\$ 306,598
Sales tax revenue	564,424	-	564,424	-
Investment income	97,162	4,915	102,077	185,371
Miscellaneous	<u>144,749</u>	<u>773</u>	<u>145,522</u>	<u>143,457</u>
Total net assets	<u>\$ 806,335</u>	<u>\$ 323,333</u>	<u>\$ 1,129,668</u>	<u>\$ 635,426</u>
Change in net assets	\$ 938,177	\$ (2,533)	\$ 935,644	\$ 1,160,135
Net assets, beginning	<u>9,922,985</u>	<u>156,073</u>	<u>10,079,058</u>	<u>8,918,923</u>
Net assets, ending	<u>\$ 10,861,162</u>	<u>\$ 153,540</u>	<u>\$ 11,014,702</u>	<u>\$ 10,079,058</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, 2009

1. 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 Accounting Standards Board (when applicable) and in accordance with the Kansas Municipal Audit Guide. Qualification of exception 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 organization's 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 discretely presented units. The component units are the City Library and the South Central Regional Medical Center. The

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

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

The City also has two component units that do not meet the criteria for discretely presentation and are blended into the City's financial statements.

The Arkansas City Public Building Commission issued revenue bonds for the benefit of the South Central Regional Medical Center. All transactions are recorded in the Public Building Commission fund which is considered a major fund.

The Arkansas City Museum is a blended component unit of which the transactions are part of the general fund.

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 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.

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

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.

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 account for funds received and expended for the construction and renovation of all major construction projects.

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

Public Building Commission

The Public Building Commission is a blended component unit of the City and has issued revenue bonds for the construction of related City operations.

Proprietary Funds

Proprietary Funds are accounted for using the economic recourse 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-operation 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 contractual services and supplies. All revenues and expenses not meeting this definition are reported on as non operating revenues and expenses.

D. Measurement Focus/Basis of Accounting

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

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.

The government-side 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 statement present increases (revenues) or decreases (expenses) in net total assets.

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 account, 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 encumbrances 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

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

by deferred revenue and are identical to the adopted budget for 2010. 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 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.

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.

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

The current year change is reflected in the statement of activities. The following schedule shows the changes in receivable from December 31, 2008 to December 31, 2009. 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 their own system the city would write the receivable off. Although not complete the receivable is not shown at December 31, 2008.

Government Fund <u>Receivables</u>	Balance December 31, 2008	Increase (Decrease)	Balance December 31, 2009
Taxes receivable	\$ 3,202,266	\$ (36,505)	\$ 3,165,761
Accounts receivable	248,272	(18,939)	229,333
Special assessments	370,434	(83,757)	286,677
Capital lease (Hospital)	<u>-</u>	<u>23,452,277</u>	<u>23,452,277</u>
	<u>\$ 3,820,972</u>	<u>\$ 23,313,076</u>	<u>\$ 27,134,048</u>

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

	Balance December 31, 2008	Increase (Decrease)	Balance December 31, 2009
Governmental activities	\$ 561,601	286,086	\$ 847,687
Business activities	<u>20,616</u>	<u>(8,969)</u>	<u>11,647</u>
	<u>\$ 582,217</u>	<u>\$ 277,117</u>	<u>\$ 859,334</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 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.

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

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 two amendments to the original 2009 budget. The Project Independence Fund increased expenditure authorization from \$141,606 to \$155,348, and the Stormwater Fund was increased from \$190,850 to \$267,850.

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.

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

CITY OF ARKANSAS CITY, KANSAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 For The Year Ended December 31, 2009

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 12-31-2009, cash and investments included certificates of deposit and interest bearing checking accounts. See Schedule 1. At December 31, 2009, the City's carrying amount of deposits was \$29,497,928 and the bank balance was \$28,632,605. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$17,137,414 was covered by federal depository insurance, and \$12,360,514 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>15,825,695</u>	
Sub-total for Home National Bank	<u>\$ 16,075,695</u>	<u>\$ 16,075,695</u>
Union State Bank:		
Insured FDIC	\$ 250,000	
(Secured with 3rd party joint custody receipts)	<u>289,701</u>	
Sub-total for Union State Bank	<u>\$ 539,701</u>	<u>\$ 539,701</u>
Cornerbank		
Insured FDIC	\$ 250,000	
(Secured with 3rd party joint custody receipts)	<u>11,767,209</u>	
Sub-total for Cornerbank	<u>\$ 12,017,209</u>	<u>\$ 12,017,209</u>
Total deposits	<u>\$ 28,632,605</u>	
<u>Cash</u>		
Petty cash on hand	<u>\$ 1,600</u>	<u>\$ 1,600</u>
Total cash deposits and cash on hand	<u>\$ 28,634,205</u>	<u>\$ 28,634,205</u>

Deposits at Home National Bank include certificate of deposit #37122 for \$182,737. This CD is held by the 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.)

CITY OF ARKANSAS CITY, KANSAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 For The Year Ended December 31, 2009

G. Inventories

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

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.

<u>Operating Transfers</u>		Statutory	
<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
Waterworks	General	12-825d	\$ 300,000
Sewer	General	12-825d	275,000
Sanitation	General	12-825d	<u>95,000</u>
Total operating transfers			<u>\$ 670,000</u>
<u>Equity Transfers</u>		79-2958	
<u>From</u>	<u>To</u>		
Project Independence	Debt		<u>\$ 43,609</u>

I. Compensated Absences

Generally accepted accounting principals 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, 2008 and December 31, 2009.

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

<u>Fund</u>	<u>Balance</u> <u>December 31, 2008</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Balance</u> <u>December 31, 2009</u>
General	\$ 811,954	\$ 43,422	\$ 855,376
Special Street & Highway	<u>13,141</u>	<u>7,617</u>	<u>20,758</u>
Total governmental funds	<u>\$ 825,095</u>	<u>\$ 51,039</u>	<u>\$ 876,134</u>
Water	\$ 129,123	\$ 10,995	\$ 140,118
Sewer	79,180	4,841	84,021
Sanitation	<u>102,663</u>	<u>(14,692)</u>	<u>87,971</u>
Total business-type funds	<u>\$ 310,966</u>	<u>\$ 1,144</u>	<u>\$ 312,110</u>
Total compensated absences	<u>\$ 1,136,061</u>	<u>\$ 52,183</u>	<u>\$ 1,188,244</u>

J. Capital Assets

Capital assets, which include 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 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 restrictions imposed by creditors, grantors or laws and regulations of other governments.

2. Capital Assets

Capital asset activity for the year ended December 31, 2009 is as follows:

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

	<u>Balance</u> <u>January 1, 2009</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirements/</u> <u>Adjustments</u>	<u>Balance</u> <u>December 31, 2009</u>
Governmental Activities				
Land	\$ 2,247,951	\$ 5,993	\$ -	\$ 2,253,944
Infrastructure and buildings	30,750,749	1,417,082	(61,116)	32,106,715
Equipment	3,688,941	140,317	-	3,829,258
Accumulated depreciation	<u>(5,319,104)</u>	<u>(1,234,351)</u>	<u>7,363</u>	<u>(6,546,092)</u>
Total governmental activities	<u>\$ 31,368,537</u>	<u>\$ 329,041</u>	<u>\$ (53,753)</u>	<u>\$ 31,643,825</u>
Business-type Activities				
Land	\$ 160,375	\$ 32,996	\$ -	\$ 193,371
Buildings and improvements	5,123,066	-	-	5,123,066
Meters, mains and service lines	3,573,995	53,177	-	3,627,172
Vehicles and equipment	3,281,655	197,887	-	3,479,542
Accumulated depreciation	<u>(7,475,606)</u>	<u>(541,309)</u>	<u>-</u>	<u>(8,016,915)</u>
Total business-type activities	<u>\$ 4,663,485</u>	<u>\$ (257,249)</u>	<u>\$ -</u>	<u>\$ 4,406,236</u>
Total capital assets	<u>\$ 36,032,022</u>	<u>\$ 71,792</u>	<u>\$ (53,753)</u>	<u>\$ 36,050,061</u>

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 half of their useful life is 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, 2008 and December 31, 2009 based upon these estimates.

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

	Accumulated Depreciation January 1, 2009	2009 Depreciation	2009 Adjustments	Accumulated Depreciation December 31, 2009
Governmental funds	\$ 5,319,104	\$ 1,234,351	\$ (7,363)	\$ 6,546,092
Business type activities	<u>7,475,606</u>	<u>541,309</u>	<u>-</u>	<u>8,016,915</u>
Total accum depreciation	<u>\$ 12,794,710</u>	<u>\$ 1,775,660</u>	<u>\$ (7,363)</u>	<u>\$ 14,563,007</u>

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.

3. Long-Term Debt

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

	Series Number	Date of Issue	Interest Rate	Original Amount	Maturity
<u>General Obligation Bonds</u>					
Internal improvements	2001	10/01/01	3.15% to 4.25 %	1,175,000	12/1/2011
Internal improvements	2002	10/01/02	3.50% to 5.30 %	2,200,000	4/1/2012
Internal improvements	2003	08/01/03	2.50% to 3.75%	3,685,000	12/1/2013
Internal improvements	2005	12/01/05	3.60% to 5.50%	2,095,000	12/1/2015
Internal improvements	2008	9/1/2008	2.10% to 4.00%	2,545,000	12/1/2018
Internal improvements	2009	7/1/2009	2.50% to 3.70%	1,950,000	7/1/2019
<u>Lease Purchases</u>					
Firetruck	2007	08/18/06	4.89%	668,665	2/1/2016
Ambulance	2008	10/30/07	4.43%	153,422	2/1/2010
<u>Certificates of Participation</u>					
Humane society	2002	12/01/02	4.59%	350,000	12/1/2012
<u>KDHE Revolving Loan</u>					
Sanitation	2000	01/10/00	3.49%	2,990,300	3/1/2011
<u>Revenue Bonds</u>					
Public Building Commission	2009	09/01/09	4.00% to 5.60%	23,205,000	9/1/2039

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

The following is a summary of debt transactions of the City for the year ended December 31, 2009:

	<u>General</u> <u>Obligations</u>	<u>Temporary</u> <u>Notes</u>	<u>Lease</u> <u>Purchase</u>	<u>Revenue</u> <u>Bonds</u>	<u>Certificates</u> <u>of</u> <u>Participation</u>	<u>CBDG &</u> <u>KDHE</u> <u>Loans</u>	<u>Total</u>
Bonds and notes payable							
January 1, 2009	\$ 7,765,000	\$ 960,000	\$ 646,302	\$ -	\$ 233,473	\$ 653,861	\$ 10,258,636
New issues	1,950,000	-	-	23,205,000	-	-	25,155,000
Bonds retired							
tax levy revenue	(1,052,262)	(960,000)	-	-	-	-	(2,012,262)
utility revenue	(280,713)	-	-	-	-	-	(280,713)
special revenue	(12,025)	-	-	-	-	-	(12,025)
Notes retired							
utility revenue	-	-	-	-	-	(254,778)	(254,778)
tax levy revenue	-	-	-	-	-	-	-
state writedown	-	-	-	-	-	-	-
Cert. of part. retired							
tax levy revenue	-	-	-	-	(54,450)	-	(54,450)
Lease purchase retired							
tax levy revenue	-	-	(106,583)	-	-	-	(106,583)
Long-term debt outstand.							
December 31, 2009	<u>\$ 8,370,000</u>	<u>\$ -</u>	<u>\$ 539,719</u>	<u>\$ 23,205,000</u>	<u>\$ 179,023</u>	<u>\$ 399,083</u>	<u>\$ 32,692,825</u>

The annual requirements to amortize the bonds outstanding as of December 31, 2009, including interest are as follows:

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

Year	.. General Obligation Lease Purchase		Certificates of Participation	
	Bonds Outstanding	Interest	Principal Outstanding	Interest	Principal Outstanding	Interest
2010	1,325,000	307,989	111,723	26,518	56,984	8,331
2011	1,420,000	240,166	62,996	21,220	59,636	5,680
2012	1,320,000	191,350	66,120	18,096	62,403	2,912
2013	1,105,000	151,148	69,357	14,859	-	2,912
2014	945,000	121,608	72,836	11,379	-	-
2015-2019	<u>2,255,000</u>	<u>258,693</u>	<u>156,686</u>	<u>11,746</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,370,000</u>	<u>\$ 1,270,954</u>	<u>\$ 539,718</u>	<u>\$ 103,818</u>	<u>\$ 179,023</u>	<u>\$ 19,835</u>

	.. Revenue Bonds PBC ..		CDBG & KDHE Loans	
2010	-	1,514,548	263,748	11,647
2011	-	1,514,548	135,335	2,362
2012	370,000	1,514,547	-	2,361
2013	385,000	1,499,747	-	-
2014	405,000	1,482,422	-	-
2015-2019	2,345,000	7,089,355	-	-
2020-2024	3,090,000	6,336,813	-	-
2025-2029	4,250,000	5,179,250	-	-
2030-2034	5,955,000	3,482,063	-	-
2035-2039	<u>6,405,000</u>	<u>1,136,925</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 23,205,000</u>	<u>\$ 30,750,218</u>	<u>399,083</u>	<u>16,370</u>

Temporary note series 2005-1 in the amount of \$960,000 was retired during the year.

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

CITY OF ARKANSAS CITY, KANSAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 For The Year Ended December 31, 2009

In 2009 the Arkansas City Public Building Commission issued revenue bonds in the amount of \$23,205,000 for the purpose of constructing a new hospital facility for South Central Kansas Regional Medical Center. Under the agreement the Public Building Commission will lease the facility to the City of Arkansas City which subleases it to the South Central Regional Medical Center. It is anticipated that the hospital's lease payments will be in proportion to the annual principal and interest payments ultimately paid by the Public Building Commission. South Central Regional Medical Center has recorded a capital lease with the City recording a lease receivable for the same transaction. The following is a schedule of future minimum lease receivable payments due from South Central Regional Medical Center.

2010	\$ 1,860,594
2011	1,634,383
2012	1,884,547
2013	1,884,747
2014	1,887,422
2015 - 2019	9,434,355
2020 - 2024	9,426,813
2025 - 2029	9,429,250
2030 - 2034	9,437,063
2035 - 2038	<u>7,541,925</u>
Total lease receivable	54,421,099
Less amount representing interest	<u>30,968,822</u>
Net capital lease receivable	\$ 23,452,277

As part of the revenue bond issue the City approved a half cent sales tax for the benefit of debt retirement. The City has accounted for these funds in the hospital special revenue fund. During 2009, the City collected \$440,431 in sales tax revenue and interest income of \$1,759. This \$442,190 is shown as a receivable by South Central Regional Medical Center and as a payable on the government-wide financial statements of the City.

6. Contingent Liability – Pending Litigation

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

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

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 interest, the cost of the action, reasonable attorney 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 \$177,064 in the General Fund and \$5,673 in the Water Fund.

8. Contingent Liability – Corps of Engineers

The City and the Tulsa District of the Corps of Engineers entered into a Project Agreement for the construction of the Arkansas City Local Flood Protection Project in 1996 (note 10). During the year 2009 the City received notice from the Corp that the City's share of the cost had been calculated incorrectly and that the City owes an additional \$679,404. The amount in escrow for this project is currently \$338,918 which the City is willing to disburse to the Corp, however, the City is asking for relief of the balance due to the time lapse after the project. At this time a conclusion has not been made.

9. 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, 2009 was as follows:

CITY OF ARKANSAS CITY, KANSAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 For The Year Ended December 31, 2009

	Waterworks Fund	Sewer Fund	Sanitation Fund	Storm Sewer Fund	Total Proprietary Funds
Operating revenues	\$ 3,112,752	\$ 1,717,638	\$ 1,380,924	\$ 194,953	\$ 6,406,267
Operating income (loss)	878,108	407,196	214,700	(1,475)	1,498,529
Operating transfers in (out)	(300,000)	(275,000)	(95,000)	-	(670,000)
Non-operating revenue	(27,023)	(14,826)	2,853	5,272	(33,724)
Tax revenues	-	-	-	-	-
Net income	385,728	2,014	122,553	3,797	514,092
Capital asset additions	87,237	124,446	39,381	32,996	284,060
Depreciation	212,336	283,419	49,225	809	545,789
Net working capital	2,259,975	942,413	584,587	370,044	4,157,019
Total assets	3,779,430	4,017,243	652,622	409,734	8,859,029
Revenue bonds outstanding	-	-	-	-	-
Loans outstanding	-	399,084	-	-	399,084
Total net assets	\$ 3,559,250	\$ 3,484,629	\$ 505,413	\$ 406,275	\$ 7,955,567

10. 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.

11. Levee Project – Corp or 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 2009 was \$0, and \$0 was withdrawn payable to the Corps of Engineers. Interest earned for 2007 was \$2,486, \$6,490 for 2008 and \$3,951 for 2009. A separate bank account was established at the Home National Bank to account for the cash contribution, drawing and interest earned. At December 31, 2009, the

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

balance on hand was \$338,918. The City of Arkansas City has not recorded the escrow account as an asset of the City. It is anticipated that 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.

12. 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, 2009 is \$14,141,459. Total expenditures to date equal \$9,990,801. Several projects have reimbursements coming back to the city for amounts in excess of amounts authorized.

13. Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The 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, 2010, there were seven series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$4,768,697.

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 systems 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.

CITY OF ARKANSAS CITY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

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 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 2009 is 6.54%. The City of Arkansas City contributions to KPERS for the years ending December 31, 2009, 2008 and 2007 were \$181,971, \$174,068 and \$130,503 respectively, equal of the statutory required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning 2008 is 13.51%. 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, 2009, 2008 and 2007 were, \$327,746, \$328,264 and \$338,449, 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, 2009

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 Kuhn Mechanical \$118,753 in the year 2009. Of this amount, \$106,200 was shown as a related party payable in 2008. Kuhn Mechanical is owned by Mell Kuhn who served as a City Commissioner in 2009. The transactions were arm's length.

20. Subsequent Events

The City issued a Temporary Note in 2010 in the amount of \$6,200,000 for general improvements. In addition, a loan with KDHE in the amount of \$1,320,000 was acquired for water improvements.

CITY OF ARKANSAS CITY, KANSAS
GENERAL FUND
BALANCE SHEETS
December 31, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ 307,842	\$ 290,008
Receivables (net of allowance for uncollectibles):		
Taxes	2,168,584	2,115,074
Accounts Receivable - Refuse and others	229,333	248,272
Due from other funds	-	-
Restricted assets:		
Restricted cash (Note 7)	<u>177,064</u>	<u>11,000</u>
 Total assets	 <u>\$ 2,882,823</u>	 <u>\$ 2,664,354</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
 <u>Liabilities</u>		
Accounts payable	\$ 307,842	\$ 290,008
Deferred revenue	<u>2,397,917</u>	<u>2,363,346</u>
 Total liabilities	 <u>\$ 2,705,759</u>	 <u>\$ 2,653,354</u>
 <u>Fund balance</u>		
Unreserved:		
Undesignated	\$ -	\$ -
Reserved	<u>177,064</u>	<u>11,000</u>
 Total fund balance	 <u>\$ 177,064</u>	 <u>\$ 11,000</u>
 Total liabilities and fund balance	 <u>\$ 2,882,823</u>	 <u>\$ 2,664,354</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
For the Years Ended December 31, 2009 and 2008

	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable (Unfavorable)	2008 <u>Actual</u>
<u>Revenues</u>				
Taxes	\$ 4,871,481	\$ 4,882,571	\$ (11,090)	\$ 4,738,651
Intergovernmental revenue	771,510	602,600	168,910	715,932
Licenses, fees and permits	146,587	32,175	114,412	42,435
Charges for services	381,054	354,125	26,929	396,392
Fines, forfeitures and penalties	462,514	471,000	(8,486)	451,752
Use of money and property	151,584	190,000	(38,416)	207,725
Miscellaneous	<u>323,794</u>	<u>216,600</u>	<u>107,194</u>	<u>266,460</u>
Total revenues	<u>\$ 7,108,524</u>	<u>\$ 6,749,071</u>	<u>\$ 359,453</u>	<u>\$ 6,819,347</u>
<u>Expenditures</u>				
General government:				
City commission	\$ 34,105	\$ 41,100	\$ 6,995	\$ 39,430
City manager	60,017	68,575	8,558	53,343
Community support	27,318	25,150	(2,168)	36,138
Legal council	144,016	116,582	(27,434)	145,268
Administration	291,050	270,760	(20,290)	303,300
Code enforcement	308,000	356,921	48,921	263,549
Non-departmental	102,138	181,789	79,651	71,537
Planning	-	-	-	53
Animal control - Humane Society	<u>-</u>	<u>-</u>	<u>-</u>	<u>93</u>
Total general government	<u>\$ 966,644</u>	<u>\$ 1,060,877</u>	<u>\$ 94,233</u>	<u>\$ 912,711</u>
Public safety:				
Law enforcement	\$ 2,772,215	\$ 2,743,117	\$ (29,098)	\$ 1,964,379
Fire fighting	1,981,104	1,951,325	(29,779)	2,794,459
Civil defense	<u>39,846</u>	<u>49,400</u>	<u>9,554</u>	<u>42,086</u>
Total public safety	<u>\$ 4,793,165</u>	<u>\$ 4,743,842</u>	<u>\$ (49,323)</u>	<u>\$ 4,800,924</u>
Public works:				
Supervision	\$ 105,050	\$ 102,115	\$ (2,935)	\$ 82,522
Street repair	342,261	362,695	20,434	317,431
Street lighting	149,475	145,000	(4,475)	133,776
Cemetery	152,140	176,705	24,565	146,460
Public buildings	<u>165,941</u>	<u>144,955</u>	<u>(20,986)</u>	<u>122,381</u>
Total public works	<u>\$ 914,867</u>	<u>\$ 931,470</u>	<u>\$ 16,603</u>	<u>\$ 802,570</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)
For the Years Ended December 31, 2009 and 2008

	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable <u>(Unfavorable)</u>	2008 <u>Actual</u>
<u>Expenditures (continued)</u>				
Culture and recreation:				
Park	\$ 500,618	\$ 530,550	\$ 29,932	\$ 555,137
Baseball park	4,772	14,130	9,358	6,216
Swimming pool	75,059	86,798	11,739	99,369
NW Community Center	54,096	59,350	5,254	51,077
Senior Citizen	171,160	178,620	7,460	233,644
Museum	110,298	84,680	(25,618)	151,805
Teen Center	21,781	27,055	5,274	26,604
Human Relations Council	-	-	-	1,305
Total culture and recreation	<u>\$ 937,784</u>	<u>\$ 981,183</u>	<u>\$ 43,399</u>	<u>\$1,125,157</u>
Total expenditures	<u>\$7,612,460</u>	<u>\$7,717,372</u>	<u>\$ 104,912</u>	<u>\$7,641,362</u>
Revenues over (under) expenditures	<u>\$ (503,936)</u>	<u>\$ (968,301)</u>	<u>\$ 464,365</u>	<u>\$ (822,015)</u>
<u>Other financing sources (uses)</u>				
Transfers in	\$ 670,000	\$ 820,000	\$ (150,000)	\$ 822,917
Transfers (out)	-	-	-	-
Equity transfer in	-	-	-	-
Total other financing sources (uses)	<u>\$ 670,000</u>	<u>\$ 820,000</u>	<u>\$ (150,000)</u>	<u>\$ 822,917</u>
Excess of revenues and other sources over expenditures and other uses	\$ 166,064	\$ (148,301)	\$ 314,365	\$ 902
Fund balance, beginning	<u>11,000</u>	<u>148,301</u>	<u>(137,301)</u>	<u>10,098</u>
Fund balance, ending	<u>\$ 177,064</u>	<u>\$ -</u>	<u>\$ 177,064</u>	<u>\$ 11,000</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, 2009

	Special Revenue Service <u>Funds</u>	Debt Service <u>Fund</u>	Trust & Agency <u>Funds</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,705,370	\$ 308,367	\$ 144,851	\$ 2,158,588
Receivables - taxes	267,810	729,367	-	997,177
Cash with fiscal agent	-	-	-	-
Special assessments	<u>-</u>	<u>286,677</u>	<u>-</u>	<u>286,677</u>
 Total assets	 <u>\$ 1,973,180</u>	 <u>\$ 1,324,411</u>	 <u>\$ 144,851</u>	 <u>\$ 3,442,442</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<u>Liabilities</u>				
Accounts payable	\$ 7,519	\$ -	\$ 44,022	\$ 51,541
Deferred revenue	267,810	1,016,044	-	1,283,854
Matured coupons	-	-	-	-
Due to other agencies	<u>-</u>	<u>-</u>	<u>100,829</u>	<u>100,829</u>
 Total liabilities	 <u>\$ 275,329</u>	 <u>\$ 1,016,044</u>	 <u>\$ 144,851</u>	 <u>\$ 1,436,224</u>
 <u>Fund balance</u>				
Reserved	\$ 470,767	\$ -	\$ -	\$ 470,767
Undesignated	<u>1,227,084</u>	<u>308,367</u>	<u>-</u>	<u>1,535,451</u>
 Total fund balance	 <u>\$ 1,697,851</u>	 <u>\$ 308,367</u>	 <u>\$ -</u>	 <u>\$ 2,006,218</u>
 Total liabilities and fund balance	 <u>\$ 1,973,180</u>	 <u>\$ 1,324,411</u>	 <u>\$ 144,851</u>	 <u>\$ 3,442,442</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, 2009

<u>Revenues</u>	Special Revenue Funds	Debt Service Fund	Total
Taxes	\$ 548,411	\$ 1,267,184	\$ 1,815,595
Intergovernmental	1,316,860	-	1,316,860
Interest	2,409	-	2,409
Miscellaneous	<u>204,841</u>	<u>264,267</u>	<u>469,108</u>
Total revenues	<u>\$ 2,072,521</u>	<u>\$ 1,531,451</u>	<u>\$ 3,603,972</u>
 <u>Expenditures</u>			
Current:			
General government	\$ 8,000	\$ -	\$ 8,000
Public Safety	3,900	-	3,900
Public Works	942,580	-	942,580
Culture and recreation	69,839	-	69,839
Debt service:			
Principal	12,025	1,163,827	1,175,852
Interest and fees	1,079	257,584	258,663
Capital outlay	<u>42,450</u>	<u>-</u>	<u>42,450</u>
Total expenditures	<u>\$ 1,079,873</u>	<u>\$ 1,421,411</u>	<u>\$ 2,501,284</u>
Revenues over (under) expenditures	<u>\$ 992,648</u>	<u>\$ 110,040</u>	<u>\$ 1,102,688</u>
 Other financing sources (uses)			
Transfer in	\$ -	\$ -	\$ -
Accrued interest on bond sale	-	4,830	4,830
Equity transfer out	<u>(43,609)</u>	<u>43,609</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ (43,609)</u>	<u>\$ 48,439</u>	<u>\$ 4,830</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 949,039</u>	<u>\$ 158,479</u>	<u>\$ 1,107,518</u>
Fund balance beginning of year	<u>748,812</u>	<u>149,888</u>	<u>898,700</u>
Fund balance end of year	<u>\$ 1,697,851</u>	<u>\$ 308,367</u>	<u>\$ 2,006,218</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, 2009 and 2008

	Employee Benefits Library Fund	Convention Center Fund	Public Library Fund	Special Street and Highway Fund	Street Main- tenance Fund	Alcohol Program Fund	Street Improv- ment Fund
<u>ASSETS</u>							
Cash and investments	\$ -	\$ 22,205	\$ -	\$ 251,981	\$ 144,194	\$ 22,480	\$ 440,431
Receivables (net of allowance for uncollectibles):							
Taxes	-	-	267,810	-	-	-	-
Other	-	-	-	-	-	-	-
Federal grant	-	-	-	-	-	-	-
Restricted cash	<u>-</u>	<u>30,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ -</u>	 <u>\$ 52,541</u>	 <u>\$ 267,810</u>	 <u>\$ 251,981</u>	 <u>\$ 144,194</u>	 <u>\$ 22,480</u>	 <u>\$ 440,431</u>
<u>LIABILITIES & FUND BALANCE</u>							
<u>Liabilities</u>							
Accounts payable	\$ -	\$ -	\$ -	\$ 7,519	\$ -	\$ -	\$ -
Due to other fund	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>267,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 267,810</u>	 <u>\$ 7,519</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
<u>Fund balance</u>							
Undesignated	\$ -	\$ 22,205	\$ -	\$ 244,462	\$ 144,194	\$ 22,480	\$ 440,431
Reserve	<u>-</u>	<u>30,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balance	 <u>\$ -</u>	 <u>\$ 52,541</u>	 <u>\$ -</u>	 <u>\$ 244,462</u>	 <u>\$ 144,194</u>	 <u>\$ 22,480</u>	 <u>\$ 440,431</u>
 Total liabilities and fund balance	 <u>\$ -</u>	 <u>\$ 52,541</u>	 <u>\$ 267,810</u>	 <u>\$ 251,981</u>	 <u>\$ 144,194</u>	 <u>\$ 22,480</u>	 <u>\$ 440,431</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, 2009 and 2008

Special Recrea- tion and Park Fund	Memorial Hospital Fund	Tourism Fund	Project Indepen- dence Fund	DARE Program Fund	Economic Develop- ment Fund	Grant Fund Total	
							December 31, 2009	2008
\$ 18,635	\$ 140,552	\$ 63,537	\$ -	\$ 9,539	\$ 118,304	\$ 2,745	\$ 1,234,603	\$ 676,414
-	-	-	-	-	-	-	267,810	274,223
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>440,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,767</u>	<u>100,941</u>
<u>\$ 18,635</u>	<u>\$ 580,983</u>	<u>\$ 63,537</u>	<u>\$ -</u>	<u>\$ 9,539</u>	<u>\$ 118,304</u>	<u>\$ 2,745</u>	<u>\$ 1,973,180</u>	<u>\$ 1,051,578</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,519	\$ 28,543
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,810</u>	<u>274,223</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,329</u>	<u>\$ 302,766</u>
\$ 18,635	\$ 140,552	\$ 63,537	\$ -	\$ 9,539	\$ 118,304	\$ 2,745	\$ 1,227,084	\$ 647,871
<u>-</u>	<u>440,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,767</u>	<u>100,941</u>
<u>\$ 18,635</u>	<u>\$ 580,983</u>	<u>\$ 63,537</u>	<u>\$ -</u>	<u>\$ 9,539</u>	<u>\$ 118,304</u>	<u>\$ 2,745</u>	<u>\$ 1,697,851</u>	<u>\$ 748,812</u>
<u>\$ 18,635</u>	<u>\$ 580,983</u>	<u>\$ 63,537</u>	<u>\$ -</u>	<u>\$ 9,539</u>	<u>\$ 118,304</u>	<u>\$ 2,745</u>	<u>\$ 1,973,180</u>	<u>\$ 1,051,578</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, 2009 and 2008

	Employee Benefits Library Fund	Convention Center Fund	Public Library Fund	Special Street and Highway Fund	Street Main- tenance Fund	Alcohol Program Fund	Street Improv- ment Fund
<u>Revenues</u>							
Taxes	\$ -	\$ -	\$ 316,001	\$ -	\$ 116,205	\$ -	\$ -
Intergovernmental revenue	-	-	-	335,147	-	14,500	440,431
Use of money and property	-	650	-	-	-	-	-
Miscellaneous	<u>1,618</u>	<u>6,882</u>	<u>-</u>	<u>45,679</u>	<u>3,320</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 1,618</u>	<u>\$ 7,532</u>	<u>\$ 316,001</u>	<u>\$ 380,826</u>	<u>\$ 119,525</u>	<u>\$ 14,500</u>	<u>\$ 440,431</u>
<u>Expenditures</u>							
Current:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	8,000	-
Public works	-	-	-	297,373	120,271	-	-
Culture and recreation	1,618	-	316,001	-	-	-	-
Debt service-principal & interest	-	-	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 1,618</u>	<u>\$ -</u>	<u>\$ 316,001</u>	<u>\$ 297,373</u>	<u>\$ 120,271</u>	<u>\$ 8,000</u>	<u>\$ -</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 7,532</u>	<u>\$ -</u>	<u>\$ 83,453</u>	<u>\$ (746)</u>	<u>\$ 6,500</u>	<u>\$ 440,431</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	\$ -	\$ 7,532	\$ -	\$ 83,453	\$ (746)	\$ 6,500	\$ 440,431
Fund balance, beginning	<u>-</u>	<u>45,009</u>	<u>-</u>	<u>161,009</u>	<u>144,940</u>	<u>15,980</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 52,541</u>	<u>\$ -</u>	<u>\$ 244,462</u>	<u>\$ 144,194</u>	<u>\$ 22,480</u>	<u>\$ 440,431</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, 2009 and 2008

Special Recreation And Park Fund	Memorial Hospital Fund	Tourism Fund	Project Independence Fund	DARE Program Fund	Economic Development Fund	Grant Fund Total	
							December 31, 2009	2008
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 432,206	\$ 599,239
14,499	440,431	71,852	-	-	116,205	-	1,433,065	401,842
-	1,759	-	-	-	-	-	2,409	1,347
<u>5,030</u>	<u>124,387</u>	<u>-</u>	<u>10,828</u>	<u>4,352</u>	<u>-</u>	<u>2,745</u>	<u>204,841</u>	<u>131,232</u>
<u>\$ 19,529</u>	<u>\$ 566,577</u>	<u>\$ 71,852</u>	<u>\$ 10,828</u>	<u>\$ 4,352</u>	<u>\$ 116,205</u>	<u>\$ 2,745</u>	<u>\$ 2,072,521</u>	<u>\$ 1,133,660</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,700
-	-	-	-	3,920	-	-	11,920	17,234
-	-	-	111,739	-	134,800	-	664,183	618,066
17,930	-	68,221	-	-	-	-	403,770	318,198
-	-	-	-	-	-	-	-	13,639
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,965</u>
<u>\$ 17,930</u>	<u>\$ -</u>	<u>\$ 68,221</u>	<u>\$ 111,739</u>	<u>\$ 3,920</u>	<u>\$ 134,800</u>	<u>\$ -</u>	<u>\$ 1,079,873</u>	<u>\$ 1,049,802</u>
<u>\$ 1,599</u>	<u>\$ 566,577</u>	<u>\$ 3,631</u>	<u>\$ (100,911)</u>	<u>\$ 432</u>	<u>\$ (18,595)</u>	<u>\$ 2,745</u>	<u>\$ 992,648</u>	<u>\$ 83,858</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,609)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,609)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,609)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,609)</u>	<u>\$ -</u>
\$ 1,599	\$ 566,577	\$ 3,631	\$ (144,520)	\$ 432	\$ (18,595)	\$ 2,745	\$ 949,039	\$ 83,858
<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>-</u>	<u>748,812</u>	<u>664,954</u>
<u>\$ 18,635</u>	<u>\$ 580,983</u>	<u>\$ 63,537</u>	<u>\$ -</u>	<u>\$ 9,539</u>	<u>\$ 118,304</u>	<u>\$ 2,745</u>	<u>\$ 1,697,851</u>	<u>\$ 748,812</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ -	\$ -
Receivables (net of allowance for uncollectibles):		
Taxes receivable	_____ -	_____ -
Total assets	<u>\$ -</u>	<u>\$ -</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Deferred revenue	_____ -	_____ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
 <u>Fund balance</u>		
Undesignated	\$ _____ -	\$ _____ -
Total liabilities and fund balance	<u>\$ _____ -</u>	<u>\$ _____ -</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable (Unfavorable)	2008 <u>Actual</u>
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ 41,159
Refund of expenditure	_____ 1,618	_____ -	_____ 1,618	_____ -
Total revenues	<u>\$ 1,618</u>	<u>\$ -</u>	<u>\$ 1,618</u>	<u>\$ 41,159</u>
 <u>Expenditures</u>				
Personal services	\$ 1,618	\$ -	\$ (1,618)	\$ 41,159
Total expenditures	<u>\$ 1,618</u>	<u>\$ -</u>	<u>\$ (1,618)</u>	<u>\$ 41,159</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ 22,205	\$ 21,556
Restricted cash	<u>30,336</u>	<u>23,453</u>
Total assets	<u>\$ 52,541</u>	<u>\$ 45,009</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Deferred revenue	\$ -	\$ -
Fund balance		
Undesignated	\$ 22,205	\$ 21,556
Reserved for maintenance	<u>30,336</u>	<u>23,453</u>
Total fund balance	<u>\$ 52,541</u>	<u>\$ 45,009</u>
Total liabilities and fund balance	<u>\$ 52,541</u>	<u>\$ 45,009</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Years Ended December 31, 2009 and 2008

	<u>2009</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>
<u>Revenues</u>		
Sales	\$ 6,882	\$ 6,883
Use of money and property	<u>650</u>	<u>926</u>
Total revenues	<u>\$ 7,532</u>	<u>\$ 7,809</u>
<u>Expenditures</u>		
Contractual services	\$ -	\$ 19,150
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ 19,150</u>
Revenues over (under) expenditures	\$ 7,532	\$ (11,341)
Fund balance, beginning	<u>45,009</u>	<u>56,350</u>
Fund balance, ending	<u>\$ 52,541</u>	<u>\$ 45,009</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ -	\$ -
Receivables (net of allowance for uncollectibles):		
Taxes receivable	<u>267,810</u>	<u>274,223</u>
Total assets	<u>\$ 267,810</u>	<u>\$ 274,223</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Deferred revenue	<u>\$ 267,810</u>	<u>\$ 274,223</u>
 <u>Fund balance</u>		
Undesignated	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 267,810</u>	<u>\$ 274,223</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	<u>2009</u> <u>Actual</u>	<u>2009</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2008</u> <u>Actual</u>
<u>Revenues</u>				
Taxes	\$ 316,001	\$ 305,250	\$ 10,751	\$ 265,439
Use of money and property	-	-	-	-
Reimbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 316,001</u>	<u>\$ 305,250</u>	<u>\$ 10,751</u>	<u>\$ 265,439</u>
 <u>Expenditures</u>				
Outside organizations	<u>\$ 316,001</u>	<u>\$ 317,000</u>	<u>\$ 999</u>	<u>\$ 265,439</u>
Revenues over (under) expenditures	\$ -	\$ (11,750)	\$ 11,750	\$ -
Fund balance, beginning	<u>-</u>	<u>11,750</u>	<u>(11,750)</u>	<u>-</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ <u>251,981</u>	\$ <u>175,458</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ <u>7,519</u>	\$ <u>14,449</u>
 <u>Fund balance</u>		
Undesignated	\$ <u>244,462</u>	\$ <u>161,009</u>
 Total liabilities and fund balance	 \$ <u>251,981</u>	 \$ <u>175,458</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	<u>2009</u> <u>Actual</u>	<u>2009</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2008</u> <u>Actual</u>
<u>Revenues</u>				
Intergovernmental:				
County gas tax	\$ -	\$ 391,760	\$ (391,760)	\$ 51,627
State gas tax	335,147	-	335,147	324,749
Refund of expenditure	<u>45,679</u>	<u>-</u>	<u>45,679</u>	<u>100</u>
 Total revenues	 \$ <u>380,826</u>	 \$ <u>391,760</u>	 \$ <u>(10,934)</u>	 \$ <u>376,476</u>
 <u>Expenditures</u>				
Personal services	\$ 41,152	\$ 60,845	\$ 19,693	\$ 46,981
Contractual services	92,975	-	(92,975)	68,563
Commodities	159,064	-	(159,064)	127,268
Capital outlay	<u>4,182</u>	<u>327,750</u>	<u>323,568</u>	<u>70,200</u>
 Total expenditures	 \$ <u>297,373</u>	 \$ <u>388,595</u>	 \$ <u>91,222</u>	 \$ <u>313,012</u>
 Revenues over (under) expenditures	 \$ 83,453	 \$ 3,165	 \$ 80,288	 \$ 63,464
 Fund balance, beginning	 <u>161,009</u>	 <u>97,076</u>	 <u>63,933</u>	 <u>97,545</u>
 Fund balance, ending	 \$ <u>244,462</u>	 \$ <u>100,241</u>	 \$ <u>144,221</u>	 \$ <u>161,009</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ <u>144,194</u>	\$ <u>154,082</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ <u>-</u>	\$ <u>9,142</u>
 <u>Fund balance</u>		
Undesignated	\$ <u>144,194</u>	\$ <u>144,940</u>
 Total liabilities and fund balance	 \$ <u>144,194</u>	 \$ <u>154,082</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	<u>2009</u> <u>Actual</u>	<u>2009</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2008</u> <u>Actual</u>
<u>Revenues</u>				
Taxes:				
Franchise tax	\$ 116,205	\$ 90,000	\$ 26,205	\$ 101,651
Refund of expenditure	<u>3,320</u>	<u>-</u>	<u>3,320</u>	<u>-</u>
Total revenues	\$ 119,525	\$ 90,000	\$ <u>29,525</u>	\$ 101,651
<u>Expenditures</u>				
Commodities	\$ 120,271	\$ -	\$ (120,271)	\$ 92,684
Capital outlay	<u>-</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Total expenditures	\$ <u>120,271</u>	\$ <u>120,000</u>	\$ <u>(271)</u>	\$ <u>92,684</u>
Revenues over (under) expenditures	\$ (746)	\$ (30,000)	\$ 29,254	\$ 8,967
Fund balance, beginning	<u>144,940</u>	<u>125,973</u>	<u>18,967</u>	<u>135,973</u>
Fund balance, ending	\$ <u>144,194</u>	\$ <u>95,973</u>	\$ <u>48,221</u>	\$ <u>144,940</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ <u>22,480</u>	\$ <u>15,980</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ _____ -	\$ _____ -
 <u>Fund balance</u>		
Undesignated	\$ <u>22,480</u>	\$ <u>15,980</u>
 Total liabilities and fund balance	 \$ <u>22,480</u>	 \$ <u>15,980</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable (Unfavorable)	2008 <u>Actual</u>
<u>Revenues</u>				
Intergovernmental:				
State	\$ 14,500	\$ 10,500	\$ 4,000	\$ 12,733
Charges for services	-	-	-	-
Miscellaneous	_____ -	_____ -	_____ -	_____ -
 Total revenues	 \$ <u>14,500</u>	 \$ <u>10,500</u>	 \$ <u>4,000</u>	 \$ <u>12,733</u>
 <u>Expenditures</u>				
Contractual services	\$ 8,000	\$ 8,000	\$ -	\$ 5,700
Commodities	_____ -	_____ -	_____ -	_____ -
 Total expenditures	 \$ <u>8,000</u>	 \$ <u>8,000</u>	 \$ _____ -	 \$ <u>5,700</u>
 Revenues over (under) expenditures	 \$ 6,500	 \$ 2,500	 \$ 4,000	 \$ 7,033
Fund balance, beginning	_____ <u>15,980</u>	_____ <u>8,949</u>	_____ <u>7,031</u>	_____ <u>8,947</u>
Fund balance, ending	\$ <u>22,480</u>	\$ <u>11,449</u>	\$ <u>11,031</u>	\$ <u>15,980</u>

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

CITY OF ARKANSAS CITY, KANSAS
SPECIAL REVENUE FUND
STREET IMPROVEMENT FUND
BALANCE SHEETS
December 31, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ <u>440,431</u>	\$ <u> -</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ <u> -</u>	\$ <u> -</u>
 <u>Fund balance</u>		
Designated other funds	\$ <u> -</u>	
Undesignated	<u>440,431</u>	\$ <u> -</u>
 Total fund balance	 \$ <u>440,431</u>	
 Total liabilities and fund balance	 \$ <u>440,431</u>	\$ <u> -</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	<u>2009</u> <u>Actual</u>	<u>2009</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2008</u> <u>Actual</u>
<u>Revenues</u>				
Intergovernmental:				
Sales tax revenue	\$ <u>440,431</u>	\$ <u> -</u>	\$ <u>440,431</u>	\$ <u> -</u>
 <u>Expenditures</u>				
Contractual services	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
 Total expenditures	 \$ <u> -</u>	 \$ <u> -</u>	 \$ <u> -</u>	 \$ <u> -</u>
 Revenues over (under) expenditures	 \$ <u>440,431</u>	 \$ <u> -</u>	 \$ <u>440,431</u>	 \$ <u> -</u>
 Fund balance, beginning	 <u> -</u>	 <u> -</u>	 <u> -</u>	 <u> -</u>
 Fund balance, ending	 <u>\$ 440,431</u>	 <u>\$ <u> -</u></u>	 <u>\$ 440,431</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 RECREATION AND PARK FUND
BALANCE SHEETS
December 31, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	<u>\$ 18,635</u>	<u>\$ 17,036</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ _____ -	\$ _____ -
 <u>Fund balance</u>		
Undesignated	<u>\$ 18,635</u>	<u>\$ 17,036</u>
 Total liabilities and fund balance	 <u>\$ 18,635</u>	 <u>\$ 17,036</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	<u>2009</u> <u>Actual</u>	<u>2009</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2008</u> <u>Actual</u>
<u>Revenues</u>				
Intergovernmental:				
State	\$ 14,499	<u>\$ 9,900</u>	\$ 4,599	<u>\$ 12,733</u>
Refund of expenditure	<u>5,030</u>	_____ -	<u>5,030</u>	_____ -
Total revenues	<u>\$ 19,529</u>	<u>\$ 9,900</u>	<u>\$ 9,629</u>	<u>\$ 12,733</u>
 <u>Expenditures</u>				
Contractual services	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Commodities	7,930	5,000	(2,930)	1,600
Total expenditures	<u>\$ 17,930</u>	<u>\$ 15,000</u>	<u>\$ (2,930)</u>	<u>\$ 11,600</u>
Revenues over (under) expenditures	\$ 1,599	\$ (5,100)	\$ 6,699	\$ 1,133
Fund balance, beginning	<u>17,036</u>	<u>11,503</u>	<u>5,533</u>	<u>15,903</u>
Fund balance, ending	<u>\$ 18,635</u>	<u>\$ 6,403</u>	<u>\$ 12,232</u>	<u>\$ 17,036</u>

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

CITY OF ARKANSAS CITY, KANSAS
SPECIAL REVENUE FUND
HOSPITAL FUND
BALANCE SHEETS
December 31, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	<u>\$ 580,983</u>	<u>\$ 14,552</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ _____ -	\$ _____ 146
<u>Fund balance</u>		
Designated other funds	\$ 440,431	\$ _____ -
Undesignated	<u>140,552</u>	<u>14,406</u>
Total fund balance	<u>\$ 580,983</u>	<u>\$ 14,406</u>
Total liabilities and fund balance	<u>\$ 580,983</u>	<u>\$ 14,552</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	<u>2009</u> <u>Actual</u>	<u>2009</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2008</u> <u>Actual</u>
<u>Revenues</u>				
Intergovernmental:				
Sales tax revenue	\$ 440,431	\$ _____ -	\$ 440,431	\$ _____ -
Use of money and property	1,759	-	1,759	421
Sale of property	<u>124,387</u>	<u>_____ -</u>	<u>124,387</u>	<u>_____ -</u>
Total revenues	<u>\$ 566,577</u>	<u>\$ _____ -</u>	<u>\$ 566,577</u>	<u>\$ _____ 421</u>
<u>Expenditures</u>				
Contractual services	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ 146
Total expenditures	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ 146</u>
Revenues over (under) expenditures	\$ 566,577	\$ _____ -	\$ 566,577	\$ _____ 275
Fund balance, beginning	<u>14,406</u>	<u>_____ -</u>	<u>14,406</u>	<u>14,131</u>
Fund balance, ending	<u>\$ 580,983</u>	<u>\$ _____ -</u>	<u>\$ 580,983</u>	<u>\$ _____ 14,406</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ <u>63,537</u>	\$ <u>59,906</u>
Accounts receivables		
Other entity	_____ -	_____ -
Total assets	\$ <u>63,537</u>	\$ <u>59,906</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Deferred revenue	_____ -	_____ -
Total liabilities	\$ _____ -	\$ _____ -
 <u>Fund balance</u>		
Undesignated	\$ <u>63,537</u>	\$ <u>59,906</u>
Total liabilities and fund balance	\$ <u>63,537</u>	\$ <u>59,906</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	<u>2009</u> <u>Actual</u>	<u>2009</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2008</u> <u>Actual</u>
<u>Revenues</u>				
Transient guest tax	\$ 71,852	\$ 70,000	\$ 1,852	\$ 89,339
Reimbursements and donations	_____ -	_____ -	_____ -	_____ -
Total revenues	\$ <u>71,852</u>	\$ <u>70,000</u>	\$ <u>1,852</u>	\$ <u>89,339</u>
 <u>Expenditures</u>				
Contractual services	\$ 65,830	\$ 70,000	\$ 4,170	\$ 49,960
Commodities	<u>2,391</u>	_____ -	<u>(2,391)</u>	<u>24,534</u>
Total expenditures	\$ <u>68,221</u>	\$ <u>70,000</u>	\$ <u>1,779</u>	\$ <u>74,494</u>
Revenues over (under) expenditures	\$ 3,631	\$ -	\$ 3,631	\$ 14,845
Fund balance, beginning	<u>59,906</u>	<u>47,061</u>	<u>12,845</u>	<u>45,061</u>
Fund balance, ending	\$ <u>63,537</u>	\$ <u>47,061</u>	\$ <u>16,476</u>	\$ <u>59,906</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ -	\$ 71,786
Reserved cash and investments	<u>-</u>	<u>77,488</u>
Total assets	<u>\$ -</u>	<u>\$ 149,274</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 4,754
 <u>Fund balance</u>		
Undesignated	\$ -	\$ 67,032
Reserved for deposits and debt	<u>-</u>	<u>77,488</u>
Total fund balance	<u>\$ -</u>	<u>\$ 144,520</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 149,274</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	<u>2009</u> <u>Actual</u>	<u>2009</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2008</u> <u>Actual</u>
<u>Revenues</u>				
Rent	\$ 6,622	\$ 96,000	\$ (89,378)	\$ 97,080
Deposits and service charges	-	-	-	1,098
H.U.D. voucher payments	-	24,000	(24,000)	21,271
Reimbursed expense	4,196	-	4,196	60
Miscellaneous	<u>10</u>	<u>250</u>	<u>(240)</u>	<u>-</u>
Total revenues	<u>\$ 10,828</u>	<u>\$ 120,250</u>	<u>\$ (109,422)</u>	<u>\$ 119,509</u>
<u>Expenditures</u>				
Personnel	\$ 10,282	\$ 53,670	\$ 43,388	\$ 40,910
Contractual services	47,447	87,742	40,295	49,015
Commodities	2,638	-	(2,638)	14,591
Capital outlay	38,268	-	(38,268)	6,765
G.O. principal	12,025	12,025	-	11,257
Interest	<u>1,079</u>	<u>1,911</u>	<u>832</u>	<u>2,382</u>
Total expenditures	<u>\$ 111,739</u>	<u>\$ 155,348</u>	<u>\$ 43,609</u>	<u>\$ 124,920</u>
<u>Other financing sources</u>				
Equity transfer in (out)	<u>\$ (43,609)</u>	<u>\$ -</u>	<u>\$ (43,609)</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ (144,520)	\$ (35,098)	\$ (109,422)	\$ (5,411)
Fund balance, beginning	<u>144,520</u>	<u>132,740</u>	<u>\$ 11,780</u>	<u>149,931</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 97,642</u>	<u>\$ (97,642)</u>	<u>\$ 144,520</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ <u>9,539</u>	\$ <u>9,159</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ _____ -	\$ _____ 52
 <u>Fund balance</u>		
Undesignated	\$ <u>9,539</u>	\$ <u>9,107</u>
 Total liabilities and fund balance	 \$ <u>9,539</u>	 \$ <u>9,159</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Years Ended December 31, 2009 and 2008

	<u>2009</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>
<u>Revenues</u>		
Donations	\$ 4,352	\$ 4,690
Other	_____ -	_____ 50
 Total revenues	 \$ <u>4,352</u>	 \$ <u>4,740</u>
 <u>Expenditures</u>		
Commodities	\$ 3,920	\$ 17,234
Contractual services	_____ -	_____ -
 Total expenditures	 \$ <u>3,920</u>	 \$ <u>17,234</u>
 Revenues over (under) expenditures	 \$ 432	 \$ (12,494)
 Fund balance, beginning	 _____ 9,107	 _____ 21,601
 Fund balance, ending	 \$ <u>9,539</u>	 \$ <u>9,107</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	<u>\$ 118,304</u>	<u>\$ 136,899</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ _____ -	\$ _____ -
 <u>Fund balance</u>		
Undesignated	<u>\$ 118,304</u>	<u>\$ 136,899</u>
 Total liabilities and fund balance	 <u>\$ 118,304</u>	 <u>\$ 136,899</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	<u>2009 Actual</u>	<u>2009 Budget</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>2008 Actual</u>
<u>Revenues</u>				
Taxes:				
Franchise tax	\$ 116,205	\$ 90,000	\$ 26,205	\$ 101,651
Reimbursements	_____ -	_____ -	_____ -	_____ -
 Total revenues	 <u>\$ 116,205</u>	 <u>\$ 90,000</u>	 <u>\$ 26,205</u>	 <u>\$ 101,651</u>
 <u>Expenditures</u>				
Contractual services	\$ 134,800	\$ 160,000	\$ 25,200	\$ 84,264
Capital outlay	_____ -	_____ -	_____ -	_____ -
 Total expenditures	 <u>\$ 134,800</u>	 <u>\$ 160,000</u>	 <u>\$ 25,200</u>	 <u>\$ 84,264</u>
 Revenues over (under) expenditures	 \$ (18,595)	 \$ (70,000)	 \$ 51,405	 \$ 17,387
 Fund balance, beginning	 <u>136,899</u>	 <u>109,513</u>	 <u>27,386</u>	 <u>119,512</u>
 Fund balance, ending	 <u>\$ 118,304</u>	 <u>\$ 39,513</u>	 <u>\$ 78,791</u>	 <u>\$ 136,899</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ <u>2,745</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>2,745</u>	\$ <u>-</u>
Total liabilities and fund balances	\$ <u>2,745</u>	\$ <u>-</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-ACTUAL
Years Ended December 31, 2009 and 2008

	<u>2009</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>
<u>Revenues</u>		
Federal grants	\$ -	\$ -
State grants	<u>2,745</u>	<u>-</u>
Total revenues	\$ <u>2,745</u>	\$ <u>-</u>
 <u>Expenditures</u>		
Contractual	\$ -	\$ -
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	\$ <u>-</u>	\$ <u>-</u>
Revenues over (under) expenditures	\$ 2,745	\$ -
Fund balance, beginning	<u>-</u>	<u>-</u>
Fund balance, ending	\$ <u>2,745</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ 308,367	\$ 149,888
Cash with fiscal agent	-	-
Receivables (net of allowance for doubtful accounts):		
Taxes	729,367	812,969
Special assessments	<u>286,677</u>	<u>370,434</u>
Total assets	<u>\$ 1,324,411</u>	<u>\$ 1,333,291</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Matured bonds and coupons payable	-	-
Deferred revenue	<u>1,016,044</u>	<u>1,183,403</u>
Total liabilities	<u>\$ 1,016,044</u>	<u>\$ 1,183,403</u>
 <u>Fund balance</u>		
Undesignated	<u>\$ 308,367</u>	<u>\$ 149,888</u>
Total liabilities and fund balance	<u>\$ 1,324,411</u>	<u>\$ 1,333,291</u>

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable (Unfavorable)	2008 <u>Actual</u>
<u>Revenues</u>				
Ad valorem taxes	\$ 792,880	\$ 812,969	\$ (20,089)	\$ 787,238
Special assessments	66,215	82,200	(15,985)	125,268
Motor vehicle tax	142,042	146,719	(4,677)	145,601
Reimbursements	264,267	257,316	6,951	297,917
Delinquent taxes	26,047	26,800	(753)	33,210
In lieu of tax	<u>240,000</u>	<u>240,000</u>	<u>-</u>	<u>240,000</u>
Total revenues	<u>\$ 1,531,451</u>	<u>\$ 1,566,004</u>	<u>\$ (34,553)</u>	<u>\$ 1,629,234</u>
<u>Expenditures</u>				
Debt service:				
Principal	\$ 1,163,827	\$ 1,175,870	\$ 12,043	\$ 1,375,350
Interest	257,579	299,211	41,632	247,190
Commission and postage	<u>5</u>	<u>-</u>	<u>(5)</u>	<u>3</u>
Total expenditures	<u>\$ 1,421,411</u>	<u>\$ 1,475,081</u>	<u>\$ 53,670</u>	<u>\$ 1,622,543</u>
<u>Other financing sources</u>				
Equity transfer in (out)	43,609	-	\$ 43,609	-
Accrued interest on bond sale	<u>\$ 4,830</u>	<u>\$ -</u>	<u>\$ 4,830</u>	<u>\$ 4,443</u>
Total other financing sources	<u>\$ 48,439</u>	<u>\$ -</u>	<u>\$ 48,439</u>	<u>\$ 4,443</u>
Total revenue and other financing sources	<u>\$ 1,579,890</u>	<u>\$ 1,566,004</u>	<u>\$ 13,886</u>	<u>\$ 1,633,677</u>
Revenues and other financing sources over (under) expenditures	\$ 158,479	\$ 90,923	\$ 67,556	\$ 11,134
Fund balance, beginning	<u>149,888</u>	<u>149,888</u>	<u>-</u>	<u>138,754</u>
Fund balance, ending	<u>\$ 308,367</u>	<u>\$ 240,811</u>	<u>\$ 67,556</u>	<u>\$ 149,888</u>

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

CITY OF ARKANSAS CITY, KANSAS
PUBLIC BUILDING COMMISSION
BALANCE SHEETS
December 31, 2009 and 2008

	Public Bldg Fund <u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash and investments	\$ 21,648,266	\$ -
Accounts receivable	-	-
Total assets	<u>\$ 21,648,266</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Contracts payable	\$ 15,489,273	\$ -
Deferred revenue	-	-
Total liabilities	<u>\$ 15,489,273</u>	<u>\$ -</u>
<u>Fund balance</u>		
Unreserved:		
Undesignated	\$ 6,158,993	\$ -
Total liabilities and fund balance	<u>\$ 21,648,266</u>	<u>\$ -</u>

COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Years Ended December 31, 2009 and 2008

	Construction Fund <u>2009</u>	<u>2008</u>
<u>Revenues</u>		
Interest on investments	\$ -	\$ -
State revenue	-	-
Reimbursements	-	-
Federal grant	-	-
Other	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>
<u>Expenditures</u>		
Payments to contractors	\$ 16,485,000	\$ -
Engineering	-	-
Interest	-	-
Other construction costs and repair	24,175	-
Equipment & land	-	-
Other entity contributions	-	-
Total expenditures	<u>\$ 16,509,175</u>	<u>\$ -</u>
Excess of revenues over (under) expenditures	\$ (16,509,175)	\$ -
<u>Other financing resources (uses)</u>		
Lease purchase of funds	\$ -	\$ -
Sale of bonds total \$23,205,000	22,699,369	-
Cost of issuance	(103,678)	-
Bond premium	72,477	-
Transfer from Sanitation Fund	-	-
CDBG reimbursement	-	-
CDBG principal & interest	-	-
Total sources (uses)	<u>\$ 22,668,168</u>	<u>\$ -</u>
Revenues over (under) expenditures and other sources (uses)	\$ 6,158,993	\$ -
Fund balance, beginning	-	-
Fund balance, ending	<u>\$ 6,158,993</u>	<u>\$ -</u>

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

CITY OF ARKANSAS CITY, KANSAS
 CAPITAL PROJECT FUND
 BALANCE SHEETS
 December 31, 2009 and 2008

	Construction Fund <u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash and investments	\$ 520,294	\$ 982,618
Accounts receivable	-	-
Total assets	<u>\$ 520,294</u>	<u>\$ 982,618</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Contracts payable	\$ 148,977	\$ 258,247
Deferred revenue	-	-
Total liabilities	<u>\$ 148,977</u>	<u>\$ 258,247</u>
<u>Fund balance</u>		
Unreserved:		
Undesignated	\$ 371,317	\$ 724,371
Total liabilities and fund balance	<u>\$ 520,294</u>	<u>\$ 982,618</u>

COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 Years Ended December 31, 2009 and 2008

	Construction Fund <u>2009</u>	<u>2008</u>
<u>Revenues</u>		
Interest on investments	\$ 18,986	\$ 64,365
State revenue	74,498	821,347
Reimbursements	101,000	843
Federal grant	-	-
Other	-	-
Total revenues	<u>\$ 194,484</u>	<u>\$ 886,555</u>
<u>Expenditures</u>		
Payments to contractors	\$ 1,030,914	\$ 564,615
Engineering	366,877	133,450
Interest	31,488	193,445
Other construction costs and repair	62,470	744,904
Equipment & land	5,993	88,356
Other entity contributions	39,796	104,377
Total expenditures	<u>\$ 1,537,538</u>	<u>\$ 1,829,147</u>
Excess of revenues over (under) expenditures	\$ (1,343,054)	\$ (942,592)
<u>Other financing resources (uses)</u>		
Lease purchase of funds	\$ -	\$ -
Sale of bonds	1,950,000	2,545,000
Sale of temporary notes	-	-
Retirement of temporary notes	(960,000)	(4,968,000)
Transfer from Sanitation Fund	-	884,889
CDBG reimbursement	-	-
CDBG principal & interest	-	-
Total sources (uses)	<u>\$ 990,000</u>	<u>\$ (1,538,111)</u>
Revenues over (under) expenditures and other sources (uses)	\$ (353,054)	\$ (2,480,703)
Fund balance, beginning	<u>724,371</u>	<u>3,205,074</u>
Fund balance, ending	<u>\$ 371,317</u>	<u>\$ 724,371</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>Current assets</u>		
Cash and investments	\$ 1,884,878	\$ 1,193,604
Accounts receivable (net of allowance for uncollectibles \$970,434):		
Trade	<u>463,505</u>	<u>503,364</u>
Total current assets	<u>\$ 2,348,383</u>	<u>\$ 1,696,968</u>
<u>Restricted assets</u>		
Revenue bond debt service: cash and investments	\$ -	\$ -
Revenue bond reserve: cash and investments	-	-
Reserved - Improvements	74,035	46,035
Reserved - Self insurance (Note 7)	<u>5,673</u>	<u>171,737</u>
Total restricted assets	<u>\$ 79,708</u>	<u>\$ 217,772</u>
<u>Capital assets</u>		
Buildings and improvements	\$ 94,769	\$ 94,769
Meters, mains and service lines	1,876,317	1,823,140
Vehicles and equipment	1,838,789	1,804,729
Land	160,375	160,375
Water system update	1,750,855	1,750,855
Less: Accumulated depreciation	<u>(4,365,286)</u>	<u>(4,157,430)</u>
Total utility plant in service	<u>\$ 1,355,819</u>	<u>\$ 1,476,438</u>
Total assets	<u>\$ 3,783,910</u>	<u>\$ 3,391,178</u>
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 80,062	\$ 88,533
Accrued interest	-	-
Current portion of compensated absences	<u>14,019</u>	<u>12,912</u>
Total current liabilities	<u>\$ 94,081</u>	<u>\$ 101,445</u>
<u>Non-current liabilities</u>		
Accrued compensated absences	<u>126,099</u>	<u>116,211</u>
Total non-current liabilities	<u>\$ 126,099</u>	<u>\$ 116,211</u>
Total liabilities	<u>\$ 220,180</u>	<u>\$ 217,656</u>
<u>NET ASSETS</u>		
Restricted:		
Debt service	\$ -	\$ -
Bond retirement	-	-
Water system improvements	74,035	46,035
Self insurance	<u>5,673</u>	<u>171,737</u>
Total restricted	<u>\$ 79,708</u>	<u>\$ 217,772</u>
Invested in capital assets, net of related debt	1,355,819	1,476,438
Unrestricted	<u>2,128,203</u>	<u>1,479,312</u>
Total net assets	<u>\$ 3,563,730</u>	<u>\$ 3,173,522</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Operating revenues</u>		
Water sales	\$ 2,882,595	\$ 2,754,024
Connection fees	98,923	60,793
Permits	1,573	2,621
Penalties and credits	28,241	32,983
Other revenue	<u>101,420</u>	<u>129,708</u>
 Total operating revenues	 <u>\$ 3,112,752</u>	 <u>\$ 2,980,129</u>
<u>Operating expenses</u>		
General government	\$ 449,201	\$ 361,241
Supervision	195,816	178,108
Pumping and supply	833,253	828,951
Meter reading	113,215	132,786
Distribution	438,026	453,391
Reimbursed expense	(7,203)	(458)
Depreciation	<u>207,856</u>	<u>363,911</u>
 Total operating expense	 <u>\$ 2,230,164</u>	 <u>\$ 2,317,930</u>
 Income from operations	 <u>\$ 882,588</u>	 <u>\$ 662,199</u>
<u>Non-operating revenues (expense)</u>		
Interest earned	\$ 23,346	\$ 39,195
Interest expense and fees	(50,369)	(21,420)
Payment of G.O. Bonds	<u>(165,357)</u>	<u>(112,487)</u>
 Total non-operating revenues (expense)	 <u>\$ (192,380)</u>	 <u>\$ (94,712)</u>
 Income before operating transfers	 690,208	 567,487
 Operating transfers in (out)	 <u>\$ (300,000)</u>	 <u>\$ (497,917)</u>
 Change in net assets	 \$ 390,208	 \$ 69,570
 Net assets at beginning of year	 <u>3,173,522</u>	 <u>3,103,952</u>
 Net assets at end of year	 <u>\$ 3,563,730</u>	 <u>\$ 3,173,522</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 3,159,814	\$ 3,027,092
Payments to suppliers	(1,200,779)	(1,145,786)
Payments to employees	<u>(826,208)</u>	<u>(826,386)</u>
Net cash provided by operating activities	<u>\$ 1,132,827</u>	<u>\$ 1,054,920</u>
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers in (out)	<u>\$ (300,000)</u>	<u>\$ (497,917)</u>
Net cash used by noncapital financing activities	<u>\$ (300,000)</u>	<u>\$ (497,917)</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	\$ (87,237)	\$ (114,659)
Principal paid on bonds	(165,357)	(112,487)
Interest and fees paid on bonds	<u>(50,369)</u>	<u>(21,420)</u>
Net cash used by capital and related financing activities	<u>\$ (302,963)</u>	<u>\$ (248,566)</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	\$ 23,346	\$ 39,195
Other	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>\$ 23,346</u>	<u>\$ 39,195</u>
Net increase (decrease) in cash	\$ 553,210	\$ 347,632
Cash at beginning of year	<u>1,411,376</u>	<u>1,063,744</u>
Cash at end of year	<u>\$ 1,964,586</u>	<u>\$ 1,411,376</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ 1,884,878	\$ 1,193,604
Restricted cash - Improvements	74,035	46,035
Restricted cash - Self insurance	<u>5,673</u>	<u>171,737</u>
Total cash and investments	<u>\$ 1,964,586</u>	<u>\$ 1,411,376</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 882,588	\$ 662,199
(Increase) decrease in accounts receivable	39,859	46,505
Increase (decrease) in accounts payable	2,524	(17,695)
Depreciation	<u>207,856</u>	<u>363,911</u>
Net cash provided by operating activities	<u>\$ 1,132,827</u>	<u>\$ 1,054,920</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, 2009 and 2008

	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable (Unfavorable)	2008 <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Water sales	\$ 2,801,270	\$ 2,700,000	\$ 101,270	\$ 2,800,529
Connect and disconnect	98,923	45,000	53,923	60,793
Non-metered sales	<u>1,441</u>	<u>1,150</u>	<u>291</u>	<u>1,034</u>
Total charge for services	<u>\$ 2,901,634</u>	<u>\$ 2,746,150</u>	<u>\$ 155,484</u>	<u>\$ 2,862,356</u>
License and permits:				
Plumbing permits	<u>\$ 1,573</u>	<u>\$ 1,800</u>	<u>\$ (227)</u>	<u>\$ 2,621</u>
Fines and forfeits:				
Penalties	<u>\$ 28,241</u>	<u>\$ 25,000</u>	<u>\$ 3,241</u>	<u>\$ 32,983</u>
Use of money and property:				
Interest income	<u>\$ 23,346</u>	<u>\$ 30,000</u>	<u>\$ (6,654)</u>	<u>\$ 39,195</u>
Miscellaneous:				
Sales tax	\$ 35,564	\$ 25,000	\$ 10,564	\$ 30,040
State fee	20,687	19,000	1,687	20,359
Miscellaneous	65,856	41,900	23,956	78,275
Reimbursements	<u>7,203</u>	<u>1,000</u>	<u>6,203</u>	<u>458</u>
Total miscellaneous	<u>\$ 129,310</u>	<u>\$ 86,900</u>	<u>\$ 42,410</u>	<u>\$ 129,132</u>
Total revenues	<u>\$ 3,084,104</u>	<u>\$ 2,889,850</u>	<u>\$ 194,254</u>	<u>\$ 3,066,287</u>
<u>Expenditures</u>				
General government	\$ 438,204	\$ 429,167	\$ (9,037)	\$ 371,974
Supervision	195,817	193,553	(2,264)	178,108
Pumping and supply	833,253	1,038,887	205,634	828,951
Meter reading	113,216	146,018	32,802	132,786
Distribution	438,026	576,534	138,508	453,391
Capital outlay	87,237	297,240	210,003	114,659
subtotal	<u>\$ 2,105,753</u>	<u>\$ 2,681,399</u>	<u>\$ 575,646</u>	<u>\$ 2,079,869</u>
Debt service:				
Principal	\$ 165,357	\$ 106,992	\$ (58,365)	\$ 112,487
Interest and fees	<u>50,369</u>	<u>16,384</u>	<u>(33,985)</u>	<u>21,420</u>
Total debt service	<u>\$ 215,726</u>	<u>\$ 123,376</u>	<u>\$ (92,350)</u>	<u>\$ 133,907</u>
Total expenditures	<u>\$ 2,321,479</u>	<u>\$ 2,804,775</u>	<u>\$ 483,296</u>	<u>\$ 2,213,776</u>
Revenues over (under) expenditures	\$ 762,625	\$ 85,075	\$ 677,550	\$ 852,511
Other financing sources:				
Operating transfer in (out) (Note 1-H)	<u>(300,000)</u>	<u>(400,000)</u>	<u>\$ 100,000</u>	<u>(497,917)</u>
Revenues and other sources over (under) expenditures	\$ 462,625	\$ (314,925)	\$ 777,550	\$ 354,594
Fund balance, beginning	<u>1,421,899</u>	<u>995,926</u>	<u>425,973</u>	<u>1,067,305</u>
Fund balance, ending	<u>\$ 1,884,524</u>	<u>\$ 681,001</u>	<u>\$ 1,203,523</u>	<u>\$ 1,421,899</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>Current assets</u>		
Cash and investments	\$ 1,086,427	\$ 1,181,592
Receivables (net of allowance for uncollectibles)	<u>177,509</u>	<u>188,004</u>
Total current assets	<u>\$ 1,263,936</u>	<u>\$ 1,369,596</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	405,857	281,411
Less accumulated depreciation	<u>(2,490,686)</u>	<u>(2,207,267)</u>
Total other assets	<u>\$ 2,753,307</u>	<u>\$ 2,912,280</u>
Total assets	<u>\$ 4,017,243</u>	<u>\$ 4,281,876</u>
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 37,862	\$ 45,603
Accrued interest	11,647	20,616
Current portion of KDHE loan	263,748	254,778
Current portion of compensated absences	<u>8,266</u>	<u>7,790</u>
Total current liabilities	<u>\$ 321,523</u>	<u>\$ 328,787</u>
<u>Non-current liabilities</u>		
Long-term portion of KDHE loan	\$ 135,336	\$ 399,084
Accrued compensated absences	<u>75,755</u>	<u>71,390</u>
Total non-current liabilities	<u>\$ 211,091</u>	<u>\$ 470,474</u>
Total liabilities	<u>\$ 532,614</u>	<u>\$ 799,261</u>
<u>NET ASSETS</u>		
Contributed capital	\$ 349,070	\$ 349,070
Invested in capital assets, net of related debt	2,354,223	2,258,418
Unrestricted	<u>781,336</u>	<u>875,127</u>
Total net assets	<u>\$ 3,484,629</u>	<u>\$ 3,482,615</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Operating revenues</u>		
Sewer service charges	\$ 1,767,138	\$ 1,767,128
Taps	<u> -</u>	<u> -</u>
Total operating revenues	<u>\$ 1,767,138</u>	<u>\$ 1,767,128</u>
 <u>Operating expenses</u>		
General government	\$ 408,845	\$ 370,907
Supervision	93,081	90,449
Disposal and treatment	377,132	454,503
Collection	199,829	165,250
Reimbursed expenses	(2,364)	(80)
Depreciation	<u>283,419</u>	<u>270,048</u>
Total operating expenses	<u>\$ 1,359,942</u>	<u>\$ 1,351,077</u>
Operating income (loss)	<u>\$ 407,196</u>	<u>\$ 416,051</u>
 <u>Non-operating revenues (expenses)</u>		
Interest earned	\$ 21,791	\$ 71,991
Interest expense and fees	(36,617)	(43,618)
Payment of G.O. bond	(115,356)	(110,787)
Noncash reduction of KDHE loan	<u> -</u>	<u> -</u>
Total non-operating revenues (expenses)	<u>\$ (130,182)</u>	<u>\$ (82,414)</u>
Income before operating transfers	\$ 277,014	\$ 333,637
Operating transfers in (out) (Note 1-H)	<u>(275,000)</u>	<u>(1,209,889)</u>
Change in net assets	\$ 2,014	\$ (876,252)
Net assets at beginning of year	<u>3,482,615</u>	<u>4,358,867</u>
Net assets at end of year	<u>\$ 3,484,629</u>	<u>\$ 3,482,615</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 1,777,633	\$ 1,763,504
Payments to suppliers	(566,254)	(561,874)
Payments to employees	<u>(513,168)</u>	<u>(519,319)</u>
Net cash provided by operating activities	\$ <u>698,211</u>	\$ <u>682,311</u>
Cash flows from non-capital financing activities:		
Operating transfers in (out)	\$ <u>(275,000)</u>	\$ <u>(1,209,889)</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	\$ (124,446)	\$ (84,099)
Principal paid on bonds	(115,356)	(110,787)
Interest and fees paid on bonds	(24,970)	(22,998)
KDHE loan principal	(254,778)	(246,114)
KDHE loan interest	<u>(20,617)</u>	<u>(29,284)</u>
Net cash provided by capital and related financing activities	\$ <u>(540,167)</u>	\$ <u>(493,282)</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	\$ <u>21,791</u>	\$ <u>71,991</u>
Net cash used by investing activities	\$ <u>21,791</u>	\$ <u>71,991</u>
Net increase (decrease) in cash	\$ (95,165)	\$ (948,869)
Cash at beginning of year	<u>1,181,592</u>	<u>2,130,461</u>
Cash at end of year	\$ <u>1,086,427</u>	\$ <u>1,181,592</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ <u>1,086,427</u>	\$ <u>1,181,592</u>
Total cash and investments	\$ <u>1,086,427</u>	\$ <u>1,181,592</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 407,196	\$ 416,051
(Increase) decrease in accounts receivable	10,495	(3,624)
Increase (decrease) in accounts payable	(2,899)	(164)
Depreciation	<u>283,419</u>	<u>270,048</u>
Net cash provided by operating activities	\$ <u>698,211</u>	\$ <u>682,311</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, 2009 and 2008

	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable (Unfavorable)	2008 <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Sewer service	\$ 1,777,633	\$ 1,941,600	\$ (163,967)	\$ 1,763,504
Sewer taps	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total charge for services	<u>\$ 1,777,633</u>	<u>\$ 1,941,600</u>	<u>\$ (163,967)</u>	<u>\$ 1,763,504</u>
Use of money and property:				
Interest	\$ 21,791	\$ 55,000	\$ (33,209)	\$ 71,991
Miscellaneous:				
Reimbursements	\$ 2,364	\$ 2,000	\$ 364	\$ 80
Total revenues	<u>\$ 1,801,788</u>	<u>\$ 1,998,600</u>	<u>\$ (196,812)</u>	<u>\$ 1,835,575</u>
<u>Expenditures</u>				
General government	\$ 404,003	\$ 425,912	\$ 21,909	\$ 369,630
Supervision	93,081	99,679	6,598	90,449
Disposal and treatment	377,132	608,273	231,141	454,503
Collection	199,828	248,024	48,196	165,250
Capital outlay	<u>124,446</u>	<u>288,672</u>	<u>164,226</u>	<u>84,099</u>
	<u>\$ 1,198,490</u>	<u>\$ 1,670,560</u>	<u>\$ 472,070</u>	<u>\$ 1,163,931</u>
Debt service:				
Principal	\$ 115,356	\$ 104,183	\$ (11,173)	\$ 110,787
Interest	24,970	18,503	(6,467)	22,998
State revolving loan principal	254,778	254,779	1	246,114
State revolving loan interest	19,139	19,440	301	27,183
Fiscal agency fees	<u>1,478</u>	<u>1,478</u>	<u>-</u>	<u>2,101</u>
Total debt service	<u>\$ 415,721</u>	<u>\$ 398,383</u>	<u>\$ (17,338)</u>	<u>\$ 409,183</u>
Total expenditures	<u>\$ 1,614,211</u>	<u>\$ 2,068,943</u>	<u>\$ 454,732</u>	<u>\$ 1,573,114</u>
Revenues over (under) expenditures	<u>\$ 187,577</u>	<u>\$ (70,343)</u>	<u>\$ 257,920</u>	<u>\$ 262,461</u>
<u>Other financing sources (uses)</u>				
Operating transfer in (out) (Note 1-H)	\$ (275,000)	\$ (325,000)	\$ 50,000	\$ (1,209,889)
Total other financing sources (uses)	<u>\$ (275,000)</u>	<u>\$ (325,000)</u>	<u>\$ 50,000</u>	<u>\$ (1,209,889)</u>
Revenues and other sources over expenditures	\$ (87,423)	\$ (395,343)	\$ 307,920	\$ (947,428)
Fund balance, beginning	<u>1,135,989</u>	<u>1,567,626</u>	<u>(431,637)</u>	<u>2,083,417</u>
Fund balance, ending	<u>\$ 1,048,566</u>	<u>\$ 1,172,283</u>	<u>\$ (123,717)</u>	<u>\$ 1,135,989</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>Current assets</u>		
Cash and investments	\$ 259,743	\$ 111,672
Receivables (net of allowance for uncollectibles)	<u>132,000</u>	<u>137,585</u>
Total current assets	<u>\$ 391,743</u>	<u>\$ 249,257</u>
<u>Capital assets</u>		
Building and improvements	\$ 173,983	\$ 173,983
Motor vehicles and equipment	1,234,896	1,195,515
Less accumulated depreciation	<u>(1,148,000)</u>	<u>(1,098,775)</u>
Total capital assets	<u>\$ 260,879</u>	<u>\$ 270,723</u>
Total assets	<u>\$ 652,622</u>	<u>\$ 519,980</u>
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 59,238	\$ 34,457
Current portion of compensated absences	<u>8,797</u>	<u>10,266</u>
Total current liabilities	<u>\$ 68,035</u>	<u>\$ 44,723</u>
<u>Non-current liabilities</u>		
Accrued compensated absences	<u>\$ 79,174</u>	<u>\$ 92,397</u>
Total non-current liabilities	<u>\$ 79,174</u>	<u>\$ 92,397</u>
Total liabilities	<u>\$ 147,209</u>	<u>\$ 137,120</u>
 <u>NET ASSETS</u>		
Contributed capital	\$ 120,875	\$ 120,875
Invested in capital assets, net of related debt	260,879	270,723
Unrestricted	<u>123,659</u>	<u>(8,738)</u>
Total net assets	<u>\$ 505,413</u>	<u>\$ 382,860</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Operating revenues</u>		
Collections	\$ 1,377,504	\$ 1,211,028
Miscellaneous	<u>3,420</u>	<u>4,962</u>
Total operating revenues	<u>\$ 1,380,924</u>	<u>\$ 1,215,990</u>
<u>Operating expenses</u>		
General government	\$ 162,010	\$ 224,529
Supervision	84,246	60,827
Sanitation	871,586	889,915
Reimbursed expenses	(843)	(487)
Depreciation	<u>49,225</u>	<u>128,250</u>
Total operating expenses	<u>\$ 1,166,224</u>	<u>\$ 1,303,034</u>
Operating income (loss)	<u>\$ 214,700</u>	<u>\$ (87,044)</u>
<u>Non-operating revenues (expense)</u>		
Interest earned	\$ 2,853	\$ 2,795
Certificates of participation	-	-
Interest expense and fees	<u>-</u>	<u>-</u>
Total non-operating revenues (expense)	<u>\$ 2,853</u>	<u>\$ 2,795</u>
Income before operating transfers	\$ 217,553	\$ (84,249)
Operating transfers in (out) (Note 1-H)	<u>(95,000)</u>	<u>-</u>
Change in net assets	\$ 122,553	\$ (84,249)
Net assets, beginning of year	<u>382,860</u>	<u>467,109</u>
Net assets, end of year	<u>\$ 505,413</u>	<u>\$ 382,860</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 1,387,352	\$ 1,206,662
Payments to suppliers	(677,440)	(691,960)
Payments to employees	<u>(430,313)</u>	<u>(460,824)</u>
Net cash provided by operating activities	<u>\$ 279,599</u>	<u>\$ 53,878</u>
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers in (out)	<u>\$ (95,000)</u>	<u>\$ -</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchase of capital assets	\$ (39,381)	\$ (52,744)
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>\$ (39,381)</u>	<u>\$ (52,744)</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	<u>\$ 2,853</u>	<u>\$ 2,795</u>
Net cash provided by investing activities	<u>\$ 2,853</u>	<u>\$ 2,795</u>
Net increase (decrease) in cash	\$ 148,071	\$ 3,929
Cash at beginning of year	<u>111,672</u>	<u>107,743</u>
Cash at end of year	<u>\$ 259,743</u>	<u>\$ 111,672</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ 259,743	\$ 111,672
Restricted cash - Revenue bond debt service	-	-
Restricted cash - Revenue bond reserve	<u>-</u>	<u>-</u>
Total cash and investments	<u>\$ 259,743</u>	<u>\$ 111,672</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 214,700	\$ (87,044)
(Increase) decrease in accounts receivable	5,585	(9,328)
Increase (decrease) in accounts payable	10,089	22,000
Depreciation	<u>49,225</u>	<u>128,250</u>
Net cash provided by operating activities	<u>\$ 279,599</u>	<u>\$ 53,878</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, 2009 and 2008

	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable (Unfavorable)	2008 <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Collections	\$ 1,383,089	\$ 1,356,400	\$ 26,689	\$ 1,201,700
Use of money and property:				
Interest income	\$ 2,853	\$ 6,000	\$ (3,147)	\$ 2,795
Miscellaneous:				
Reimbursements	\$ 843	\$ -	\$ 843	\$ 487
Other	3,420	1,000	2,420	4,962
Total miscellaneous	<u>\$ 4,263</u>	<u>\$ 1,000</u>	<u>\$ 3,263</u>	<u>\$ 5,449</u>
Total revenues	<u>\$ 1,390,205</u>	<u>\$ 1,363,400</u>	<u>\$ 26,805</u>	<u>\$ 1,209,944</u>
<u>Expenditures</u>				
General government	\$ 176,702	\$ 645,465	\$ 468,763	\$ 216,163
Supervision	84,246	-	(84,246)	60,827
Sanitation	871,586	580,992	(290,594)	889,915
Capital outlay	<u>39,381</u>	<u>-</u>	<u>(39,381)</u>	<u>52,744</u>
Subtotal	<u>\$ 1,171,915</u>	<u>\$ 1,226,457</u>	<u>\$ 54,542</u>	<u>\$ 1,219,649</u>
Debt service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest and fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>\$ 1,171,915</u>	<u>\$ 1,226,457</u>	<u>\$ 54,542</u>	<u>\$ 1,219,649</u>
Revenues over (under) expenditures	\$ 218,290	\$ 136,943	\$ 81,347	\$ (9,705)
<u>Other financing sources (uses)</u>				
Operating transfer in (out)	\$ (95,000)	\$ (95,000)	\$ -	\$ -
Revenues and other sources over (under) expenditures	\$ 123,290	\$ 41,943	\$ 81,347	\$ (9,705)
Fund balance, beginning	<u>77,215</u>	<u>699</u>	<u>76,516</u>	<u>86,920</u>
Fund balance, ending	<u>\$ 200,505</u>	<u>\$ 42,642</u>	<u>\$ 157,863</u>	<u>\$ 77,215</u>

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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>Current assets</u>		
Cash and investments	\$ 353,599	\$ 376,671
Receivables (net of allowance for uncollectibles)	<u>19,904</u>	<u>21,763</u>
Total current assets	<u>\$ 373,503</u>	<u>\$ 398,434</u>
<u>Restricted assets</u>		
Debt service:		
Cash and investments	\$ -	\$ -
<u>Capital assets</u>		
<u>Land</u>	\$ 32,996	\$ -
Utility plant in service	16,178	16,178
Less accumulated depreciation	<u>(12,943)</u>	<u>(12,134)</u>
Total capital assets	<u>\$ 36,231</u>	<u>\$ 4,044</u>
Total assets	<u>\$ 409,734</u>	<u>\$ 402,478</u>
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 3,459	\$ -
Total liabilities	<u>\$ 3,459</u>	<u>\$ -</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	\$ 36,231	\$ 4,044
Unrestricted	<u>370,044</u>	<u>398,434</u>
Total net assets	<u>\$ 406,275</u>	<u>\$ 402,478</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Operating revenues</u>		
Service charge	\$ 194,953	\$ 195,110
<u>Operating expenses</u>		
Public works	\$ 203,479	\$ 174,132
Reimbursed expenses	(7,860)	-
Depreciation	<u>809</u>	<u>809</u>
Total operating expenses	<u>\$ 196,428</u>	<u>\$ 174,941</u>
Operating income (loss)	<u>\$ (1,475)</u>	<u>\$ 20,169</u>
<u>Non-operating revenues (expense)</u>		
Interest earned	\$ 5,272	\$ 8,861
Interest expense and fees	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>\$ 5,272</u>	<u>\$ 8,861</u>
Income before operating transfers	\$ 3,797	\$ 29,030
Operating transfers in (out)	<u>-</u>	<u>-</u>
Change in net assets	\$ 3,797	\$ 29,030
Net assets beginning of year	<u>402,478</u>	<u>373,448</u>
Net assets end of year	<u>\$ 406,275</u>	<u>\$ 402,478</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 196,812	\$ 195,292
Payments to suppliers	(132,148)	(160,592)
Payments to employees	<u>(60,012)</u>	<u>(16,081)</u>
Net cash provided by operating activities	<u>\$ 4,652</u>	<u>\$ 18,619</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	\$ (32,996)	\$ -
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>\$ (32,996)</u>	<u>\$ -</u>
Interest on investments	\$ 5,272	\$ 8,861
Other	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>\$ 5,272</u>	<u>\$ 8,861</u>
Net increase (decrease) in cash	\$ (23,072)	\$ 27,480
Cash at beginning of year	<u>376,671</u>	<u>349,191</u>
Cash at end of year	<u>\$ 353,599</u>	<u>\$ 376,671</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ 353,599	\$ 376,671
Restricted cash - Revenue bond debt service	<u>-</u>	<u>-</u>
Total cash and investments	<u>\$ 353,599</u>	<u>\$ 376,671</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (1,475)	\$ 20,169
(Increase) decrease in accounts receivable	1,859	182
Increase (decrease) in accounts payable	3,459	(2,541)
Depreciation	<u>809</u>	<u>809</u>
Net cash provided by operating activities	<u>\$ 4,652</u>	<u>\$ 18,619</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, 2009 and 2008

	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable (Unfavorable)	2008 <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Service charges	\$ 196,812	\$ 204,000	\$ (7,188)	\$ 195,292
Use of money and property:				
Interest	<u>5,272</u>	<u>-</u>	<u>5,272</u>	<u>8,861</u>
Miscellaneous:				
Reimbursements	<u>7,860</u>	<u>-</u>	<u>7,860</u>	<u>-</u>
Total revenues	<u>\$ 209,944</u>	<u>\$ 204,000</u>	<u>\$ 5,944</u>	<u>\$ 204,153</u>
<u>Expenditures</u>				
Public works	\$ 203,479	\$ 167,850	\$ (35,629)	\$ -
Capital outlay	<u>32,996</u>	<u>100,000</u>	<u>67,004</u>	<u>174,132</u>
Total expenditures	<u>\$ 236,475</u>	<u>\$ 267,850</u>	<u>\$ 31,375</u>	<u>\$ 174,132</u>
Revenues over (under) expenditures	\$ (26,531)	\$ (63,850)	\$ 31,375	\$ 30,021
Fund balance, beginning	<u>376,671</u>	<u>384,724</u>	<u>(8,053)</u>	<u>346,650</u>
Fund balance, ending	<u>\$ 350,140</u>	<u>\$ 320,874</u>	<u>\$ 29,266</u>	<u>\$ 376,671</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, 2009 and 2008

	<u>Insurance Fund</u>	<u>Equipment Reserve Fund</u>	<u>Total 2009</u>	<u>Total 2008</u>
<u>ASSETS</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ -	\$ 157,795	\$ 157,795	\$ 226,083
<u>Capital Assets</u>				
Equipment	\$ -	\$ 1,140,255	\$ 1,140,255	\$ 1,006,640
Less accumulated depreciation	-	(511,925)	(511,925)	(390,750)
Total Capital assets	\$ -	\$ 628,330	\$ 628,330	\$ 615,890
Total assets	\$ -	\$ 786,125	\$ 786,125	\$ 841,973
<u>LIABILITIES</u>				
<u>Current Liabilities</u>				
Accounts payable	\$ -	\$ 62,127	\$ 62,127	\$ -
<u>NET ASSETS</u>				
Invested in capital assets	\$ -	\$ 628,330	\$ 628,330	\$ 615,890
Unrestricted	-	95,668	95,668	226,083
Total net assets	\$ -	\$ 723,998	\$ 723,998	\$ 841,973

COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For The Years Ending December 31, 2009 and 2008

	<u>Insurance Fund</u>	<u>Equipment Reserve Fund</u>	<u>Total 2009</u>	<u>Total 2008</u>
<u>Operating revenues</u>				
Charge for service	\$ 1,411,774	\$ -	\$ 1,411,774	\$ 1,434,372
Insurance	265,465	-	265,465	271,832
Total operating revenues	\$ 1,677,239	\$ -	\$ 1,677,239	\$ 1,706,204
<u>Operating expenses</u>				
Contractual services	\$ 1,741,488	\$ -	\$ 1,741,488	\$ 1,746,710
Depreciation	-	121,175	121,175	100,664
Reimbursed expenses	(1,795)	-	(1,795)	-
Total operating expenses	\$ 1,739,693	\$ 121,175	\$ 1,860,868	\$ 1,847,374
Revenues over (under) expenses	\$ (62,454)	\$ (121,175)	\$ (183,629)	\$ (141,170)
<u>Non-operating revenues (expenses)</u>				
Operating transfer out	\$ -	\$ -	\$ -	\$ -
Interest	-	2,115	2,115	3,200
Proceeds from lease obligation	-	63,539	63,539	220,509
Non-operating revenues over (under) expenses	\$ -	\$ 65,654	\$ 65,654	\$ 223,709
Change in net assets	\$ (62,454)	\$ (55,521)	\$ (117,975)	\$ 82,539
Net assets at beginning of year	62,454	779,519	841,973	759,434
Net assets at end of year	\$ -	\$ 723,998	\$ 723,998	\$ 841,973

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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>Current assets</u>		
Cash and investments	\$ <u> -</u>	\$ <u> 62,454</u>
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ <u> -</u>	\$ <u> -</u>
 <u>NET ASSETS</u>		
Unrestricted	\$ <u> -</u>	\$ <u> 62,454</u>
Total net assets	\$ <u> -</u>	\$ <u> 62,454</u>

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
For Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Operating revenues</u>		
Charge for services	\$ 1,411,774	\$ 1,434,372
Insurance	<u> 265,465</u>	<u> 271,832</u>
Total operating revenues	\$ <u>1,677,239</u>	\$ <u>1,706,204</u>
 <u>Operating expenses</u>		
Contractual services	\$ 1,741,488	\$ 1,746,710
Refund of expenditures	<u> (1,795)</u>	<u> -</u>
Total operating expenses	\$ <u>1,739,693</u>	\$ <u>1,746,710</u>
Income before operating transfers	\$ (62,454)	\$ (40,506)
Operating transfers in (out)	<u> -</u>	<u> -</u>
Change in net assets	\$ (62,454)	\$ (40,506)
Net assets at beginning of year	<u> 62,454</u>	<u> 102,960</u>
Net assets at end of year	\$ <u> -</u>	\$ <u> 62,454</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 1,677,239	\$ 1,706,204
Payments to suppliers	(1,739,693)	(1,747,742)
Payments to employees	_____ -	_____ -
Net cash provided by operating activities	<u>\$ (62,454)</u>	<u>\$ (41,538)</u>
<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	\$ -	\$ -
Principal paid on bonds	-	-
Interest and fees paid on bonds	-	-
Other	_____ -	_____ -
Net cash provided by capital and related financing activities	<u>\$ _____ -</u>	<u>\$ _____ -</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	\$ -	\$ -
Other	_____ -	_____ -
Net cash provided by investing activities	<u>\$ _____ -</u>	<u>\$ _____ -</u>
Net increase (decrease) in cash	\$ (62,454)	\$ (41,538)
Cash at beginning of year	<u>62,454</u>	<u>103,992</u>
Cash at end of year	<u>\$ _____ -</u>	<u>\$ 62,454</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ _____ -	\$ 62,454
Total cash and investments	<u>\$ _____ -</u>	<u>\$ 62,454</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 157,795	\$ 163,629
<u>Capital Assets</u>		
Equipment	\$ 1,140,255	\$ 1,006,640
Less accumulated depreciation	<u>(511,925)</u>	<u>(390,750)</u>
Total Capital assets	\$ 628,330	\$ 615,890
Total assets	<u>\$ 786,125</u>	<u>\$ 779,519</u>
<u>LIABILITIES</u>		
Accounts payable	<u>\$ 62,127</u>	<u>\$ -</u>
<u>NET ASSETS</u>		
Invested in capital assets	\$ 628,330	\$ 615,890
Unrestricted	<u>95,668</u>	<u>163,629</u>
Total net assets	<u>\$ 723,998</u>	<u>\$ 779,519</u>

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For The Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Operating Expenses</u>		
Reimbursed expenses	\$ -	\$ -
Depreciation	<u>121,175</u>	<u>100,664</u>
Total operating expenses	\$ 121,175	\$ 100,664
Operating income	<u>\$ (121,175)</u>	<u>\$ (100,664)</u>
<u>Non-operating revenues (expenses)</u>		
Interest	\$ 2,115	\$ 3,200
Proceeds from lease obligation	<u>63,539</u>	<u>220,509</u>
Total non-operating revenues (expenses)	\$ 65,654	\$ 223,709
Change in net assets	\$ (55,521)	\$ 123,045
Net assets at beginning of year	<u>779,519</u>	<u>656,474</u>
Net assets at end of year	<u>\$ 723,998</u>	<u>\$ 779,519</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ -	\$ -
Payments to suppliers	-	-
Payments to employees	<u>-</u>	<u>-</u>
Net cash provided by operating activities	\$ <u>-</u>	\$ <u>-</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	\$ (71,488)	\$ (77,600)
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>(71,488)</u>	\$ <u>(77,600)</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	\$ 2,115	\$ 3,200
Other	<u>63,539</u>	<u>220,509</u>
Net cash provided by investing activities	\$ <u>65,654</u>	\$ <u>223,709</u>
Net increase (decrease) in cash	\$ (5,834)	\$ 146,109
Cash at beginning of year	<u>163,629</u>	<u>17,520</u>
Cash at end of year	\$ <u>157,795</u>	\$ <u>163,629</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ <u>157,795</u>	\$ <u>163,629</u>
Total cash and investments	\$ <u>157,795</u>	\$ <u>163,629</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, 2009

<u>Municipal Court</u>	<u>Balance</u> <u>1/1/2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2009</u>
<u>ASSETS</u>				
Cash	\$ 84,115	\$ 611,229	\$ 630,120	\$ 65,224
<u>LIABILITIES</u>				
Accounts payable	\$ 61,147	\$ 42,672	\$ 61,147	\$ 42,672
Due to agency	<u>22,968</u>	<u>568,557</u>	<u>568,973</u>	<u>22,552</u>
Total liabilities	<u>\$ 84,115</u>	<u>\$ 611,229</u>	<u>\$ 630,120</u>	<u>\$ 65,224</u>
<u>Community Contribution</u>				
<u>ASSETS</u>				
Cash	\$ 114,200	\$ 153,105	\$ 187,678	\$ 79,627
Federal grant cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 114,200</u>	<u>\$ 153,105</u>	<u>\$ 187,678</u>	<u>\$ 79,627</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 42	\$ 1,350	\$ 42	\$ 1,350
Due to agency	<u>114,158</u>	<u>151,755</u>	<u>187,636</u>	<u>78,277</u>
Total liabilities	<u>\$ 114,200</u>	<u>\$ 153,105</u>	<u>\$ 187,678</u>	<u>\$ 79,627</u>
<u>Total Trust and Agency Fund</u>				
<u>ASSETS</u>				
Cash	\$ 198,315	\$ 764,334	\$ 817,798	\$ 144,851
Federal cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 198,315</u>	<u>\$ 764,334</u>	<u>\$ 817,798</u>	<u>\$ 144,851</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 61,189	\$ 44,022	\$ 61,189	\$ 44,022
Due to agencies	<u>137,126</u>	<u>720,312</u>	<u>756,609</u>	<u>100,829</u>
Total liabilities	<u>\$ 198,315</u>	<u>\$ 764,334</u>	<u>\$ 817,798</u>	<u>\$ 144,851</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>Current assets</u>		
Cash and investments	\$ 5,483,930	\$ 5,660,185
Patient receivable (net of allowance \$1,610,000):	1,650,291	1,510,063
Sales tax receivable	442,190	-
Prepaid expenses	<u>1,045,408</u>	<u>855,731</u>
Total current assets	\$ 8,621,819	\$ 8,025,979
<u>Noncurrent assets</u>		
Other noncurrent assets	\$ 400,684	\$ -
Capital lease interest in unexpended bond proceeds	\$ 21,648,266	\$ -
Cash held under bond indenture	100,000	-
Capital assets, net	<u>4,993,822</u>	<u>3,874,384</u>
Total noncurrent assets	\$ 27,142,772	\$ 3,874,384
 Total assets	 <u>\$ 35,764,591</u>	 <u>\$ 11,900,363</u>
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 264,547	\$ 483,552
Accrued expenses	1,009,533	472,825
Estimated amounts due to third party payers	90,000	100,000
Deferred revenues	87,072	87,072
Current portion of long-term debt	<u>333,338</u>	<u>385,030</u>
Total current liabilities	\$ 1,784,490	\$ 1,528,479
 Long-term debt	 <u>23,118,939</u>	 <u>448,899</u>
 Total liabilities	 <u>\$ 24,903,429</u>	 <u>\$ 1,977,378</u>
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	\$ 3,083,302	\$ 2,930,754
Debt service	504,849	-
Capital acquisitions	100,000	-
Unrestricted	<u>7,173,011</u>	<u>6,992,231</u>
 Total net assets	 <u>\$ 10,861,162</u>	 <u>\$ 9,922,985</u>
 Total liabilities and net assets	 <u>\$ 35,764,591</u>	 <u>\$ 11,900,363</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Net patient service revenue	\$ 14,204,010	\$ 13,974,604
Other	<u>144,749</u>	<u>142,946</u>
Total operating revenues	<u>\$ 14,348,759</u>	<u>\$ 14,117,550</u>
Operating expenses:		
Salaries and wages	\$ 6,864,272	\$ 6,425,319
Employee benefits	1,347,843	1,109,687
Purchased services and professional fees	1,724,782	1,535,528
Supplies and other	3,381,221	3,330,368
Depreciation and amortization	<u>739,774</u>	<u>697,876</u>
Total operating expenses	<u>\$ 14,057,892</u>	<u>\$ 13,098,778</u>
Operating income (loss)	\$ 290,867	\$ 1,018,772
Nonoperating revenues (expenses):		
Investment income	\$ 97,162	\$ 179,520
Interest expense	(27,233)	(41,365)
Sales tax revenue	564,424	
Noncapital grants and gifts	<u>12,957</u>	<u>10,554</u>
Total nonoperating revenues (expenses)	<u>\$ 647,310</u>	<u>\$ 148,709</u>
Increase in net assets	\$ 938,177	\$ 1,167,481
Net assets at beginning of year	<u>9,922,985</u>	<u>8,755,504</u>
Net assets at end of year	<u>\$ 10,861,162</u>	<u>\$ 9,922,985</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, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>Current assets</u>		
Cash and investments	\$ <u>160,257</u>	\$ <u>158,790</u>
Total current assets	\$ <u>160,257</u>	\$ <u>158,790</u>
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ <u>6,717</u>	\$ <u>2,717</u>
Total current liabilities	\$ <u>6,717</u>	\$ <u>2,717</u>
 <u>NET ASSETS</u>		
Restricted for employee benefits	\$ -	\$ 815
Restricted for capital improvements	\$ 145,623	\$ 140,258
Unrestricted	<u>7,917</u>	<u>15,000</u>
Total net assets	\$ <u>153,540</u>	\$ <u>156,073</u>
Total liabilities and net assets	\$ <u>160,257</u>	\$ <u>158,790</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Taxes	\$ 317,645	\$ 306,598
Grants	33,464	32,529
Fines	8,886	11,496
Miscellaneous	<u>773</u>	<u>511</u>
Total operating revenues	<u>\$ 360,768</u>	<u>\$ 351,134</u>
Operating expenses:		
Salaries and wages	\$ 193,684	\$ 172,673
Employee benefits	46,321	40,345
Purchased services and professional fees	46,808	73,036
Supplies and other	<u>92,063</u>	<u>85,271</u>
Total operating expenses	<u>\$ 378,876</u>	<u>\$ 371,325</u>
Operating income (loss)	\$ (18,108)	\$ (20,191)
Nonoperating revenues (expenses):		
Investment income	\$ 4,915	\$ 5,851
Noncapital gifts	<u>10,660</u>	<u>6,994</u>
Total nonoperating revenues (expenses)	<u>\$ 15,575</u>	<u>\$ 12,845</u>
Increase in net assets	\$ (2,533)	\$ (7,346)
Net assets at beginning of year	<u>156,073</u>	<u>163,419</u>
Net assets at end of year	<u>\$ 153,540</u>	<u>\$ 156,073</u>

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

CITY OF ARKANSAS CITY, KANSAS
COMPOSITION OF CASH BALANCES
December 31, 2009

Cash Balances Per Statement of Net Assets

Total unrestricted cash and investments	\$ <u>27,906,666</u>
Restricted cash and investments	
Convention center	\$ 30,336
Hospital fund	440,431
General fund - Unemployment insurance	177,064
Water fund - Unemployment insurance	5,673
Water fund - Improvements	<u>74,035</u>
 Total restricted cash	 \$ <u>727,539</u>
 Total cash and investments	 \$ <u>28,634,205</u>

	Cash Per Bank <u>12/31/2009</u>	Plus Deposit <u>In Transit</u>	Less Outstanding <u>Warrants</u>	Cash Balances <u>12/31/2009</u>
Home National Bank:				
#7332869	\$ 5,629,517	\$ 24,485	\$ 892,101	\$ 4,761,901
# 101813929	9,631,057	-	-	9,631,057
Union State Bank				
#121010	37,408	2,678	385	39,701
Certificates of deposit-				
Home National Bank # 17584	500,000			500,000
# 15670	182,737			182,737
# 15349	1,000,000			1,000,000
Union State Bank - # 22206	500,000			500,000
CornerBank # 315281	10,117,209			10,117,209
# 4014371	1,900,000			1,900,000
	-			-
 Change funds and undeposited cash on hand				 <u>1,600</u>
 Total cash and investments				 <u>\$ 28,634,205</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, 2009 and 2008

<u>Revenues</u>	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable (Unfavorable)	2008 <u>Actual</u>
Taxes:				
Ad valorem	\$ 2,042,440	\$ 2,010,852	\$ 31,588	\$ 1,926,956
Back taxes	61,035	40,000	21,035	72,026
In lieu of taxes	43,500	30,000	13,500	30,000
Sales tax	1,518,942	1,600,000	(81,058)	1,523,269
RV tax	3,552	4,279	(727)	3,878
Animal redemptions	3,363	2,000	1,363	3,107
Liquor tax	15,700	12,150	3,550	12,733
Motor vehicle tax	344,259	355,290	(11,031)	340,682
Franchise tax	<u>838,690</u>	<u>828,000</u>	<u>10,690</u>	<u>826,000</u>
Total taxes	<u>\$ 4,871,481</u>	<u>\$ 4,882,571</u>	<u>\$ (11,090)</u>	<u>\$ 4,738,651</u>
Intergovernmental revenues:				
State highway (links)	\$ 13,593	\$ 13,600	\$ (7)	\$ 13,611
County ambulance payment	159,514	140,000	19,514	158,420
Rural fire contract	258,821	240,000	18,821	287,951
State grant	83,490	-	83,490	62,204
County radio payment	19,000	19,000	-	19,000
Use tax	237,092	190,000	47,092	174,746
Federal grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total intergovernmental revenues	<u>\$ 771,510</u>	<u>\$ 602,600</u>	<u>\$ 168,910</u>	<u>\$ 715,932</u>
Licenses, fees and permits:				
Liquor store licenses	\$ 1,200	\$ 1,200	\$ -	\$ 1,800
Beer sales licenses	-	-	-	1,650
Other licenses	16,430	7,000	9,430	14,930
Private club licenses	-	-	-	1,400
Electrician licenses	4,225	2,600	1,625	2,995
Plumbing permit	2,805	2,375	430	2,550
Electrical permit	1,349	2,000	(651)	2,133
Building permit	118,046	13,500	104,546	11,588
Mechanics permit	<u>2,532</u>	<u>3,500</u>	<u>(968)</u>	<u>3,389</u>
Total licenses, fees & permits	<u>\$ 146,587</u>	<u>\$ 32,175</u>	<u>\$ 114,412</u>	<u>\$ 42,435</u>
Charge for services:				
Funeral service charge	\$ 11,350	\$ 13,775	\$ (2,425)	\$ 11,550
Cemetery lot sales	6,750	4,750	2,000	4,050
Move and set stone	330	600	(270)	570
Ambulance charges	362,624	335,000	27,624	360,548
Humane Society	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,674</u>
Total charge for services	<u>\$ 381,054</u>	<u>\$ 354,125</u>	<u>\$ 26,929</u>	<u>\$ 396,392</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, 2009 and 2008

<u>Revenues (continued)</u>	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable (Unfavorable)	2008 <u>Actual</u>
Fines, forfeitures and penalties:				
Police court fines and parking fines	\$ 462,514	\$ 471,000	\$ (8,486)	\$ 451,752
Use of money and property:				
Rentals - Other	\$ 28,595	\$ 13,000	\$ 15,595	\$ 11,868
Royalties and farmland	9,734	5,000	4,734	9,441
NW Community Center rental	7,831	10,000	(2,169)	8,120
Agri-business Building rental	4,365	7,000	(2,635)	6,115
Cherokee Strip Museum	49,529	55,000	(5,471)	76,900
Miscellaneous park income	-	-	-	287
Interest on investments	<u>51,530</u>	<u>100,000</u>	<u>(48,470)</u>	<u>94,994</u>
Total use of money and property	<u>\$ 151,584</u>	<u>\$ 190,000</u>	<u>\$ (38,416)</u>	<u>\$ 207,725</u>
Miscellaneous:				
Miscellaneous general income	\$ 19,551	\$ 40,100	\$ (20,549)	\$ 15,557
Zoning applications	500	500	-	650
Donation	5,157	6,000	(843)	8,362
Refund of expenditures	226,510	150,000	76,510	180,207
Sale of property and materials	-	2,000	(2,000)	2,110
Current special assessments	37,378	10,000	27,378	38,118
Insurance recovery	33,980	-	33,980	14,989
Teen Center	<u>718</u>	<u>8,000</u>	<u>(7,282)</u>	<u>6,467</u>
Total miscellaneous	<u>\$ 323,794</u>	<u>\$ 216,600</u>	<u>\$ 107,194</u>	<u>\$ 266,460</u>
Total revenues	<u>\$ 7,108,524</u>	<u>\$ 6,749,071</u>	<u>\$ 359,453</u>	<u>\$ 6,819,347</u>
<u>Expenditures</u>				
City Commission:				
Personal services	\$ 5,035	\$ 5,300	\$ 265	\$ 4,476
Contractual services	24,034	29,500	5,466	27,948
Commodities	5,036	6,300	1,264	7,006
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total city commission	<u>\$ 34,105</u>	<u>\$ 41,100</u>	<u>\$ 6,995</u>	<u>\$ 39,430</u>
City Manager:				
Personal services	\$ 41,595	\$ 42,400	\$ 805	\$ 36,839
Contractual services	13,236	15,425	2,189	10,893
Commodities	3,173	6,750	3,577	4,707
Capital outlay	<u>2,013</u>	<u>4,000</u>	<u>1,987</u>	<u>904</u>
Total city manager	<u>\$ 60,017</u>	<u>\$ 68,575</u>	<u>\$ 8,558</u>	<u>\$ 53,343</u>
City Attorney:				
Personal services	\$ 16,494	\$ 16,652	\$ 158	\$ 16,066
Contractual services	126,899	88,930	(37,969)	128,916
Commodities	623	11,000	10,377	286
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total city attorney	<u>\$ 144,016</u>	<u>\$ 116,582</u>	<u>\$ (27,434)</u>	<u>\$ 145,268</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, 2009 and 2008

<u>Expenditures (continued)</u>	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable <u>(Unfavorable)</u>	2008 <u>Actual</u>
Planning:				
Contractual services	\$ -	\$ -	\$ -	\$ -
Commodities	-	-	-	53
Capital outlay	-	-	-	-
Total planning	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>
Code Enforcement:				
Personal services	\$ 238,135	\$ 242,850	\$ 4,715	\$ 218,942
Contractual services	48,816	77,301	28,485	28,632
Commodities	10,263	13,770	3,507	10,117
Capital outlay	<u>10,786</u>	<u>23,000</u>	<u>12,214</u>	<u>5,858</u>
Total code enforcement	<u>\$ 308,000</u>	<u>\$ 356,921</u>	<u>\$ 48,921</u>	<u>\$ 263,549</u>
Administration:				
Personal services	\$ 127,324	\$ 134,450	\$ 7,126	\$ 156,238
Contractual services	151,570	126,910	(24,660)	135,943
Commodities	12,088	9,400	(2,688)	10,303
Capital outlay	<u>68</u>	<u>-</u>	<u>(68)</u>	<u>816</u>
Total administration	<u>\$ 291,050</u>	<u>\$ 270,760</u>	<u>\$ (20,290)</u>	<u>\$ 303,300</u>
Community Support:				
Contractual services	<u>\$ 27,318</u>	<u>\$ 25,150</u>	<u>\$ (2,168)</u>	<u>\$ 36,138</u>
Humane Society Administration				
Personal services	\$ -	\$ -	\$ -	\$ 11
Contractual services	-	-	-	82
Commodities	-	-	-	-
Total Humane Society	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93</u>
Non-Departmental:				
Personal services	\$ -	\$ 390	\$ 390	\$ -
Contractual services	53,797	131,399	77,602	42,646
Commodities	48,341	50,000	1,659	4,396
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,495</u>
Total non-departmental	<u>\$ 102,138</u>	<u>\$ 181,789</u>	<u>\$ 79,651</u>	<u>\$ 71,537</u>
Law Enforcement:				
Personal services	\$ 2,454,207	\$ 2,337,932	\$ (116,275)	\$ 1,697,623
Contractual services	143,402	165,660	22,258	76,532
Commodities	141,531	194,000	52,469	94,776
Capital outlay	<u>33,075</u>	<u>45,525</u>	<u>12,450</u>	<u>95,448</u>
Total law enforcement	<u>\$ 2,772,215</u>	<u>\$ 2,743,117</u>	<u>\$ (29,098)</u>	<u>\$ 1,964,379</u>
Fire Fighting:				
Personal services	\$ 1,689,117	\$ 1,613,900	\$ (75,217)	\$ 2,389,679
Contractual services	79,878	96,725	16,847	131,233
Commodities	99,624	118,200	18,576	155,670
Capital outlay	58,460	122,500	64,040	63,852
Principal	49,469	-	(49,469)	52,250
Interest	<u>4,556</u>	<u>-</u>	<u>(4,556)</u>	<u>1,775</u>
Total firefighting	<u>\$ 1,981,104</u>	<u>\$ 1,951,325</u>	<u>\$ (29,779)</u>	<u>\$ 2,794,459</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, 2009 and 2008

<u>Expenditures (continued)</u>	<u>2009 Actual</u>	<u>2009 Budget</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>2008 Actual</u>
Civil Defense:				
Contractual services	\$ 20,181	\$ 29,000	\$ 8,819	\$ 23,168
Commodities	2,709	3,400	691	2,877
Capital outlay	<u>16,956</u>	<u>17,000</u>	<u>44</u>	<u>16,041</u>
Total civil defense	<u>\$ 39,846</u>	<u>\$ 49,400</u>	<u>\$ 9,554</u>	<u>\$ 42,086</u>
Cemetery:				
Personal services	\$ 118,520	\$ 118,490	\$ (30)	\$ 108,774
Contractual services	13,748	17,415	3,667	14,345
Commodities	19,872	23,800	3,928	17,990
Capital outlay	<u>-</u>	<u>17,000</u>	<u>17,000</u>	<u>5,351</u>
Total cemetery	<u>\$ 152,140</u>	<u>\$ 176,705</u>	<u>\$ 24,565</u>	<u>\$ 146,460</u>
Public Service Supervision:				
Personal services	\$ 105,008	\$ 101,115	\$ (3,893)	\$ 82,423
Contractual services	42	1,000	958	99
Commodities	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public service supervision	<u>\$ 105,050</u>	<u>\$ 102,115</u>	<u>\$ (2,935)</u>	<u>\$ 82,522</u>
Street Maintenance and Repair:				
Personal services	\$ 318,987	\$ 359,845	\$ 40,858	\$ 311,649
Contractual services	21,802	2,300	(19,502)	5,346
Commodities	1,472	550	(922)	436
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total street maintenance & repair	<u>\$ 342,261</u>	<u>\$ 362,695</u>	<u>\$ 20,434</u>	<u>\$ 317,431</u>
Street Lighting:				
Contractual services	\$ 149,475	\$ 145,000	\$ (4,475)	\$ 133,776
Commodities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total street lighting	<u>\$ 149,475</u>	<u>\$ 145,000</u>	<u>\$ (4,475)</u>	<u>\$ 133,776</u>
Park:				
Personal services	\$ 330,203	\$ 339,300	\$ 9,097	\$ 335,205
Contractual services	68,252	39,300	(28,952)	35,661
Commodities	95,848	126,950	31,102	160,671
Capital outlay	<u>6,315</u>	<u>25,000</u>	<u>18,685</u>	<u>23,600</u>
Total park	<u>\$ 500,618</u>	<u>\$ 530,550</u>	<u>\$ 29,932</u>	<u>\$ 555,137</u>
Baseball Park:				
Contractual services	\$ 4,392	\$ 9,000	\$ 4,608	\$ 5,396
Commodities	<u>380</u>	<u>5,130</u>	<u>4,750</u>	<u>820</u>
Total baseball park	<u>\$ 4,772</u>	<u>\$ 14,130</u>	<u>\$ 9,358</u>	<u>\$ 6,216</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, 2009 and 2008

<u>Expenditures (continued)</u>	2009 <u>Actual</u>	2009 <u>Budget</u>	Variance- Favorable (Unfavorable)	2008 <u>Actual</u>
Swimming Pool:				
Personal services	\$ -	\$ -	\$ -	\$ -
Contractual services	56,266	56,348	82	68,948
Commodities	18,793	30,450	11,657	30,421
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total swimming pool	<u>\$ 75,059</u>	<u>\$ 86,798</u>	<u>\$ 11,739</u>	<u>\$ 99,369</u>
Public Buildings:				
Personal services	\$ 47,605	\$ 44,330	\$ (3,275)	\$ 43,490
Contractual services	88,191	73,750	(14,441)	58,607
Commodities	27,103	22,875	(4,228)	14,585
Capital outlay	<u>3,042</u>	<u>4,000</u>	<u>958</u>	<u>5,699</u>
Total public buildings	<u>\$ 165,941</u>	<u>\$ 144,955</u>	<u>\$ (20,986)</u>	<u>\$ 122,381</u>
NW Community Center:				
Personal services	\$ 32,164	\$ 26,450	\$ (5,714)	\$ 30,052
Contractual services	19,043	27,100	8,057	19,193
Commodities	2,769	4,800	2,031	1,832
Capital outlay	<u>120</u>	<u>1,000</u>	<u>880</u>	<u>-</u>
Total NW Community Center	<u>\$ 54,096</u>	<u>\$ 59,350</u>	<u>\$ 5,254</u>	<u>\$ 51,077</u>
Senior Citizens:				
Personal services	\$ 128,731	\$ 133,170	\$ 4,439	\$ 180,645
Contractual services	30,455	35,000	4,545	38,574
Commodities	<u>11,974</u>	<u>10,450</u>	<u>(1,524)</u>	<u>14,425</u>
Total senior citizens	<u>\$ 171,160</u>	<u>\$ 178,620</u>	<u>\$ 7,460</u>	<u>\$ 233,644</u>
Human Relations Council				
Contractual services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,305</u>
Museum:				
Personal services	\$ 51,499	\$ 56,480	\$ 4,981	\$ 68,324
Contractual services	41,370	21,300	(20,070)	57,824
Commodities	12,129	6,400	(5,729)	24,429
Capital outlay	<u>5,300</u>	<u>500</u>	<u>(4,800)</u>	<u>1,228</u>
Total museum	<u>\$ 110,298</u>	<u>\$ 84,680</u>	<u>\$ (25,618)</u>	<u>\$ 151,805</u>
Teen Center:				
Personal services	\$ 8,061	\$ 11,250	\$ 3,189	\$ 9,949
Contractual services	9,052	10,280	1,228	10,658
Commodities	4,668	5,125	457	5,997
Capital outlay	<u>-</u>	<u>400</u>	<u>400</u>	<u>-</u>
Total teen center	<u>\$ 21,781</u>	<u>\$ 27,055</u>	<u>\$ 5,274</u>	<u>\$ 26,604</u>
Total expenditures	<u>\$ 7,612,460</u>	<u>\$ 7,717,372</u>	<u>\$ 104,912</u>	<u>\$ 7,641,362</u>

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

CITY OF ARKANSAS CITY, KANSAS
INSURANCE COVERAGE
December 31, 2009

Property

Various municipal buildings and contents	Fire and extended coverage	\$ 32,970,202
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, 2009

	<u>Expiration Date</u>	<u>Bond Amount</u>
Public Employee's Blanket	01/01/10	\$ 100,000
City Commission:		
Dotty Smith	04/25/10	5,000
Patrick McDonald	04/25/10	5,000
Mell Kuhn	04/25/10	5,000
Jean Snell	04/25/10	5,000
Jay Warren	04/25/10	5,000
Judge of Municipal Court - N. M. Iverson, Jr.	04/25/10	5,000
City Manager - Steve Archer	09/01/10	50,000
City Treasurer - Kathy Braungardt	09/01/10	50,000
Director of Administration - Lane Massey	09/01/10	50,000

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

CITY OF ARKANSAS CITY, KANSAS
SCHEDULE OF INDEBTEDNESS
December 31, 2009

<u>General obligation bonds</u>	<u>Series Number</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Original Amount</u>
Internal improvements	2000	5/1/2000	5.00% to 6.50%	\$ 1,790,000
Internal improvements	2001	10/1/2001	3.15% to 4.25%	\$ 1,175,000
Internal improvements	2002	4/1/2002	3.50% to 5.30%	\$ 2,200,000
Internal improvements	2003	8/1/2003	2.50% to 3.75%	\$ 3,685,000
Internal improvements	2005	12/1/2005	3.60% to 5.50%	\$ 2,095,000
Internal improvements	2008	9/1/2008	2.10% to 4.00%	\$ 2,545,000
Internal improvements	2009	7/1/2009	2.50% to 3.70%	\$ 1,950,000
Total general obligation bonds				
 <u>Capital Leases</u>				
Fire truck	2006	08/18/06	4.89%	\$ 668,665
Ambulance	2007	10/30/07	4.43%	153,422
Total capital leases				
 <u>Temporary notes</u>				
Internal improvements	2005-1	08/01/05	3.28%	\$ 1,160,000
 <u>KDHE & CDBG loans</u>				
KDHE revolving loan	2000	01/10/00	3.49%	\$ 2,990,300
 <u>Certificates of participation</u>				
Humane Society	2002	12/01/02	4.59%	\$ 350,000
 <u>Revenue bonds</u>				
Public building commission	2009	7/1/2009	4.00% to 5.60%	\$ 23,205,000
Total indebtedness				

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

CITY OF ARKANSAS CITY, KANSAS
SCHEDULE OF INDEBTEDNESS (CONTINUED)
December 31, 2009

Date of Maturity	Outstanding 12/31/2008	Issued	Retired	Outstanding 12/31/2009
12/1/2009	220,000	\$ -	\$ 220,000	\$ -
12/1/2011	410,000	-	130,000	280,000
4/1/2012	1,000,000	-	235,000	765,000
12/1/2013	2,035,000	-	380,000	1,655,000
12/1/2015	1,555,000	-	195,000	1,360,000
12/1/2018	2,545,000	-	185,000	2,360,000
7/1/2019	<u>-</u>	<u>1,950,000</u>	<u>-</u>	<u>1,950,000</u>
	<u>\$ 7,765,000</u>	<u>\$ 1,950,000</u>	<u>\$ 1,345,000</u>	<u>\$ 8,370,000</u>
02/01/16	\$ 545,131	\$ -	\$ 57,115	\$ 488,016
02/01/10	<u>101,171</u>	<u>-</u>	<u>49,469</u>	<u>51,702</u>
	\$ 646,302	\$ -	\$ 106,584	\$ 539,718
08/01/09	\$ 960,000	\$ -	\$ 960,000	\$ -
09/01/21	\$ 653,861	\$ -	\$ 254,778	\$ 399,083
12/01/12	\$ 233,473	\$ -	\$ 54,450	\$ 179,023
7/1/2039	<u>\$ -</u>	<u>\$ 23,205,000</u>	<u>\$ -</u>	<u>\$ 23,205,000</u>
	<u>\$ 10,258,636</u>	<u>\$ 25,155,000</u>	<u>\$ 2,720,812</u>	<u>\$ 32,692,824</u>

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

CITY OF ARKANSAS CITY, KANSAS
 SUPPLEMENT TO SCHEDULE OF INDEBTEDNESS
 December 31, 2009

	<u>Issued</u>	<u>Retired</u>
Totals per Page 1 of Schedule 5	<u>\$ 25,155,000</u>	<u>\$ 2,720,812</u>
Per individual fund statements:		
Bond and interest	\$ -	\$ 1,163,827
Capital projects	1,950,000	960,000
Waterworks	-	165,357
Sewage disposal and treatment	-	370,134
Project independence	-	12,025
General	-	49,469
Public building commission	<u>23,205,000</u>	<u>-</u>
Sub-total	<u>\$ 25,155,000</u>	<u>\$ 2,720,812</u>
Total	<u>\$ 25,155,000</u>	<u>\$ 2,720,812</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, 2009

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Principal</u>					
General obligation bond	\$ 1,325,000	\$ 1,420,000	\$ 1,320,000	\$ 1,105,000	\$ 945,000
Certificates of participation	56,984	59,636	62,403		-
Lease purchase	111,723	62,996	66,120	69,357	72,836
KDHE & CDBG loans	263,748	135,335			-
Revenue Bonds PBC	<u>-</u>	<u>-</u>	<u>370,000</u>	<u>385,000</u>	<u>405,000</u>
Total principal	<u>\$ 1,757,455</u>	<u>\$ 1,677,967</u>	<u>\$ 1,818,523</u>	<u>\$ 1,559,357</u>	<u>\$ 1,422,836</u>
<u>Interest and Fees</u>					
General obligation bonds	\$ 307,989	\$ 240,166	\$ 191,350	\$ 151,148	\$ 121,608
Certificates of participation	8,331	5,680	2,912	2,912	-
Lease purchase	26,518	21,220	18,096	14,859	11,379
KDHE & CDBG loans	11,647	2,361	2,362		-
Revenue Bonds PBC	<u>504,849</u>	<u>1,514,548</u>	<u>1,514,547</u>	<u>1,499,747</u>	<u>1,482,422</u>
Total interest	<u>\$ 859,334</u>	<u>\$ 1,783,975</u>	<u>\$ 1,729,267</u>	<u>\$ 1,668,666</u>	<u>\$ 1,615,409</u>
Total principal and interest	<u>\$ 2,616,789</u>	<u>\$ 3,461,942</u>	<u>\$ 3,547,790</u>	<u>\$ 3,228,023</u>	<u>\$ 3,038,245</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, 2009

<u>2015-2019</u>	<u>2020-2024</u>	<u>2025-2029</u>	<u>2030-2034</u>	<u>2035-2039</u>	<u>Total</u>
\$ 2,255,000	\$ -	\$ -	\$ -	\$ -	\$ 8,370,000
-	-	-	-	-	179,023
156,686	-	-	-	-	539,718
-	-	-	-	-	399,083
<u>2,345,000</u>	<u>3,090,000</u>	<u>4,250,000</u>	<u>5,955,000</u>	<u>6,405,000</u>	<u>23,205,000</u>
<u>\$ 4,756,686</u>	<u>\$ 3,090,000</u>	<u>\$ 4,250,000</u>	<u>\$ 5,955,000</u>	<u>\$ 6,405,000</u>	<u>\$ 32,692,824</u>
\$ 258,693	\$ -	\$ -	\$ -	\$ -	\$ 1,270,954
-	-	-	-	-	19,835
11,746	-	-	-	-	103,818
-	-	-	-	-	16,370
<u>7,089,355</u>	<u>6,336,813</u>	<u>5,179,250</u>	<u>3,482,063</u>	<u>2,146,624</u>	<u>30,750,218</u>
<u>\$ 7,359,794</u>	<u>\$ 6,336,813</u>	<u>\$ 5,179,250</u>	<u>\$ 3,482,063</u>	<u>\$ 2,146,624</u>	<u>\$ 32,161,195</u>
<u>\$ 12,116,480</u>	<u>\$ 9,426,813</u>	<u>\$ 9,429,250</u>	<u>\$ 9,437,063</u>	<u>\$ 8,551,624</u>	<u>\$ 64,854,019</u>

The accompanying notes are an integral part of the financial statements