

CITY OF ARKANSAS CITY, KANSAS  
ANNUAL FINANCIAL STATEMENTS

December 31, 2007



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

110 South First Street  
Arkansas City, KS 67005

CITY OF ARKANSAS CITY, KANSAS  
 FINANCIAL STATEMENTS  
 TABLE OF CONTENTS  
 Year Ended December 31, 2007

FINANCIAL SECTION	Page
Independent Auditor's Report .....	1 - 2
Management and Discussion Analysis .....	
Statement of Net Assets .....	3
Statement of Activities .....	4 - 5
Balance Sheet - Governmental Funds .....	6
Statements of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	7 - 8
Statements of Net Assets - Proprietary Funds .....	9 - 10
Statements of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds .....	11 - 12
Statements of Cash Flows - Proprietary Funds .....	13 - 14
<u>Notes to Financial Statements</u> .....	15 - 29
 Financial Statements of Individual Funds:	
General Fund:	
Balance Sheet .....	30
Statements of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget .....	31 - 32
Combining Balance Sheet - Non-Major Governmental Funds .....	33
Non-Major Governmental Funds - Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget .....	34
Combining Balance Sheet - All Special Revenue Funds .....	35 - 36
Combining Statements of Revenues, Expenditures and Changes in Fund Balance - All Special Revenue Funds .....	37 - 38
 Special Revenue Funds	
Library Employee Benefits Fund .....	39
Convention Center Fund .....	40
Public Library .....	41
Special Street and Highway Fund .....	42
Street Maintenance Fund .....	43
Alcohol Program Fund .....	44
Special Recreation and Park Fund .....	45

CITY OF ARKANSAS CITY, KANSAS  
 FINANCIAL STATEMENTS  
 TABLE OF CONTENTS (CONTINUED)  
 Year Ended December 31, 2007

<u>Special Revenue Funds (continued):</u>	Page
Memorial Hospital Fund .....	46
Tourism Fund .....	47
Project Independence Fund .....	48
Dare Program Fund .....	49
Economic Development Fund .....	50
Community Development Grants .....	51
 Debt Service Fund:	
Bond and Interest Fund .....	52
Combining Balance Sheet - Capital Project Funds .....	53
 Enterprise Funds:	
Waterworks Fund	
Statements of Net Assets .....	54
Statements of Revenues, Expenses and Changes in Fund Net Assets .....	55
Statements of Cash Flows .....	56
Budgetary Accounts .....	57
 Sewage, Disposal and Treatment Plants Fund	
Statements of Net Assets .....	58
Statements of Revenues, Expenditures and Changes in Fund Net Assets .....	59
Statements of Cash Flows .....	60
Budgetary Accounts .....	61
 Sanitation Fund	
Statements of Net Assets .....	62
Statements of Revenues, Expenditures and Changes in Fund Net Assets .....	63
Statements of Cash Flows .....	64
Budgetary Accounts .....	65
 Storm Sewer Fund	
Statements of Net Assets .....	66
Statements of Cash Flows .....	67

CITY OF ARKANSAS CITY, KANSAS  
 FINANCIAL STATEMENTS  
 TABLE OF CONTENTS (CONTINUED)  
 Year Ended December 31, 2007

Storm Sewer Fund (continued)	
Budgetary Accounts .....	68
Internal Service Fund	
Combining Statements of Net Assets .....	69
Internal Services Fund	
Insurance Fund	
Statements of Net Assets .....	70
Statements of Cash Flows .....	71
Equipment Reserve Fund	
Statements of Net Assets .....	72
Statements of Cash Flows .....	73
Trust and Agency Funds - Statements of Changes in Assets and Liabilities .....	74
Composition of Cash Balances .....	75
General Fund - Detail Statements of Revenues and Expenditures - Actual and Budget .....	76 - 80
Insurance Coverage .....	81
Fidelity Bonds .....	82
Schedule of Indebtedness .....	83 - 84
Supplement to Schedule of Indebtedness .....	85
Schedule of Maturity of Long-Term Debt .....	86 - 87



Parman, Tanner, Soule & Jackson  
Certified Public Accountants, RLLP

Partners

Elliott R. Jackson, CPA

Jon P. Parman, CPA

110 South First Street

Post Office Box 758

Arkansas City, Kansas 67005

Telephone: 620-442-3700 Fax: 620-442-1170

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 years ended December 31, 2007 and 2006 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 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 provides a reasonable basis for our opinion.

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

In our opinion, except for the omissions referred to above, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the City of Arkansas City, Kansas, as of December 31, 2007 and 2006 and the respective changes in financial position and where applicable, cash flows, thereof for the years then ended in conformity with accounting principals 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 principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 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.

*Parman Tanner Seab & Jackson*  
Certified Public Accountants, RLLP

August 25, 2008

## 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, 2007.

### 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. This combined statement is supported by the Balance Sheet for Governmental Funds (page 6) and the Statement of Net Assets Proprietary Funds (page 9).

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 this 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 7) and the Statement of Revenues, Expenses and Changes in Net Assets Proprietary Funds (page 11). 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.

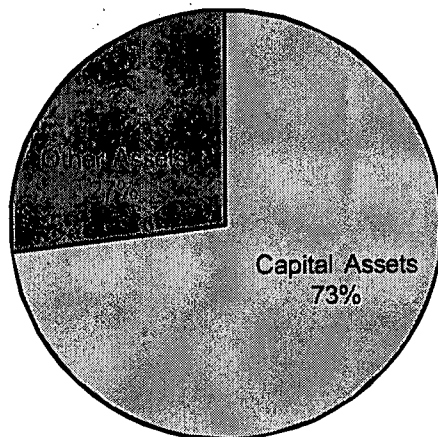
Net Assets

Combined net assets of the City at December 31 were:

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Current and other assets	\$ 11,008,875	\$ 9,103,668	\$ 3,894,055	\$ 4,535,590	\$ 14,902,930	\$ 13,639,258
Capital assets	\$ 29,370,010	\$ 31,579,843	\$ 5,741,108	\$ 5,175,001	\$ 35,111,118	\$ 36,754,844
Total Assets	<u>\$ 40,378,885</u>	<u>\$ 40,683,511</u>	<u>\$ 9,635,163</u>	<u>\$ 9,710,591</u>	<u>\$ 50,014,048</u>	<u>\$ 50,394,102</u>
Long-term liabilities	\$ 13,821,288	\$ 8,161,948	\$ 1,228,952	\$ 943,306	\$ 15,050,240	\$ 9,105,254
Other liabilities	\$ 5,014,269	\$ 7,693,826	\$ 491,742	\$ 463,909	\$ 5,506,011	\$ 8,157,735
Total liabilities	<u>\$ 18,835,557</u>	<u>\$ 15,855,774</u>	<u>\$ 1,720,694</u>	<u>\$ 1,407,215</u>	<u>\$ 20,556,251</u>	<u>\$ 17,262,989</u>
Net assets:						
Invested in capital assets, net of debt	\$ 14,784,592	\$ 17,744,097	\$ 4,579,388	\$ 4,275,025	\$ 19,363,980	\$ 22,019,122
Restricted for other purposes	\$ 3,789,653	\$ 3,796,682	\$ 114,320	\$ 218,674	\$ 3,903,973	\$ 4,015,356
Unrestricted	\$ 2,969,083	\$ 3,286,958	\$ 3,220,761	\$ 3,809,677	\$ 6,189,844	\$ 7,096,635
Total Net Assets	<u>\$ 21,543,328</u>	<u>\$ 24,827,737</u>	<u>\$ 7,914,469</u>	<u>\$ 8,303,376</u>	<u>\$ 29,457,797</u>	<u>\$ 33,131,113</u>

A review of the government-wide financial statement of net assets reveals the following:  
The City ended 2007 with positive net assets. Total assets for the City are \$50,394,102. Of these total assets, \$36,754,844 is capital assets and \$13,639,258 is other assets.

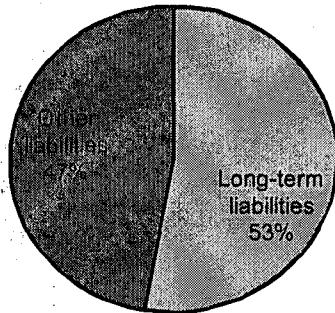
**Total Assets**





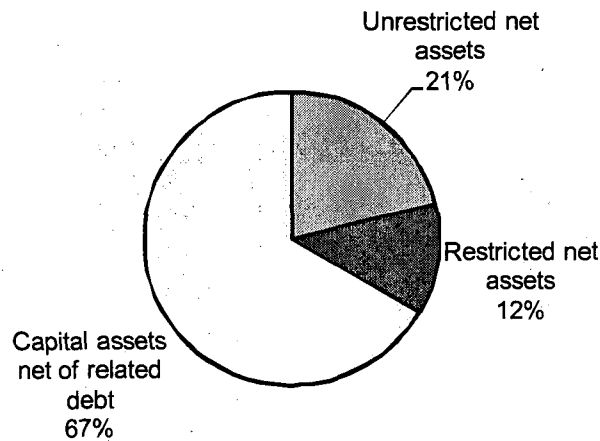
Total liabilities for the City are \$17,262,989. Of this total, \$9,105,254 is for long-term liabilities and \$8,157,735 is other liabilities. The majority of the long-term liabilities are for debt issued for major capital projects. City policy states that we will not issue debt with a maturity period greater than 10 years.

**Total Liabilities**



Total net assets for the City are \$33,131,113. Of these total net assets, \$7,096,635 is for unrestricted net assets and \$4,015,356 is for restricted net assets. Net assets invested in capital assets net of related debt are \$22,019,122.

**Total net assets**



## Statement of Activities

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

	Governmental activities		Business-type Activities	
	2006	2007	2006	2007
Revenues:				
Program Revenues:				
Charges for services	\$ 1,291,565	\$ 1,295,257	\$ 6,041,781	\$ 6,098,321
Operating grants/contributions	10,126	13,094	-	-
Capital grants/contributions	3,075,972	2,571,838	-	-
General Revenues:				
Property taxes	6,162,052	6,286,574	-	-
Public services taxes	1,328,216	1,364,227	-	-
Other taxes	200,000	190,413	-	-
Other	587,559	838,153	(114,286)	(100,231)
Total revenues	<u>12,655,490</u>	<u>12,559,556</u>	<u>5,927,495</u>	<u>5,998,090</u>
Expenses:				
General government	\$ 2,159,953	\$ 2,194,645	-	-
Public safety	4,243,105	4,393,176	-	-
Public works	909,196	787,956	-	-
Cultural and recreation	983,025	953,378	-	-
Personal services	89,699	127,403	-	-
Contractual	310,972	492,039	-	-
Outside services	383,316	282,128	-	-
Commodities	286,098	316,836	-	-
Water	-	-	2,311,404	2,225,689
Sewer	-	-	1,253,995	1,391,678
Sanitation	-	-	1,154,294	1,232,047
Storm Water	-	-	172,068	94,522
Miscellaneous	-	-	-	-
Interest on long-term debt	442,435	472,293	-	-
Total Expenses	<u>9,807,799</u>	<u>10,019,854</u>	<u>4,891,761</u>	<u>4,943,936</u>
Excess (deficiency) before	2,847,691	2,539,702	1,035,734	1,054,154
Reimbursements	189,320	34,707	20,985	44,753
Transfers	670,000	710,000	(670,000)	(710,000)
Increase in net assets	3,707,011	3,284,409	386,719	388,907
Net assets January 1	17,836,317	21,543,328	7,527,750	7,914,469
Net assets December 31	<u>\$ 21,543,328</u>	<u>\$ 24,827,737</u>	<u>\$ 7,914,469</u>	<u>\$ 8,303,376</u>

## Governmental Activities

Several of the revenue and expense categories fluctuated between 2006 and 2007, as explained below.

- Capital Grants/Contributions – Federal, State and local government Grants and reimbursements decreased in 2007 due to several large infrastructure improvements that were completed in 2007.
- Sales Tax – This revenue category was 2.71% higher in 2007 due to an increase in sales because the local economy improved

- Public Safety Expenses – This expense category was higher in 2007 due to changes in personal and execution of various public safety grants that were received.
- Public Works Expense – This expense category was lower in 2007 due to weather relate decrease in work completed in 2007.

### Business-type Activities

Several of the revenue and expense categories fluctuated between 2006 and 2007, as explained below.

- Charges for Services – This revenue category remained steady in 2007.
- Water, Sewer & Sanitation Expense – Water expenses decreased in 2007, while Sewer and Sanitation increased.

### Analysis of the Fund Financial Statements

#### Government Funds

The City's governmental fund statements can be found on pages 6 and 7 of the basic financial statements. The fund balances of the Governmental Funds increased in fiscal year 2007 due to an increase in funds for scheduled capital projects.

The General Fund is the chief operating fund of the City. The fund balance of the General Fund at December 31, 2007 was \$10,098. This represents a decrease of \$138,250, or a 93.19% decrease over the previous year.

The Debt Service Fund balance increased from \$97,972 as of December 31, 2006 to \$138,754 as of December 31, 2007. All of the Debt Service Fund balance is reserved for payment of debt service.

#### Proprietary Funds

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

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

#### Capital Assets

The City has not recorded depreciation expense in the past. However, after implementing GASB 34 under the transition provision in 2004, the City has made accumulated depreciation adjustments based upon estimated remaining useful life of fixed assets recorded at December 31, 2004. The governmental funds' infrastructure assets recorded in 2004 are expected to have a useful life of ten years. The equipment is estimated to have a ten-year useful life. Management has determined that the useful life of business entities facilities is 20 years and equipment is 10 years. Business entity assets remaining at December 31, 2004 were estimated to have one-half of their useful life remaining. New infrastructure is estimated to have a useful life of 40 years. The remaining basis of traded

assets is added to the cost of new assets and gains or losses have not been recognized which would be material.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	January 1, 2007	December 31, 2007	January 1, 2007	December 31, 2007
Land, infrastructure and buildings	\$ 30,438,715	\$ 32,441,582	\$ 5,283,441	\$ 5,283,441
Equipment	1,976,088	3,306,428	2,913,110	3,052,336
Meter, mains and service lines	-	-	3,518,167	3,551,812
Accumulated depreciation	(3,044,793)	(4,168,167)	(5,973,610)	(6,712,588)
<b>Totals</b>	<b>\$ 29,370,010</b>	<b>\$ 31,579,843</b>	<b>\$ 5,741,108</b>	<b>\$ 5,175,001</b>

Long-term Debt

At December 31, 2007, the City had a number of debt issues outstanding.

	<b>2007</b>	<b>2006</b>
General obligation bonds	\$ 6,685,000	\$ 8,105,000
Revenue Bonds	-	24,000
Temporary notes	5,928,000	5,928,000
Lease Purchase	753,040	
Certificate of participation	285,467	335,184
Community development block grant and Kansas department of health and environment loans	1,084,215	2,005,606
<b>Total long-term liabilities</b>	<b>\$ 14,735,722</b>	<b>\$ 16,397,790</b>

The City has established the following policy in regards to long-term debt. First, we do not issue long-term debt with a maturity period greater than 10 years. Second we issue debt so that it is tiered as one issue matures, we issue any required additional debt. This keeps the debt service payments relatively steady and allows us to manage our outstanding debt. Additional information regarding the City's debt can be found in note 3, page 22.

Request for information

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

CITY OF ARKANSAS CITY, KANSAS  
STATEMENT OF NET ASSETS  
December 31, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2007 Total</u>	<u>2006 Total</u>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 4,690,873	\$ 3,432,465	\$ 8,123,338	\$ 8,876,431
Taxes receivable	3,208,640	-	3,208,640	3,118,000
Accounts receivable	<u>616,113</u>	<u>884,451</u>	<u>1,500,564</u>	<u>1,471,874</u>
Total current assets	<u>\$ 8,515,626</u>	<u>\$ 4,316,916</u>	<u>\$ 12,832,542</u>	<u>\$ 13,466,305</u>
<b>Noncurrent Assets:</b>				
Restricted cash and cash equivalents	\$ 130,786	\$ 218,674	\$ 349,460	\$ 397,803
Special assessments	457,256	-	457,256	388,170
Other receivables	-	-	-	650,652
Land, infrastructure & buildings	32,441,582	8,835,253	41,276,835	39,240,323
Equipment	3,306,428	3,052,336	6,358,764	4,889,198
Less: accumulated depreciation	<u>(4,168,167)</u>	<u>(6,712,588)</u>	<u>(10,880,755)</u>	<u>(9,018,403)</u>
Total noncurrent assets	<u>\$ 32,167,885</u>	<u>\$ 5,393,675</u>	<u>\$ 37,561,560</u>	<u>\$ 36,547,743</u>
Total assets	<u>\$ 40,683,511</u>	<u>\$ 9,710,591</u>	<u>\$ 50,394,102</u>	<u>\$ 50,014,048</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 552,651	\$ 165,903	\$ 718,554	\$ 2,160,823
Accrued interest	509,845	29,280	539,125	587,674
Other current liabilities	129,648	-	129,648	174,406
Current portion of long-term obligations	6,429,816	246,114	6,675,930	2,583,108
Current portion of compensated absences	<u>71,866</u>	<u>22,612</u>	<u>94,478</u>	<u>-</u>
Total current liabilities	<u>\$ 7,693,826</u>	<u>\$ 463,909</u>	<u>\$ 8,157,735</u>	<u>\$ 5,506,011</u>
<b>Noncurrent Liabilities:</b>				
Long-term debt	\$ 7,405,930	\$ 653,862	\$ 8,059,792	\$ 13,814,682
Compensated absences	<u>756,018</u>	<u>289,444</u>	<u>1,045,462</u>	<u>1,235,558</u>
Total noncurrent liabilities	<u>\$ 8,161,948</u>	<u>\$ 943,306</u>	<u>\$ 9,105,254</u>	<u>\$ 15,050,240</u>
Total liabilities	<u>\$ 15,855,774</u>	<u>\$ 1,407,215</u>	<u>\$ 17,262,989</u>	<u>\$ 20,556,251</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 17,744,097	\$ 4,275,025	\$ 22,019,122	\$ 19,363,980
<b>Restricted for:</b>				
Debt	\$ 1,307,256	\$ -	\$ 1,307,256	\$ 1,316,101
General Government	2,179,406	218,674	2,398,080	2,305,439
Cultural	35,716	-	35,716	29,433
Outside organizations	<u>274,304</u>	<u>-</u>	<u>274,304</u>	<u>253,000</u>
Total restricted net assets	<u>\$ 3,796,682</u>	<u>\$ 218,674</u>	<u>\$ 4,015,356</u>	<u>\$ 3,903,973</u>
Unrestricted	<u>\$ 3,286,958</u>	<u>\$ 3,809,677</u>	<u>\$ 7,096,635</u>	<u>\$ 6,189,844</u>
Total net assets	<u>\$ 24,827,737</u>	<u>\$ 8,303,376</u>	<u>\$ 33,131,113</u>	<u>\$ 29,457,797</u>

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

CITY OF ARKANSAS CITY, KANSAS  
STATEMENT OF ACTIVITIES  
December 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>
..... Program Revenue .....				
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 2,194,645	\$ 544,163	\$ -	\$ 2,571,838
Public safety	4,393,176	482,113	-	-
Public works	787,956	268,981	6,883	-
Cultural and recreation	953,378	-	-	-
Personal services (see note 20)	127,403	-	-	-
Contractual	492,039	-	-	-
Outside services	282,128	-	-	-
Commodities	316,836	-	6,211	-
Interest on long-term debt	<u>472,293</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total governmental activities	 <u>\$ 10,019,854</u>	 <u>\$ 1,295,257</u>	 <u>\$ 13,094</u>	 <u>\$ 2,571,838</u>
Business-type activities:				
Water	\$ 2,225,689	\$ 2,842,207	\$ -	\$ -
Sewer	1,391,678	1,884,006	-	-
Sanitation	1,232,047	1,177,434	-	-
Storm sewer	<u>94,522</u>	<u>194,674</u>	<u>-</u>	<u>-</u>
 Total business-type activities	 <u>\$ 4,943,936</u>	 <u>\$ 6,098,321</u>	 <u>\$ -</u>	 <u>\$ -</u>
 Total primary government	 <u>\$ 14,963,790</u>	 <u>\$ 7,393,578</u>	 <u>\$ 13,094</u>	 <u>\$ 2,571,838</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 as adjusted

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, 2007

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

Governmental Activities	<u>Primary Government</u>		2007 Total	2006 Total
	Business-Type Activities			
\$ 921,356	\$ -		\$ 921,356	\$ 1,478,940
(3,911,063)	-		(3,911,063)	(3,746,285)
(512,092)	-		(512,092)	(677,372)
(953,378)	-		(953,378)	(983,025)
(127,403)	-		(127,403)	(89,699)
(492,039)	-		(492,039)	(310,972)
(282,128)	-		(282,128)	(283,316)
(310,625)	-		(310,625)	(375,972)
<u>(472,293)</u>	<u>-</u>		<u>(472,293)</u>	<u>(442,435)</u>
 \$ (6,139,665)	 <u>\$ -</u>		 <u>\$ (6,139,665)</u>	 <u>\$ (5,430,136)</u>
 \$ -	 \$ 616,518		 \$ 616,518	 \$ 523,243
-	492,328		492,328	585,570
-	(54,613)		(54,613)	19,536
<u>-</u>	<u>100,152</u>		<u>100,152</u>	<u>21,671</u>
 \$ -	 \$ 1,154,385		 \$ 1,154,385	 \$ 1,150,020
 <u>\$ (6,139,665)</u>	 <u>\$ 1,154,385</u>		 <u>\$ (4,985,280)</u>	 <u>\$ (4,280,116)</u>
 \$ 4,993,690	 \$ -		 \$ 4,993,690	 \$ 4,906,231
1,292,884	-		1,292,884	1,255,821
190,413	-		190,413	200,000
1,364,227	-		1,364,227	1,328,216
358,731	117,677		476,408	367,067
261,514	-		261,514	105,227
-	-		-	10,000
-	-		-	(9,021)
710,000	(710,000)		-	-
34,707	44,753		79,460	210,305
<u>217,908</u>	<u>(217,908)</u>		<u>-</u>	<u>-</u>
 \$ 9,424,074	 \$ (765,478)		 \$ 8,658,596	 \$ 8,373,846
 \$ 3,284,409	 \$ 388,907		 \$ 3,673,316	 \$ 4,093,730
 <u>21,543,328</u>	 <u>7,914,469</u>		 <u>29,457,797</u>	 <u>25,364,067</u>
 \$ 24,827,737	 \$ 8,303,376		 \$ 33,131,113	 \$ 29,457,797

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

CITY OF ARKANSAS CITY, KANSAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>2007 Total</u>	<u>2006 Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 224,191	\$ 3,444,329	\$ 1,031,627	\$ 4,700,147	\$ 6,126,775
Accounts receivable (net)	616,113	-	-	616,113	470,806
Taxes receivable	2,084,336	-	1,124,304	3,208,640	3,118,000
Deposits with fiscal agent	-	-	-	-	-
Special assessments	-	-	457,256	457,256	388,170
Total assets	<u>\$ 2,924,640</u>	<u>\$ 3,444,329</u>	<u>\$ 2,613,187</u>	<u>\$ 8,982,156</u>	<u>\$ 10,103,751</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ 214,093	\$ 239,255	\$ 98,271	\$ 551,619	\$ 1,925,438
Matured coupons	-	-	-	-	-
Deferred revenue	2,700,449	-	1,581,560	4,282,009	3,976,976
Due to other agencies	-	-	129,648	129,648	174,406
Total liabilities	<u>\$ 2,914,542</u>	<u>\$ 239,255</u>	<u>\$ 1,809,479</u>	<u>\$ 4,963,276</u>	<u>\$ 6,076,820</u>
Fund balance:					
Reserved	\$ 10,098	\$ -	\$ 120,688	\$ 130,786	\$ 283,483
Unreserved, reported in:					
General fund	-	-	-	-	-
Capital projects	-	3,205,074	-	3,205,074	3,078,646
Debt service	-	-	138,754	138,754	94,972
Special revenue funds	-	-	544,266	544,266	569,830
Total fund balance	<u>\$ 10,098</u>	<u>\$ 3,205,074</u>	<u>\$ 803,708</u>	<u>\$ 4,018,880</u>	<u>\$ 4,026,931</u>
Total liabilities and fund balance	<u>\$ 2,924,640</u>	<u>\$ 3,444,329</u>	<u>\$ 2,613,187</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.	31,579,843	29,370,010
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.	120,480	210,235
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.)	(14,663,630)	(15,492,000)
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.	4,282,009	3,976,976
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>(509,845)</u>	<u>(548,824)</u>
Net assets of governmental activities	<u>\$ 24,827,737</u>	<u>\$ 21,543,328</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, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>2007 Total</u>	<u>2006 Total</u>
<b><u>REVENUES</u></b>					
Taxes	\$ 4,558,968	\$ -	\$ 1,567,880	\$ 6,126,848	\$ 6,122,896
Intergovernmental	579,484	-	400,535	980,019	1,328,216
Franchise taxes	-	-	190,413	190,413	200,000
Transient guest tax	-	-	77,087	77,087	64,832
Licenses, fees, permits	60,980	-	-	60,980	34,589
Charges for services	398,856	-	-	398,856	395,084
Fines, forfeitures, penalties	482,113	-	-	482,113	496,820
Miscellaneous	260,514	34,707	392,091	687,312	1,740,178
Rent and H.U.D. payments	-	-	130,914	130,914	132,403
Grants	-	2,538,588	33,250	2,571,838	3,075,972
Interest	264,855	92,455	1,421	358,731	263,258
Donations	-	-	6,211	6,211	10,126
	<u>\$ 6,605,770</u>	<u>\$ 2,665,750</u>	<u>\$ 2,799,802</u>	<u>\$ 12,071,322</u>	<u>\$ 13,864,374</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	\$ 1,060,214	\$ -	\$ -	\$ 1,060,214	\$ 1,052,783
Public safety	4,393,176	-	-	4,393,176	4,243,105
Public works	787,956	216,783	-	1,004,739	909,196
Culture and recreation	953,378	-	-	953,378	983,025
Personal services	-	-	127,403	127,403	89,699
Contractual	-	-	275,256	275,256	310,972
Outside organizations	-	-	282,128	282,128	283,316
Commodities	-	-	316,836	316,836	386,098
Debt service:					
Principal	-	-	1,362,597	1,362,597	2,736,010
Interest	-	220,008	282,518	502,526	434,946
Capital outlay	<u>259,296</u>	<u>2,255,953</u>	<u>149,293</u>	<u>2,664,542</u>	<u>5,586,655</u>
	<u>\$ 7,454,020</u>	<u>\$ 2,692,744</u>	<u>\$ 2,796,031</u>	<u>\$ 12,942,795</u>	<u>\$ 17,015,805</u>
Revenues over (under) expenditures	<u>\$ (848,250)</u>	<u>\$ (26,994)</u>	<u>\$ 3,771</u>	<u>\$ (871,473)</u>	<u>\$ (3,151,431)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Proceeds of long-term capital related debt	\$ -	\$ 153,422	\$ -	\$ 153,422	\$ 4,600,000
Accrued interest on bond sale	-	-	-	-	(9,021)
Operating transfer in (out)	710,000	-	-	710,000	670,000
Equity transfer in (out)	-	-	-	-	-
	<u>\$ 710,000</u>	<u>\$ 153,422</u>	<u>\$ -</u>	<u>\$ 863,422</u>	<u>\$ 5,260,979</u>
Net change in fund balances	\$ (138,250)	\$ 126,428	\$ 3,771	\$ (8,051)	\$ 2,109,548
Fund balances beginning	<u>148,348</u>	<u>3,078,646</u>	<u>799,937</u>	<u>4,026,931</u>	<u>1,917,383</u>
Fund balances ending	<u>\$ 10,098</u>	<u>\$ 3,205,074</u>	<u>\$ 803,708</u>	<u>\$ 4,018,880</u>	<u>\$ 4,026,931</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, 2007

	<u>2007</u>	<u>2006</u>
Net change in fund balances-total governmental funds	\$ (8,051)	\$ 2,109,548
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.	2,664,542	5,586,655
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(1,123,374)	(915,864)
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.		
Lease purchase proceeds	\$ (153,422)	
Bond proceeds	-	
Bond principal retirement	1,420,000	
Certificates of participation retirement	87,051	
Lease purchase retirement	69,048	
Notes payable retirement	<u>646,314</u>	
	2,068,989	(1,578,866)
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 2006 to 2007 was a decrease.	78,698	(38,156)
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 2006 to 2007 was a decrease.	(345,619)	(1,247,564)
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 2006 to 2007 was a decrease.	38,979	(55,592)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities activities net of amount allocated to business-type activities and depreciation expense.		
Change in net assets	\$ 4,137	
Net amount eliminated to governmental funds	<u>(93,892)</u>	
Change in net assets of governmental activities	<u>\$ 3,284,409</u>	<u>\$ 3,707,011</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, 2007

	Business-type Activities Enterprise Funds			
	Major Water	Major Sewage	Major Sanitation	Non-Major Storm Sewer
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 845,070	\$ 2,130,461	\$ 107,743	\$ 349,191
Receivables, net	<u>549,869</u>	<u>184,380</u>	<u>128,257</u>	<u>21,945</u>
Total current assets	<u>\$ 1,394,939</u>	<u>\$ 2,314,841</u>	<u>\$ 236,000</u>	<u>\$ 371,136</u>
Noncurrent assets:				
Restricted cash and cash equivalents	\$ 218,674	\$ -	\$ -	\$ -
Capital assets				
Land	160,375	-	-	-
Buildings and improvements	94,769	4,838,136	173,983	16,178
Meters, mains & service lines	3,551,812	-	-	-
Vehicles and equipment	1,712,253	197,312	1,142,771	-
Less: accumulated depreciation	<u>(3,793,519)</u>	<u>(1,937,219)</u>	<u>(970,525)</u>	<u>(11,325)</u>
Total noncurrent assets	<u>\$ 1,944,364</u>	<u>\$ 3,098,229</u>	<u>\$ 346,229</u>	<u>\$ 4,853</u>
Total assets	<u>\$ 3,339,303</u>	<u>\$ 5,413,070</u>	<u>\$ 582,229</u>	<u>\$ 375,989</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 95,495	\$ 47,044	\$ 20,823	\$ 2,541
Bonds, notes & loans payable	-	246,114	-	-
Accrued interest payable	-	29,280	-	-
Current portion/comp.absences	<u>11,967</u>	<u>6,836</u>	<u>3,809</u>	<u>-</u>
Total current liabilities	<u>\$ 107,462</u>	<u>\$ 329,274</u>	<u>\$ 24,632</u>	<u>\$ 2,541</u>
Noncurrent liabilities:				
Bonds, notes & loans payable	\$ -	\$ 653,862	\$ -	\$ -
Compensated absences	<u>127,889</u>	<u>71,067</u>	<u>90,488</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 127,889</u>	<u>\$ 724,929</u>	<u>\$ 90,488</u>	<u>\$ -</u>
Total liabilities	<u>\$ 235,351</u>	<u>\$ 1,054,203</u>	<u>\$ 115,120</u>	<u>\$ 2,541</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 1,725,690	\$ 2,198,253	\$ 346,229	\$ 4,853
Restricted for self insurance	172,639	-	-	-
Restricted for improvements	46,035	-	-	-
Unrestricted	<u>1,159,588</u>	<u>2,160,614</u>	<u>120,880</u>	<u>368,595</u>
Total net assets	<u>\$ 3,103,952</u>	<u>\$ 4,358,867</u>	<u>\$ 467,109</u>	<u>\$ 373,448</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, 2007

2007 <u>Total</u>	2007 Governmental Activities Internal Service Funds	2006 <u>Total</u>	2006 Governmental Activities Internal Service Funds
\$ 3,432,465	\$ 121,512	\$ 2,778,667	\$ 254,471
<u>884,451</u>	<u>-</u>	<u>1,001,068</u>	<u>-</u>
<u>\$ 4,316,916</u>	<u>\$ 121,512</u>	<u>\$ 3,779,735</u>	<u>\$ 254,471</u>
\$ 218,674	\$ -	\$ 114,320	\$ -
160,375	-	160,375	-
5,123,066	-	5,123,066	-
3,551,812	-	3,518,167	-
3,052,336	929,040	2,913,110	742,243
<u>(6,712,588)</u>	<u>(290,086)</u>	<u>(5,973,610)</u>	<u>(197,181)</u>
<u>\$ 5,393,675</u>	<u>\$ 638,954</u>	<u>\$ 5,855,428</u>	<u>\$ 545,062</u>
<u>\$ 9,710,591</u>	<u>\$ 760,466</u>	<u>\$ 9,635,163</u>	<u>\$ 799,533</u>
\$ 165,903	\$ 1,032	\$ 191,148	\$ 44,236
246,114	-	261,744	-
29,280	-	38,850	-
<u>22,612</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 463,909</u>	<u>\$ 1,032</u>	<u>\$ 491,742</u>	<u>\$ 44,236</u>
\$ 653,862	\$ -	\$ 899,976	\$ -
<u>289,444</u>	<u>-</u>	<u>328,976</u>	<u>-</u>
<u>\$ 943,306</u>	<u>\$ -</u>	<u>\$ 1,228,952</u>	<u>\$ -</u>
<u>\$ 1,407,215</u>	<u>\$ 1,032</u>	<u>\$ 1,720,694</u>	<u>\$ 44,236</u>
\$ 4,275,025	\$ 638,954	\$ 4,579,388	\$ 545,062
172,639	-	34,389	-
46,035	-	79,931	-
<u>3,809,677</u>	<u>120,480</u>	<u>3,220,761</u>	<u>210,235</u>
<u>\$ 8,303,376</u>	<u>\$ 759,434</u>	<u>\$ 7,914,469</u>	<u>\$ 755,297</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, 2007

	Business-Type Activities Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Storm Sewer</u>
Operating revenues:				
Charges for services	\$ 2,753,600	\$ 1,884,006	\$ 1,173,799	\$ 194,674
Miscellaneous	56,417	-	3,635	-
Penalties	<u>32,190</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>\$ 2,842,207</u>	<u>\$ 1,884,006</u>	<u>\$ 1,177,434</u>	<u>\$ 194,674</u>
Operating expenses:				
General government	\$ 456,022	\$ 300,191	\$ 220,916	\$ 93,713
Supervision	169,830	79,534	40,789	-
Pumping and supply	664,194	-	-	-
Meter reading	120,795	-	-	-
Distribution	435,538	-	-	-
Reimbursed expense	(1,883)	(101)	(464)	(42,305)
Disposal and treatment	-	460,141	-	-
Collection	-	233,575	-	-
Contractual	-	-	-	-
Sanitation	-	-	847,365	-
Depreciation	<u>353,554</u>	<u>261,638</u>	<u>122,977</u>	<u>809</u>
Total operating expenses	<u>\$ 2,198,050</u>	<u>\$ 1,334,978</u>	<u>\$ 1,231,583</u>	<u>\$ 52,217</u>
Operating income (loss)	\$ 644,157	\$ 549,028	\$ (54,149)	\$ 142,457
Nonoperating revenues (expenses):				
Proceeds from lease obligation	\$ -	\$ -	\$ -	\$ -
Interest revenue	40,228	67,971	3,733	5,745
Interest expense	<u>(25,756)</u>	<u>(56,599)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>\$ 14,472</u>	<u>\$ 11,372</u>	<u>\$ 3,733</u>	<u>\$ 5,745</u>
Income (loss) before contributions and transfers	\$ 658,629	\$ 560,400	\$ (50,416)	\$ 148,202
Capital contribution G.O. bonds	(109,958)	(107,950)	-	-
Transfers	<u>(360,000)</u>	<u>(275,000)</u>	<u>(75,000)</u>	<u>-</u>
Change in net assets	\$ 188,671	\$ 177,450	\$ (125,416)	\$ 148,202
Total net assets - beginning	<u>2,915,281</u>	<u>4,181,417</u>	<u>592,525</u>	<u>225,246</u>
Total net assets - ending	<u>\$ 3,103,952</u>	<u>\$ 4,358,867</u>	<u>\$ 467,109</u>	<u>\$ 373,448</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, 2007

2007 Total	2007 Governmental Activities Internal Service Funds	2006 Total	2006 Governmental Activities Internal Service Funds
\$ 6,006,079	\$ 1,295,740	\$ 5,971,939	\$ 1,040,216
60,052	260,486	49,701	226,008
<u>32,190</u>	<u>-</u>	<u>20,141</u>	<u>-</u>
<u>\$ 6,098,321</u>	<u>\$ 1,556,226</u>	<u>\$ 6,041,781</u>	<u>\$ 1,266,224</u>
\$ 1,070,842	\$ -	\$ 1,105,418	\$ -
290,153	-	274,980	-
664,194	-	771,486	-
120,795	-	118,556	-
435,538	-	459,633	-
(44,753)	(42,963)	(20,985)	(45,322)
460,141	-	364,607	-
233,575	-	191,645	-
-	1,606,172	-	1,388,804
847,365	-	781,969	-
<u>738,978</u>	<u>92,905</u>	<u>723,373</u>	<u>74,224</u>
<u>\$ 4,816,828</u>	<u>\$ 1,656,114</u>	<u>\$ 4,770,682</u>	<u>\$ 1,417,706</u>
\$ 1,281,493	\$ (99,888)	\$ 1,271,099	\$ (151,482)
\$ -	\$ 102,615	\$ -	\$ 105,075
117,677	1,410	103,809	2,246
<u>(82,355)</u>	<u>-</u>	<u>(100,094)</u>	<u>-</u>
<u>\$ 35,322</u>	<u>\$ 4,137</u>	<u>\$ 3,715</u>	<u>\$ 107,321</u>
\$ 1,316,815	\$ 4,137	\$ 1,274,814	\$ (44,161)
(217,908)	-	(218,095)	-
<u>(710,000)</u>	<u>-</u>	<u>(670,000)</u>	<u>-</u>
<u>\$ 388,907</u>	<u>\$ 4,137</u>	<u>\$ 386,719</u>	<u>\$ (44,161)</u>
<u>7,914,469</u>	<u>755,297</u>	<u>7,527,750</u>	<u>799,458</u>
<u>\$ 8,303,376</u>	<u>\$ 759,434</u>	<u>\$ 7,914,469</u>	<u>\$ 755,297</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, 2007

	Business-Type Activities Enterprise Funds	
	Water	Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 2,925,445	\$ 1,912,945
Payments to suppliers	(1,103,966)	(602,423)
Payments to employees	<u>(750,605)</u>	<u>(463,454)</u>
Net cash provided by operating activities	<u>\$ 1,070,874</u>	<u>\$ 847,068</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating transfers in (out)	\$ (360,000)	\$ (275,000)
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	\$ (63,540)	\$ (38,228)
Principal paid on capital debt	(133,958)	(345,694)
Interest and fees paid on capital debt	<u>(26,956)</u>	<u>(64,969)</u>
Net cash used by capital and related financing activities	<u>\$ (224,454)</u>	<u>\$ (448,891)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	\$ 40,228	\$ 67,971
Other	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>\$ 40,228</u>	<u>\$ 67,971</u>
Net increase (decrease) in cash and cash equivalents	\$ 526,648	\$ 191,148
Cash and cash equivalents at beginning of year	<u>537,096</u>	<u>1,939,313</u>
Cash and cash equivalents at end of year	<u>\$ 1,063,744</u>	<u>\$ 2,130,461</u>
<b>SUPPLEMENTAL SCHEDULE - COMPOSITION OF CASH</b>		
Current cash and cash equivalents	\$ 845,070	\$ 2,130,461
Restricted cash:		
Revenue bond debt service	-	-
Revenue bond reserve	-	-
Improvements	46,035	-
Self insurance	<u>172,639</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 1,063,744</u>	<u>\$ 2,130,461</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 644,157	\$ 549,028
(Increase) decrease in accounts receivable	83,238	28,939
Increase (decrease) in accounts payable	(10,075)	7,463
Depreciation	<u>353,554</u>	<u>261,638</u>
	<u>\$ 1,070,874</u>	<u>\$ 847,068</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, 2007

Business-Type Activities Enterprise Funds (Continued)		2007 Governmental Activities			2006 Governmental Activities	
Sanitation	Storm Sewer	2007 Total	Internal Service Funds	2006 Total	Internal Service Funds	
\$ 1,180,294	\$ 196,254	\$ 6,214,938	\$ 1,599,189	\$ 5,831,562	\$ 1,311,546	
(657,695)	(98,322)	(2,462,406)	(1,649,376)	(2,484,448)	(1,387,531)	
(443,550)	-	(1,657,609)	-	(1,584,299)	-	
<u>\$ 79,049</u>	<u>\$ 97,932</u>	<u>\$ 2,094,923</u>	<u>\$ (50,187)</u>	<u>\$ 1,762,815</u>	<u>\$ (75,985)</u>	
<u>\$ (75,000)</u>	<u>\$ -</u>	<u>\$ (710,000)</u>	<u>\$ -</u>	<u>\$ (670,000)</u>	<u>\$ -</u>	
\$ (71,103)	\$ -	\$ (172,871)	\$ (186,797)	\$ (266,055)	\$ (245,187)	
-	-	(479,652)	-	(471,754)	-	
-	-	(91,925)	-	(109,379)	-	
<u>\$ (71,103)</u>	<u>\$ -</u>	<u>\$ (744,448)</u>	<u>\$ (186,797)</u>	<u>\$ (847,188)</u>	<u>\$ (245,187)</u>	
\$ 3,733	\$ 5,745	\$ 117,677	\$ 1,410	\$ 103,809	\$ 2,246	
-	-	-	102,615	102,615	105,075	
<u>\$ 3,733</u>	<u>\$ 5,745</u>	<u>\$ 117,677</u>	<u>\$ 104,025</u>	<u>\$ 206,424</u>	<u>\$ 107,321</u>	
\$ (63,321)	\$ 103,677	\$ 758,152	\$ (132,959)	\$ 349,436	\$ (213,851)	
171,064	245,514	2,892,987	254,471	2,543,551	468,322	
<u>\$ 107,743</u>	<u>\$ 349,191</u>	<u>\$ 3,651,139</u>	<u>\$ 121,512</u>	<u>\$ 2,892,987</u>	<u>\$ 254,471</u>	
\$ 107,743	\$ 349,191	\$ 3,432,465	\$ 121,512	\$ 2,778,667	\$ 254,471	
-	-	-	-	5,896	-	
-	-	-	-	28,000	-	
-	-	46,035	-	46,035	-	
-	-	172,639	-	34,389	-	
<u>\$ 107,743</u>	<u>\$ 349,191</u>	<u>\$ 3,651,139</u>	<u>\$ 121,512</u>	<u>\$ 2,892,987</u>	<u>\$ 254,471</u>	
\$ (54,149)	\$ 142,457	\$ 1,281,493	\$ (99,888)	\$ 1,271,099	\$ (151,482)	
2,860	1,580	116,617	-	(210,219)	-	
7,361	(46,914)	(42,165)	(43,204)	(21,438)	1,273	
122,977	809	738,978	92,905	723,373	74,224	
<u>\$ 79,049</u>	<u>\$ 97,932</u>	<u>\$ 2,094,923</u>	<u>\$ (50,187)</u>	<u>\$ 1,762,815</u>	<u>\$ (75,985)</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, 2007

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 Accountants in the publication entitled Audits of State and Local Governmental Units, the Financial Accounting Standards Board (when applicable) and in accordance with the Kansas Municipal Audit Guide. Qualification or exceptions from generally accepted accounting principals are explained in the notes.

B. Financial Reporting Entity

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

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

Based on the aforementioned criteria, the City of Arkansas City, Kansas has four component units. The component units are the City Golf Course, City Library, South Central Regional Medical Center and the Cowley County Humane Society. The accounting for these organizations is not included in the City's basic financial statements and is a departure from generally accepted accounting principals.

C. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2007

Fund Financial Statements

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

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

General Fund

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

Capital Projects Fund

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

Proprietary Funds

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

Water, Sewer, Sanitation and Storm Water Funds

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

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

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

D. Measurement Focus/Basis of Accounting

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

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2007

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

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

The revenues subject to accrual are property taxes and charges for services. However, collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, which is in conformity with governing state statutes. Consequently, current year property taxes are not available as a resource that can be used to finance the current year operations of the City and therefore are not subject to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2008. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one half of the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 20 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year.

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

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

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

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

CITY OF ARKANSAS CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For The Year Ended December 31, 2007

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

The current year change is reflected in the statement of activities. The following schedule shows the changes in receivables from December 31, 2006 to December 31, 2007.

Government Fund <u>Receivables</u>	Balance December 31, 2006	Increase (Decrease)	Balance December 31, 2007
Taxes receivable	\$3,118,000	\$ 90,640	\$ 3,208,640
Accounts receivable	470,806	145,307	616,113
Special assessments	<u>388,170</u>	<u>69,086</u>	<u>457,256</u>
	<u>\$3,976,976</u>	<u>\$ 305,033</u>	<u>\$ 4,282,009</u>

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

	Balance December 31, 2006	Increase (Decrease)	Balance December 31, 2007
Governmental activities	\$ 548,824	\$ (38,979)	\$ 509,845
Business activities	<u>38,850</u>	<u>(9,570)</u>	<u>29,280</u>
	<u>\$ 587,674</u>	<u>\$ (48,549)</u>	<u>\$ 539,125</u>

E. Budgets

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There was one amendment to the original 2007 budget. The Project Independence Fund increased expenditure authorization from \$125,615 to \$139,148.

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

CITY OF ARKANSAS CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For The Year Ended December 31, 2007

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

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

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

F. Cash and Investments

Cash balances pooled from all funds are considered in determining the amount to be invested and all investment income is credited to the proper designated funds. All investments were in compliance with K.S.A. 12-1675. The carrying amount is equal to the market value of all items of cash and investments. At 12-31-2007, cash and investments included certificates of deposit and interest bearing checking accounts and temporary notes. See Schedule 1. At December 31, 2007 the City's carrying amount of deposits was \$8,472,798 and the bank balance was \$8,477,881. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance \$300,000 was covered by federal depository insurance, and \$9,352,635 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	\$ 100,000	
(Secured with 3rd party joint custody receipts)	<u>5,303,048</u>	
Sub-total for Home National Bank	<u>\$ 5,403,048</u>	<u>\$ 5,403,048</u>
Union State Bank:		
Insured FDIC	\$ 100,000	
(Secured with 3rd party joint custody receipts)	<u>800,000</u>	
Sub-total for Union State Bank	<u>\$ 900,000</u>	<u>\$ 900,000</u>
CornerBank:		
Insured FDIC	\$ 100,000	
(Secured with 3rd party joint custody receipts)	<u>1,900,000</u>	
Sub-total for CornerBank	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Total deposits	<u>\$ 8,303,048</u>	
<u>Cash</u>		
Petty cash on hand	\$ 1,750	\$ 1,750
Temporary notes	<u>168,000</u>	<u>168,000</u>
Total cash deposits and cash on hand	<u>\$ 8,472,798</u>	<u>\$ 8,472,798</u>

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

G. Inventories

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

CITY OF ARKANSAS CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For The Year Ended December 31, 2007

H. Transactions Between Funds

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

Operating Transfers

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
Waterworks	General	12-825d	\$ 360,000
Sewer	General	12-825d	275,000
Sanitation	General	12-825d	<u>75,000</u>
Total operating transfers			<u>\$ 710,000</u>

I. Compensated Absences

Generally accepted accounting principles for governmental entities require recording compensated absences in all funds. The funds should record the liability as current and noncurrent based upon whether or not the related expense is estimated to be paid within the next year. The schedule below shows the balances by fund at December 31, 2006 and December 31, 2007.

<u>Fund</u>	<u>Balance December 31, 2006</u>	<u>Increase (Decrease)</u>	<u>Balance December 31, 2007</u>
General	\$ 895,389	\$ (90,662)	\$ 804,727
Special Street & Highway	<u>11,193</u>	<u>11,964</u>	<u>23,157</u>
Total governmental funds	<u>\$ 906,582</u>	<u>\$ (78,698)</u>	<u>\$ 827,884</u>
Water	\$ 152,943	\$ (13,087)	\$ 139,856
Sewer	85,397	(7,494)	77,903
Sanitation	<u>90,636</u>	<u>3,661</u>	<u>94,297</u>
Total business-type funds	<u>\$ 328,976</u>	<u>\$ (16,920)</u>	<u>\$ 312,056</u>
Total compensated absences	<u>\$ 1,235,558</u>	<u>\$ (95,618)</u>	<u>\$ 1,139,940</u>

J. Capital Assets

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

K. Net Assets

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

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2007

2. Capital Assets

Capital asset activity for the year ended December 31, 2007 is as follows:

	<u>Balance</u> <u>January 1, 2007</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirements/</u> <u>Adjustments</u>	<u>Balance</u> <u>December 31, 2007</u>
<b>Governmental Activities</b>				
Land	\$ 1,708,511	\$ 513,340	\$ -	\$ 2,221,851
Infrastructure and buildings	28,730,204	1,489,527	-	30,219,731
Equipment	1,976,088	1,330,340	-	3,306,428
Accumulated depreciation	<u>(3,044,793)</u>	<u>(1,123,374)</u>	<u>-</u>	<u>(4,168,167)</u>
<b>Total governmental activities</b>	<u>\$ 29,370,010</u>	<u>\$ 2,209,833</u>	<u>\$ -</u>	<u>\$ 31,579,843</u>
<b>Business-type Activities</b>				
Land	\$ 160,375	\$ -	\$ -	\$ 160,375
Buildings and improvements	5,123,066	-	-	5,123,066
Meters, mains and service lines	3,518,167	33,645	-	3,551,812
Vehicles and equipment	2,913,110	139,226	-	3,052,336
Accumulated depreciation	<u>(5,973,610)</u>	<u>(738,978)</u>	<u>-</u>	<u>(6,712,588)</u>
<b>Total business-type activities</b>	<u>\$ 5,741,108</u>	<u>\$ (566,107)</u>	<u>\$ -</u>	<u>\$ 5,175,001</u>
<b>Total capital assets</b>	<u>\$ 35,111,118</u>	<u>\$ 1,643,726</u>	<u>\$ -</u>	<u>\$ 36,754,844</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 fixed assets recorded at December 31, 2004. The governmental funds' infrastructure assets recorded in 2007 were 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 are 20 years and equipment is 10 years. Business entity assets remaining at December 31, 2004 were estimated to have one half of their useful life remaining. New infrastructure is estimated to have a useful life of 40 years. The remaining basis of traded assets is added to the cost of new assets and gains or losses have not been recognized which would be immaterial.

The schedule below shows accumulated depreciation at December 31, 2006 and December 31, 2007 based upon these estimates.

	<u>Accumulated</u> <u>Depreciation</u> <u>January 1, 2007</u>	<u>2007</u> <u>Depreciation</u>	<u>2007</u> <u>Adjustments</u>	<u>Accumulated</u> <u>Depreciation</u> <u>December 31, 2007</u>
Governmental funds	\$ 3,044,793	\$ 1,123,374	\$ -	\$ 4,168,167
Business type activities	<u>5,973,610</u>	<u>738,978</u>	<u>-</u>	<u>6,712,588</u>
<b>Total accumulated depreciation</b>	<u>\$ 9,018,403</u>	<u>\$ 1,862,352</u>	<u>\$ -</u>	<u>\$ 10,880,755</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.

CITY OF ARKANSAS CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For The Year Ended December 31, 2007

3. Long-term Debt

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

	<u>Series Number</u>	<u>Date of Issue</u>
<u>General Obligation Bonds</u>		
Internal improvements	1993	10/01/93
Internal improvements	1998-A	05/01/98
Internal improvements	1999	01/01/99
Internal improvements	2000	05/01/00
Internal improvements	2001	10/01/01
Internal improvements	2002	10/01/02
Internal improvements	2003	08/01/03
Internal improvements	2005	12/01/05
<u>Temporary Notes</u>		
Internal improvements	2005-1	08/01/06
Internal improvements	2005-2	11/01/06
Internal improvements	2006-1	11/01/06
<u>Lease Purchases</u>		
Firetruck	2006	08/18/06
Ambulance	2007	10/30/07
<u>Certificates of Participation</u>		
Humane society	2002	12/01/02
<u>KDHE Revolving Loan</u>		
Sanitation	2000	01/10/00
CDBG	2001	01/01/01
CDBG	2003	10/08/03

The following is a summary of debt transactions of the City for the year ended December 31, 2007:

	<u>General Obligations</u>	<u>Revenue Bonds</u>	<u>Temporary Notes</u>
Bonds and notes payable			
January 1, 2007	\$ 8,105,000	\$ 24,000	\$ 5,928,000
New issues	-	-	-
Bonds retired			
tax levy revenue	(1,191,090)	-	-
utility revenue	(217,908)	(24,000)	-
special revenue	(11,002)	-	-
Notes retired			
utility revenue	-	-	-
tax levy revenue	-	-	-
other entities	-	-	-
Cert. of part. retired			
tax levy revenue	-	-	-
Lease purchase retired			
tax levy revenue	-	-	-
Long-term debt outstand.			
December 31, 2007	<u>\$ 6,685,000</u>	<u>\$ -</u>	<u>\$ 5,928,000</u>



CITY OF ARKANSAS CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For The Year Ended December 31, 2007

<u>Interest Rate</u>	<u>Original Amount</u>	<u>Maturity</u>		
3.20% to 6.20%	\$ 1,600,000	12/01/08		
4.15% to 6.125 %	1,200,000	12/01/08		
3.60% to 4.50 %	1,261,000	12/01/08		
5.00% to 6.50 %	1,790,000	12/01/09		
3.15% to 4.25 %	1,175,000	12/01/11		
3.50% to 5.30 %	2,200,000	04/01/12		
2.50% to 3.75%	3,685,000	12/01/13		
3.60% to 5.50%	2,095,000	12/01/15		
3.28%	1,160,000	08/01/09		
3.50%	168,000	11/01/08		
3.70%	4,600,000	11/01/08		
4.89%	668,665	02/01/16		
4.43%	153,422	02/01/10		
4.59%	350,000	12/01/12		
3.49%	2,990,300	03/01/11		
2.00%	375,000	07/01/11		
4.00%	750,000	10/08/16		
	<u>Certificates of Participation</u>	<u>CBDG &amp; KDHE Loans</u>	<u>Total</u>	
<u>Lease Purchase</u>				
\$ 668,665	\$ 335,184	\$ 2,005,606	\$ 17,066,455	
153,422	-	-	153,422	
-	-	-	(1,191,090)	
-	-	-	(241,908)	
-	-	-	(11,002)	
-	-	(237,744)	(237,744)	
-	-	(37,334)	(37,334)	
-	-	(646,313)	(646,313)	
-	(49,717)	-	(49,717)	
(69,047)	-	-	(69,047)	
<u>\$ 753,040</u>	<u>\$ 285,467</u>	<u>\$ 1,084,215</u>	<u>\$ 14,735,722</u>	

CITY OF ARKANSAS CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For The Year Ended December 31, 2007

The annual requirements to amortize the bonds outstanding as of December 31, 2007, including interest are as follows:

Year	.. General Obligation ..		.... Lease Purchase .....		Certificates of Participation .....		CDBG & KDHE Loans .....	
	Bonds Outstanding	Interest	Principal Outstanding	Interest	Principal Outstanding	Interest	Principal Outstanding	Interest and Fees
2008	1,465,000	247,397	106,737	31,503	51,994	13,321	284,199	32,776
2009	1,160,000	188,955	106,584	31,658	54,450	10,865	293,628	23,346
2010	975,000	144,710	111,723	26,518	56,984	8,331	303,379	13,596
2011	1,020,000	109,169	62,996	21,220	59,636	5,679	175,763	3,514
2012	905,000	70,813	66,120	18,096	62,403	2,913	27,246	339
2013-2017	<u>1,160,000</u>	<u>68,705</u>	<u>298,880</u>	<u>37,984</u>	-	-	-	-
Total	<u>\$ 6,685,000</u>	<u>\$ 829,749</u>	<u>\$ 753,040</u>	<u>\$ 166,979</u>	<u>\$ 285,467</u>	<u>\$ 41,109</u>	<u>\$ 1,084,215</u>	<u>\$ 73,571</u>

Temporary notes series 2006-1 in the amount of \$4,600,000 were issued in 2006. Temporary note series 2005-1 in the amount of \$1,160,000 and 2005-2 in the amount of \$168,000 are still outstanding.

Series	Amount	Issue Date	Maturity Date
2005-1	\$ 1,160,000	8/1/2005	8/1/2009
2005-2	\$ 168,000	11/1/2005	11/1/2008
2006-1	\$4,600,000	11/1/2006	11/1/2008

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

Deposits at Home National Bank were undersecured for at least two days during the year.

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

5. Lease of Hospital Facilities

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

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2007

6. Contingent Liability - Pending Litigation

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

The City, through counsel appointed by its insurance carrier, rigorously defended this action. The City's maximum exposure is approximately the same amount the City is seeking from the owners.

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 \$10,098 in the General fund and \$172,639 in the Water Fund.

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2007

8. Proprietary Segment Information

The City maintains four proprietary funds which provide water, sewer, sanitation and storm sewer services. Segment information for the year ended December 31, 2007 was as follows:

	Waterworks Fund	Sewer Fund	Sanitation Fund	Storm Sewer Fund	Total Proprietary Funds
Operating revenues	\$ 2,743,151	\$ 1,884,006	\$ 1,177,434	\$ 194,674	\$ 5,999,265
Operating income (loss)	545,101	549,028	(54,149)	142,457	1,182,437
Operating transfers in (out)	(360,000)	(275,000)	(75,000)	-	(710,000)
Non-operating revenue	14,472	11,372	3,733	5,745	35,322
Tax revenues	-	-	-	-	-
Net income	89,615	177,450	(125,416)	148,202	289,851
Capital asset additions	63,540	38,228	71,103	-	172,871
Depreciation	(353,554)	(261,638)	(122,977)	(809)	(738,978)
Net working capital	1,188,421	1,985,567	211,368	368,595	3,753,951
Total assets	3,240,247	5,413,070	582,229	375,989	9,611,535
Revenue bonds outstanding	-	-	-	-	-
Loans outstanding	-	653,863	-	-	653,863
Total net assets	\$ 3,004,896	\$ 4,358,867	\$ 467,109	\$ 373,448	\$ 8,204,320

9. Comparative Data

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

10. Levee Project - Corp of Engineers - Escrow

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

The amount deposited to the escrow account during 2007 was \$0, and \$0 was withdrawn payable to the Corps of Engineers. Interest earned was \$537 for 2005, \$1,477 for 2006 and \$2,486 for 2007. A separate bank account was established at the Home National Bank to account for the cash contribution, drawing and interest earned. At December 31, 2007, the balance on hand was \$328,477. The City of Arkansas City has not recorded the escrow account as an asset of the City. It is anticipated the total amount of the account plus additional cash contributions will be required of the City in order to satisfy the cost sharing of this project.

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2007

11. Capital Projects

The City has several capital projects to modify or improve certain City assets. The total authorization for all projects still active at December 31, 2007 is \$20,324,951. Total expenditures to date equal \$18,648,253. Several projects have reimbursements coming back to the City for amounts in excess of amounts authorized.

12. Conduit Debt Obligations

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

As of June 30, 2008, there were seven series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$6,459,148.

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

A Kansas Veteran's Home has been established on the vacant Winfield (Kansas) State Hospital campus. The City of Winfield has committed to the Kansas State legislature local support of the project in the amount of \$1,250,000. In turn, the City of Winfield asked the City of Arkansas City to share in the local support in the amount of \$15,000 per year for ten years. The City of Arkansas City has entered into an interlocal cooperation agreement by and between the City of Arkansas City, the City of Winfield and Cowley County, Kansas. The City of Arkansas City has agreed to pay \$15,000 per year for ten consecutive years, with the initial payment to be made on or before March 1, 1999, and successive payments to be made on or before March 1 of each year thereafter. The parties acknowledged that the obligation of the City of Arkansas City under the agreement is subject to K.S.A. 10-1101 et seq., and as such the City is obligated only to the extent that it has funds actually on hand in its treasury at the time for such purpose. Therefore, there has not been an accrual recorded on the financial statements of the City. In addition, the City has not encumbered any funds of the City for the year ended December 31, 2007. The City paid \$15,000 during 2007.

CITY OF ARKANSAS CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended December 31, 2007

14. Interlocal Cooperation Agreement - Strother Field

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

15. Temporary Notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are retired from the proceeds of the sale of new temporary notes and general obligation bonds.

16. Defined Benefit Pension Plan

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

*Funding policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% and 8% of covered salary. The employer collects and remits member-employer contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for calendar year 2007 is 4.31%. The City of Arkansas City contributions to KPERS for the years ending December 31, 2007, 2006 and 2005 were \$130,503, \$108,141 and \$92,097 respectively, equal of the statutory required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning 2007 is 14.58%. 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, 2007, 2006 and 2005 were, \$338,499, \$333,695 and \$291,826, 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, 2007

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 Receivables

The City had a CDBG loan with the State of Kansas Department of Commerce in the amount of \$646,313 and accrued interest of \$4,338 at the end of 2006. These funds were used for improvements at Kan-Pac LLC. The City then received a mortgage from Kan-Pac LLC. This mortgage to the City from Kan-Pac LLC was paid off in total in 2007 and the City retired the CDBG loan with the State of Kansas in 2007.

19. 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.

20. Related Party

The City paid \$130,365 to Kuhn Mechanical in 2007. The company is owned by Mell Kuhn who served as City Commissioner in the year 2007. The transactions were arm's length.

CITY OF ARKANSAS CITY, KANSAS  
GENERAL FUND  
BALANCE SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ 214,093	\$ 214,548
Receivables (net of allowance for uncollectibles):		
Taxes	2,084,336	2,017,000
Accounts - Refuse and others	616,113	470,806
Due from other funds	-	-
Restricted assets:		
Restricted cash (Note 7)	<u>10,098</u>	<u>148,348</u>
 Total assets	 <u>\$ 2,924,640</u>	 <u>\$2,850,702</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
 <u>Liabilities</u>		
Accounts payable	\$ 214,093	\$ 214,548
Deferred revenue	<u>2,700,449</u>	<u>2,487,806</u>
 Total liabilities	 <u>\$ 2,914,542</u>	 <u>\$2,702,354</u>
 <u>Fund balance</u>		
Unreserved:		
Undesignated	\$ -	\$ -
Reserved	<u>10,098</u>	<u>148,348</u>
 Total fund balance	 <u>\$ 10,098</u>	 <u>\$ 148,348</u>
 Total liabilities and fund balance	 <u>\$ 2,924,640</u>	 <u>\$2,850,702</u>

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



CITY OF ARKANSAS CITY, KANSAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2007 and 2006

	2007 <u>Actual</u>	2007 <u>Budget</u>	Variance- Favorable (Unfavorable)	2006 <u>Actual</u>
<b>Revenues</b>				
Taxes	\$ 4,558,968	\$ 4,762,222	\$ (203,254)	\$4,535,647
Intergovernmental revenue	579,484	473,000	106,484	559,760
Licenses, fees and permits	60,980	36,700	24,280	34,589
Charges for services	398,856	375,100	23,756	395,084
Fines, forfeitures and penalties	482,113	477,500	4,613	496,820
Use of money and property	264,855	189,150	75,705	237,856
Miscellaneous	<u>260,514</u>	<u>200,500</u>	<u>60,014</u>	<u>273,368</u>
<b>Total revenues</b>	<b><u>\$ 6,605,770</u></b>	<b><u>\$ 6,514,172</u></b>	<b><u>\$ 91,598</u></b>	<b><u>\$6,533,124</u></b>
<b>Expenditures</b>				
<b>General government:</b>				
City commission	\$ 42,951	\$ 54,650	\$ 11,699	\$ 52,147
City manager	91,002	87,780	(3,222)	84,078
Community support	39,602	39,720	118	47,662
Legal council	139,450	113,358	(26,092)	152,365
Administration	322,731	337,345	14,614	352,129
Code enforcement	296,439	286,277	(10,162)	269,558
Non-departmental	72,278	286,862	214,584	66,015
Planning	109	2,460	2,351	155
Animal control - Humane Society	<u>70,852</u>	<u>53,650</u>	<u>(17,202)</u>	<u>52,408</u>
<b>Total general government</b>	<b><u>\$ 1,075,414</u></b>	<b><u>\$ 1,262,102</u></b>	<b><u>\$ 186,688</u></b>	<b><u>\$1,076,517</u></b>
<b>Public safety:</b>				
Law enforcement	\$ 2,571,113	\$ 2,489,567	\$ (81,546)	\$2,522,873
Fire fighting	1,972,844	1,832,924	(139,920)	1,824,113
Civil defense	<u>40,472</u>	<u>46,900</u>	<u>6,428</u>	<u>36,243</u>
<b>Total public safety</b>	<b><u>\$ 4,584,429</u></b>	<b><u>\$ 4,369,391</u></b>	<b><u>\$ (215,038)</u></b>	<b><u>\$4,383,229</u></b>
<b>Public works:</b>				
Supervision	\$ 91,618	\$ 89,655	\$ (1,963)	\$ 91,913
Street repair	304,684	279,950	(24,734)	281,964
Street lighting	129,029	150,000	20,971	151,784
Cemetery	149,195	163,400	14,205	139,892
Public buildings	<u>128,182</u>	<u>134,702</u>	<u>6,520</u>	<u>122,081</u>
<b>Total public works</b>	<b><u>\$ 802,708</u></b>	<b><u>\$ 817,707</u></b>	<b><u>\$ 14,999</u></b>	<b><u>\$ 787,634</u></b>

Not a budget violation due to reimbursed expense.

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

CITY OF ARKANSAS CITY, KANSAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET (CONTINUED)  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Budget</u>	Variance- Favorable <u>(Unfavorable)</u>	<u>2006</u> <u>Actual</u>
<u>Expenditures (continued)</u>				
Culture and recreation:				
Park	\$ 488,456	\$ 536,320	\$ 47,864	\$ 508,918
Baseball park	8,032	20,530	12,498	11,491
Swimming pool	74,117	70,230	(3,887)	71,605
NW Community Center	49,204	66,775	17,571	49,304
Senior Citizen	201,659	210,850	9,191	198,689
Museum	140,679	136,780	(3,899)	146,426
Teen Center	24,994	32,805	7,811	25,917
Human Relations Council	<u>4,328</u>	<u>-</u>	<u>(4,328)</u>	<u>4,071</u>
 Total culture and recreation	 <u>\$ 991,469</u>	 <u>\$ 1,074,290</u>	 <u>\$ 82,821</u>	 <u>\$ 1,016,421</u>
 Capital outlay:				
Non-departmental	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Total expenditures	 <u>\$ 7,454,020</u>	 <u>\$ 7,523,490</u>	 <u>\$ 69,470</u>	 <u>\$ 7,263,801</u>
 Revenues over (under) expenditures	 <u>\$ (848,250)</u>	 <u>\$ (1,009,318)</u>	 <u>\$ -</u>	 <u>\$ (730,677)</u>
 <u>Other financing sources (uses)</u>				
Transfers in	\$ 710,000	\$ 710,000	\$ -	\$ 670,000
Transfers (out)	-	-	-	-
Equity transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	 <u>\$ 710,000</u>	 <u>\$ 710,000</u>	 <u>\$ -</u>	 <u>\$ 670,000</u>
 Excess of revenues and other sources over expenditures and other uses	 <u>\$ (138,250)</u>	 <u>\$ (299,318)</u>	 <u>\$ 161,068</u>	 <u>\$ (60,677)</u>
 Fund balance, beginning	 <u>148,348</u>	 <u>299,318</u>	 <u>(150,970)</u>	 <u>209,025</u>
 Fund balance, ending	 <u>\$ 10,098</u>	 <u>\$ -</u>	 <u>\$ 10,098</u>	 <u>\$ 148,348</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, 2007

	Special Revenue Service Funds	Debt Service Fund	Trust & Agency Funds	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 701,903	\$ 138,754	\$ 190,970	\$1,031,627
Receivables - taxes	274,304	850,000	-	1,124,304
Cash with fiscal agent	-	-	-	-
Special assessments	-	457,256	-	457,256
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>976,207</u>	\$ <u>1,446,010</u>	\$ <u>190,970</u>	\$ <u>2,613,187</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>Liabilities</u>				
Accounts payable	\$ 36,949	\$ -	\$ 61,322	\$ 98,271
Deferred revenue	274,304	1,307,256	-	1,581,560
Matured coupons	-	-	-	-
Due to other agencies	-	-	129,648	129,648
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	\$ <u>311,253</u>	\$ <u>1,307,256</u>	\$ <u>190,970</u>	\$ <u>1,809,479</u>
<u>Fund balance</u>				
Reserved	\$ 120,688	\$ -	\$ -	\$ 120,688
Undesignated	544,266	138,754	-	683,020
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	\$ <u>664,954</u>	\$ <u>138,754</u>	\$ <u>-</u>	\$ <u>803,708</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	\$ <u>976,207</u>	\$ <u>1,446,010</u>	\$ <u>190,970</u>	\$ <u>2,613,187</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, 2007

<u>Revenues</u>	Special Revenue Funds	Debt Service Fund	Total
Taxes	\$ 544,496	\$ 1,290,884	\$ 1,835,380
Intergovernmental	400,535	-	400,535
Interest	1,421	-	1,421
Miscellaneous	<u>178,258</u>	<u>384,208</u>	<u>562,466</u>
 Total revenues	 <u>\$ 1,124,710</u>	 <u>\$ 1,675,092</u>	 <u>\$ 2,799,802</u>
 <u>Expenditures</u>			
Current:			
General government	\$ 5,250	\$ -	\$ 5,250
Public Safety	20,224	-	20,224
Public Works	680,110	-	680,110
Culture and recreation	296,028	-	296,028
Debt service:			
Principal	11,002	1,351,595	1,362,597
Interest and fees	2,814	279,715	282,529
Capital outlay	<u>149,293</u>	<u>-</u>	<u>149,293</u>
 Total expenditures	 <u>\$ 1,164,721</u>	 <u>\$ 1,631,310</u>	 <u>\$ 2,796,031</u>
 Revenues over (under) expenditures	 <u>\$ (40,011)</u>	 <u>\$ 43,782</u>	 <u>\$ 3,771</u>
 Other financing sources (uses)			
Transfer in	\$ -	\$ -	\$ -
Accrued interest on bond sale	-	-	-
Equity transfer out	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
 Revenues and other sources over (under) expenditures and other uses	 <u>\$ (40,011)</u>	 <u>\$ 43,782</u>	 <u>\$ 3,771</u>
 Fund balance beginning of year	 <u>704,965</u>	 <u>94,972</u>	 <u>799,937</u>
 Fund balance end of year	 <u>\$ 664,954</u>	 <u>\$ 138,754</u>	 <u>\$ 803,708</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, 2007 and 2006

	Employee Benefits Library Fund	Convention Center Fund	Public Library Fund	Special Street and Highway Fund	Street Main- tenance Fund	Alcohol Program Fund
<u>ASSETS</u>						
Cash and investments	\$ -	\$ 20,634	\$ -	\$ 124,691	\$ 141,119	\$ 8,947
Receivables (net of allowance for uncollectibles):						
Taxes	39,304	-	235,000	-	-	-
Other	-	-	-	-	-	-
Federal grant	-	-	-	-	-	-
Restricted cash	-	35,716	-	-	-	-
 Total assets	 <u>\$ 39,304</u>	 <u>\$ 56,350</u>	 <u>\$ 235,000</u>	 <u>\$ 124,691</u>	 <u>\$ 141,119</u>	 <u>\$ 8,947</u>
<u>LIABILITIES &amp; FUND BALANCE</u>						
<u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ 27,146	\$ 5,146	\$ -
Due to other fund	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Deferred revenue	39,304	-	235,000	-	-	-
 Total liabilities	 <u>\$ 39,304</u>	 <u>\$ -</u>	 <u>\$ 235,000</u>	 <u>\$ 27,146</u>	 <u>\$ 5,146</u>	 <u>\$ -</u>
<u>Fund balance</u>						
Undesignated	\$ -	\$ 20,634	\$ -	\$ 97,545	\$ 135,973	\$ 8,947
Reserve	-	35,716	-	-	-	-
 Total fund balance	 <u>\$ -</u>	 <u>\$ 56,350</u>	 <u>\$ -</u>	 <u>\$ 97,545</u>	 <u>\$ 135,973</u>	 <u>\$ 8,947</u>
 Total liabilities and fund balance	 <u>\$ 39,304</u>	 <u>\$ 56,350</u>	 <u>\$ 235,000</u>	 <u>\$ 124,691</u>	 <u>\$ 141,119</u>	 <u>\$ 8,947</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, 2007 and 2006

<u>Grant Fund</u>	<u>Special Recrea- tion and Park Fund</u>	<u>Memorial Hospital Fund</u>	<u>Tourism Fund</u>	<u>Project Indepen- dence Fund</u>	<u>DARE Program Fund</u>	<u>Economic Develop- ment Fund</u>	..... Total .....	
							December 31,	
							<u>2007</u>	<u>2006</u>
\$ -	\$ 15,903	\$ 14,131	\$ 45,061	\$ 68,912	\$ 22,305	\$ 119,512	\$ 581,215	\$ 584,583
-	-	-	-	-	-	-	274,304	253,000
-	-	-	-	-	-	-	-	-
-	-	-	-	84,972	-	-	120,688	135,135
<u>\$ -</u>	<u>\$ 15,903</u>	<u>\$ 14,131</u>	<u>\$ 45,061</u>	<u>\$ 153,884</u>	<u>\$ 22,305</u>	<u>\$ 119,512</u>	<u>\$ 976,207</u>	<u>\$ 972,718</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,953	\$ 704	\$ -	\$ 36,949	\$ 14,753
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	274,304	253,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,953</u>	<u>\$ 704</u>	<u>\$ -</u>	<u>\$ 311,253</u>	<u>\$ 267,753</u>
\$ -	\$ 15,903	\$ 14,131	\$ 45,061	\$ 64,959	\$ 21,601	\$ 119,512	\$ 544,266	\$ 569,830
-	-	-	-	84,972	-	-	120,688	135,135
<u>\$ -</u>	<u>\$ 15,903</u>	<u>\$ 14,131</u>	<u>\$ 45,061</u>	<u>\$ 149,931</u>	<u>\$ 21,601</u>	<u>\$ 119,512</u>	<u>\$ 664,954</u>	<u>\$ 704,965</u>
<u>\$ -</u>	<u>\$ 15,903</u>	<u>\$ 14,131</u>	<u>\$ 45,061</u>	<u>\$ 153,884</u>	<u>\$ 22,305</u>	<u>\$ 119,512</u>	<u>\$ 976,207</u>	<u>\$ 972,718</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, 2007 and 2006

	Employee Benefits Library Fund	Convention Center Fund	Public Library Fund	Special Street and Highway Fund	Street Main- tenance Fund	Alcohol Program Fund
<u>Revenues</u>						
Taxes	\$ 25,196	\$ -	\$ 251,800	\$ -	\$ 95,207	\$ -
Intergovernmental revenue	-	-	-	381,884	-	9,325
Use of money and property	-	1,015	-	-	-	-
Miscellaneous	-	6,883	-	-	-	-
<b>Total revenues</b>	<u>\$ 25,196</u>	<u>\$ 7,898</u>	<u>\$ 251,800</u>	<u>\$ 381,884</u>	<u>\$ 95,207</u>	<u>\$ 9,325</u>
<u>Expenditures</u>						
Current:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,250
Public safety	-	-	-	-	-	-
Public works	-	600	-	312,912	98,779	-
Culture and recreation	25,196	-	256,932	-	-	-
Debt service-principal & interest	-	-	-	-	-	-
Capital outlay	-	-	-	108,908	-	-
<b>Total expenditures</b>	<u>\$ 25,196</u>	<u>\$ 600</u>	<u>\$ 256,932</u>	<u>\$ 421,820</u>	<u>\$ 98,779</u>	<u>\$ 5,250</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 7,298</u>	<u>\$ (5,132)</u>	<u>\$ (39,936)</u>	<u>\$ (3,572)</u>	<u>\$ 4,075</u>
<u>Other financing sources (uses)</u>						
Transfers in (out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total other financing sources (uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenue over expenditures and other financing sources	\$ -	\$ 7,298	\$ (5,132)	\$ (39,936)	\$ (3,572)	\$ 4,075
Fund balance, beginning	-	49,052	5,132	137,481	139,545	4,872
Fund balance, ending	<u>\$ -</u>	<u>\$ 56,350</u>	<u>\$ -</u>	<u>\$ 97,545</u>	<u>\$ 135,973</u>	<u>\$ 8,947</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, 2007 and 2006

Grant Fund	Special Recreation And Park Fund	Memorial Hospital Fund	Tourism Fund	Project Indepen- dence Fund	DARE Program Fund	Economic Develop- ment Fund	..... Total .....	
							December 31,	
							<u>2007</u>	<u>2006</u>
\$ -	\$ -	\$ -	\$ 77,087	\$ -	\$ -	\$ 95,206	\$ 544,496	\$ 553,280
33,250	9,326	-	-	-	-	-	433,785	411,034
-	-	406	-	-	-	-	1,421	1,385
-	-	-	-	131,914	6,211	-	145,008	1,604,541
<u>\$ 33,250</u>	<u>\$ 9,326</u>	<u>\$ 406</u>	<u>\$ 77,087</u>	<u>\$ 131,914</u>	<u>\$ 6,211</u>	<u>\$ 95,206</u>	<u>\$ 1,124,710</u>	<u>\$ 2,570,240</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,250	\$ 7,250
-	-	-	-	-	20,224	-	20,224	19,599
-	-	-	54,999	113,282	-	99,538	680,110	750,120
-	13,900	-	-	-	-	-	296,028	293,116
-	-	-	-	13,816	-	-	13,816	1,459,325
<u>33,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,135</u>	<u>-</u>	<u>-</u>	<u>149,293</u>	<u>105,812</u>
<u>\$ 33,250</u>	<u>\$ 13,900</u>	<u>\$ -</u>	<u>\$ 54,999</u>	<u>\$ 134,233</u>	<u>\$ 20,224</u>	<u>\$ 99,538</u>	<u>\$ 1,164,721</u>	<u>\$ 2,635,222</u>
<u>\$ -</u>	<u>\$ (4,574)</u>	<u>\$ 406</u>	<u>\$ 22,088</u>	<u>\$ (2,319)</u>	<u>\$ (14,013)</u>	<u>\$ (4,332)</u>	<u>\$ (40,011)</u>	<u>\$ (64,982)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (4,574)	\$ 406	\$ 22,088	\$ (2,319)	\$ (14,013)	\$ (4,332)	\$ (40,011)	\$ (64,982)
-	20,477	13,725	22,973	152,250	35,614	123,844	704,965	769,947
<u>\$ -</u>	<u>\$ 15,903</u>	<u>\$ 14,131</u>	<u>\$ 45,061</u>	<u>\$ 149,931</u>	<u>\$ 21,601</u>	<u>\$ 119,512</u>	<u>\$ 664,954</u>	<u>\$ 704,965</u>

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



CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
LIBRARY EMPLOYEE BENEFITS FUND  
BALANCE SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ -	\$ -
Receivables (net of allowance for uncollectibles):		
Taxes receivable	<u>39,304</u>	<u>23,000</u>
Total assets	<u>\$ 39,304</u>	<u>\$ 23,000</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Deferred revenue	<u>39,304</u>	<u>23,000</u>
Total liabilities	<u>\$ 39,304</u>	<u>\$ 23,000</u>
 <u>Fund balance</u>		
Undesignated	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 39,304</u>	<u>\$ 23,000</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2006</u> <u>Actual</u>
<u>Revenues</u>				
Taxes	\$ 25,196	\$ 27,523	\$ (2,327)	\$ 26,137
Refund of expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 25,196</u>	<u>\$ 27,523</u>	<u>\$ (2,327)</u>	<u>\$ 26,137</u>
 <u>Expenditures</u>				
Personal services	<u>\$ 25,196</u>	<u>\$ 27,523</u>	<u>\$ 2,327</u>	<u>\$ 26,137</u>
Total expenditures	<u>\$ 25,196</u>	<u>\$ 27,523</u>	<u>\$ 2,327</u>	<u>\$ 26,137</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</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  
CONVENTION CENTER FUND  
BALANCE SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ 20,634	\$ 19,619
Restricted cash	<u>35,716</u>	<u>29,433</u>
Total assets	<u>\$ 56,350</u>	<u>\$ 49,052</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Deferred revenue	\$ -	\$ -
Fund balance		
Undesignated	\$ 20,634	\$ 19,619
Reserved for maintenance	<u>35,716</u>	<u>29,433</u>
Total fund balance	<u>\$ 56,350</u>	<u>\$ 49,052</u>
Total liabilities and fund balance	<u>\$ 56,350</u>	<u>\$ 49,052</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2006</u> <u>Actual</u>
<u>Revenues</u>		
Sales	\$ 6,883	\$ 12,193
Use of money and property	<u>1,015</u>	<u>973</u>
Total revenues	<u>\$ 7,898</u>	<u>\$ 13,166</u>
 <u>Expenditures</u>		
Contractual services	\$ 600	\$ 27,416
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 600</u>	<u>\$ 27,416</u>
Revenues over (under) expenditures	\$ 7,298	\$ (14,250)
Fund balance, beginning	<u>49,052</u>	<u>63,302</u>
Fund balance, ending	<u>\$ 56,350</u>	<u>\$ 49,052</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
PUBLIC LIBRARY FUND  
BALANCE SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ -	\$ 5,132
Receivables (net of allowance for uncollectibles):		
Taxes receivable	<u>235,000</u>	<u>230,000</u>
Total assets	<u>\$ 235,000</u>	<u>\$ 235,132</u>

LIABILITIES AND FUND BALANCE

<u>Liabilities</u>		
Deferred revenue	<u>\$ 235,000</u>	<u>\$ 230,000</u>
<u>Fund balance</u>		
Undesignated	<u>\$ -</u>	<u>\$ 5,132</u>
Total liabilities and fund balance	<u>\$ 235,000</u>	<u>\$ 235,132</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2006</u> <u>Actual</u>
<u>Revenues</u>				
Taxes	\$ 251,800	\$ 230,000	\$ 21,800	\$ 262,311
Use of money and property	-	-	-	-
Reimbursements	-	-	-	-
Total revenues	<u>\$ 251,800</u>	<u>\$ 230,000</u>	<u>\$ 21,800</u>	<u>\$ 262,311</u>
<u>Expenditures</u>				
Outside organizations	<u>\$ 256,932</u>	<u>\$ 276,190</u>	<u>\$ 19,258</u>	<u>\$ 257,179</u>
Revenues over (under) expenditures	\$ (5,132)	\$ (46,190)	\$ 41,058	\$ 5,132
Fund balance, beginning	<u>5,132</u>	<u>46,190</u>	<u>(41,058)</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,132</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 SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ <u>124,691</u>	\$ <u>145,606</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ <u>27,146</u>	\$ <u>8,125</u>
 <u>Fund balance</u>		
Undesignated	\$ <u>97,545</u>	\$ <u>137,481</u>
 Total liabilities and fund balance	 \$ <u>124,691</u>	 \$ <u>145,606</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2007</u>	<u>Variance-</u> <u>Favorable</u>	<u>2006</u>
	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>	<u>Actual</u>
<u>Revenues</u>				
Intergovernmental:				
County gas tax	\$ 43,669	\$ -	\$ 43,669	\$ 56,113
State gas tax	338,215	405,000	(66,785)	336,757
Refund of expenditure	-	-	-	2,847
 Total revenues	 \$ <u>381,884</u>	 \$ <u>405,000</u>	 \$ <u>(23,116)</u>	 \$ <u>395,717</u>
 <u>Expenditures</u>				
Personal services	\$ 85,600	\$ -	\$ (85,600)	\$ 64,273
Contractual services	49,957	-	(49,957)	67,400
Commodities	177,355	485,180	307,825	230,764
Capital outlay	<u>108,908</u>	-	<u>(108,908)</u>	<u>86,110</u>
 Total expenditures	 \$ <u>421,820</u>	 \$ <u>485,180</u>	 \$ <u>63,360</u>	 \$ <u>448,547</u>
 Revenues over (under) expenditures	 \$ (39,936)	 \$ (80,180)	 \$ 40,244	 \$ (52,830)
 Fund balance, beginning	 <u>137,481</u>	 <u>140,920</u>	 <u>(3,439)</u>	 <u>190,311</u>
 Fund balance, ending	 \$ <u>97,545</u>	 \$ <u>60,740</u>	 \$ <u>36,805</u>	 \$ <u>137,481</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
STREET MAINTENANCE FUND  
BALANCE SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	<u>\$ 141,119</u>	<u>\$ 139,634</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	<u>\$ 5,146</u>	<u>\$ 89</u>
 <u>Fund balance</u>		
Undesignated	<u>\$ 135,973</u>	<u>\$ 139,545</u>
 Total liabilities and fund balance	 <u>\$ 141,119</u>	 <u>\$ 139,634</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2006</u> <u>Actual</u>
<u>Revenues</u>				
Taxes:				
Franchise tax	<u>\$ 95,207</u>	<u>\$ 100,000</u>	<u>\$ (4,793)</u>	<u>\$ 100,000</u>
 <u>Expenditures</u>				
Commodities	<u>\$ 98,779</u>	<u>\$ 100,000</u>	<u>\$ 1,221</u>	<u>\$ 122,380</u>
Capital outlay	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>13,135</u>
 Total expenditures	 <u>\$ 98,779</u>	 <u>\$ 100,000</u>	 <u>\$ 1,221</u>	 <u>\$ 135,515</u>
Revenues over (under) expenditures	<u>\$ (3,572)</u>	<u>\$ -</u>	<u>\$ (3,572)</u>	<u>\$ (35,515)</u>
Fund balance, beginning	<u>139,545</u>	<u>135,060</u>	<u>4,485</u>	<u>175,060</u>
Fund balance, ending	<u>\$ 135,973</u>	<u>\$ 135,060</u>	<u>\$ 913</u>	<u>\$ 139,545</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
ALCOHOL PROGRAM FUND  
BALANCE SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	<u>\$ 8,947</u>	<u>\$ 4,872</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
 <u>Fund balance</u>		
Undesignated	<u>\$ 8,947</u>	<u>\$ 4,872</u>
 Total liabilities and fund balance	 <u>\$ 8,947</u>	 <u>\$ 4,872</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2006</u> <u>Actual</u>
<u>Revenues</u>				
Intergovernmental:				
State	\$ 9,325	\$ 8,000	\$ 1,325	\$ 9,082
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>\$ 9,325</u>	<u>\$ 8,000</u>	<u>\$ 1,325</u>	<u>\$ 9,082</u>
 <u>Expenditures</u>				
Contractual services	\$ 5,250	\$ 8,000	\$ 2,750	\$ 7,250
Commodities	-	-	-	-
Total expenditures	<u>\$ 5,250</u>	<u>\$ 8,000</u>	<u>\$ 2,750</u>	<u>\$ 7,250</u>
Revenues over (under) expenditures	\$ 4,075	\$ -	\$ 4,075	\$ 1,832
Fund balance, beginning	<u>4,872</u>	-	<u>4,872</u>	<u>3,040</u>
Fund balance, ending	<u>\$ 8,947</u>	<u>\$ -</u>	<u>\$ 8,947</u>	<u>\$ 4,872</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 SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ <u>15,903</u>	\$ <u>20,477</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ _____	\$ _____
 <u>Fund balance</u>		
Undesignated	\$ <u>15,903</u>	\$ <u>20,477</u>
 Total liabilities and fund balance	 \$ <u>15,903</u>	 \$ <u>20,477</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2006</u> <u>Actual</u>
<u>Revenues</u>				
Intergovernmental:				
State	\$ <u>9,326</u>	\$ <u>8,000</u>	\$ <u>1,326</u>	\$ <u>9,082</u>
 <u>Expenditures</u>				
Contractual services	\$ 10,000	\$ 16,000	\$ 6,000	\$ 7,000
Commodities	3,900	5,000	1,100	2,800
Capital outlay	_____	_____	_____	_____
 Total expenditures	 \$ <u>13,900</u>	 \$ <u>21,000</u>	 \$ <u>7,100</u>	 \$ <u>9,800</u>
 Revenues over (under) expenditures	 \$ (4,574)	 \$ (13,000)	 \$ 8,426	 \$ (718)
 Fund balance, beginning	 <u>20,477</u>	 <u>16,095</u>	 <u>4,382</u>	 <u>21,195</u>
 Fund balance, ending	 <u>\$ 15,903</u>	 <u>\$ 3,095</u>	 <u>\$ 12,808</u>	 <u>\$ 20,477</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
MEMORIAL HOSPITAL FUND  
BALANCE SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ <u>14,131</u>	\$ <u>13,725</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
 <u>Fund balance</u>		
Undesignated	\$ <u>14,131</u>	\$ <u>13,725</u>
 Total liabilities and fund balance	 \$ <u>14,131</u>	 \$ <u>13,725</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2006</u> <u>Actual</u>
<u>Revenues</u>		
Taxes	\$ -	\$ -
Temporary note reimbursement	-	1,445,631
Use of money and property	406	412
Other	-	-
 Total revenues	 \$ <u>406</u>	 \$ <u>1,446,043</u>
 <u>Expenditures</u>		
Temporary note	\$ -	\$ 1,375,000
Temporary note interest	-	70,631
Contractual services	-	-
 Total expenditures	 \$ -	 \$ <u>1,445,631</u>
 Revenues over (under) expenditures	 \$ 406	 \$ 412
 Fund balance, beginning	 <u>13,725</u>	 <u>13,313</u>
 Fund balance, ending	 \$ <u>14,131</u>	 \$ <u>13,725</u>

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



CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
TOURISM FUND  
BALANCE SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ 45,061	\$ 22,973
Accounts receivables		
Other entity	-	-
 Total assets	 <u>\$ 45,061</u>	 <u>\$ 22,973</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Deferred revenue	-	-
 Total liabilities	 <u>\$ -</u>	 <u>\$ -</u>
 <u>Fund balance</u>		
Undesignated	\$ 45,061	\$ 22,973
 Total liabilities and fund balance	 <u>\$ 45,061</u>	 <u>\$ 22,973</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2006</u> <u>Actual</u>
<u>Revenues</u>				
Transient guest tax	\$ 77,087	\$ 60,000	\$ 17,087	\$ 64,832
Reimbursements and donations	-	-	-	-
 Total revenues	 <u>\$ 77,087</u>	 <u>\$ 60,000</u>	 <u>\$ 17,087</u>	 <u>\$ 64,832</u>
 <u>Expenditures</u>				
Contractual services	\$ 53,780	\$ 55,000	\$ 1,220	\$ 46,817
Commodities	1,219	-	(1,219)	3,667
 Total expenditures	 <u>\$ 54,999</u>	 <u>\$ 55,000</u>	 <u>\$ 1</u>	 <u>\$ 50,484</u>
Revenues over (under) expenditures	\$ 22,088	\$ 5,000	\$ 17,088	\$ 14,348
Fund balance, beginning	22,973	13,625	9,348	8,625
Fund balance, ending	<u>\$ 45,061</u>	<u>\$ 18,625</u>	<u>\$ 26,436</u>	<u>\$ 22,973</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
PROJECT INDEPENDENCE FUND  
BALANCE SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	2007	2006
Cash and investments	\$ 68,912	\$ 50,499
Reserved cash and investments	<u>84,972</u>	<u>105,702</u>
Total assets	<u>\$ 153,884</u>	<u>\$ 156,201</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ <u>3,953</u>	\$ <u>3,951</u>
<u>Fund balance</u>		
Undesignated	\$ 64,959	\$ 46,548
Reserved for deposits and debt	<u>84,972</u>	<u>105,702</u>
Total fund balance	<u>\$ 149,931</u>	<u>\$ 152,250</u>
Total liabilities and fund balance	<u>\$ 153,884</u>	<u>\$ 156,201</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2007 and 2006

	2007 <u>Actual</u>	2007 <u>Budget</u>	Variance- Favorable (Unfavorable)	2006 <u>Actual</u>
<u>Revenues</u>				
Rent	\$ 91,082	\$ 90,000	\$ 1,082	\$ 38,593
Deposits and service charges	993	500	493	809
H.U.D. voucher payments	39,832	40,000	(168)	93,810
Reimbursed expense	7	-	7	82
Grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 131,914</u>	<u>\$ 130,500</u>	<u>\$ 1,414</u>	<u>\$ 133,294</u>
<u>Expenditures</u>				
Personnel	\$ 41,803	\$ -	\$ (41,803)	\$ 25,426
Contractual services	56,120	125,333	69,213	48,799
Commodities	15,359	-	(15,359)	6,888
Capital outlay	7,135	-	(7,135)	6,567
G.O. principal	11,002	11,002	-	10,490
Interest	<u>2,814</u>	<u>2,813</u>	<u>(1)</u>	<u>3,204</u>
Total expenditures	<u>\$ 134,233</u>	<u>\$ 139,148</u>	<u>\$ 4,915</u>	<u>\$ 101,374</u>
Revenues over (under) expenditures	\$ (2,319)	\$ (8,648)	\$ 6,329	\$ 31,920
Fund balance, beginning	<u>152,250</u>	<u>152,250</u>	<u>-</u>	<u>120,330</u>
Fund balance, ending	<u>\$ 149,931</u>	<u>\$ 143,602</u>	<u>\$ 6,329</u>	<u>\$ 152,250</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
DARE PROGRAM FUND  
BALANCE SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ <u>22,305</u>	\$ <u>35,654</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ <u>704</u>	\$ <u>40</u>
 <u>Fund balance</u>		
Undesignated	\$ <u>21,601</u>	\$ <u>35,614</u>
 Total liabilities and fund balance	 \$ <u>22,305</u>	 \$ <u>35,654</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2006</u> <u>Actual</u>
<u>Revenues</u>		
Donations	\$ 6,211	\$ 10,126
Other	<u>-</u>	<u>450</u>
 Total revenues	 \$ <u>6,211</u>	 \$ <u>10,576</u>
 <u>Expenditures</u>		
Commodities	\$ 20,224	\$ 19,599
Contractual services	<u>-</u>	<u>-</u>
 Total expenditures	 \$ <u>20,224</u>	 \$ <u>19,599</u>
 Revenues over (under) expenditures	 \$ (14,013)	 \$ (9,023)
 Fund balance, beginning	 <u>35,614</u>	 <u>44,637</u>
 Fund balance, ending	 \$ <u>21,601</u>	 \$ <u>35,614</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 SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ <u>119,512</u>	\$ <u>126,392</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ _____	\$ <u>2,548</u>
 <u>Fund balance</u>		
Undesignated	\$ <u>119,512</u>	\$ <u>123,844</u>
 Total liabilities and fund balance	 \$ <u>119,512</u>	 \$ <u>126,392</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2006</u> <u>Actual</u>
<u>Revenues</u>				
Taxes:				
Franchise tax	\$ 95,206	\$ 100,000	\$ (4,794)	\$ 100,000
Reimbursements	_____	_____	_____	_____
 Total revenues	 \$ <u>95,206</u>	 \$ <u>100,000</u>	 \$ <u>(4,794)</u>	 \$ <u>100,000</u>
 <u>Expenditures</u>				
Contractual services	\$ 99,538	\$ 100,000	\$ 462	\$ 106,290
Capital outlay	_____	_____	_____	_____
 Total expenditures	 \$ <u>99,538</u>	 \$ <u>100,000</u>	 \$ <u>462</u>	 \$ <u>106,290</u>
 Revenues over (under) expenditures	 \$ (4,332)	 \$ -	 \$ (4,332)	 \$ (6,290)
 Fund balance, beginning	 <u>123,844</u>	 <u>90,134</u>	 <u>33,710</u>	 <u>130,134</u>
 Fund balance, ending	 \$ <u>119,512</u>	 \$ <u>90,134</u>	 \$ <u>29,378</u>	 \$ <u>123,844</u>

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

CITY OF ARKANSAS CITY, KANSAS  
SPECIAL REVENUE FUND  
COMMUNITY DEVELOPMENT GRANTS  
BALANCE SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ _____ -	\$ _____ -
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ _____ -	\$ _____ -
Deferred revenue	_____ -	_____ -
Total liabilities	\$ _____ -	\$ _____ -
 <u>Fund balance</u>		
Undesignated	\$ _____ -	\$ _____ -
Total liabilities and fund balances	\$ _____ -	\$ _____ -

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE-ACTUAL  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2006</u> <u>Actual</u>
<u>Revenues</u>		
Federal grants	\$ 33,250	\$ _____ -
State grants	_____ -	_____ -
Total revenues	\$ 33,250	\$ _____ -
 <u>Expenditures</u>		
Contractual	\$ _____ -	\$ _____ -
Capital outlay	33,250	_____ -
Total expenditures	\$ 33,250	\$ _____ -
Revenues over (under) expenditures	\$ _____ -	\$ _____ -
Fund balance, beginning	_____ -	_____ -
Fund balance, ending	\$ _____ -	\$ _____ -

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 SHEET  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ 138,754	\$ 94,972
Cash with fiscal agent	-	-
Receivables (net of allowance for doubtful accounts):		
Taxes	850,000	848,000
Special assessments	<u>457,256</u>	<u>388,170</u>
Total assets	<u>\$1,446,010</u>	<u>\$1,331,142</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Matured bonds and coupons payable	-	-
Deferred revenue	<u>1,307,256</u>	<u>1,236,170</u>
Total liabilities	<u>\$1,307,256</u>	<u>\$1,236,170</u>
<u>Fund balance</u>		
Undesignated	<u>\$ 138,754</u>	<u>\$ 94,972</u>
Total liabilities and fund balance	<u>\$1,446,010</u>	<u>\$1,331,142</u>

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
Years Ended December 31, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2006</u> <u>Actual</u>
<u>Revenues</u>				
Ad valorem taxes	\$ 760,819	\$ 848,000	\$ (87,181)	\$ 947,265
Special assessments	126,556	415,388	(288,832)	150,778
Motor vehicle tax	165,152	161,959	3,193	149,016
Reimbursements	384,208	-	384,208	357,422
Delinquent taxes	18,357	26,652	(8,295)	51,742
In lieu of tax	<u>220,000</u>	<u>240,000</u>	<u>(20,000)</u>	
Total revenues	<u>\$ 1,675,092</u>	<u>\$ 1,691,999</u>	<u>\$ (16,907)</u>	<u>\$ 1,656,223</u>
<u>Other financing sources</u>				
Accrued interest on bond sale	\$ -	\$ -	\$ -	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total revenue and other financing sources	<u>\$ 1,675,092</u>	<u>\$ 1,691,999</u>	<u>\$ -</u>	<u>\$ 1,656,223</u>
<u>Expenditures</u>				
Debt service:				
Principal	\$ 1,347,189	\$ 1,398,139	\$ 50,950	\$ 1,350,520
Interest	284,110	317,317	33,207	323,049
Commission and postage	<u>11</u>	<u>100</u>	<u>89</u>	<u>14</u>
Total expenditures	<u>\$ 1,631,310</u>	<u>\$ 1,715,556</u>	<u>\$ 84,246</u>	<u>\$ 1,673,583</u>
Revenues and other financing sources over (under) expenditures	\$ 43,782	\$ (23,557)	\$ 67,339	\$ (17,360)
Fund balance, beginning	<u>94,972</u>	<u>67,932</u>	<u>27,040</u>	<u>112,332</u>
Fund balance, ending	<u>\$ 138,754</u>	<u>\$ 44,375</u>	<u>\$ 94,379</u>	<u>\$ 94,972</u>

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

CITY OF ARKANSAS CITY, KANSAS  
CAPITAL PROJECT FUND  
December 31, 2007 and 2006

	Construction Fund <u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and investments	\$ 3,444,329	\$ 4,731,409
Accounts receivable	-	-
Total assets	<u>\$ 3,444,329</u>	<u>\$ 4,731,409</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts payable	\$ 239,255	\$ 1,652,763
Deferred revenue	-	-
Total liabilities	<u>\$ 239,255</u>	<u>\$ 1,652,763</u>
<u>Fund balance</u>		
Unreserved:		
Undesignated	<u>\$ 3,205,074</u>	<u>\$ 3,078,646</u>
Total liabilities and fund balance	<u>\$ 3,444,329</u>	<u>\$ 4,731,409</u>

COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Years Ended December 31, 2007 and 2006

	Construction Fund <u>2007</u>	<u>2006</u>
<u>Revenues</u>		
Interest on investments	\$ 92,455	\$ 24,017
State revenue	2,241,156	2,873,486
Reimbursements	34,707	4,798
Federal grant	297,432	202,486
Other	-	-
Total revenues	<u>\$ 2,665,750</u>	<u>\$ 3,104,787</u>
<u>Expenditures</u>		
Payments to contractors	\$ 1,276,935	\$ 1,225,462
Engineering	212,591	1,675,829
Interest	220,008	38,048
Other construction costs	163,325	628,595
Equipment & land	766,427	1,818,422
Other entity contributions	53,458	56,843
Total expenditures	<u>\$ 2,692,744</u>	<u>\$ 5,443,199</u>
<u>Other financing resources (uses)</u>		
Lease purchase of funds	\$ 153,422	\$ -
Sale of bonds	-	-
Sale of temporary notes	-	4,600,000
Retirement of temporary notes	-	-
CDBG loan proceeds	-	-
CDBG paid out	-	-
Discount and interest	-	(9,021)
CDBG reimbursement	647,954	88,408
CDBG principal & interest	<u>(647,954)</u>	<u>(88,408)</u>
Total sources (uses)	<u>\$ 153,422</u>	<u>\$ 4,590,979</u>
Revenues over (under) expenditures and other sources (uses)	\$ 126,428	\$ 2,252,567
Fund balance, beginning	<u>3,078,646</u>	<u>826,079</u>
Fund balance, ending	<u>\$ 3,205,074</u>	<u>\$ 3,078,646</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, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
<u>Current assets</u>		
Cash and investments	\$ 845,070	\$ 422,776
Accounts receivable (net of allowance for uncollectibles \$345,227):		
Trade	<u>549,869</u>	<u>633,107</u>
Total current assets	<u>\$ 1,394,939</u>	<u>\$ 1,055,883</u>
<u>Restricted assets</u>		
Revenue bond debt service: cash and investments	\$ -	\$ 5,896
Revenue bond reserve: cash and investments	-	28,000
Reserved - Improvements	46,035	46,035
Reserved - Self insurance (Note 7)	<u>172,639</u>	<u>34,389</u>
Total restricted assets	<u>\$ 218,674</u>	<u>\$ 114,320</u>
<u>Utility plant in service</u>		
Buildings and improvements	\$ 94,769	\$ 94,769
Meters, mains and service lines	1,800,957	1,767,312
Vehicles and equipment	1,712,253	1,682,358
Land	160,375	160,375
Water system update	1,750,855	1,750,855
Less: Accumulated depreciation	<u>(3,793,519)</u>	<u>(3,439,965)</u>
Total utility plant in service	<u>\$ 1,725,690</u>	<u>\$ 2,015,704</u>
Total assets	<u>\$ 3,339,303</u>	<u>\$ 3,185,907</u>
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 95,495	\$ 92,483
Accrued interest	-	1,200
Current portion of revenue bonds payable - 1977C	-	24,000
Current portion of compensated absences	<u>11,967</u>	<u>-</u>
Total current liabilities	<u>\$ 107,462</u>	<u>\$ 117,683</u>
<u>Non-current liabilities</u>		
Long-term portion of water revenue bonds payable, 5% interest payable semi-annually, due 1978-2008 - 1977C	\$ -	\$ -
Accrued compensated absences	<u>127,889</u>	<u>152,943</u>
Total non-current liabilities	<u>\$ 127,889</u>	<u>\$ 152,943</u>
Total liabilities	<u>\$ 235,351</u>	<u>\$ 270,626</u>
<u>NET ASSETS</u>		
Restricted:		
Debt service	\$ -	\$ 5,896
Bond retirement	-	28,000
Water system improvements	46,035	46,035
Self insurance	<u>172,639</u>	<u>34,389</u>
Total restricted	<u>\$ 218,674</u>	<u>\$ 114,320</u>
Invested in capital assets, net of related debt	1,725,690	1,991,704
Unrestricted	<u>1,159,588</u>	<u>809,257</u>
Total net assets	<u>\$ 3,103,952</u>	<u>\$ 2,915,281</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Operating revenues</u>		
Water sales	\$ 2,681,033	\$ 2,712,151
Connection fees	70,888	56,947
Permits	1,679	1,720
Penalties and credits	32,190	20,141
Other revenue	<u>56,417</u>	<u>43,688</u>
Total operating revenues	<u>\$ 2,842,207</u>	<u>\$ 2,834,647</u>
<u>Operating expenses</u>		
General government	\$ 456,022	\$ 424,113
Supervision	169,830	157,829
Pumping and supply	664,194	771,486
Meter reading	120,795	118,556
Distribution	435,538	459,633
Reimbursed expense	(1,883)	(17,733)
Depreciation	<u>353,554</u>	<u>348,883</u>
Total operating expense	<u>\$ 2,198,050</u>	<u>\$ 2,262,767</u>
Income from operations	<u>\$ 644,157</u>	<u>\$ 571,880</u>
<u>Non-operating revenues (expense)</u>		
Interest earned	\$ 40,228	\$ 25,157
Interest expense and fees	(25,756)	(30,904)
Payment of G.O. Bonds	<u>(109,958)</u>	<u>(104,996)</u>
Total non-operating revenues (expense)	<u>\$ (95,486)</u>	<u>\$ (110,743)</u>
Income before operating transfers	548,671	461,137
Operating transfers in (out)	<u>\$ (360,000)</u>	<u>\$ (360,000)</u>
Change in net assets	\$ 188,671	\$ 101,137
Net assets at beginning of year	<u>2,915,281</u>	<u>2,814,144</u>
Net assets at end of year	<u>\$ 3,103,952</u>	<u>\$ 2,915,281</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 2,925,445	\$ 2,611,397
Payments to suppliers	(1,103,966)	(1,154,092)
Payments to employees	<u>(750,605)</u>	<u>(754,990)</u>
Net cash provided by operating activities	<u>\$ 1,070,874</u>	<u>\$ 702,315</u>
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers in (out)	<u>\$ (360,000)</u>	<u>\$ (360,000)</u>
Net cash used by noncapital financing activities	<u>\$ (360,000)</u>	<u>\$ (360,000)</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	\$ (63,540)	\$ (120,591)
Principal paid on bonds	(133,958)	(128,996)
Interest and fees paid on bonds	<u>(26,956)</u>	<u>(32,104)</u>
Net cash used by capital and related financing activities	<u>\$ (224,454)</u>	<u>\$ (281,691)</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	\$ 40,228	\$ 25,157
Other	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>\$ 40,228</u>	<u>\$ 25,157</u>
Net increase (decrease) in cash	\$ 526,648	\$ 85,781
Cash at beginning of year	<u>537,096</u>	<u>451,315</u>
Cash at end of year	<u>\$ 1,063,744</u>	<u>\$ 537,096</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ 845,070	\$ 422,776
Restricted cash - Revenue bond debt service	-	5,896
Restricted cash - Revenue bond reserve	-	28,000
Restricted cash - Improvements	46,035	46,035
Restricted cash - Self insurance	<u>172,639</u>	<u>34,389</u>
Total cash and investments	<u>\$ 1,063,744</u>	<u>\$ 537,096</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 644,157	\$ 571,880
(Increase) decrease in accounts receivable	83,238	(223,250)
Increase (decrease) in accounts payable	(10,075)	4,802
Depreciation	<u>353,554</u>	<u>348,883</u>
Net cash provided by operating activities	<u>\$ 1,070,874</u>	<u>\$ 702,315</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, 2007 and 2006

	2007 <u>Actual</u>	2007 <u>Budget</u>	Variance- Favorable (Unfavorable)	2006 <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Water sales	\$ 2,674,565	\$ 2,550,000	\$ 124,565	\$ 2,525,667
Connect and disconnect	70,888	45,000	25,888	56,947
Non-metered sales	<u>34,616</u>	<u>1,150</u>	<u>33,466</u>	<u>12,494</u>
Total charge for services	<u>\$ 2,780,069</u>	<u>\$ 2,596,150</u>	<u>\$ 183,919</u>	<u>\$ 2,595,108</u>
License and permits:				
Plumbing permits	<u>\$ 1,679</u>	<u>\$ 2,000</u>	<u>\$ (321)</u>	<u>\$ 1,720</u>
Fines and forfeits:				
Penalties	<u>\$ 32,190</u>	<u>\$ 20,000</u>	<u>\$ 12,190</u>	<u>\$ 20,141</u>
Use of money and property:				
Interest income	<u>\$ 40,228</u>	<u>\$ 25,000</u>	<u>\$ 15,228</u>	<u>\$ 25,157</u>
Miscellaneous:				
Sales tax	\$ 33,962	\$ 25,000	\$ 8,962	\$ 29,019
State fee	21,128	19,000	2,128	20,777
Miscellaneous	56,417	42,000	14,417	43,688
Reimbursements	<u>1,883</u>	<u>1,000</u>	<u>883</u>	<u>17,733</u>
Total miscellaneous	<u>\$ 113,390</u>	<u>\$ 87,000</u>	<u>\$ 26,390</u>	<u>\$ 111,217</u>
Total revenues	<u>\$ 2,967,556</u>	<u>\$ 2,730,150</u>	<u>\$ 237,406</u>	<u>\$ 2,753,343</u>
<u>Expenditures</u>				
General government	\$ 469,110	\$ 452,684	\$ (16,426)	\$ 423,647
Supervision	169,830	165,403	(4,427)	157,829
Pumping and supply	664,194	757,292	93,098	771,486
Meter reading	120,795	127,291	6,496	118,556
Distribution	435,538	448,943	13,405	459,633
Capital outlay	63,540	155,430	91,890	120,591
subtotal	<u>\$ 1,923,007</u>	<u>\$ 2,107,043</u>	<u>\$ 184,036</u>	<u>\$ 2,051,742</u>
Debt service:				
Principal	\$ 133,958	\$ 133,960	\$ 2	\$ 128,996
Interest and fees	<u>26,956</u>	<u>26,977</u>	<u>21</u>	<u>32,104</u>
Total debt service	<u>\$ 160,914</u>	<u>\$ 160,937</u>	<u>\$ 23</u>	<u>\$ 161,100</u>
Total expenditures	<u>\$ 2,083,921</u>	<u>\$ 2,267,980</u>	<u>\$ 184,059</u>	<u>\$ 2,212,842</u>
Revenues over (under) expenditures	\$ 883,635	\$ 462,170	\$ 421,465	\$ 540,501
Other financing sources:				
Operating transfer in (out) (Note 1-H)	<u>(360,000)</u>	<u>(360,000)</u>	<u>-</u>	<u>(360,000)</u>
Revenues and other sources over (under) expenditures	\$ 523,635	\$ 102,170	\$ 421,465	\$ 180,501
Fund balance, beginning	<u>543,670</u>	<u>611,645</u>	<u>(67,975)</u>	<u>363,169</u>
Fund balance, ending	<u>\$ 1,067,305</u>	<u>\$ 713,815</u>	<u>\$ 353,490</u>	<u>\$ 543,670</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, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
<u>Current assets</u>		
Cash and investments	\$ 2,130,461	\$ 1,939,313
Receivables (net of allowance for uncollectibles)	<u>184,380</u>	<u>213,319</u>
Total current assets	<u>\$ 2,314,841</u>	<u>\$ 2,152,632</u>
<u>Restricted assets</u>		
Debt service:		
Cash and investments	\$ _____	\$ _____
<u>Other assets</u>		
Utility plant in service	\$ 4,838,136	\$ 4,838,136
Other equipment	197,312	159,084
Less accumulated depreciation	<u>(1,937,219)</u>	<u>(1,675,581)</u>
Total other assets	<u>\$ 3,098,229</u>	<u>\$ 3,321,639</u>
Total assets	<u>\$ 5,413,070</u>	<u>\$ 5,474,271</u>
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 47,044	\$ 32,087
Accrued interest	29,280	37,650
Current portion of KDHE loan	246,114	237,744
Current portion of compensated absences	<u>6,836</u>	<u>-</u>
Total current liabilities	<u>\$ 329,274</u>	<u>\$ 307,481</u>
<u>Non-current liabilities</u>		
Long-term portion of KDHE loan	\$ 653,862	\$ 899,976
Accrued compensated absences	<u>71,067</u>	<u>85,397</u>
Total non-current liabilities	<u>\$ 724,929</u>	<u>\$ 985,373</u>
Total liabilities	<u>\$ 1,054,203</u>	<u>\$ 1,292,854</u>
<u>NET ASSETS</u>		
Contributed capital	\$ 349,070	\$ 349,070
Invested in capital assets, net of related debt	2,198,253	2,183,919
Unrestricted	<u>1,811,544</u>	<u>1,648,428</u>
Total net assets	<u>\$ 4,358,867</u>	<u>\$ 4,181,417</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Operating revenues</u>		
Sewer service charges	\$ 1,884,006	\$ 1,839,565
Taps	<u>                  -</u>	<u>                  -</u>
Total operating revenues	<u>\$ 1,884,006</u>	<u>\$ 1,839,565</u>
<u>Operating expenses</u>		
General government	\$ 300,191	\$ 295,729
Supervision	79,534	75,284
Disposal and treatment	460,141	364,607
Collection	233,575	191,645
Reimbursed expenses	(101)	(2,252)
Depreciation	<u>261,638</u>	<u>257,815</u>
Total operating expenses	<u>\$ 1,334,978</u>	<u>\$ 1,182,828</u>
Operating income (loss)	<u>\$ 549,028</u>	<u>\$ 656,737</u>
<u>Non-operating revenues (expenses)</u>		
Interest earned	\$ 67,971	\$ 62,952
Interest expense and fees	(56,599)	(68,915)
Payment of G.O. bond	(107,950)	(103,099)
Noncash reduction of KDHE loan	<u>                  -</u>	<u>                  -</u>
Total non-operating revenues (expenses)	<u>\$ (96,578)</u>	<u>\$ (109,062)</u>
Income before operating transfers	\$ 452,450	\$ 547,675
Operating transfers in (out) (Note 1-H)	<u>(275,000)</u>	<u>(235,000)</u>
Change in net assets	\$ 177,450	\$ 312,675
Net assets at beginning of year	<u>4,181,417</u>	<u>3,868,742</u>
Net assets at end of year	<u>\$ 4,358,867</u>	<u>\$ 4,181,417</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 1,912,945	\$ 1,848,241
Payments to suppliers	(602,423)	(509,889)
Payments to employees	<u>(463,454)</u>	<u>(416,807)</u>
Net cash provided by operating activities	<u>\$ 847,068</u>	<u>\$ 921,545</u>
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers in (out)	<u>\$ (275,000)</u>	<u>\$ (235,000)</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	\$ (38,228)	\$ (83,183)
Principal paid on bonds	(107,950)	(103,099)
Interest and fees paid on bonds	(27,317)	(34,541)
KDHE loan principal	(237,744)	(229,659)
KDHE loan interest	<u>(37,652)</u>	<u>(42,459)</u>
Net cash provided by capital and related financing activities	<u>\$ (448,891)</u>	<u>\$ (492,941)</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	<u>\$ 67,971</u>	<u>\$ 62,952</u>
Net cash used by investing activities	<u>\$ 67,971</u>	<u>\$ 62,952</u>
Net increase (decrease) in cash	\$ 191,148	\$ 256,556
Cash at beginning of year	<u>1,939,313</u>	<u>1,682,757</u>
Cash at end of year	<u>\$ 2,130,461</u>	<u>\$ 1,939,313</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	<u>\$ 2,130,461</u>	<u>\$ 1,939,313</u>
Total cash and investments	<u>\$ 2,130,461</u>	<u>\$ 1,939,313</u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>		
Operating income	\$ 549,028	\$ 656,737
(Increase) decrease in accounts receivable	28,939	8,676
Increase (decrease) in accounts payable	7,463	(1,683)
Depreciation	<u>261,638</u>	<u>257,815</u>
Net cash provided by operating activities	<u>\$ 847,068</u>	<u>\$ 921,545</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, 2007 and 2006

	2007 <u>Actual</u>	2007 <u>Budget</u>	Variance- Favorable (Unfavorable)	2006 <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Sewer service	\$ 1,912,945	\$ 1,800,000	\$ 112,945	\$ 1,848,241
Sewer taps	-	350	(350)	-
Total charge for services	<u>\$ 1,912,945</u>	<u>\$ 1,800,350</u>	<u>\$ 112,595</u>	<u>\$ 1,848,241</u>
Use of money and property:				
Interest	\$ 67,971	\$ 45,000	\$ 22,971	\$ 62,952
Miscellaneous:				
Reimbursements	\$ 101	\$ 2,000	\$ (1,899)	\$ 2,252
Total revenues	<u>\$ 1,981,017</u>	<u>\$ 1,847,350</u>	<u>\$ 133,667</u>	<u>\$ 1,913,445</u>
<u>Expenditures</u>				
General government	\$ 307,685	\$ 311,113	\$ 3,428	\$ 282,373
Supervision	79,534	84,214	4,680	75,284
Disposal and treatment	460,141	434,650	(25,491)	364,607
Collection	233,575	212,350	(21,225)	191,645
Capital outlay	<u>38,228</u>	<u>150,890</u>	<u>112,662</u>	<u>83,183</u>
	<u>\$ 1,119,163</u>	<u>\$ 1,193,217</u>	<u>\$ 74,054</u>	<u>\$ 997,092</u>
Debt service:				
Principal	\$ 107,950	\$ 107,950	\$ -	\$ 103,099
Interest	27,317	27,317	-	31,264
State revolving loan principal	237,744	237,745	1	229,659
State revolving loan interest	34,954	34,954	-	42,459
Fiscal agency fees	<u>2,698</u>	<u>2,697</u>	<u>(1)</u>	<u>3,277</u>
Total debt service	<u>\$ 410,663</u>	<u>\$ 410,663</u>	<u>\$ -</u>	<u>\$ 409,758</u>
Total expenditures	<u>\$ 1,529,826</u>	<u>\$ 1,603,880</u>	<u>\$ 74,054</u>	<u>\$ 1,406,850</u>
Revenues over (under) expenditures	<u>\$ 451,191</u>	<u>\$ 243,470</u>	<u>\$ 207,721</u>	<u>\$ 506,595</u>
<u>Other financing sources (uses)</u>				
Operating transfer in (out) (Note 1-H)	\$ (275,000)	\$ (275,000)	\$ -	\$ (235,000)
Total other financing sources (uses)	<u>\$ (275,000)</u>	<u>\$ (275,000)</u>	<u>\$ -</u>	<u>\$ (235,000)</u>
Revenues and other sources over expenditures	\$ 176,191	\$ (31,530)	\$ 207,721	\$ 271,595
Fund balance, beginning	<u>1,907,226</u>	<u>1,843,940</u>	<u>63,286</u>	<u>1,635,631</u>
Fund balance, ending	<u>\$ 2,083,417</u>	<u>\$ 1,812,410</u>	<u>\$ 271,007</u>	<u>\$ 1,907,226</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, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
<u>Current assets</u>		
Cash and investments	\$ 107,743	\$ 171,064
Receivables (net of allowance for uncollectibles)	<u>128,257</u>	<u>131,117</u>
Total current assets	<u>\$ 236,000</u>	<u>\$ 302,181</u>
<u>Fixed assets</u>		
Building and improvements	\$ 173,983	\$ 173,983
Motor vehicles and equipment	1,142,771	1,071,668
Less accumulated depreciation	<u>(970,525)</u>	<u>(847,548)</u>
Total fixed assets	<u>\$ 346,229</u>	<u>\$ 398,103</u>
Total assets	<u>\$ 582,229</u>	<u>\$ 700,284</u>
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 20,823	\$ 17,123
Current portion of compensated absences	<u>3,809</u>	<u>-</u>
Total current liabilities	<u>\$ 24,632</u>	<u>\$ 17,123</u>
<u>Non-current liabilities</u>		
Accrued compensated absences	<u>\$ 90,488</u>	<u>\$ 90,636</u>
Total non-current liabilities	<u>\$ 90,488</u>	<u>\$ 90,636</u>
Total liabilities	<u>\$ 115,120</u>	<u>\$ 107,759</u>
 <u>NET ASSETS</u>		
Contributed capital	\$ 120,875	\$ 120,875
Invested in capital assets, net of related debt	346,229	398,103
Unrestricted	<u>5</u>	<u>73,547</u>
Total net assets	<u>\$ 467,109</u>	<u>\$ 592,525</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Operating revenues</u>		
Collections	\$ 1,173,799	\$ 1,167,817
Miscellaneous	<u>3,635</u>	<u>6,013</u>
Total operating revenues	<u>\$ 1,177,434</u>	<u>\$ 1,173,830</u>
 <u>Operating expenses</u>		
General government	\$ 220,916	\$ 214,317
Supervision	40,789	41,867
Sanitation	847,365	781,969
Reimbursed expenses	(464)	(1,000)
Depreciation	<u>122,977</u>	<u>115,866</u>
Total operating expenses	<u>\$ 1,231,583</u>	<u>\$ 1,153,019</u>
 Operating income (loss)	 <u>\$ (54,149)</u>	 <u>\$ 20,811</u>
 <u>Non-operating revenues (expense)</u>		
Interest earned	\$ 3,733	\$ 11,223
Certificates of participation	-	(10,000)
Interest expense and fees	<u>-</u>	<u>(275)</u>
Total non-operating revenues (expense)	<u>\$ 3,733</u>	<u>\$ 948</u>
 Income before operating transfers	 <u>\$ (50,416)</u>	 <u>\$ 21,759</u>
 Operating transfers in (out) (Note 1-H)	 <u>(75,000)</u>	 <u>(75,000)</u>
 Change in net assets	 <u>\$ (125,416)</u>	 <u>\$ (53,241)</u>
 Net assets, beginning of year	 <u>592,525</u>	 <u>645,766</u>
 Net assets, end of year	 <u>\$ 467,109</u>	 <u>\$ 592,525</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 1,180,294	\$ 1,179,619
Payments to suppliers	(657,695)	(693,038)
Payments to employees	<u>(443,550)</u>	<u>(412,502)</u>
Net cash provided by operating activities	\$ <u>79,049</u>	\$ <u>74,079</u>
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers in (out)	\$ <u>(75,000)</u>	\$ <u>(75,000)</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchase of capital assets	\$ (71,103)	\$ (62,281)
Certificates of participation	-	-
Interest paid - Certificates of participation	-	(275)
Principal paid - Certificates of participation	<u>-</u>	<u>(10,000)</u>
Net cash used by capital and related financing activities	\$ <u>(71,103)</u>	\$ <u>(72,556)</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	\$ <u>3,733</u>	\$ <u>11,223</u>
Net cash provided by investing activities	\$ <u>-</u>	\$ <u>11,223</u>
Net increase (decrease) in cash	\$ (63,321)	\$ (62,254)
Cash at beginning of year	<u>171,064</u>	<u>233,318</u>
Cash at end of year	\$ <u>107,743</u>	\$ <u>171,064</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ 107,743	\$ 171,064
Restricted cash - Revenue bond debt service	-	-
Restricted cash - Revenue bond reserve	<u>-</u>	<u>-</u>
Total cash and investments	\$ <u>107,743</u>	\$ <u>171,064</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (54,149)	\$ 20,811
(Increase) decrease in accounts receivable	2,860	5,789
Increase (decrease) in accounts payable	7,361	(68,387)
Depreciation	<u>122,977</u>	<u>115,866</u>
Net cash provided by operating activities	\$ <u>79,049</u>	\$ <u>74,079</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, 2007 and 2006

	2007 <u>Actual</u>	2007 <u>Budget</u>	Variance- Favorable (Unfavorable)	2006 <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Collections	\$ 1,176,659	\$ 1,250,000	\$ (73,341)	\$ 1,173,606
Use of money and property:				
Interest income	\$ 3,733	\$ 5,000	\$ (1,267)	\$ 11,223
Miscellaneous:				
Reimbursements	\$ 464	\$ -	\$ 464	\$ 1,000
Other	3,635	8,000	(4,365)	6,013
Total miscellaneous	<u>\$ 4,099</u>	<u>\$ 8,000</u>	<u>\$ (3,901)</u>	<u>\$ 7,013</u>
Total revenues	<u>\$ 1,184,491</u>	<u>\$ 1,263,000</u>	<u>\$ (78,509)</u>	<u>\$ 1,191,842</u>
<u>Expenditures</u>				
General government	\$ 217,255	\$ 268,458	\$ 51,203	\$ 209,175
Supervision	40,789	-	(40,789)	41,867
Sanitation	847,365	940,755	93,390	781,969
Capital outlay	<u>71,103</u>	<u>-</u>	<u>(71,103)</u>	<u>62,281</u>
Subtotal	<u>\$ 1,176,512</u>	<u>\$ 1,209,213</u>	<u>\$ 32,701</u>	<u>\$ 1,095,292</u>
Debt service:				
Principal	\$ -	\$ -	\$ -	\$ 10,000
Interest and fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>275</u>
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,275</u>
Total expenditures	<u>\$ 1,176,512</u>	<u>\$ 1,209,213</u>	<u>\$ 32,701</u>	<u>\$ 1,105,567</u>
Revenues over (under) expenditures	\$ 7,979	\$ 53,787	\$ (45,808)	\$ 86,275
<u>Other financing sources (uses)</u>				
Operating transfer in (out) (Note 1-H)	<u>\$ (75,000)</u>	<u>\$ (75,000)</u>	<u>\$ -</u>	<u>\$ (75,000)</u>
Revenues and other sources over (under) expenditures	\$ (67,021)	\$ (21,213)	\$ (45,808)	\$ 11,275
Fund balance, beginning	<u>153,941</u>	<u>184,028</u>	<u>(30,087)</u>	<u>142,666</u>
Fund balance, ending	<u>\$ 86,920</u>	<u>\$ 162,815</u>	<u>\$ 75,895</u>	<u>\$ 153,941</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, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
<u>Current assets</u>		
Cash and investments	\$ 349,191	\$ 245,514
Receivables (net of allowance for uncollectibles)	<u>21,945</u>	<u>23,525</u>
Total current assets	<u>\$ 371,136</u>	<u>\$ 269,039</u>
<u>Restricted assets</u>		
Debt service:		
Cash and investments	\$ -	\$ -
<u>Fixed assets</u>		
Utility plant in service	\$ 16,178	\$ 16,178
Less accumulated depreciation	<u>(11,325)</u>	<u>(10,516)</u>
Total fixed assets	<u>\$ 4,853</u>	<u>\$ 5,662</u>
Total assets	<u>\$ 375,989</u>	<u>\$ 274,701</u>
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 2,541	\$ 49,455
Total liabilities	<u>\$ 2,541</u>	<u>\$ 49,455</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	\$ 4,853	\$ 5,662
Unrestricted	<u>368,595</u>	<u>219,584</u>
Total net assets	<u>\$ 373,448</u>	<u>\$ 225,246</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
For Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Operating revenues</u>		
Service charge	\$ 194,674	\$ 193,739
<u>Operating expenses</u>		
Public works	\$ 93,713	\$ 171,259
Reimbursed expenses	(42,305)	-
Depreciation	<u>809</u>	<u>809</u>
Total operating expenses	<u>\$ 52,217</u>	<u>\$ 172,068</u>
Operating income (loss)	<u>\$ 142,457</u>	<u>\$ 21,671</u>
<u>Non-operating revenues (expense)</u>		
Interest earned	\$ 5,745	\$ 4,477
Interest expense and fees	-	-
Total non-operating revenues (expenses)	<u>\$ 5,745</u>	<u>\$ 4,477</u>
Income before operating transfers	\$ 148,202	\$ 26,148
Operating transfers in (out)	-	-
Change in net assets	\$ 148,202	\$ 26,148
Net assets beginning of year	<u>225,246</u>	<u>199,098</u>
Net assets end of year	<u>\$ 373,448</u>	<u>\$ 225,246</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 196,254	\$ 192,305
Payments to suppliers	<u>(98,322)</u>	<u>(127,429)</u>
Net cash provided by operating activities	<u>\$ 97,932</u>	<u>\$ 64,876</u>
<u>Cash flows from capital and related financing activities:</u>		
Purchases of capital assets	\$ -	\$ -
Principal paid on bonds	-	-
Interest and fees paid on bonds	-	-
Other	<u>-</u>	<u>-</u>
Net cash provided by capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	\$ 5,745	\$ 4,477
Other	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>\$ 5,745</u>	<u>\$ 4,477</u>
Net increase (decrease) in cash	\$ 103,677	\$ 69,353
Cash at beginning of year	<u>245,514</u>	<u>176,161</u>
Cash at end of year	<u>\$ 349,191</u>	<u>\$ 245,514</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	\$ 349,191	\$ 245,514
Restricted cash - Revenue bond debt service	<u>-</u>	<u>-</u>
Total cash and investments	<u>\$ 349,191</u>	<u>\$ 245,514</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 142,457	\$ 21,671
(Increase) decrease in accounts receivable	1,580	(1,434)
Increase (decrease) in accounts payable	(46,914)	43,830
Depreciation	<u>809</u>	<u>809</u>
Net cash provided by operating activities	<u>\$ 97,932</u>	<u>\$ 64,876</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, 2007 and 2006

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2006</u> <u>Actual</u>
<u>Revenues</u>				
Charge for services:				
Service charges	\$ 196,254	\$ 194,000	\$ 2,254	\$ 192,305
Use of money and property:				
Interest	5,745	-	5,745	4,477
Miscellaneous:				
Reimbursements	42,305	-	42,305	-
Total revenues	\$ 244,304	\$ 194,000	\$ 50,304	\$ 196,782
<u>Expenditures</u>				
Public works	\$ 93,713	\$ 190,000	\$ 96,287	\$ 171,259
Revenues over (under) expenditures	\$ 150,591	\$ 4,000	\$ 146,591	\$ 25,523
Fund balance, beginning	196,059	174,531	21,528	170,536
Fund balance, ending	<u>\$ 346,650</u>	<u>\$ 178,531</u>	<u>\$ 168,119</u>	<u>\$ 196,059</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, 2007 and 2006

	<u>Insurance Fund</u>	<u>Equipment Reserve Fund</u>	<u>Total 2007</u>	<u>Total 2006</u>
<b><u>ASSETS</u></b>				
<b><u>Current Assets</u></b>				
Cash and cash equivalents	\$ 103,992	\$ 17,520	\$ 121,512	\$ 254,471
<b><u>Fixed Assets</u></b>				
Equipment	\$ -	\$ 929,040	\$ 929,040	\$ 742,243
Less accumulated depreciation	-	(290,086)	(290,086)	(197,181)
Total fixed assets	\$ -	\$ 638,954	\$ 638,954	\$ 545,062
Total assets	<u>\$ 103,992</u>	<u>\$ 656,474</u>	<u>\$ 760,466</u>	<u>\$ 799,533</u>
<b><u>LIABILITIES</u></b>				
<b><u>Current Liabilities</u></b>				
Accounts payable	\$ 1,032	-	\$ 1,032	\$ 44,236
<b><u>NET ASSETS</u></b>				
Invested in capital assets	\$ -	\$ 638,954	\$ 638,954	\$ 545,062
Unrestricted	<u>102,960</u>	<u>17,520</u>	<u>120,480</u>	<u>210,235</u>
Total net assets	<u>\$ 102,960</u>	<u>\$ 656,474</u>	<u>\$ 759,434</u>	<u>\$ 755,297</u>

COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
For The Years Ending December 31, 2007 and 2006

	<u>Insurance Fund</u>	<u>Equipment Reserve Fund</u>	<u>Total 2007</u>	<u>Total 2006</u>
<b><u>Operating revenues</u></b>				
Charge for service	\$ 1,295,740	\$ -	\$ 1,295,740	\$ 1,040,216
Insurance	<u>260,486</u>	<u>-</u>	<u>260,486</u>	<u>226,008</u>
Total operating revenues	<u>\$ 1,556,226</u>	<u>\$ -</u>	<u>\$ 1,556,226</u>	<u>\$ 1,266,224</u>
<b><u>Operating expenses</u></b>				
Contractual services	\$ 1,606,172	\$ -	\$ 1,606,172	\$ 1,388,804
Depreciation	-	92,905	92,905	74,224
Reimbursed expenses	<u>-</u>	<u>(42,963)</u>	<u>(42,963)</u>	<u>(45,322)</u>
Total operating expenses	<u>\$ 1,606,172</u>	<u>\$ 49,942</u>	<u>\$ 1,656,114</u>	<u>\$ 1,417,706</u>
Revenues over (under) expenses	<u>\$ (49,946)</u>	<u>\$ (49,942)</u>	<u>\$ (99,888)</u>	<u>\$ (151,482)</u>
<b><u>Non-operating revenues (expenses)</u></b>				
Operating transfer out	\$ -	\$ -	\$ -	\$ -
Interest	-	1,410	1,410	2,246
Proceeds from lease obligation	<u>-</u>	<u>102,615</u>	<u>102,615</u>	<u>105,075</u>
Non-operating revenues over (under) expenses	<u>\$ -</u>	<u>\$ 104,025</u>	<u>\$ 104,025</u>	<u>\$ 107,321</u>
Change in net assets	\$ (49,946)	\$ 54,083	\$ 4,137	\$ (44,161)
Net assets at beginning of year	<u>152,906</u>	<u>602,391</u>	<u>755,297</u>	<u>799,458</u>
Net assets at end of year	<u>\$ 102,960</u>	<u>\$ 656,474</u>	<u>\$ 759,434</u>	<u>\$ 755,297</u>

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

CITY OF ARKANSAS CITY, KANSAS  
INTERNAL SERVICES FUND  
INSURANCE FUND  
STATEMENTS OF NET ASSETS  
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
<u>Current assets</u>		
Cash and investments	\$ <u>103,992</u>	\$ <u>154,179</u>
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ <u>1,032</u>	\$ <u>1,273</u>
 <u>NET ASSETS</u>		
Unrestricted	\$ <u>102,960</u>	\$ <u>152,906</u>
 Total net assets	 \$ <u>102,960</u>	 \$ <u>152,906</u>

STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
For Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Operating revenues</u>		
Charge for services	\$ 1,295,740	\$ 1,040,216
Insurance	<u>260,486</u>	<u>226,008</u>
 Total operating revenues	 \$ <u>1,556,226</u>	 \$ <u>1,266,224</u>
 <u>Operating expenses</u>		
Contractual services	\$ <u>1,606,172</u>	\$ <u>1,388,804</u>
 Income before operating transfers	 \$ (49,946)	 \$ (122,580)
 Operating transfers in (out)	 <u>-</u>	 <u>-</u>
 Change in net assets	 \$ (49,946)	 \$ (122,580)
 Net assets at beginning of year	 <u>152,906</u>	 <u>275,486</u>
 Net assets at end of year	 \$ <u>102,960</u>	 \$ <u>152,906</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 1,556,226	\$ 1,266,224
Payments to suppliers	(1,606,413)	(1,387,531)
Payments to employees	_____ -	_____ -
Net cash provided by operating activities	<u>\$ (50,187)</u>	<u>\$ (121,307)</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	\$ (50,187)	\$ (121,307)
Cash at beginning of year	<u>154,179</u>	<u>275,486</u>
Cash at end of year	<u>\$ 103,992</u>	<u>\$ 154,179</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	<u>\$ 103,992</u>	<u>\$ 154,179</u>
Total cash and investments	<u>\$ 103,992</u>	<u>\$ 154,179</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 17,520	\$ 100,292
<u>Fixed Assets</u>		
Equipment	\$ 929,040	\$ 742,243
Less accumulated depreciation	<u>(290,086)</u>	<u>(197,181)</u>
Total fixed assets	<u>\$ 638,954</u>	<u>\$ 545,062</u>
Total assets	<u>\$ 656,474</u>	<u>\$ 645,354</u>
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	<u>\$ -</u>	<u>\$ 42,963</u>
<u>NET ASSETS</u>		
Invested in capital assets	\$ 638,954	\$ 545,062
Unrestricted	<u>17,520</u>	<u>57,329</u>
Total net assets	<u>\$ 656,474</u>	<u>\$ 602,391</u>

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
For The Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Operating Expenses</u>		
Reimbursed expenses	\$ (42,963)	\$ (45,322)
Depreciation	<u>92,905</u>	<u>74,224</u>
Total operating expenses	<u>\$ 49,942</u>	<u>\$ 28,902</u>
Operating income	<u>\$ (49,942)</u>	<u>\$ (28,902)</u>
<u>Non-operating revenues (expenses)</u>		
Interest	\$ 1,410	\$ 2,246
Proceeds from lease obligation	<u>102,615</u>	<u>105,075</u>
Total non-operating revenues (expenses)	<u>\$ 104,025</u>	<u>\$ 107,321</u>
Change in net assets	\$ 54,083	\$ 78,419
Net assets at beginning of year	<u>602,391</u>	<u>523,972</u>
Net assets at end of year	<u>\$ 656,474</u>	<u>\$ 602,391</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 42,963	\$ 45,322
Payments to suppliers	(42,963)	-
Payments to employees	-	-
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ 45,322</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	\$ (186,797)	\$ (245,187)
Principal paid on bonds	-	-
Interest and fees paid on bonds	-	-
Other	-	-
Net cash provided by capital and related financing activities	<u>\$ (186,797)</u>	<u>\$ (245,187)</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	\$ 1,410	\$ 2,246
Other	<u>102,615</u>	<u>105,075</u>
Net cash provided by investing activities	<u>\$ 104,025</u>	<u>\$ 107,321</u>
Net increase (decrease) in cash	\$ (82,772)	\$ (92,544)
Cash at beginning of year	<u>100,292</u>	<u>192,836</u>
Cash at end of year	<u>\$ 17,520</u>	<u>\$ 100,292</u>
<u>Supplemental schedule - Composition of cash:</u>		
Current cash and investments	<u>\$ 17,520</u>	<u>\$ 100,292</u>
Total cash and investments	<u>\$ 17,520</u>	<u>\$ 100,292</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, 2007

<u>Municipal Court</u>	Balance 1/1/2007	Additions	Deductions	Balance 12/31/2007
<u>ASSETS</u>				
Cash	\$ 62,276	\$ 605,985	\$ 611,403	\$ 56,858
<u>LIABILITIES</u>				
Accounts payable	\$ 42,854	\$ 40,001	\$ 42,854	\$ 40,001
Due to agency	19,422	565,984	568,549	16,857
Total liabilities	<u>\$ 62,276</u>	<u>\$ 605,985</u>	<u>\$ 611,403</u>	<u>\$ 56,858</u>
<u>Community Contribution</u>				
<u>ASSETS</u>				
Cash	\$ 140,415	\$ 88,730	\$ 95,033	\$ 134,112
Federal grant cash	-	-	-	-
Total assets	<u>\$ 140,415</u>	<u>\$ 88,730</u>	<u>\$ 95,033</u>	<u>\$ 134,112</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 149	\$ 21,321	\$ 149	\$ 21,321
Due to agency	140,266	67,409	94,884	112,791
Total liabilities	<u>\$ 140,415</u>	<u>\$ 88,730</u>	<u>\$ 95,033</u>	<u>\$ 134,112</u>
<u>Fact Grant</u>				
<u>ASSETS</u>				
Cash	\$ 15,089	\$ 22,488	\$ 37,577	\$ -
Federal cash	-	-	-	-
Total assets	<u>\$ 15,089</u>	<u>\$ 22,488</u>	<u>\$ 37,577</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 371	-	\$ 371	\$ -
Due to agencies	14,718	22,488	37,206	-
Total liabilities	<u>\$ 15,089</u>	<u>\$ 22,488</u>	<u>\$ 37,577</u>	<u>\$ -</u>
<u>Total Trust and Agency Fund</u>				
<u>ASSETS</u>				
Cash	\$ 217,780	\$ 717,203	\$ 744,013	\$ 190,970
Federal cash	-	-	-	-
Total assets	<u>\$ 217,780</u>	<u>\$ 717,203</u>	<u>\$ 744,013</u>	<u>\$ 190,970</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 43,374	\$ 61,322	\$ 43,374	\$ 61,322
Due to agencies	174,406	655,881	700,639	129,648
Total liabilities	<u>\$ 217,780</u>	<u>\$ 717,203</u>	<u>\$ 744,013</u>	<u>\$ 190,970</u>

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

CITY OF ARKANSAS CITY, KANSAS  
COMPOSITION OF CASH BALANCES  
December 31, 2007

Cash Balances Per Statement of Net Assets

Unrestricted cash and investments	<u>\$ 8,123,338</u>
Restricted cash and investments	
Convention center	\$ 35,716
Project independence	84,972
General fund - Unemployment insurance	10,098
Water fund - Unemployment insurance	172,639
Water fund - Improvements	<u>46,035</u>
Total restricted cash	<u>\$ 349,460</u>
Total cash and investments	<u>\$ 8,472,798</u>

Composition of Cash Balances

	<u>Cash Per</u>	<u>Plus</u>	<u>Less</u>	<u>Cash</u>
	<u>Bank</u>	<u>Deposit</u>	<u>Outstanding</u>	<u>Balances</u>
	<u>12/31/2007</u>	<u>In Transit</u>	<u>Warrants</u>	<u>12/31/2007</u>
Home National Bank: #771-607-6	\$ 2,969,634	\$ -	\$ -	\$ 2,969,634
Home National Bank: #733-286-9	425,509	9,340	(184,172)	250,677
Certificates of deposit-				
Home National Bank - # 37122	182,737			182,737
# 36995	1,000,000			1,000,000
# 36997	1,000,000			1,000,000
Union State Bank - # 21517	400,000			400,000
# 21796	500,000			500,000
CornerBank - # 10806	500,000			500,000
# 10527	500,000			500,000
# 11321	500,000			500,000
# 4010320	500,000			500,000
City of Arkansas City Temporary Notes	168,000			168,000
Change funds and undeposited cash on hand				<u>1,750</u>
Total cash and investments				<u>\$ 8,472,798</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, 2007 and 2006

<u>Revenues</u>	2007 <u>Actual</u>	2007 <u>Budget</u>	Variance- Favorable (Unfavorable)	2006 <u>Actual</u>
<b>Taxes:</b>				
Ad valorem	\$ 1,809,561	\$ 2,017,000	\$ (207,439)	\$ 1,758,881
Back taxes	40,229	63,000	(22,771)	113,832
In lieu of taxes	33,500	30,000	3,500	27,516
Sales tax	1,492,930	1,500,000	(7,070)	1,445,591
RV tax	4,015	4,143	(128)	5,792
Animal redemptions	3,745	2,000	1,745	2,598
Liquor tax	9,325	8,000	1,325	9,081
Motor vehicle tax	339,327	334,079	5,248	345,399
Franchise tax	<u>826,336</u>	<u>804,000</u>	<u>22,336</u>	<u>826,957</u>
<b>Total taxes</b>	<b><u>\$ 4,558,968</u></b>	<b><u>\$ 4,762,222</u></b>	<b><u>\$ (203,254)</u></b>	<b><u>\$ 4,535,647</u></b>
<b>Intergovernmental revenues:</b>				
State highway (links)	\$ 13,602	\$ 15,000	\$ (1,398)	\$ 14,182
County ambulance payment	96,808	85,000	11,808	91,817
Rural fire contract	188,817	180,000	8,817	200,811
State grant	63,379	-	63,379	59,230
County radio payment	19,000	13,000	6,000	13,000
Use tax	197,878	180,000	17,878	180,720
Federal grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total intergovernmental revenues</b>	<b><u>\$ 579,484</u></b>	<b><u>\$ 473,000</u></b>	<b><u>\$ 106,484</u></b>	<b><u>\$ 559,760</u></b>
<b>Licenses, fees and permits:</b>				
Liquor store licenses	\$ 1,500	\$ 2,000	\$ (500)	\$ 1,500
Beer sales licenses	1,650	2,000	(350)	2,250
Other licenses	18,370	5,800	12,570	3,170
Private club licenses	1,400	1,200	200	1,200
Electrician licenses	3,205	2,600	605	2,585
Plumbing permit	2,590	2,500	90	1,517
Electrical permit	2,765	2,000	765	2,800
Building permit	26,664	15,000	11,664	15,651
Mechanics permit	<u>2,836</u>	<u>3,600</u>	<u>(764)</u>	<u>3,916</u>
<b>Total licenses, fees &amp; permits</b>	<b><u>\$ 60,980</u></b>	<b><u>\$ 36,700</u></b>	<b><u>\$ 24,280</u></b>	<b><u>\$ 34,589</u></b>
<b>Charge for services:</b>				
Funeral service charge	\$ 12,985	\$ 14,500	\$ (1,515)	\$ 13,900
Cemetery lot sales	4,850	5,000	(150)	9,750
Move and set stone	750	600	150	725
Ambulance charges	319,071	300,000	19,071	321,950
Humane Society	<u>61,200</u>	<u>55,000</u>	<u>6,200</u>	<u>48,759</u>
<b>Total charge for services</b>	<b><u>\$ 398,856</u></b>	<b><u>\$ 375,100</u></b>	<b><u>\$ 23,756</u></b>	<b><u>\$ 395,084</u></b>

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, 2007 and 2006

<u>Revenues (continued)</u>	2007 <u>Actual</u>	2007 <u>Budget</u>	Variance- Favorable (Unfavorable)	2006 <u>Actual</u>
Fines, forfeitures and penalties:				
Police court fines and parking fines	\$ 482,113	\$ 477,500	\$ 4,613	\$ 496,820
Use of money and property:				
Rentals - Other	\$ 11,666	\$ 12,000	\$ (334)	\$ 12,295
Royalties and farmland	8,667	5,000	3,667	5,404
NW Community Center rental	8,980	10,000	(1,020)	9,366
Agri-business Building rental	6,177	7,000	(823)	8,095
Cherokee Strip Museum	54,761	55,000	(239)	58,519
Miscellaneous park income	35	150	(115)	85
Interest on investments	<u>174,569</u>	<u>100,000</u>	<u>74,569</u>	<u>144,092</u>
Total use of money and property	<u>\$ 264,855</u>	<u>\$ 189,150</u>	<u>\$ 75,705</u>	<u>\$ 237,856</u>
Miscellaneous:				
Miscellaneous general income	\$ 17,715	\$ 40,000	\$ (22,285)	\$ 31,286
Zoning applications	825	500	325	900
Donation	9,381	6,000	3,381	6,599
Refund of expenditures	179,798	130,000	49,798	181,593
Sale of property and materials	1,006	2,000	(994)	-
Current special assessments	25,086	10,000	15,086	36,258
Insurance recovery	19,354	-	19,354	7,785
Teen Center	<u>7,349</u>	<u>12,000</u>	<u>(4,651)</u>	<u>8,947</u>
Total miscellaneous	<u>\$ 260,514</u>	<u>\$ 200,500</u>	<u>\$ 60,014</u>	<u>\$ 273,368</u>
Total revenues	<u>\$ 6,605,770</u>	<u>\$ 6,514,172</u>	<u>\$ 91,598</u>	<u>\$ 6,533,124</u>
<u>Expenditures</u>				
City Commission:				
Personal services	\$ 4,550	\$ 5,300	\$ 750	\$ 5,246
Contractual services	30,608	42,150	11,542	40,388
Commodities	7,793	7,200	(593)	6,513
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total city commission	<u>\$ 42,951</u>	<u>\$ 54,650</u>	<u>\$ 11,699</u>	<u>\$ 52,147</u>
City Manager:				
Personal services	\$ 66,818	\$ 61,365	\$ (5,453)	\$ 56,961
Contractual services	15,842	14,665	(1,177)	13,422
Commodities	5,924	6,750	826	7,319
Capital outlay	<u>2,418</u>	<u>5,000</u>	<u>2,582</u>	<u>6,376</u>
Total city manager	<u>\$ 91,002</u>	<u>\$ 87,780</u>	<u>\$ (3,222)</u>	<u>\$ 84,078</u>
City Attorney:				
Personal services	\$ 16,397	\$ 14,628	\$ (1,769)	\$ 14,430
Contractual services	122,585	87,730	(34,855)	137,221
Commodities	468	11,000	10,532	714
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total city attorney	<u>\$ 139,450</u>	<u>\$ 113,358</u>	<u>\$ (26,092)</u>	<u>\$ 152,365</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, 2007 and 2006

<u>Expenditures (continued)</u>	<u>2007 Actual</u>	<u>2007 Budget</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>2006 Actual</u>
Planning:				
Contractual services	\$ 109	\$ 1,951	\$ 1,842	\$ 155
Commodities	-	509	509	-
Capital outlay	-	-	-	-
Total planning	<u>\$ 109</u>	<u>\$ 2,460</u>	<u>\$ 2,351</u>	<u>\$ 155</u>
Code Enforcement:				
Personal services	\$ 236,142	\$ 223,164	\$ (12,978)	\$ 217,147
Contractual services	36,515	34,657	(1,858)	26,762
Commodities	11,000	12,456	1,456	11,577
Capital outlay	<u>12,782</u>	<u>16,000</u>	<u>3,218</u>	<u>14,072</u>
Total code enforcement	<u>\$ 296,439</u>	<u>\$ 286,277</u>	<u>\$ (10,162)</u>	<u>\$ 269,558</u>
Administration:				
Personal services	\$ 206,306	\$ 195,185	\$ (11,121)	\$ 212,948
Contractual services	103,848	123,960	20,112	120,031
Commodities	12,577	12,210	(367)	16,380
Capital outlay	-	<u>5,990</u>	<u>5,990</u>	<u>2,770</u>
Total administration	<u>\$ 322,731</u>	<u>\$ 337,345</u>	<u>\$ 14,614</u>	<u>\$ 352,129</u>
Community Support:				
Contractual services	<u>\$ 39,602</u>	<u>\$ 39,720</u>	<u>\$ 118</u>	<u>\$ 47,662</u>
Humane Society Administration				
Personal services	\$ 67,180	\$ 53,650	\$ (13,530)	\$ 50,861
Contractual services	3,672	-	(3,672)	1,411
Commodities	-	-	-	<u>136</u>
Total Humane Society	<u>\$ 70,852</u>	<u>\$ 53,650</u>	<u>\$ (17,202)</u>	<u>\$ 52,408</u>
Non-Departmental:				
Personal services	\$ -	\$ -	\$ -	\$ -
Contractual services	71,852	261,862	190,010	55,796
Commodities	426	25,000	24,574	9,703
Capital outlay	-	-	-	<u>516</u>
Total non-departmental	<u>\$ 72,278</u>	<u>\$ 286,862</u>	<u>\$ 214,584</u>	<u>\$ 66,015</u>
Law Enforcement:				
Personal services	\$ 2,220,199	\$ 2,076,750	\$ (143,449)	\$ 2,201,638
Contractual services	117,707	151,467	33,760	110,719
Commodities	157,797	150,300	(7,497)	129,920
Capital outlay	<u>75,410</u>	<u>111,050</u>	<u>35,640</u>	<u>80,596</u>
Total law enforcement	<u>\$ 2,571,113</u>	<u>\$ 2,489,567</u>	<u>\$ (81,546)</u>	<u>\$ 2,522,873</u>
Fire Fighting:				
Personal services	\$ 1,711,247	\$ 1,512,309	\$ (198,938)	\$ 1,620,445
Contractual services	64,116	94,965	30,849	65,173
Commodities	96,523	105,650	9,127	90,981
Capital outlay	<u>100,958</u>	<u>120,000</u>	<u>19,042</u>	<u>47,514</u>
Total firefighting	<u>\$ 1,972,844</u>	<u>\$ 1,832,924</u>	<u>\$ (139,920)</u>	<u>\$ 1,824,113</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, 2007 and 2006

<u>Expenditures (continued)</u>	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2006</u> <u>Actual</u>
<b>Civil Defense:</b>				
Contractual services	\$ 22,661	\$ 28,500	\$ 5,839	\$ 21,739
Commodities	2,926	3,400	474	2,490
Capital outlay	<u>14,885</u>	<u>15,000</u>	<u>115</u>	<u>12,014</u>
Total civil defense	<u>\$ 40,472</u>	<u>\$ 46,900</u>	<u>\$ 6,428</u>	<u>\$ 36,243</u>
<b>Cemetery:</b>				
Personal services	\$ 112,743	\$ 117,060	\$ 4,317	\$ 101,403
Contractual services	11,474	15,690	4,216	13,121
Commodities	17,978	18,650	672	14,377
Capital outlay	<u>7,000</u>	<u>12,000</u>	<u>5,000</u>	<u>10,991</u>
Total cemetery	<u>\$ 149,195</u>	<u>\$ 163,400</u>	<u>\$ 14,205</u>	<u>\$ 139,892</u>
<b>Public Service Supervision:</b>				
Personal services	\$ 91,514	\$ 88,655	\$ (2,859)	\$ 91,837
Contractual services	71	1,000	929	76
Commodities	33	-	(33)	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public service supervision	<u>\$ 91,618</u>	<u>\$ 89,655</u>	<u>\$ (1,963)</u>	<u>\$ 91,913</u>
<b>Street Maintenance and Repair:</b>				
Personal services	\$ 303,659	\$ 277,300	\$ (26,359)	\$ 281,794
Contractual services	500	2,300	1,800	-
Commodities	525	350	(175)	170
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total street maintenance & repair	<u>\$ 304,684</u>	<u>\$ 279,950</u>	<u>\$ (24,734)</u>	<u>\$ 281,964</u>
<b>Street Lighting:</b>				
Contractual services	\$ 129,029	\$ 150,000	\$ 20,971	\$ 151,784
Commodities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total street lighting	<u>\$ 129,029</u>	<u>\$ 150,000</u>	<u>\$ 20,971</u>	<u>\$ 151,784</u>
<b>Park:</b>				
Personal services	\$ 323,755	\$ 348,550	\$ 24,795	\$ 326,668
Contractual services	28,624	39,270	10,646	32,220
Commodities	100,556	110,500	9,944	116,745
Capital outlay	<u>35,521</u>	<u>38,000</u>	<u>2,479</u>	<u>33,285</u>
Total park	<u>\$ 488,456</u>	<u>\$ 536,320</u>	<u>\$ 47,864</u>	<u>\$ 508,918</u>
<b>Baseball Park:</b>				
Contractual services	\$ 5,788	\$ 13,000	\$ 7,212	\$ 6,401
Commodities	<u>2,244</u>	<u>7,530</u>	<u>5,286</u>	<u>5,090</u>
Total baseball park	<u>\$ 8,032</u>	<u>\$ 20,530</u>	<u>\$ 12,498</u>	<u>\$ 11,491</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, 2007 and 2006

<u>Expenditures (continued)</u>	2007 <u>Actual</u>	2007 <u>Budget</u>	Variance- Favorable (Unfavorable)	2006 <u>Actual</u>
<b>Swimming Pool:</b>				
Personal services	\$ -	\$ -	\$ -	\$ -
Contractual services	47,971	45,830	(2,141)	43,717
Commodities	26,146	24,400	(1,746)	27,888
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total swimming pool	<u>\$ 74,117</u>	<u>\$ 70,230</u>	<u>\$ (3,887)</u>	<u>\$ 71,605</u>
<b>Public Buildings:</b>				
Personal services	\$ 42,205	\$ 40,927	\$ (1,278)	\$ 40,013
Contractual services	60,046	64,800	4,754	58,210
Commodities	18,179	21,475	3,296	19,023
Capital outlay	<u>7,752</u>	<u>7,500</u>	<u>(252)</u>	<u>4,835</u>
Total public buildings	<u>\$ 128,182</u>	<u>\$ 134,702</u>	<u>\$ 6,520</u>	<u>\$ 122,081</u>
<b>NW Community Center:</b>				
Personal services	\$ 25,446	\$ 26,075	\$ 629	\$ 19,975
Contractual services	20,093	32,350	12,257	24,735
Commodities	3,068	6,350	3,282	4,565
Capital outlay	<u>597</u>	<u>2,000</u>	<u>1,403</u>	<u>29</u>
Total NW Community Center	<u>\$ 49,204</u>	<u>\$ 66,775</u>	<u>\$ 17,571</u>	<u>\$ 49,304</u>
<b>Senior Citizens:</b>				
Personal services	\$ 158,972	\$ 158,400	\$ (572)	\$ 150,885
Contractual services	30,275	39,200	8,925	36,221
Commodities	<u>12,412</u>	<u>13,250</u>	<u>838</u>	<u>11,583</u>
Total senior citizens	<u>\$ 201,659</u>	<u>\$ 210,850</u>	<u>\$ 9,191</u>	<u>\$ 198,689</u>
<b>Human Relations Council</b>				
Contractual services	<u>\$ 4,328</u>	<u>\$ -</u>	<u>\$ (4,328)</u>	<u>\$ 4,071</u>
<b>Museum:</b>				
Personal services	\$ 65,232	\$ 71,680	\$ 6,448	\$ 64,264
Contractual services	49,212	41,700	(7,512)	59,397
Commodities	24,635	20,200	(4,435)	22,765
Capital outlay	<u>1,600</u>	<u>3,200</u>	<u>1,600</u>	<u>-</u>
Total museum	<u>\$ 140,679</u>	<u>\$ 136,780</u>	<u>\$ (3,899)</u>	<u>\$ 146,426</u>
<b>Teen Center:</b>				
Personal services	\$ 10,046	\$ 11,350	\$ 1,304	\$ 10,786
Contractual services	9,057	13,490	4,433	10,521
Commodities	5,518	7,400	1,882	4,528
Capital outlay	<u>373</u>	<u>565</u>	<u>192</u>	<u>82</u>
Total teen center	<u>\$ 24,994</u>	<u>\$ 32,805</u>	<u>\$ 7,811</u>	<u>\$ 25,917</u>
Total expenditures	<u>\$ 7,454,020</u>	<u>\$ 7,523,490</u>	<u>\$ 69,470</u>	<u>\$ 7,263,801</u>

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

CITY OF ARKANSAS CITY, KANSAS  
INSURANCE COVERAGE  
December 31, 2007

Property

Various municipal buildings and contents	Fire and extended coverage	\$21,402,728
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	936,589
Radio, TV, broadcast equipment and towers	General - Aggregate	68,000

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

CITY OF ARKANSAS CITY, KANSAS  
 FIDELITY BONDS  
 December 31, 2007

	<u>Expiration Date</u>	<u>Bond Amount</u>
Public Employee's Blanket	01/01/08	\$ 100,000
City Commission:		
Dotty Smith	04/24/08	5,000
Patrick McDonald	04/24/08	5,000
Mell Kuhn	04/24/08	5,000
Joel Hockenbury	04/24/08	5,000
Scott Margolius	04/24/08	5,000
Judge of Municipal Court - N. M. Iverson, Jr.	01/01/08	5,000
City Manager - Doug Russell	02/01/08	50,000
City Treasurer/Clerk - M. W. Cox	10/14/08	50,000
City Administrator - Steve Archer	09/01/08	50,000

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

CITY OF ARKANSAS CITY, KANSAS  
 SCHEDULE OF INDEBTEDNESS  
 December 31, 2007

<u>General obligation bonds</u>	<u>Series Number</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Original Amount</u>
Internal improvements	1993	10/01/93	3.20% to 6.20%	\$ 1,600,000
Internal improvements	1998-A	05/01/98	4.15% to 6.125%	\$ 1,200,000
Internal improvements	1999	01/01/99	3.60% to 4.50%	\$ 1,261,000
Internal improvements	2000	05/01/00	5.00% to 6.50%	\$ 1,790,000
Internal improvements	2001	10/01/01	3.15% to 4.25%	\$ 1,175,000
Internal improvements	2002	04/01/02	3.50% to 5.30%	\$ 2,200,000
Internal improvements	2003	08/01/03	2.50% to 3.75%	\$ 3,685,000
Internal improvements	2005-8	12/01/05	3.60% to 5.50%	\$ 2,095,000
Total general obligation bonds				
<u>Temporary notes</u>				
Internal improvements	2005-1	08/01/06	3.28%	\$ 1,160,000
Internal improvements	2005-2	11/01/06	3.50%	\$ 168,000
Internal improvements	2006-1	11/01/06	3.70%	\$ 4,600,000
Total temporary notes				
<u>Revenue bonds</u>				
Water system	1997-C	01/01/78	5.00%	\$ 429,000
Total revenue bonds				
<u>Capital Leases</u>				
Fire truck		08/18/06	4.89%	\$ 668,665
Ambulance		10/30/07	4.43%	153,422
Total capital leases				
<u>KDHE &amp; CDBG loans</u>				
KDHE revolving loan		01/10/00	3.49%	\$ 2,990,300
CDBG loan		01/01/01	2.00%	\$ 375,000
CDBG loan KanPac		10/08/05	4.00%	\$ 750,000
Total loans				
<u>Certificates of participation</u>				
Humane Society	2002	12/01/02	4.59%	\$ 350,000
Total certificates of participation				
Total indebtedness				

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

CITY OF ARKANSAS CITY, KANSAS  
SCHEDULE OF INDEBTEDNESS (CONTINUED)  
December 31, 2007

Date of Maturity	Outstanding 12/31/2006	Issued	Retired	Outstanding 12/31/2007
12/01/08	\$ 220,000	\$ -	\$ 110,000	\$ 110,000
12/01/08	240,000	-	120,000	120,000
12/01/08	260,000	-	130,000	130,000
12/01/09	620,000	-	195,000	425,000
12/01/11	655,000	-	120,000	535,000
04/01/12	1,435,000	-	215,000	1,220,000
12/01/13	2,750,000	-	350,000	2,400,000
12/01/15	<u>1,925,000</u>	<u>-</u>	<u>180,000</u>	<u>1,745,000</u>
	<u>\$ 8,105,000</u>	<u>\$ -</u>	<u>\$ 1,420,000</u>	<u>\$ 6,685,000</u>
08/01/09	1,160,000	-	-	1,160,000
11/01/08	168,000	-	-	168,000
11/01/08	<u>4,600,000</u>	<u>-</u>	<u>-</u>	<u>4,600,000</u>
	<u>\$ 5,928,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,928,000</u>
01/01/07	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 24,000</u>	<u>\$ -</u>
	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 24,000</u>	<u>\$ -</u>
02/01/16	\$ 668,665	\$ -	\$ 69,047	\$ 599,618
02/01/10	<u>-</u>	<u>153,422</u>	<u>-</u>	<u>153,422</u>
	<u>\$ 668,665</u>	<u>\$ 153,422</u>	<u>\$ 69,047</u>	<u>\$ 753,040</u>
09/01/21	\$ 1,137,719	\$ -	\$ 237,744	\$ 899,975
07/01/11	221,574	-	37,334	184,240
07/08/15	<u>646,313</u>	<u>-</u>	<u>646,313</u>	<u>-</u>
	<u>\$ 2,005,606</u>	<u>\$ -</u>	<u>\$ 921,391</u>	<u>\$ 1,084,215</u>
12/01/12	<u>\$ 335,184</u>	<u>\$ -</u>	<u>\$ 49,717</u>	<u>\$ 285,467</u>
	<u>\$ 335,184</u>	<u>\$ -</u>	<u>\$ 49,717</u>	<u>\$ 285,467</u>
	<u>\$ 17,066,455</u>	<u>\$ 153,422</u>	<u>\$ 2,484,155</u>	<u>\$ 14,735,722</u>

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

CITY OF ARKANSAS CITY, KANSAS  
 SUPPLEMENT TO SCHEDULE OF INDEBTEDNESS  
 December 31, 2007

	<u>Issued</u>	<u>Retired</u>
Totals per Page 1 of Schedule 5	<u>\$ 153,422</u>	<u>\$ 2,484,155</u>
Per individual fund statements:		
Bond and interest	\$ -	\$ 1,347,189
Capital projects	153,422	-
Waterworks	-	133,958
Sanitation	-	-
Sewage disposal and treatment	-	345,694
Project independence	-	11,002
Hospital	<u>-</u>	<u>-</u>
Sub-total	<u>\$ 153,422</u>	<u>\$ 1,837,843</u>
CDBG loan reimbursement	<u>\$ -</u>	<u>\$ 646,312</u>
Total	<u>\$ 153,422</u>	<u>\$ 2,484,155</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, 2007

	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Principal</u>			
General obligation bond	\$ 1,465,000	\$ 1,160,000	\$ 975,000
Certificates of participation	51,994	54,450	56,984
Lease purchase	106,737	106,584	111,723
Temporary notes	4,768,000	1,160,000	-
KDHE & CDBG loans	<u>284,199</u>	<u>293,628</u>	<u>303,379</u>
Total principal	<u>\$ 6,675,930</u>	<u>\$ 2,774,662</u>	<u>\$ 1,447,086</u>
<u>Interest and Fees</u>			
General obligation bonds	\$ 247,397	\$ 188,955	\$ 144,710
Certificates of participation	13,321	10,865	8,331
Lease purchase	31,503	31,658	26,518
Temporary notes	214,128	38,048	-
KDHE & CDBG loans	<u>32,776</u>	<u>23,346</u>	<u>13,596</u>
Total interest	<u>\$ 539,125</u>	<u>\$ 292,872</u>	<u>\$ 193,155</u>
Total principal and interest	<u>\$ 7,215,055</u>	<u>\$ 3,067,534</u>	<u>\$ 1,640,241</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, 2007

<u>2011</u>	<u>2012</u>	<u>2013-2017</u>	<u>Total</u>
\$ 1,020,000	\$ 905,000	\$ 1,160,000	\$ 6,685,000
59,636	62,403	-	285,467
62,996	66,120	298,880	753,040
-	-	-	5,928,000
175,763	27,246	-	1,084,215
\$ 1,318,395	\$ 1,060,769	\$ 1,458,880	\$ 14,735,722
\$ 109,169	\$ 70,813	\$ 68,705	\$ 829,749
5,679	2,913	-	41,109
21,220	18,096	37,984	166,979
-	-	-	252,176
3,514	339	-	73,571
\$ 139,582	\$ 92,161	\$ 106,689	\$ 1,363,584
\$ 1,457,977	\$ 1,152,930	\$ 1,565,569	\$ 16,099,306

The accompanying notes are an integral part of the financial statements