CITY OF ARKANSAS CITY, KANSAS

ANNUAL FINANCIAL STATEMENTS

December 31, 2009

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

110 South First Street
Arkansas City, KS 67005

CITY OF ARKANSAS CITY, KANSAS
FINANCIAL STATEMENTS
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Elliott R. Jackson, CPA
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Independent Auditor's Report

Board of City Commissioners
Arkansas City, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Arkansas City, Kansas, as of and for the year ended December 31, 2009 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of South Central Kansas Regional Medical Center which represent 99.5 percent, 98.6 percent and 97.6 percent of the assets, net assets and revenues of the discreetly presented component units. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for South Central Kansas Regional Medical Center, is based on the report of other auditors. The prior year summarized comparative information has been derived from the City's 2008 financial statements and, in our report dated June 26, 2009 except for the omission of inventories, the financial statements presented fairly in all material respects the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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

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

In our opinion, based on our audit and the report of other auditors, except for the omissions referred to above, the financial statements referred to above present fairly in all

material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the remaining fund information of the City of Arkansas City, Kansas, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Parman Tanner Soule & Jackson

Certified Public Accountants, RLLP

September 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the City of Arkansas City annual financial report is provided for readers of the financial statements for the fiscal year ended December 31, 2009.

Overview of the Financial Statements

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

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

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

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

Total – Combines the Governmental and Business-type activities.

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

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

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

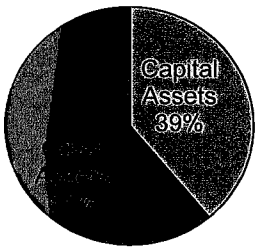
Net Assets

Combined net assets of the City at December 31 were:

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

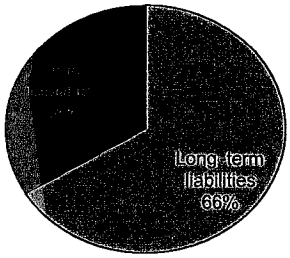
A review of the government-wide financial statement of net assets reveals the following: The City ended 2009 with positive net assets. Total assets for the City are $92,611,232. Of these total assets, $36,050,061 is capital assets and $56,561,171 is other assets.

Total Assets



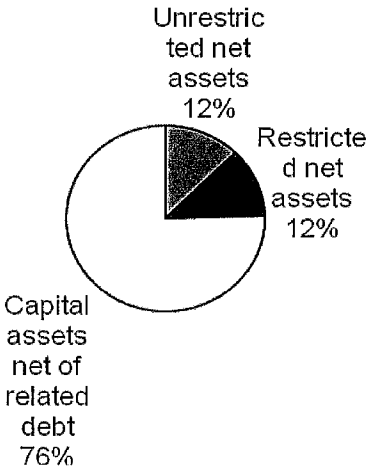
Total liabilities for the City are $32,546,016. Of this total, $32,058,918 is for long-term liabilities and $487,098 is other liabilities. The majority of the long-term liabilities are for debt issued for major capital projects. City policy states that we will not issue debt with a maturity period greater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

Total Liabilities



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

Total net assets



Statement of Activities

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

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

Governmental Activities

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

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

- Property Tax – This revenue category was 5% higher in 2008. This could be due to a continued decline in the local economy.

- Public Safety Expenses – This expense category continues to be slightly higher in 2009 due to changes in personnel and execution of various public safety grants that have been received.

- Public Works Expense – This expense category was slightly lower in 2008 due to weather related decreases in work completed in 2008.

Business-type Activities

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

- Charges for Services – This revenue category increased from $6,158,357 (2008) to $6,455,767 in 2009.

- Water, Sewer & Sanitation Expense – Water and Sanitation expenses decreased in 2009, while Sewer remained steady and Storm Water increased by $29,347.

Analysis of the Fund Financial Statements

Government Funds

The City's governmental fund statements can be found on pages 7 and 8 of the basic financial statements. The fund balances of the Governmental Funds increased in fiscal year 2009 due to an increase in funds for scheduled capital projects. The fund balance increased in 2009 due to an increase in scheduled capital projects.

The General Fund is the chief operating fund of the City. The fund balance of the General Fund at December 31, 2009 was $177,064. This represents a slight increase over 2008.

The Debt Service Fund balance increased from $0 as of December 31, 2008 to $308,367 as of December 31, 2009. All of the Debt Service Fund balance is reserved for payment of debt service.

Proprietary Funds

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

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

Capital Assets

The City has not recorded depreciation expense in the past. However, after implementing GASB 34 under the transition provision in 2004, the City has made accumulated depreciation adjustments based upon estimated remaining useful life of fixed assets recorded at December 31, 2004. The governmental funds' infrastructure assets recorded in 2004 are expected to have a useful life of ten years. The equipment is estimated to have a

ten-year useful life. Management has determined that the useful life of business entities facilities is 20 years and equipment is 10 years. Business entity assets remaining at December 31, 2004 were estimated to have one-half of their useful life remaining. New infrastructure is estimated to have a useful life of 40 years. The remaining basis of traded assets is added to the cost of new assets and gains or losses have not been recognized which would be material.

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

Long-term Debt

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

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

The City has established the following policy in regards to long-term debt. First, we do not issue general obligation long-term debt with a maturity period greater than 10 years. Second we issue debt so that it is tiered as one issue matures, we issue any required additional debt. This keeps the debt service payments relatively steady and allows us to manage our outstanding debt.
Additional information regarding the City's debt can be found on page 30-33.

Request for information

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

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

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

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

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

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

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

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

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

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 participat
Accrued interest on bond sale
Transfers
Reimbursements
Business entries retirement of G.O. Bonds
Total general revenues and transfers
Change in net assets
Net assets at beginning of year
Net assets at end of year

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

CITY OF ARKANSAS CITY, KANSAS
STATEMENT OF ACTIVITIES (CONTINUED)
December 31, 2009

Net (Expense) Revenue and Changes in Net Assets					
Primary Government				Component Units	
Governmental Activities	Business-Type Activities	2009 Total	2008 Total	2009 Total	2008 Total
$ (1,860,880)	$ -	$ (1,860,880)	$ (1,839,081)	$ -	$ -
(4,168,135)	-	(4,168,135)	(4,119,806)	-	-
(773,432)	-	(773,432)	(723,488)	-	-
(918,952)	-	(918,952)	(1,100,329)	-	-
(51,434)	-	(51,434)	(87,891)	-	-
(359,057)	-	(359,057)	(286,655)	-	-
(317,619)	-	(317,619)	(306,598)	-	-
(296,214)	-	(296,214)	(278,057)	-	-
(75,939)	-	(75,939)	(496,862)	-	-
$ (8,821,662)	$ -	$ (8,821,662)	$ (9,238,767)	$ -	$ -
$ -	$ 825,016	$ 825,016	$ 640,779	$ -	$ -
-	368,215	368,215	372,433	-	-
-	213,857	213,857	(87,044)	-	-
-	(9,335)	(9,335)	20,169	-	-
$ -	$ 1,397,753	$ 1,397,753	$ 946,337	$ -	$ -
$ (8,821,662)	$ 1,397,753	$ (7,423,909)	$ (8,292,430)	$ -	$ -
$ -	$ -	$ -	$ -	$ 131,842	$ 845,015
-	-	-	-	(325,866)	(320,306)
$ -	$ -	$ -	$ -	$ (194,024)	$ 524,709
$ 4,924,991	$ -	$ 4,924,991	$ 4,989,084	$ 317,645	$ 306,598
1,099,825	-	1,099,825	1,294,286	-	-
232,410	-	232,410	203,302	-	-
1,959,145	-	1,959,145	1,207,113	564,424	-
171,220	53,262	224,482	396,279	102,077	185,371
438,029	-	438,029	267,718	145,522	143,457
-	-	-	-	-	-
4,830	-	4,830	4,443	-	-
670,000	(670,000)	-	-	-	-
208,267	18,270	226,537	298,760	-	-
280,713	(280,713)	-	-	-	-
$ 9,989,430	$ (879,181)	$ 9,110,249	$ 8,660,985	$ 1,129,668	$ 635,426
$ 1,167,768	$ 518,572	$ 1,686,340	$ 368,555	$ 935,644	$ 1,160,135
26,058,193	7,441,475	33,499,668	33,131,113	10,079,058	8,918,923
$ 27,225,961	$ 7,960,047	$ 35,186,008	$ 33,499,668	$ 11,014,702	$ 10,079,058

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

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

	General	Capital Projects	Public Building Commisson	Other Governmental Funds	2009 Total	2008 Total
ASSETS						
Cash and cash equivalents	$ 484,906	$ 520,294	$ 21,648,266	$ 2,158,588	$ 24,812,054	$ 2,409,184
Accounts receivable (net)	229,333	-		-	229,333	248,272
Taxes receivable	2,168,584	-		997,177	3,165,761	3,202,266
Deposits with fiscal agent	-	-		-	-	-
Special assessments	-	-		286,677	286,677	370,434
Total assets	$ 2,882,823	$ 520,294	$ 21,648,266	$ 3,442,442	$ 28,493,825	$ 6,230,156
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	$ 307,842	$ -	$ -	$ 51,541	$ 359,383	$ 379,740
Contracts payable	-	148,977	15,489,273	-	15,638,250	258,247
Deferred revenue	2,397,917	-	-	1,283,854	3,681,771	3,820,972
Due to other agencies	-	-	-	100,829	100,829	137,126
Total liabilities	$ 2,705,759	$ 148,977	$ 15,489,273	$ 1,436,224	$ 19,780,233	$ 4,596,085
Fund balance:						
Reserved	$ 177,064	$ -	$ 6,158,993	$ 470,767	$ 6,806,824	$ 111,941
Unreserved, reported in:						
General fund	-	-	-	-	-	-
Capital projects	-	371,317	-	-	371,317	724,371
Debt service	-	-	-	308,367	308,367	-
Special revenue funds	-	-	-	1,227,084	1,227,084	797,759
Total fund balance	$ 177,064	$ 371,317	$ 6,158,993	$ 2,006,218	$ 8,713,592	$ 1,634,071
Total liabilities and fund balar	$ 2,882,823	$ 520,294	$ 21,648,266	$ 3,442,442		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	31,643,825	31,368,537
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	95,668	226,083
Long-term liabilities, including bonds payable and accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds. (Net of related receivables.)	(39,513,485)	(10,429,869)
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.	27,134,048	3,820,972
Interest payable on current debt does not require current financial resources; therefore, interest payable is not reported as a liability in governmental fund balance sheets.	(847,687)	(561,601)
Net assets of governmental activities	$ 27,225,961	$ 26,058,193

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

CITY OF ARKANSAS CITY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

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

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

CITY OF ARKANSAS CITY, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2009

		2009	2008
Net change in fund balances-total governmental funds		$ 7,079,521	$ (2,384,809)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period net of disposals.		1,502,276	1,106,678
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds net of disposals.		(1,226,988)	(1,171,829)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Bond proceeds	$ (25,155,000)		
Bond principal retirement	1,345,001		
Temporary note retirement	960,000		
Lease purchase and certificates retirement	161,033		
		(22,688,966)	4,084,817
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds. The actual change from 2008 to 2009 was an increase.		(6,394,650)	2,789
Some property tax will not be collected for several months after the City's fiscal year-end. They are not considered "available" revenues in the governmental funds. This also includes other accounts receivable. The actual change from 2008 to 2009 was an increase.		23,313,076	(461,037)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. The actual change from 2008 to 2009 was an increase.		(286,086)	(51,756)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities net of amount allocated to business-type activities and depreciation expense.			
Change in net assets	$ (117,975)		
Net amount eliminated to governmental funds	(12,440)	(130,415)	105,603
Change in net assets of governmental activities		$ 1,167,768	$ 1,230,456

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

CITY OF ARKANSAS CITY, KANSAS
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
For Year Ended December 31, 2009

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

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

CITY OF ARKANSAS CITY, KANSAS
STATEMENTS OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
For Year Ended December 31, 2009

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

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

CITY OF ARKANSAS CITY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2009

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

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

CITY OF ARKANSAS CITY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
For The Year Ended December 31, 2009

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

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

CITY OF ARKANSAS CITY, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2009

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

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

CITY OF ARKANSAS CITY, KANSAS
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For The Year Ended December 31, 2009

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

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

CITY OF ARKANSAS CITY, KANSAS
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
December 31, 2009

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

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

CITY OF ARKANSAS CITY, KANSAS
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Years Ended December 31, 2009 and 2008

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

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

1. Summary of Significant Accounting Policies

A. General Statement

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

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

B. Financial Reporting Entity

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

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

Based on the aforementioned criteria, the City of Arkansas City, Kansas has two discretely presented units. The component units are the City Library and the South Central Regional Medical Center. The

accounting for these organizations is included in the City's basic financial statements.

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

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

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

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

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

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

C. Basis of Presentation

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

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

Fund Financial Statements

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

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

General Fund

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

Capital Projects Fund

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

Public Building Commission

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

Proprietary Funds

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

Water, Sewer, Sanitation and Storm Water Funds

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

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

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

D. Measurement Focus/Basis of Accounting

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

The government-side statements and fund financial statements. For proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement f net assets and the operating statement present increases (revenues) or decreases (expenses) in net total assets.

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

The revenues subject to accrual are property taxes and charges for services. However, collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, which is in conformity with governing state statutes. Consequently, current year property taxes are not available as a resource that can be used to finance the current year operations of the City and therefore are not subject to accrual. Accruals of uncollected current year property taxes are offset

by deferred revenue and are identical to the adopted budget for 2010. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one half of the full amount of taxes levied December 20 during the year levied with the balance to be paid on or before May 20 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year.

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

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

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

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

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

The current year change is reflected in the statement of activities. The following schedule shows the changes in receivable from December 31, 2008 to December 31, 2009. The city had a receivable due at December 31, 2007 in the amount of $374,131 for excess sanitation. The City and company made an agreement that if the company put their own system the city would write the receivable off. Although not complete the receivable is not shown at December 31, 2008.

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

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

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

E. Budgets

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

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

2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.

3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.

4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were two amendments to the original 2009 budget. The Project Independence Fund increased expenditure authorization from $141,606 to $155,348, and the Stormwater Fund was increased from $190,850 to $267,850.

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

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

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

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

F. Cash and Investments

Cash balances pooled from all funds are considered in determining the amount to be invested and all investment income is credited to the proper designated funds. All investments were in compliance with K.S.A. 12-1675. The carrying amount is equal to the market value of all items of cash and investments. At 12-31-2009, cash and investments included certificates of deposit and interest bearing checking accounts. See Schedule 1. At December 31, 2009, the City's carrying amount of deposits was $29,497,928 and the bank balance was $28,632,605. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, $17,137,414 was covered by federal depository insurance, and $12,360,514 was collateralized with securities held by the pledging financial institution agents in the City's name.

Cash and Investments	Carrying Amount	Total Per Schedule 1
Deposits (Cash)		
Home National Bank:		
Insured FDIC	$ 250,000	
(Secured with 3rd party joint custody receipts)	15,825,695	
Sub-total for Home National Bank	$ 16,075,695	$ 16,075,695
Union State Bank:		
Insured FDIC	$ 250,000	
(Secured with 3rd party joint custody receipts)	289,701	
Sub-total for Union State Bank	$ 539,701	$ 539,701
Cornerbank		
Insured FDIC	$ 250,000	
(Secured with 3rd party joint custody receipts)	11,767,209	
Sub-total for Cornerbank	$ 12,017,209	$ 12,017,209
Total deposits	$ 28,632,605	
Cash		
Petty cash on hand	$ 1,600	$ 1,600
Total cash deposits and cash on hand	$ 28,634,205	$ 28,634,205

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

G. Inventories

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

H. Transactions Between Funds

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

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

I. Compensated Absences

Generally accepted accounting principals for governmental entities require recording compensated absences in all funds. The funds should record the liability as current and noncurrent based upon whether or not the related expense is estimated to be paid within the next year. The schedule below shows the balances by fund at December 31, 2008 and December 31, 2009.

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

J. Capital Assets

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

K. Net Assets

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

2. Capital Assets

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

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

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

The schedule below shows accumulated depreciation at December 31, 2008 and December 31, 2009 based upon these estimates.

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

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

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

3. Long-Term Debt

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

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

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

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

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

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

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

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

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

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

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

5. Lease of Hospital Facilities

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

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

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

6. Contingent Liability – Pending Litigation

A building in downtown Arkansas City was declared a dangerous structure by the City of Arkansas City. At the time the building was demolished, the wall separating it from the adjacent building was exposed and required

renovation to transform it from an interior wall to an exterior wall. The landowner filed a counter-claim against the City claiming that the city failed to act in a reasonable and prudent manner in removing the original structure. The landowner seeks judgment against the City for an amount in excess of seventy-five thousand dollars ($75,000) plus pre-judgment and post-judgment interest, the cost of the action, reasonable attorney fees, and such other relief as may be just and equitable. The City has denied the counterclaim and has replied in the affirmative, citing the immunity conferred unto the City by Kansas Tort Claims Act as contained in K.S.A. 75-6104, et seq.

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

7. Contingent Liability – Self-insurance

Effective January 1, 1993, the City switched from a governmental employer to the reimbursable employer plan for state unemployment purposes. The City has established an escrow fund to insure coverage for claims filed. The City has reserved $177,064 in the General Fund and $5,673 in the Water Fund.

8. Contingent Liability – Corps of Engineers

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

9. Proprietary Segment Information

The City maintains four proprietary funds which provide water, sewer, sanitation and storm sewer services. Segment information for the year ended December 31, 2009 was as follows:

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

10. Comparative Data

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

11. Levee Project – Corp or Engineers – Escrow

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

The amount deposited to the escrow account during 2009 was $0, and $0 was withdrawn payable to the Corps of Engineers. Interest earned for 2007 was $2,486, $6,490 for 2008 and $3,951 for 2009. A separate bank account was established at the Home National Bank to account for the cash contribution, drawing and interest earned. At December 31, 2009, the

balance on hand was $338,918. The City of Arkansas City has not recorded the escrow account as an asset of the City. It is anticipated that the total amount of the account plus additional cash contributions will be required of the City in order to satisfy the cost sharing of this project.

12. Capital Projects

The City has several capital projects to modify or improve certain City assets. The total authorization for all projects still active at December 31, 2009 is $14,141,459. Total expenditures to date equal $9,990,801. Several projects have reimbursements coming back to the city for amounts in excess of amounts authorized.

13. Conduit Debt Obligations

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

As of June 30, 2010, there were seven series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $4,768,697.

14. Interlocal Cooperation Agreement – Strother Field

The City has adopted Ordinance No. 98-11-3793 providing for an interlocal cooperation agreement between the City of Arkansas City, the City of Winfield and Strother Field to provide financing of water systems improvements at Strother Field. The agreement provides for $500,000 in G.O. bonds to be issued by the City of Winfield to finance the improvements. If Strother Field defaults on the bond issue, the Cities of Arkansas City and Winfield would each be responsible for 50% of the remaining liability. The agreement acknowledges that the obligations of Arkansas City are subject to K.S.A. 10-1101 et seq., and as such, Arkansas City is obligated only to the extent that is 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 outstanding are retired from the proceeds of the sale of new temporary notes and general obligation bonds.

16. Defined Benefit Pension Plan

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

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% and 8% of covered salary. The employer collects and remits member-employer contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for calendar year 2009 is 6.54%. The City of Arkansas City contributions to KPERS for the years ending December 31, 2009, 2008 and 2007 were $181,971, $174,068 and $130,503 respectively, equal of the statutory required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning 2008 is 13.51%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City of Arkansas City contributions to KP&F for the years ending December 31, 2009, 2008 and 2007 were, $327,746, $328,264 and $338,449, respectively, equal to the statutory required contributions for each year.

17. Related Organizations

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

18. Other Post Employee Benefits

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

19. Related Party

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

20. Subsequent Events

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

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

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

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

CITY OF ARKANSAS CITY, KANSAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
For theYears Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET (CONTINUED)
For theYears Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2009

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

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

CITY OF ARKANSAS CITY, KANSAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
Year Ended December 31, 2009

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

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

CITY OF ARKANSAS CITY, KANSAS
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS (Continued)
December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS
Years Ended December 31, 2009 and 2008

Special Recreation And Park Fund	Memorial Hospital Fund	Tourism Fund	Project Independence Fund	DARE Program Fund	Economic Development Fund	Grant Fund	.....Total..... December 31, 2009	2008
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 432,206	$ 599,239
14,499	440,431	71,852	-	-	116,205	-	1,433,065	401,842
-	1,759	-	-	-	-	-	2,409	1,347
5,030	124,387	-	10,828	4,352	-	2,745	204,841	131,232
$ 19,529	$ 566,577	$71,852	$ 10,828	$ 4,352	$ 116,205	$ 2,745	$ 2,072,521	$ 1,133,660
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,700
-	-	-	-	3,920	-	-	11,920	17,234
-	-	-	111,739	-	134,800	-	664,183	618,066
17,930	-	68,221	-	-		-	403,770	318,198
-	-	-	-	-		-	-	13,639
-	-	-	-	-		-	-	76,965
$ 17,930	$ -	$68,221	$ 111,739	$ 3,920	$ 134,800	$ -	$ 1,079,873	$ 1,049,802
$ 1,599	$ 566,577	$ 3,631	$ (100,911)	$ 432	$ (18,595)	$ 2,745	$ 992,648	$ 83,858
$ -	$ -	$ -	$ (43,609)	$ -	$ -	$ -	$ (43,609)	$ -
$ -	$ -	$ -	$ (43,609)	$ -	$ -	$ -	$ (43,609)	$ -
$ 1,599	$ 566,577	$ 3,631	$ (144,520)	$ 432	$ (18,595)	$ 2,745	$ 949,039	$ 83,858
17,036	14,406	59,906	144,520	9,107	136,899	-	748,812	664,954
$ 18,635	$ 580,983	$63,537	$ -	$ 9,539	$ 118,304	$ 2,745	$ 1,697,851	$ 748,812

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

CITY OF ARKANSAS CITY, KANSAS
SPECIAL REVENUE FUND
LIBRARY EMPLOYEE BENEFITS FUND
BALANCE SHEETS
December 31, 2009 and 2008

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

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

	2009 Actual	2009 Budget	Variance-Favorable (Unfavorable)	2008 Actual
Revenues				
Taxes	$ -	$ -	$ -	$ 41,159
Refund of expenditure	1,618	-	1,618	-
Total revenues	$ 1,618	$ -	$ 1,618	$ 41,159
Expenditures				
Personal services	$ 1,618	$ -	$ (1,618)	$ 41,159
Total expenditures	$ 1,618	$ -	$ (1,618)	$ 41,159
Revenues over (under) expenditures	$ -	$ -	$ -	$ -
Fund balance, beginning	-	-	-	-
Fund balance, ending	$ -	$ -	$ -	$ -

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	2009 Actual	2009 Budget	Variance-Favorable (Unfavorable)	2008 Actual
Revenues				
Intergovernmental:				
Sales tax revenue	$ 440,431	$ -	$ 440,431	$ -
Expenditures				
Contractual services	$ -	$ -	$ -	$ -
Total expenditures	$ -	$ -	$ -	$ -
Revenues over (under) expenditures	$ 440,431	$ -	$ 440,431	$ -
Fund balance, beginning	-	-	-	-
Fund balance, ending	$ 440,431	$ -	$ 440,431	$ -

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

CITY OF ARKANSAS CITY, KANSAS
SPECIAL REVENUE FUND
SPECIAL RECREATION AND PARK FUND
BALANCE SHEETS
December 31, 2009 and 2008

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF ARKANSAS CITY, KANSAS
SPECIAL REVENUE FUND
COMMUNITY DEVELOPMENT GRANTS
BALANCE SHEETS
December 31, 2009 and 2008

ASSETS	2009	2008
Cash and investments	$ 2,745	$ -
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ -	$ -
Deferred revenue	-	-
Total liabilities	$ -	$ -
Fund balance		
Undesignated	$ 2,745	$ -
Total liabilities and fund balances	$ 2,745	$ -

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

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

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

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

CITY OF ARKANSAS CITY, KANSAS
DEBT SERVICE FUND
BOND AND INTEREST FUND
BALANCE SHEETS
December 31, 2009 and 2008

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
WATERWORKS FUND
STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
WATERWORKS FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
WATERWORKS FUND
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
WATERWORKS FUND
BUDGETARY ACCOUNTS
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
SEWAGE DISPOSAL AND TREATMENT PLANT FUND
STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

ASSETS	2009	2008
Current assets		
Cash and investments	$ 1,086,427	$ 1,181,592
Receivables (net of allowance for uncollectibles)	177,509	188,004
Total current assets	$ 1,263,936	$ 1,369,596
Restricted assets		
Debt service:		
Cash and investments	$ -	$ -
Capital assets		
Utility plant in service	$ 4,838,136	$ 4,838,136
Other equipment	405,857	281,411
Less accumulated depreciation	(2,490,686)	(2,207,267)
Total other assets	$ 2,753,307	$ 2,912,280
Total assets	$ 4,017,243	$ 4,281,876
LIABILITIES		
Current liabilities		
Accounts payable	$ 37,862	$ 45,603
Accrued interest	11,647	20,616
Current portion of KDHE loan	263,748	254,778
Current portion of compensated absences	8,266	7,790
Total current liabilities	$ 321,523	$ 328,787
Non-current liabilities		
Long-term portion of KDHE loan	$ 135,336	$ 399,084
Accrued compensated absences	75,755	71,390
Total non-current liabilities	$ 211,091	$ 470,474
Total liabilities	$ 532,614	$ 799,261
NET ASSETS		
Contributed capital	$ 349,070	$ 349,070
Invested in capital assets, net of related debt	2,354,223	2,258,418
Unrestricted	781,336	875,127
Total net assets	$ 3,484,629	$ 3,482,615

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
SEWAGE DISPOSAL AND TREATMENT PLANT FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
SEWAGE DISPOSAL AND TREATMENT PLANT FUND
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
SEWAGE DISPOSAL AND TREATMENT PLANT FUND
BUDGETARY ACCOUNTS
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
SANITATION FUND
STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
SANITATION FUND
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
For Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
SANITATION FUND
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
SANITATION FUND
BUDGETARY ACCOUNTS
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
STORM SEWER FUND
STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

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

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

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
STORM SEWER FUND
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
STORM SEWER FUND
BUDGETARY ACCOUNTS
For The Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
ENTERPRISE FUND
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

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

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

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

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

CITY OF ARKANSAS CITY, KANSAS
INTERNAL SERVICES FUND
INSURANCE FUND
STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

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

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

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

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

CITY OF ARKANSAS CITY, KANSAS
INTERNAL SERVICES
INSURANCE FUND
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
INTERNAL SERVICES FUND
EQUIPMENT RESERVE FUND
STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

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

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

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

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

CITY OF ARKANSAS CITY, KANSAS
INTERNAL SERVICES
EQUIPMENT RESERVE FUND
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts from customers	$ -	$ -
Payments to suppliers	-	-
Payments to employees	-	-
Net cash provided by operating activities	$ -	$ -
Cash flows from non-capital financing activities:		
Operating transfers in (out)	$ -	$ -
Cash flows from capital and related financing activities:		
Purchases of capital assets	$ (71,488)	$ (77,600)
Principal paid on bonds	-	-
Interest and fees paid on bonds	-	-
Other	-	-
Net cash provided by capital and related financing activities	$ (71,488)	$ (77,600)
Cash flows from investing activities:		
Interest on investments	$ 2,115	$ 3,200
Other	63,539	220,509
Net cash provided by investing activities	$ 65,654	$ 223,709
Net increase (decrease) in cash	$ (5,834)	$ 146,109
Cash at beginning of year	163,629	17,520
Cash at end of year	$ 157,795	$ 163,629
Supplemental schedule - Composition of cash:		
Current cash and investments	$ 157,795	$ 163,629
Total cash and investments	$ 157,795	$ 163,629

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

CITY OF ARKANSAS CITY, KANSAS
TRUST AND AGENCY FUNDS
STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
Year Ended December 31, 2009

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

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

CITY OF ARKANSAS CITY, KANSAS
COMPONENT UNIT
SOUTH CENTRAL KANSAS REGIONAL MEDICAL CENTER
BALANCE SHEETS
December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
COMPONENT UNIT
SOUTH CENTRAL KANSAS REGIONAL MEDICAL CENTER
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For The Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
COMPONENT UNIT
ARKANSAS CITY PUBLIC LIBRARY
BALANCE SHEETS
December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
COMPONENT UNIT
ARKANSAS CITY PUBLIC LIBRARY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For The Years Ended December 31, 2009 and 2008

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

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

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

Cash Balances Per Statement of Net Assets	
Total unrestricted cash and investments	$ 27,906,666
Restricted cash and investments	
Convention center	$ 30,336
Hospital fund	440,431
General fund - Unemployment insurance	177,064
Water fund - Unemployment insurance	5,673
Water fund - Improvements	74,035
Total restricted cash	$ 727,539
Total cash and investments	$ 28,634,205

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

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

CITY OF ARKANSAS CITY, KANSAS
GENERAL FUND
DETAIL STATEMENTS OF REVENUES AND EXPENDITURES
ACTUAL AND BUDGET
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
GENERAL FUND
DETAIL STATEMENTS OF REVENUES AND EXPENDITURES
ACTUAL AND BUDGET (CONTINUED)
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
GENERAL FUND
DETAIL STATEMENTS OF REVENUES AND EXPENDITURES
ACTUAL AND BUDGET (CONTINUED)
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
GENERAL FUND
DETAIL STATEMENTS OF REVENUES AND EXPENDITURES
ACTUAL AND BUDGET (CONTINUED)
Years Ended December 31, 2009 and 2008

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

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

CITY OF ARKANSAS CITY, KANSAS
GENERAL FUND
DETAIL STATEMENTS OF REVENUES AND EXPENDITURES
ACTUAL AND BUDGET (CONTINUED)
Years Ended December 31, 2009 and 2008

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

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

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

Property

Various municipal buildings and contents	Fire and extended coverage	$ 32,970,202
Automobile fleet coverage	Bodily injury:	
	Each occurrence	500,000
	Uninsured motorist:	
	Each occurrence	500,000
Automobile - specific vehicles	Comprehensive, collision and specified perils	Various
City property - General liability	General - Aggregate	1,000,000
	Products completed liability	1,000,000
	Personal and/or advertising injury - Each occurrence/aggregate	1,000,000
	Fire damage limit	100,000
	Medical expense limit	5,000
	Legal liability and loss reimbursement	
	- Each occurrence	500,000
	- Aggregate	1,000,000
All employees	Workmen's compensation - Employee's liability	Statutory
	Bodily injury - Accident - Each occurrence	500,000
	Bodily injury - Disease - Each occurrence	500,000
	Bodily injury - Disease - Policy limit	500,000
Ambulance attendants	Operation of ambulances	
	- Each occurrence	500,000
	- Aggregate	1,000,000
Data processing equipment	General - Aggregate	25,000
Contactors equipment	General - Aggregate	1,005,089
Radio, TV, broadcast equipment and towers	General - Aggregate	60,000

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

CITY OF ARKANSAS CITY, KANSAS
FIDELITY BONDS
December 31, 2009

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

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

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

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

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

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

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

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

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

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

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

CITY OF ARKANSAS CITY, KANSAS
SCHEDULE OF MATURITY OF LONG-TERM DEBT
For The Year Ended December 31, 2009

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

The accompanying notes are an integral part of the financial statements

CITY OF ARKANSAS CITY, KANSAS
SCHEDULE OF MATURITY OF LONG-TERM DEBT (CONTINUED)
For The Year Ended December 31, 2009

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

The accompanying notes are an integral part of the financial statements